Millennium bank

Capital Adequacy, Risk, Remuneration Policy Report of Bank Millennium Capital Group for 2021

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1. INTRODUCTION

Pursuant to the requirements set forth in Part Eight of the Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, arket risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012 ("CRR 2"), this document ("Disclosures") presents qualitative and quantitative information pertaining to the comprehensive image of the risk profile of the Bank Millennium S.A. (the "Bank") Capital Group (the "Group") as at 31 December 2021.

Pursuant to Article 432.1 of CRR 2, the Group may omit in its Disclosures any information that is not regarded as material. The Group regards as immaterial any information the omission or misstatement of which could not change or influence the assessment or decision of a user relying on that information for the purpose of making economic decisions. The Group did not consider any information covered by the disclosure obligation based on CRR 2 and other regulations as not material.

Pursuant to Article 432.2, the Group may omit in its disclosures any items of information which is regarded as proprietary or confidential. Information is regarded as proprietary if the Group believes that disclosing it publicly would undermine its competitive position. Information is regarded as confidential if the Group has made an obligation to a customer or other counterparty binding it to confidentiality. The Group did not consider any information covered by the disclosure obligation based on CRR 2 and other regulations as proprietary or confidential.

It should be noted that this material does not cover the entire scope of information to be disclosed, as defined in Part Eight of CRR. Information not included in these Disclosures has been presented in the documents listed below, and the Disclosures contain an appropriate reference to these documents:

- Report of the Bank Millennium SA Capital Group for 12 months ended 31 December 2021, hereinafter referred to as "Financial Report"
- Management Board Report on the Activity of Bank Millennium and Capital Group of Bank Millennium for 2021, hereinafter referred to as: "Management Board Report"
- 2021 Bank Millennium and Bank Millennium Capital Group Non-financial Information Report, hereinafter referred to as "Non-financial Report".

The information presented has been prepared on the basis of the top domestic consolidation level (Bank Millennium SA Group). In some cases data was presented for Bank Millennium SA solo as well.

Disclosed informations are compliant with the tempates and the scope defined in:

i. the 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 Implementng Regulation (EU) 2016/200 and Commission Delegated Regulation (EU) 2017/2295 (further referred as to: ITS 2021/637);

ii. Guidelines amending Guidelines EBA/GL/2020/12 on uniform disclosures under Articke 473a of Regulation (EU) No 575/2013 (CRR) on the transitional period for mitigating the impact of the introduction of IFRS 9 on own funds to ensure compliance with the CRR 'quick fix' in response to the COVID-19 pandemic (further referred as to: EBA/GL/2020/12).

Amounts in tables are presented in PLN thousands, unless otherwise stated.

The update of the Report, approved by the Management Board of the Bank on 10 August, 2022, concerns the change in Table 89 regarding the variable remuneration of the Management Board paid for 2021.

2. CAPITAL ADEQUACY

Capital management and planning

Capital management relates to two areas: capital adequacy management and capital allocation. For both areas, management goals were set.

The goal of capital adequacy management is: (a) ensuring the solvency in normal and stressed conditions (economic capital adequacy/internal capital) and (b) meeting the requirements specified in external regulations (regulatory capital adequacy). Completing that goal, Bank strives to achieve internal long-term capital limits (targets), defined in Risk Strategy.

Capital allocation purpose is to create value for shareholders by maximizing the return on risk in business activity, taking into account established risk tolerance.

In a scope of capital management process, there is also a capital planning process. The goal of capital planning is to designate the own funds (capital base that is risk-taking capacity) and capital usage (regulatory capital requirements and economic capital) in a way to ensure that capital targets/limits shall be met, given forecasted business strategy and risk profile – in normal and stressed macroeconomic conditions.

