January 30, 2024

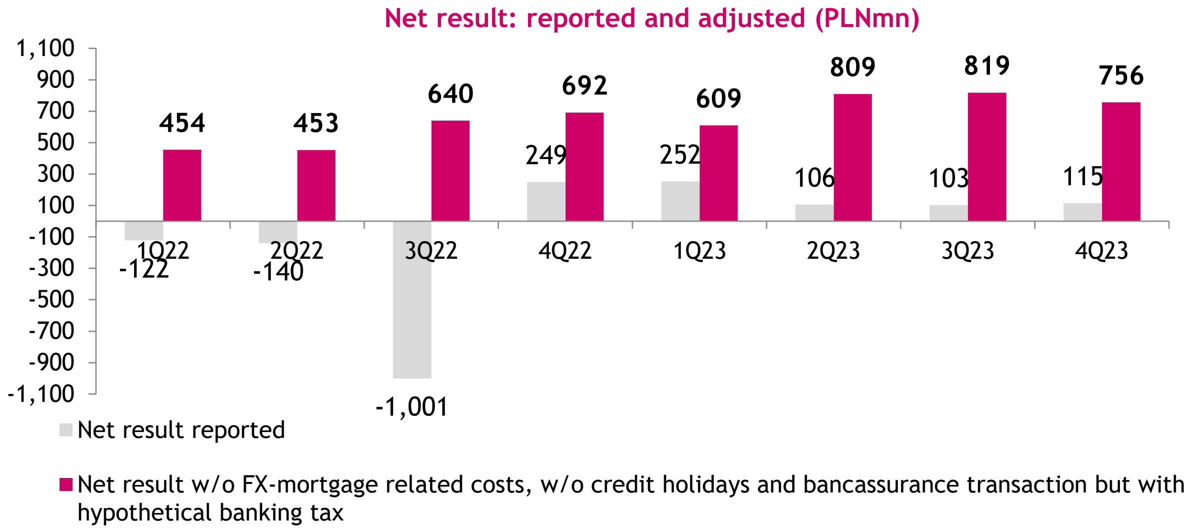
Attachment to the current report no. 2/2024

PRELIMINARY NON-AUDITED RESULTS OF BANK MILLENNIUM S.A. CAPITAL GROUP IN 4Q23/FY2023

FINANCIAL RESULTS IN BRIEF

4Q23 brought a continuation of positive trends observed in previous quarters with solid growth in operating income (10% y/y) translating into a strong core business result. This in turn allowed comfortable coverage of costs related to the legacy FX-mortgage portfolio ('FX-mortgage costs'). As a consequence, in 4Q23 Bank Millennium S.A. Capital Group's ('BM Group', 'Group') reported net profit of PLN115 million. In 2023 overall, the Group posted net profit of PLN576 million (ROE of 9% on reported average equity), a very positive development after the two-year period of negative results.

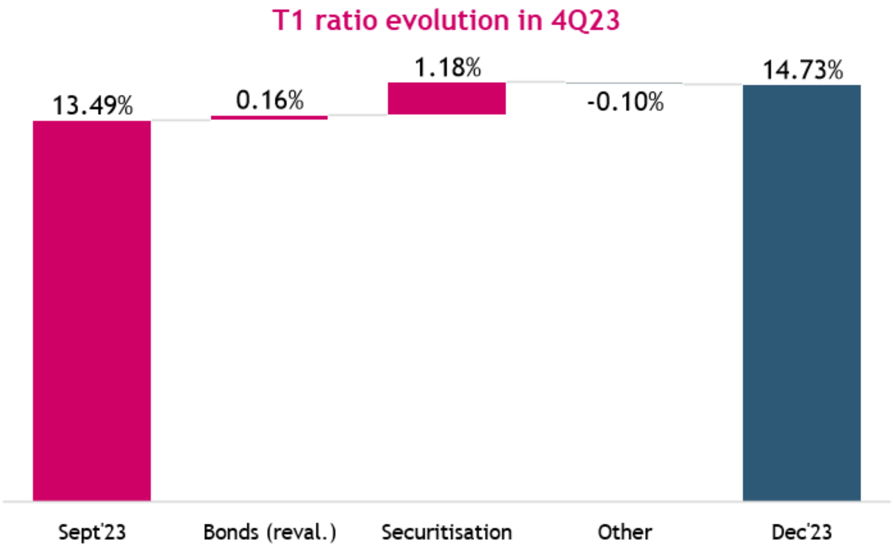
The three-digit net result of the quarter was achieved despite the still elevated costs related to FX-mortgage portfolio. In 4Q23 alone, these totalled PLN778 million after tax while in 2023 overall PLN3,338 million (+41% y/y). 4Q23 net profit adjusted for these costs and other minor one-offs but with a hypothetical asset tax ('bank tax') (PLN100 million) would be PLN756 million. Adjusted, full year 2023 net profit was PLN2,993 million, up 34% y/y, well above the PLN2bn net profit before FX costs originally targeted for 2024.



In 4Q23, the number of active customers crossed the 3 million mark, a target initially set for YE24. This represents 300 thousand or 11% growth of customers' number since YE21 (2023 alone: +116 thousand). Also the share of digitally active customers exceeded 90% (84% at YE21), ahead of the plan.

