2024

Capital Adequacy information of BNP PARIBAS Bank Polska S.A. Group

as of 31 December 2024

#BankDobrychDecyzji

TABLE OF CONTENTS

1. INTRODUCTION 3
2. BNP PARIBAS BANK POLSKA S.A. GROUP 4
3. RISK MANAGEMENT OBJECTIVES AND POLICIES 6
   - 3.1. CREDIT RISK 12
   - 3.2. COUNTERPARTY CREDIT RISK 16
   - 3.3. MARKET RISK 17
   - 3.4. LIQUIDITY RISK 18
   - 3.5. INTEREST RATE RISK IN THE BANK BOOK 20
   - 3.6. OPERATIONAL RISK 21
4. KEY METRICS 23
5. OWN FUNDS 24
   - 5.1. OWN FUNDS STRUCTURE 24
   - 5.2. RECONCILIATION OF OWN FUNDS 32
6. OVERVIEW OF RISK-WEIGHTED AMOUNTS 32
7. CAPITAL BUFFERS 33
8. CREDIT RISK 38
   - 8.1. EXPOSURE TO CREDIT RISK 38
   - 8.2. CREDIT RISK MITIGATION TECHNIQUES 52
   - 8.3. APPLICATION OF THE STANDARD METHOD 58
9. COUNTERPARTY CREDIT RISK 61
10. SECURITIZATION 63
11. LIQUIDITY REQUIREMENTS 66
12. LEVERAGE RATIO 70
13. ENCUMBERED AND UNENCUMBERED ASSETS 73
14. INFORMATION ON THE REMUNERATION POLICY 74
15. STATEMENT OF THE MANAGEMENT BOARD 82

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), as of 31 December 2024, 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.

As of the reporting date of 1 January 2025 the Bank will be subject to and compliant with an updated version of the Regulation of the European Parliament and of the Council (EU) No 575/2013 as of 26 June 2013, which is the Regulation of the European Parliament and of the Council (EU) No 2024/1623 as of 31 May 2024 (also knows as CRR3).

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)

The presented information also addresses the requirements for disclosure of information in terms of operational risk and liquidity, set out in the Recommendations of the Polish Financial Supervision Authority.The report does not include information indicated in Article 449a of the CRR nor in the Commission Implementing Regulation (EU) 2022/2453 of 30 November 2022, amending technical standards stipulated in implementing regulation (EU) 2021/637 in reference to disclosure of information on ESG (Economic Social Governance) risks. The information is not presented due to the fact that in line with Article 6 of the CRR, it is not required to complete section 8 of the CRR on an individual basis.

Unless otherwise specified, all figures in the document are presented as at 31 December 31 2024, in thousands PLN, based on the data of the BNP Paribas Bank Polska S.A. Group.

List of abbreviations used:

- Bank - BNP Paribas Bank Polska S.A.
- Group - BNP Paribas Bank Polska S.A. Group.
- Supervisory Board - Supervisory Board of BNP Paribas Bank Polska S.A.
- CRR Regulation - 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. GROUP

The Bank is the parent company of the Group and is a part of an international financial group headed by BNP Paribas S.A. based in Paris. BNP Paribas S.A. is a direct parent entity of the Bank and holds 87.35% of the Bank's shares, where 24.03% is held indirectly by BNP Paribas Fortis SA/NV. The remaining 12.65% of shares is held by minority shareholders (having less than 5% of the total number of votes at the General Meeting).

Table 1 Shareholders' structure of BNP Paribas Bank Polska S.A. as of 31 December 2024

SHAREHOLDERS	NUMBER OF SHARES HELD	% OF THE SHARE CAPITAL	NUMBER OF VOTES AT THE AGM	% NUMBER OF THE TOTAL NUMBER OF VOTES
BNP Paribas S.A., *total*:	128 989 183	87.35%	128 989 183	87.35%
BNP Paribas S.A. directly	93 498 957	63.31%	93 498 957	63.31%
BNP Paribas Fortis SA/NV directly	35 490 226	24.03%	35 490 226	24.03%
Others	18 687 763	12.65%	18 687 763	12.65%
Total	**147 676 946**	**100.00%**	**147 676 946**	**100.00%**

As at 31 December 2024, 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.

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

- Campus Leszno sp. z o.o.

Exclusion from prudential consolidation of the subsidiary company results from taking into account the conditions set out in Article 19(1) of CRR Regulation.

The table below presents information on the consolidation method used for each entity within the scope of accounting and prudential consolidation.

Table 2 EU LI3 - Outline of the differences in the scopes of consolidation (entity by entity) as of 31 December 2024

a	b	c	d	e	f	g	h
		Method of regulatory consolidation					
Name of the entity	Method of accounting consolidation	Full consolidation	Proportional consolidation	Equity method	Neither consolidated nor deducted	Deducted	Description of the entity
BNP Paribas Towarzystwo Funduszy Inwestycyjnych S.A.	Full consolidation	x	-	-	-	-	Investment funds and portfolios of financial instruments portfolios management
BNP Paribas Leasing Services Sp. z o.o.	Full consolidation	x	-	-	-	-	Leasing activities
BNP Paribas Group Service Center S.A.	Full consolidation	x	-	-	-	-	Financial intermediation

Table 3 EU LI1 – Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories as of 31 December 2024

	a	b	c	d	e	f	g
			Carrying values of items				
	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to own funds requirements or subject to deduction from own funds
Assets							
Cash and balances at the Central Bank	11 325 551	11 325 551	11 325 551				
Receivables from banks	7 872 375	7 872 375	7 872 375				
Derivative financial instruments	2 440 116	2 440 116		2 440 116		2 163 310	

Adjustment of the fair value of the hedged item	230 658	230 658		230 658			
Loans and advances to customers valued at amortized cost	85 401 516	85 401 516	84 526 240		875 276		
Loans and advances to customers are valued at fair value through profit and loss	452 506	452 506	452 506				
Securities valued at amortized cost	32 364 550	32 364 550	32 364 550				
Securities measured at fair value through profit and loss	321 434	321 434	321 434				
Securities valued at fair value through other comprehensive income	23 027 454	23 027 454	23 027 454				
Investments in subsidiaries	-	-	-				
Investment estates	-	-	-				
Intangible assets	975 114	975 114	484 382				490 732
Tangible assets	946 971	946 971	946 971				
Assets due to deferred income tax	859 567	859 567	859 567				
Assets due to current income tax	1 515	1 515	1 515				
Other assets	1 320 262	1 320 262	1 320 262				
Total assets	**167 539 589**	**167 539 589**	**163 502 807**	**2 670 774**	**875 276**	**2 163 310**	**490 732**
Liabilities							
Liabilities due to Central Bank	-	-	-				
Liabilities due to banks	9 994 802	9 994 802	-				
Derivative financial instruments	2 311 741	2 311 741	-	2 311 741		2 248 089	
Adjustment of the fair value of the hedged item	260 025	260 025	-	841 713			
Liabilities to customers	130 924 754	131 531 060	-				
Liabilities arising from the issue of debt securities	-	-	-				
Subordinated liabilities	3 420 128	3 420 128	-				
Lease liabilities	606 306	-	-				
Other liabilities	2 296 756	2 296 756	-				
Current income tax liabilities	-	-	-				
Deferred income tax	361 641	361 641	-				
Provisions	1 969 380	1 969 380	-				
Total liabilities	**152 145 533**	**152 145 533**		**3 153 454**		**2 248 089**	

The differences between columns a) and b) in template EU LI1 are due to a different scope of consolidation of subsidiaries. All subsidiaries are consolidated in the financial statements, and companies that met the prudential consolidation requirements as at 31 December 2024 are consolidated in FINREP, COREP.The market risk framework covers balance sheet items valued at fair value that are supervisedly classified in the trading book.

Table 4 EU LI2 – Main sources of differences between regulatory exposure amounts and carrying values in financial statements as of 31 December 2024

		a	b	c	d	e
			Items subject to			
		Total	Credit risk framework	Securitisation framework	CCR framework	Market risk framework
1	Assets carrying value amount under the scope of regulatory consolidation (as per template LI1)	167 539 589	163 502 807	875 276	2 670 774	2 163 310
2	Liabilities carrying value amount under the regulatory scope of consolidation (as per template LI1)	152 145 533			3 153 454	2 248 089
3	Total net amount under the regulatory scope of consolidation	15 394 056	163 502 807	875 276	-482 680	-84 779
4	Off-balance-sheet amounts	36 666 533	31 743 068			
5	Differences in valuations				2 903 142	
6	Differences resulting from the consideration of regulations					
7	Differences due to the specific credit risk adjustment value adjustment					
8	Differences due to Securitisation with risk transfer	-875 276		-875 276		
9	Other differences	1 320 465	1 320 465			
10	Exposure amounts considered for regulatory purposes	199 060 304	196 566 340		2 420 462	

Pursuant to Article 436 (f) and (g) of CRR Regulation, the Bank informs that it does not identify the present and does not anticipate any significant practical or legal obstacles to the quick transfer of own funds or to repay liabilities between the parent company and its subsidiaries, and there is no shortage between the actual own funds and the minimum required in all subsidiaries not included in the consolidation.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Bank is a financial institution that offers a wide range of banking services and products and as a financial services provider, creates value by initiating, maintaining and transforming risks and by properly managing them both at the level of individual transactions and managed portfolios. The risk management system, internal control system, internal capital estimation, risk appetite and stress tests constitute a coherent system, adequate in terms of the risk profile and strategy of the Bank and the entire Group.

Risk management system

The risk management system is an integrated set of rules, mechanisms and tools (including policies and procedures) relating to risk processes. Risk management is part of the Bank's overall management system. In addition to the regulatory requirements, the Bank takes into account the specific nature, scale and complexity of business activities and the associated risks. The main objectives of the risk management system:

- ensuring the early recognition and appropriate management of all significant types of risk related to the performed activities,
- supporting the implementation of the business strategy through effective control of the risk level and its maintenance within the adopted risk appetite,
- reflecting the Bank's attitude towards risk and risk culture,
- risk measurement or estimation and monitoring, including securing possible losses through appropriate control mechanisms,
- risk mitigation by defining a system of limits and rules of conduct in the event of their exceeding,
- determination of the organizational structure adjusted to the size and profile of the risk incurred.

The Bank's risk management system and the internal control system are organized on the basis of a framework of three independent lines of defense, used to define roles and responsibilities in order to achieve effective supervision and organization of risk management:

- **the first line of defense** are the Operation Area and business units responsible for risk management in the Bank's operating activities,
- **the second line of defense** consists of the organizational units of the Risk Area, Finance, Legal Line and the Compliance Line, which are responsible for at least risk management, independently from risk management on the first line of defence,
- **the third line of defense** is the activity of the Internal Audit Line, which performs independent assessments of risk management activities carried out by both the first and second lines of defense.

On all three lines of defense, as part of the risk management system and the internal control system, bank employees, in connection with executing their official duties, appropriately apply control mechanisms or independently monitor adherence to control mechanisms.

Information on governance arrangements

The key role in the risk management system is fulfilled by the Management Board, which defines the risk management strategy, risk appetite, and adopts the risk management policies as well as defines limits for material risks and risk control procedures. The risk management principles are derived from the document *Risk management strategy at BNP Paribas Bank Polska S.A.* defined by the Management Board and approved by the Supervisory Board.

The Bank has a coherent and transparent system of monitoring and reporting the risk level and exceeded defined limits, which guarantees maintaining the desired risk profile defined in the Development Strategy of the Bank and Risk Management Strategy.

The risk management system comprises mainly the Supervisory Board, the Management Board, dedicated committees (Audit Committee and Risk Committee at the level of the Supervisory Board, ALCO, Risk Management Committee, Retail Banking Risk Committee & Personal Finance, Credit Committee, Problematic Loan Committee, Products Approval, Services, Transaction and Businesses Committee (TAC/NAC), as well as Internal Control Committee), Risk Area, Compliance Line as well as Security & Business Continuity Management Line.

Members of the Management Board:

- Przemysław Gdański – President of the Management Board
- André Boulanger – Vice-Presedent of the Management Board
- Przemysław Furlepa - Vice-Presedent of the Management Board
- Wojciech Kembłowski - Vice-Presedent of the Management Board
- Piotr Konieczny - Vice-Presedent of the Management Board
- Małgorzata Dąbrowska - Vice-Presedent of the Management Board
- Magdalena Nowicka - Vice-Presedent of the Management Board
- Volodymyr Radin - Vice-Presedent of the Management Board
- Agnieszka Wolska - Vice-Presedent of the Management Board

There were no changes to the Management Board composition in 2024.

On 29 February 2024, the Bank's Supervisory Board passed a resolution to set the number of members of the Bank's Board of Management for the new term of eight people and appointed the Bank's Board of Management for a new 3-year term with the current composition.

The number of directorships positions held outside the Bank by the members of the governing body is presented below:

- The Members of the Bank’s Management Board cumulatively hold one position of a member of the Management Board and 13 positions of a member of the Supervisory Board outside the Bank. Majority of the positions are held in the Group entities, whereas number of positions held by individual Members of the Management Board meets the requirements set forth in Article 22aa, paras. 3- 5 of the Banking Law Act.

- The Members of the Bank’s Supervisory Board cumulatively hold80 positions of a member of the Management Board and 24 positions of a member of the Supervisory Board outside the Bank. Majority of the positions are held in the Group entities, whereas number of positions held by individual Members of the Supervisory Board meets the requirements set forth in Article 22aa, paras. 3- 5 of the Banking Law Act.

Members of the Supervisory Board:

- Lucyna Stańczak-Wuczyńska – Chairman of the Supervisory Board, Independent Member of the Supervisory Board
- Francois Benaroya – Vice-Chairman of the Supervisory Board
- Jean – Charles Aranda – Member of the Supervisory Board
- Jarosław Bauc - Independent Member of the Supervisory Board
- Małgorzata Chruściak – Independent Member of the Supervisory Board
- Monika Kaczorek - Independent Member of the Supervisory Board
- Magdalena Dziewguć – Independent Member of the Supervisory Board
- Sophie Heller - Member of the Supervisory Board
- Vincent Metz – Member of the Supervisory Board
- Piotr Mietkowski – Member of the Supervisory Board

- Khatleen Pauwels – Member of the Supervisory Board
- Jacques Rinino - Independent Member of the Supervisory Board
- Mariusz Warych – Independent Member of the Supervisory Board

Changes in Supervisory Board membership in 2024 are as follows:

- On 25 June 2024, the Bank received the resignation of Mr Jarosław Bauc from the position of a member of the Bank's Supervisory Board effective as of 2 July 2024, submitted in connection with the permissible period of 12 years of independent membership in the Audit Committee of the Bank pursuant to Article 129(3) point 8 of the Act on Statutory Auditors, Audit Firms and Public Oversight of 11 May 2017.
- On 2 July 2024 the Bank's Annual General Shareholders' Meeting appointed Ms Monika Kaczorek, as a member of the Bank's Supervisory Board effective as of 3 July 2024 until the end of the current 5-year term.
- On 22 November 2024, the Bank received the resignation of Ms Magdalena Dziewguć from the position of a member of the Bank's Supervisory Board effective as of 21 November 2024. The reason for Ms Magdalena Dziewguć resignation is the planned change of professional activity.

The Bank has a *Policy for the appointment and dismissal of Members of the Management Board of BNP Paribas Bank Polska S.A.,* which is one of the elements ensuring transparency, effectiveness and compliance with the law of the functioning of the corporate governance at the Bank. The aim of the Policy is to ensure that the composition of the Bank's Management Board is appropriate to the scale, complexity and risk profile of the Bank and contributes to the effective management of the Bank. Pursuant to the Policy, the appointment of a member of the Management Board is possible provided that the candidate meets the statutory and statutory requirements and has obtained a positive suitability assessment. In the process of recruiting a candidate for the position of a member of the Management Board, the Supervisory Board is supported by the Appointment Committee and the Executive Director of the Human Resource Management Area. The purpose of conducting a periodic suitability assessment is to ensure that the membership of the Management Board is suitable in terms of numbers when contrasted with the structure and the Bank's activity scope as well as in compliance with suitability criteria, both in individual as well as entire Bank's authority scope. The Management Board as a whole has appropriate combined level of knowledge, skills and experience to enable stable and effective management of the Bank.

The Bank has a diversity policy which is formally part of the suitability assessment policy at BNP Paribas Bank Polska SA. The purpose of the diversity policy is to promote diversity to the Management Board in order to reach the wide range of properties and competences of the Members of the Management Board, to gain different points of view and experience, and to enable the issuing of independent opinions and sound decisions. The following quantitative target and time frame have been set at the Bank in which the target of gender differentiation should be achieved, ie. the Bank will strive to maintain the share of the underrepresented gender in the Management Board at the level of at least 30% of the composition. At the end of 2024, the share of women in the Management Board was 37.5%.

The Bank has the Risk Committee which is a consultation and advisory body of the Supervisory Board. Its task is to support the Supervisory Board in fulfilling its supervisory duties in the area of risk management. The Committee's scope of competence shall include in particular the following:

- providing opinions on the Bank's overall present and future readiness to assume risk,
- providing opinions on the risk management strategy developed by the Management Board with regard to the Bank's operations and on strategy implementation reports submitted by the Management Board,
- supporting the Supervisory Board in its supervision over the implementation of the Bank's risk management strategy carried out by the senior management staff,
- verifying whether the prices of liabilities and assets offered to Clients take account of the Bank's business model and its risk strategy in their entirety, and - if the prices do not adequately reflect the types of risk under this model and this strategy - presenting proposals to the Management Board, aimed at ensuring prices of liabilities and assets adequate to these risk types.

In 2024, in the performance of the duties stipulated in the Regulations, the Risk Committee held 4 meetings. In addition, the Risk Committee took 3 decisions in writing. The number of the Members of the Risk Committee who attended the respective Committee meetings in 2024 allowed for the correct conduct of all meetings of the Risk Committee in 2024.

The Bank's management reporting system supports decision-making processes in the area of risk management, ensuring an appropriate flow of risk information. Regularly, in accordance with the agreed meeting schedule, reports are submitted to the

Supervisory Board, the Management Board and committees. Reported data include: analyzes of the main risks arising from the Bank's operations, including strategic aspects of credit risk, cross-cutting aspects of market and liquidity risk, information on counterparty risk, operational risk and interest rate risk in the banking book, risk appetite measures, information on capital adequacy, including the reaisation of the capital plan, reports on the current economic situation, as well as the results of stress tests. Reporting contains reliable, comprehensive, accurate and up-to-date data, provides information on the types, size and profile of risk, and also serves to assess the effects of risk management decisions in the Bank, monitor compliance with limits, and support management decisions.

Internal control system

The internal control system is one of the basic elements of the Bank's management system. The internal control system and risk management system functioning in the Bank are organized within 3 lines of defense. Each employee of the Bank is responsible for internal control, regardless of his/her position in the hierarchy or scope of responsibilities. The role of the internal control system is to achieve the general and specific objectives of the internal control system, which should be taken into account at the stage of designing control mechanisms.

The general objectives of the internal control system in the Bank are to ensure:

- effectiveness and efficiency of the Bank's operations,
- reliability of financial reporting in the Bank,
- adherence to the risk management principles of the Bank,
- compliance of the Bank's operations with generally applicable laws, the Bank's internal regulations and market standards.

The control function at the Bank is executed within all three lines of defense, with particular emphasis on the first line of defense. The Bank selects significant processes for which it documents the connection between the general and specific objectives of the internal control system and the significant processes along with the key control mechanisms embeded into these processes and independent monitoring of these mechanisms in the form of the Control Function Matrix.

The principles of the internal control system are set out in *the Internal control policy of BNP Paribas Bank Polska S.A*., approved by the Management Board. This document defines the main principles, organizational framework and standards for the functioning of the control environment at the Bank, while complying with the requirements of the Polish Financial Supervision Authority set out in Recommendation H. Detailed internal regulations concerning individual areas of the Bank's operations are adjusted to the specific nature of the Bank's operations. The appropriate organizational units of the Bank, in accordance with the scope of their assigned tasks, are responsible for the development of detailed regulations relating to the area of internal control. The Internal Control Committee supports the Management Board in ensuring the consistency, completeness and effectiveness of the internal control system and the Bank's operational risk management The Bank exercises internal control by independent monitoring of compliance with control mechanisms, including ongoing verification and testing.

Internal capital adequacy assessment

The purpose of the internal capital adequacy assessment process is to monitor and control the level of the Bank's and the Group’s internal capital. The implementation of the ICAAP process is dictated by the striving to maintain a stable financial situation that guarantees the Groups's operation despite incurring unexpected losses. The Bank ensures that the risk management process is in line with the Group's risk profile and limits excessive risk in its operations. The details of the process are defined in the *Policy on internal capital estimation at BNP Paribas Bank Polska S.A.*

The Bank has developed comprehensive rules of risk identification and assessment in response to the requirements of the review and supervisory assessment process. The rules are aimed at identification and assessment of all risks to which the Group is or may be exposed to, taking into account regulatory requirements, best practices and use of existing risk management processes tested by the Bank. The Bank takes into account the specific nature, scale and degree of complexity of business activity and related risk, ensuring that all significant risks in the Group’s activity are measured and mitigated. The Bank strives to identify and assess risks resulting from the internal and external environment that could have a significant impact on the Group's financial stability.

Identification of potentially material risks consists in identifying threats and potential risks that may arise in the future with an appropriate dose of probability. The risk management process is designed to protect the Bank against risk materialization through an adequate assessment of the capital needs necessary for the identified risks. The risk identification process is carried out annually.

The process of determining the significance level of risks covers the risks identified in the risk identification process. In order to assess the significance of risks, the Bank:

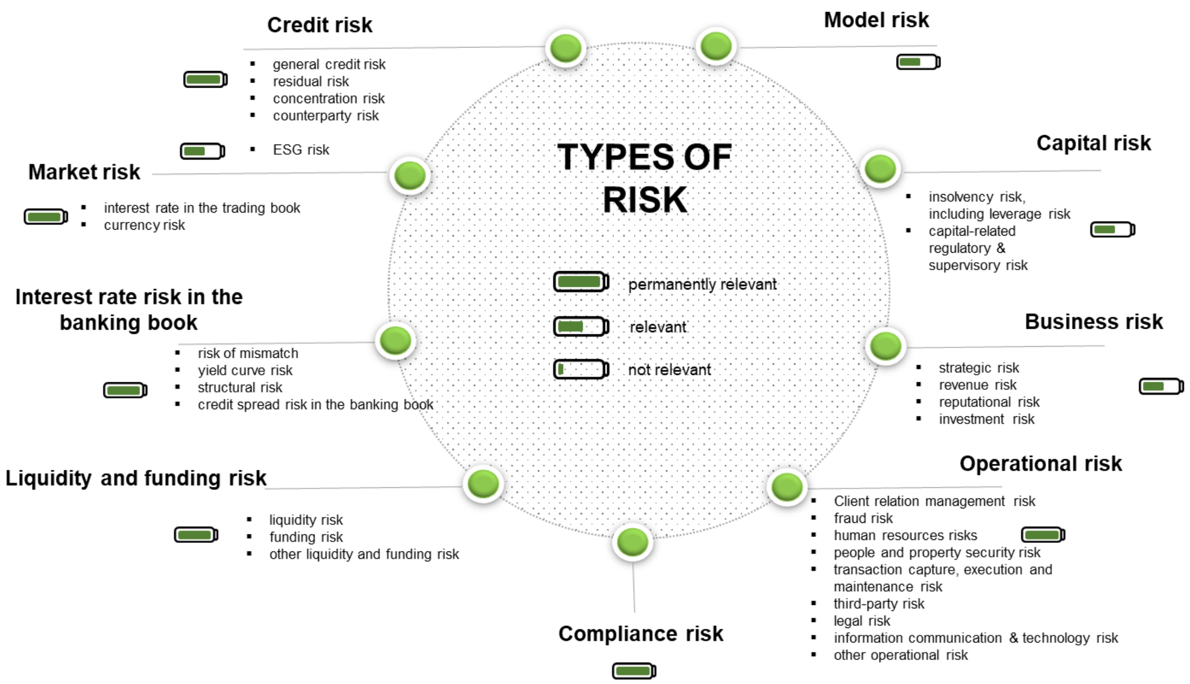
- defines the concept of materiality of risks,

- defines the factors determining the significance of risks,
- assesses the significance of risks,
- prepares a report on the risk significance assessment performed.

The Bank identifies the following types of risks:

- permanently relevant - inherently related to the profile of the business (they do not require periodic materiality assessment),
- relevant - risks for which the Bank has incurred costs related to their realisation or exposure to risk in the past, the severity of losses and the lack of appropriate risk mitigation processes and procedures expose the Bank to incurring unexpected financial losses (risks for which the significance assessment is at the level of at least medium),
- not relevant - risks for which the assessment of significance is at a low level.

As a result of the risk identification and significance assessment process carried out in 2024 the structure of the identified risks is as follows:



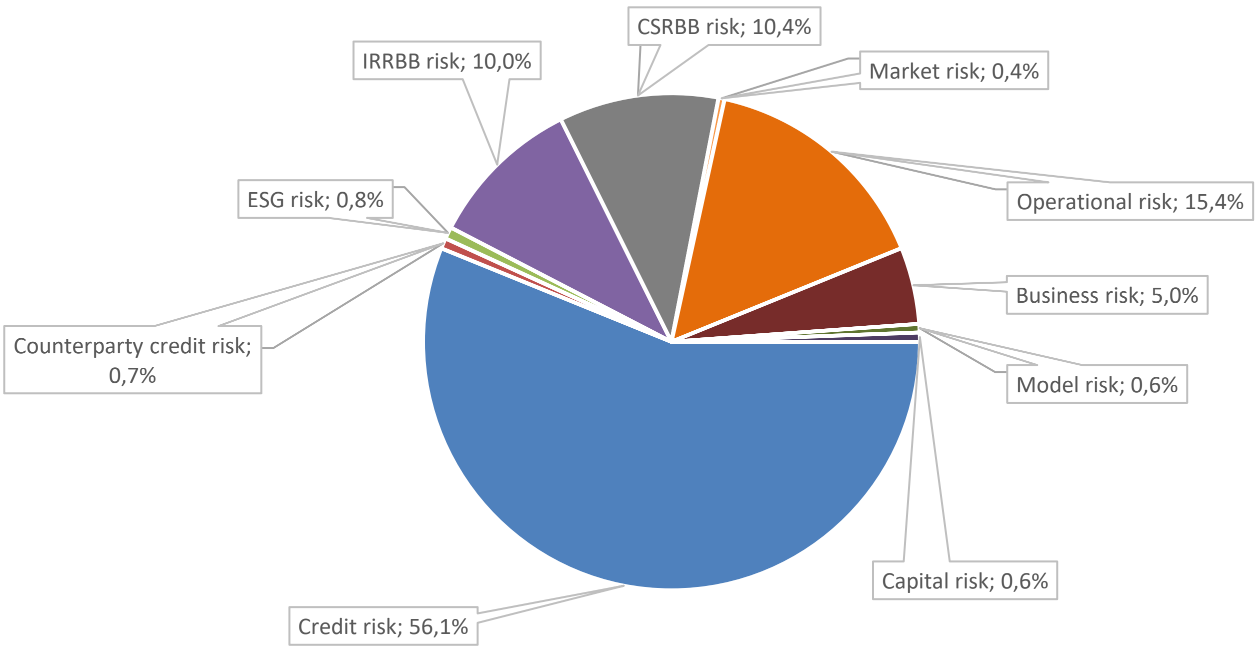
Internal capital reporting is focused on the presentation of the results of internal capital level monitoring and the main factors determining its level. The reports are presented at the Risk Management Committee meetings on a monthly basis and on a quarterly basis for the Management Board and the Supervisory Board.

