

This document is a translation from the original Polish version. In case of any discrepancies between the Polish and English versions, the Polish version shall prevail.

INFORMATION ON CAPITAL ADEQUACY OF THE CAPITAL GROUP OF BANK HANDLOWY W WARSZAWIE S.A. AS AT 30 JUNE 2022

AUGUST 2021

INTRODUCTION	3
I. INFORMATION REGARDING OWN FUNDS	4
II. CAPITAL ADEQUACY	8
III. CAPITAL BUFFERS	12
IV. INFORMATION REGARDING RISK	14
1. CREDIT RISK	14
2. COUNTERPARTY CREDIT RISK	31
3. MARKET RISK	37
V. INFORMATION RELATED TO THE LIQUIDITY	39
VI. LEVERAGE RATIO	44
VII. DECLARATION OF THE MANAGEMENT BOARD OF BANK	48

INTRODUCTION

This document has been laid down to execute The Disclosure Policy of Bank Handlowy w Warszawie S.A. on capital adequacy¹, to meet the disclosure requirements of:

- 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 and amending Regulation (EU) No 648/2012 (Regulation (EU) No 575/2013),
- 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,
- as well as of Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (“CRD”)
- and on the basis of other EU Commission regulations imposing regulatory and implementing technical standards in the area of information disclosure.

The objective of the document is presenting to the third parties, especially customers of the Capital Group of Bank Handlowy w Warszawie S.A. (hereinafter referred to as: Group) and financial market participants, the Group’s risk management strategy and processes, information on the capital structure, exposure to risk and capital adequacy, which enable thorough assessment of the Group’s financial stability. This document complements information included in:

- the condensed interim consolidated financial statements of the Capital Group of Bank Handlowy w Warszawie S.A for the period of 6 months ended 30 June 2022
- and in the Report on Activities of the Capital Group of Bank Handlowy w Warszawie S.A. for the first half of 2022.

The amounts are presented in PLN, rounded to the nearest thousand.

¹ “The Disclosure Policy of Bank Handlowy w Warszawie S.A. on capital adequacy and other information to be disclosed” laid down by the Management Board and approved by the Supervisory Board are available at the Bank’s website www.citihandlowy.pl in the “Investor Relations” section.

I. Information regarding own funds

Information on the individual components of the Group's own funds is presented in detail in Table EU CC1 below, while the reconciliation of the Group's own funds with the Group's equity is provided in Table EU CC2.

Data are presented as at the end of June 30, 2022 in accordance with the requirements specified in Commission Implementing Regulation (EU) 2021/637 of 15 March 2021 laying down implementing technical standards with regard to public disclosures by institutions of the information referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013 of the European parliament and of the Council and repealing Commission Implementing Regulation (EU) No 1423/2013, Commission Delegated Regulation (EU) 2015/1555, Commission Implementing Regulation (EU) 2016/200 and Commission Delegated Regulation (EU) 2017/2295.

Table 1. EU CC1 - Composition of regulatory own funds

	Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Common Equity Tier 1 (CET1) capital: instruments and reserves		
1 Capital instruments and the related share premium accounts	3,008,172	e
of w hich: Instrument type 1	3,008,172	d
of w hich: Instrument type 2	-	d
of w hich: Instrument type 3	-	d
2 Retained earnings	631,813	h
3 Accumulated other comprehensive income (and other reserves)	2,097,655	f, g
EU-3a Funds for general banking risk	540,200	g
4 Amount of qualifying items referred to in Article 484 (3) CRR and the related share premium accounts subject to phase out from CET1	-	
5 Minority interests (amount allowed in consolidated CET1)	-	
EU-5a Independently reviewed interim profits net of any foreseeable charge or dividend	-	
6 Common Equity Tier 1 (CET1) capital before regulatory adjustments	6,277,840	0
Common Equity Tier 1 (CET1) capital: regulatory adjustments		
7 Additional value adjustments (negative amount)	(57,334)	0
8 Intangible assets (net of related tax liability) (negative amount)	(1,144,740)	b
27a Other regulatory adjustments	(2,742)	g
28 Total regulatory adjustments to Common Equity Tier 1 (CET1)	(1,204,816)	
29 Common Equity Tier 1 (CET1) capital	5,073,024	
Additional Tier 1 (AT1) capital: instruments		
36 Additional Tier 1 (AT1) capital before regulatory adjustments	-	
Additional Tier 1 (AT1) capital: regulatory adjustments		
43 Total regulatory adjustments to Additional Tier 1 (AT1) capital	-	
44 Additional Tier 1 (AT1) capital	-	
45 Tier 1 capital (T1 = CET1 + AT1)	5,073,024	
Tier 2 (T2) capital: instruments		
51 Tier 2 (T2) capital before regulatory adjustments	-	
Tier 2 (T2) capital: regulatory adjustments		
57 Total regulatory adjustments to Tier 2 (T2) capital	-	
58 Tier 2 (T2) capital	-	
59 Total capital (TC = T1 + T2)	5,073,024	
60 Total Risk exposure amount	28,624,347	

Capital ratios and requirements including buffers			
	61 Common Equity Tier 1 capital	17,72%	
	62 Tier 1 capital	17,72%	
	63 Total capital	17,72%	
	64 Institution CET1 overall capital requirements	2,77%	
	65 of w hich: capital conservation buffer requirement	2,50%	
	66 of w hich: countercyclical capital buffer requirement	0,02%	
	67 of w hich: systemic risk buffer requirement		
EU-67a	of w hich: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement	0,25%	
EU-67b	of w hich: additional own funds requirements to address the risks other than the risk of excessive leverage		
	68 Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements	9,72%	
National minima (if different from Basel III)			
Amounts below the thresholds for deduction (before risk weighting)			
	72 Direct and indirect holdings of own funds and eligible liabilities of financial sector entities w here the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	39,497	a
	73 Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities w here the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)	-	
	74 Not applicable	-	
	75 Deferred tax assets arising from temporary differences (amount below 17,65% threshold, net of related tax liability w here the conditions in Article 38 (3) CRR are met)	261,426	c
Applicable caps on the inclusion of provisions in Tier 2			
	76 Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	-	
	77 Cap on inclusion of credit risk adjustments in T2 under standardised approach	-	
	78 Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	-	
	79 Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	-	
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)			
	80 Current cap on CET1 instruments subject to phase out arrangements	-	
	81 Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-	
	82 Current cap on AT1 instruments subject to phase out arrangements	-	
	83 Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	
	84 Current cap on T2 instruments subject to phase out arrangements	-	
	85 Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	

The scope of Group's consolidation, defined in accordance with the prudential regulations (CRR) matches the scope of consolidation applied for financial reporting.

Information on the consolidation method used for each entity within the scope of accounting and regulatory consolidation ranges is presented in Report on Activities of the Capital Group of Bank Handlowy w Warszawie S.A. in the first half of 2022, in chapter IV. "The organizational structure of the Capital Group of Bank Handlowy w Warszawie S.A."

Table 2. EU CC2 - Reconciliation of regulatory own funds to balance sheet in the audited financial statements

	Balance sheet as in published financial statements	Reference
	As at 30.06.2022	
Assets - Breakdown by asset classes according to the balance sheet in the published financial statements		
1 Cash and balances with the Central Bank	4,087,076	
2 Amounts due from banks	2,419,732	
3 Financial assets held-for-trading	10,320,601	
4 Debt financial assets measured at fair value through other comprehensive income, including:	-	
5 Assets pledged as collateral	28,075,626	
6 Equity and other instruments measured at fair value through income statement	100,849	a
7 Amounts due from customers	22,117,173	
8 Tangible fixed assets	452,615	
9 Intangible assets	1,243,494	b
10 Current income tax receivables	12,057	
11 Deferred income tax asset	309,220	c
12 Other assets	282,989	
13 Non-current assets held-for-sale	-	
14 Total assets	69,421,432	
Liabilities - Breakdown by liability classes according to the balance sheet in the published financial statements		
1 Amounts due to banks	3,293,286	
2 Financial liabilities held-for-trading	9,478,289	
3 Hedging derivatives	-	
4 Amounts due to customers	45,981,076	
5 Provisions	130,002	
6 Current income tax liabilities	-	
7 Other liabilities	3,683,761	
8 Total liabilities	62,566,414	
Shareholders' Equity		
1 Share capital	522,638	d
2 Supplementary capital	3,001,700	e
3 Revaluation reserve	-908,098	f
4 Other reserves	2,826,035	g
5 Retained earnings	1,412,743	h
6 Total equity	6,855,018	
Total liabilities and equity	69,421,432	

II. Capital Adequacy

Below we present data on the Group's capital adequacy, the amount of risk-weighted assets and capital requirements for own funds, broken down by individual risk types and key capital ratios after the retrospective profit incorporation

Data for March 31, 2022 and December 31, 2021 have been recalculated taking into account the retrospective recognition of part of the profit for 2020 (confirmation of the result by the General Meeting of Shareholders), in accordance with the EBA position expressed in Q&A 2018_4085.