4Q23 also saw quarterly number of amicable settlements with FX-mortgage borrowers returning above 1,000. The number of settlements signed to date totalled 21.4 thousand (2023: 3.7 thousand), an equivalent of 35% of the number of loan agreements active at moment of the full roll-out of amicable settlements process. Additionally, the number of in-court settlements continued to increase at a steady pace. In 4Q23 alone, over 185 such settlements were achieved (17% of total) while in 2023 overall 529 (14%).

Capital ratios again improved considerably in the period with Group's T1 capital ratio increasing to 14.7% from 13.5% at the end of September'23 (Bank solo: 15.4% from 14.1% respectively) on a combination of securitisation transaction (non-mortgage retail loans) and improved valuation of the bond portfolio. At YE23, Group's T1 ratio was 489bps above the required minimum level. The 345bps (31%) improvement of the Group's- T1 ratio in 2023 through organic generation of capital was remarkable and probably unprecedented on the Polish market.



Substantial non-recurring items in P&L

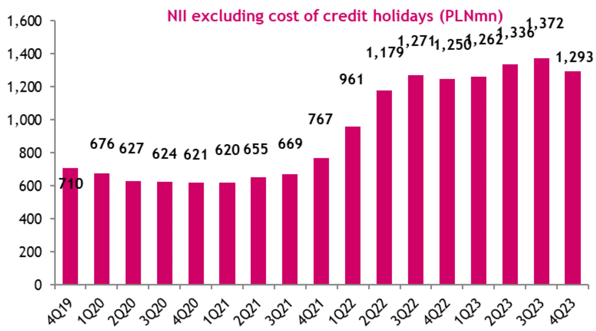
4Q23 brought a handful of positive and negative non-recurring items of which key ones were positive PLN55 million pre-tax impact of the final settlement with TU Europa Group (an earn-out presented in results from financial operations and a revaluation gain of the 20% stake in MFS sp. z o.o. in other operating income), PLN14 million of a tax provision release (other operating income) and PLN9 million final increase of credit holiday cost (decreased interest income), apart from the already mentioned FX mortgage legal risk provisions and costs.

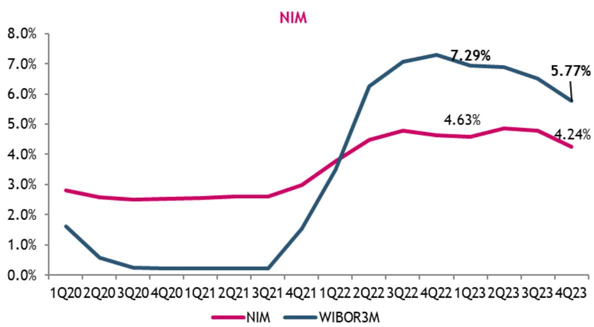
Key developments in the period

The key developments in 4Q23 were as follows:

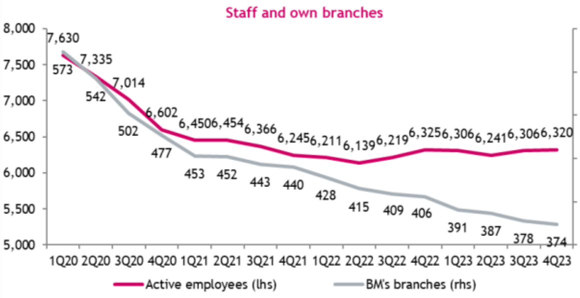
- **NII adjusted for the final adjustment of the cost of credit holidays decreased 6% q/q (2023: +13% y/y)** chiefly due to higher interest cost following the EUR500mn MREL bonds issue in September'23 and falling WIBOR3M (5.77% on average vs. 6.51% in 3Q23); growing size and profitability of the securities portfolio were offsetting factors; excluding costs of credit holidays, MREL bonds and securitisation transaction, NII would drop 3% q/q;

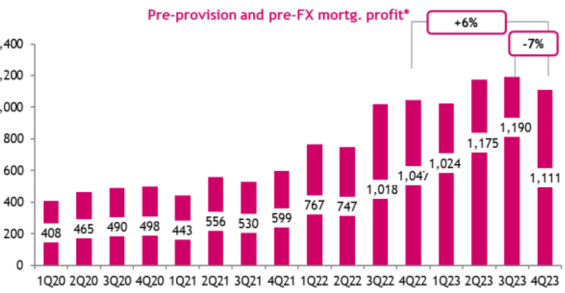
- **quarterly NIM eased to 424bp from 477bp in 3Q23** chiefly n a combination of denominator effect (high growth of IEAs) and the above mentioned higher cost of non-deposit funding;





- **inflationary pressures in costs remained high** (4Q23 reported opex up 13% y/y, 2023 opex w/o BFG and IPS up 13%) but nonetheless reported, but without credit holiday impact, C/I ratio remained at an excellent level of 34% and was only slightly above the 31% in 4Q22; 2023 reported C/I ratio stood at 30% vs. 39% in 2022 overall; legal costs related to FX-mortgage book were a higher-than-usual burden on the results (PLN92mn in the period, up 62% q/q and up 66% y/y with PLN43mn booked in admin cost line); the continued digitalisation of our business (digital customers: over 2.7mn, up 7% y/y, number of active mobile customers: 2.5mn, up 10% y/y) was complemented by the ongoing optimisation of the physical distribution network (own branches down by 32 units or 8% in the last twelve months); employment remained broadly stable (number of active employees up 13 in 4Q23 and down 5 since YE22);