Regulatory capital adequacy

The Bank and the Group are obliged by law to meet minimum own funds requirements, set in CRR art. 92. At the same time, the following levels, reccomendations and buffers were included in capital limits/targets setting:

- Pillar II RRE FX buffer - Polish Financial Supervisory Authority (KNF) decision on order to maintain additional own funds for the coverage of additional capital requirements in order 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 particular 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 the decision on order issued in the end of 2021 in the level of 2.82 pp (Bank) and 2.79 pp (Group) as for Total Capital Ratio (TCR), which corresponds to capital requirements over Tier 1 ratio of 2.11 pp in Bank and of 2.09 pp in Group, and which corresponds to capital requirements over CET 1 ratio of 1.58 pp in Bank and 1.56 pp in Group [1];
- 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[2];

[1] That recomendation replaces the previous one from 2020, to maintain own funds for the coverage of additional capital requirements at the level of 3.41 p.p. (Bank) and 3.35 p.p. (Group) as for TCR, which should have consisted of at least 2.56 p.p. (Bank) and 2.52 p.p. (Group) as for Tier 1 capital and which should have consisted of at least 1.91 p.p. (Bank) and 1.88 p.p. (Group) as for CET1 capital

[2] In November 2020 KNF informed about identification the Bank as other systemically important institution and imposition other systematically important institution buffer of 0.25%. Next the level of OSII buffer was kept as a result of an adequacy review completed in November 2021.

- Systemic risk buffer at the level of 0% from March 2020[3];
- Countercyclical buffer at the 0% level.

In accordance to binding legal requirements and decisions of KNF, Bank defined minimum levels of capital ratios, being at the same time capital targets/limits. These are OCR (overall capital requirements) as for particular capital ratios.

The below table presents these levels as at 31 December 2021. The Bank will inform on each change of required capital levels in accordance with regulations.

Table 1 Minimum capital ratios as at the 2021 end (in percents)

Capital ratio	**31.12.2021**	
CET1 ratio	Bank	Group
Minimum	4.50%	4.50%
Pillar II RRE FX	1.58%	1.56%
TSCR CET1 (Total SREP Capital Requirements)	6.08%	6.06%
Capital Conservation Buffer	2.50%	2.50%
OSII Buffer	0.25%	0.25%
Systemic risk buffer	0.00%	0.00%
Countercyclical capital buffer	0.00%	0.00%
Combined buffer	2.75%	2.75%
OCR CET1 (Overall Capital Requirements CET1)	8.83%	8.81%
T1 ratio	Bank	Group
Minimum	6.00%	6.00%
Pillar II RRE FX	2.11%	2.09%
TSCR T1 (Total SREP Capital Requirements)	8.11%	8.09%
Capital Conservation Buffer	2.50%	2.50%
OSII Buffer	0.25%	0.25%
Systemic risk buffer	0.00%	0.00%
Countercyclical capital buffer	0.00%	0.00%
Combined buffer	2.75%	2.75%
OCR T1 (Overall Capital Requirements T1)	10.86%	10.84%
TCR ratio	Bank	Group
Minimum	8.00%	8.00%
Pillar II RRE FX	2.82%	2.79%
TSCR TCR (Total SREP Capital Requirements)	10.82%	10.79%
Capital Conservation Buffer	2.50%	2.50%
OSII Buffer	0.25%	0.25%
Systemic risk buffer	0.00%	0.00%
Countercyclical capital buffer	0.00%	0.00%
Combined buffer	2.75%	2.75%
OCR TCR (Overall Capital Requirements TCR)	13.57%	13.54%

[3] Amended in the Regulation of Ministry of Finance and Development as of 18.03.2020

In February 2022, the Bank received a recommendation to maintain, on an individual and consolidated level, own funds to cover an additional capital charge ("P2G") in order to absorb potential losses resulting from the occurrence of stresses, at the level of 0.89 pp over the OCR value (Pillar II Guidance or "P2G"). According to the recommendation, the additional capital charge should consist of common equity Tier 1 capital (CET1 capital).

Capital risk, expressed in the above capital targets/limits, is measured and monitored in a regular manner. As for all capital targets, there are determined some minimum ranges for those values. A capital ratios in a given range causes a need to take an appropriate management decision or action. Regular monitoring of capital risk relies on classification of capital ratios to the right ranges and then performing the evaluation of trends and drivers influencing capital adequacy.