Table 3. EU OV1 – Overview of total risk exposure amounts

	Total risk exposure amounts (TREA)		Total own funds requirements
	a		c
	30.06.2022	31.03.2022	30.06.2022
1 Credit risk (excluding CCR)	21,946,570	22,418,323	1,755,726
2 Of which the standardised approach	21,946,570	22,418,323	1,755,726
3 Of which the Foundation IRB (F-IRB) approach	-	-	-
4 Of which slotting approach	-	-	-
EU 4a Of which equities under the simple risk-weighted approach	-	-	-
5 Of which the Advanced IRB (A-IRB) approach	-	-	-
6 Counterparty credit risk - CCR	1,342,182	1,730,791	107,375
7 Of which the standardised approach	1,093,624	1,320,166	87,490
8 Of which internal model method (IMM)	-	-	-
EU 8a Of which exposures to a CCP	112,862	192,281	9,029
EU 8b Of which credit valuation adjustment - CVA	125,327	213,243	10,026
9 Of which other CCR	10,369	5,100	829
15 Settlement risk	-	9	-
16 Securitisation exposures in the non-trading book (after the cap)	151,801	195,500	12,144
17 Of which SEC-IRBA approach	-	-	-
18 Of which SEC-ERBA (including IAA)	-	-	-
19 Of which SEC-SA approach	151,801	195,500	12,144
EU 19a Of which 1250% / deduction	-	-	-
20 Position, foreign exchange and commodities risks (Market risk)	1,385,675	1,314,852	110,854
21 Of which the standardised approach	1,385,675	1,314,852	110,854
22 Of which IMA	-	-	-
EU 22a Large exposures	254,900	-	20,392
23 Operational risk	3,543,219	3,543,219	283,458
EU 23a Of which basic indicator approach	-	-	-
EU 23b Of which standardised approach	3,543,219	3,543,219	283,458
EU 23c Of which advanced measurement approach	-	-	-
24 Amounts below the thresholds for deduction (subject to 250% risk-weight)	653,566	755,659	52,285
29 Total	28,624,347	29,202,694	2,289,948

* In row EU 19a institution disclose the own funds requirement for securitisation exposures on the non-trading book deducted from own funds in accordance with Chapter 5 of Title II of Part Three CRR. This own funds requirement is deducted from own funds and does not generate RWEAs with risk-weight at 1250%.

Table 4. EU KM1 - Key metrics template

	a	b	c	d	e
	30.06.2022	31.03.2022	31.12.2021	30.09.2021	30.06.2021
Available own funds (amounts)					
1 Common Equity Tier 1 (CET1) capital	5,073,024	5,209,344	5,517,436	5,812,311	5,861,438
2 Tier 1 capital	5,073,024	5,209,344	5,517,436	5,812,311	5,861,438
3 Total capital	5,073,024	5,209,344	5,517,436	5,812,311	5,861,438
Risk-weighted exposure amounts					
4 Total risk exposure amount	28,624,347	29,202,694	27,416,570	30,635,796	28,229,906
Capital ratios (as a percentage of risk-weighted exposure amount)					
5 Common Equity Tier 1 ratio (%)	17.72	17.84	20.12	18.97	20.76
6 Tier 1 ratio (%)	17.72	17.84	20.12	18.97	20.76
7 Total capital ratio (%)	17.72	17.84	20.12	18.97	20.76
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)					
EU 7a Additional own funds requirements to address risks other than the risk of excessive leverage (%)	-	-	-	-	-
EU 7b of which: to be made up of CET1 capital (percentage points)	-	-	-	-	-
EU 7c of which: to be made up of Tier 1 capital (percentage points)	-	-	-	-	-
EU 7d Total SREP own funds requirements (%)	8.00	8.00	8.00	8.00	8.00
Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)					
8 Capital conservation buffer (%)	2.50	2.50	2.50	2.50	2.50
EU 8a Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	-	-	-	-	-
9 Institution specific countercyclical capital buffer (%)	0.02	0.02	0.02	0.02	0.02
EU 9a Systemic risk buffer (%)	-	-	-	-	-
10 Global Systemically Important Institution buffer (%)	-	-	-	-	-
EU 10a Other Systemically Important Institution buffer (%)	0.25	0.25	0.25	0.25	0.25
11 Combined buffer requirement (%)	2.77	2.77	2.77	2.77	2.77
EU 11a Overall capital requirements (%)	10.77	10.77	10.77	10.77	10.77
12 CET1 available after meeting the total SREP own funds requirements (%)	9.72	9.84	12.12	10.97	12.76
Leverage ratio					
13 Total exposure measure	71,105,017	73,733,190	66,340,034	67,936,362	64,262,965
14 Leverage ratio (%)	7.13	7.07	8.32	8.56	9.12
Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)					
EU 14a Additional own funds requirements to address the risk of excessive leverage (%)	-	-	-	-	-
EU 14b of which: to be made up of CET1 capital (percentage points)	-	-	-	-	-
EU 14c Total SREP leverage ratio requirements (%)	3.00	3.00	3.00	3.00	3.00
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)					
EU 14d Leverage ratio buffer requirement (%)	-	-	-	-	-
EU 14e Overall leverage ratio requirement (%)	3.00	3.00	3.00	3.00	3.00
Liquidity Coverage Ratio					
15 Total high-quality liquid assets (HQLA) (Weighted value -average)	31,020,985	30,942,880	30,998,059	30,883,467	30,191,064
EU 16a Cash outflows - Total weighted value	58,709,579	57,226,538	52,069,397	47,143,148	40,838,193
EU 16b Cash inflows - Total weighted value	41,951,756	41,880,258	37,326,784	32,057,275	25,272,658
16 Total net cash outflows (adjusted value)	17,230,683	15,949,008	15,303,028	15,470,316	15,695,404
17 Liquidity coverage ratio (%)	180.03	194.01	202.56	199.63	192.36
Net Stable Funding Ratio					
18 Total available stable funding	34,986,849	36,117,988	35,490,146	36,234,479	36,443,949
19 Total required stable funding	20,033,829	20,976,521	18,825,278	18,859,549	18,753,701
20 NSFR ratio (%)	174.64	172.18	188.52	192.13	194.33

According to Article 468 of the CRR, banks may apply the provisional treatment of unrealized gains and losses measured at fair value through other comprehensive income in connection with the COVID-19 pandemic. This approach enables excluding from the calculation of the Bank's common equity position the portion of the unrealized gains and losses accumulated from 31 December 2019 included in the balance sheet under "changes in fair value of debt instruments measured at fair value through OCI", corresponding to exposures to central governments, regional governments or local authorities, and to public sector entities, excluding those financial assets that are impaired due to credit risk

Starting from June 30, 2022, the Group applies the above temporary solution in the calculation of own funds, notifying the Polish Financial Supervision Authority about its decision.

The table below shows the impact of applying this transitional arrangement to the above article.

Table 5. Comparison of institution's own funds and capital and leverage ratios with and without the application of transitional arrangements for IFRS 9

	Available capital (amounts)	30.06.2022	31.03.2022	31.12.2021	30.09.2021	30.06.2021
1	Common Equity Tier 1 (CET1) capital	5,073,024	5,209,344	5,517,436	5,812,311	5,861,438
2	Common Equity Tier 1 (CET1) capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	n/d	n/a	n/d	n/d	n/d
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	4,869,271	n/a	n/d	n/d	n/d
3	Tier 1 capital	5,073,024	5,209,344	5,517,436	5,812,311	5,861,438
4	Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	n/d	n/d	n/d	n/d	n/d
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	4,869,271	n/d	n/d	n/d	n/d
5	Total capital	5,073,024	5,209,344	5,517,436	5,812,311	5,861,438
6	Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	n/d	n/d	n/d	n/d	n/d
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	4,869,271	n/d	n/d	n/d	n/d
	Risk-weighted assets (amounts)					
7	Total risk-weighted assets	28,624,347	29,202,694	27,416,570	30,635,796	28,229,906
8	Total risk-weighted assets as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	28,794,769	29,202,694	27,416,570	30,635,796	28,229,906
	Capital ratios					
9	Common Equity Tier 1 (as a percentage of risk exposure amount)	0.18	0.18	0.20	0.19	0.21
10	Common Equity Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	n/d	n/d	n/d	n/d	n/d
10a	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	0.17	n/d	n/d	n/d	n/d
11	Tier 1 (as a percentage of risk exposure amount)	0.18	0.18	0.20	0.19	0.21
12	Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	n/d	n/d	n/d	n/d	n/d
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	0.17	n/d	n/d	n/d	n/d
13	Total capital (as a percentage of risk exposure amount)	0.18	0.18	0.20	0.19	0.21
14	Total capital (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	n/d	n/d	n/d	n/d	n/d
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	0.17	n/d	n/d	n/d	n/d
	Leverage ratio					
15	Leverage ratio total exposure measure	71,105,017	73,733,190	66,340,034	67,936,362	64,262,965
16	Leverage ratio	0.07	0.07	0.08	0.09	0.09
17	Leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	n/d	n/d	n/d	n/d	n/d
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	0.07	n/d	n/d	n/d	n/d

* data in relevant periods include profits included in own funds based on the decisions of the Polish Financial Supervision Authority.

III. Capital Buffers

On January 1, 2016, the Act on macroprudential supervision entered into force. Pursuant to this act, as at June 30, 2022, the Group had buffers:

- The buffer level indicator, the value of which in the amount of 2.5%, results from Art. 84 of the Act on macroprudential supervision,
- Countercyclical buffer rate of 0.02%, - weighted average countercyclical treasure statue for recipients,
- Systemic risk buffer rate of 0%, due to the fact that on March 18, 2020, the Minister of Finance issues a regulation issuing a regulation on systemic security.
- Other institution's buffer rate with a systemic value of 0.25%.

The group calculates the countercyclical buffer rate specific for a given institution taking into account the value of all credit exposures in other countries and the value of the countercyclical buffer appropriate for these countries.

In the first quarter of this year. The bank received a recommendation from the Polish Financial Supervision Authority under Pillar II (the so-called P2G) to maintain, both at the individual and consolidated level, own funds to cover an additional capital charge at the level of 1.25 pp. The additional mark-up should consist entirely of Common Equity Tier 1 capital.