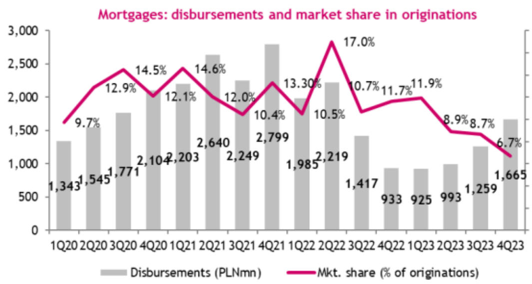


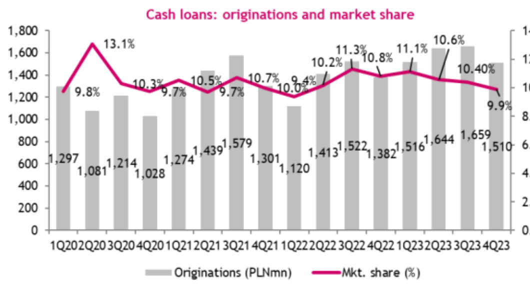
(*) Reported adjusted for cost of credit holidays, provisions against credit risk, Covid-19, result on FV portfolio, impairment losses on non-financial assets, modifications, legal risk on FX-mortgages and results on bancassurance transaction in 1Q23 and 4Q23.

- **loan portfolio was marginally up in the quarter** (y/y contraction rate of net/gross loans decelerating to 4% each) with trends in FX-mortgage portfolio (down 22% q/q on a reported basis and down 56% y/y) remaining the key decisive factor; net/gross loan book w/o FX-mortgages marginally increased (+1% q/q, +1% y/y); FX-mortgages (reported basis) continued to shrink fast on a combination of FX movements, repayments, provisioning (in line with IFRS9 most of legal risk provisions are booked against gross value of loans under court proceedings), write-downs and amicable settlements; as a result, the share of all FX-mortgages in total gross loans decreased to 4.1% (BM originated only: 3.6%) from 8.9% (8.1%) in the same period last year;

- **non-mortgage net retail portfolio was up 3% q/q and up 7% y/y** (origination of cash loans reached PLN1.5bn or +9% y/y in 4Q23 alone and PLN6.3bn, up 16% y/y in 2023 overall); BM's market share in origination of cash loans in 4Q23 stood at 9.9% while in 2023 overall at 10.5%, slightly above the 10.4% in 2022;

- **origination (disbursements) of PLN mortgages improved significantly** in 4Q23 and growing 32% q/q to nearly PLN1.7bn, it was the highest since 3Q22; 2023 origination totalled PLN4.8bn and remained significantly (26%) below the level in the preceding year; BM's market share in originations stood at 6.7% in 4Q23 and 8.2% in 2023 vs. 11.7% in 4Q22 and 12.8% in 2022 respectively;

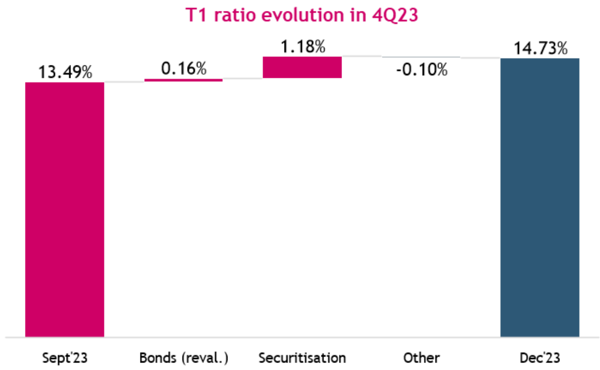


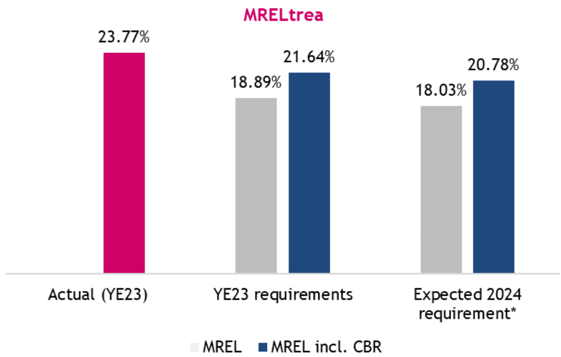


- **loan book quality was broadly stable in 4Q23** with NPL ratio ticking down to 4.6% from 4.7% at the end of September'23 and broadly stable quality across all sub-portfolios; NPL coverage remained stable at 72% while cost of risk remained low (36bps in 4Q23, 2023: 39bp vs. 2022: 44bps) owing to the continued low cost of risk in the corporate segment and positive impact of NPL sale (PLN44mn positive gross impact on cost of risk line);

- **customer deposits were up 1% in the quarter and up 9% y/y** with retail deposits up 3% q/q and corporate ones down 4% q/q, in line with market trends; share of term deposits remained broadly stable at 36%; liquidity of the Bank remained very comfortable with L/D ratio easing further to below 69%;

