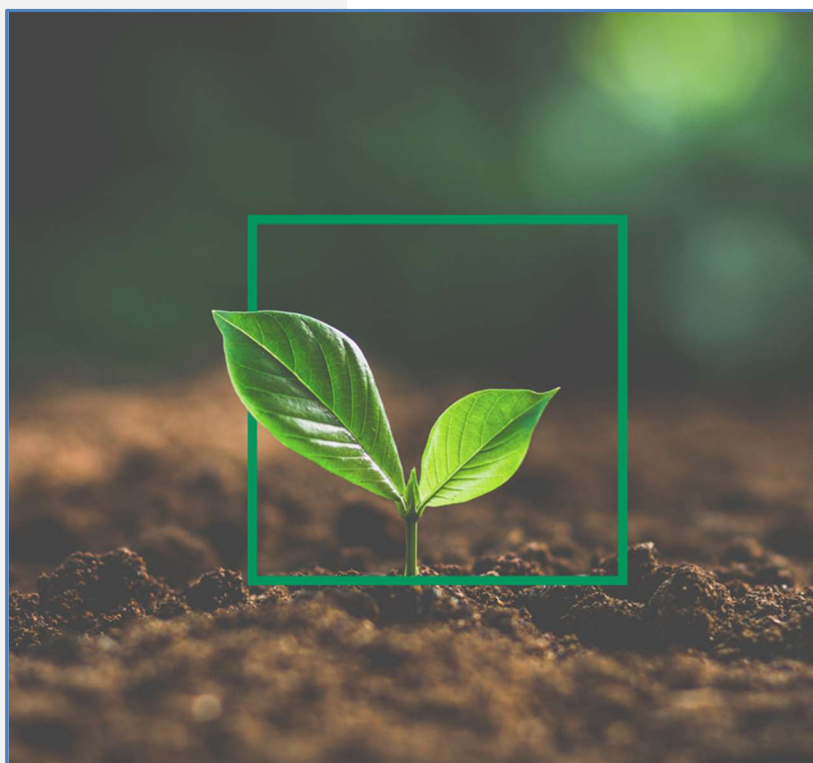


# CAPITAL ADEQUACY INFORMATION OF BNP PARIBAS BANK POLSKA S.A. CAPITAL GROUP AS OF 30 SEPTEMBER 2020

**BNP Paribas Bank Polska S.A.**



**BNP PARIBAS**

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# 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 (with the later amendments) (hereinafter "**Regulation (EU) No 575/2013**"), BNP Paribas Bank Polska S.A. 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 information on the capital adequacy excluding irrelevant information, proprietary or confidential.

The document is the implementation of the *Information policy of BNP Paribas Bank Polska S.A. regarding capital adequacy*. In particular, the scope of quarterly information was developed in accordance with EBA Guidelines of July 4, 2017 on disclosure requirements under Part Eight of Regulation (EU) No 575/2013 (hereinafter "**EBA/GL/2016/11**"). In connection with the provisions of Regulation (EU) 2020/873 of the European Parliament and of the Council of 24 June 2020 amending Regulations (EU) No 575/2013 and (EU) 2019/876 as regards certain adjustments in response to the COVID-19 pandemic (hereinafter "**Regulation (EU) No 2020/873**") the information is disclosed in accordance with the EBA Guidelines of August 11, 2020 amending the EBA/GL/2018/01 on uniform disclosure pursuant to Art. 473a of Regulation (EU) No 575/2013 (CRR) information on the transition period for mitigating the impact of the introduction of IFRS 9 on own funds to ensure with the CRR 'quick fix' in response to the COVID-19 pandemic (hereinafter "**EBA/GL/2020/12**").

Unless otherwise specified, all figures in the document are presented as of September 30, 2020, in thousands PLN, based on the data of the BNP Paribas Bank Polska S.A. Capital Group.

# 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 of 30 September 2020**

POSITIONS OF THE CONSOLIDATED FINANCIAL STATEMENT USED FOR THE CALCULATION OF OWN FUNDS	Positions on 30 September 2020	Correction for companies not subject to prudential consolidation	Filters	Part of the unrecognized annual profit	OWN FUNDS POSITIONS
<b>Assets</b>					
Intangible assets	552 575	420	-	-	552 155
Deferred tax assets net of related tax liability	871 098	-66 328	66 951	-	870 474
- including net assets not exceeding the threshold in art. 48 item 1 point a)	871 098	-66 328	66 951	-	870 474
<b>Liabilities</b>					
Subordinated liabilities	1 975 455				
- including subordinated loans recognized as instruments in Tier II	1 973 530	-	-	-	1 973 530
<b>Core capital</b>					
Common Shares	147 419	-	-	-	147 419
Other capital instruments, including:	11 318 746	-	6 316	-	11 312 430
- share premium accounts	7 259 316	-	-	-	7 259 316
- general risk fund	627 154	-	-	-	627 154
- reserve capital	3 432 277	-	6 316	-	3 425 961
revaluation reserve, including:	214 271	-	-	-	214 271
Retained earnings	-425 778	-19 755	280 550	-	-164 983
Result of the current year	565 629	-3 200	-	234 702	334 127

