



Recommendations of the Polish Financial Supervision Authority (KNF) on the additional capital requirement for the Bank on consolidated level and regarding an increase of the Bank's own funds through retaining total earnings generated in 2015.

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With reference to the Current Report No 76/2015 dated 24 October 2015, the Management Board of Bank BGŻ BNP Paribas S.A. (hereinafter: "the Bank") hereby informs you that on 23 March 2016 they received a letter from the Polish Financial Supervision Authority (KNF) with recommendations on the additional capital requirement to be maintained on consolidated level to hedge the risk involved in foreign currency mortgage loans for households and regarding the dividend policy.

The KNF recommends that the Bank's Capital Group should maintain its own funds to cover the additional capital requirement at 0.72 pp, that should comprise at least 75% of Tier I capital (which corresponds to 0.54pp).

Therefore, the minimum capital ratios for the Bank on consolidated basis valid at the end of 2015, taking into account the additional capital requirement should equal at least: Tier1=9.54% and TCR = 12.72%. At the same time the minimum capital ratios on standalone basis remained unchanged at: Tier 1=9.53% and TCR = 12.71%.

As at 31 December 2015, the Bank met KNF requirements with regard to recommended minimum capital ratios both on the standalone and consolidated basis.

The Bank's capital ratios T1 and TCR as at 31 December 2015 on standalone basis stood at 12.12% and 13.78%, and on consolidated basis stood at 11.76% and 13.45% respectively.

However, as from 1 January 2016 the minimum capital ratios for the Bank, taking into account the additional capital requirement and new regulatory conservation buffer requirements, should equal at least:

a) on the standalone basis:

- Tier 1 - 10,78%
- TCR - 13,96%.

b) On the consolidated basis:

- Tier 1 - 10,79%
- TCR - 13,97%.

In the said letter, the KNF also recommended that the Bank increase the own funds through retaining total earnings generated between 1 January and 31 December 2015.

Considering the above mentioned recommendations, the Bank's Management Board and the Supervisory Board will recommend to the Annual General Meeting to allocate the total net profit generated by the Bank for the financial year ended 31 December 2015 to increase the Bank's own funds.

Moreover, the Management Board informs, that having included in January 2016 the subordinated debt amounts, including PLN 440 million and EUR 40 million of subordinated loans under the subordinated loan agreements concluded by the Bank with BNP Paribas S.A. based in Paris on 29 December 2015, into the Bank's Tier 2 capital calculation, the level of the Bank's own funds allows it to meet the minimum capital requirements for 2016 imposed by the KNF.

Legal basis:

article 56 item 1, point 1) of the Act on Public Offerings and Conditions for Introducing Financial Instruments to an Organized Trading System and on Public Companies of 29 July 2005 in conjunction with article 78 item 1, point 1) of the Minister of Finance Ordinance dated 19 February 2009 regarding current and periodical information disclosed by issuers of securities and conditions for recognizing as equivalent information required by the laws of a non-member state (consolidated text: Journal of Laws of 2014, item 133)