- **AuM of Millennium TFI and third-party funds combined continued to increase** (up 9% q/q in 4Q23); at over PLN8.1bn they were strongly up in y/y terms (+26%);
- **capital ratios improved considerably** (Group TCR: 18.1%/T1:14.7% vs. 16.6%/13.5% respectively at the end of September) and therefore the surplus over the required minimum levels widened further to 5.9ppt and 4.9ppt respectively; the improvement was mainly an outcome of securitisation of cash loans portfolio (118bp) and lower unrealised losses on debt securities portfolio; as reported earlier **the Bank met its YE23 MREL targets and expects that going forward its MREL requirements will decrease following the already communicated reduction in P2R capital buffer;**

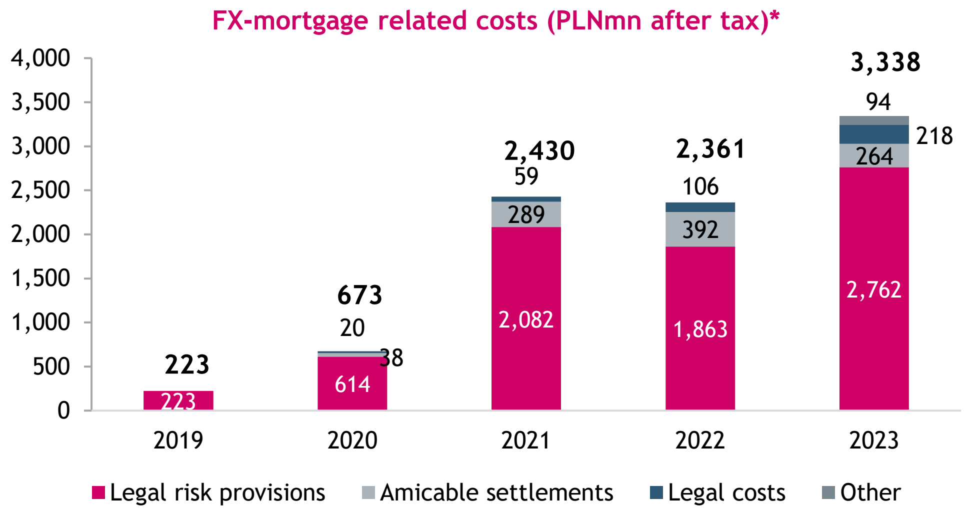




(*) reflects the recent P2R drop by 48bp to 1.46%

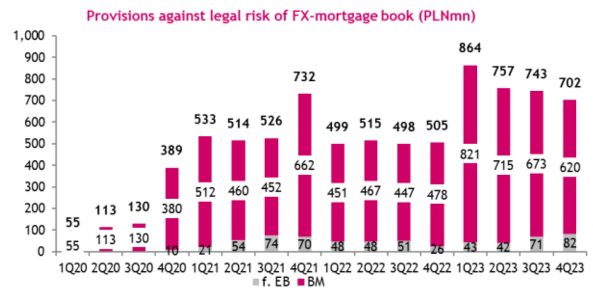
FX-mortgage portfolio and related costs

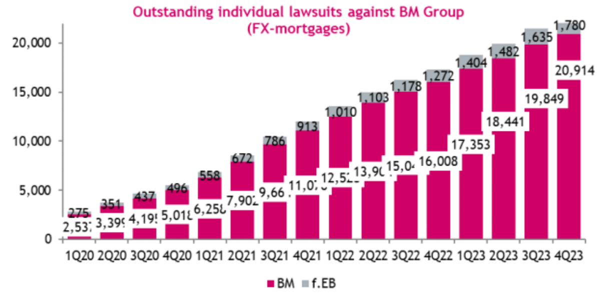
Costs related to FX-mortgage portfolio (legal risk provisions, costs of amicable settlements and legal costs) remained elevated and continued to be a material drag on the increasingly profitable core business of the Group. Totalling PLN841 million pre-tax (PLN778 million after tax) in the period and PLN3,540 million (PLN3,338 million) in 2023 overall these were significantly above levels in the same period last year (up 44% y/y/up 41% y/y respectively).



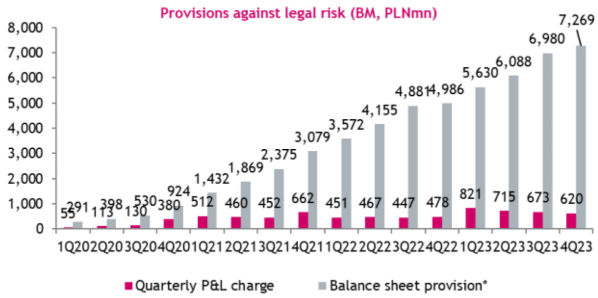
(*) without legal risk costs related to FX-mortgages originated by former EB.