Own funds capital requirements

The Group is completing a project of an implementation of internal ratings based method (IRB) for calculation of own funds requirements for credit risk and calculates its own funds minimum requirements using the IRB and standardise method for credit risk and standardise methods for other risk types.

In the end of 2012, Banco de Portugal (consolidating Regulator) with cooperation of Polish Financial Supervision Authority (PFSA) granted an approval to the use of IRB approach as to following loan portfolios: (i) Retail exposures to individual persons secured by residential real estate collateral (RRE), (ii) Qualifying revolving retail exposures (QRRE). According to the mentioned approval, minimum own funds requirements calculated using the IRB approach should be temporarily maintained at no less than 80% ("Regulatory floor") of the respective capital requirements calculated using the Standardized approach.

In the end of 2014, the Bank received another decision by Regulatory Authorities regarding the IRB process. According to its content, for the RRE and QRRE loan portfolios, the minimum own funds requirements calculated using the IRB approach had to be temporarily maintained at no less than 70% ("Regulatory floor") of the respective capital requirements calculated using the Standardized approach until the Bank fulfils further defined conditions.

The Bank received the decision of Competent Authorities (European Cental Bank cooperating with KNF) in July 2017 on approval the material changes to IRB LGD models and revoking the "Regulatory floor".

Since 2018, the Group has been successively implementing a multi-stage process of implementing changes to the IRB method, related to the requirements regarding the new definition of default. In the first phase, in line with the ("two-step approach") approved by the Regulator, the Bank Millennium Group in 2020 successfully implemented solutions for the new definition of default on the production environment. Then, in 2021, a recalibration and redevelopment of all credit risk models included in the rating system subject to the current supervisory approval was performed, taking into account the new definition of default. In the fourth quarter of 2021, the Group submitted requests to Competent Authorities under the procedure set out in Commission Delegated Regulation (EU) No 529/2014. Until the supervisory processes in this area are completed, the Group is obliged to include an additional conservative charge on estimating the RWA value for exposures classified under the IRB approach[4]. The level of this charge, calculated on the basis of the regulatory algorithm, was set at 5% above the value resulting from the IRB method.

In 2021, the Group also obtained a decision of the Competent Authorities in 2021 regarding the approval of significant changes to the IRB models used (LGD, LGD in-default and ELBE[5]) for rating systems subject to the IRB approval.

Internal capital

Group defines internal capital according to Polish Banking Act, as the estimated amount needed to cover all identified, material risks found in Group's activity and changes in economic environment, taking into account the anticipated level of risk in the future.

Internal capital is used in capital management in following processes: economic capital adequacy management and capital allocation. The Group defined an internal (economic) capital estimation process. To this end. as for measurable risk types. mathematic and statistic models and methods are used.

Maintaining economic capital adequacy means a coverage (provision) of internal capital (that is an aggregated risk measure) by available financial resources (own funds). An obligation to banks to have in place that sort of risk coverage stems from Banking Act. It was mirrored in the Group's capital targets/limits: economic capital buffer and economic capital buffer in stressed conditions.

In 2021, both above capital targets were met with a surplus. A surplus of own funds over internal capital supports a further increase of banking activity, in particular in areas with a higher risk-adjusted return.

At the same time internal capital is utilised in capital allocation process, to assign an internal capital to products/business lines, calculating risk-adjusted performance measures, setting risk limits and internal capital reallocation.

Capital adequacy current situatiom, evaluation and trends

Capital adequacy evolution of Bank Millennium Group and Bank Millennium S.A. over the last three years was as follows:

Table 2 Capital adequacy of Bank Millennium Group (in PLN millions, in percents)

Capital adequacy	**31.12.2021**	**31.12.2020**	**31.12.2019**
Risk-weighted assets	49 442.8	51 138.0	48 124.6
Own Funds requirements, including:	3 955.4	4 091.0	3 850.0
- Credit risk and counterparty credit risk	3 479.8	3 677.0	3 495.2
- Market risk	32.3	26.7	24.2
- Operational risk	433.0	382.6	326.9
- Credit Valuation Adjustment CVA	10.3	4.8	3.6