Table EU CCyB1 presents geographic color transfers of relevant credit exposures

Table 6. EU CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer

	General credit exposures		Relevant credit exposures – Market risk		Securitisation exposures Exposure value for non-trading book	Total exposure value	Own fund requirements			Risk-weighted exposure amounts	Own fund requirements weights (%)	Countercyclical buffer rate (%)	
	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models			Relevant credit risk exposures - Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book				Total
010 Poland	23,350,594	-	4,880	-	798,790	24,154,263	1,608,662	390	9,585	1,618,638	20,232,970	93.11	0.0000
011 Luxembourg	537,098	-	63	-	-	537,160	42,968	5	-	42,973	537,160	2.47	0.5000
012 United Kingdom	276,121	-	-	-	-	276,121	22,088	-	-	22,088	276,106	1.27	0.0000
013 Czech Republic	121,073	-	-	-	-	121,073	8,575	-	-	8,575	107,183	0.49	0.5000
014 Norway	116,288	-	-	-	-	116,288	9,303	-	-	9,303	116,288	0.54	1.5000
015 Korea, Republic of	73,864	-	-	-	-	73,864	5,909	-	-	5,909	73,864	0.34	0.0000
016 Ireland	70,560	-	-	-	319,824	390,383	5,645	-	2,559	8,203	102,542	0.47	0.0000
017 Malta	70,316	-	-	-	-	70,316	5,625	-	-	5,625	70,316	0.32	0.0000
018 Switzerland	67,427	-	-	-	-	67,427	5,394	-	-	5,394	67,427	0.31	0.0000
019 United States	34,124	-	-	-	-	34,124	3,713	-	-	3,713	46,419	0.21	0.0000
020 Germany	27,470	-	-	-	-	27,470	1,485	-	-	1,485	18,566	0.09	0.0000
021 France	24,954	-	-	-	-	24,954	1,872	-	-	1,872	23,401	0.11	0.0000
022 Hungary	21,651	-	-	-	-	21,651	1,732	-	-	1,732	21,651	0.10	0.0000
023 Belgium	19,987	-	-	-	-	19,987	1,599	-	-	1,599	19,987	0.09	0.0000
024 Netherlands	9,260	-	-	-	-	9,260	741	-	-	741	9,260	0.04	0.0000
025 Sweden	7,334	-	-	-	-	7,334	587	-	-	587	7,334	0.03	0.0000
026 Austria	20	-	-	-	-	20	2	-	-	2	20	-	0.0000
027 India	14	-	-	-	-	14	1	-	-	1	14	-	0.0000
028 United Arab Emirates	9	-	-	-	-	9	1	-	-	1	9	-	0.0000
029 Cyprus	4	-	-	-	-	4	0	-	-	0	4	-	0.0000
030 Israel	3	-	-	-	-	3	0	-	-	0	3	-	0.0000
031 Greece	2	-	-	-	-	2	0	-	-	0	2	-	0.0000
032 Latvia	2	-	-	-	-	2	0	-	-	0	2	-	0.0000
033 Canada	0	-	-	-	-	0	0	-	-	0	0	-	0.0000
034 Ukraine	0	-	-	-	-	0	0	-	-	0	0	-	0.0000
035 Estonia	0	-	-	-	-	0	0	-	-	0	0	-	0.0000
036 Singapore	0	-	-	-	-	0	-	-	-	-	-	-	0.0000
037 Hong Kong	0	-	-	-	-	0	-	-	-	-	-	-	1.0000
038 Spain	-	-	70	-	-	70	-	6	-	6	70	-	0.00
039 Total	24,828,176	-	5,012	-	1,118,613	25,951,801	1,725,903	401	12,144	1,738,448	21,730,598	100	

Table 7. EU CCyB2 - Amount of institution-specific countercyclical capital buffer

1 Total risk exposure amount	28,624,347
2 Institution specific countercyclical capital buffer rate	0.02%
3 Institution specific countercyclical capital buffer requirement	6,555

IV. Information regarding risk

1. Credit Risk

Credit risk is understood as the risk of incurring a loss as a result of the client's failure to meet its obligations towards the Group or the risk of a decrease in the economic value of the Group's receivables as a result of a deterioration in the client's ability to service obligations.

The main purpose of risk management in the Group is ensuring both high quality of credit portfolio and business activity stabilization through minimizing the risk of credit losses. Credit risk management is executed based on the policies and procedures that consistently and clearly define and communicate standards for risk identification, measurement, acceptance, control, monitoring and reporting.

Capital requirement in relation to Own Funds of Group is calculated according to the Regulation No. 575/2013.

The Group applies only the standard method to calculate the capital requirement for credit risk.

The Group presents the following tables regarding the disclosure of information credit risk, in accordance with Commission Implementing Regulation (EU) 2021/637:

- EU CR1-A: Maturity of exposures,
- EU CR3 – CRM techniques overview: Disclosure of the use of credit risk mitigation techniques,
- EU CR4 – standardised approach – Credit risk exposure and CRM effects,
- EU CR5 – standardised approach,
- EU SEC1 - Securitisation exposures in the non-trading book,
- EU-SEC4 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as investor.

Table 8. EU CR1-A: Maturity of exposures

	Net exposure value					Total
	On demand	<= 1 year	1 to 5 years	> 5 years	No stated maturity	
1 Loans and advances	8,018,444	4,542,543	6,277,940	3,718,084	110,587	22,667,599
2 Debt securities	-	9,064,822	18,557,977	1,571,441	-	29,194,240
3 Total	8,018,444	13,607,365	24,835,917	5,289,525	110,587	51,861,838

Table 9. EU CR3 – CRM techniques overview: Disclosure of the use of credit risk mitigation techniques

	Unsecured carrying amount	Secured carrying amount			
		a	b	Of which secured by collateral	Of which secured by financial guarantees
					c
					e
1 Loans and advances	21,110,915	5,779,451	4,609,215	1,170,236	-
2 Debt securities	29,194,768	-	-	-	-
3 Total	50,305,683	5,779,451	4,609,215	1,170,236	-
4 Of which non-performing exposures	178,939	27,276	27,276	0	-
EU-5 Of which defaulted	178,939	27,276			

Table 10. EU CR4 – standardised approach – Credit risk exposure and CRM effects

Exposure classes	Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
	On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet exposures	RWAs	RWAs density (%)
	a	b	c	d	e	f
1 Central governments or central banks	28,521,531	639	29,986,462	249	785,275	2.62
2 Regional government or local authorities	771	410,218	758	112,007	22,553	20.00
3 Public sector entities	1,413	2,092	1,411	828	1,117	49.87
4 Multilateral development banks	1,827,055	-	1,827,055	-	-	-
5 International organisations	-	-	-	-	-	-
6 Institutions	3,507,443	344,473	2,042,512	121,180	269,269	12.44
7 Corporates	11,899,657	8,900,437	11,899,199	3,037,563	14,664,662	98.18
8 Retail	4,522,803	5,592,461	4,522,803	34,061	3,412,183	74.88
9 Secured by mortgages on immovable property	2,921,628	152,562	2,921,628	39,996	1,678,320	56.67
10 Exposures in default	197,678	13,395	197,678	5,371	230,612	113.57
11 Exposures associated with particularly high risk	99,798	-	99,798	-	149,697	150.00
12 Covered bonds	-	-	-	-	-	-
13 Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
14 Collective investment undertakings	-	-	-	-	-	-
15 Equity	1,052	-	1,052	-	1,052	100.00
16 Other items	1,360,301	-	1,360,301	-	731,831	53.80
17 TOTAL	54,861,131	15,416,277	54,860,657	3,351,254	21,946,570	37.70

Table 11. EU CR5 – standardised approach

Exposure classes	Risk weight															Total	Of which unrated
	0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Others		
	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
1 Central governments or central banks	29,066,740	-	-	-	658,545	-	0	-	-	-	-	261,426	-	-	-	29,986,711	261,426
2 Regional government or local authorities	-	-	-	-	112,765	-	-	-	-	-	-	-	-	-	-	112,765	2,763
3 Public sector entities	-	-	-	-	10	-	2,229	-	-	-	-	-	-	-	-	2,239	2,239
4 Multilateral development banks	1,827,055	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,827,055	-
5 International organisations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6 Institutions	74,410	1,002,631	-	-	982,617	-	102,683	-	-	1,351	-	-	-	-	-	2,163,691	221,071
7 Corporates	-	-	-	-	-	-	17,808	-	-	14,918,954	0	-	-	-	-	14,936,762	13,560,706
8 Retail exposures	-	-	-	-	-	-	-	-	4,556,864	-	-	-	-	-	-	4,556,864	4,556,864
9 Exposures secured by mortgages on immovable property	-	-	-	-	-	1,910,539	-	-	-	1,003,630	47,457	-	-	-	-	2,961,625	2,961,625
10 Exposures in default	-	-	-	-	-	-	-	-	-	147,923	55,126	-	-	-	-	203,049	203,049
11 Exposures associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	99,798	-	-	-	-	99,798	74,459
12 Covered bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13 Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14 Units or shares in collective investment undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15 Equity exposures	-	-	-	-	-	-	-	-	-	1,052	-	-	-	-	-	1,052	1,052
16 Other items	615,002	-	-	-	16,835	-	-	-	-	728,464	-	-	-	-	-	1,360,301	1,360,301
17 TOTAL	31,583,207	1,002,631	-	-	1,770,772	1,910,539	122,720	-	4,556,864	16,801,372	202,381	261,426	-	-	-	58,211,911	23,205,554

Table 12. EU-SEC1 - Securitisation exposures in the non-trading book

	Institution acts as originator				Institution acts as sponsor				Institution acts as investor							
	Traditional		Synthetic		Traditional		Synthetic		Traditional		Synthetic					
	STS	Non-STS	of which SRT	Sub-total	STS	Non-STS	of which SRT	Sub-total	STS	Non-STS	of which SRT	Sub-total				
	of which SRT	of which SRT														
1 Total exposures	-	-	-	-	-	-	-	-	-	-	-	-	319,824	798,790	-	1,118,613
2 Retail (total)	-	-	-	-	-	-	-	-	-	-	-	-	-	798,790	-	798,790
3 residential mortgage	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4 credit card	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5 other retail exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	798,790	-	798,790
6 re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7 Wholesale (total)	-	-	-	-	-	-	-	-	-	-	-	-	319,824	-	-	319,824
8 loans to corporates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9 commercial mortgage	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10 lease and receivables	-	-	-	-	-	-	-	-	-	-	-	-	319,824	-	-	319,824
11 other wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12 re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Table 13. EU-SEC 4 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as investor

