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**BANK BGŹ BNP PARIBAS S.A.  
CAPITAL GROUP**

**CAPITAL ADEQUACY INFORMATION  
AS AT 30 SEPTEMBER 2018**

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## 1. INTRODUCTION

In accordance with the Regulation of the European Parliament and of the Council (EU) No 575/2013 as at 26 June 2013 on prudential requirements for credit institutions and investment firms, amending Regulation (EU) No 648/2012 (Acts. Office. EU. L No. 176, p. 1), hereinafter referred to as "**Regulation (EU) No 575/2013**", Bank BGZ BNP Paribas SA with its registered office in Warsaw, hereinafter referred to as "**Bank**", is obliged to publish in a publicly accessible manner information about the qualitative and quantitative adequacy of the capital excluding irrelevant information, proprietary or confidential.

According to the art. 433 of Regulation (EU) No 575/2013, the Bank publishes at least annually, the disclosures of which is required by virtue of Part Eight of Regulation (EU) No 575/2013. Pursuant to the obligation specified in article 13 of the Regulation (EU) No 575/2013, Bank publicly discloses as defined in art. 437, 438, 440, 442, 450, 451 and 453 the information based on data available at the highest, national level of consolidation for prudential purposes. In addition, Bank discloses information on unencumbered assets based on art. 443 of Regulation (EU) No 575/2013.

In the light of the scale and relevant characteristics of Bank's business and taking into account European Banking Authority Guidelines on disclosure requirements under Part Eight of Regulation (EU) No 575/2013 - **EBA/GL/2016/11**, the Bank discloses quarterly some information regarding capital adequacy and pay particular attention to the possible need for more frequent disclosure of items of information laid down in Article 437, and points (c) to (f) of Article 438 of Regulation (EU) No 575/2013, and information on risk exposure and other items prone to rapid change.

This document provides information on the capital adequacy of the Bank BGZ BNP Paribas SA Capital Group as at 30 September 2018.

## 2. OWN FUNDS

Based on the art.437 of the Regulation (EU) No 575/2013 the Bank discloses full reconciliation of own funds items in relation to the financial statements.

**Table 1. Full reconciliation of own funds items in relation to the financial statements as at 30 September 2018**

POSITIONS OF THE CONSOLIDATED FINANCIAL STATEMENT USED FOR THE CALCULATION OF OWN FUNDS	Positions on 30 September 2018	Correction for companies not subject to prudential consolidation	Filters	[k. PLN]	
				Part of the unrecognized annual profit	OWN FUNDS POSITIONS
<b>Assets</b>					
Intangible assets	309 673	-7 802			317 475
Deferred tax assets net of related tax liability	616 346	652			615 694
<b>Liabilities</b>					
Subordinated liabilities	1 689 887				1 687 994
- including subordinated loans recognized as instruments in Tier II	1 689 887				1 687 994
<b>Core capital</b>					
Common Shares	97 538				97 538
Other capital instruments, including:	7 118 932				7 118 932
- share premium accounts	4 059 196				4 059 196
- general risk fund	627 154				627 154
- reserve capital	2 432 582				2 432 582
revaluation reserve, including:	127 880				157 857
- unrealized profits	158 246				158 246
Result of the current year	319 499	6 722		127 210	312 777

Bank discloses own funds structure together with regulatory adjustments to Tier I and Tier II capital.