Once a year, a review of the capital adequacy process is carried out, and the report on the review is submitted to the Management Board and the Supervisory Board. In addition, internal audit regularly carries out an independent review of the ICAAP process.

In order to measure risk, the Bank uses two approaches: quantitative and qualitative. The use of a specific approach is related to the risk characterization. Where the Bank has information on risk execution and is able to measure a quantitative feature, the risk is qualified for measurement using quantitative methods. If the Bank does not have information on the historical realization of the risk or the volatility effect of the risk measure is determined by many risk factors, among which the Bank is not able to isolate the effect related to the source of the assessed risk, the Bank considers the risk to be difficult to measure and performs the assessment using the qualitative method, presenting the qualitative features of risk realization.

The credit, counterparty, operational, market, interest rate and credit spread in the banking book risks are measured by quantitative models. Compliance risk shares same model with operational risk. Measurement of difficult to measure risks, which include the following risks: business risk (including strategic risk, revenue risk and reputational risk), model risk, capital risk and ESG risk, is a combination of the qualitative and quantitative methods. Internal capital is estimated as the sum of capital to cover risks measured qualitatively and quantitatively.

The internal capital structure in the Group is as follows as at 31 December 2024:



Risk appetite

For risks identified as material the Bank defines the risk appetite. When determining the risk appetite, the Bank defines its risk profile and the adopted risk attitude. The risk appetite determines the maximum level of risk that the Bank is ready to accept striving for implementation of the assumptions of the business strategy and financial plan.

The risk appetite, within the limits set by the risk tolerance, determines how the Bank uses its risk-taking capacity by determining, for each type of risk, the degree of risk exposure that a given area can take. The Bank determines the level of risk appetite in the form of risk measures that reflect the Bank's current and future risk appetite. All methods and procedures are periodically reviewed in terms of their adequacy and reliability. The level of risk appetite is determined by the Management Board and requires approval by the Supervisory Board.

In addition, the Bank monitors individual types of risks using a formal system of limits, which is set in a way ensuring:

- the Bank complies with supervisory standards,
- the desired risk profile defined in the Bank's business strategy and risk management strategy is maintained,
- the limits do not exceed the risk level acceptable to the Group.

If the limits are exceeded, remedial actions are taken to reduce the value of a given risk in accordance with the procedures in place at the Bank. The information system used in risk management ensures the collection of data on operations and transactions and their impact on the Bank's risk profile. The Bank has rules of risk control and risk management covering the procedure in the ocuring of crisis events.

Stress tests

According to the *Methodology of the stress test program at BNP Paribas Bank Polska S.A.* the Bank conducts, inter alia, the following types of bottom-up testing:

- stress tests based on recommendations of the Polish Financial Supervision Authority,
- business model stress tests,
- internal capital stress tests,
- stress testing within the recovery plan.

Stress tests are an important tool in the risk management process as they allow the risk measurement to be extended to include sensitivity to non-standard changes in market parameters, significantly different from changes observed in periods of normal financial market functioning. The purpose of the stress testing program is to estimate the potential risks to which the Bank and the Group is exposed under hypothetical market conditions developed by the Chief Economist. The stress testing program complies with the requirements of the EBA/GL/2018/04 Guidelines of 19 July 2018 on institutions' stress testing. The scope of the stress testing program covers:

- sensitivity analysis,
- scenario analysis,
- reverse stress test.

The Bank performs tests in relation to the level of risk appetite expressed in the form of risk appetite measures and capital goals set out in the *Capital Management Policy at BNP Paribas Bank Polska S.A.* The Bank uses stress tests to assess the credibility of its financial plan and capital plan under stress conditions to ensure that the Group meets the binding capital requirements. The Management Board approves the stress testing program and supervises its implementation and results.

3.1. CREDIT RISK

Credit risk is a possibility that a loss will be incurred due to a debtor's failure to timely repay a loan or other obligation, including interest and other charges. The effect of credit risk is an impairment of credit assets and contingent liabilities based on the concept of expected losses due to deterioration of the assessment of the debtor's credit quality. Credit risk is identified as the risk with the highest potential impact on the current and future earnings and capital of the Group.

As part of its credit risk management system, the Group has an operational architecture that is fully harmonised in terms of IT and operations. It consistently develops and adjusts the credit risk management system to the changing requirements by developing and implementing internal regulations, processes, tools and systems.

The Bank continually works on increasing the efficiency and tooling of processes and applications used in the area of credit risk.

The credit risk management system includes:

- the organisational structure with responsibilities and tasks assigned to the bodies, committees and organisational units of the Bank's Head Office/business units,
- policies, procedures and processes defining specific rules of risk identification, measurement, acceptance, control, monitoring and reporting,
- tools: the IT system, data warehouses, databases and IT applications supporting the risk management process.

Risk management strategies and processes

The primary objective of credit risk management is to implement the Group's strategy through harmonious growth of the loan portfolio within an acceptable credit risk appetite. The credit risk management in the Group is guided by the following principles:

- each lending transaction requires a comprehensive credit risk assessment, reflected in an internal rating or scoring;
- credit risk is measured for lending transactions at the stage of processing a credit application and periodically, as part of monitoring, in consideration of changing external conditions and the borrowers' financial standing;
- a thorough and careful financial analysis is the basis for recognising the Customer's financial data and collateral value information as reliable; the Group's prudent analyses always take into consideration the necessary safety margin;
- the basis for Customer financing is, in principle, the Customer's ability to generate cash flows sufficient to repay their liabilities to the Group;
- the credit risk assessment is subject to additional verification by the credit risk assessment units independent of the business units;
- pricing terms of a lending transaction must cover the risk of such a transaction;
- credit risk is diversified in terms of geography, sectors of economy, products and Customers;
- credit decisions may only be made by authorised persons;
- the Group enters into lending transactions only with Customers whom it knows (such Customers' analysis has been conducted) and with whom it has long-term relationships,
- the Customer and transactions with such a Customer are monitored transparently and to strengthen the relationship with the Customer;
- depending on the credit risk level, the Bank accepts relevant collateral to minimise potential future losses.

The credit risk management process consists of the following stages:

- credit risk identification, which consists in recognition of sources of risk, its materiality and connections between particular risks,
- credit risk measurement, which includes specification of risk quantification methods, measurable risk-related parameters and risk cost measurement,
- risk monitoring, which includes mainly monitoring of the risk assumed and assessment of correctness and effectiveness of risk management and measurement tools used,
- credit risk reporting, which consists of information on the assumed risk type and level,
- taking actions to reduce the credit risk.

The Bank manages its credit risk on the basis of the Bank's policies and other internal regulations regarding risk identification, measurement, acceptance, control, monitoring and reporting, as approved by relevant decision-makers within their authorities. Credit policies refer to individual business segments, loan portfolios and banking product categories, and contain guidelines on defining areas where specific risks occur, risk measurement and also methods of risk mitigation to the level acceptable to the Bank. The Bank regularly reviews and updates credit policies, rules, principles and other internal regulations while adapting them to the BNP Paribas Group's strategy, the current situation in the macroeconomic environment and changes in the law and regulatory guidelines.

The Bank dynamically develops its credit risk assessment tools while adjusting them to the recommendations of the Polish Financial Supervision Authority (KNF), the European Banking Authority (EBA), the requirements of the International Accounting Standards/International Financial Reporting Standards and best industry practices. The Bank assesses the borrower's risk using the rating and scoring systems and risk classification according to IFRS. The implemented credit risk assessment models are applicable to the most significant loan portfolios, including corporate and specialised finance Customers, SMEs, Micro (including farmers), housing loans, cash loans, credit cards and others.

The Bank takes continuous measures to deliver superior lending services while adapting them to borrowers' expectations and ensuring the safe loan portfolio. To this end, the established authority system ensures that transaction risk approval functions are separated from sales and control functions.

Credit decisions are made according to the decision-making model approved by the Bank's Management Board and adjusted to the standards of the BNP Paribas Group. The decision-making model takes into consideration the employees' knowledge and experience and the business lines' structure, defines the number of decision-making levels and their authorities, as well as the rules, criteria and conditions of making credit decisions. Quantitative limits of decision-making authorisations depend on such criteria as the Customer segment, Customer risk profile and lending period. On all authority levels, credit decisions are made by two people (under the "four- eyes" principle) by a representative of the business line and a representative of the business unit responsible for a Customer and transaction risk assessment, independent of the business line. With respect to Customers for whom the credit risk is assessed using risk assessment models, including scoring models approved by the Risk Management Committee, Retail Banking & Personal Finance Risk Committee, as the case may be, credit decisions can be made by one person - a business line representative.

In the case of SME Clients, collective decisions may be made by the Credit Committee, based on:

- decision-making engine mechanisms developed and approved at the Bank
- agreed entry criteria constituting the basis for meeting the creditworthiness condition

The decisions in question specify the amount limits assigned to the Clients accepted within their scope and the approved financing structures

In order to ensure the effective credit risk management system, the Bank uses IT applications in particular to support the following processes: credit application analysis, risk assessment and acceptance, Customer risk profile monitoring, collateral establishment and renewal, collateral appraisal, monitoring of delays in debt repayment, debt restructuring and collection service, write-offs calculation and reporting. Advanced credit risk assessment tools used by the Bank allow for taking remedial actions in the case of first signs of changes in the quality or an undesirable structure of the loan portfolio.

The Bank continuously monitors Micro Customers and performs the so-called dynamic monitoring of SME and Corporate credit exposures described in internal regulations dedicated to particular business lines. The monitoring provides immediate information on higher risks identified so that a number of actions can be taken, such as, among others, updating the internal risk classification, defining the Customer strategy and detailed steps for its implementation, and setting the date of the next full review of the Customer's exposure.

Internal risk classification is verified and a new rating is assigned always when subsequent credit decisions are made, in particular decisions regarding granting or renewing of financing or performing a full Customer review.

The Bank regularly reviews credit exposures in order to establish the actual quality of the loan portfolio, collateral appraisal, correct classification and adequacy of impairment allowances, compliance with credit procedures and credit decisions made, as well as to ensure the objective assessment of professionalism in loan management.

As part of the credit risk management process, the Bank exercises oversight over the risk of its subsidiaries. The oversight is exercised by the Bank's organisation units responsible for managing individual risks and includes the following activities:

- issue of opinions and approval of methodologies and policies applied by the companies and modifications of the same, as well as presenting its recommendations in this respect,
- assessment of credit risk of new products,
- inclusion of the subsidiary's portfolio of credit risk-bearing exposures into the Bank's management information system allowing to reliably assess its risk and carry out stress-tests for such a portfolio,
- periodic inspection of the company (pursuant to the Code of Commercial Companies) by the Bank's employees holding powers of attorney to carry out inspections, granted to them by authorised representatives of the Bank.

The oversight over the subsidiary's risk is entrusted by way of resolution of the subsidiary's general meeting and resolution of the Bank's Supervisory Board on the division of authorities for the management of particular areas of the Bank's operations.

Structure and organization of the process

The organisational structure of the credit risk management system covers the Supervisory Board, the Management Board, committees as well as organisational and business units under the business lines and the Risk Area.

A key function in the credit risk management system is performed by the Risk Area, which is organisationally separate and headed by the Vice President of the Management Board responsible for the Risk Area. The Risk Area exercises oversight over the credit risk management at the Bank, while the credit risk management process itself is organisationally adapted to the business line structure of the Bank. The Risk Area is responsible for the consolidated credit risk management process, including the management and oversight of the credit process, definition of the risk management strategy and credit policy, determination of risk appetite, provision of decision-making tools and credit risk measurement tools, control of the credit portfolio quality, and provision of reliable management information on the loan portfolio.

The Supervisory Board supervises that the Bank's credit risk policy is in line with the strategy and financial plan. The Management Board provides the Supervisory Board with periodic information on the level of risk of the Bank's lending activities.

The credit risk management is supported by the Risk Management Committee, Retail Banking & Personal Finance Risk Committee, Problem Loans Committee and the Credit Committee. The composition, tasks, authorities and rules of procedure of individual committees are laid down in the regulations of such committees. The main responsibilities of the Risk Management Committee are to monitor and supervision the main risks arising from the Bank's operations, including strategic aspects of credit risk. The Retail Banking & Personal Finance Risk Committee makes an overall loan portfolio risk assessment in selected segments and approves proposed changes in policies. The Problem Loans Committee makes credit decisions and performs quarterly reviews of the Bank's portfolio of high-risk Customers, assesses the evolution of Customer risk, determines the Bank's actions with respect to individual Customers aimed to mitigate the risk or reduce the Bank's losses resulting from the loss of Customers' creditworthiness, and monitors the implementation of recommendations given and credit decisions made. The Credit Committee, besides the Management Board, is the Bank's top decision-making body authorised to make credit decisions.

The internal control system is a constituent of credit risk management. Credit process controls refer in particular to the examination of the correct process, making credit decisions at an appropriate level and by authorised persons, correct establishment of collateral, compliance with regulations, correct and complete Customer documentation, and compliance with external requirements. The controls also cover after-sales processes.

The first line of defence controls includes ongoing verification (carried out as part of daily routines of each employee, the so-called self-control or "four-eye" control) and horizontal testing, performed on the basis of annual control plans. The planning and implementation of controls under horizontal testing is the responsibility of the unit head who, on the basis of risk analysis of their area of responsibility, prepares subjects for control included in the control plan of the unit involved in the credit process.

As part of the second line of defence, internal control mechanisms have been implemented in the Risk Area. They include the identification and monitoring of potential threats resulting in the emergence of credit risk by carrying out checks on the correctness of the implementation of individual stages of the credit process by all its participants at the Bank. The implemented mechanisms are applicable both at the stage of starting the financing of the so-called a priori controls as well as as part of the after-sales process, in the form of the so-called a vertical testing. The results of these controls are reported quarterly at the meetings of the Risk Management Committee.

The results of both first- and second-line controls are communicated on an ongoing basis to the participants of the process, among others via a dedicated application, where the controls are recorded and documented.

The third, independent line of defence consists of the activities performed by the Internal Audit Division.

The adequacy and effectiveness of the internal control system, including adequacy and effectiveness of the control function, the compliance unit and the internal audit unit, are assessed by the Supervisory Board on an annual basis.

The Bank implements all recommendations of the internal audit, the auditor and the regulator in a timely manner.

Scope and characteristic of credit risk reporting

Bank performs valuation of credit portfolio in line with IFRS9 and detailed information about valuation proces can be found in part 8.1. In terms of capital adequacy, the measurement of credit risk is based on the estimation of the size of risk weighted assets, with the applied risk weights resulting from the classification and category of credit exposure and taking into account both the probability of default and the amount of the loss that could be incurred in the event of a borrower's default.

Credit risk reporting for the Bank's internal and external needs is prepared in accordance with the Bank's internal procedures specifying the credit risk management information system, in particular the scope, mode, frequency and method of reporting.

Reporting of the credit risk level is prepared with such frequency as to enable registration of changes in the Bank's risk profile:

- the Management Board and the Supervisory Board - quarterly;
- the Risk Management Committee - monthly;
- for other units and persons involved in the process of managing the Bank's credit portfolio - daily, monthly, quarterly depending on the scope of information and the needs of report recipients.

The Bank also periodically carries out stress tests that check the sensitivity of the Bank's loan portfolio to changes in market parameters (e.g. an increase in interest rates, an increase in PLN exchange rates, etc.).

Policies and processes for estimating and managing recognised collateral

The main techniques of limiting credit risk in the Bank are adequate assessment of the Client's and transaction risk, the system of internal limits and securing the credit transaction. The internal regulations in force at the Bank and relating to the collateral area define the rules for establishing, monitoring and assessing collateral, including updating its value, in order to hedge against risk.

The basis for assessing the value of real estate, tangible collateral and rights is mainly its market value. The market value of the collateral is determined on the basis of an estimate made at the Bank or a valuation prepared by an independent appraiser verified in accordance with separate regulations on the assessment of collateral, including property assessment.

The collateral assessment takes into account in particular:

- the property, economic and financial situation of entities providing personal collateral,
- the condition and market value of the objects of tangible collateral and their susceptibility to impairment in the period of maintaining the collateral,
- the condition and market value of real estate as well as other data enabling effective estimation of the level of risk related to the real estate,
- potential economic benefits resulting from a specific method of securing receivables, including, in particular, the possibility of reducing impairment losses,
- the method of establishing the collateral (its duration and the complexity of formal activities), as well as the necessary costs of establishing, maintaining and enforcing the collateral,
- complexity, time-consuming as well as economic and legal conditions for the effective implementation of collateral.

Accepting specific types of collateral depends on the product and Customer segment. When granting loans for the financing of residential and commercial real estate, collateral is obligatorily established in the form of a mortgage on the real estate. Until the collateral is effectively established (depending on the type of loan and its amount), a different form of temporary collateral may be accepted.

When granting car loans, the following collaterals are used: transfer of ownership of the credited vehicle, registered pledge on the credited vehicle, assignment of rights under the AC insurance policy of the credited vehicle.

The collateral for loans intended for the financing of companies and enterprises is established, inter alia, on business debts, bank accounts, movables, real estate or securities or in the form of guarantees.

3.2. COUNTERPARTY CREDIT RISK

Risk management strategies and processes

Counterparty risk is the credit risk related to the risk of default by a counterparty (Client or other financial institution) with which the Bank enters into transactions for which the liability amount may assume different values over time, depending on market parameters. Therefore, the counterparty risk is related to transactions on financial instruments whose value may change over time depending on such factors as interest rates or foreign exchange rates. The varying exposure may affect the Customer's solvency and is of crucial importance to the Customer's ability to discharge its liabilities when the transaction is settled.

Counterparty credit risk, for transactions which generate counterparty risk, is assessed using the same methodology as the one applied to credit products. This denotes that in the credit process, Bank estimates and applies limits, of which the value results directly from assessment of Customer creditworthiness, as well as considers transactions specific character in particular, their value fluctuating over time or their direct dependence on market parameters.

Structure and organization of the process

The principles applicable to foreign exchange transactions, derivative transactions as well as credit limit granting, use and monitoring for transactions subject to counterparty risk limits have been laid down in dedicated procedures. In line with the adopted policy, the Bank is guided by the knowledge of the Customer and concludes all transactions on the basis of transaction limits individually assigned by the Bank. The Bank differentiate availability of products, which are offered to Customers depending on their knowledge and experience.

Scope and nature of reporting and measurement systems

The Bank has advanced systems with which it measures and controls the counterparty risk. The measurement is based on estimating the probability of the maximum possible exposures arising from the transactions concluded. The Bank models the maximum exposures based on historical observations of the price volatility of the underlying assets.

The Bank has a separate organizational unit responsible for monitoring and reporting the counterparty risk, including whether the transaction limits have not been exceeded due to the concluded transactions.

Hedging and risk mitigation strategies, effectiveness of hedging instruments and risk mitigation measures

The Bank has transparent rules for securing credit risk. By limiting the counterparty's credit risk, the Bank has the option of calling counterparties (the so-called Margin Call) to provide a variable collateral (the so-called Variation Margin), which has been agreed with the counterparty in the collateral agreement (the so-called CSA). Moreover, the risk of a counterparty with financial institutions may be limited by exchanging appropriately separated Initial Margin Deposits, and for other Clients by applying Entry Collateral (promissory note, declaration of submission to enforcement pursuant to Article 777 of the Code of Civil Procedure), Fixed Collaterals (Cash collateral or asset collateral established in exceptional cases where, in the Bank's assessment, the Customer's financial condition deteriorates or there is a risk that the transactions will not be settled) or other Initial Collateral (Cash collateral established before each transaction is concluded).

Credit Valuation Adjustment / Debit Value Adjustment (CVA / DVA) is estimated for all derivatives outstanding on a given day. The adjustment is estimated based on the forecasted future exposure to a given instrument, the counterparty's rating reflecting its probability of default and the estimated recovery rate.

In the process of estimating the maximum exposure, the Bank offsets financial assets and liabilities resulting from transactions concluded for Customers with whom enforceable master agreements have been concluded. In the absence of master agreements, the effect of contractual netting of liabilities is not taken into account.

The Bank does not conclude credit derivatives to hedge and mitigate the counterparty risk.

The Bank does not have any agreements with the conterparts that would require additional collateral in case of worsening the Bank's rating.

In master agreements there might be some clauses, which define the worsening of credit worthiness, as that may result in the worsening of the rating. However, that is not implicating additional collateral requirement, but the possible closing of the transaction.

Master agreements may contain provisions that define the event of deterioration of creditworthiness, including as a result of credit events upon merger, but this does not involve the provision of additional collateral, but the possible closing of ongoing transactions.

3.3. MARKET RISK

Risk management strategies and processes

Bank manages the market risk by identification, measurement, control, reporting and monitoring and decision making Bank's strategy indicates that trading activity that generates market risk in the Bank is treated as supplementary, aiming at supporting sales of financial instruments to corporate, non-banking financial (directly) and retail Customers (by means of structured products). Opening market risk positions, Bank generates additional income due to short term changes in market parameters (such as FX or interest rates), while maintaining exposure within pre-approved level of limits. Bank offers commodity products, but does not open position in these instruments.

The process is centralizaed, which means that all transactions bearing market risks are transferred to Global Markets Line, that is responsible for operational risk management within granted limits. Market and Counterparty Risk Department, that is separated organizationally up to Management Board level from risk taking units, is responsible for market risk measurement and reporting.

Structure and organization of the process

Market risk management is an integral part of the whole Bank management system. Apart from legal and regulatory requirements, business scale and complicity is the main driver behind risk management system. The main role in market risk management system in the Bank is fulfilled by Management Board, which decides on policy and approves rules of risk management. Direct supervision of realization of the policy is in hands of dedicated committees responsible for decisions according to mandate delegated by Management Board. Dedicated units responsible for risk management and control ensure that all material risks are measured and limited and business activity is evaluated on risk-return perspective.

The Supervisory Board constantly monitors the risk management system. It approves risk strategy, key risk management policies and risk appetite levels. Supervisory Board evaluates Management Board activities related to control over Bank activities and their compliance with the policy.

The Risk Committee supports the Supervisory Board with its supervisory responsibilities in the risk area, especially by giving its opinion o Bank's current and future ability to undertake the risk, evaluation of risk management strategy set by the Management Board and its realization.

The Management Board ensures an appropriate level of the market risk incurred by the Bank and the effectiveness of the risk management methods. It allocates and delegates responsibilities to units involved in market risk management process, including dedicated committees. The Management Board approves market risk limits.

Risk Management Committee is responsible for allocation of market risk limits for trading book within the risk granted risk appetite. It also approves market risk limits for trading book, analyses limit breaches and recommends contingency actions.

Internal Audit Line performs periodic controls over risk management process, including verification of Bank's processes and policies versus legal requirements. It also analyses and evaluates the efficiency of risk management systems and control mechanisms and recommends relevant actions if necessary.

Product, Service, Transaction and Business Acceptance Committee (TAC/NAC) gives opinions and approves of new products, services, transactions and types of the Bank's activities, affecting, inter alia, the level of the market risk position and its management process.

Integrated Risk Management Line is responsible for direct supervision over market risk management process. It formulates independent opinions and recommendations for Risk Management Committee, Asset and Liabilities Committee or the Management Board on market risk policy, risk measurement methodology, structure and levels of limits.

Global Markets Line is responsible for operational and transactional risk management of trading book interest rate risk and FX risk at the Bank's level.

Scope and nature of reporting and measurement systems

Market risk is reported with frequency enabling Marnagement Board, Supervisory Board and relevant committees to be properly informed on Bank's risk profile. Specifically the varisk measurement and reporting system provides daily information to units operationally responsible for risk management ab9out the volume of market risk open positions, the sensitivity level to market risk factors and synthetic metrics such as value-at-risk for the whole portfolio as well as divided to interest rate and FX risk.

The information is provided to Risk Committee, Management and Supervisory Boards in an aggregated, synthetic manner with specified frequency.

Strategies for the hedging and liquidity risk mitigation, the effectiveness of the hedging instruments and risk mitigation measures

In order to avoid excessive risk Bank implemented a set of market risk limits and warning levels adequate to its scale and complexity. The system of limits results from the accepted risk level (risk appetite) adopted by the Bank. The acceptable level of risk has been formulated on the basis of assumptions reflecting the Bank's risk objectives and is consistent with the strategy and business plans. The Bank also defined the procedure to be followed in the event of exceeding the limits, the methods of eliminating these exceedings and the measures to prevent similar situations in the future.

Within general exposure towards interest rate risk, which is the main exposure in trading portfolio, Bank used IRS, OIS, CIRS, FRA, basis swaps and purchase and sale of interest rate options. Interest rate risk profile was also impacted by FX swaps and FX forwards. Bank maintains open interest rate risk position, within granted limits, in order to optimize its P&L by generating additional income by lack of necessity of instant closing of Customer driven position on the interbank market. Bank's priority is to hedge interest rate and FX risk by maintaining relatively low open positions enabling optimization of offer its Customers.