	Exposure values (by RW bands/deductions)				Exposure values (by regulatory approach)				RWEA (by regulatory approach)				Capital charge after cap				
	≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW/ deductions	SEC-IRBA	SEC-ERBA (including IAA)		1250% RW/ deductions	SEC-IRBA	SEC-ERBA (including IAA)		1250% RW/ deductions	SEC-IRBA	SEC-ERBA (including IAA)		1250% RW/ deductions
							SEC-SA	SEC-SA			SEC-SA	SEC-SA					
1 Total exposures	1,118,613	-	-	-	-	-	-	1,118,613	-	-	-	151,801	-	-	-	12,144	-
2 Traditional securitisation	1,118,613	-	-	-	-	-	-	1,118,613	-	-	-	151,801	-	-	-	12,144	-
3 Securitisation	1,118,613	-	-	-	-	-	-	1,118,613	-	-	-	151,801	-	-	-	12,144	-
4 Retail underlying	798,790	-	-	-	-	-	-	798,790	-	-	-	119,818	-	-	-	9,585	-
5 Of which STS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6 Wholesale	319,824	-	-	-	-	-	-	319,824	-	-	-	31,982	-	-	-	2,559	-
7 Of which STS	319,824	-	-	-	-	-	-	319,824	-	-	-	31,982	-	-	-	2,559	-
8 Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9 Synthetic securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10 Securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11 Retail underlying	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12 Wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13 Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Additional information on the credit risk is discussed in detail in the Condensed interim consolidated financial statements of the Capital Group of Bank Handlowy w Warszawie S.A for the period of 6 months ended 30 June 2022 , in note 5 " Risk Management ", in the section Credit Risk.

1. Non-performing and forborne exposures

According to Regulation 2021/637, the gross NPL ratio is the ratio of the gross carrying amount of non-performing exposures (NPL) to the total gross carrying amount of loans and advances that are subject to verification of the definition of non-performing exposures (NPEs).

As of 30th June of 2022, the Group presents gross NPL in amount of 3.50%.

Non-performing and forbearance exposures are defined in Commission Implementing Regulation (EU) No. 2021/451 of 17 December 2020 laying down implementing technical standards for the application of Regulation (EU) No. 575/2013 of the European Parliament and of the Council with regard to supervisory reports of institutions and repealing Implementing Regulation (EU) No. 680/2014.

The Group presents the following tables regarding the disclosure of information on performing, non-performing, forbidden and foreclosed exposures, in accordance with Commission Implementing Regulation (EU) 2021/637:

- EU CR1: Performing and non-performing exposures and related provisions,
- EU CR2: Changes in the stock of non-performing loans and advances,
- EU CQ1: Credit quality of forborne exposures,
- EU CQ3: Credit quality of performing and non-performing exposures by past due days,
- EU CQ4: Quality of non-performing exposures by geography,
- EU CQ5: Credit quality of loans and advances to non-financial corporations by industry.

Group does not have collateral obtained by taking possession and execution processes.

Table 14. EU CR1: Performing and non-performing exposures and related provisions

	Gross carrying amount/nominal amount				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Collateral and financial guarantees received				
	Performing exposures		Non-performing exposures		Performing exposures – accumulated impairment and provisions		Non-performing exposures – accumulated negative changes in fair value due to credit risk and provisions		Accumulated partial write-off	On performing exposures	On non-performing exposures				
	Of which stage 1	Of which stage 2	Of which stage 2	Of which stage 3	Of which stage 1	Of which stage 2	Of which stage 2	Of which stage 3							
005 Cash balances at central banks and other demand deposits	4,223,258	4,222,774	484 -	-	-	-	(491)	(482)	(9) -	-	-	-	-	-	-
010 Loans and advances	22,641,010	20,520,217	2,120,794 -	821,449	-	816,306 -	(179,628)	(68,688)	(110,939) -	(615,234)	-	(615,199)	-	5,752,174	27,276
020 Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
030 General governments	2,209	2,194	15 -	-	-	-	(7)	(6)	(0) -	-	-	-	-	14	-
040 Credit institutions	1,670,804	1,617,380	53,424 -	-	-	-	(1,765)	(400)	(1,366) -	-	-	-	-	1,205,208	-
050 Other financial corporations	2,239,908	2,239,812	96 -	-	-	-	(1,744)	(1,743)	(1) -	-	-	-	-	125,846	-
060 Non-financial corporations	12,112,648	11,057,782	1,054,866 -	421,434	-	421,434 -	(75,204)	(37,260)	(37,944) -	(303,078)	-	(303,078)	-	2,153,467	23,595
070 Of which SMEs	5,407,305	4,992,330	414,976 -	281,522	-	281,522 -	(29,459)	(18,616)	(10,843) -	(215,513)	-	(215,513)	-	1,379,731	17,720
080 Households	6,615,441	5,603,049	1,012,392 -	400,015	-	394,872 -	(100,908)	(29,279)	(71,629) -	(312,156)	-	(312,121)	-	2,267,639	3,682
090 Debt securities	29,194,768	29,194,768	-	-	-	-	(529)	(529)	-	-	-	-	-	-	-
100 Central banks	8,989,515	8,989,515	-	-	-	-	-	-	-	-	-	-	-	-	-
110 General governments	15,798,498	15,798,498	-	-	-	-	-	-	-	-	-	-	-	-	-
120 Credit institutions	1,461,217	1,461,217	-	-	-	-	-	-	-	-	-	-	-	-	-
130 Other financial corporations	2,945,538	2,945,538	-	-	-	-	(529)	(529)	-	-	-	-	-	-	-
140 Non-financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
150 Off-balance-sheet exposures	15,434,019	13,491,277	1,942,742 -	16,412	-	16,412 -	31,138	17,012	14,126 -	3,017	-	3,017	-	758,673	23
160 Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
170 General governments	413,475	413,329	146 -	-	-	-	227	227	0 -	-	-	-	-	116	-
180 Credit institutions	305,230	301,641	3,589 -	-	-	-	141	136	5 -	-	-	-	-	-	-
190 Other financial corporations	164,762	163,731	1,031 -	-	-	-	223	220	4 -	-	-	-	-	122	-
200 Non-financial corporations	8,913,557	8,301,957	611,599 -	10,767	-	10,767 -	20,059	14,635	5,424 -	324	-	324	-	750,101	23
210 Households	5,636,996	4,310,619	1,326,376 -	5,645	-	5,645 -	10,487	1,794	8,693 -	2,693	-	2,693	-	8,334	-
220 Total	71,493,056	67,429,036	4,064,020 -	837,861	-	832,718 -	(211,785)	(86,711)	(125,074) -	(618,251)	-	(618,216)	-	6,510,847	27,299

Table 15. EU CR2: Changes in the stock of non-performing loans and advances

	Gross carrying amount
010 Initial stock of non-performing loans and advances	902,731
020 Inflow s to non-performing portfolios	120,025
030 Outflow s from non-performing portfolios	(201,307)
040 Outflow s due to w rite-offs	(3,667)
050 Outflow due to other situations	(197,640)
060 Final stock of non-performing loans and advances	821,449

Table 16. EU CQ1: Credit quality of forborne exposures

	Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
	Performing forborne	Non-performing forborne		On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures	
		Of which defaulted	Of which impaired					
005 Cash balances at central banks and other demand deposits	-	-	-	-	-	-	-	-
010 Loans and advances	95	115,113	115,113	115,113	(27)	(56,377)	10,035	10,035
020 Central banks	-	-	-	-	-	-	-	-
030 General governments	-	-	-	-	-	-	-	-
040 Credit institutions	-	-	-	-	-	-	-	-
050 Other financial corporations	-	-	-	-	-	-	-	-
060 Non-financial corporations	-	76,778	76,778	76,778	-	(35,652)	9,457	9,457
070 Households	95	38,335	38,335	38,335	(27)	(20,724)	578	578
080 Debt Securities	-	-	-	-	-	-	-	-
090 Loan commitments given	-	839	839	839	-	181	23	23
100 Total	95	115,951	115,951	115,951	(27)	(56,557)	10,057	10,057

Table 17. EU CQ3: Credit quality of performing and non-performing exposures by past due days