**Table 2. The own funds structure with regulatory adjustments as at 30 September 2018**

No.*		AMOUNT AT DISCLOSURE DATE (k. PLN)	REGULATION (EU) No 575/2013 ARTICLE REFERENCE
<b>Common Equity Tier I capital: instruments and reserves</b>			
1	Capital instruments and the related share premium accounts	4 156 735 26	(1), 27, 28, 29
	Of which: common shares	97 538	EBA list 26 (3)
2	Retained earnings	-145 372 26	(1) (c)
3	Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	2 560 461 26	(1)
3a	Funds for general banking risk	627 154 26	(1) (f)
6	<b>Common Equity Tier I (CET1) capital before regulatory adjustments</b>	<b>7 198 978</b>	
<b>Common Equity Tier I (CET1) capital: regulatory adjustments</b>			
28	<b>Total regulatory adjustments to Common Equity Tier I (CET1)</b>	<b>-35 740</b>	
29	<b>Common Equity Tier I (CET1) capital</b>	<b>7 163 238</b>	
44	Additional Tier I (AT1) capital	0	
45	Tier I capital (T1 = CET1 + AT1)	7 163 238	
<b>Tier II (T2) capital: instruments and provisions</b>			
58	Tier II (T2) capital	1 687 994	
59	Total capital (TC = T1 + T2)	8 851 232	
60	Total risk weighted assets	58 145 604	
<b>Capital ratios and buffers</b>			
61	Common Equity Tier I (as a percentage of risk exposure amount)	12,32%	92 (2) (a)
62	Tier I (as a percentage of risk exposure amount)	12,32%	92 (2) (b)
63	Total capital (as a percentage of risk exposure amount)	15,22%	92 (2) (c)

### 3. CAPITAL REQUIREMENTS

According to art. 438 of the Regulation (EU) No 575/2013, the Bank is publishing overview of risk weighted assets and amounts representing 8% of the risk-weighted exposure, separately for each exposure class, which are presented in tables below:

**Table 3. Risk wiewghted assets overview as at 30 September 2018**

[k. PLN]		RWAs		Capital requirements
		30 September 2018	30 June 2018	30 September 2018
<b>1</b>	<b>Credit risk</b>	<b>52 201 276</b>	<b>51 109 446</b>	<b>4 176 102</b>
2	Of which standardised approach	52 201 276	51 109 446	4 176 102
4	Of which advanced IRB approach			
5	Of which equity positions under the simple risk-weighted approach			
<b>6</b>	<b>Counterparty Credit Risk</b>	<b>815 707</b>	<b>831 005</b>	<b>65 257</b>
7	Of which mark-to-market	623 933	631 912	49 915
10	Of which internal model method (IMM)			
11	Of which CCP - default fund contributions			
12	Of which CVA	191 774	199 093	<b>15 342</b>
<b>14</b>	<b>Securitisation exposures in the banking book</b>			
15	Of which IRB approach (IRB)			
16	Of which IRB supervisory formula approach (SFA)			
17	Of which internal assessment approach (IAA)			
18	Of which standardised approach			
<b>19</b>	<b>Market risk</b>	<b>425 192</b>	<b>384 156</b>	<b>34 015</b>
20	Of which standardised approach	425 192	384 156	34 015
21	Of which IMA			
<b>23</b>	<b>Operational risk</b>	<b>4 703 428</b>	<b>4 703 428</b>	<b>376 274</b>
24	Of which basic indicator approach	93 465	93 465	<b>7 477</b>
25	Of which standardised approach	4 609 963	4 609 963	<b>368 797</b>
26	Of which advanced measurement approach (AMA)			
<b>27</b>	<b>Amounts below the thresholds for deduction (subject to 250% risk weight)</b>			<b>-</b>
<b>29</b>	<b>TOTAL</b>	<b>58 145 604</b>	<b>57 028 035</b>	<b>4 651 648</b>

## 4. LEVEREGE RISK

The Bank discloses some information on its leverage ratio based on Commission Implementing Regulation (EU) 2016/200 of 15 February 2016 laying down implementing technical standards with regards to disclosure of the leverage ratio of institutions according to art. 451 of the Regulation (EU) No 575/2013 (Acts. Office. EU. Series L No. 39, p. 5) with later D.

The Calculation of leverage ratio of the Bank Capital Group as at 30 September 2018 was made under the provisions of Commission Delegated Regulation (EU) 2015/62 as at 10 October 2014 amending Regulation (EU) No 575/2013 in respect of the leverage ratio (Acts. Office. EU. Series L No. 309, p. 5), hereinafter referred to as "Delegated Regulation 2015/62.". According to the Delegated Regulation 2015/62 financial leverage ratio is expressed as a percentage of the value of the quotient of Tier I capital and total exposure measure by the end of the reporting period, while total exposure measure is the sum of the exposure values determined under all of the assets and off-balance items not deducted when determining the capital measure Tier I.