3.4. LIQUIDITY RISK

Liquidity risk strategies and processes

Bank Strategy regarding liquidity risk management focus on:

- sustainable, organic growth of the Bank's balance sheet (Assets growth in line with funding sources growth throughout stable liabilities) and off balance sheet transactions and liabilities;
- limitation of Bank's dependence on external conditions and ensure, that in the crisis situation – local, global or related directly to the Bank- Bank will be able, in the short time horizon fulfill its obligations with no limitations of the Bank's offer spectrum and no need to initiate changes in the Bank's basic activity. In case of long term crisis situation, Bank's policy assumes maintenance of the liquidity, and considers some modifications of the development directions and implementation of the costly processes of the Banks profile activity adjustments.
- active limitation of the probability of the adverse events, that may influence of the Bank's liquidity. In particular, that refers to the reputational risk. Bank will take appropriate steps in order to restore the trust of Clients, Clients and financial institutions as quickly as possible
- ensuring high quality standards of the liquidity managements processes. Activities leading to quality processes improvement regarding liquidity management have highest priority in the Bank.

The main source of funding are liabilities due to Customers, supplemented with mid and long term loans and capital type liabilities. Mid and long term credit lines (including subordinated loans) come mainly from the BNP Paribas Group as well as European Bank for Reconstruction and Development, European Investment Bank, Council of the Europe Development Bank and others financial institutions. Bank's policy allows as well other funding sources, like own debt issuance or structural transactions.

Liquidity risk, that is a risk of inability to fulfill own payments obligations by the Bank. Management of that risk in the Bank contains several processes: immediate liquidity management (intraday) as well as future (current, short term, as well as structural mid and long term liquidity), including funding sources concentration as well as liquidity monitoring of the market and ability to obtain funds. That process is adequate to the character and scale of the Bank's activity, as well as regulatory requirements that Bank has to fulfill.

The primary goals of the liquidity management process are:

- ensuring appropriate liquidity level of the Bank, throughout ensuring ability to fulfill current and future obligations
- crisis situations prevention
- building up solutions and action plans to survive during crisis situations, in case they occur.

Structure and organization of the process

Liquidity management in the Bank is performed thought-out balance sheet shaping and funding structure (reflected in the financial statement of the Bank) that consist balance sheet as well as off-balance sheet items. The process is centralized. The Supervisory Board leads supervising role and approves risk appetite levels, that determinate remaining limits parameters in the liquidity management process. Board of Management determines risk appetite levels and is responsible for adequate liquidity management system, throughout building up appropriate organizational structure, ensuring internal regulations and procedures and approval of the liquidity limits, which enable to limit risk exposure of the Bank. The committee set aside from the Bank – Assets and Liabilities Committee (ALCO) on monthly meetings analyzes the liquidity situation of the Bank and verifies effectiveness of the liquidity management process in the Bank.

Bank ensures separation and independence of the operational functions, risk management functions, control and reporting ones. In particular, for the concluding transactions with counterparties and Customers the business areas are responsible, confirmations and settlements of the transactions are performed in the Operations Line area, for immediate and future liquidity management Assets and Liabilities Management area is responsible, for the current supervision of the risk level and fulfillment of the limits the Risk Area is responsible, while the independent reporting of the regulatory measures the Financial Area.

Funding for the other Group's unit are provided by the parent unit - BNP Paribas SA.

Scope and reporting and risk measurement systems characteristic

In the liquidity risk measurement scope Bank uses list of measures and indicators monitoring liquidity situation both those required by the regulator as well as internally defined in the Bank, including the internaly set up limits levels. Liquidity parameters are calculated accordingly with the required frequency – daily, monthly or quarterly. Internal measures are calculated based on the daily reporting.

Based on the daily reports liquidity gap reports are generated – contractual and realistic one, that takes into account modeling of the no maturity profile products, as well as behavioral aspects for the balance and off-balance sheet items i.e. early repayments of loans by the Bank's Customers. Those reports are generated for the overall balance and off balance sheet of the Bank in all currencies together, as well as separate for the main Bank's currencies: PLN, EUR, USD CHF and remaining currencies together. Early Warning Indicators defined and set up in the Liquidity Contingency Plan are monitored on the daily basis, which monitor Bank situation, interbank market as well as Customers of the Bank. In the monthly cycle Bank analyzes as well specific liquidity measures, that are monitored in the Recovery Plan. Complementary to those reporting and monitoring processes are reports and measures prepared for the monthly ALCO meetings, that widen up among others the funding concentration level, cost of funding from the non-bank Customers.

In the liquidity management measures scope there is as well surplus of liquidity measure for 7 and 30 days' horizon. That measure is reported on the daily basis. As of 31 December 2024 that surplus reached respectively PLN 47.3 bn and PLN 17.02 bn. The liquidity surplus measure consists of following items:

- central bank account balance, nostro accounts balances and deposits placed in other banks up to 7 days (22% of the surplus)
- high iquidity assets (78% of the surplus)
- other securities (0% of the surplus)
- assets available for sale in the tenor 8-30 days (0% of the 30 days' surplus)

Apart of above mentioned reporting scope, Bank periodicaly, at least once a month Bank carries out stress tests, to verify Bank's resistance in that moment for occurance of the crisis situations for liquidity risk. The measurement is performed in 3 scenarios: crisis related to internal situation in the Bank, market crisis or the combination of those two situations together. In the scope of the scenarios Bank considers among others: increased level of the outflow of the deposits, depending on the business line, type of Client and product, increased level of utilization of the off-balace sheet obligations to the Customers, decreased level of the inflows from loans repayments and applies adequate to the particular scenario parameters, that are established based on the observed historical events or expert judgement. The results of stress tests are used as one of the early warning indicators in the Liquidity Contingency Plan launch, as well as calibration of the internal liquidity risk limits, to ensure that even in the stress situation Bank can continue commercial activity without mayor disorders. The liquidity stress tests results are regulary reported to ALCO Committee and Supervisory Board, that enables those bodies estimate the liquidity security of the Bank. Liquidity risk level reporting is performed with the frequency that enable to register the change in the liquidity risk profile of the Bank:

- Board of Management and Supervisory Board – quarterly
- ALCO Committee – monthly
- other units and people involved in the liquidity management process and monitoring – daily.

Strategies for the hedging and liquidity risk mitigation, the effectiveness of the hedging instruments and risk mitigation measures

Bank has as a base of diversified funding sources, that ensure stable liquidity situation. Bank has as well high quality liquid assets, that in case of need can be source of funding for the Bank and enables to obtain liquidity with in one day. That ensures secure liquidity management both in the normal situation as well as in the crisis or extraordinary one. That portfolio allows as well to fulfill regulatory and internal liquidity requirements. Excess of the liquidity in the Bank is placed into high quality liquid assets.

The biggest share in the funding pool has non bank Customers deposits base, that consists of all Customers' segments, however retail Customer share is dominant. Stability of the deposit base is assured by attractive and complex offer for the Customers from one side, and from the other by monitoring and verifying its stability in the models for all business lines. Bank cooperates as well with the supranational financial institutions that provide funding to the Bank dedicated to specific projects or products for the Customers.

Due to currency structure of the Bank's balance sheet, there is need to manage currency volumes both on the liabilities or assets side. Bank ensures funding appropriate to the assets in the currencies via directly funding in that currency or derivatives transactions like CIRS or FX swap. Closing of the currency mismatch via derivatives allows to close Bank's needs in various currencies and in the term structure adequate to the risk profile in specific currencies, and that has positive impact of the liquidity profile in that currency.

3.5. INTEREST RATE RISK IN THE BANK BOOK

Strategy and processes of the risk management

The base business activity of the Bank – granting loans and taking deposits from the Customers leads to open interest rate positions, that are transferred from the business lines into the portfolios managed by the Assets and Liabilities Management area, using internal transfer pricing system.

Bank, defining the interest rate risk profile takes into account not only contractual parameters, but also real characteristic of the product as the result of behavior aspects and embedded options, by using modeling for example for current accounts, saving accounts, fixed rate loans, credit cards. Modeling of the products behavior depending on the business line enables to distinguish stable and unstable parts, that react differently for the interest rate changes. Maturity profiles for the undefined maturity deposits are assigned according to existing models. Those profiles may change depending on the pace of changes in the balances, number of Customers or the macro economic situation. As of 31 December 2024 the average maturity tenor of the deposits for all business lines and currencies was 2.52 years. The maximum tenor for the maturity profile was 15 years.

The Bank subsidiaries minimize the interest rate risk by using the same reference rates in assets and liabilities and similar repricing periods.

Structure and organization of the process

The management of interest rate risk of the banking portfolio is carried out by transferring this risk from business lines to management by the ALM Treasury. The Supervisory Board exercises overall supervision over interest rate risk by approving the risk appetite level. The consequence of the established risk appetite is the establishment of other limits and critical values. The Management Board determines the risk appetite level, accepts crucial interest rate risk measures and is responsible for implementing an adequate liquidity risk management system by building an appropriate organizational structure, ensuring the application of internal regulations and procedures. Other limits and critical values for this risk and ongoing supervision over interest rate risk management are within the competence of the Asset and Liability Management Committee, which analyzes the current liquidity situation and verifies the effectiveness of the Bank's liquidity management processes at monthly meetings. The Bank ensures the separation and independence of operational, risk management, control and reporting functions. In particular, the business divisions are responsible for concluding transactions with the Bank's counterparties and Clients, the Operations Division is responsible for confirming and settling transactions, the Asset and Liability Management Division is responsible for managing the interest rate position of the banking portfolio, and the Risk Area is responsible for monitoring the current level of interest rate risk.

Scope and reporting and risk measurement systems characteristic

The Bank's policy for the interest rate risk defines interest income sensitivity as well as fair value sensitivity of the portfolio. Analysis are performed for all currencies together as well as for the main currencies separately.

The regulatory measures in the interest rate risk area are sensitivity of the economic value of the capital (EVE) and the sensitivity of net interest income (NII). EVE is a measure of the net economic value of the interest rate sensitive instruments in the remaining tenor of the instrument coming from the interest rate changes, taking into account all banking book items excluding capital. NII is a measure of changes in net interest income over a one-year horizon assuming a constant balance sheet, resulting from changes in interest rates.

The economic value changes of the adjusted 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:

Table 5 EU IRRBB1 - Interest rate risks of non-trading book activities for BNP Paribas Bank Polska Group

		a	b	c	d
		Changes of the economic value of equity		Changes of the net interest income	
Supervisory shock scenarios		31 December 2024	30 June 2024	31 December 2024	30 June 2024
1	Parallel up	-575	-251	205	355
2	Parallel down	-97	-205	-573	-490
3	Steepener	298	465		
4	Flattener	-749	-975		
5	Short rates up	-801	-922		
6	Short rates down	420	490		

Due to hedging of the structural elements with mid and long term transactions the Group's supervisory outlier test for the economic value of equity (SOT EVE) and the sensitivity of net interest income (SOT NII) remains below regulatory levels.

Strategy in scope of hedging and risk mitigation, effectiveness of hedging instruments and risk mitigation measures

Structural elements (stable, insensitive to interest rate changes, part of current accounts and capital) are hedged with transactions with a longer maturity. In the remaining portfolio, the Bank's intention is to close the interest rate risk. The Bank primarily uses interest rate swaps (IRS) to hedge the interest rate risk, but also fixed-rate bonds. When entering into hedging transactions, in order to avoid P&L volatility, hedge accounting relationships are carried out.

3.6. OPERATIONAL RISK

Strategies and processes in operational risk management

The Bank manages the operational risk based on the approved strategy and policy.

Operational risk is defined as the possibility to incur losses or an unjustified cost resulting from inadequate or failed internal processes, people, systems or influence of external events. Legal risk is included into the operational risk, whereas reputational and strategic risks related with business risk are excluded.

The objective of the operational risk management is to ensure the top quality standards of services rendered by the Bank, to ensure their security and compliance with the binding regulations and the best standards and lowering the losses and costs caused by the operational risk at the same time. Organizational culture in operational risk management plays an important role for the Bank. The key element is employees' awareness about the risk and their share in the responsibility for its reduction. Operational risk is commonly present in the banking activity, what means that each of the employees and each of the organizational units is responsible for operational risk identification within their scope of responsibilities and taking actions aimed at risk reduction.

Operational risk management process includes the following stages:

1) risk identification,
2) defining risk causes (sources),
3) assessment of the risk amount and setting its acceptable level,
4) analysis of possible solutions to reduce the identified risk,
5) taking a decision to reduce risk,
6) taking necessary actions,
7) control and assessment of applied risk reduction tools.

Organization of the operational risk management process

The operational risk management process is carried out under three lines of defence. The first line of defence consists of risk management in the operational activity of the Bank. The second line of defence consists of risk management performed by employees at specifically appointed positions or in organizational units (i.e. Operational Risk, Internal Control and Fraud Prevention Area, Compliance Area, Legal Area, Second Line of Defense in Finance Department, Model Validation Bureau), regardless of the risk management at the first line of defence. The third line of defence consists of the activity of the internal audit unit.

Operational risk management system is integrated. It means that all actions and functions concerning operational risk management are combined in one, consistent, transparent, complete and efficient system. In order to avoid a potential conflict of interests and in order to ensure objectivity, operational risk supervision function in the Bank is separated from the function responsible for making business decisions. Operational risk control function is autonomous and placed in Risk Area. Operational risk management is closely connected with the management of other kinds of risk due to the fact that a substantial part of the operational risk losses occurs at the intersection of operational risk and credit risk or financial risk or other banking risks.

Actions directly aimed at operational risk mitigation are taken by units responsible for individual areas exposed to operational risk (first line of defence).

Scope and types of risk reporting and measuring systems

One of the operational risk management stages is taking actions aimed at risk reduction. Those actions consist in preventing the threat or reducing the consequences of the event as well as carrying out systemic actions aimed at elimination of causes of the events. Systemic actions consist in e.g. eliminating the gaps in internal regulations and procedures, preparing new or changing the existing tools, introducing changes to work organization, improving control mechanisms, application of existing controls and introducing changes to IT systems. Before taking such actions, their costs are analysed as well as potential losses that can be borne without implementing the suggested solution.

For the operational risk monitoring and assessment, the Bank applies among others: self-assessment method, Key Risk Indicators (KRI) as well as the data about identified operational risk events and threats, incl. operational risk losses – using the internal and external data. The Bank decides on its risk tolerance (operational risk appetite) and takes appropriate actions when the accepted risk level is exceeded.

The Management Board and appointed Committees are regularly informed about the level of operational risk as well as about actions taken due to identified operational risk events and threats.

The Bank applies insurance cover within the framework of risk transfer.

The gross losses resulting from the operational risk events recognized in 2024 have been presented in the table below by event types and categories. The amount of gross loss means a sum of losses resulting from the operational risk incidents registered in the Bank's internal database, without taking into account reductions resulting from amounts recovered from the insurance and recovered from other sources. Data include the operational risk losses connected to the credit risk and financial risk.

Table 6 Gross losses resulting from operational risk events recognized in 2024

Internal frauds	**27 178**
Unauthorised activity	-33
Theft and internal fraud	27 211
External frauds	**19 081**
Theft and external fraud	15 838
Systems security	3 243
Employment practices and workplace safety	**-104**
Employee relations	-114
Safe Environment	2
Diversity & Discrimination	8
Clients, products and business practices	**705 996**
Suitability, disclosure & fiduciary	4 954
Improper business or market practices	700 515
Product defects	5
Selection, Sponsorship and Exposure	475
Bank advisory activity deficiency	47
Damages to physical assets	**298**
Disasters and other events	298
Business disruption and system failures	**127**
Systems	127
Execution, Delivery and Process Management	**7 900**
Transaction capture, execution & maintenance	6 874
Monitoring and reporting	863
Customer intake and documentation	52
Customer account management	111

Trade counterparties	0
Vendors & Suppliers	0
Total	**760 476***

** 92% of all losses are losses related to ongoing court cases regarding loans denominated in CHF*

In order to mitigate risk, the Bank strengthens processes and mechanisms aimed at limiting level of risk, this includes amongst others prevention of frauds, including cybercrime, resulting from internal as well as external causes and conncected to control of correctness of execution of processes, especially by developing IT system functionalities and processes reorganization. Moreover, the Bank regularly verifies and assesses the internal control environment as well as determines actions improving the control mechanisms effectiveness.

Strategy in scope of hedging and risk mitigation, effectiveness of hedging instruments and risk mitigation measures

One of the priorities of the operational risk management strategy is to ensure that the Bank achieves its business goals in a safe way, accepting the level of risk only within the approved risk appetite, eliminating unacceptable events, limiting the possibility of unexpected events with severe consequences for the Bank and actively reacting and responding to identified events that may cause such consequences. This leads to the reduction of losses and costs caused by operational risk, as well as the achievement of high quality and safety standards in the Bank's operations. In the case of significant events that could not be avoided, the required standard is the analysis of the causes of the event and taking actions to reduce the risk of a similar event occurring in the future. The effectiveness of the Bank's security and risk mitigation solutions is monitored by comparing the level of registered operational losses with the operational risk appetite approved by the Bank and by monitoring key risk indicators. Moreover, the risk control mechanisms are tested in accordance with the requirements of Recommendation H of the Polish Financial Supervision Authority.

4. KEY METRICS

Implementing the requirement specified in Articles 447 and 438(d) of the CRR Regulation, 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 7 EU KM1 – Key metrics template as of 31 December 2024

		a	b	c	d	e
		31 December 2024	30 September 2024	30 June 2024	31 March 2024	31 December 2023
	Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital	12 162 053	11 841 172	11 797 150	11 284 327	11 214 650
2	Tier 1 capital	12 812 053	11 841 172	11 797 150	11 284 327	11 214 650
3	Total capital	15 962 074	15 142 717	15 330 837	14 887 194	14 937 528
	Risk-weighted exposure amounts					
4	Total risk-weighted exposure amount	92 814 926	91 302 678	89 124 445	88 385 471	89 615 117
	Capital ratios (as a percentage of risk-weighted exposure amount)					
5	Common Equity Tier 1 ratio (%)	13,10%	12,97%	13,24%	12,77%	12,51%
6	Tier 1 ratio (%)	13,80%	12,97%	13,24%	12,77%	12,51%
7	Total capital ratio (%)	17,20%	16,59%	17,20%	16,84%	16,67%
	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%	0,01%	0,01%	0,01%	0,01%
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	0,50%	0,25%	0,25%	0,25%	0,25%

11	Combined buffer requirement (%)	3,00%	2,76%	2,76%	2,76%	2,76%
EU-11a	Overall capital requirements (%)	11,00%	10,76%	10,76%	10,76%	10,76%
12	CET1 available after meeting the total SREP own funds requirements (%)	7,80%	6,97%	7,24%	6,77%	6,51%
	Leverage ratio					
13	Leverage ratio total exposure measure	181 407 830	178 790 571	178 954 703	180 664 289	174 945 269
14	Leverage ratio	7,06%	6,62%	6,59%	6,25%	6,41%
	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%	3%	3%	3%	3%
	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)	58 807 518	50 565 059	50 478 630	48 092 505	50 227 484
EU-16a	Cash outflows - Total weighted value	43 497 076	41 547 456	41 926 269	42 292 835	38 185 956
EU-16b	Cash inflows - Total weighted value	18 831 646	18 293 918	19 529 034	21 762 775	17 175 723
16	Total net cash outflows (adjusted value)	24 665 430	23 253 537	22 397 235	20 530 060	21 010 232
17	Liquidity coverage ratio (%)	238,42%	217,45%	225,38%	234,25%	239,06%
	Net Stable Funding Ratio					
18	Total available stable funding	119 113 447	112 060 625	114 893 724	113 761 298	114 758 891
19	Total required stable funding	74 561 483	77 104 806	73 400 593	75 038 876	75 105 621
20	NSFR ratio (%)	159,75%	145,34%	156,53%	151,60%	152,80%

5. OWN FUNDS

5.1. OWN FUNDS STRUCTURE

Pursuant to the provisions of Banking law, the Act of August 29, 1997 (Journal of Laws of 2024 item 1646) (hereinafter referred to as "Banking law") and CRR Regulation, own funds of the Bank 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 – series A capital bonds (ISIN PLO164300017) issued on 28 November 2024, of total value of PLN 650 mn classified for addition Tier I capital based on KNF's decision dated 31 December 2024.

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 CRR Regulation
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. other items pursuant to Article 36 of the CRR Regulation
g. additional value adjustments based on requirements for prudent valuation – pursuant to Article 34 and Article 105 of CRR Regulation
h. deduction for non-performing exposures defined in Article 47c of CRR Regulation

For the purpose of preparing the statement of Core Tier I, 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 CRR Regulation and the Banking Law Act.

Capital Tier II items, calculated based on the CRR Regulation, (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 CRR Regulation are met whereas instruments qualified under additional Tier I capital are recongised accounting for the conditions specified in Article 52 of the CRR Regulation.

Information on adjustments and deductions for Common Equity Tier I used in the calculation as of 31 December 2024:

- deduction in accordance with Article 34 of CRR Regulation of the additional value adjustments for prudent valuation are created for all assets measured at fair value with a value of PLN -29 044 ths was applied;
- deduction for core Tier I capital in accordance with Article 36(1)(b) of CRR Regulation for intangible assets in amount of PLN -490 732 ths was applied. The amount was calculated taking into account the changes introduced by Regulation (EU) No 2176/2020 of 12 November 2020 amending Delegated Regulation (EU) No 241/2014 with regard to the deduction of software assets from Common Equity Tier I items;
- application of deduction in line with Art. 36(1)(k) of CRR Regulation in the amount of PLN -18 735 ths; the adjustment is for securitization position which qualify to the risk weight at 1250% in line with Art. 245(1)(b) and Art. 253 of the CRR Regulation;
- deduction for non-performing exposures of PLN -20 947 ths was applied;
- by way of derogation from Art. 35 of CRR Regulation, the deduction of unrealized gains and losses measured at fair value of other comprehensive income in accordance with Article 468(1) of CRR Regulation has been applied in the amount of PLN 387 161 ths; the amount has been calculated taking into accout the changes implemented by Regulation (EU) 2024/1623 of the European Parliament and of the Council of 31 May 2024 amending CRR Regulation as regards requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor;

Table 8 Comparison of Banks' own funds and capital and leverage ratios with and without the application of transitional arrangements for IFRS 9 or analogous ECLs , and with and without the application of the temporary treatment in accordance with Article 468 of the CRR as of 31 December 2024

	Available capital (amounts)	31 December 2024
1	Common Equity Tier I (CET1) capital	12 162 053
2	Common Equity Tier I (CET1) capital if temporary treatment of unrealized gains and losses measured at fair value of other comprehensive income has not been applied pursuant to article 468 of CRR Regulation	11 774 892

3	Tier I capital	12 812 053
4	Tier I capital if temporary treatment of unrealized gains and losses measured at fair value of other comprehensive income has not been applied pursuant to article 468 of CRR Regulation	12 424 892
5	Total capital	15 962 074
6	Total capital if temporary treatment of unrealized gains and losses measured at fair value of other comprehensive income has not been applied pursuant to article 468 of CRR Regulation	15 574 913
	Risk-weighted assets (amounts)	
7	Total risk-weighted assets	92 814 926
8	Total risk-weighted assets if temporary treatment of unrealized gains and losses measured at fair value of other comprehensive income has not been applied pursuant to article 468 of CRR Regulation	93 041 965
	Capital ratios	
9	Tier I (as a percentage of risk exposure amount)	13.10%
10	Common Equity Tier I (as a percentage of risk exposure amount) if temporary treatment of unrealized gains and losses measured at fair value of other comprehensive income has not been applied pursuant to article 468 of CRR Regulation	12.66%
11	Tier I (as a percentage of risk exposure amount)	13.80%
12	Tier I (as a percentage of risk exposure amount) if temporary treatment of unrealized gains and losses measured at fair value of other comprehensive income has not been applied pursuant to article 468 of CRR Regulation	13.35%
13	Total capital (as a percentage of risk exposure amount)	17.20%
14	Total capital (as a percentage of risk exposure amount) if temporary treatment of unrealized gains and losses measured at fair value of other comprehensive income has not been applied pursuant to article 468 of CRR Regulation	16.74%
	Leverage ratio	
15	Leverage ratio total exposure measure	181 407 830
16	Leverage ratio	7.06%
17	Leverage ratio if temporary treatment of unrealized gains and losses measured at fair value of other comprehensive income has not been applied pursuant to article 468 of CRR Regulation	6.85%

- no adjustments of the capital pursuant to Articles 32, 33, 47, 48, 56, 66 and 79 of CRR Regulation 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 at 31 December 2024:

- Tier II capital include subordinated loans received with a value of PLN 3 150 021 ths. This amount includes the amortized, non-Tier 2 subordinated loan in the amount PLN 257 844 ths;
- no deductions provided for in CRR Regulation 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 9 EU CC1 – Composition of regulatory own funds as of 31 December 2024

		(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	7 407 116	EU CC2 no. 6 / EU CC2 no 7a
2	Retained earnings	-420 556	EU CC2 no 9
3	Accumulated other comprehensive income (and other reserves)	4 720 637	EU CC2 no 7c / EU CC2 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**	**12 334 350**	EU CC2 no 11

	Common Equity Tier 1 (CET1) capital: regulatory adjustments		
7	Additional value adjustments (negative amount)	-29 044	
8	Intangible assets (net of related tax liability) (negative amount)	-490 732	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)*	366 213	
28	Total regulatory adjustments to Common Equity Tier 1 (CET1)	-172 298	
29	Common Equity Tier 1 (CET1) capital	12 162 053	
	Additional Tier 1 (AT1) capital: instruments		
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**		
	Additional Tier 1 (AT1) capital: regulatory adjustments	**650 000**	
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	**-**	
44	**Additional Tier 1 (AT1) capital**	**650 000**	
45	**Tier 1 capital (T1 = CET1 + AT1)**	**12 812 053**	
	Tier 2 (T2) capital: instruments		
46	Capital instruments and the related share premium accounts	3 150 021	EU CC2 no 5
51	**Tier 2 (T2) capital before regulatory adjustments**	**3 150 021**	
	Tier 2 (T2) capital: regulatory adjustments		
57	**Total regulatory adjustments to Tier 2 (T2) capital**	**-**	
58	**Tier 2 (T2) capital**	**3 150 021**	
59	**Total capital (TC = T1 + T2)**	**15 962 074**	
60	**Total Risk exposure amount**	**92 814 926**	
	Capital ratios and buffers		
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	13.10%	
62	Tier 1 (as a percentage of total risk exposure amount)	13.80%	
63	Total capital (as a percentage of total risk exposure amount)	17.20%	
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)	7.50%	
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	0.50%	
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**	**7.80%**	
	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)	768 752	

The table below presents a description of the main regulatory features of own funds instruments and eligible liability instruments according to the EU CCA template.