	Gross carrying amount/nominal amount												
	Performing exposures				Non-performing exposures								
	Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days	Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted			
005 Cash balances at central banks and other demand deposits	4,223,258	4,223,258	-	-	-	-	-	-	-	-	-	-	-
010 Loans and advances	22,641,010	22,609,755	31,256	821,449	238,026	55,694	48,278	16,581	282,147	42,216	138,507	821,449	
020 Central banks	-	-	-	-	-	-	-	-	-	-	-	-	
030 General governments	2,209	2,208	1	-	-	-	-	-	-	-	-	-	
040 Credit institutions	1,670,804	1,670,804	-	-	-	-	-	-	-	-	-	-	
050 Other financial corporations	2,239,908	2,239,896	12	-	-	-	-	-	-	-	-	-	
060 Non-financial corporations	12,112,648	12,108,138	4,510	421,434	21,954	689	8	10,408	276,154	34,646	77,576	421,434	
070 Of which SMEs	5,407,305	5,406,060	1,245	281,522	8,932	234	8	4,688	216,700	15,238	35,723	281,522	
080 Households	6,615,441	6,588,708	26,733	400,015	216,072	55,005	48,271	6,173	5,993	7,570	60,931	400,015	
090 Debt securities	29,194,768	29,194,768	-	-	-	-	-	-	-	-	-	-	
100 Central banks	8,989,515	8,989,515	-	-	-	-	-	-	-	-	-	-	
110 General governments	15,798,498	15,798,498	-	-	-	-	-	-	-	-	-	-	
120 Credit institutions	1,461,217	1,461,217	-	-	-	-	-	-	-	-	-	-	
130 Other financial corporations	2,945,538	2,945,538	-	-	-	-	-	-	-	-	-	-	
140 Non-financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	
150 Off-balance-sheet exposures	15,434,019	-	-	16,412	-	-	-	-	-	-	-	16,412	
160 Central banks	-	-	-	-	-	-	-	-	-	-	-	-	
170 General governments	413,475	-	-	-	-	-	-	-	-	-	-	-	
180 Credit institutions	305,230	-	-	-	-	-	-	-	-	-	-	-	
190 Other financial corporations	164,762	-	-	-	-	-	-	-	-	-	-	-	
200 Non-financial corporations	8,913,557	-	-	10,767	-	-	-	-	-	-	-	10,767	
210 Households	5,636,996	-	-	5,645	-	-	-	-	-	-	-	5,645	
220 Total	71,493,056	56,027,781	31,256	837,861	238,026	55,694	48,278	16,581	282,147	42,216	138,507	837,861	

Table 18. EU CQ4: Quality of non-performing exposures by geography

	Gross carrying/nominal amount				Accumulated impairment	Provisions on off-balance-sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
	Of which non-performing			Of which subject to impairment			
		Of which defaulted					
010 On-balance-sheet exposures	52,657,228	821,449	821,449	821,449	(795,390)	-	
011 Poland	48,333,323	821,166	821,166	821,166	(790,950)	-	
012 United Kingdom	1,263,098	-	-	-	(1,852)	-	
013 Luxembourg	461,885	-	-	-	(1,009)	-	
014 Ireland							
015 Czech Republic	326,183	-	-	-	(141)	-	
016 Other countries	2,151,015	283	283	283	(687)	-	
	-	-	-	-	-	-	
080 Off-balance-sheet exposures	15,450,431	16,412	16,412			34,155	
081 Poland	14,092,688	16,412	16,412			32,710	
082 Ireland	357,165	-	-			125	
083 Luxembourg	295,014	-	-			240	
084 Norway	138,151	-	-			205	
085 United Kingdom							
086 Other countries	409,653	0	0			482	
	-	-	-			-	
150 Total	68,107,660	837,861	837,861	821,449	(795,390)	34,155	

Table 19. EU CQ5: Credit quality of loans and advances by industry

	Gross carrying amount				Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
	Of which non-performing		Of which loans and advances subject to impairment			
		Of which defaulted				
010 Agriculture, forestry and fishing	40,537	-	-	40,537	(92)	-
020 Mining and quarrying	44,857	-	-	44,857	(20)	-
030 Manufacturing	5,129,051	227,455	227,455	5,129,051	(204,364)	-
040 Electricity, gas, steam and air conditioning supply	1,389,056	-	-	1,389,056	(2,890)	-
050 Water supply	27,535	353	353	27,535	(434)	-
060 Construction	235,717	68,554	68,554	235,717	(49,899)	-
070 Wholesale and retail trade	3,156,113	78,749	78,749	3,156,113	(70,098)	-
080 Transport and storage	34,817	33,637	33,637	34,817	(28,147)	-
090 Accommodation and food service activities	5,706	40	40	5,706	(42)	-
100 Information and communication	770,765	696	696	770,765	(2,008)	-
110 Financial and insurance activities	-	-	-	-	-	-
120 Real estate activities	241,096	3,225	3,225	241,096	(3,773)	-
130 Professional, scientific and technical activities	929,704	1,024	1,024	929,704	(7,052)	-
140 Administrative and support service activities	218,216	-	-	218,216	(1,034)	-
150 Public administration and defense, compulsory social security	-	-	-	-	-	-
160 Education	5	-	-	5	(0)	-
170 Human health services and social work activities	47,139	-	-	47,139	(19)	-
180 Arts, entertainment and recreation	1	-	-	1	(0)	-
190 Other services	263,767	7,701	7,701	263,767	(8,409)	-
200 Total	12,534,083	421,434	421,434	12,534,083	(378,282)	-

2. The impact of COVID-19 on the Group's functioning

Information on the impact of the COVID-19 pandemic on the Group's operations is discussed in detail in the Condensed interim consolidated financial statements of the Capital Group of Bank Handlowy w Warszawie S.A for the period of 6 months ended 30 June 2022 , in note 5 " Risk Management ", in the section Credit Risk.

The Group presents detailed information on exposures subject to aid measures related to the COVID-19 crisis in Tables in accordance with the requirements set out in Annex 3 to the EBA/GL/2020/07 Guidelines:

- Table– Template 1 Information on loans and advances subject to legislative and non-legislative moratoria (template 1),
- Table– Template 2 Breakdown of loans and advances subject to legislative and non-legislative moratoria by residual maturity of moratoria (template 2),
- Table– Template 3 Information on newly originated loans and advances provided under newly applicable public guarantee schemes introduced in response to COVID-19 crisis (template 3).

Table 20. Template 1: Information on loans and advances subject to legislative and non-legislative moratoria

	Performing			Non performing			Performing			Non performing			Inflows to non-performing exposures	
	Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days		Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days			
Loans and advances subject to moratorium	609,849	-	190,678	101,070	14,513	2,150	-93,469	-20,035	-	-16,785	-73,435	-8,417	-1,704	84,509
of which: Households	436,093	-	74,928	100,289	13,731	1,368	-85,853	-13,037	-	-10,089	-72,816	-7,799	-1,086	84,509
of which: Collateralised by residential immovable property	179,057	-	14,129	3,391	1,218	-	-1,467	-616	-	-467	-851	-639	-	2,144
of which: Non-financial corporations	173,756	-	115,750	782	782	782	-7,616	-6,998	-	-6,696	-618	-618	-618	-
of which: Small and Medium-sized Enterprises	76,056	-	21,270	-	-	-	-732	-732	-	-439	-	-	-	-
of which: Collateralised by commercial immovable property	160,253	-	115,449	-	-	-	-6,938	-6,938	-	-6,695	-	-	-	-

Table 21. Template 2: Breakdown of loans and advances subject to legislative and non-legislative moratoria by residual maturity of moratoria

	Number of obligors	Gross carrying amount							
		Of which: legislative moratoria	Of which: expired	Residual maturity of moratoria					
				<= 3 months	> 3 months <= 6 months	> 6 months <= 9 months	> 9 months <= 12 months	> 1 year	
Loans and advances for which moratorium was offered	9,538	716,260	-	-	-	-	-	-	-
Loans and advances subject to moratorium (granted)	9,444	710,919	873	710,047	873	-	-	-	-
of which: Households		536,382	873	535,509	873	-	-	-	-
of which: Collateralised by residential immovable property		182,448	-	182,448	-	-	-	-	-
of which: Non-financial corporations		174,537	-	174,537	-	-	-	-	-
of which: Small and Medium-sized Enterprises		76,056	-	76,056	-	-	-	-	-
of which: Collateralised by commercial immovable property		160,253	-	160,253	-	-	-	-	-

Table 22. Template 3: Information on newly originated loans and advances provided under newly applicable public guarantee schemes introduced in response to COVID-19 crisis

	Gross carrying amount	Maximum amount of the guarantee that can be considered		Gross carrying amount
	of which: forbome	Public guarantees received		Inflows to non-performing exposures
Newly originated loans and advances subject to public guarantee schemes	220,874	-	222,206	684
of which: Households	14,330			-
of which: Collateralised by residential immovable property	-			-
of which: Non-financial corporations	206,544	-	207,227	684
of which: Small and Medium-sized Enterprises	142,814			-
of which: Collateralised by commercial immovable property	-			-

2. Counterparty credit risk

Counterparty risk is incurred from derivative transactions and capital market transactions. For purposes of risk management the Group defines it as pre-settlement risk and settlement risk.

Pre-settlement exposure is defined by PSE measure (Pre-Settlement Exposure, „PSE”), reflecting future potential exposure of the counterparty. PSE reflects maximum expected exposure of the counterparty during the life of the transaction (or transaction portfolio) at the specified confidence level. The distribution of the market value (Mark-to-market) and PSE amount are dependent on market factors determining the values for particular transaction in the customer portfolio. In case there is no sufficient data, to simulate the value of the transactions’ portfolio more simplified method are used, same as for the purpose of capital requirement calculation.

Pre-settlement risk exposure is managed and reduced through the initial or variation margin deposits as well as conducting transactions using clearing houses.

Moreover, the exposure arising from pre-settlement risk is continuously monitored and is also limited at the aggregate level broken down by product group.

Settlement risk arises when the Group exchanges cash payments to counterparty on a value date and is unable to verify that payments have been received in exchange. The exposure in this case equals the nominal transaction value.

The Group does not enter into agreements, which would require providing additional collateral in case of lowering its credit ratings.

Table 23. EU CCR1 – Analysis of CCR exposure by approach

	Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWEA
EU-1 EU - Original Exposure Method (for derivatives)	-	-		1.40	-	-	-	-
EU-2 EU - Simplified SA-CCR (for derivatives)	-	-		1.40	-	-	-	-
1 SA-CCR (for derivatives)	392,976	746,696		1.40	3,221,035	1,595,537	1,595,537	1,093,624
2 IMM (for derivatives and SFTs)				-	-	-	-	-
2a Of which securities financing transactions netting sets				-	-	-	-	-
2b Of which derivatives and long settlement transactions netting sets				-	-	-	-	-
2c Of which from contractual cross-product netting sets				-	-	-	-	-
3 Financial collateral simple method (for SFTs)					-	-	-	-
4 Financial collateral comprehensive method (for SFTs)					1,660,828	53,513	53,513	10,369
5 VaR for SFTs					-	-	-	-
6 Total					4,881,863	1,649,050	1,649,050	1,103,993

* The scope of disclosed information compliant with the CRR.