**Table 4. Leverage Ratio**

Reference date	30 September 2018
Entity name	Bank BGŻ BNP Paribas S.A.
Level of application	consolidated

**Table 5. Summary reconciliation of accounting assets and leverage ratio exposures as at 30 September 2018**

	Applicable Amount in k. PLN
<b>1 Total assets as per published financial statements</b>	<b>69 740 148</b>
2 Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	
3 (Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio total exposure measure in accordance with Article 429(13) of Regulation (EU) No 575/2013)	
4 Adjustments for derivative financial instruments	1 513 022
5 Adjustment for securities financing transactions (SFTs)	
6 Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	6 483 977
EU-6a (Adjustment for intragroup exposures excluded from the leverage ratio total exposure measure in accordance with Article 429(7) of Regulation (EU) No 575/2013)	0
EU-6b (Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with Article 429(14) of Regulation (EU) No 575/2013)	0
7 Other adjustments	0
<b>8 Leverage ratio total exposure measure</b>	<b>77 737 147</b>

**Table 6. Leverage ratio common disclosure as at 30 September 2018**

	CRR leverage ratio exposures in k. PLN
<b>Capital and total exposure measure</b>	
<b>20 Tier I capital</b>	<b>7 163 238</b>
<b>21 Leverage ratio total exposure measure (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)</b>	<b>77 737 147</b>
<b>Leverage ratio</b>	
<b>22 Leverage ratio</b>	<b>9,21</b>

## 5. COMPARISON OF BANK'S OWN FUNDS AND CAPITAL AND LEVERAGE RATIOS WITH AND WITHOUT THE APPLICATION OF TRANSITIONAL ARRANGEMENTS FOR IFRS 9 OR ANALOGOUS ECLS

In accordance with the Regulation of the European Parliament and of the Council (EU) No 2017/2395 of 12 December 2017 amending Regulation (EU) No 575/2013 as regards transitional arrangements for mitigating the impact of the introduction of IFRS 9 on own funds and for the large exposures treatment of certain public sector exposures denominated in the domestic currency of any Member State, the Bank discloses the amounts of own funds, Common Equity Tier 1 capital and Tier 1 capital, the Common Equity Tier 1 capital ratio, the Tier 1 capital ratio, the total capital ratio and the leverage ratio the Bank would have in case the Bank was not to apply the art. 1 of this Regulation.

**Table 7. Comparison of Banks' own funds and capital and leverage ratios with and without the application of transitional arrangements for IFRS 9 or analogous ECLs as at 30 September 2018**

	[k. PLN]	
	30 September 2018	30 June 2018
<b>Available capital (amounts)</b>		
1 Common Equity Tier I (CET1) capital	7 163 238	6 163 169
2 Common Equity Tier I (CET1) capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	6 867 728	5 867 659
3 Tier I capital	7 163 238	6 163 169
4 Tier I capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	6 867 728	5 867 659
5 Total capital	8 851 232	7 866 555
6 Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	8 555 722	7 571 045
<b>Risk-weighted assets (amounts)</b>		
7 Total risk-weighted assets	58 145 604	57 028 035
8 Total risk-weighted assets as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	57 828 143	56 762 158
<b>Capital ratios</b>		
9 Tier I (as a percentage of risk exposure amount)	12,32%	10,81%
10 Common Equity Tier I (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	11,88%	10,34%
11 Tier I (as a percentage of risk exposure amount)	12,32%	10,81%
12 Tier I (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	11,88%	10,34%
13 Total capital (as a percentage of risk exposure amount)	15,22%	13,79%
14 Total capital (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	14,80%	13,34%
<b>Leverage ratio</b>		
15 Leverage ratio total exposure measure	77 737 147	76 985 519
16 Leverage ratio	9,21%	8,01%
17 Leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	8,83%	7,62%