Table 10 EU CCA: Main features of regulatory own funds instruments and eligible liabilities instruments as of 31 December 2024

1	Issuer	BNP Paribas Bank Polska S.A.	BNP Paribas Bank Polska S.A.	BNP Paribas S.A. France	BNP Paribas S.A. France	BNP Paribas S.A. France	BNP Paribas S.A. France	BNP Paribas S.A. France
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	ISIN: PLBGZ0000010 PLBGZ0000036 PLBGZ0000044	ISIN: PLO164300017	N/A	N/A	N/A	N/A	N/A
2a	Public or private placement	public	private	N/A	N/A	N/A	N/A	N/A
3	Governing law(s) of the instrument	Polish	Polish	Polish	Polish	Polish	Polish	Polish
3a	Contractual recognition of write down and conversion powers of resolution authorities	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	Regulatory treatment	Yes	Yes	Yes	Yes	Yes	Yes	Yes
4	*Current treatment taking into account, where applicable, transitional CRR rules*	Common Equity Tier I	Additional Tier I	Tier II	Tier II	Tier II	Tier II	Tier II
5	*Post-transitional CRR rules*	Common Equity Tier I	Additional Tier I	Tier II	Tier II	Tier II	Tier II	Tier II
6	*Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated*	solo and consolidated	solo and consolidated	solo and consolidated	solo and consolidated	solo and consolidated	solo and consolidated	solo and consolidated
7	*Instrument type (types to be specified by each jurisdiction)*	Instrument type: ordinary shares Classification - Common Equity Tier I instrument in accordance with Article 28 of CRR Regulation	Capital instrument in accordance with article 52 CRR Regulation	Subordinated debt in accordance with article 63 CRR Regulation	Subordinated debt in accordance with article 63 CRR Regulation	Subordinated debt in accordance with article 63 CRR Regulation	Subordinated debt in accordance with article 63 CRR Regulation	Subordinated debt in accordance with article 63 CRR Regulation
8	Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date)	PLN 15.09 mn (series A) PLN 7.81 mn (series B) PLN 0.25 mn (series C) PLN 3.22 mn (series D) PLN 10.64 mn (series E) PLN 6.13 mn (series F) PLN 8.00 mn (series G) PLN 5.00 mn (series H) PLN 28.10 mn (series I) PLN 2.50 mn (series J)	PLN 650.000 mn	PLN 134.809 mn	PLN 161.606 mn	PLN 401.407 mn	PLN 152.199 mn	PLN 2300 mn

		PLN 10.80 mn (series K) PLN 49.88 mn (series L) PLN 0.30 mn (series M) PLN 0.08 mn (series N) Registered shares of series B are preference shares. The privilege concerning the shares of series B, includes the right to receive payment of the full nominal amount per share in the event of liquidation of the Bank after satisfying creditors, first before payments attributable to ordinary shares, which are payments in face of execution of the privilege may not cover the nominal amount of those shares. The amount recognized in regulatory capital differs from the amount of the issued instrument. 4 registered shares of preference shares series B have been excluded from the amount recognized in regulatory capital..						
9	Nominal amount of instrument	PLN 147 799 866	PLN 650 000 000	EUR 40 000 000	CHF 60 000 000	CHF 90 000 000	EUR 60 000 000	PLN 2 300 000 000
EU-9a	Issue price	1 PLN	100% nominal value	100% nominal value	100% nominal value	100% nominal value	100% nominal value	100% nominal value
EU-9b	Redemption price	N/A	Nominal value as of redemption date	100% nominal value	100% nominal value	100% nominal value	100% nominal value	100% nominal value
10	Accounting classification	Shareholders' equity	Shareholders' equity	Liability - amortized cost	Liability - amortized cost	Liability - amortized cost	Liability - amortized cost	Liability - amortized cost
11	Original date of issuance	09.09.1994.	28.11.2024	11.12.2018.	20.12.2012.	30.11.2019.	20.12.2012.	10.12.2020.
12	Perpetual or dated	Perpetual	Perpetual	Dated	Dated	Dated	Dated	Dated
13	Original maturity date	No maturity	No maturity	11.12.2023.	20.12.2022.	30.11.2024.	20.12.2022.	10.12.2025.
14	Issuer call subject to prior supervisory approval	N/A	Yes	Yes	Yes	Yes	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	N/A	28.11.2029	11.12.2028.	15.12.2027.	30.11.2029.	20.12.2027.	10.12.2030.

16	Subsequent call dates, if applicable	N/A	each interest period, every 5 years after first optional call date	each interest period, every 3 months	each interest period, every 3 months	each interest period, every 3 months	each interest period, every 3 months	each interest period, every 3 months
	Coupons / dividends							
17	Fixed or floating dividend/coupon	floating	floating	floating	floating	floating	floating	floating
18	Coupon rate and any related index	N/A	WIBOR 3M + magin	EURIBOR 3M + magin	LIBOR 3M CHF + magin	LIBOR 6M CHF + magin	EURIBOR 3M + magin	WIBOR 3M + magin
19	Existence of a dividend stopper	Yes	Yes					
EU-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary	Fully discretionary					
EU-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary	Fully discretionary					
21	Existence of step up or other incentive to redeem	No	No	No	No	No	No	No
22	Non-cumulative or cumulative	Non-cumulative	Non-cumulative	N/A	N/A	N/A	N/A	N/A
23	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
25	If convertible, fully or partially	N/A	N/A	N/A	N/A	N/A	N/A	N/A
26	If convertible, conversion rate	N/A	N/A	N/A	N/A	N/A	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A	N/A	N/A	N/A	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A	N/A	N/A	N/A	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A	N/A	N/A	N/A	N/A
30	Write-down features	No	Yes	No	No	No	No	No
31	If write-down, write-down trigger(s)	N/A	CET1 ratio of BNP Paribas Bank Polska S.A. Group or BNP Paribas Bank Polska S.A. lower than 5.125%	N/A	N/A	N/A	N/A	N/A

32	If write-down, full or partial	N/A	Partial	N/A	N/A	N/A	N/A	N/A
33	If write-down, permanent or temporary	N/A	Temporary	N/A	N/A	N/A	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	Trigger event may happen more than once, nominal value of one bond cannot drop below PLN 0.01	N/A	N/A	N/A	N/A	N/A
34a	Type of subordination (only for eligible liabilities)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
EU-34b	Ranking of the instrument in normal insolvency proceedings	category 10	category 9	category 8	category 8	category 8	category 8	category 8
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	N/A						
36	Non-compliant transitioned features	No	No	No	No	No	No	No
37	If yes, specify non-compliant features	N/A	N/A	N/A	N/A	N/A	N/A	N/A
37a	Link to the full term and conditions of the intrument (signposting)							

5.2. RECONCILIATION OF OWN FUNDS

Reconciliation of balance sheet items included in the audited consolidated report of the 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 11 EU CC2 – Reconciliation of regulatory own funds to balance sheet in the audited financial statements as of 31 December 2024

		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	975 114	490 732	Consolidated financial statements of the Group for the year ended 31 December 2024 (Assets)
2	Assets due to deferred net income tax	859 567	859 567	
	- of which net assets not exceeding the threshold defined in Article 48(1)(a)		859 567	
Liabilities - Breakdown by liability classes according to the balance sheet in the published financial statements				
1	Subordinated liabilities	3 420 128	3 407 865	Consolidated financial statements of the Group for the year ended 31 December 2024 (Explanatory Note no 35)
	- of which loans qualified as Tier II	-	3 150 021	
Shareholders' Equity				
1	Share capital	147 800	147 800	Consolidated financial statements of the Group for the year ended 31 December 2024 (Equity)
2	Supplementary capital	13 847 951	13 147 952	
	- share premium	7 259 316	7 259 316	
	- general own funds	627 154	627 154	
	- other reserve capital	5 961 481	5 261 482	
3	Revaluation reserve	-540 845	-540 845	
4	Retained earnings	-419 118	-420 556	
5	Net profit for the period	2 358 268	0	
	Total shareholders' equity	15 394 056	12 334 350	

6. OVERVIEW OF RISK-WEIGHTED AMOUNTS

Pursuant to Article 438(d) of CRR Regulation, the Bank publishes information on risk exposure amounts.

Table 12 EU OV1 - Overview of risk weighted exposure amounts as of 31 December 2024

		Risk weighted exposure amounts (RWEAs)		Total own funds requirements
		a	b	c
		31 December 2024	30 September 2024	31 December 2024
1	**Credit risk (excluding CCR)**	**78 563 679**	**77 106 480**	**6 285 094**
2	Of which the standardised approach	78 563 679	77 106 480	6 285 094
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**	**1 984 707**	**1 858 664**	**158 777**
7	Of which the standardised approach	1 903 637	1 793 142	152 291
8	Of which internal model method (IMM)	-	-	-
EU 8a	Of which exposures to a CCP	30 957	7 924	2 477
EU 8b	Of which credit valuation adjustment - CVA	50 112	52 878	4 009
15	**Settlement risk**	**-**	**-**	**-**
16	**Securitisation exposures in the non-trading book (after the cap)**	**136 022**	**197 609**	**10 882**
17	Of which SEC-IRBA approach	-	-	-
18	Of which SEC-ERBA (including IAA)	-	-	-
19	Of which SEC-SA approach	136 022	197 609	10 882
EU 19a	Of which 1250%/ deduction	234 189	228 326	18 735
20	**Position, foreign exchange and commodities risks (Market risk)**	**1 338 766**	**1 348 173**	**107 101**
21	Of which the standardised approach	1 338 766	1 348 173	107 101
22	Of which IMA	-	-	-
EU 22a	**Large exposures**	**-**	**-**	**-**
23	**Operational risk**	**10 791 753**	**10 791 753**	**863 340**
EU 23a	Of which basic indicator approach	369 205	369 205	29 536

EU 23b	Of which standardised approach	10 422 548	10 422 548	833 804
EU 23c	Of which advanced measurement approach	-	-	-
24	**Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)**	**1 921 880**	**2 093 527**	**153 750**
29	**Total**	**92 814 926**	**91 302 678**	**7 425 194**

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

Table 13 EU MR1 - Market risk under the standardised approach as of 31 December 2024

		a
		RWEAs
	Outright products	
1	Interest rate risk (general and specific)	1 296 278
2	Equity risk (general and specific)	-
3	Foreign exchange risk	-
4	Commodity risk	-
	Options	-
5	Simplified approach	-
6	Delta-plus approach	42 488
7	Scenario approach	-
8	Securitisation (specific risk)	-
9	**Total**	**1 338 766**

For the purpose of calculating the minimum own funds requirements for operational risk, the Bank uses the standardized approach (STA), but on a consolidated basis, the Bank calculates the capital requirement as the sum of the capital requirement for the Bank determined using the standard method and the capital requirement for the consolidated capital (as defined in accounting regulations) of the Bank's subsidiaries determined using the base ratio method.

Table 14 EU OR1 - Operational risk own funds requirements and risk-weighted exposure amounts

		a	b	c	d	e
				Relevant indicator	Own funds	Risk weighted
	Banking activities	Year-3	Year-2	Last year	requirements	exposure amount
1	Banking activities subject to basic indicator approach (BIA)	151 908	196 741	242 078	29 536	369 205
2	Banking activities subject to standardised (TSA) / alternative standardised (ASA) approaches	4 840 724	5 228 104	7 174 726	833 804	10 422 548
3	*Subject to TSA:*	4 840 724	5 228 104	7 174 726	-	-
4	*Subject to ASA:*	-	-	-	-	-
5	Banking activities subject to advanced measurement approaches AMA	-	-	-	-	-

Internal capital adequacy assessment

Pursuant to Article 438 of CRR Regulation, the Bank publishes a brief description of the adequacy of internal capital in order to support its current and future activities. Internal capital adequacy assessment is performed as part of the annual review process of the principles and assumptions of the internal capital adequacy assessment. By risk identification, significance assessment of identified risks, measuring significant risks, capital aggregation, capital allocation and capital planning, the Bank ensures the level of own funds adequate to the level of risk incurred. The capital plan includes the assessment of internal capital, ensuring the level of own funds adequate to the level of risk incurred and the set capital goals. The Group conducts internal capital stress tests by stressing those types of risks for which internal capital is maintained. Stress tests take into account the cumulative impact of all risks on the total value of internal capital, and their purpose is to test the capital target specified in the capital plan.

The Bank monitors and reports monthly capital consumption in the context of capital goals and cross-sections defined in the capital plan, capital limits and ratios triggering the capital contingency plan.

7. CAPITAL BUFFERS

The minimum levels of capital ratios applicable to the Bank and the Bank's Capital Group result from Article 92 of CRR Regulation 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 2015, item 1513), hereinafter referred to as the "Macroprudential Act" introducing the obligation to maintain the requirement of combined buffer.

The combined buffer consists of:

- conservation 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(1) of CRR Regulation, 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 0.5% - on 16th September 2024, Bank received for information the Polish Financial Supervision Authority ("PFSA") motion expressing its opinion for Financial Stability Committee regarding the change of PFSA decision of 4th October 2016 in the form determined by the decision of PFSA of 19th December 2017 imposing on the Bank (on a consolidated and individual basis) a buffer of another systemically important institution in the amount equivalent to 0.25% of the total risk exposure amount calculated in accordance with Art. 92(3) of CRR Regulation. PFSA by the decision of 4th December 2024 has changed the decision dated 4th October 2016 imposing on the Bank the buffer of another systematically important institution in the amount equivalent to 0.5% of the total risk exposure amount calculated in accordance with Art. 92(3) of CRR Regulation;
- systemic risk buffer of 0% - on 19 March 2020, the Regulation of the Minister of Finance (Journal of Laws of 2020, item 473) of 18 March 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(1) of CRR Regulation, at the level of the total risk exposure amount calculated in accordance with Article 92(3) of this Regulation, multiplied by the weighted average of countercyclical buffer rates calculated in accordance with Article 83 of the Macroprudential Act.

Based on Article 83 of the Macroprudential Act starting from 1 January 2016, the countercyclical buffer ratio is 0% for credit exposures in the territory of the Republic of Poland. As at 31 December 2024 the countercyclical buffer ratio specific for the Group calculated in line with the Macroprudential Act, as average weighted countercyclical buffer ratios applied in jurisdictions where the indicated Group exposure is present, was 0 b.p.

Polish Financial Supervision Authority informed the Bank in the letter of 16th December 2024 that within the frames of supervisory evaluation, the sentitivity for materialisation of stress scenarios impacting the own funds and risk exposure values of Bank is low. Based on the results of supervisory stress test carried out by PFSA in 2024 and in line with the instruction, the total capital add-on ("P2G") recommended under II Pillar and compensated by the capital conservation buffer was decreased to the amounts of 0 p.p. on consolidated and individual level above the total capital ratio referred to in Article 92(1)(c) of CRR Regulation, increased by the additional own funds requirement, referred to in Article 138(2)(2) of the Banking Law Act and the combined buffer requirement, referred to in Article 55(4) of the Act on macroprudential supervision.

Pursuant to Article 440 of CRR Regulation, the Bank discloses the geographic distribution of exposure amounts and riskweighted 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 15 EU CCyB2 – Amount of institution-specific countercyclical capital buffer as of 31 December 2024

		a
1	Total risk exposure amount	92 814 926
2	Institution specific countercyclical capital buffer rate	0.00%
3	Institution specific countercyclical capital buffer requirement	

Table 16 EU CCyB1 – Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer as of 31 December 2024

		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	100 430 262		90 501 452		854 247,63	191 785 962	5 770 176	106 995	10 882	5 888 053	73 600 665	98.1355%	0.00%
0102	LU	575 725					575 725	42 613			42 613	532 659	0.7102%	0.50%
0103	DE	241 302					241 302	19 088			19 088	238 604	0.3181%	0.75%
0104	ES	232 945					232 945	18 647			18 647	233 093	0.3108%	0.00%
0105	NL	184 411					184 411	12 226			12 226	152 827	0.2038%	2.00%
0106	MX	65 263					65 263	5 221			5 221	65 262	0.0870%	0.00%
0107	AT	62 630					62 630	5 007			5 007	62 592	0.0835%	0.00%
0108	UA	28 807					28 807	1 893			1 893	23 663	0.0316%	0.00%
0109	CZ	28 583					28 583	2 286			2 286	28 570	0.0381%	1.25%
0110	IT	16 229					16 229	1 298			1 298	16 228	0.0216%	0.00%
0111	US	10 927					10 927	945			945	11 808	0.0157%	0.00%
0112	TR	9 547					9 547	582			582	7 276	0.0097%	0.00%
0113	RO	4 186					4 186	335			335	4 184	0.0056%	1.00%
0114	GB	3 768					3 768	372			372	4 645	0.0062%	2.00%
0115	CH	3 183					3 183	258			258	3 229	0.0043%	0.00%
0116	SE	2 122					2 122	167			167	2 091	0.0028%	2.00%
0117	BE	1 381					1 381	119			119	1 486	0.0020%	1.00%
0118	SK	1 261					1 261	101			101	1 258	0.0017%	1.50%
0119	IE	1 200					1 200	137			137	1 715	0.0023%	1.50%
0120	FR	924					924	100			100	1 252	0.0017%	1.00%
0121	NO	876					876	81			81	1 017	0.0014%	2.50%
0122	AD	697					697	84			84	1 046	0.0014%	0.50%
0123	CN	605					605	66			66	820	0.0011%	0.00%
0124	MD	549					549	40			40	502	0.0007%	0.00%

0125	GE	521					521	35			35	444	0.0006%	1.00%
0126	CA	281					281	31			31	392	0.0005%	0.00%
0127	IN	189					189	12			12	151	0.0002%	0.00%
0128	DK	164					164	13			13	162	0.0002%	2.50%
0129	PT	143					143	9			9	108	0.0001%	0.00%
0130	HU	142					142	11			11	142	0.0002%	0.50%
0131	BY	113					113	8			8	101	0.0001%	0.00%
0132	HR	112					112	7			7	86	0.0001%	1.50%
0133	AU	105					105	13			13	158	0.0002%	1.00%
0134	IS	105					105	13			13	157	0.0002%	2.50%
0135	BG	103					103	6			6	79	0.0001%	2.00%
0136	AE	101					101	6			6	76	0.0001%	0.00%
0137	CY	63					63	5			5	58	0.0001%	1.00%
0138	LV	58					58	5			5	59	0.0001%	0.50%
0139	TZ	50					50	3			3	38	0.0001%	0.00%
0140	AR	50					50	3			3	37	0.0000%	0.00%
0141	LT	38					38	3			3	38	0.0001%	1.00%
0142	RU	38					38	3			3	35	0.0000%	0.00%
0143	UZ	29					29	2			2	24	0.0000%	0.00%
0144	MT	26					26	2			2	21	0.0000%	0.00%
0145	MC	22					22	1			1	17	0.0000%	0.00%
0146	NP	21					21	1			1	17	0.0000%	0.00%
0147	GR	17					17	1			1	14	0.0000%	0.00%
0148	KG	17					17	1			1	15	0.0000%	0.00%
0149	AZ	14					14	1			1	12	0.0000%	0.00%
0150	CU	14					14	2			2	21	0.0000%	0.00%
0151	KZ	13					13	1			1	12	0.0000%	0.00%
0152	NG	11					11	1			1	9	0.0000%	0.00%
0153	FI	11					11	1			1	11	0.0000%	0.00%
0154	EE	10					10	1			1	10	0.0000%	1.50%
0155	PE	8					8	0			0	6	0.0000%	0.00%
0156	TM	6					6	0			0	6	0.0000%	0.00%
0157	PH	5					5	0			0	5	0.0000%	0.00%
0158	SC	3					3	0			0	3	0.0000%	0.00%
0159	BD	2					2	0			0	2	0.0000%	0.00%

0160	ID	2					2	0			0	2	0.0000%	0.00%
0161	TJ	2					2	0			0	2	0.0000%	0.00%
0162	CO	2					2	0			0	2	0.0000%	0.00%
0163	SI	1					1	0			0	1	0.0000%	0.50%
0164	SA	1					1	0			0	1	0.0000%	0.00%
0165	CM	1					1	0			0	1	0.0000%	0.00%
0166	VN	1					1	0			0	1	0.0000%	0.00%
0167	PK	1					1	0			0	1	0.0000%	0.00%
0168	GI	1					1	0			0	1	0.0000%	0.00%
0169	AM	1					1	0			0	1	0.0000%	1.50%
020	**Total**	**101 910 007**	**-**	**90 501 452**	**-**	**854 248**	**193 265 707**	**5 882 045**	**106 995**	**10 882**	**5 999 922**	**74 999 027**	**100.0000%**	

8. CREDIT RISK

8.1. EXPOSURE TO CREDIT RISK

Definition of past due and impaired assets

The financial instruments measured at amortized cost are classified to one of three Stages based on assessment of changes in the credit quality observed since the initial recognition:

- Stage 1: An allowance due to expected credit losses in a 12-month horizon.

  If credit risk did not increase significantly from the date of the initial recognition, and a default event was not identified from the moment of initial recognition, the Group recognises an allowance for the expected credit loss related to the probability of default within the next 12 months.

- Stage 2: An allowance due to expected credit losses for the entire lifetime – significant increase in the credit risk since the moment of initial recognition and no default was identified.

  In the case of an exposure for which credit risk has increased significantly since the moment of its initial recognition, but no default event was identified, an impairment allowance is created for the expected credit loss for the entire financing period, taking into account the probability of default.

- Stage 3: An allowance due to expected credit losses for the entire lifetime – default event.

  In case of defaulted financial assets, an allowance is created for the expected credit loss for the entire financing period.

At each balance sheet date, the Group assesses whether there has been a significant increase in credit risk for financial assets since the moment of their initial recognition, by comparing the risk of loan default during the expected financing period as at the balance sheet date and the initial recognition date, using, among others, the internal credit risk assessment system, information on delay in repayments and information from internal credit risk monitoring systems, such as early warning signals and information about restructuring.

For exposures classified to Stage 2, if in the following reporting dates, the credit quality of the financial instrument improves and assumptions regarding increase in credit risk since initial recognition are reverted, the exposure is reclassified from Stage 2 to Stage 1 and the allowance is calculated for a 12-month horizon.

In case of full accountancy corporate Clients, the Group defined a list of evidences of impairment, which include financial difficulties, deterioration of rating, 90 days past due criterion (or 30 days for exposures subject to concessions) understood as a delay in repayment of a material part of the financial obligation.

In case of individual Clients and microenterprises with no full accountancy the key evidence of impairment is 90 days past due criterion (or 30 days for exposures subject to concessions) understood as a delay in repayment of a material part of the financial obligation. Additional evidences are applied including: restructuring and fraud.

The Group applies a uniform definition of defaulted assets and impaired loans (Stage 3).

Exposures are considered as past due (over 90 days), and in consequence considered as impaired when a delay in repayment of a material amount of interest or capital is recognized.

The assessment of materiality of past due is based on relative and absolute thresholds resulting from the Regulation of the Minister of Finance, Investment and Development of 3 October 2019 on the materiality level of a past due credit obligation for the purposes of identifying material past due.

A past due credit obligation is considered material when both materiality thresholds are exceeded in aggregate:

- the amount of past due liabilities exceeds PLN 400 for retail exposures or PLN 2000 for non-retail exposures, and
- the share of past due liabilities in the total exposure of the obligor is greater than 1%.

Accordingly, the calculation of overdue days for the purpose of determining a default event starts once both of the aforementioned thresholds are exceeded.

Reclassification from Stage 3 to Stage 2 or 1 is performed taking into consideration appropriate quarantine periods, meaning an impaired credit exposure may by reclassified to Stage 2 or 1, when the Client meets financial obligations for a defined number of months. The minimum quarantine period is differentiated depending on type of Client. The length of the quarantine period is defined based on historical observations, in particular an assessment when the probability of redefault, decreases to a level similar to other the level for other categories of non impaired assets.

Allowance for expected credit losses

Individual assessment

The individual assessment is performed for individually significant assets, for which a default event was recognized (Stage 3) and is based on an individual valuation of expected credit losses. Individually significant assets are assets where the total engagement of the Client exceeds 4 mln PLN. The value of expected credit loss is measured as the current value of all cash flow shortages in the expected life of a financial asset weighted with probability and discounted using the effective interest rate. The shortfall in cash flows is the difference between all contractual cash flows due to the Group and all cash flows that the Group expects to collect (including recoveries from collateral).

Collective (portfolio) approach

The collective valuation is applied to assets classified as:

- individually insignificant,
- individually significant, for which the event of default was not identified.

The value of the allowance for the expected credit losses depends amongst others on type of credit exposure, Customer rating and collateral type and value (for selected portfolios) which are reflected in the value of risk parameters: probability of default (PD), loss given default (LGD) and credit conversion factor (CCF).

The amount of collective impairment allowances is determined with the application of statistical methods for defined exposure portfolios which are homogenous from the perspective of credit risk. Homogeneous exposure portfolios are defined taking into account Customer segments and types of credit products. The criteria applied to define homogeneous portfolios are aimed at grouping exposures so that the credit risk profile is reflected as accurately as practicable and, consequently, so as to estimate the level of allowances for the expected credit losses on financial assets as objectively and adequately as possible.

The applied definition regarding restructured exposures is in line with the definition set in Resolution (EU) No 2021/451.