The 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 of 30 September 2020**

No.*		AMOUNT AT DISCLOSURE DATE	REGULATION (EU) No 575/2013 ARTICLE REFERENCE
6	Common Equity Tier I (CET1) capital before regulatory adjustments	11 562 714	
28	Total regulatory adjustments to Common Equity Tier I (CET1)	-292 346	
29	Common Equity Tier I (CET1) capital	11 270 368	
36	Additional Tier 1 (AT1) capital before regulatory adjustments	-	
43	Total regulatory adjustments to Additional Tier 1 (AT1) capital	-	
44	Additional Tier I (AT1) capital	-	
45	Tier I capital (T1 = CET1 + AT1)	11 270 368	
51	Tier 2 (T2) capital before regulatory adjustments	-	
57	Total regulatory adjustments to Tier 2 (T2) capital	-	
58	Tier II (T2) capital	1 973 530	
59	Total capital (TC = T1 + T2)	13 243 898	
60	Total risk weighted assets	83 885 088	
61	Common Equity Tier I (as a percentage of risk exposure amount)	13.44%	92 (2) (a)
62	Tier I (as a percentage of risk exposure amount)	13.44%	92 (2) (b)
63	Total capital (as a percentage of risk exposure amount)	15.79%	92 (2) (c)

\*) numbering in accordance with Annex VI of the Commission Implementing Regulation (EU) No 1423/2013

On March 19, 2020, the Regulation of the Minister of Finance (Journal of Laws of 2020, item 473) of March 18, 2020 repealing the regulation on the systemic risk buffer came into force. The regulation repealed the regulation of the Minister of Development and Finance of September 1, 2017 regarding the systemic risk buffer (Journal of Laws of 2017, item 1776), which pursuant to art. 1 clause 1 introduced the systemic risk buffer rate of 3% of the total risk exposure amount calculated in accordance with Art. 92 paragraph 3 of Regulation (EU) No 575/2013 on an individual and consolidated basis.

The level of Tier 1 capital ratios (CET 1, Tier 1) and the total capital ratio (TCR) in consolidated terms were above minimum requirements applicable for the Bank at the end of September 2020.

**Table 3. Minimum requirement regarding own funds**

30.09.2020	Minimum supervisory consolidated capital ratios	Consolidated capital ratios
CET I	7.25%	13.44%
Tier I	8.75%	13.44%
Total Capital Ratio	10.75%	15.79%

### 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 table below.

**Table 4. Risk weighted assets overview as of 30 September 2020**

	RWAs		Capital requirements
	30 September 2020	30 June 2020	30 September 2020
<b>1 Credit risk</b>	<b>73 205 899</b>	<b>74 259 057</b>	<b>5 856 472</b>
2 Of which standardised approach	73 205 899	74 259 057	5 856 472
4 Of which advanced IRB approach	-	-	-
5 Of which equity positions under the simple risk-weighted approach	-	-	-
<b>6 Counterparty Credit Risk</b>	<b>1 435 136</b>	<b>1 384 979</b>	<b>114 811</b>
7 Of which mark-to-market	1 313 798	1 254 239	105 104
10 Of which internal model method (IMM)	-	-	-
11 Of which CCP - default fund contributions	-	-	-
12 Of which CVA	121 338	130 740	9 707
<b>14 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 Market risk</b>	<b>1 101 421</b>	<b>1 041 284</b>	<b>88 114</b>
20 Of which standardised approach	1 101 421	1 041 284	88 114
21 Of which IMA	-	-	-
<b>23 Operational risk</b>	<b>8 142 632</b>	<b>8 142 632</b>	<b>651 411</b>
24 Of which basic indicator approach	147 746	147 746	11 820
25 Of which standardised approach	7 994 887	7 994 887	639 591
26 Of which advanced measurement approach (AMA)	-	-	-
<b>27 Amounts below the thresholds for deduction (subject to 250% risk weight)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>29 TOTAL</b>	<b>83 885 088</b>	<b>84 827 952</b>	<b>6 710 807</b>

### 4. LEVERAGE RATIO

The Bank publishes summary information on its leverage ratio based on the Commission Implementing Regulation (EU) 2016/200 of 15 February 2016 laying down technical standards with respect to the disclosure of information on the institution's leverage ratio in accordance with Article 451 of Regulation (EU) No 575/2013.

The bank didn't use the option of temporary exclusion of certain exposures to central banks from the total exposure measure pursuant to Article 500b of Regulation (EU) No 575/2013 introduced by the Regulation (EU) No 2020/873.