Table 24. EU CCR2 – Transactions subject to own funds requirements for CVA risk

	Exposure value	RWEA
1 Total transactions subject to the Advanced method	-	-
2 (i) VaR component (including the 3× multiplier)	-	-
3 (ii) stressed VaR component (including the 3× multiplier)	-	-
4 Transactions subject to the Standardised method	752,893	125,327
EU-4 Transactions subject to the Alternative approach (Based on the Original Exposure Method)	-	-
5 Total transactions subject to own funds requirements for CVA risk	752,893	125,327

Table 25. EU CCR3 – Standardised approach – CCR exposures by regulatory exposure class and risk weights

Exposure classes	Risk weight											Total exposure value	
	0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others		
1 Central governments or central banks	32,392	-	-	-	-	-	-	-	-	-	-	-	32,392
2 Regional government or local authorities	-	-	-	-	65	-	-	-	-	-	-	-	65
3 Public sector entities	-	-	-	-	-	-	-	-	-	-	-	-	-
4 Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-
5 International organisations	-	-	-	-	-	-	-	-	-	-	-	-	-
6 Institutions	-	5,536,883	-	-	184,608	723,260	-	-	-	-	-	-	6,444,751
7 Corporates	-	-	-	-	-	4,149	-	-	704,577	-	-	-	708,726
8 Retail	-	-	-	-	-	-	-	-	-	-	-	-	-
9 Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-	-
10 Other items	-	-	-	-	-	-	-	-	-	-	-	-	-
11 Total exposure value	32,392	5,536,883	-	-	184,672	727,409	-	-	704,577	-	-	-	7,185,933

Table 26. EU CCR5 – Composition of collateral for CCR exposures

Collateral type	Collateral used in derivative transactions				Collateral used in SFTs			
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received		Fair value of posted collateral	
	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated
	1 Cash – domestic currency	-	1,687,707	10,170	79,619	-	1,642,973	-
2 Cash – other currencies	-	859,412	-	-	-	-	-	-
3 Domestic sovereign debt	-	-	-	-	-	-	-	-
4 Other sovereign debt	-	-	-	-	-	-	-	-
5 Government agency debt	-	-	-	-	-	-	-	-
6 Corporate bonds	-	-	-	-	-	-	-	-
7 Equity securities	-	-	-	-	-	-	-	-
8 Other collateral	-	-	-	-	-	-	-	-
9 Total	-	2,547,118	10,170	79,619	-	1,642,973	-	-

Table 27. EU CCR8 – Exposures to CCPs

	Exposure value	RWEA
1 Exposures to QCCPs (total)		112,862
2 Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	5,526,714	110,534
3 (i) OTC derivatives	5,499,860	109,997
4 (ii) Exchange-traded derivatives	26,853	537
5 (iii) SFTs	-	-
6 (iv) Netting sets where cross-product netting has been approved	-	-
7 Segregated initial margin	-	
8 Non-segregated initial margin	10,170	203
9 Prefunded default fund contributions	106,964	2,124
10 Unfunded default fund contributions	-	-
11 Exposures to non-QCCPs (total)		-
12 Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	-
13 (i) OTC derivatives	-	-
14 (ii) Exchange-traded derivatives	-	-
15 (iii) SFTs	-	-
16 (iv) Netting sets where cross-product netting has been approved	-	-
17 Segregated initial margin	-	
18 Non-segregated initial margin	-	-
19 Prefunded default fund contributions	-	-
20 Unfunded default fund contributions	-	-

3. Market Risk

Ryzyko rynkowe określane jest jako ryzyko negatywnego wpływu na wynik finansowy oraz wartość funduszy własnych Grupy, zmiany rynkowych stóp procentowych, kursów walutowych, kursów akcji, cen towarów oraz wszelkich parametrów zmienności tych stóp, kursów i cen.

Celem zarządzania ryzykiem rynkowym jest zapewnienie, że rozmiary ponoszonego ryzyka w ramach Grupy odpowiadają poziomowi akceptowalnemu przez akcjonariuszy oraz instytucje nadzoru bankowego, jak również zapewnienie, że wszystkie ekspozycje na ryzyko rynkowe są właściwie odzwierciedlone w kalkulowanych miarach ryzyka przekazywanych do wiadomości odpowiednim osobom i organom zarządzającym.

The amount of capital requirements for individual types of market risk are presented below for:

- fx risk,
- general and specific equity risk,
- specific risk for debt securities,
- general interest rate risk.

Table 28. EU MR1 – Market risk under the standardised approach

	RWEAs
Outright products	
1 Interest rate risk (general and specific)	1,239,828
2 Equity risk (general and specific)	13,048
3 Foreign exchange risk	132,798
4 Commodity risk	-
Options	
5 Simplified approach	-
6 Delta-plus approach	-
7 Scenario approach	-
8 Securitisation (specific risk)	-
9 Total	1,385,675

The Group defines IRRBB for the purposes of risk control and measurement as the risk of a negative impact of changes in interest rates on the financial result and the value of the Group's own funds.

Stress tests measure the potential impact of significant changes in the level or shape of interest rate curves on positions opened in the banking book.

The Group performs stress tests for predefined scenarios of interest rate movements that are combinations of market factors movements defined as large moves and stress moves occurring both domestically and abroad. The amounts of the assumed shifts of

market factors are revised at least once a year and appropriately adjusted to changes in the market conditions of the Group's operations.

The longest maturity after repricing, assigned to deposits with undefined maturity is 5 years.

Presented below are the changes in the economic value of equity (MVE), calculated in accordance with the six supervisory shock scenarios, and the changes in net interest income (NII), calculated in accordance with the two supervisory shock scenarios as of June 30, 2022 and for the comparative period, i.e. December 31, 2021.

The tables present data for the Citi Handlowy Group. In calculating the sensitivities for the following scenarios, assumptions made by EBA are used. The worst of these scenarios (WCS - worst case scenario) is applied to the Capital Group's Tier 1 Capital.

The regulatory limit is 15% and it relates to the sensitivity of the MVE. For the sensitivity of MVE, the test result on December 31, 2021 is amounted to - 11.37%, which means that the regulatory limit (15%) was not exceeded, while on June 30, 2022 it was - 11.80% and was also not exceeded.

NII sensitivity: in the event of a 200bp increase in interest rates, the net interest income would increase by 174 million PLN (as at December 31, 2021). In the event of a 200bp drop in interest rates, the net interest result would decrease by 103 million PLN (as of December 31, 2021). As at June 30, 2022: in the event of a 200bp increase in interest rates, the net interest income would increase by 137 million PLN. However, in the event of a 200 bp decrease in interest rates, the net interest result would decrease by PLN 105 million PLN. The main factors that influenced the change in sensitivity compared to December 2021 were the change in the exposure of interest rate risk on the portfolio of corporate products and the portfolio of available-for-sale assets (AFS).

Table 29. EU IRRBB1 - Interest rate risks of non-trading book activities

Supervisory shock scenarios	a		b		c		d	
	Changes of the economic value of equity				Changes of the net interest income (NII)			
	30.06.2022		Previous period		30.06.2022		Previous period	
1 Parallel up	-181,465	-136,866	137,111	173,565				
2 Parallel down	-524,510	-558,503	-105,343	-102,560				
3 Steepener	-338,102	-347,796						
4 Flattener	-60,854	-32,726						
5 Short rates up	-119,582	-77,577						
6 Short rates down	-598,692	-627,114						
Worst case scenario	-598,692	-627,114						
Tier 1 - Grupa	5,073,024	5,517,436						
Result	-11.80%	-11.37%						

Additional information on market risk is presented in the Condensed interim consolidated financial statements of the Capital Group of Bank Handlowy w Warszawie S.A for the period of 6 months ended 30 June 2022 , in note 5 "Risk Management", in the "Market Risk" section.

V. Information related to the liquidity

Liquidity risk management

Liquidity risk is the risk that the Group may be unable to meet on time its financial obligations towards a client, lender or an investor as a result of the mismatches in cash flows due to the balance and off-balance sheet positions that the Group has at a given date.

The liquidity risk management policy in the Group primarily aims to ensure and maintain the ability to meet both: current and future financial obligations (also in the event of extremely stressed conditions), while minimizing the cost of obtaining liquidity. This is possible due to the proper identification of the liquidity risk, its constant monitoring as well as the establishment of limits with full understanding of: the macroeconomic environment, the Group's business profile, regulatory requirements as well as, strategic and business objectives within available liquidity resources.

The liquidity risk strategy, including the acceptable risk level, assumed balance sheet structure and financing plan is approved by the Bank's Management Board and then accepted by the Bank's Supervisory Board. The management of the Group's balance sheet structure is managed by the Asset and Liability Management Committee (ALCO). The organization of the liquidity risk management process that exists in the Group, is aimed to ensure the separation of functions between entities that conduct transactions (affecting the liquidity risk), monitor and control the risk. The management of intraday, current and short-term liquidity is a task of the Financial Markets and Corporate Banking Sector, while the management of medium and long-term liquidity lies on ALCO responsibilities. Reporting functions are performed by the Risk Strategy and Capital Department, while the monitoring and control of the level of liquidity risk is performed by the Market Risk Department. Activities of companies from the Group of the Bank in the area of liquidity risk management are supervised by the Bank by way of delegating its employees to supervisory bodies (supervisory boards) of such affiliates. Supervision over liquidity of companies from the Group of the Bank is exercised by ALCO.