Quantitative information on credit risk adjustments

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

Table 17: EU CQ4: Quality of non-performing exposures by geography

		a	b	c	d	e	f	g
		Gross carrying / Nominal amount						
			of which: non-performing					
				of which: defaulted	of which: subject to impairment	Accumulated impairment	Provisions on off-balance sheet commitments and financial guarantee given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
010	**On balance sheet exposure**	144 754 850	2 877 157	2 871 177	144 221 240	-2 462 714		-
020	Poland	125 936 706	2 872 140	2 866 160	125 403 915	-2 433 110		0
030	Luxemburg	17 318 655	25	25	17 318 655	-2 547		-
040	France	703 025	329	329	703 025	-330		-
050	Germany	241 152	133	133	241 152	-973		-
060	Spain	200 728	-	-	200 728	-3 175		-
070	Other countries	354 583	4 530	4 530	353 763	-22 578		0
080	**Off balance sheet exposure**	34 611 132	306 196	306 196			156 861	
090	Poland	30 831 128	306 061	306 047			138 334	
100	Italy	1 566 230	0	0			13 458	
110	South Korea	594 544	0	0			874	
120	Germany	284 865	0	0			20	
130	The Netherlands	266 050	0	0			198	
140	Other countries	1 068 315	135	149			3 977	
150	**Total**	**179 365 982**	**3 183 353**	**3 177 373**	**144 221 240**	**-2 462 714**	**156 861**	**0**

Table 18 EU CR2 - Changes in the stock of non-performing loans and advances as of 31 December 2024

		a
		Gross carrying amount
010	**Initial stock of non-performing loans and advances**	**2 674 330**
020	Inflows to non-performing portfolios	3 355 415
030	Outflows from non-performing portfolios	-3 157 562
040	Outflows due to write-offs	-69 261
050	Outflow due to other situations	-3 088 302
060	**Final stock of non-performing loans and advances**	**2 872 182**

Table 19 EU CR2a - Changes in the stock of non-performing loans and advances and related net accumulated recoveries as of 31 December 2024

		a	b
		Gross carrying amount	Related net accumulated recoveries
010	**Initial stock of non-performing loans and advances**	**2 674 330**	
020	Inflows to non-performing portfolios	3 355 415	
030	Outflows from non-performing portfolios	-3 157 562	
040	Outflow to performing portfolio	-244 298	
050	Outflow due to loan repayment, partial or total	-2 050 035	
060	Outflow due to collateral liquidations	-	-
070	Outflow due to taking possession of collateral	-	-
080	Outflow due to sale of instruments	-384 675	198 133
090	Outflow due to risk transfers	-	-
100	Outflows due to write-offs	-69 261	
110	Outflow due to other situations	-409 294	
120	Outflow due to reclassification as held for sale	-	
130	**Final stock of non-performing loans and advances**	**2 872 182**	

Table 20 EU CR1-A - Maturity of exposures as of 31 December 2024

		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	-	12 822 753	36 910 778	36 914 909	170 588	86 819 028
2	Debt securities	-	8 711 531	27 160 662	19 600 915	-	55 473 108
3	**Total**	**-**	**21 534 284**	**64 071 440**	**56 515 824**	**170 588**	**142 292 136**

Table 21 EU CR1 - Performing and non-performing exposures and related provisions as of 31 December 2024

		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	15 850 895	15 850 895	-	-	-	-	-789	-789	-	-	-	-		-	-
010	Loans and advances	86 405 227	76 578 403	9 361 027	2 872 182	5 838	2 763 641	-920 378	-356 025	-564 163	-1 538 003	-937	-1 510 781	-	27 431 890	460 340
020	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
030	*General governments*	67 961	58 752	9 208	-	-	-	-517	-252	-264	-	-	-	-	168	-
040	*Credit institutions*	965 142	965 142	-	-	-	-	-136	-136	-	-	-	-	-	-	-
050	*Other financial corporations*	3 747 523	3 642 782	104 738	9 283	-	9 078	-21 702	-10 238	-11 464	-7 267	0	-7 160	-	35 723	1 345
060	*Non-financial corporations*	48 725 162	41 534 423	6 750 010	2 144 221	3 379	2 049 452	-602 946	-249 568	-353 276	-1 050 915	-721	-1 026 831	-	18 386 144	387 524
070	*Of which SMEs*	32 216 118	27 104 644	4 673 200	1 610 614	3 379	1 517 470	-423 704	-172 657	-250 944	-830 577	-721	-806 716	-	15 223 976	363 010
080	*Households*	32 899 439	30 377 303	2 497 071	718 678	2 459	705 111	-295 077	-95 831	-199 160	-479 821	-217	-476 790	-	9 009 855	71 471
090	Debt securities	55 472 466	55 392 182	0	4 975	-	4 155	-178	-178	0	-4 155	-	-4 155	-	-	-
100	*Central banks*	4 997 605	4 997 605	-	-	-	-	-	-	-	-	-	-	-	-	-
110	*General governments*	25 085 436	25 085 436	-	-	-	-	-104	-104	-	-	-	-	-	-	-
120	*Credit institutions*	6 942 544	6 942 544	-	-	-	-	-55	-55	-	-	-	-	-	-	-
130	*Other financial corporations*	18 366 597	18 366 597	-	-	-	-	-20	-20	-	-	-	-	-	-	-
140	*Non-financial corporations*	80 284	0	0	4 975	-	4 155	0	0	0	-4 155	-	-4 155	-	-	-
150	Off-balance-sheet exposures	34 304 936	30 674 904	3 622 401	306 196	14	306 071	111 073	38 439	72 555	45 788	1	45 787		659 417	708
160	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-		-	-
170	*General governments*	75 511	67 928	7 583	-	-	-	240	183	57	-	-	-		-	-
180	*Credit institutions*	3 650 064	3 436 856	213 208	-	-	-	16 987	2 833	14 155	-	-	-		-	-
190	*Other financial corporations*	2 283 993	2 235 557	48 436	-	-	0	2 035	1 437	598	-	-	-		14	-
200	*Non-financial corporations*	25 632 691	22 357 978	3 272 216	296 643	14	296 583	86 751	31 514	55 210	45 788	1	45 787		658 634	708
210	*Households*	2 662 677	2 576 585	80 959	9 553	0	9 488	5 060	2 472	2 536	0	0	0		769	-
220	**Total**	**192 033 523**	**178 496 383**	**12 983 429**	**3 183 354**	**5 853**	**3 073 866**	**-810 273**	**-318 554**	**-491 608**	**-1 496 370**	**-936**	**-1 469 148**	**-**	**28 091 308**	**461 048**

Table 22 EU CQ1 - Credit quality of forborne exposures as of 31 December 2024

		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	525 754	1 102 615	1 102 380	1 032 278	-68 546	-468 673	318 087	144 114
020	*Central banks*	-	-	-	-	-	-	-	-
030	*General governments*	-	-	-	-	-	-	-	-
040	*Credit institutions*	-	-	-	-	-	-	-	-
050	*Other financial corporations*	201	204	204	204	-37	-147	40	40
060	*Non-financial corporations*	405 937	932 560	932 325	869 771	-62 265	-361 578	255 567	121 293
070	*Households*	119 616	169 851	169 851	162 303	-6 243	-106 948	62 480	22 781
080	Debt Securities	-	0	0	-	-	0	-	-
090	Loan commitments given	62 508	177 194	177 194	177 194	1 091	18 056	-	-
100	**Total**	**588 262**	**1 279 809**	**1 279 574**	**1 209 472**	**-67 455**	**-450 617**	**318 087**	**144 114**

Table 23 EU CQ2 - Quality of forbearance as of 31 December 2024

		a
		Gross carrying amount of forborne exposures
010	Loans and advances that have been forborne more than twice	288
020	Non-performing forborne loans and advances that failed to meet the non-performing exit criteria	259 241

Table 24 EU CQ3 - Credit quality of performing and non-performing exposures by past due days

		a	b	c	d	e	f	g	h	i	j	k	l
		Gross carrying amount/nominal amount											
		Performing exposures			Non-performing exposures								
			Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Z Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted
005	Cash balances at central banks and other demand deposits	15 850 895	15 850 895	-	-	-	-	-	-	-	-	-	-
010	Loans and advances	86 405 227	86 336 261	68 965	2 872 182	1 336 413	191 965	306 375	225 675	349 052	264 874	197 829	2 866 202
020	*Central banks*	-	0	-	-	-	-	-	-	-	-	-	-
030	*General governments*	67 961	67 961	-	-	-	-	-	-	-	-	-	-
040	*Credit institutions*	965 142	965 142	-	-	-	-	-	-	-	-	-	-
050	*Other financial corporations*	3 747 523	3 747 447	76	9 283	422	342	188	533	1 483	5 279	1 037	9 283
060	*Non-financial corporations*	48 725 162	48 694 257	30 905	2 144 221	1 122 890	130 599	200 748	125 582	221 072	225 062	118 267	2 140 793
070	*Of which SMEs*	32 216 118	32 187 714	28 404	1 610 614	713 876	101 063	197 070	122 490	201 293	156 554	118 267	1 607 186
080	*Households*	32 899 439	32 861 454	37 984	718 678	213 101	61 023	105 439	99 560	126 497	34 533	78 524	716 125
090	Debt securities	55 472 466	55 472 466	-	4 975	820	-	-	-	4 155	-	-	4 975
100	*Central banks*	4 997 605	4 997 605	-	-	-	-	-	-	-	-	-	-
110	*General governments*	25 085 436	25 085 436	-	-	-	-	-	-	-	-	-	-
120	*Credit institutions*	6 942 544	6 942 544	-	-	-	-	-	-	-	-	-	-
130	*Other financial corporations*	18 366 597	18 366 597	-	-	-	-	-	-	-	-	-	-
140	*Non-financial corporations*	80 284	80 284	0	4 975	820	-	-	-	4 155	-	-	4 975
150	Off-balance-sheet exposures	34 304 936			306 196								306 182
160	*Central banks*	-			-								-
170	*General governments*	75 511			-								-
180	*Credit institutions*	3 650 064			-								-
190	*Other financial corporations*	2 283 993			0								-
200	*Non-financial corporations*	25 632 691			296 643								296 629
210	*Households*	2 662 677			9 553								9 553
220	**Total**	**192 033 523**	**157 659 622**	**68 965**	**3 183 354**	**1 337 233**	**191 965**	**306 375**	**225 675**	**353 207**	**264 874**	**197 829**	**3 177 359**

Table 25 EU CQ5 - Credit quality of loans and advances to non-financial corporations by industry as of 31 December 2024

		a	b	c	d	e	f
		Gross carrying amount					
			Of which non-performing				
				Of which defaulted	Of which loans and advances subject to impairment	Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
010	Agriculture, forestry and fishing	9 319 681	445 435	426 157	8 870 849	-379 356	-
020	Mining and quarrying	51 861	100	5	51 861	-146	-
030	Manufacturing	12 310 180	712 168	655 085	12 309 981	-442 628	-
040	Electricity, gas, steam and air conditioning supply	957 954	2 035	1 841	957 954	-5 861	-
050	Water supply	150 722	2 797	2 294	150 722	-3 589	-
060	Construction	2 369 279	161 966	144 384	2 369 162	-153 240	-
070	Wholesale and retail trade	7 916 806	288 874	267 373	7 915 503	-264 855	-
080	Transport and storage	2 829 210	101 889	48 235	2 829 195	-57 780	-
090	Accommodation and food service activities	390 918	48 614	45 708	390 918	-43 668	-
100	Information and communication	2 960 629	16 695	12 153	2 960 629	-22 980	-
110	Financial and insurance actvities	319 266	3 263	2 191	319 266	-5 337	-
120	Real estate activities	5 315 144	223 100	209 468	5 314 322	-119 282	-
130	Professional, scientific and technical activities	3 212 297	79 262	71 408	3 212 263	-81 360	-
140	Administrative and support service activities	972 546	24 653	15 869	972 519	-27 120	-
150	Public administration and defense, compulsory social security	1 615	-	-	1 615	-63	-
160	Education	150 957	3 912	2 678	150 957	-5 063	-
170	Human health services and social work activities	1 443 397	20 591	18 112	1 443 397	-33 145	-
180	Arts, entertainment and recreation	33 493	1 012	656	33 493	-1 260	-
190	Other services	163 426	7 855	4 313	163 426	-7 130	-
200	**Total**	**50 869 383**	**2 144 221**	**1 927 930**	**50 418 033**	**-1 653 861**	**-**

Table 26 EU CQ6 - Collateral valuation - loans and advances as of 31 December 2024

		a	b	c	d	e	f	g	h	i	j	k	l
		Loans and advances											
			Performing		Non-performing								
							Past due > 90 days						
				Of which past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days		Of which past due > 90 days ≤ 180 days	Of which: past due > 180 days ≤ 1 year	Of which: past due > 1 years ≤ 2 years	Of which: past due > 2 years ≤ 5 years	Of which: past due > 5 years ≤ 7 years	Of which: past due > 7 years
010	Gross carrying amount	89 277 409	86 405 227	68 965	2 872 182	1 336 413	1 535 769	191 965	306 375	225 675	349 052	264 874	197 829
020	*Of which secured*	63 673 850	61 496 321	35 710	2 177 529	1 171 759	1 005 770	114 122	200 502	137 203	208 134	182 249	163 560
030	*Of which secured with immovable property*	41 560 575	40 204 793	15 419	1 355 782	604 825	750 957	53 090	129 259	95 414	170 255	157 668	145 271
040	*Of which instruments with LTV higher than 60% and lower or equal to 80%*	7 582 268	7 406 425		175 843	49 332	126 511						
050	*Of which instruments with LTV higher than 80% and lower or equal to 100%*	1 286 554	1 164 136		122 418	22 724	99 693						
060	*Of which instruments with LTV higher than 100%*	4 745 661	4 543 649		202 011	101 082	100 930						
070	Accumulated impairment for secured assets	-1 703 125	-653 046	-5 382	-1 050 079	-330 667	-719 412	-53 553	-98 342	-96 036	-156 663	-157 686	-157 132
080	Collateral												
090	*Of which value capped at the value of exposure*	*27 022 798*	26 592 202	17 294	430 596	263 098	167 498	39 699	51 867	26 152	30 142	18 833	804
100	*Of which immovable property*	*18 799 509*	18 521 222	7 185	278 286	169 646	108 640	14 031	23 228	23 840	28 045	18 693	804
110	*Of which value above the cap*	*239 071 996*	227 502 048	103 153	11 569 948	5 092 277	6 477 672						
120	*Of which immovable property*	*141 418 624*	135 102 380	96 647	6 316 244	2 570 148	3 746 095						
130	Financial guarantees received	*869 432*	839 688	1 928	29 744	19 403	10 341	2 192	3 958	3 819	373	-	-
140	Accumulated partial write-off	-	-	-	-	-	-	-	-	-	-	-	-

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. The value of the acquired real estate is small in relation to the Bank's scale. As at 31 December 2024 the net value of the properties taken over by the Bank is PLN 0, which is 100% covered by the write-down. 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 at the reporting date is small 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% 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 27 EU CQ7 - Collateral obtained by taking possession and execution processes as of 31 December 2024

		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	5 137	-4 098
030	*Residential immovable property*	-	0
040	*Commercial Immovable property*	-	-
050	*Movable property (auto, shipping, etc.)*	219	-
060	*Equity and debt instruments*	4 918	-4 098
070	*Other collateral*	-	-
080	**Total**	**5 137**	**-4 098**

Table 28 EU CQ8 - Collateral obtained by taking possession and execution processes – vintage breakdown

		a	b	c	d	e	f	g	h	i	j	k	l
		Debt balance reduction		Total collateral obtained by taking possession									
						Foreclosed ≤ 2 years		Foreclosed > 2 years ≤ 5 years		Foreclosed > 5 years		Of which non-current assets held-for-sale	
		Gross carrying amount	Accumulated negative changes	Value at initial recognition	Accumulated negative changes	Value at initial recognition	Accumulated negative changes	Value at initial recognition	Accumulated negative changes	Value at initial recognition	Accumulated negative changes	Value at initial recognition	Accumulated negative changes
010	Collateral obtained by taking possession classified as PP&E	-	-	-	-								
020	Collateral obtained by taking possession other than that classified as PP&E	5 137	-4 098	5 137	-4 098	1 039	-	-	-	4 098	- 4 098	-	-
030	*Residential immovable property*	-	-	-	-	-	-	-	-	-	-	-	-
040	*Commercial immovable property*	-	-	-	-	-	-	-	-	-	-	-	-
050	*Movable property (auto, shipping, etc.)*	219	-	219	-	219	-	-	-	-	-	-	-
060	*Equity and debt instruments*	4 918	-4 098	4 918	-4 098	820	-	-	-	4 098	- 4 098	-	-
070	*Other collateral*	-	-	-	-	-	-	-	-	-	-	-	-
080	**Total**	5 137	-4 098	5 137	-4 098	1 039	-	-	-	4 098	- 4 098	-	-

The following tables provide quantitative information on credit risk parameters as required by Recommendation R (Recommendation 36.2).

Table 29. Information on business entities – loans for Individual Farmers in Stage 1 and Stage 2

		a	b	c	d	e	f	g	h
	PD scale	Original gross balance sheet exposures	Off-balance sheet exposures	EAD after credit risk mitigation and application of credit conversion factor	Average PD expressed in % - acceptable range (from 0% to 100%)	Number of exposures	Average LGD expressed in %	Average maturity (years)	Expected credit loss (ECL)
Stage 1	od 0.00 do <0.15%	323 992 120	87 791 085	351 437 051	0.4%	1 849	40.6%	6	3 974 430
	od 0.15 do <0.25%	84 756 181	26 623 697	93 085 232	0.5%	567	38.4%	6	838 917
	od 0.25 do <0.50%	813 465 670	90 016 068	841 663 762	0.6%	6 135	42.5%	6	8 660 810
	od 0.50 do <0.75%	486 211 178	42 318 146	499 474 549	0.7%	4 009	43.9%	6	5 288 561
	od 0.75 do <2.50%	2 066 303 239	143 732 747	2 111 303 892	0.9%	16 778	43.9%	6	23 619 568
	od 2.50 do <10.00%	2 514 389 382	180 606 965	2 570 929 114	1.2%	22 234	43.1%	6	29 741 878

	od 10.00 do <45.00%	176 318 777	7 453 230	178 651 733	2.0%	1 401	43.7%	9	3 286 163
	od 45.00 do <100.00%	670 116	-	670 116	1.7%	14	41.3%	7	8 067
Stage 2	od 0.00 do <0.15%	119 010 996	26 273 747	127 193 294	2.8%	455	38.9%	5	3 869 173
	od 0.15 do <0.25%	21 021 863	3 599 967	22 148 245	4.9%	114	36.7%	4	747 260
	od 0.25 do <0.50%	117 644 041	19 905 374	123 851 101	4.9%	603	39.9%	5	5 183 086
	od 0.50 do <0.75%	75 611 576	10 761 747	78 983 648	3.4%	342	38.4%	6	2 778 710
	od 0.75 do <2.50%	229 555 259	35 720 200	240 741 146	5.2%	1 343	41.9%	5	10 914 131
	od 2.50 do <10.00%	272 401 485	34 359 826	283 179 287	8.6%	1 933	41.3%	5	19 146 439
	od 10.00 do <45.00%	59 823 457	4 102 490	61 108 346	15.6%	588	42.0%	7	7 085 635
	od 45.00 do <100.00%	1 206 474	22 981	1 213 680	19.6%	24	39.0%	5	149 922

Rules for calculation of expected credit loss (ECL) including provisions created as Post Model Adjustment are described in note no 3 „Estimates and judgements" section a. Impairment of financial assets in Consolidated Financial Statements of BNP Paribas Bank Polska S.A Group.

Table 30. Information on business entities – other loans in Stage 1 and Stage 2

		a	b	c	d	e	f	g	h
	PD scale	Original gross balance sheet exposures	Off-balance sheet exposures	EAD after credit risk mitigation and application of credit conversion factor	Average PD expressed in % - acceptable range (from 0% to 100%)	Number of exposures	Average LGD expressed in %	Average maturity (years)	Expected credit loss (ECL)
Stage 1	od 0.00 do <0.15%	3 839 921 926	1 482 408 185	4 288 298 232	0.2%	1443	59.7%	5	3 874 568
	od 0.15 do <0.25%	2 436 619 926	437 980 496	2 569 099 878	0.4%	2026	57.5%	6	5 599 051
	od 0.25 do <0.50%	4 953 582 727	1 175 103 620	5 309 102 196	0.6%	1813	50.4%	4	15 428 837
	od 0.50 do <0.75%	2 736 179 580	134 585 332	2 776 890 391	1.1%	711	45.0%	4	12 544 359
	od 0.75 do <2.50%	11 771 679 082	1 486 386 357	12 221 757 723	1.2%	16036	48.1%	3	71 811 891
	od 2.50 do <10.00%	4 537 469 462	487 283 734	4 684 869 264	2.4%	21189	42.7%	4	57 462 960
	od 10.00 do <45.00%	366 964 175	74 669 550	389 551 921	2.5%	4122	44.2%	5	4 653 252
	od 45.00 do <100.00%	1 704	-	1 704	3.7%	35	43.3%	3	25
Stage 2	od 0.00 do <0.15%	630 147 081	67 601 535	650 595 757	1.5%	395	55.5%	2	10 064 163
	od 0.15 do <0.25%	182 539 691	28 480 358	191 157 301	5.0%	169	36.5%	2	6 112 348
	od 0.25 do <0.50%	969 338 557	83 680 023	994 652 082	4.2%	602	44.5%	2	36 506 612
	od 0.50 do <0.75%	504 581 626	104 378 191	536 158 569	4.1%	2186	28.4%	4	14 424 395
	od 0.75 do <2.50%	1 279 699 706	121 170 446	1 316 512 225	7.6%	3990	38.3%	2	85 700 344
	od 2.50 do <10.00%	911 343 424	67 524 414	931 771 718	9.5%	8517	42.4%	2	87 854 169
	od 10.00 do <45.00%	216 715 217	44 134 358	230 064 108	18.6%	3400	34.4%	2	23 015 260

od 45.00 do <100.00%	1 553 790	-	1 553 790	50.4%	196	40.9%	4	408 560

Table 31. Information on Retail Customers – mortgage loans in Stage 1 and Stage 2

		a	b	c	d	e	f	g	h
	PD scale	Original gross balance sheet exposures	Off-balance sheet exposures	EAD after credit risk mitigation and application of credit conversion factor	Average PD expressed in % - acceptable range (from 0% to 100%)	Number of exposures	Average LGD expressed in %	Average maturity (years)	Expected credit loss (ECL)
Stage 1	od 0.00 do <0.15%	1 591 650 408	3 776 819	1 595 435 055	0.2%	5791	23.1%	22	701 658
	od 0.15 do <0.25%	1 742 290 428	16 638 273	1 758 937 480	0.2%	6719	23.2%	22	974 094
	od 0.25 do <0.50%	3 900 850 100	16 451 632	3 917 245 523	0.2%	17406	23.0%	21	2 445 394
	od 0.50 do <0.75%	4 296 101 992	25 475 361	4 321 563 264	0.3%	14693	23.2%	23	2 989 654
	od 0.75 do <2.50%	5 623 911 244	29 376 139	5 653 256 981	0.3%	27464	23.7%	21	4 949 466
	od 2.50 do <10.00%	1 353 935 807	4 790 073	1 358 713 884	0.5%	6884	22.9%	21	1 681 190
	od 10.00 do <45.00%	82 671 992	-	82 671 992	0.4%	265	22.9%	25	88 092
	od 45.00 do <100.00%	-	-	-	0.0%	0	0.0%	-	-
Stage 2	od 0.00 do <0.15%	233 449 018	-	233 449 018	2.5%	774	22.7%	21	5 610 432
	od 0.15 do <0.25%	110 209 088	-	110 209 524	6.9%	442	22.8%	21	4 424 611
	od 0.25 do <0.50%	214 987 823	221 500	215 206 069	11.2%	987	23.1%	19	11 241 152
	od 0.50 do <0.75%	158 029 310	-	157 999 173	17.0%	527	24.1%	22	10 678 325
	od 0.75 do <2.50%	466 098 898	9 116	466 071 198	10.1%	5446	33.8%	17	29 529 883
	od 2.50 do <10.00%	129 326 786	-	129 326 837	15.5%	773	23.4%	19	8 278 512
	od 10.00 do <45.00%	6 207 354	-	6 207 354	21.0%	34	24.5%	20	515 615
	od 45.00 do <100.00%	-	-	-	0.0%	0	0.0%	-	-

Table 32. Information on Retail Customers – other loans in Stage 1 and Stage 2

		a	b	c	d	e	f	g	h
	PD scale	Original gross balance sheet exposures	Off-balance sheet exposures	EAD after credit risk mitigation and application of credit conversion factor	Average PD expressed in % - acceptable range (from 0% to 100%)	Number of exposures	Average LGD expressed in %	Average maturity (years)	Expected credit loss (ECL)
Stage 1	od 0.00 do <0.15%	605 073 184	11 419 247	610 182 953	0.3%	56996	41.1%	3	716 137
	od 0.15 do <0.25%	410 362 827	8 563 047	413 636 245	0.3%	33822	40.0%	3	558 355
	od 0.25 do <0.50%	674 189 473	33 813 137	684 429 282	0.4%	73742	43.9%	4	1 196 393
	od 0.50 do <0.75%	794 925 208	72 871 964	811 074 521	0.6%	72533	48.3%	4	2 295 632

	od 0.75 do <2.50%	4 856 353 083	407 012 966	4 936 983 279	1.1%	308003	50.8%	5	27 974 702
	od 2.50 do <10.00%	3 563 898 746	332 533 689	3 639 523 389	2.2%	284194	51.6%	5	40 455 530
	od 10.00 do <45.00%	145 322 915	7 284 307	147 150 552	2.2%	15476	51.2%	4	1 589 474
	od 45.00 do <100.00%	-	-	-	0.0%	0	0.0%	0	-
Stage 2	od 0.00 do <0.15%	49 719 530	6 653 602	52 331 910	1.7%	19722	47.6%	3	1 067 766
	od 0.15 do <0.25%	25 074 257	2 340 879	25 861 956	2.1%	12912	45.8%	3	498 045
	od 0.25 do <0.50%	53 479 164	2 697 189	54 430 733	3.6%	4687	49.7%	5	2 297 284
	od 0.50 do <0.75%	83 282 431	1 742 402	83 950 401	5.0%	5312	51.4%	5	5 273 500
	od 0.75 do <2.50%	383 081 101	7 840 897	385 714 789	10.5%	24478	51.3%	5	42 572 440
	od 2.50 do <10.00%	503 063 569	16 332 147	508 816 821	14.4%	75285	51.9%	5	68 078 418
	od 10.00 do <45.00%	61 228 811	1 949 004	61 952 625	17.2%	8581	51.8%	5	8 841 266
	od 45.00 do <100.00%	-	-	-	0.0%	0	0.0%	0	-