**Table 5. Leverage ratio common disclosure as of 30 September 2020**

		CRR leverage ratio exposures
<b>Capital and total exposure measure</b>		
20	Tier I capital	11 270 368
21	Leverage ratio total exposure measure (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)	132 794 542
<b>Leverage ratio</b>		
22	Leverage ratio	8.49%
<b>Choice on transitional arrangements and amount of derecognised fiduciary items</b>		
EU-23	Choice on transitional arrangements for the definition of the capital measure	transitional

## 5. TRANSITIONAL PROVISIONS

The purpose of this chapter is to present a comparison of the Bank's own funds, capital and leverage ratios with and without the application of transitional arrangements for IFRS 9 or analogous expected credit losses, and with and without the provisional treatment in accordance with Article 468 of the Regulation (EU) No 575/2013.

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 (hereinafter "**Regulation (EU) No 2017/2395**") and in regards with EBA/GL/2020/12, the Bank discloses the amounts of own funds, Common Equity Tier 1 capital and Tier 1 capital, risk weighted assets as well as 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 it wasn't apply the transitional measures resulting from the introduction of IFRS 9 and the corresponding expected credit losses, as well as the temporary treatment of unrealized gains and losses measured at fair value through other comprehensive income in connection with the COVID-19 pandemic in accordance with Article 468 of the Regulation (EU) No 575/2013.

The Bank does not use temporary treatment of unrealized gains and losses measured at fair value through other comprehensive income, in line with Article 468 of the Regulation (EU) No 575/2013. Reported capital ratios including leverage ratio and Tier 1 capital already fully reflect the effect of unrealized gains and losses measured at fair value through other comprehensive income.

The Bank, as the parent company, after analysing the requirements of Regulation (EU) No 2017/2395, decided to apply the transitional provisions provided for in this regulation, which means that for the purposes of assessing the capital adequacy of the BNP Paribas Bank Polska S.A. Group the full impact of IFRS 9 implementation is not introduced. The Bank fulfilled its obligations under the Regulation (EU) No 2017/2395 by notifying the Polish Financial Supervision Authority of its intention to apply the transitional provisions in a letter with reference number BZOW/15/2018 of January 29, 2018.

**Table 6. 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 30 September 2020**

	30 September 2020	30 June 2020	31 March 2020	31 December 2019	
<b>Available capital (amounts)</b>					
1	Common Equity Tier I (CET1) capital	11 270 368	10 940 334	10 800 016	10 706 633
2	Common Equity Tier I (CET1) capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	10 989 818	10 659 784	10 519 466	10 365 965
2a	CET1 capital as if the temporary treatment of unrealised gains and losses measured at fair value through OCI (other comprehensive income) in accordance with Article 468 of the CRR had not been applied	11 270 368			
3	Tier I capital	11 270 368	10 940 334	10 800 016	10 706 633
4	Tier I capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	10 989 818	10 659 784	10 519 466	10 365 965
4a	Tier 1 capital as if the temporary treatment of unrealised gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied	11 270 368			
5	Total capital	13 243 898	12 900 804	12 795 491	12 586 528
6	Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	12 963 348	12 620 254	12 514 941	12 245 860
6a	Total capital as if the temporary treatment of unrealised gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied	13 243 898			
<b>Risk-weighted assets (amounts)</b>					
7	Total risk-weighted assets	83 885 088	84 827 952	86 834 493	83 762 792
8	Total risk-weighted assets as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	83 739 248	84 679 493	86 685 732	83 618 128
<b>Capital ratios</b>					
9	Tier I (as a percentage of risk exposure amount)	13.44%	12.90%	12.44%	12.78%
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	13.12%	12.59%	12.14%	12.40%

	CET1 (as a percentage of risk exposure amount) as if the temporary treatment of unrealised gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied	13.44%			
10a		13.44%	12.90%	12.44%	12.78%
11	Tier I (as a percentage of risk exposure amount)	13.44%	12.90%	12.44%	12.78%
12	Tier I (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	13.12%	12.59%	12.14%	12.40%
12a	Tier 1 (as a percentage of risk exposure amount) as if the temporary treatment of unrealised gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied	13.44%			
13	Total capital (as a percentage of risk exposure amount)	15.79%	15.21%	14.74%	15.03%
14	Total capital (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	15.48%	14.90%	14.44%	14.64%
14a	Total capital (as a percentage of risk exposure amount) as if the temporary treatment of unrealised gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied	15.79%			
	<b>Leverage ratio</b>				
15	Leverage ratio total exposure measure	132 794 542	129 168 809	121 948 221	121 681 770
16	Leverage ratio	8.49%	8.47%	8.86%	8.80%
17	Leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	8.28%	8.25%	8.63%	8.52%
17a	Leverage ratio as if the temporary treatment of unrealised gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied	8.49%			