[4] ECB-SSM-2020-PTBCP-2 letter dated 15 January, 2020
[5] Expected Loss Best Estimate

Own Funds, including:	8 436.3	9 969.0	9 668.5
Common Equity Tier 1 Capital	6 906.3	8 439.0	8 138.5
Tier 2 Capital	1 530.0	1 530.0	1 530.0
Total Capital Ratio (TCR)	**17.06%**	**19.49%**	**20.09%**
Minimum required level	13.54%	14.10%	18.37%
Surplus(+) / Deficit(-) of TCR capital adequacy (p.p.)	3.52	5.39	1.72
Tier 1 Capital ratio (T1)	**13.97%**	**16.50%**	**16.91%**
Minimum required level	10.84%	11.27%	15.15%
Surplus(+) / Deficit(-) of T1 capital adequacy (p.p.)	3.13	5.23	1.76
Common Equity Tier 1 Capital ratio (CET1)	**13.97%**	**16.50%**	**16.91%**
Minimum required level	8.81%	9.13%	12.73%
Surplus(+) / Deficit(-) of CET1 capital adequacy (p.p.) (*)	3.13	5.23	1.76
Leverage ratio	**6.46%**	**8.30%**	**8.11%**

(*) This item is intended to show how much Common Equity Tier 1 capital is available for the combined buffer requirement and subsequent requirements in the hierarchy of capital requirements. In the case of banks subject to Pillar 2 buffers and correspondingly higher requirements relating to the Tier 1 capital ratio and the Total Capital Ratio (expressed in total risk exposure), they must use part of their surplus of Common Equity Tier 1 capital after meeting the Common Equity Tier 1 ratio (4.5% + Pillar II buffer) to meet the Tier 1 capital or total capital ratio requirements. In practical terms, this means that the surplus / deficit of CET1 capital adequacy decreases and it becomes the surplus / deficit of T1 capital adequacy.

The Group presents a surplus of capital adequacy in all three ratios (CET1 ratio, T1 ratio, TCR), which is solid and adequate in relation to the risk incurred. There is also a solid surplus when taking into account the additional P2G capital charge of 0.89 pp.

The Group uses transitional arrangements for IFRS 9 and temporary treatment in accordance to art. 468 of CRR. As at 31.12.2021, if these arranfement and treatments had not been applied, capital ratios were as follows:

- TCR: 15.84%
- T1 ratio: 12.74%
- CET1 ratio: 12.74%
- Leverage ratio: 5.90%.

Table 3 ***Capital adequacy of Bank Millennium S.A. (in PLN millions, in percents)***

Capital adequacy	31.12.2021	31.12.2020	31.12.2019
Risk-weighted assets	48 895,7	50 757.4	47 267.6
Own Funds requirements, including:	3 911,7	4 060.6	3 781.4
- Credit risk and counterparty credit risk	3 477,7	3 688.3	3 455.8
- Market risk	32,3	26.6	24.2
- Operational risk	391,4	340.7	297.7
- Credit Valuation Adjustment CVA	10,3	4.9	3.7
Own Funds, including:	8 397,1	9 726.6	9 454.5
Common Equity Tier 1 Capital	6 867,1	8 196.6	7 924.5
Tier 2 Capital	1 530,0	1 530.0	1 530.0
Total Capital Ratio (TCR)	**17,17%**	**19.16%**	**20.00%**
Minimum required level	13,57%	14.16%	18.46%
Surplus(+) / Deficit(-) of TCR capital adequacy (p.p.)	3,60	5.00	1.54
Tier 1 Capital ratio (T1)	**14,04%**	**16.15%**	**16.77%**
Minimum required level	11,31%	11.31%	15.22%
Surplus(+) / Deficit(-) of T1 capital adequacy (p.p.)	2,73	4.84	1.55
Common Equity Tier 1 Capital ratio (CET1)	**14,04%**	**16.15%**	**16.77%**
Minimum required level	8,83%	9.16%	12.78%
Surplus(+) / Deficit(-) of CET1 capital adequacy (p.p.) (*)	2,73	4.84	1.55
Leverage ratio	**6,45%**	**8.06%**	**7.94%**