Table 33. Information on business entities – loans for Individual Farmers in Stage 3 and POCI

		a	b	c	d
	Time in default	EAD after credit risk mitigation and application of credit conversion factor	Number of exposures	Average LGD expressed in %	Expected credit loss (ECL
Stage 3	to 12 months	95 232 678	639	42.0%	37 942 159
	from 13 to 24 months	61 681 193	328	48.5%	27 615 155
	from 25 to 36 months	55 130 972	263	48.8%	32 986 162
	from 37 to 48 months	37 462 946	200	56.6%	22 761 180
	from 49 to 60 months	41 164 837	170	61.9%	29 076 373
	from 61 to 84 months	69 216 406	261	75.7%	57 171 929
	over 84 months	31 694 571	140	92.7%	29 416 892
POCI	to 12 months	7 212 405	22	43.6%	823 784
	from 13 to 24 months	4 108 953	15	34.7%	286 633
	from 25 to 36 months	1 665 296	4	48.7%	267 139
	from 37 to 48 months	2 618 822	4	32.8%	682 825
	from 49 to 60 months	-	0	0.0%	-
	from 61 to 84 months	8 233 317	5	32.9%	511
	over 84 months	57 712	1	32.8%	-
POCI performing		1 342 699	13	43.6%	10

Table 34. Information on business entities – other loans in Stage 3 and POCI

		a	b	c	d
	Time in default	EAD after credit risk mitigation and application of credit conversion factor	Number of exposures	Average LGD expressed in %	Expected credit loss (ECL
Stage 3	to 12 months	798 081 128	2041	52.3%	285 772 872
	from 13 to 24 months	232 180 282	1360	63.7%	89 287 184
	from 25 to 36 months	117 468 302	873	71.0%	67 964 502
	from 37 to 48 months	44 111 811	387	72.6%	36 912 603
	from 49 to 60 months	56 349 521	308	74.8%	50 831 785
	from 61 to 84 months	142 601 107	419	89.0%	124 609 974
	over 84 months	79 943 708	320	88.0%	73 566 831
POCI	to 12 months	36 025 382	104	20.5%	979 389
	from 13 to 24 months	34 073 630	57	36.8%	1 964 233
	from 25 to 36 months	614 508	20	15.0%	31 265
	from 37 to 48 months	5 417 983	22	69.1%	562 207
	from 49 to 60 months	10 877 164	112	19.1%	8 337
	from 61 to 84 months	97 410 913	786	89.3%	17 777 533
	over 84 months	507 513	3	90.0%	13 273
POCI performing		7 832 866	2995	40.8%	110 309

Table 35. Information on Retail Customers – mortgage loans in Stage 3 and POCI

		a	b	c	d
	Time in default	EAD after credit risk mitigation and application of credit conversion factor	Number of exposures	Average LGD expressed in %	Expected credit loss (ECL
Stage 3	to 12 months	74 923 441	428	35.0%	33 358 348
	from 13 to 24 months	53 799 866	278	40.5%	26 488 095

	from 25 to 36 months	26 568 080	131	46.0%	14 798 899
	from 37 to 48 months	7 937 539	54	53.5%	4 789 389
	from 49 to 60 months	14 630 949	72	63.5%	10 078 371
	from 61 to 84 months	30 597 041	120	80.3%	25 610 897
	over 84 months	74 075 770	222	94.4%	71 597 456
POCI	to 12 months	1 811 894	16	23.3%	183 231
	from 13 to 24 months	2 160 947	3	13.0%	381 644
	from 25 to 36 months	569 061	5	40.5%	173 104
	from 37 to 48 months	-	0	0.0%	-
	from 49 to 60 months	147 908	2	75.8%	83 166
	from 61 to 84 months	4 801 783	33	68.0%	592 301
	over 84 months	-	0	0.0%	-
POCI performing		9 110 948	60	21.9%	1 166

Table 36. Information on Retail Customers – other loans in Stage 3 and POCI

		a	b	c	d
	Time in default	EAD after credit risk mitigation and application of credit conversion factor	Number of exposures	Average LGD expressed in %	Expected credit loss (ECL
Stage 3	to 12 months	206 912 068	15552	63.1%	131 072 269
	from 13 to 24 months	71 338 824	6471	65.7%	47 066 898
	from 25 to 36 months	48 597 348	3469	70.0%	34 287 458
	from 37 to 48 months	37 638 093	2301	77.6%	29 250 933
	from 49 to 60 months	27 583 060	1695	81.8%	22 613 707
	from 61 to 84 months	20 533 200	1276	82.3%	16 967 925
	over 84 months	9 352 049	980	87.8%	8 295 728
POCI	to 12 months	3 372 060	155	42.2%	425 169
	from 13 to 24 months	876 734	70	44.8%	99 368
	from 25 to 36 months	511 371	54	55.9%	49 683
	from 37 to 48 months	127 948	37	79.8%	45 328
	from 49 to 60 months	278 479	370	73.3%	76 977
	from 61 to 84 months	4 582 586	1813	77.9%	667 699
	over 84 months	-	0	0.0%	-
POCI performing		16 355 302	42028	38.7%	123 561

8.2. CREDIT RISK MITIGATION TECHNIQUES

In order to decrease the capital requirement, the Bank applies credit risk reduction techniques in the form of funded credit protection and unfunded credit protection. The Bank applies a simplified method of recognizing financial collateral when calculating the capital requirement for credit risk.

In the case of unfunded credit protection, borrowers covered by credit protection in the form of a guarantee receive the guarantor's risk weight - assigned to the entity granting the guarantee. The largest group of providers of unfunded credit protection are banks, including Bank Gospodarstwa Krajowego, KUKE and the Ministry of Finance.

The Bank does not identify risk concentration as part of the credit risk mitigation measures taken.

On- and off-balance sheet netting

The Bank uses both on-balance sheet netting and off-balance netting techniques.

Netting is a method of calculating the credit exposure for which the actual exposure is lower than the sum of the exposures resulting from each transaction as it takes into account netting between positive and negative exposures and is an important means of mitigating the credit and credit risk of the counterparty.

The bank uses on-balance netting with its parent company - BNP Paribas S.A. and it consists in netting the credit lines used by the Bank (the Bank's liabilities) with deposits placed with BNP Paribas S.A. (Bank receivables).

On- and off-balance sheet netting is used by the Bank in the case of derivative transactions, concluded under signed master agreements with financial institutions and Clients from the corporate, SME and Micro segments. A master agreement is an agreement in which both parties agree that, in the event of either of them default, the negative valuations of the transaction will compensate with the positive valuations of the transaction. The sum of the valuations (negative and positive) is therefore the total amount of receivables / liabilities for two parties to the transactions. This agreement is an important factor limiting the counterparty's credit risk. In the absence of a master agreement or master agreement with non-netting provisions, the risk of all positively valued transactions is not reduced by negatively valued transactions.

The Bank periodically assesses the used master agreements in terms of the legal force and enforceability of netting and exchange of collateral.

Policies and processes for estimating and managing recognised collateral

The Bank’s collateral model assumes a division of responsibilities for correct conduct of the collateral establishment and operation processes. The owner of the procedure describing legal standards for using collateral for claims, including model collateral agreements, is the Legal Division.

The Risk Processes and Reporting Department is responsible for maintenance and development of the Instructions for securing lending transactions, which lay down specific rules of establishing, monitoring and assessing the collateral for lending transactions processed by the Bank’s business and organisational units.

In the area of real estate collateral there is the Policy of valuation of lays down framework requirements owned by the Internal Control Department. The policy defines the framework requirements with which other internal regulations issued at the Bank should be consistent, specifying the principles regarding real estate valuations in order to secure the Bank's receivables, their verification and acceptance, specifying, among others, following aspects:

- valuation of mortgage collateral on real estate in the process of granting a loan and during the term of the loan agreement,
- monitoring of the value of real estate during the term of the loan agreement,
- recording information/data on real estate constituting mortgage collateral for credit exposure in the Bank’s IT systems/applications,
- cooperation with entities/appraisers making real estate appraisals.

Specific rules and requirements for appraisal of real estate, as well as approval and verification of real estate constituting mortgage collateral for credit exposures are laid down in the Bank’s separate internal regulations, which are developed and updated under the responsibility of:

- the Credit Methodology and Policy Department - with respect to real estate accepted as mortgage collateral for loans granted to retail Customers (including Wealth Management) and Customers classified to the Business Customer Segment (Micro Enterprises),
- the Internal Control Department - with respect to real estate accepted as mortgage collateral for loans granted to SME and Corporate Customers.

In the period of loan utilisation and repayment, the Bank may require the borrower to establish additional collateral apart from the collateral specified in the loan agreement, if - in the opinion of the Bank - the value of established collateral has decreased, the economic or financial standing of the borrower or another obligor has deteriorated or there are grounds to believe that such deterioration will occur.

The actions taken with regard to collateral are aimed to properly secure the Bank’s interest, including to establish collateral to ensure the highest possible recovery of claims should it be necessary to apply debt collection measures.

The choice of the relevant scope and mode of operation to satisfy the Bank's claims from collateral depends on the type of collateral. In the basic scenario, the Bank seeks amicable satisfaction from the collateral, under a negotiation process. If the collateral provider is unwilling to cooperate, the Bank's rights in this respect are exercised in accordance with applicable laws and internal regulations, by way of enforcement and bankruptcy proceedings.

The scope of data on collateral recorded in the Bank's IT systems makes it possible to generate information and reports that allow to monitor the portfolio of secured credit exposures, identify risk sources and factors, mitigate the risk and enable appropriate corrective and preventive actions.

Major types of collateral and basic requirements

The Bank grants loans to Customers that have creditworthiness and, to improve the safety of exposed funds, it establishes relevant collateral. The collateral accepted by the Bank to mitigate the effects of credit risk can be divided into personal collateral, physical collateral and other collateral, which include, among others:

Personal collateral:

- civil law guarantee
- promissory note
- promissory note guarantee
- assignment of claims
- bank guarantee.

Physical collateral:

- transfer of title as collateral
- registered pledge
- mortgage on residential/commercial real estate
- security deposit
- hold on funds in bank accounts.

Other collateral:

- assignment of claims under insurance policy
- loan insurance
- power of attorney to administer a bank account.

The Bank determines the form of collateral, taking into consideration, among others:

- the type and value of secured claims,
- the lending period,
- the borrower's financial standing,
- risks related to the transaction and loan agreement performance,
- features of the collateral arising from relevant applicable laws and agreement on establishment of the collateral,
- the possibility to satisfy the Bank's claims from the collateral in the shortest possible time,
- the legal status of the obligor,
- the value of the collateral asset,
- the existing encumbrance of the collateral asset,
- the cost of collateral.

Civil law guarantee - by way of a guarantee agreement, the guarantor commits to the Bank to repay the debt if the Customer defaults on their obligation. The Bank accepts guarantees for liabilities existing at the time of issuing a guarantee as well as those that may arise in the future under lending transactions made with the Customer. When accepting a guarantee, the Bank determines whether the guarantor meets the approval criteria in accordance with the Bank's internal regulations on Customer lending rules. The Bank accepts guarantees:

- for a specific term - i.e. with the expiration date specified in the guarantee agreement, equal to 36 months after the debt repayment deadline laid down in the loan/credit facility agreement,
- for a specific amount - i.e. up to the amount corresponding to 150% of the loan/credit facility limit secured with the guarantee.

Promissory note - the Bank accepts promissory notes issued on the Bank's forms. Together with a promissory note, the issuer is obliged to submit a promissory note declaration. When accepting this type of collateral, the Bank assesses the economic and financial standing of the promissory note issuer in order to determine their capacity to repay the lending transaction which the promissory note is to secure. As a rule, the Bank does not accept a Customer's blank promissory note as independent collateral for a lending transaction.

Promissory note guarantee - the Bank prefers promissory note guarantees for the repayment of the entire obligation under a promissory note. The Bank requires that the promissory note guarantor submit a promissory note declaration prepared in accordance with the Bank's template. The Bank determines whether the promissory note guarantor meets the approval criteria in accordance with the Bank's internal regulations on Customer lending rules.

Assignment of claims as collateral - it is an agreement between an assignor (Customer or third party) and the Bank, under which cash claims due to the assignor are assigned to the Bank, with a reservation that the assignment becomes effective if the debt is not repaid within the time limit laid down in the loan agreement or in the Bank's notice of termination of the loan agreement. The Bank accepts assignments of cash claims as collateral only if such assignments are not restricted or excluded by generally applicable laws or the agreement between the assignor and the claim debtor, with a reservation that claims assignable upon a party's approval may be assigned if such an approval has been obtained prior to making the assignment agreement.

Bank guarantee for loan repayment is a unilateral commitment of the bank - guarantor towards the Bank to repay the debt if the Customer defaults on their obligation under the loan agreement, on first written demand of the Bank. The Bank accepts as collateral the bank guarantees which are:

- unconditional, payable on first written demand,
- irrevocable,
- granted by banks for which the Bank has set a financial exposure limit.

For a bank guarantee, the assessment of the debtor's economic and financial standing under the collateral is replaced by confirmation that the Bank has set a financial exposure limit for the guarantor.

Transfer of title as collateral consists in transferring the title to a movable asset by the Customer or a third party (the transferor) to the Bank, with a reservation that if the debt is repaid within the time limit laid down in the loan agreement or in the Bank's notice of termination of the loan agreement, the title to such a movable asset is transferred automatically to the transferor. The Bank makes title transfer agreements only for unencumbered assets, the transferability of which is not restricted by generally applicable laws or the agreement, without any possibility of derogations in this respect. The Bank does not accept a transfer of title interest or a transfer of title to livestock as collateral. The Bank requires that, during the entire lending period, the transferred asset be insured against fire and other fortuitous events and that the transferor transfer the rights under the insurance policy to the Bank.

Registered pledge is a limited right in rem established to secure a specified cash claim of the Bank, under which the Bank will have the right to satisfy its claim from the pledged asset with priority over other creditors, except for those creditors who have a special priority right under the law. To establish a registered pledge, it is necessary to make a registered pledge agreement and an entry in the pledge register.

Mortgage is a limited property right that allows the Bank to satisfy its secured claims from the mortgaged asset, regardless of whose property it is and with priority over personal creditors of the mortgagor. The Bank does not accept as collateral any mortgage on:

- real estate located outside the country,
- the fractional part of real estate, however this exclusion does not apply to mortgage on participation in the access road to real estate, multi-car garage or the common part of real estate, as well as special cases, as laid down in the credit decision,
- real estate under construction, extension, reconstruction, renovation, modernization or restoration, unless such construction, extension, reconstruction, renovation, modernization or restoration is a project financed by the Bank.

The Bank prefers that a mortgage in favour of the Bank be entered as first-priority mortgage in Section IV of the Land and Mortgage Register, which is possible if:

- Section IV of the Land and Mortgage Register does not contain any mortgage or a mention of a mortgage application filed, or
- the Land and Mortgage Register shows the right of the real estate owner to dispose of the vacated first-priority mortgage entry and the Customer establishes a mortgage in favour of the Bank on such a vacated mortgage entry.

A mortgage in favour of the Bank may be entered with further priority if the real estate appraisal and the amount of first-priority mortgage encumbrances show that the Bank will be able to effectively satisfy its claim, subject to the Bank's separate internal regulations, in particular product regulations providing for the requirement to enter first-priority mortgage in favour of the Bank.

Security deposit is a transfer by the Customer or a third party (the person making the deposit) of title to a specified amount of cash in PLN or in convertible currency to the Bank, with a reservation that the Bank commits to return such an amount plus an agreed fee after the debt has been repaid in full. The assessment of collateral in the form of a security deposit is made by the Bank employees and consists in verifying the adequacy of the amount of funds paid as a security deposit in relation to the amount of the secured transaction.

Hold on funds in a bank account - to secure the repayment of debt, the holder of a bank account maintained by the Bank or another bank may put an irrevocable hold on funds in the account until the debt is repaid in full and at the same time grant an irrevocable power of attorney to the Bank to collect the funds on hold for the purpose of repaying such a debt. During the period of the hold, the account holder may not use the funds on hold without the Bank's approval. The hold on funds in a bank account may be made on any account, whether in PLN or in convertible currencies, held by the Customer or a third party, provided that a power of attorney may be granted to administer the account. The Bank requires that the funds be put on hold until the debt is repaid in full. The assessment of collateral in the form of hold of funds in a bank account is made by the competent Bank employees and consists in verifying the adequacy of the amount of cash in the bank account in relation to the amount of the loan.

Assignment of claims under insurance policy for the collateral asset is an agreement between the insured and the Bank, under which the insured (assignor) transfers claims against the insurer to the Bank as collateral for the loan obligation, with a reservation that when the debt is repaid, the assignment becomes null and void and the insured is restored to the status of beneficiary under the insurance, with no need to make a separate agreement. Claims under the insurance policy are assigned where the insured asset is the asset under collateral in the form of a registered pledge or a mortgage.

Loan insurance - the Bank accepts loan insurance as collateral only on the basis of a general agreement between the Bank and an insurer from the list of insurers approved by the Bank.

Power of attorney to administer a bank account - the Bank may accept a power of attorney to administer the bank account of a Customer or a third party who is the Bank's debtor under collateral if the debt is not repaid on time. A power of attorney to administer a bank account may not constitute independent collateral for a lending transaction. The decision on the collateral for a specific lending transaction is a component of a credit decision. When calculating a percentage coverage of the credit exposure with the collateral value, only the collateral meeting the following requirements may be considered:

- the Bank has to have a duly documented and enforceable legal title to the collateral,
- the collateral must have durable internal value and, for at least the term of the loan agreement, be regularly monitored and appraised,
- the collateral must be converted into cash in reasonable time, based on documented court decisions,
- there should not be a strong correlation between the collateral value and the borrower's financial standing.

Collateral monitoring and review

Collaterals for lending transactions are monitored by:

- a business analyst, an Account Manager - as part of monitoring the Customer and lending transactions made with them;
- the Retail Operations Department with respect to collateral for mortgage loans.

The monitoring process is supported by banking systems such as the Monitoring Card, dedicated applications and numerous reports. The collateral monitoring processes also use channels for automated Customer notification of collateral with the approaching date of collateral establishment or renewal. The monitoring also includes periodic reviews of collateral. The scope and frequency of such reviews, performed at least once a year, depend on the type of collateral asset and include:

- determination of collateral value and its changes since the last review,
- correctness, completeness and validity of documents related to the collateral established,
- correctness, completeness and validity of insurance documents related to physical collateral (review of insurance policies, ways to pay for the same, validity terms).

Monitoring of the value of real estate collateral

When monitoring the value of real estate collateral, the Bank monitors the value of such real estate at least once every three years for exposures with the current LTV ratio below 80%. In other cases, the value is monitored in annual cycles. The real estate value is monitored based on a real estate revaluation made using a statistical method and an individual method, in line with the "Rules for Portfolio Revaluation of Real Estate Collateral for Credit Exposures of BNP Paribas Bank Polska S.A." and the "Rules for valuation of real estate mortgage collateral for loans granted to SME and Corporate Customers at BNP Paribas Bank Polska S.A.".

The revaluation of real estate during the lending period is aimed, among others, at:

- taking actions to mitigate a potential risk related to the lack of collateral with the value adequate to the transaction amount,

- identifying mortgage-secured lending transactions for which the LTV ratio levels acceptable to the Bank have been exceeded.

The Bank assesses the adequacy of collateral for a credit exposure through the LTV ratio, which is calculated before the credit decision is made, as well as during the monitoring process throughout the term of the agreement. When calculating the LTV ratio during the monitoring of the loan granted, the Bank takes into consideration the present value of real estate, including the value revaluated using the statistical method.

Methodology of real estate appraisal

Any real estate used as collateral should have its market value estimated and recorded. The market value of real estate means an estimated amount that can be obtained for the real estate on the appraisal date in an arm’s length sales transaction between a buyer and a seller who have a firm intention to make an agreement, act knowledgeably and with prudence, and are not in a forced situation. The market value of real estate may be determined using the comparative or income method, and the appraisal itself should be performed in accordance with the factual and legal status of the real estate. For real estate during an investment process, the appraisal determines the market value of such real estate in its current condition and the future value of such real estate after the completion of construction works, according to the relevant architectural and construction documentation. The value of real estate should be estimated prudently and carefully, should not deviate from the average prices/rent rates of real estate in the market or a parallel market.

For non-retail Clients, every external appraisal is verified internally in accordance with rules specified in internal procedures. For important mortgage-secured loan exposures such verification is carried out by experts from the Collateral Team who hold the titles of valuation experts. The post-verification value of collaterals taken for internal purposes of the Bank may, therefore, differ from those presented in external valuations. Additionally, the Bank has a list of real estates that are unacceptable or conditionally acceptable, which means that regardless of an external valuation, in external cases, the Bank may consider a mortgage on such a real estate as a comfort factor (zero value).

In the area of individual Customers and Micro Customers, the Bank has put in place the rules for accepting and verifying the real estates accepted as collateral for loans granted to retail Customers and Micro Customers. The rules specify the boundary conditions concerning the acceptance of credited/collateralized real estates, contain a list of acceptable and unacceptable real estate types, the basic requirements with respect to the necessary documents pertaining to the real estates, the rules for verifying such documents, the ways in which the mortgage collateral value may be appraised and the rules for verifying the value of real estates collateralized by the Bank.

A real estate collateralized for a loan must have a specified market value. This value may be determined based on an appraiser's valuation, transaction price - in the case of purchasing real estate on the primary market, forecasts of average prices of agricultural land determined by the Bank based on data from the Central Statistical Office, statistical model of real estate value valuation (for specific lending purposes and specific cities). If the market value is determined on the basis of an appraiser's valuation, it is additionally verified. Verification is carried out based on offered prices, transaction prices set based on a credible source by comparing real estate of similar characteristics. For this purpose, the Bank uses information from internal databases, external databases and web portals. The real estate value to be accepted for internal purposes of the Bank may be accepted at a level lower than the value indicated in the valuation.

Methodology for the valuation of collateral in the form of movable property

For collateral in the form of new movables, at the time of loan granting, the Bank determines the value of collateral on the basis of the purchase invoice, the sales agreement or an executive estimate, subject to verification of the arm’s length nature for each such case. For used passenger cars and trucks, at the time of granting the financing to retail and micro-enterprise Customers, the verification of the vehicle value is based on comparison of the transaction price with the market value of the vehicle established on the basis of information in the Info-Ekspert/Eurotax database. Data obtained from other reliable databases and sources, such as industry catalogues or expert appraisals, may also be used to determine the collateral value. On the other hand, in the process of monitoring used passenger cars and trucks (for all Customer segments), the Bank relies on the revaluation of vehicles made using the statistical method. For other collateral in the form of used movables, where their value is below the estimated value threshold, the Bank uses a twofold approach to appraisal - based on the current insurance policy/sales agreement/invoice or based on the depreciation table for a specific type of collateral. For collateral with the value above the threshold determined in accordance with the proportionality principle, the movable collateral specified in the internal regulations is appraised by an appraiser at the time of granting the financing.

The tables below contain data on collaterals in accordance with Regulation (EU) No 2021/637.

Table 37 EU CR3 – CRM techniques overview: Disclosure of the use of credit risk mitigation techniques as of 31 December 2024

		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	74 776 903	27 892 230	27 022 798	869 432	-
2	Debt securities	55 473 108	-	-	-	
3	Total	130 250 011	27 892 230	27 022 798	869 432	-
4	*Of which non-performing exposures*	874 659	460 340	430 596	29 744	-
EU-5	*Of which defaulted*	871 513	458 447			

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 for individual portfolios.

Table 38 EU CR4 – Standardised approach – Credit risk exposure and CRM effects as of 31 December 2024

		Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
		On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet amount	RWAs	RWAs density (%)
	Exposure classes	a	b	c	d	e	f
1	Central governments or central banks	39 785 372	27	49 942 342	257 993	1 993 291	3.97%
2	Regional government or local authorities	91 028	58 199	91 028	29 011	24 008	20.00%
3	Public sector entities	932	13 946	932	3 421	2 176	50.00%
4	Multilateral development banks	16 869 150	-	16 869 150	-	-	0.00%
5	International organisations	-	-	-	-	-	0.00%
6	Institutions	7 388 657	3 646 485	7 389 075	951 380	4 076 737	48.88%
7	Corporates	33 840 535	18 787 119	24 814 846	6 875 678	30 529 841	96.34%
8	Retail	22 509 609	4 739 930	21 936 285	1 274 316	15 732 122	67.78%
9	Secured by mortgages on immovable property	36 243 292	4 199 051	35 707 097	1 837 481	21 089 190	56.17%
10	Exposures in default	1 778 291	298 018	1 689 020	165 007	2 457 792	132.57%
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	219 396	-	219 396	-	219 396	100.00%
16	Other items	6 097 009	293	6 164 102	40 860	2 439 125	39.31%
17	**TOTAL**	**164 823 272**	**31 743 068**	**164 823 272**	**11 435 146**	**78 563 679**	**44.57%**

8.3. APPLICATION OF THE 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 CRR Regulation. 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 Article 127 of CRR Regulation;
- for exposures secured by a 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 currency of the debtor's revenues, in accordance withArticle 125 sec. 2 of CRR Regulation, the Bank assigns a preferential risk weight of 35% to the part of the exposure that is fully and completely secured by a 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 a mortgage on a commercial real estate, pursuant to Article 126 of CRR Regulation and the Regulation of the Minister of Finance, Funds and Regional Policy of 8 October 2020. amending the Regulation on a higher risk weight for exposures secured by mortgages on real estate, the Bank identifies exposures effectively secured with a commercial mortgage established on real estate used by the borrower to conduct his own business and not generating income generated by rent or profits from their sale, for which preferential risk weights apply;

- for exposures secured by a 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 25 May 2017. regarding a higher risk weight for exposures secured by mortgages on real estate, the Bank assigns a risk weight of 150%.

Bank for the purposes 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.