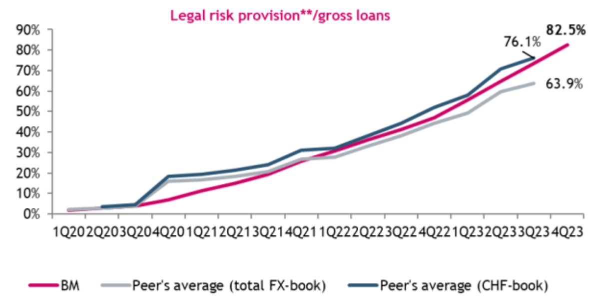
Total provisions against legal risk related to FX-mortgage portfolio ('FX-mortgage provisions') amounted to PLN702 million (pre-tax) in 4Q23 with PLN620 million attributable to FX-mortgages originated by Bank Millennium. In 2023 overall, the respective values were PLN3,065 million and PLN2,828 million (2022: PLN2,017 million and PLN1,844 million respectively). Post-tax FX-mortgage related provisions attributable to portfolio originated by Bank Millennium totalled PLN2,762 million in 2023 vs. PLN1,863 million in 2022. While in the 1H23 the increase of mortgage provisions resulted from negative developments in the legal environment, namely the judgment of the European Court of Justice of June 15, 2023, with consequent methodological changes (e.g. elimination of a scenario of remuneration for capital provided by the Bank) and updated inputs into the Bank's provisioning methodology, in 2H23 these were chiefly driven by updated inputs, reflecting, inter alia, actual and expected inflow of court claims.





At YE23, provisions for the portfolio originated by Bank Millennium were at the level of PLN7,269 million (an equivalent of 83% of the grossed-up FX-mortgage book) and at PLN603 million for the portfolio originated by former Euro Bank. Allocated, i.e. decreasing gross balance sheet value of the respective loan books stood at PLN6,028 million and PLN489 million respectively.

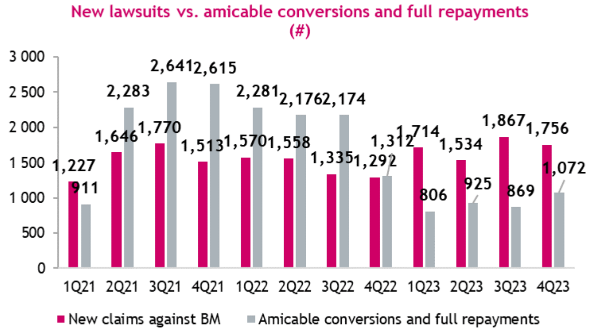


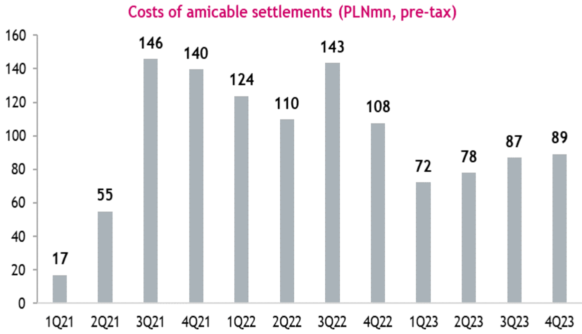


*(*) actual outstanding B/S provisions not equal to the sum of P&L charges. ** including provisions for settlements*
Note: legal risk provisions/gross FX mortgage book (post IFRS9 adjustments where necessary); excl. f.EB portfolio in case of BM; peer group composition has been changed hence there may be differences in comparison to previously presented data.

On December 31, 2023, the Bank had 20,914 loan agreements and additionally 1,780 loan agreements from former Euro Bank under individual ongoing litigations (excluding claims submitted by the Bank against clients i.e. debt collection cases) concerning indexation clauses of FX mortgage loans submitted to the court. A relatively small proportion of these (11.0%) was filed by borrowers who had repaid their FX-mortgages entirely or converted them into PLN mortgages at the date of submitting the court case.

The Bank is highly focused on reduction of its FX-mortgage portfolio and the related risk and therefore continues to actively offer its customers amicable solutions (i.a. conversions to Polish zloty, pre-payments, early repayments or collectively 'amicable settlements') regarding FX-mortgages on negotiated terms. The number of amicable settlements reached 1,072 in 4Q23, more than in the preceding quarter and 3,672 in 2023 overall (2022: 7,943). Over 21,400 amicable settlements took place since early 2020 when more intensive effort started. This represents nearly 35% of the number of active FX-mortgage agreements at the start of the effort. As a result of these negotiations, final court verdicts and other natural drivers, in 4Q23 the number of active FX-mortgage loans decreased by 1,651 to 32,435, while in 2023 overall by nearly 5,600, following the 9,600 drop in 2002 overall. In 4Q23, costs related to amicable settlements totalled PLN89 million (pre-tax, booked in FX-result and in result on modifications), while in 2023 overall they totalled PLN326 million (2022: PLN484 million). The relatively higher cost of the settlements in recent quarters reflected, among others, an increasing number and share of in-court settlements. In 4Q23, 185 such settlements were achieved, compared to 156 in 3Q23 (2023: 529 vs. 2022: 281).

