



BNP PARIBAS

Individual recommendation of the Polish Financial Supervision Authority with regard to meeting the criteria for paying dividend from the net profit earned in 2023

current report no. 1/2024

date: 22 February 2024

The Management Board of BNP Paribas Bank Polska S.A. ("Bank") hereby informs that on 22 February 2024, the Bank received an individual recommendation from the Polish Financial Supervision Authority ("KNF") with regard to the commercial banks' dividend policy ("Dividend policy"), the supervisory evaluation of the Bank and the Bank's reporting data.

KNF stated that based on data as at 31 December 2023, the Bank met the criteria to be able to pay dividend up to 50% of its net profit earned in the period from 1 January 2023 to 31 December 2023 following the general criteria of the Dividend policy published by KNF on 14 December 2023.

Additionally, after taking into account the quality of the Bank's loan portfolio measured as the share of non-performing loans in the total portfolio of receivables from the non-financial sector, including debt instruments, the potential dividend payout ratio was increased to 75% due to the Bank's sound credit quality.

Therefore, KNF recommended that the Bank should limit the risk present in its operations by:

- 1) not distributing more than 75% of the net profit earned in the period from 1 January 2023 to 31 December 2023 provided that the maximum payout should not be higher than the annual net profit reduced by net profit earned in 2023 which was already allocated to own funds;
- 2) not performing, without upfront consultation with the supervisory authority, of any other measures which could reduce its own funds in particular if they go beyond the scope of the ordinary business and operational activity, including the potential distribution of the net profit retained in previous years or the buy-backs or redemptions of the Bank's own shares.

Legal basis

Article 17 item 1 of the MAR Regulation