The source data and models used to generate liquidity reports come from independent management systems or other independent record systems. The reports and stress tests are generated on a daily bases by the Risk Strategy and Capital Department - a unit independent from the Financial Markets and Corporate Banking Sector – and sent to the Group's units responsible for the liquidity risk management and to the Market Risk Department, who is responsible for the substantive content of those reports, including recognition of all elements that affect the liquidity risk. On monthly bases, the Market Risk Department prepares the analysis of the Group's liquidity position and liquidity risk level for the Assets and Liabilities Management Committee and the Risk and Capital Management Committee. Daily reports are sent to those who are directly involved in the intraday, current and short-term liquidity management processes. Monthly and quarterly reports are prepared on the basis of daily data and are submitted to the members of the Bank's Committees that deal with medium- and long-term liquidity risk and structural liquidity risk (the Assets and Liabilities Management Committee and the Risk and Capital Management Committee). Such organization ensures:

- current and forward looking information;
- gives a picture of the liquidity risk for the total balance and off-balance sheet and for the relevant for the Bank currencies (PLN, USD, EUR);
- the diversity of prepared reports allows to assess the level of intraday, current and structural liquidity risk,
- obtaining stress test results with a sufficient frequency (daily for the S2 and monthly for the remaining ones);
- comprehensiveness of the approach in the preparation of the liquidity reports covering both balance and off-balance sheet items.

As a part of the liquidity risk management, the Group pursues the following goals:

- providing Group's entities (at any time) with an access to the liquid funds in order to meet all their financial obligations in a timely manner, also in extreme but probable crisis situations;
- maintaining an adequate level of high-quality liquid assets in the event of a sudden deterioration of the Group's liquidity position;
- defining the scale of the liquidity risk undertaken by the Group by establishing, at an appropriate and safe level, internal measures and limits aimed at limiting excessive concentration in the scope of the adopted balance sheet structure or sources of financing;

- constant monitoring of the Group's liquidity situation with respect to the occurrence of an emergency situation in order to launch the Contingency Funding Plan;
- ensuring compliance of the processes operating at the Bank with the Polish and European regulatory requirements regarding liquidity risk management.

As part of liquidity risk management, the Group also applies a number of control mechanisms ensuring compliance with the liquidity risk management principles. They include in particular:

- separation of the function of measuring, monitoring and controlling risks from operating activities, including separation of functions in areas of potential conflicts of interest and areas of increased risk level;
- reviews of processes, performed by persons performing management functions or managerial functions or delegated by these persons;
- control activities integrated into the operations of the Bank's organizational units and adapted to the profile, scale and specificity of the operations of the Bank's organizational units;
- checking that the exposure limits are met and tracking cases when they are breached;
- monitoring the reports with excesses;
- monitoring of risk indicators;
- self-evaluation process;
- monitoring and testing of contingency funding plans and continuity of business plans.

The main source of funding the Group's activity, including liquid assets portfolio, is deposit base, where at end of June 2022 deposits constituted 66% of total liabilities. The Group maintains buffer of unencumbered high quality assets at high level, investing in sovereign bonds and liquid bonds issued by highly rated corporations. Every year the Group performs analysis if held bond portfolio is possible to liquid at the market condition, in order to set amount of bonds possible to liquidate within timeframe compliant with local regulatory liquidity measure calculation as well as LCR calculation.

The Group constantly monitors funding concentration. To realize that target, the structure of funds is well diversified in each segment of deposits – retail, small enterprises, corporations and public finance sector. The concentration is monitored in break down for client categories and currencies and it is compared to an early warning triggers approved by ALCO. In addition to that there is an early warning trigger for net funding on wholesale market applied.

The Group is one of the biggest market participants on Polish derivative market, however net flows on that instruments in 30 days are irrelevant for LCR. Simultaneously the Group's methodology of evaluating potential outflows of margin deposits from the Group to other entities or potential decrease of margin deposits kept by Bank's customers bases on maximal outflows within last 24 months and it secures Bank from underestimation of outflows within 30 days.

In accordance with the Regulation No. 575/2013 the Group monitors and maintains an adequate level of Liquidity Coverage Ratio (LCR). As of June 30, 2022 LCR was 155% and was 14 p.p. lower than as of December 31, 2021. The decrease in the ratio was mainly due to the change in deposit's structure and settlements of derivatives transactions.

The Group recognizes that the depth of the FX swap market allows the assumption that the existing mismatch (the excess of FX liabilities over assets) can be easily eliminated by means of current FX swaps. Additionally, the Group does not identify other significant components of the net outflow coverage ratio than those included in the net coverage coverage disclosure formula.

Detailed data on the volume of regulatory measures for H1 2022, as well as the applied internal measures in the area of the liquidity risk management, are included in the Condensed interim consolidated financial statements of the Capital Group of Bank Handlowy w Warszawie S.A for the period of 6 months ended 30 June 2022, in note 5 "Risk Management".

As the result of the assessment of the level of liquidity risk and current and structural liquidity ratios (ILAAP), documented during the review of the Risk Management System (meeting of the Risk and Capital Management Committee in March 2022), the Assets and Liabilities Management Committee in the process of adopting the annual "Financing and Liquidity Plan" (plan for 2022 reviewed and approved in December 2021), recommend a few changes to the existing liquidity risk limits and thresholds, in order to make the limit grid consistent and to adjust to the observed volatility of liquidity risk measures.

Table 30. EU LIQ1 – Quantitative information of LCR

Scope of consolidation: consolidated		a	b	c	d	e	f	g	h
		Total unweighted value (average)				Total weighted value (average)			
EU 1a	Quarter ending on	30.06.2022	31.03.2022	31.12.2021	30.09.2021	30.06.2022	31.03.2022	31.12.2021	30.09.2021
EU 1b	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
HIGH-QUALITY LIQUID ASSETS									
1	Total high-quality liquid assets (HQLA)					31,020,985	30,942,880	30,998,059	30,883,467
CASH - OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	18,469,220	18,102,646	17,814,784	17,437,527	1,470,864	1,426,304	1,394,743	1,358,621
3	Stable deposits	10,358,191	10,344,501	10,317,915	10,208,592	517,910	517,225	515,896	510,430
4	Less stable deposits	8,111,028	7,758,145	7,496,869	7,228,935	952,955	909,078	878,847	848,191
5	Unsecured wholesale funding	28,538,183	28,338,097	28,605,429	29,140,418	11,224,219	10,692,360	10,689,370	11,374,418
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	19,876,067	20,909,546	21,356,280	20,878,635	4,969,017	5,227,386	5,339,070	5,219,659
7	Non-operational deposits (all counterparties)	8,662,116	7,428,551	7,249,149	8,261,783	6,255,202	5,464,973	5,350,300	6,154,759
8	Unsecured debt	-	-	-	-	-	-	-	-
9	Secured wholesale funding					-	-	-	429
10	Additional requirements	55,343,984	54,865,211	50,003,054	44,764,951	44,928,488	44,256,279	39,204,647	33,726,455
11	Outflows related to derivative exposures and other collateral requirements	43,992,516	43,298,898	38,229,837	32,734,185	43,992,516	43,298,898	38,229,837	32,734,185
12	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
13	Credit and liquidity facilities	11,351,468	11,566,313	11,773,217	12,030,766	935,972	957,381	974,811	992,271
14	Other contractual funding obligations	731,376	496,554	429,732	362,274	731,376	496,554	429,732	343,900
15	Other contingent funding obligations	3,546,325	3,550,411	3,509,053	3,393,252	354,633	355,041	350,905	339,325
16	TOTAL CASH OUTFLOWS					58,709,579	57,226,538	52,069,397	47,143,148
CASH - INFLOWS									
17	Secured lending (e.g. reverse repos)	165,693	147,079	96,462	124,219	22	22	22	62,401
18	Inflows from fully performing exposures	1,888,281	1,723,532	1,709,753	1,572,210	1,572,185	1,376,136	1,389,899	1,190,798
19	Other cash inflows	40,379,549	40,504,101	35,936,863	30,804,076	40,379,549	40,504,101	35,936,863	30,804,076
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					-	-	-	-
EU-19b	(Excess inflows from a related specialised credit institution)					-	-	-	-
20	TOTAL CASH INFLOWS	42,433,524	42,374,712	37,743,078	32,500,505	41,951,756	41,880,258	37,326,784	32,057,275
EU-20a	Fully exempt inflows	-	-	-	-	-	-	-	-
EU-20b	Inflows subject to 90% cap	-	-	-	-	-	-	-	-
EU-20c	Inflows subject to 75% cap	42,433,524	42,374,712	37,743,078	32,500,505	41,951,756	41,880,258	37,326,784	32,057,275
TOTAL ADJUSTED VALUE									
EU-21	LIQUIDITY BUFFER					31,020,985	30,942,880	30,998,059	30,883,467
22	TOTAL NET CASH OUTFLOWS					17,230,683	15,949,008	15,303,028	15,470,316
23	LIQUIDITY COVERAGE RATIO					180.03	194.01	202.56	199.63

Table 31. EU LIQ2: Net Stable Funding Ratio

	Unweighted value by residual maturity				Weighted value
	No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Available stable funding (ASF) Items					
1 Capital items and instruments	6,072,685	-	-	-	6,072,685
2 Own funds	6,072,685	-	-	-	6,072,685
3 Other capital instruments		-	-	-	-
4 Retail deposits		19,330,912	60,805	5,013	17,989,425
5 Stable deposits		10,637,330	-	-	10,105,464
6 Less stable deposits		8,693,582	60,805	5,013	7,883,961
7 Wholesale funding:		27,151,244	17,664	3,479	10,924,633
8 Operational deposits		16,448,482	-	-	16,143,253
9 Other wholesale funding		10,702,763	17,664	3,479	-5,218,620
10 Interdependent liabilities		-	-	-	-
11 Other liabilities:	920,413	5,193,849	211	-	106
12 NSFR derivative liabilities	920,413				
13 All other liabilities and capital instruments not included in the above categories		5,193,849	211	-	106
14 Total available stable funding (ASF)					34,986,849
Required stable funding (RSF) Items					
15 Total high-quality liquid assets (HQLA)					965,543
EU- Assets encumbered for a residual maturity of one year or more in 15a a cover pool					-
16 Deposits held at other financial institutions for operational purposes		-	-	-	-
17 Performing loans and securities:		5,145,682	1,118,327	16,544,450	15,232,272
18 Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		1,334,383	-	-	-
19 Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		973,164	10,006	771,244	873,564
20 Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		1,142,244	1,076,885	12,692,383	11,898,090
21 With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		-	-	-	-