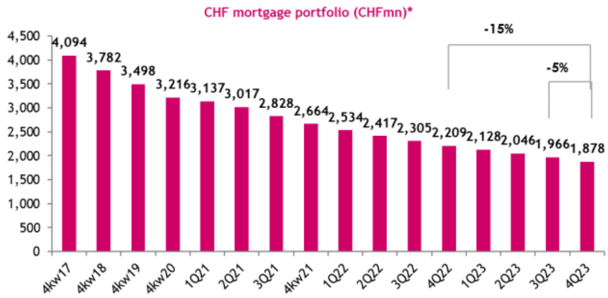


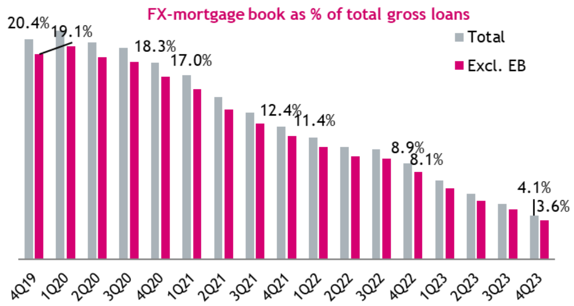


Note: some items were adjusted from the previously reported values

Legal costs, booked in admin costs and other operating costs, totalled PLN92 million in 4Q23 and PLN269 million in 2023.

As a result of these trends, the BM's FX-mortgage portfolio contracted 5% in 4Q23 (in CHF terms, gross, w/o impact of allocated legal risk provisions) while the y/y contraction rate stood at 15%. The share of total FX-mortgage book (gross loans less allocated legal risk provisions) in total Group's gross loans dropped to 4.1% at the end of December'23, while the share of FX-mortgage loans originated by BM dropped to 3.6%.





(*) Originated by Bank Millennium
Note: the share of gross FX-mortgages not deducting allocated legal risk provisions was 12.5% at the end of June'23.

FX-mortgage and non-recurrent items adjusted 2023 net profit nearing PLN3bn

Excluding all FX-mortgage related costs (4Q23: PLN841 million pre-tax/PLN778 million after tax, 2023: PLN3,540 million/PLN3,338 million respectively), adjusting for 1Q23/4Q23 gains on the bancassurance agreement (PLN652 million pre-tax, PLN528 million after tax) and adding hypothetical bank tax (4Q23: PLN100 million, 2023: PLN400 million), the BM Group would post 4Q23 net profit of PLN756 million (PLN741 million with linear distribution of BFG charge) and 2023 net profit of PLN2,993 million vs. adjusted 4Q22 net profit of PLN692 million and 2022 net profit of PLN2,239 million.

BM GROUP's FINANCIAL DATA IN BRIEF

Group's operating income *(PLNmn)*	**2023**	**2022**	**Change y/y**	**4Q23**	**3Q23**	**Change q/q**
Net interest income reported	5 253	3 337	57%	1 284	1 372	-6%
Impact of credit holidays on net interest income	(9)	(1 324)	-	(9)	0	-
Net interest income without credit holidays	*5 263*	*4 661*	*13%*	*1 293*	*1 372*	*-6%*
Net commission income	782	808	-3%	190	188	1%
Core income (without credit holidays)	6 045	5 470	11%	1 483	1 560	-5%
Other non-interest income	687	(137)	-	92	22	315%
Total operating income*	6 723	4 009	68%	1 567	1 582	-1%
Total operating income adjusted*	*6 397*	*5 614*	*14%*	*1 606*	*1 664*	*-3%*

(*) Without fair value adjustment of credit portfolio (PLN-1mn in 2023 and PLN12.5mn in 2022), which is included in the cost of risk line

(**) Without financial impact of insurance transaction (PLN652mn in 2023), negative impact of credit holidays (PLN9mn in 2023 and PLN1,324mn in 2022) and FX mortgage loan related costs/incomes (in FX position and other operating income/cost including indemnity from Societe Generale)

Operating costs *(PLNmn)*	**2023**	**2022**	**Change y/y**	**4Q23**	**3Q23**	**Change q/q**
Personnel costs	(1 035)	(916)	13%	(268)	(265)	1%
Other administrative costs	(958)	(1 177)	-19%	(261)	(229)	14%
of which Banking Guarantee Fund (BFG) fees and IPS contribution	*(60)*	*(397)*	*-85%*	*0*	*0*	-
Total operating costs	(1 993)	(2 093)	-5%	(529)	(494)	7%
Total costs without BFG/IPS	*(1 933)*	*(1 696)*	*14%*	*(529)*	*(494)*	*7%*
Cost/income - reported	29.6%	39.3%	-9.6 pp	33.6%	31.2%	2.4 pp
*Cost/income - adjusted **	*29.5%*	*36.2%*	-6.7 pp	*31.2%*	*29.4%*	1.8 pp

(*) with equal distribution of BFG resolution fee through the year and without one-off income or cost

Employment *(FTEs)*	**31.12.2023**	**31.12.2022**	**Change y/y**	**30.09.2023**	**Change q/q**
Bank Millennium S.A.	6 460	6 578	-2%	6 486	0%
Subsidiaries	287	282	2%	290	-1%
Total Bank Millennium Group	6 747	6 860	-2%	6 776	0%
Total BM Group (active* FTEs)	6 320	6 325	0%	6 306	0%

