BGŻ BNP PARIBAS

Letter of the Polish Financial Supervision Authority on the additional capital requirement for the Bank on the consolidated basis

current report no. 35/2017

date: 15 December 2017

The Management Board of Bank BGŻ BNP Paribas S.A. ("the Bank") hereby announces that on 15 December 2017 it received from the Polish Financial Supervision Authority ("KNF") the letter informing that the Bank should maintain own funds for the coverage of additional capital requirement in order to secure the risk resulting from FX mortgage loans for households on the consolidated basis at the level of 0.60 pp above the level of Total Capital Ratio as mentioned in Article 92, para. 1(c) of the 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 ("Regulation (EU) No 575/2013").

Additional capital requirement should consist of at least 75% of Tier I capital (which corresponds to capital requirement at the level of 0.45 pp above the level of Tier I Capital Ratio as mentioned in Article 92, para. 1(b) of the Regulation (EU) No 575/2013), and should consist of at least 56% of core Tier I capital (which corresponds to capital requirement at the level of 0.34 p.p. above the level of Core Tier I Ratio as mentioned in Article 92, para. 1(a) of the Regulation (EU) No 575/2013).

Previously, as the Bank informed in current report no 39/2016 published on 27 December 2016, the Bank was obliged to maintain own funds for the coverage of additional capital requirement in order to secure the risk resulting from FX mortgage loans for households on the consolidated basis at the level of 0.68 pp, which should have consisted of at least 75% of Tier I capital (which corresponded to 0.51 pp) and of at least 56% of core Tier I capital (which corresponded to 0.38 pp).

At the same time, in the letter mentioned above KNF informed the Bank, making reference to the criteria for the needs of the dividend policy of banks for 2018 published by the KNF on 24 November 2017, that as a result of the analyses performed as part of stress tests conducted by the Office of the Polish Financial Supervision Authority (UKNF), it has been specified that in the Bank's case the ST measuring the Bank's sensitivity to an adverse macroeconomic scenario defined as a difference between the TCR in the reference scenario and the TCR in the shock scenario, including supervisory adjustments, amounts to 0.00%

Legal basis

Article 17, item 1 of the MAR Regulation – inside information