	Unweighted value by residual maturity				Weighted value
	No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Available stable funding (ASF) Items					
22 <i>Performing residential mortgages, of which:</i>		33,535	31,435	1,858,859	1,240,744
23 <i>With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk</i>		33,535	31,435	1,858,859	1,240,744
24 <i>Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products</i>		1,662,356	-	1,221,964	1,219,875
25 Interdependent assets		-	-	-	-
26 Other assets:		4,388,705	305	2,827,639	3,165,247
27 <i>Physical traded commodities</i>				-	-
28 <i>Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs</i>		123,395	-	-	104,886
29 <i>NSFR derivative assets</i>		-			-
30 <i>NSFR derivative liabilities before deduction of variation margin posted</i>		4,223,217			211,161
31 <i>All other assets not included in the above categories</i>		42,093	305	2,827,639	2,849,200
32 Off-balance sheet items		-	-	12,007,866	670,768
33 Total RSF					20,033,829
34 Net Stable Funding Ratio (%)					174,64

VI. Leverage Ratio

Information on the leverage ratio as of June 30, 2022, summary reconciliation of accounting assets and leverage ratio exposures, leverage ratio common disclosure, split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures) are presented in the following tables in accordance with Commission Implementing Regulation (EU) 2021/637:

Table 32. EU LR1 - LRSum: Summary reconciliation of accounting assets and leverage ratio exposures

	Applicable amount
1 Total assets as per published financial statements*	74,234,150
2 Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	0
3 (Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	-
4 (Adjustment for temporary exemption of exposures to central banks (if applicable))	-
5 (Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the total exposure measure in accordance with point (i) of Article 429a(1) CRR)	-
6 Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	-
7 Adjustment for eligible cash pooling transactions	-
8 Adjustment for derivative financial instruments	-5,751,696
9 Adjustment for securities financing transactions (SFTs)	-
10 Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	4,750,686
11 (Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	-
EU-11a (Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	-
EU-11b (Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a(1) CRR)	-
12 Other adjustments	-2,128,123
13 Total exposure measure	71,105,017

* The amount of assets has been presented in accordance with the EBA guidelines and is equal to the total assets in the FINREP statements and not the total assets presented in the financial statements. The difference between these values is due to the offsetting effect of derivatives. In the consolidated statement of financial position, all liabilities and assets of the Group resulting from forward and derivative transactions settled by the central counterparty of KDPW_CCP S.A. are reported as netted (offsetting liabilities and assets).

Table 33. EU LR2 - LRCom: Leverage ratio common disclosure

	CRR leverage ratio exposures	
	30.06.2022	31.03.2022
On-balance sheet exposures (excluding derivatives and SFTs)		
1 On-balance sheet items (excluding derivatives, SFTs, but including collateral)	59,627,418	58,465,942
2 Gross-up for derivatives collateral provided, w here deducted from the balance sheet assets pursuant to the applicable accounting framework	-	-
3 (Deductions of receivables assets for cash variation margin provided in derivatives transactions)	(513,368)	(473,145)
4 (Adjustment for securities received under securities financing transactions that are recognised as an asset)	-	-
5 (General credit risk adjustments to on-balance sheet items)	-	-
6 (Asset amounts deducted in determining Tier 1 capital)	(1,202,074)	(1,172,421)
7 Total on-balance sheet exposures (excluding derivatives and SFTs)	57,911,976	56,820,376
Derivative exposures		
8 Replacement cost associated with SA-CCR derivatives transactions (ie net of eligible cash variation margin)	5,369,508	8,001,514
EU-8a Derogation for derivatives: replacement costs contribution under the simplified standardised approach	-	-
9 Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	2,217,646	4,001,269
EU-9a Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach	-	-
EU-9b Exposure determined under Original Exposure Method	-	-
10 (Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	-	-
EU-10a (Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)	-	-
EU-10b (Exempted CCP leg of client-cleared trade exposures) (Original Exposure Method)	-	-
11 Adjusted effective notional amount of written credit derivatives	-	-
12 (Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-
13 Total derivatives exposures	7,587,154	12,002,783
Securities financing transaction (SFT) exposures		
14 Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	1,660,828	982,498
15 (Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-
16 Counterparty credit risk exposure for SFT assets	-	-
EU-16a Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 CRR	-	-
17 Agent transaction exposures	-	-
EU-17a (Exempted CCP leg of client-cleared SFT exposure)	-	-
18 Total securities financing transaction exposures	1,660,828	982,498

Other off-balance sheet exposures

19	Off-balance sheet exposures at gross notional amount	15,450,431	15,787,418
20	(Adjustments for conversion to credit equivalent amounts)	(11,505,372)	(11,859,885)
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)	-	-
22	Off-balance sheet exposures	3,945,059	3,927,533

Excluded exposures

EU-22a	(Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	-	-
EU-22b	(Exposures exempted in accordance with point (j) of Article 429a(1) CRR (on and off balance sheet))	-	-
EU-22c	(Excluded exposures of public development banks (or units) - Public sector investments)	-	-
EU-22d	(Excluded exposures of public development banks (or units) - Promotional loans)	-	-
EU-22e	(Excluded passing-through promotional loan exposures by non-public development banks (or units))	-	-
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)	-	-
EU-22g	(Excluded excess collateral deposited at triparty agents)	-	-
EU-22h	(Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a(1) CRR)	-	-
EU-22i	(Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a(1) CRR)	-	-
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)	-	-
EU-22k	(Total exempted exposures)	-	-

Capital and total exposure measure

23	Tier 1 capital	5,073,024	5,209,344
24	Total exposure measure	71,105,017	73,733,190

Leverage ratio

25	Leverage ratio (%)	7.13	7.07
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	7.13	7.07
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	7.13	7.07
26	Regulatory minimum leverage ratio requirement (%)	3.00	3.00
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)	-	-
EU-26b	of which: to be made up of CET1 capital	-	-
27	Leverage ratio buffer requirement (%)	-	-
EU-27a	Overall leverage ratio requirement (%)	3.00	3.00

Choice on transitional arrangements and relevant exposures

EU-27b	Choice on transitional arrangements for the definition of the capital measure	fully phased-in definition	fully phased-in definition
--------	---	----------------------------	----------------------------

Disclosure of mean values

28	Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivable	2,812,125	1,247,546
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	1,660,828	982,498
30	Total exposure measure (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	72,256,314	73,998,237
30a	Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	72,256,314	73,998,237
31	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	7.02	7.04
31a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	7.02	7.04

* The scope of disclosed information compliant with the CRR.

Table 34. EU LR3 - LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

	CRR leverage ratio exposures
EU-1 Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	59,114,050
EU-2 Trading book exposures	1,908,545
EU-3 Banking book exposures, of which:	57,205,504
EU-4 Covered bonds	-
EU-5 Exposures treated as sovereigns	31,809,809
EU-6 Exposures to regional governments, MDB, international organisations and PSE, not treated as sovereigns	2,185
EU-7 Institutions	2,147,936
EU-8 Secured by mortgages of immovable properties	2,921,628
EU-9 Retail exposures	4,522,803
EU-10 Corporates	11,878,957
EU-11 Exposures in default	197,682
EU-12 Other exposures (eg equity, securitisations, and other non-credit obligation assets)	3,724,504

VII. Declaration of the Management Board of Bank

The Management Board of Bank Handlowy w Warszawie S.A hereby:

- declares that, to the best of its knowledge, the information disclosed in the document "Information on capital adequacy of the Capital Group of Bank Handlowy w Warszawie S.A. as at June 30, 2022 " in accordance with part eight of Regulation No. 575/2013, are adequate to the actual state; the adequacy of risk management arrangements at the Bank ensures that the applied risk management systems are appropriate from the point of view of the risk profile and strategy of the Bank and the entire Group.
- approves this document "Information on capital adequacy of the Capital Group of Bank Handlowy w Warszawie S.A. as at June 30, 2022 ", which includes information on risk, discusses the overall risk profile of the Bank and the Group related to the business strategy, and includes key indicators and figures that provide external stakeholders with a comprehensive view of the Group's risk management, including the interaction between the Bank's risk profile and the risk appetite, defined by the Management Board and approved by the Supervisory Board.

Members of Management Board

29 August 2022 Date	Elżbieta Światopełk-Czetwertyńska Name	The President of Management Board Position/Function
29 August 2022 Date	Natalia Bożek Name	Vice-president of Management Board Position/Function
29 August 2022 Date	Maciej Kropidłowski Name	Vice-president of Management Board Position/Function
29 August 2022 Date	Barbara Sobala Name	Vice-president of Management Board Position/Function
29 August 2022 Date	Andrzej Wilk Name	Vice-president of Management Board Position/Function
29 August 2022 Date	Katarzyna Majewska Name	Member of Management Board Position/Function



www.citihandlowy.pl
Bank Handlowy w Warszawie S.A.

 **citi handlowy**[®]

Znaki Citi oraz Citi Handlowy stanowią zarejestrowane znaki towarowe Citigroup Inc., używane na podstawie licencji. © 2015 Citigroup Inc. oraz jej spółkom