(*) active FTEs denote employees not on long-term leaves

Net profit *(PLNmn)*	**2023**	**2022**	**Change y/y**	**4Q23**	**3Q23**	**Change q/q**
Operating income	6 723	4 009	68%	1 567	1 582	-1%
- of which cost of credit holidays	*(9)*	*(1 324)*	-	*(9)*	*0*	-
Operating costs	(1 993)	(2 093)	-5%	(529)	(494)	7%
Impairment provisions and other cost of risk *	(299)	(358)	-16%	(68)	(59)	16%
Other modification**	(52)	(102)	-49%	(11)	(5)	124%
FX legal risk related provision	(3 065)	(2 017)	52%	(702)	(743)	-6%
Banking tax	0	(169)	-100%	0	0	-
Pre-tax profit	1 312	(731)	-	256	281	-9%
Income tax	(737)	(284)	160%	(141)	(178)	-21%
Net profit - reported	**576**	**(1 015)**	**-**	**115**	**103**	**12%**
Net profit - adjusted*	***2 993***	***2 239***	***34%***	***741***	***804***	***-8%***

(*) Impairment provisions for financial and non-financial assets including also fair value adjustment on loans (PLN-1mn in 2023 and PLN13mn in 2022) and loans modification effect (PLN-36mn in 2023 and PLN-25mn in 2022)

(**) The value of modification booked in given period resulting from amicable settlements with FX mortgage borrowers and referring to a specific group of such agreements.

(***) Without extraordinary items, i.e. financial impact of bancassurance transaction (PLN652mn in 2023), negative impact of credit holidays (PLN9mn in 2023 and PLN1,324mn in 2022), FX-mortgage related costs, linear distribution of BFG resolution fund fee and hypothetical banking tax in 2023 and 2H22

The structure and evolution of loans to clients of the Group is presented in the table below:

Loans and advances to clients *(PLN million)*	**31.12.2023**	**31.12.2022**	**Change y/y**	**30.09.2023**	**Change q/q**
Loans to households	56 386	57 859	-3%	56 150	0%
- *PLN mortgage loans*	*36 356*	*35 108*	*4%*	*35 706*	*2%*
- *FX mortgage loans*	*2 989*	*6 840*	*-56%*	*3 822*	*-22%*
- *of which Bank Millennium loans*	*2 651*	*6 240*	*-58%*	*3 399*	*-22%*
- *of which ex-Euro Bank loans*	*338*	*600*	*-44%*	*423*	*-20%*
- *consumer loans*	*17 040*	*15 911*	*7%*	*16 623*	*3%*
Loans to companies and public sector	17 257	18 706	*-8%*	17 833	*-3%*
- *leasing*	*6 599*	*7 030*	*-6%*	*6 755*	*-2%*
- *other loans to companies and factoring*	*10 658*	*11 676*	*-9%*	*11 078*	*-4%*
Net loans & advances to clients	**73 643**	**76 565**	***-4%***	**73 983**	***0%***
Net loans and advances to clients excluding FX mortgage loans	*70 654*	*69 725*	*1%*	*70 161*	*1%*
Impairment write-offs	2 518	2 460	*2%*	2 587	*-3%*
Gross* loans and advances to clients	**76 161**	**79 025**	***-4%***	**76 570**	***-1%***

(*) Including, besides provisions for credit risk, also fair value adjustment of loan portfolio presented in fair value as well as modification. Gross loan portfolio in this case presents value of loans and advances before mentioned provisions and adjustments.

Customer deposits *(PLN million)*	**31.12.2023**	**31.12.2022**	**Change y/y**	**30.09.2023**	**Change q/q**
Deposits of individuals	76 600	68 787	11%	74 247	3%
Deposits of companies and public sector	30 647	29 252	5%	31 929	-4%
Total deposits	**107 246**	**98 039**	**9%**	**106 176**	**1%**

LIQUIDITY, ASSET QUALITY AND SOLVENCY

The liquidity position of Bank Millennium Group remained very strong during 2023. LCR ratio reached the level of 327% at the of December 2023, well above the supervisory minimum of 100%. Loan-to-deposit ratio remained at secure level of 69% and the share of liquid debt securities (mainly bonds issued by the sovereigns, European Union, multilateral development banks and NBP bills) in the Group's total assets remains significant at 32%.

Share of impaired loans, including stage 3 portfolio and POCI Assets (Purchased or Originated Credit Impaired) in default, in total loan portfolio was at the end of December 2023 at the level of 4.58%. This means a small growth of 13bp from the level of 4.45% at the end of 2022, which was achieved largely due to the Group's sales and write-offs policy. The Group still enjoys one of the best asset quality among Polish banks. Share of loans past-due more than 90 days in total portfolio increased during this year from 2.03% in December 2022 to 2.12% in December 2023.

Coverage ratio of impaired loans, now defined as relation of all risk provisions for stage 3 loans and POCI in default, has slightly increased during this year from 69.91% in December 2022 to 72.21%. Coverage by total provisions of loans past-due more than 90 days also increased from 154% one year ago to 156% at the end of December 2023. In 2023 both these ratios improved despite the elimination from the Group's loans portfolio of approx. PLN204mn of receivables fully covered by provisions (write-offs) and approx. PLN240mn of highly covered receivables (sales).