If a financial instrument or issue program to which a given exposure belongs has a rating, it is used to determine the weight for this exposure. If an exposure does not have such a rating, but there is a general credit rating of the issuer and there is a rating for a specific financial instrument issue program to which this exposure does not belong, the Bank selects a rating indicating a higher risk weight. However, if there is only one rating - of the issuer or the issue program / financial instrument to which this exposure does not belong, the Bank selects this rating. The selected rating is the basis for determining the risk weight for the exposure, provided that it translates into a higher weight than the weight set for the unclassified exposure.

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

Table 39 EU CR5 – Standardised approach as of 31 December 2024

		Risk weight																
		0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Inne	Total	Of which unrated
	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	49 063 974	-	-	21 108	346 502	-	-	-	-	-	-	768 752	-	-	-	50 200 335	-
2	Regional government or local authorities	-	-	-	-	120 039	-	-	-	-	-	-	-	-	-	-	120 039	-
3	Public sector entities	-	-	-	-	-	-	4 353	-	-	-	-	-	-	-	-	4 353	-
4	Multilateral development banks	16 869 150	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16 869 150	-
5	International organisations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0	-
6	Institutions	-	35 990	-	-	296 836	-	7 981 771	-	-	25 858	-	-	-	-	-	8 340 455	84 596
7	Corporates	-	-	-	-	-	-	78	-	-	31 690 446	-	-	-	-	-	31 690 523	1 422 439
8	Retail exposures	-	-	-	-	-	-	-	-	23 210 601	-	-	-	-	-	-	23 210 601	2 251 448
9	Exposures secured by mortgages on immovable property	-	-	-	-	1 750	15 922 284	4 791 993	-	6 678 267	9 623 771	526 512	-	-	-	-	37 544 577	2 929 397
10	Exposures in default	-	-	-	-	-	-	-	-	-	646 496	1 207 531	-	-	-	-	1 854 027	9
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	-	-	-	-	-	-	-	-	-	219 396	-	-	-	-	-	219 396	219 396
16	Other items	3 458 454	-	-	-	383 757	-	-	-	-	2 362 751	-	-	-	-	-	6 204 962	6 175 759
17	TOTAL	69 391 577	35 990	-	21 108	1 148 884	15 922 284	12 778 195	-	29 888 868	44 568 718	1 734 043	768 752	-	-	-	176 258 418	13 083 044

9. COUNTERPARTY CREDIT RISK

Counterparty risk exposure and risk-weighted assets are calculated on the basis of the standardized approach (SACCR) in line with the Regulation (EU) 2019/876 . As part of counterparty credit risk mitigation, the Bank uses contractual netting in accordance with Articles 295-298 of the CRR Regulation.

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 40 EU CCR1– Analysis of CCR exposure by approach as of 31 December 2024

		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)	594 568	1 136 287	-	1.4	4 450 393	2 423 198	2 420 462	1 903 637
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**	-	-	-	-	**4 450 393**	**2 423 198**	**2 420 462**	**1 903 637**

Table 41 EU CCR2– Transactions subject to own funds requirements for CVA risk as of 31 December 2024

		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	386 466	50 112
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**	386 466	50 112

Table 42 EU CCR3 – Standardised approach – CCR exposures by regulatory exposure class and risk weights as of 31 December 2024

		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		12 112	-	-	89 887	695 576	-	-	-	-	-	797 575
7	Corporates		-	-	-	-	-	-	-	1 648 368	-	-	1 648 368
8	Retail		-	-	-	-	-	-	48 021	-	-	-	48 021

9	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-
10	Other items	-	-	-	-	-	-	-	-	-	-	-	-
11	**Total exposure value**	**12 112**	**12 112**	**-**	**-**	**89 887**	**695 576**	**-**	**48 021**	**1 648 368**	**-**	**-**	**2 493 964**

Table 43 EU CCR5 – Composition of collateral for CCR exposures as of 31 December 2024

		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	-	43 991	293 385	40		-	-	-
2	Cash – other currencies	83 286	911 860	410 149	-		-	-	-
3	Domestic sovereign debt	-	-	379 981	-		-	-	-
4	Other sovereign debt	370 157	-	-	-		-	-	-
5	Government agency debt	-	-	-	-		-	-	-
6	Corporate bonds	-	-	-	-		-	-	-
7	Equity securities	-	-	-	-		-	-	-
8	Other collateral	-	-	-	-		-	-	-
9	**Total**	**453 443**	**955 851**	**1 083 515**	**40**		**-**	**-**	**-**

Table 44 EU CCR8 – Exposures to CCPs as of 31 December 2024

		a	b
		Wartość ekspozycji	Kwoty ekspozycji ważonej ryzykiem
1	**Exposures to QCCPs (total)**		**30 957**
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	73 502	30 937
3	(i) OTC derivatives	73 502	30 937
4	(ii) Exchange-traded derivatives;	-	-
5	(iii) SFTs	-	-
6	(iv) Netting sets where cross-product netting has been approved	-	-
7	Segregated initial margin	204 795	-
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	-	-

10. SECURITIZATION

Implementing the requirement specified in Articles 449a-i of the CRR Regulation, the Group publishes data on securitization exposure.

The Group's objective in the area of securitization activity is to optimize the requirements for own funds in respect of credit risk. As part of a synthetic securitization transaction, the Bank transfers to third parties a portion of the credit risk associated with the underlying exposures under a financial guarantee agreement or an issue of debt instruments linked to credit risk (credit linked notes).

On 28 March 2024, the Bank entered into an agreement with the International Finance Corporation ('IFC', 'Investor') for a synthetic securitisation transaction executed on a portfolio of corporate loans/loans with a total value of PLN 2,180 million as at 31 December 2023. As part of the transaction, the Bank transferred a significant part of the credit risk from the selected securitised portfolio to the Investor. The securitised selected loan portfolio remains on the Bank's books. The risk transfer of the securitised portfolio is implemented through a credit protection instrument in the form of a financial guarantee issued by the Investor up to PLN 86,288 thousand as at 31 December 2024.

According to the Bank's accounting policy, on initial recognition, a financial guarantee contract is measured at fair value.
Financial guarantees after initial recognition are measured at the higher value of:

- the amount of the impairment loss determined in accordance with the principles applicable to expected credit losses for assets measured at amortised cost in accordance with IFRS 9,
- the amount initially recognised less the cumulative income recognised in accordance with the principles of IFRS 15.

The transaction meets the material risk transfer requirements of the CRR Regulation and has been structured as meeting the STS criteria (simple, transparent and standard securitisation) under Regulation 2021/557. The Bank acted as facilitator of the Transaction.

The synthetic securitization transaction consists of three tranches:

- Senior tranche retained by the Bank (87.7% of the securitized portfolio)
- Mezzanine tranche (9.8% of the portfolio) under which a credit protection instrument was issued by IFC in the form of a financial guarantee ensuring risk transfer
- Junior tranche retained by the Bank (2.5% of the portfolio)

The Bank applies the following approach to assigning risk weights, in accordance with the standardized approach (SEC-SA), provided for STS securitization:

- for the Senior tranche, the risk weight is applied in accordance with the approach described in Articles 261-262 of the CRR Regulation;
- for the Mezzanine tranche, a risk weight of 0% is used as a result of the credit protection received under the issued financial guarantee;
- for the Junior tranche, deduction from the CET1 core capital is applied, in accordance with Article 248 paragraph 1 letter d) of the CRR Regulation (these exposures would be assigned a risk weight of 1250%).

The Group does not use the services of SSPEs in any of the categories listed in art 449 (d) of the CRR Regulation

The Group did not provide support in accordance with Part Three, Title II, Chapter 5 of the CRR Regulation. The transaction was carried out on market terms.

There are no entities affiliated with the Group that would invest in securitization initiated by the Bank. Neither are there any securitization positions issued by SSPEs and sponsored by the Bank, wchich are required to be listed in line with art 449 (f) of the CRR Regulation.

ECAI ratings, stipulated in art. 449h of the CRR Regulation, were not used for securitisation purposes.

Art. 449i of the CRR Regulation is not applicable, as the synthetic securitization transaction concluded by the Bank is compliant with the standardized approach (SEC-SA).

Table 45. EU SEC1 - Securitisation exposures in the non-trading book

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Institution acts as originator							Institution acts as sponsor				Institution acts as investor			
		Traditional				Synthetic			Traditional				Traditional			
		STS		Non-STS												
			of which SRT		of which SRT		of which SRT	Sub-total	STS	Non-STS	Synthetic	Sub-total	STS	Non-STS	Synthetic	Sub-total
1	**Total exposure**	-	-		-	789 457	789 457	789 457	-	-	-	-	-	-	-	-
2	Retal (total)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	eesidential mortgage	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	credit card	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	other retail exposure	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	re-serutitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Wholesale (total))	-	-	-	-	789 457	789 457	789 457	-	-	-	-	-	-	-	-
8	loans to corporates	-	-	-	-	789 457	789 457	789 457	-	-	-	-	-	-	-	-
9	ekspozycje z tytułu commercial mortgage	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	lease and receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	other wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	re-securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Table 46. EU SEC3 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as originator or as sponsor

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	EU-p	EU-q
		Exposure values (by RW bands/deductions)					Exposure values (by regulatory approach)				RWEA (by regulatory approach)				Capital charge after cap			
		≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions
1	**Total exposures**	789 457	-	-	-	18 735	-	-	789 457	18 735	-	-	136 022	-	-	-	10 882	-
2	Traditional transactions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Retail underlying	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Of which STS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Of which STS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

9	Synthetic transactions	789 457	-	-	-	18 735	-	-	789 457	18 735	-	-	136 022	-	-	-	10 882	-
10	Securitisation	789 457	-	-	-	18 735	-	-	789 457	18 735	-	-	136 022	-	-	-	10 882	-
11	Retail underlying	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
12	Wholesale	789 457	-	-	-	18 735	-	-	789 457	18 735	-	-	136 022	-	-	-	10 882	-
13	Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Table 47. EU SEC5 - Exposures securitised by the institution - Exposures in default and specific credit risk adjustments

		a	b	c
		Exposures securitised by the institution - Institution acts as originator or as sponsor		
		Total outstanding nominal amount		Total amount of specific credit risk adjustments made during the period
			Of which exposures in default	
1	**Total exposure**	875 276	-	3 066
2	Retal (total)	-	-	-
3	eesidential mortgage	-	-	-
4	credit card	-	-	-
5	other retail exposure	-	-	-
6	re-seruritization	-	-	-
7	Wholesale (total))	875 276	-	3 066
8	loans to corporates	875 276	-	3 066
9	ekspozycje z tytułu commercial mortgage	-	-	-
10	lease and receivables	-	-	-
11	other wholesale	-	-	-
12	re-securitization	-	-	-

11. LIQUIDITY REQUIREMENTS

The Bank discloses information on liquidity requirements pursuant to Article 451a of the CRR Regulation

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 presented are calculated as aritmeetical mean from the end of month observations for 12 months preceding end of each quarter.

Table 48 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)	31 December 2024	30 September 2024	30 June 2024	31 March 2024	31 December 2024	30 September 2024	30 June 2024	31 March 2024
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)					51 472 206	51 028 323	50 289 589	47 744 050
CASH - OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	70 046 750	68 872 618	68 338 178	67 523 927	4 980 653	4 727 691	4 600 455	4 539 727
3	*Stable deposits*	46 432 198	45 509 117	44 996 411	44 524 549	2 321 610	2 275 456	2 249 821	2 226 227
4	*Less stable deposits*	21 793 554	20 310 074	19 412 190	19 037 160	2 659 044	2 452 235	2 350 634	2 313 500
5	Unsecured wholesale funding	55 561 140	55 519 271	55 401 085	54 403 977	22 374 286	22 510 086	22 611 338	22 199 639
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	10 640 541	10 490 099	10 351 710	10 232 098	2 660 135	2 622 525	2 587 927	2 558 025
7	*Non-operational deposits (all counterparties)*	44 920 598	45 029 172	45 049 375	44 171 878	19 714 151	19 887 561	20 023 411	19 641 614
8	*Unsecured debt*	0	0	0	0	0	0	0	0
9	Secured wholesale funding					-	-	-	-
10	Additional requirements	32 763 781	32 131 348	31 526 838	30 974 806	13 797 087	13 377 900	13 276 556	12 721 297
11	*Outflows related to derivative exposures and other collateral requirements*	11 476 773	11 019 840	10 920 226	10 314 927	11 476 773	11 019 840	10 920 226	10 314 927
12	*Outflows related to loss of funding on debt products*	-	-	-	-	-	-	-	-
13	*Credit and liquidity facilities*	21 287 008	21 111 507	20 606 611	20 659 879	2 320 314	2 358 059	2 356 330	2 406 370
14	Other contractual funding obligations	3 068 408	3 341 686	3 786 171	4 296 232	43 552	295 727	595 147	994 681
15	Other contingent funding obligations	23 275 875	24 242 746	24 403 544	23 825 337	1 163 794	899 430	617 104	318 462

16	TOTAL CASH OUTFLOWS					42 359 371	41 810 833	41 700 600	40 773 806
CASH - INFLOWS									
17	Secured lending (e.g. reverse repos)	3 387 277	6 372 729	8 631 022	8 727 973	-	-	-	-
18	*Inflows from fully performing exposures*	9 362 403	8 146 222	7 352 395	7 140 631	8 557 852	7 231 630	6 388 982	6 121 333
19	*Other cash inflows*	10 854 543	10 387 573	10 237 952	9 608 691	10 854 543	10 387 573	10 237 952	9 608 691
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	23 604 223	24 906 525	26 221 369	25 477 294	19 412 395	17 619 204	16 626 934	15 730 025
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*	23 604 223	24 906 525	26 221 369	25 477 294	19 412 395	17 619 204	16 626 934	15 730 025
TOTAL ADJUSTED VALUE									
EU-21	LIQUIDITY BUFFER					51 472 206	51 028 323	50 289 589	47 744 050
22	TOTAL NET CASH OUTFLOWS					22 946 977	24 191 630	25 073 666	25 043 781
23	LIQUIDITY COVERAGE RATIO					226.30%	214.52%	203.67%	193.47%

*12 month aveage (as of 31 December 2024)

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 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 main aspects having impact on the LCR measure is funding structure of the Bank and size of the high liquid assets portfolio, in particular its liquidity level. In the funding structure on the one side the funding sources structure is important (segment of the Customer) and from 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 consolidated LCR measures for the ends of each quarter remains on the safe level. During the calendar year LCR measure for the Group varied from the level of 187.4% to 251.6%. The average LCR for the Group based on the monthly data was 226,3%. Changes in the measure value were caused mainly due to non bank customer deposits changes as well as technical changes related to mandatory reserve management and repo transactions over month ends or balances on Bank’s accountsin the other banks.

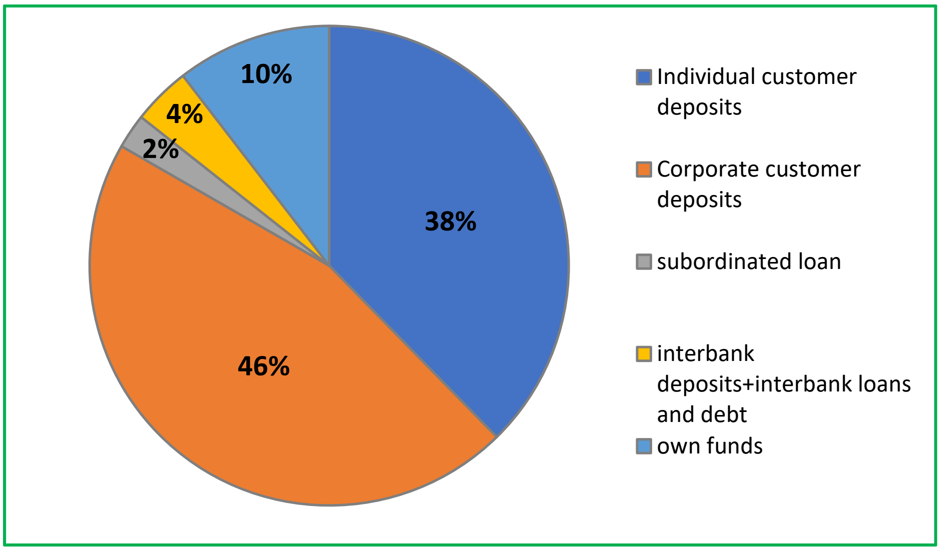
The Bank implemented additional set of the measurements for the liquidity risk management, which ensure stable and well balanced development of the balance sheet, adequate and approved by the management units’ risk level and stable liquidity situation in short, mid and long term time horizon. Those measures are approved by ALCO Committee or Board of Management and support the management and financial planning of the liquidity. Additional measures implemented are:

- loans to deposits ratio for all currencies and for PLN,
- 1-year liquidity gap for all currencies and separately for main Bank’s currencies PLN, EUR and all FCY ,
- liquidity surplus for 7 and 30 days,
- concentration limit for corporate and retail segment deposits, sector concentration,
- volume of off-balance sheet exposure.

Limit values and critical values set up for those measures reflect size and structure of the balance sheet of the Bank, as well as Customer structure and specific products exposures. Throughout control of those measures Bank ensures safe and adequate balance sheet structure and stable funding structure. In the liquidity limits and critical values review set up for particular liquidity measures the stress tests results are considered, so in the occurance of these scenarios, the liquidity measures still fulfil regulatory criteria as well as internal levels of the measures in the risk apetite scheme and the recovery plan.

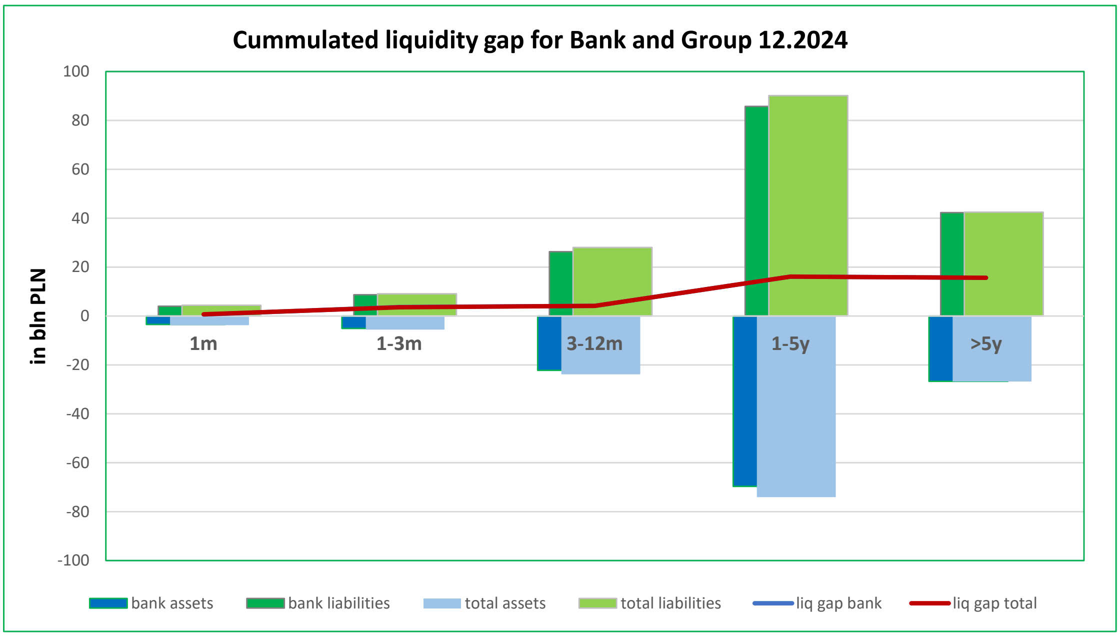
Funding and liquidity sources concentration

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 (private individuals and Micro business line). 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 from 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. In the 4Q 2024 bank issued bonds as AT1 instrument and its volume have been included in the Bank's own funds. Complete funding structure is presented on 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 internal critical values for funding concentration both for corporate and retail segment. There was no excess event of the concentration critical value during last calendar year of the observation.

As of 31 December 2024 liquidity gap chart based on the daily liquidity gap report, which considers modeling of the products is presented below:



The iimitations in the funds transfer between Group units come from the need to comply liquidity norms, interest rate, capital etc, but above all from the need to comply with the internaly set up exposure limits for the counterparty and regulatory limitations for capital exposure for single counterparty.

Derivative instruments exposure and potential collateral calls

Due to currency structure of the Bank's balance sheet there 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 drawn in that currency or via using derivatives transactions such as FX SWAP or CIRS. 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 or CIRS, from the currencies Bank has excess of liabilities as first and complementary from PLN. As of 31 December 2024 the Bank practically didn't need funding of mortgage CHF portfolio with derivatives due to high level of provisions in CHF related to legal risk for CHF mortgage portfolio.

Off-balance sheet transactions collaterals are mainly assets Level 1 type: cash and government securities. The change of collateral change 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 the worsening of the rating. However, that is not implicating additional collateral requirement, but the possible closing of the transaction.

The Bank does not have any agreements with the conterparts that would require additional collateral in case of worsening the Bank's rating.

Currency mismatch in the Liquidity Coverage Ratio

The Bank calculates LCR measure in the following currencies: PLN, EUR, CHF and all currencies together in the Bank approach as well as consolidated approach. Apart of PLN the main currency is EUR. For the EUR and CHF Bank shows mismatch in the Liquidity Coverage Ratio, but in case of gap in the liabilities Bank concludes with the Group unit off-balance sheet transactions FX swaps or CIRS mainly from the currencies that Bank has liabilities surplus and as complementary in PLN.

Table 49 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**	**12 984 350**	**-**	**-**	**3 150 021**	**16 134 371**
2	*Own funds*	12 984 350	-	-	3 150 021	16 134 371
3	*Other capital instruments*		-	-	-	-
4	**Retail deposits**		73 388 317	833 360	71 884	69 336 249
5	*Stable deposits*		48 810 231	486 872	34 203	46 866 451
6	*Less stable deposits*		24 578 086	346 488	37 681	22 469 798
7	**Wholesale funding:**	-	57 038 686	1 093 537	7 028 055	33 642 827
8	*Operational deposits*		10 903 336	-	-	5 451 668
9	*Other wholesale funding*		46 135 350	1 093 537	7 028 055	28 191 159
10	**Interdependent liabilities**	-	-	-	-	-
11	**Other liabilities:**	-	9 379 613	-	-	-
12	*NSFR derivative liabilities*	-				
13	*All other liabilities and capital instruments not included in the above categories*		9 379 613	-	-	-
14	**Total available stable funding (ASF)**					119 113 447
Required stable funding (RSF) Items						
15	**Total high-quality liquid assets (HQLA)**	-	-	-	-	1 409 943
EU-15a	**Assets encumbered for more than 12m in cover pool**	-	2 793 891	-	-	2 374 807
16	**Deposits held at other financial institutions for operational purposes**	-	-	-	-	-
17	**Performing loans and securities:**	-	15 109 755	9 772 715	64 411 717	64 048 065
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*		4 928 452	523 877	2 957 613	3 712 397
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		9 763 038	8 915 803	42 113 056	43 520 127

21	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		155 895	142 179	8 076 957	5 399 059
22	*Performing residential mortgages, of which:*		394 626	307 889	19 288 237	16 746 258
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*		23 639	25 146	52 811	69 283
25	**Interdependent assets**	-	-	-	-	-
26	**Other assets:**	-	1 331 651	-	4 445 687	5 117 207
27	*Physical traded commodities*				-	-
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*		0	0	0	0
29	*NSFR derivative assets*		11 389	0	0	11 389
30	*NSFR derivative liabilities before deduction of variation margin posted*		0	0	0	0
31	*All other assets not included in the above categories*		1 320 262	0	4 445 687	5 105 818
32	**Off-balance sheet items**	-	32 229 211	0	0	1 611 461
33	**Total RSF**					74 561 483
34	**Net Stable Funding Ratio (%)**					159.75%

Funding contingency plans outline

The Bank prepared and approved contingency procedures for liquidity management. They refer to immediate liquidity – intraday liquidity management- as well as mid and long term liquidity. In the Liquidity Contingency Plan, the Bank defined the set of various indicators, which are monitored on the daily basis and monthly basis as measures of the situation that threatens Bank's liquidity. They refer to the internal measures and to the external ones of the financial environment. Market liquidity risk (product) is observed in the Early Warning Indicatiors set in the Liquidity Contingency Plan throughout price changes of the products versus normal market situation. Stress tests results are as well observed in the EVI set on the monthly basis and presented on the ALCO Committee meetings. There is a team managing the liquidity contingency plan actions defined in the regulation and specific tasks related to specific Bank's units. Liquidity contingency plan is being reviewed once a year and updated if needed. Additionally, once a year Bank performs the test of the liquidity contingency plan. As far as long term liquidity situation is concern the Bank monitors the situation on the monthly ALCO Committee the longer term liquidity situations, long term liquidity measures, liquidity gap profile and mid and long term funding maturity profile, including maturity profile of the off balance sheet transactions used for managing of the balance sheet currency mismatch.

12. LEVERAGE RATIO

The Bank discloses information on its leverage ratio pursuant to Article 451 of the CRR Regulation.

The calculation of the leverage ratio of the Group as at 31 December 2024 was based on the provisions of CRR Regulation of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms amending the Regulation (EU) No 648/2012 as amended by Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 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 annual report, pursuant to Article 451 of the CRR Regulation, 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 42 do not apply to the Bank.