The evolution of main indicators of the Group's loan portfolio quality is presented below:

Group loans quality indicators	31.12.2023	31.12.2022
Total impaired loans (PLN million)	3 488	3 518
Total provisions (PLN million)	2 518	2 460
Impaired over total loans ratio (%)	4.58%	4.45%
Loans past-due over 90 days /total loans (%)	2.12%	2.03%
Total provisions/impaired loans (%)	72.21%	69.91%
Total provisions/loans past-due (>90d) (%)	155.68%	153.58%

(*) Purchase Price Allocation (PPA) implied consolidation of Euro Bank impaired (stage 3) portfolio at net value

Impaired loan ratio for retail clients decreased from 4.86% to 4.79% (including drop in other retail of 0.38pp and drop in mortgage portfolio of 0.28pp) and at the same time increased in the corporate portfolio from 3.07% to 3.77% (growth in leasing portfolio of 0.62pp and growth in other corporate portfolio of 0.70pp). During this year, the value of foreign currency mortgage loans (deducted by allocated provisions) decreased as much by approx. 55.5% year-to-year (in PLN terms) as a result of amortization of this portfolio as well because of increasing provisions created for legal risk. Additionally, it should be noted that ex-Euro Bank mortgage portfolio, in amount of approx. PLN351mn, enjoys a guarantee and indemnity from Société Genérale. Excluding this portfolio, the share of FX mortgage loans in the total loan portfolio decreases from 8.1% to 3.6%. The improvement in the currency structure of the mortgage loan portfolio was supported by a significant increase in sales of new loans in PLN.

The evolution of the Group's loan portfolio quality by main products groups:

Portfolio quality by products:	Loans past-due > 90 days ratio		Impaired loans Ratio	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Mortgage	*1.00%*	*0.98%*	*2.37%*	*2.65%*
*Other retail**	*5.38%*	*5.73%*	*9.55%*	*9.93%*
Total retail clients*	2.48%	2.42%	4.79%	4.86%
Leasing	*1.02%*	*0.74%*	*4.56%*	*3.94%*
Other loans to companies	*0.58%*	*0.65%*	*3.19%*	*2.49%*
Total companies	0.77%	0.69%	3.77%	3.07%
Total loan portfolio	2.12%	2.03%	4.58%	4.45%

(*) incl. Microbusiness, annual turnover below PLN 5 million

In 4Q23, capital ratios of the Group increased significantly compared to the 3Q23: TCR by 142 bps to 18.06% and T1/CET1 by 124 bps to 14.73%. This was a result of a positive effect of decrease of own funds requirements and risk-weighted assets by the 7.9%. This drop was caused mainly by the completed new cash loans securitisation transaction. At the same time, total own funds stood virtually unchanged.

Main capital adequacy and liquidity ratios:

Main capital and liquidity indicators * (PLNmn)	31.12.2023	30.09.2023	31.12.2022
Risk-weighted assets (RWA) for Group	41 354.52	44 901.23	48 497.29
Risk-weighted assets (RWA) for Bank	37 960.43	41 827.47	48 046.03
Own funds requirements for Group	3 308.36	3 592.10	3 879.85
Own funds requirements for Bank	3 036.83	3 346.20	3 843.68
Own Funds for Group	7 470.63	7 471.68	6 991.13
Own Funds for Bank	7 228.30	7 298.87	6 980.10
Total Capital Ratio (TCR) for Group	**18.06%**	**16.64%**	**14.42%**
Total Capital Ratio (TCR) for Bank	19.04%	17.45%	14.53%
Tier 1 ratio for Group	**14.73%**	**13.49%**	**11.28%**
Tier 1 ratio for Bank	15.40%	14.06%	11.36%
Common Equity Tier 1 (=T1) ratio for Group	**14.73%**	**13.49%**	**11.28%**
Common Equity Tier 1 (=T1) ratio for Bank	15.40%	14.06%	11.36%
Liquidity Coverage Ratio (LCR) for Group	**327%**	**299%**	**223%**

(*) Capital ratios are calculated according to transitional arrangements mitigating the impact of IFRS9 implementation on CET 1 capital.

In December 2023, KNF issued new capital decision regarding minimum regulatory ratios: overall capital requirements (OCR) for Total Capital Ratio fell by 48 bps, and by 27 bps for CET1 ratio (for Group).

Minimum required level of capital include:

- Pillar II RRE FX buffer - KNF recommendation to maintain additional own funds for the coverage of additional capital requirements to secure the risk resulting from FX mortgage loans granted to households, in line with art. 138.1.2a of Banking Act. A value of that buffer is defined for banks by KNF every year as a result of Supervisory review and Evaluation process (SREP) and relates to risk that is in KNF's opinion - inadequately covered by minimum own funds requirements, set in CRR art. 92. At present, the buffer was set by KNF in recommendations issued in the end of 2023 in the level of 1.47pp (Bank) and 1.46pp (Group) as for Total Capital Ratio (TCR), which corresponds to capital requirements over Tier 1 ratio of 1.10pp in Bank in Group, and which corresponds to capital requirements over CET 1 ratio of 0.82pp in Bank and Group.
- Combined buffer – defined in Act on macroprudential supervision over the financial system and crisis management – that consists of:
    - Capital conservation buffer at the level of 2.5%;
    - Other systemically important institution buffer (OSII) – at the level of 0.25%, and the value is set by KNF every year;
    - Systemic risk buffer at the level of 0% from March 2020;
    - Countercyclical buffer at the 0% level.