Table 50 EU LR1 – LRSum: Summary reconciliation of accounting assets and leverage ratio exposures as of 31 December 2024

		a
		Applicable amount
1	Total assets as per published financial statements	167 539 590
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	0
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	0
4	(Adjustment for temporary exemption of exposures to central banks (if applicable))	0
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)	0
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	0
7	Adjustment for eligible cash pooling transactions	0
8	Adjustment for derivative financial instruments	713 895
9	Adjustment for securities financing transactions (SFTs)	0
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	12 498 692
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)	0
EU-11b	(Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a(1) CRR)	0
12	Other adjustments	655 654
13	Total exposure measure	181 407 830

Table 51 EU LR2 - LRCom: Leverage ratio common disclosure

		CRR leverage ratio exposures	
		a	b
		31 December 2024	30 June 2024
	On-balance sheet exposures (excluding derivatives and SFTs)		
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	165 692 741	153 659 124
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-206 372	-23 540
6	(Asset amounts deducted in determining Tier 1 capital)		
7	Total on-balance sheet exposures (excluding derivatives and SFTs)	165 486 369	153 635 584
	Derivative exposures		
8	Replacement cost associated with SA-CCR derivatives transactions (ie net of eligible cash variation margin)	1 028 618	818 653
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	2 394 151	2 568 289
13	Total derivatives exposures	3 422 769	3 386 942
	Securities financing transaction (SFT) exposures		
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions		9 987 907
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)		-
16	Counterparty credit risk exposure for SFT assets		
EU-16a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 CRR		75 566
17	Agent transaction exposures		-
EU-17a	(Exempted CCP leg of client-cleared SFT exposure)		-
18	Total securities financing transaction exposures		10 063 473
	Other off-balance sheet exposures		
19	Off-balance sheet exposures at gross notional amount	31 831 408	30 680 312
20	(Adjustments for conversion to credit equivalent amounts)	19 332 716	18 811 608
22	Off-balance sheet exposures	12 498 692	11 868 704
	Excluded exposures		
EU-22k	(Total exempted exposures)	-	–
	Capital and total exposure measure		
23	Tier 1 capital	12 812 053	11 797 150
24	Total exposure measure	181 407 830	178 954 703
	Leverage ratio		
25	Leverage ratio (%)	7.06%	6.59%
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	7.06%	6.59%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	7.06%	6.59%
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	Fully phased in	Fully phased in

	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	281 462	1 983 648
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	-	9 987 907
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)	181 689 292	170 950 445
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)	181 689 292	170 950 445
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)	7.05%	6.90%
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)	7.05%	6.90%

Table 52 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:**	**165 486 369**
EU-2	Trading book exposures	-
EU-3	Banking book exposures, of which:	165 486 369
EU-4	Covered bonds	-
EU-5	Exposures treated as sovereigns	56 654 523
EU-6	Exposures to regional governments, MDB, international organisations and PSE, not treated as sovereigns	91 960
EU-7	Institutions	7 680 978
EU-8	Secured by mortgages of immovable properties	36 243 292
EU-9	Retail exposures	22 509 609
EU-10	Corporates	33 840 535
EU-11	Exposures in default	1 778 291
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	6 687 182

Excessive leverage risk is defined as the risk of an insufficient leverage ratio being achieved, caused by a decrease in the own funds as a result of expected or incurred losses (decrease in the numerator) or by an unexpected and unmanageable increase in total exposure (increase in the denominator).

Excessive leverage risk management is identified as an important element of the Bank's management, having its source in the development of business activity. Hence, the excessive leverage risk management process is incorporated into the Bank's risk management concept and is included in the capital management process, in the stress testing process, in the limits system and the management information system.

Identification of the risk of excessive leverage takes place as part of the risk identification process in the Bank. The risk of excessive leverage is measured by the value of the leverage ratio, which is one of the basic indicators monitored by the Bank. This ensures the Bank to have the necessary information to avoid breaching the safe level of leverage. The leverage ratio is taken into account in the capital planning, where it directly depends on the financial amounts assumed in the financial plan and in the Bank's capital plan.

Moreover, as part of ICAAP process for coverage of capital risk (i.a.excessive leverage risk) internal capital is calculated. Value of internal capital due to excessive leverage is taken into account in the capital planning and in capital goals.

The Bank provides ongoing monitoring of the financial leverage ratio, including forecasts of the ratio and includes the ratio in stress tests program. The leverage ratio is subject to a system of limits. The limits are adapted to the risk profile and take into account the risk appetite. The limits apply to current and forecasted values, both on an individual and consolidated basis.

As at 31 December 2024, the Group's leverage ratio was 7.06% and increased compared to 30 June 2024 by 0.47 pp. considering insignificant changes of total exposure amount in this period. The growth of the leverage ratio results from the increase in the amount of Tier I capital in the analysed period.

13. ENCUMBERED AND UNENCUMBERED ASSETS

An asset should be considered encumbered when it is the subject of a pledge or any contract to protect, hedge or support the credit quality of a transaction, which cannot be freely withdrawn, as withdrawal or replacement by other assets requires prior approval by the other party of transactions.

As a part of liquidity management, the Bank secures liabilities by encumbering assets due to:

- lombard and technical credit,
- REPO operations,
- the Bank Guarantee Fund,
- other operations to obtain liquidity or to guarantee settlements.

The Bank also uses assets encumbering as an important parameter that reduces the cost of obtaining financing. The level of encumbrance of the Bank's assets is low and is irrelevant to the Bank's business model.

The Bank has collaterals established in the settlement systems, in the relation with central counterparties or other institutions creating infrastructure as a condition for the access to the service.

Table 53 EU AE1 – Encumbered and unencumbered assets

		Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
			of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA		of which EHQLA and HQLA
		010	030	040	050	060	080	090	100
010	**Assets of the reporting institution**	4 220 982	1 427 091	-	-	163 318 608	53 964 913	-	-
030	Equity instruments	-	-	-	-	240 330	-	39 000	-
040	Debt securities	1 427 091	1 427 091	1 350 021	1 350 021	54 046 017	53 964 913	52 062 725	51 995 127
050	of which: covered bonds	-	-	-	-	-	-	-	-
060	of which: securitisations	-	-	-	-	-	-	-	-
070	of which: issued by general governments	1 427 091	1 427 091	1 350 021	1 350 021	23 658 241	23 658 241	27 496 555	27 496 555
080	of which: issued by financial corporations	-	-	-	-	25 309 067	25 309 067	24 498 572	24 498 572
090	of which: issued by non-financial corporations	-	-	-	-	81 104	-	67 597	-
120	**Other assets**	2 793 891	-	-	-	109 032 262	-	-	-

Table 54 EU AE2 – Collateral received and own debt securities issued

		Fair value of encumbered collateral received or own debt securities issued		Unencumbered: Fair value of collateral received or own debt securities issued available for encumbrance	
			of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA
		010	030	040	060
130	Collateral received by the reporting institution	-	-	62 536 093	-

140	Loans on demand	-	-	-	-
150	Equity instruments	-	-	-	-
160	Debt securities	-	-	-	-
170	of which: covered bonds	-	-	-	-
180	of which: securitisations	-	-	-	-
190	of which: issued by general governments	-	-	-	-
200	of which: issued by financial corporations	-	-	-	-
210	of which: issued by non-financial corporations	-	-	-	-
220	Loans and advances other than loans on demand	-	-	7 993 240	-
230	Other collateral received	-	-	54 542 853	-
240	**Own debt securities issued other than own covered bonds or securitisations**	-	-	-	-
241	**Own covered bonds and asset-backed securities issued and not yet pledged**	-	-	-	-
250	**TOTAL ASSETS, COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED**	4 220 982	1 427 091	-	-

Table 55 EU AE3 – Sources of encumbrance

		Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and securitisations encumbered
		010	030
010	**Carrying amount of selected financial liabilities**	**3 782 199**	**3 872 210**

14. INFORMATION ON THE REMUNERATION POLICY

In fulfilment of the disclosure obligation arising from CRR Regulation information on the Remuneration Policy for 2024 is presented below.

The Bank implemented the *Remuneration Policy for persons having material impact on the risk profile of BNP Paribas Bank Polska S.A.* (hereinafter referred to as "the Remuneration Policy"), *Regulations of awarding and payment of variable remuneration components to Members of the Management Board of BNP Paribas Bank Polska S.A*. and *Regulations of awarding and payment of the variable remuneration components to persons having material impact on the Bank's risk profile other than the Members of the Management Board of BNP Paribas Bank Polska S.A*. are valid at the Bank. The above regulations constitute a document superior to other documents at the Bank regarding remuneration policy and rules applicable to employees whose professional activity has a significant impact on the Bank's risk profile.

The basic assumptions of the Remuneration Policy:

1. The Remuneration Policy supports appropriate and effective risk management and ensures that persons identified as having material impact on the Bank's risk profile are not encouraged to take excessive and inadequate risk.
2. The Remuneration Policy meets the requirements in relation to the principles set out in 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 in banks, and Directive of the European Parliament and of the Council (EU) 2019/878 of 20 May 2019 amending Directive 2013/36/EU as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures.
3. The main goals of the Remuneration Policy:
    - to support appropriate and effective governance of the Bank, the strategy of risk management at the Bank and to reduce conflict of interests;
    - to set forth basic principles for allocating and paying remuneration to employees identified as having material impact on the Bank's risk profile;
    - to encourage persons identified as having material impact on the Bank's risk profile to achieve targets set for them by using relevant remuneration categories, including performance-based remuneration;
    - to ensure that persons identified as having material impact on the Bank's risk profile are not encouraged to take excessive and inadequate risk;

- to establish a legal framework for documentation defining a detailed mechanism of the allocation, acquisition of rights to remuneration and its payment under the principles specified in the Policy,
- to ensure a sound, balanced and controllable Policy considering the principles of non-discrimination in employment, equal treatment in remuneration and gender neutrality.

4. Variable remuneration is not paid using constructs or methods designed to avoid the application of the principles of the Remuneration Policy and applicable laws and regulations.
5. Remuneration paid to persons having material impact on the Bank's risk profile shall be adequate, that is it shall reflect their contribution in achieving the Bank's goals, amount of labour and best market practice with respect to rewarding persons in similar positions adopted on the Polish market, and shall ensure proper balance between fixed remuneration and variable remuneration.
6. In order to guarantee the independence of persons holding control functions, the Policy sets out the following special conditions for remuneration paid to such persons:
   - the amount of fixed remuneration shall be sufficient to ensure the Bank's ability to attract skilled and experienced staff;
   - variable remuneration of persons holding control functions may not depend on financial results achieved in the Bank's areas controlled by them;
   - a majority of criteria and targets on which the acquisition of the right to variable remuneration depends shall be related to the position held;
   - the variable remuneration shall not be paid to persons holding control functions if the rating they received is lower than "satisfies requirements".
7. Remuneration shall be paid in a way non-discriminating any category of the Bank's employees, while retaining the right to equal remuneration for equal work.
8. The Supervisory Board is responsible for the approval of the Remuneration Policy and amendments thereto and periodically evaluates the implementation and application of the Remuneration Policy at the Bank.
9. All decisions pertaining to remuneration, including decisions on the allocation of variable remuneration, acquisition of the right to deferred variable remuneration and payment thereof, as well as the application of adjustment mechanisms with respect to this remuneration (Malus), shall be the responsibility of:
   - the Supervisory Board (after Remuneration Committee recommendation) – with respect to remuneration of Members of the Management Board;
   - the Management Board – with respect to remuneration of other Persons having material impact on the Bank's Risk Profile, after positive opinion of the Supervisory Board to annual financial statement.
10. The Remuneration Committee of the Supervisory Board supports the Supervisory Board in the process of approving the Remuneration Policy and evaluating its implementation and application at the Bank, and issues opinions and recommendations on the remuneration of Members of the Management Board. The Remuneration Committee consists of at least three members. The Remuneration Committee meets at least once a year. In 2024, four meetings of the Remuneration Committee were held and three votes in circural mode on decisions taken by the Remuneration Committee.
11. The Policy shall be reviewed by the Remuneration Committee at least once a year, in particular with regard to:
    - the functioning of the Policy in accordance with its goals;
    - compliance of the Policy with the Polish law and European regulations;
    - consistence of the Bank practice with the market practice.
12. A report on the Policy review performed at least once in the year and shall be submitted to the Supervisory Board for approval. On 29 February 2024, the Supervisory Board adopted the Report on the assessment of the functioning of the remuneration policy at the Bank in 2023. The Report was adopted by the Ordinary General Shareholders' Meeting on 16 April 2024.
13. On 9 May 2023 the Superrvisory Board amended changes to the Remuneration Policy that would unequivocaly regulate responsibilities of the Bank's subsidiaries in reference to implementation of terms and conditions resulting from the Remuneration Policy.
14. The variable remuneration amount is determined on the basis of individual performance and the performance of the Bank as a whole. The main criteria included in the objectives of the Bank's Management Board:
    - net ROE
    - strategic financial goals of the Bank (net profit, NBI, C/I), new production of sustainable financing

- financial, specific goals defined for the area / business (e.g. business line NBI, area cost, impairment, business line ROE, , NPL)
- strategic and non-financial goals
- risk area specific objectives

15. In accordance with the resolution of the Extraordinary General Meeting of the Bank of 11 December 2018, the maximum level of the ratio of variable remuneration to fixed remuneration for the Members of the Management Board and the Executive Director of the Human Resources Area is 200%. For other employees covered by the Remuneration Policy, the maximum level of the ratio of variable to fixed remuneration is 100%.
16. Goals shall be set individually for each person having material impact on the Bank's risk profile, taking into account:
    - adjustment of these goals to the Bank's risk profile;
    - possibility of using risk adjustment mechanisms;
    - principles of transparency and openness.
17. Targets shall be set individually for each person having material impact on the Bank's risk profile taking into account:
    - possibility of using risk adjustment mechanisms;
    - principles of transparency and openness;
    - adjustment of these targets to the Bank's Risk Profile.
18. An evaluation of the individual performance of particular persons having material impact on the Bank's risk profile shall be performed after the end of each year during the evaluation period. Such an evaluation shall in particular take into consideration an annual compliance and risk assessment performed in accordance with separate internal regulations.
19. In order to create conditions encouraging special care for the long-term good of the Bank, employees whose variable remuneration exceeds EUR 50,000 or 1/3 of the total remuneration, at least 50% of the variable remuneration is assigned in the form of the Bank's shares.
20. Variable Remuneration in the form of the Bank's shares is subject to a retention period of one year.
21. In order to adopt the risk profile that will be appropriate for a long-term business strategy of the Bank and to adjust the variable remuneration to the risk profile, individual performance and the Bank's performance, as well as to secure the compliance with the principle of not rewarding for poor performance, the Bank shall apply ex ante and ex post mechanisms of assessment and adjustment of risk and variable remuneration.
22. Employees having a significant impact on the Bank's risk profile are subject to individual risk assessment, which includes an analysis of the overall assessment of the employee's behavior made by the supervisor (manager) and independent risk management functions at the Bank, taking into account the following criteria:
    - awareness of the basic risks / threats related to the performed work, taking into account the risks occurring in everyday activities in the appropriate time perspective; the criterion takes into account the rules in force at the Bank, including those resulting from the requirements of the BNP Paribas Group regarding risk limits,
    - notifying, in a transparent manner and in a timely manner, the relevant units about noticed changes in the risk profile,
    - activity in optimizing control methods.

    Where deficiencies of minor or moderate significance are identified, the premium is reduced, in the case of major deficiencies the bonus is not due.
23. Ex ante mechanisms shall be used prior to the allocation of variable remuneration to which persons having material impact on the Bank's risk may potentially acquire the right, in order to adjust this remuneration to all current and future risks, and they have an immediate effect on the maximum variable remuneration to which such persons may acquire the right for a particular evaluation period and on his/her risk-based behavior. Ex ante mechanisms shall include in particular:
    - an assessment whether the variable remuneration reflects the Bank's results, the organizational unit's results and the level of accomplishment of targets by persons having material impact on the Bank's risk profile;
    - risk measurement taking into account measures mitigating it in order to maintain the desired risk profile;
    - risk assessment taking into account both quantitative and qualitative risk adjustments;
    - compliance assessment,
    - inclusion of the cost of capital and avoidance of situations where the acquisition by persons having a material impact on the Bank's risk profile of the right to variable remuneration and the payment of that remuneration – both in the deferred part and in the remaining part – would restrict the possibilities of strengthening the regulatory capital, the solvency ratio and the Bank's equity.

24. Ex post mechanisms shall be used before the final determination of the amount of variable remuneration payable in order to guarantee that persons having a material impact on the Bank's risk profile are rewarded taking into account long-term effectiveness and consequences of decisions made in the past. Ex post mechanisms shall include in particular:
    - application of the deferral and retention period and separation of the deferred part of the variable remuneration;
    - payment of a portion of variable vemuneration in the form of the Bank's shares;
    - application of the Malus mechanism:
        - significant deterioration of the Bank's financial results, resulting in a change in the assessment of the original circumstances of determining the variable remuneration, in particular:
            - financial loss resulting from circumstances on which the person having a significant impact on the Bank's risk profile had an influence, including participation in activities which resulted in significant losses of the Bank, or was responsible for such activities (such a circumstance will not be a change in the law),
            - the situation referred to in Article 142 sec. 1 of the Banking Law.
        - a significant negative change in the Bank's primary funds, resulting in a change in the assessment of the original circumstances of establishing the variable remuneration:
            - decrease in the capital adequacy ratio below the internal warning threshold of the Bank,
            - reduction of the solvency ratio below the supervisory standard,
            - lowering one of the liquidity measures (M1, M2, M3 and M4) below the supervisory standards.
        - significant failure of a given person having a significant impact on the Bank's risk profile regarding the principles of risk management, resulting in a change in the assessment of the original circumstances of determining the variable remuneration for the assessment period;
        - proven misconduct of a given person having a significant impact on the Bank's risk profile or committing material errors or failing to meet the applicable reputation standards, e.g. by acting in breach of the adopted code of conduct, codes of ethics, compliance guidelines or the Bank's core values;
        - a person having a significant impact on the Bank's risk profile did not meet the relevant standards regarding the guarantee of safe and prudent management of the Bank;
        - failure by a given person having a significant impact on the Bank's risk profile to meet the applicable standards in terms of competence and proper conduct;
        - determination of the variable remuneration on the basis of incorrect, misleading information or as a result of a deliberate action of a given person having a significant impact on the Bank's risk profile to the detriment of the Bank, having a significant impact on the assessment of the achievement of its goals in a given assessment period or deferral period;
    - withholding or reducing payment of variable remuneration in case of the Bank does not meet the combined buffer requirement within the meaning and on the terms set out in Article 55 and 56 of the Macroprudential Act.
25. The non-deferred part of the variable remuneration is payable after the level of achievement of the goals by individual employees identified as having an impact on the Bank's risk profile for a given assessment period has been assessed and the value of the variable remuneration has been determined. The deferred part of the variable remuneration is payable after the end of each annual accounting period falling within the given deferment period and after the verified amount of the variable remuneration has been determined. The amount of deferred variable remuneration shall be determined taking into account the circumstances, set out in the Remuneration Policy, resulting in its reduction or inability to acquire the right to deferred variable remuneration.
26. Variable remuneration that exceeds the equivalent of €50,000 or 1/3 of an employee's total remuneration shall be deferred. A deferred part of at least 40% of variable remuneration is determined after the end of the assessment period for which the remuneration is due. The deferral period amounts to a minimum of five years for senior executives and a minimum of four years and a maximum of five years for employees other than senior executives. The maximum deferral period of five years is applied in the case of an allocation of variable remuneration that exceeds a particularly high amount. Personal attitudes:
    - a significant failure of a particular person having material impact on the Bank's risk profile concerning the risk management principles, resulting in a change of the original circumstances of determining the variable remuneration for the evaluation period;
    - proven misconduct of a particular person having material impact on the Bank's risk profile or significant errors made or a failure to meet applicable standards related to reputation, e.g. through non-compliance with the code of conduct, codes of ethics, compliance guidelines or core values of the Bank;
    - a particular person having material impact on the Bank's risk profile does not meet relevant standards for the warranty of safe and prudent management of the Bank;
    - failure to meet by a particular person having material impact on the Bank's risk profile the applicable standards related to competence and proper conduct;

- determination of variable remuneration on the basis of incorrect, misleading information or as a result of deliberate action of a particular person having material impact on the Bank's risk profile to the detriment of the Bank, having a considerable effect on the assessment of the accomplishment of its targets in a particular evaluation period or deferral period.

27. Persons covered by the Remuneration Policy are obliged not to use their own hedging strategies or insurance with respect to their remuneration and responsibility, which would neutralize the measures taken with respect to these persons under the Remuneration Policy, excluding the mandatory insurance arising from specific law provisions.

Quantitative information for 2024 on the amount of remuneration of people covered by the Remuneration Policy

The information on compensation presented below includes the total of fixed and variable compensation, as well as benefits paid in 2024 to the employees covered by the Remuneration policy for persons having material impact on the risk profile of BNP Paribas Bank Polska S.A. in 2024. As of the date of publication of this document, the variable remuneration for 2024 has not yet been awarded. Quantitative data on variable remuneration components for 2024 will be published together with information on the capital adequacy of the BNP Paribas Bank Polska S.A. Capital Group prepared as at 31 March 2025.

At the request of the relevant member state or competent authority, the bank will be ready to provide information on the total compensation for each member of the management body or senior management.

The Bank shall benefit from the derogation provided for in Article 94 (3) of Directive 2013/36/EU from the requirements of Article 94 (1) (l) and (m) of Directive 2013/36/EU.

Table 56 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	13	8	12	140
2		Total fixed remuneration	1 831	12 640	8 745	59 212
3		Of which: cash-based	1 831	11 840	8 295	57 100
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	-	800	450	2 112
8		(Not applicable in the EU)				
9	Variable remuneration	Number of identified staff				
10		Total variable remuneration				
11		Of which: cash-based				
12		Of which: deferred				
EU-13a		Of which: shares or equivalent ownership interests				
EU-14a		Of which: deferred				
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				
16		Of which: deferred				
17	**Total remuneration (2 + 10)**		**1 831**	**12 640**	**8 745**	**59 212**

Table 57 EU REM2 – Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff) *(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
	Guaranteed variable remuneration awards				
1	Guaranteed variable remuneration awards - Number of identified staff	-	-		
2	Guaranteed variable remuneration awards -Total amount	-	-		

3	Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap	-	-	-	-
	Severance payments awarded in previous periods, that have been paid out during the financial year				
4	Severance payments awarded in previous periods, that have been paid out during the financial year	-	-	-	-
5	Severance payments awarded in previous periods, that have been paid out during the financial year	-	-	-	-
	Severance payments awarded during the financial year				
6	Severance payments awarded during the financial year - Number of identified staff	-	-	-	1
7	Severance payments awarded during the financial year - Total amount	-	-	-	120
8	Of which paid during the financial year	-	-	-	120
9	Of which deferred	-	-	-	-
10	Of which severance payments paid during the financial year, that are not taken into account in the bonus cap	-	-	-	-
11	Of which highest payment that has been awarded to a single person	-	-	-	-

Table 58 EU REM3 – Deferred remuneration (*ths PLN*)

		a	b	c	d	e	f	EU - g	EU - h
	Deferred and retained remuneration	Total amount of deferred remuneration awarded for previous performance periods	Of which due to vest in the financial year	Of which vesting in subsequent financial years	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e.changes of value of deferred remuneration due to the changes of prices of instruments)	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods
1	MB Supervisory function	507	141	388				80	34
2	Cash-based	250	61	189					
3	Shares or equivalent ownership interests	257	80	199				80	34
4	Share-linked instruments or equivalent non-cash instruments								
5	Other instruments								
6	Other forms								
7	MB Management function	6 063	1 234	4 829				651	216
8	Cash-based	3 308	583	2 725					
9	Shares or equivalent ownership interests	2 755	651	2 104				651	216
10	Share-linked instruments or equivalent non-cash instruments								
11	Other instruments								
12	Other forms								
13	Other senior management	2 070	502	1 567				294	72
14	Cash-based	1 143	208	935					
15	Shares or equivalent ownership interests	927	294	632				294	72
16	Share-linked instruments or equivalent non-cash instruments								
17	Other instruments								
18	Other forms								
19	Other identified staff	4 600	1 118	3 482				600	201
20	Cash-based	2 509	518	1 991					
21	Shares or equivalent ownership interests	2 091	600	1 491				600	201
22	Share-linked instruments or equivalent non-cash instruments								
23	Other instruments								
24	Other forms								
25	Total amount	13 240	2 995	10 266	-	-	-	1 625	523

Table 59 EU REM4 - Remuneration of 1 million EUR or more per year

	EUR	a Identified staff that are high earners as set out in Article 450(i) CRR
1	1 000 000 to below 1 500 000	1

Table 60 EU REM5 - Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff) *(ths PLN, the information on the number of employees is expressed as a full number)*

		a	b	c	d	e	f	g	h	i	j
		Management body remuneration			Business areas						
		MB Supervisory function	MB Management function	Total MB	Investment banking	Retail banking	Asset management	Corporate functions	Independent internal control functions	All other	Total
1	Total number of identified staff	13	8	21	6	22	5	34	68	38	**173**
2	Of which: Members of the MB	13	8	21	1	1	0	1	1	17	**21**
3	Of which: other senior management				0	0	1	3	7	1	**12**
4	Of which: other identified staff				5	21	4	30	60	20	**140**
5	Total remuneration of identified staff										
6	Of which: variable remuneration										
7	Of which: fixed remuneration	1 831	12 640	14 471	2 524	10 563	2 046	13 834	25 319	13 670	**67 956**

In 2024, the list of employees, who professional activity has an impact on Bank risk profile was prepared taking into account requirements of 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 in banks and Commission Delegated Regulation (EU) No 2021/923 of 25 March 2021 supplementing Directive 2013/36/EU of the European Parliament and of the Council with regard to regulatory technical standards setting out the criteria to define managerial responsibility, control functions, material business units and a significant impact on a material business unit's risk profile, and setting out criteria for identifying staff members or categories of staff whose professional activities have an impact on the institution's risk profile that is comparably as material as that of staff members or categories of staff referred to in Article 92(3) of that Directive.

15. 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 CRR Regulation 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 December 2024*, which includes key indicators and figures that provide external stakeholders with a comprehensive view of risk profile determined by the Management Board and approved by the Supervisory Board.

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

12.03.2025	**Przemysław Gdański** *President of the Management Board*	*qualified electronic signature*
12.03.2025	**Andre Boulanger** *Vice-President of the Management Board*	*qualified electronic signature*
12.03.2025	**Małgorzata Dąbrowska** *Vice-President of the Management Board*	*qualified electronic signature*
12.03.2025	**Wojciech Kembłowski** *Vice-President of the Management Board*	*qualified electronic signature*
12.03.2025	***Piotr Konieczny*** *Vice-President of the Management Board*	*qualified electronic signature*
12.03.2025	**Magdalena Nowicka** *Vice-President of the Management Board*	*qualified electronic signature*
12.03.2025	**Volodymyr Radin** *Vice-President of the Management Board*	*qualified electronic signature*
12.03.2025	**Agnieszka Wolska** *Vice-President of the Management Board*	*qualified electronic signature*

Warsaw, 12 March 2025