(*) This item is intended to show how much Common Equity Tier 1 capital is available for the combined buffer requirement and subsequent requirements in the hierarchy of capital requirements. In the case of banks subject to Pillar 2 buffers and correspondingly higher requirements relating to the Tier 1 capital ratio and the Total Capital Ratio (expressed in total risk exposure), they must use part of their surplus of Common Equity Tier 1 capital after meeting the Common Equity Tier 1 ratio (4.5% + Pillar II buffer) to meet the Tier 1 capital or total capital ratio requirements. In practical terms, this means that the surplus / deficit of CET1 capital adequacy decreases and becomes the surplus / deficit of T1 capital adequacy.

The Bank presents a surplus of capital adequacy in all three ratios (CET1 ratio, T1 ratio, TCR), which is solid and adequate in relation to the risk incurred. There is also a solid surplus when taking into account the additional P2G capital charge of 0.89 pp.

The Bank uses transitional arrangements for IFRS 9 and temporary treatment in accordance to art. 468 of CRR. As at 31.12.2021, if these arranfement and treatments had not been applied, capital ratios were as follows:

- TCR: 16.07%
- T1: 12.95%%
- CET1: 12.95%%
- Leverage ratio: 5.98%.

At the end of 2021, capital adequacy in the Bank Millennium Group remained at a high and safe level. Total capital ratio (TCR) at the end of the year was 17.06% for the Group (17.17% for the Bank), and the Common Equity Tier 1 ratio (CET1 equal to T1) amounted to 13.97% for the Group

(14.04% for the Bank). In connection with the above, the minimum values of capital ratios required by the Polish Financial Supervision Authority for the Bank and the Group were achieved with a surplus.

Total capital ratio for the Group decreased during one year period by ca 2.43pp (by 1.99pp for the Bank). The main reason of that drop was the reduction of own funds by ca PLN 1.5b (by 15.4%), firstly resulted from financial net loss fuelled by a creation of legal risk provisions to foreign currency mortgage loans. That effect was partly offset by the decreae of risk weighted assets by ca PLN 1.7b (by 3.3%).

Bank Millennium has a dividend policy of distributing between 35% to 50% of net profit, subject to regulatory recommendations.

Leverage ratio stood at the safe level, and exceeds more than double the regulatory minimum (3%).

In a long perspective, capital adequacy level of Bank and Group is evaluated as satisfactory. The positive result on banking activity (at the end of 2021, net profit adjusted for one-off events amounted to PLN 1,123m, with a reported net loss of PLN 1,332m) and a sufficient resource of own funds allow, if necessary, to further create provisions for the legal risk of mortgage loans in foreign currencies and enable business development, while maintaining capital ratios always above the minimum required regulatory levels.

3. RISK MANAGEMENT GOALS AND STRATEGY

Rules management goals

The mission of risk management in the Bank Millennium Group is to ensure that all types of risks are managed. monitored and controlled as required for the risk profile (risk tolerance). nature and scale of the Group's operations. Important principle of risk management is the optimization of the risk and profitability trade-off – the Group pays special attention to ensure that its business decisions balance risk and profit adequately.

The goals of the risk management mission are achieved through implementation of the following actions:

- Development of risk management strategies. credit policy. processes and procedures defining the principles for acceptance of the allowable level of particular types of risk.
- Increasingly wider implementation of the IT tools for risks identification. control and measurement.
- Increasing awareness of employees as regards their responsibility for proper risk management at every level of the Group's organisational structure.

Risk management is centralized for the Group and takes into account the need to obtain the assumed profitability and to maintain proper risk-capital relationship, in the context of having proper level of capital to cover the risk. Within risk management system, a broad range of methods is used, both qualitative and quantitative, including advanced mathematical and statistical tools supported by adequate IT systems.

When defining the business and profitability targets, the Group takes into account the specified risk framework (Risk Appetite) in order to ensure that business structure and growth will respect the risk profile that is targeted and that will be reflected in several indicators such as:

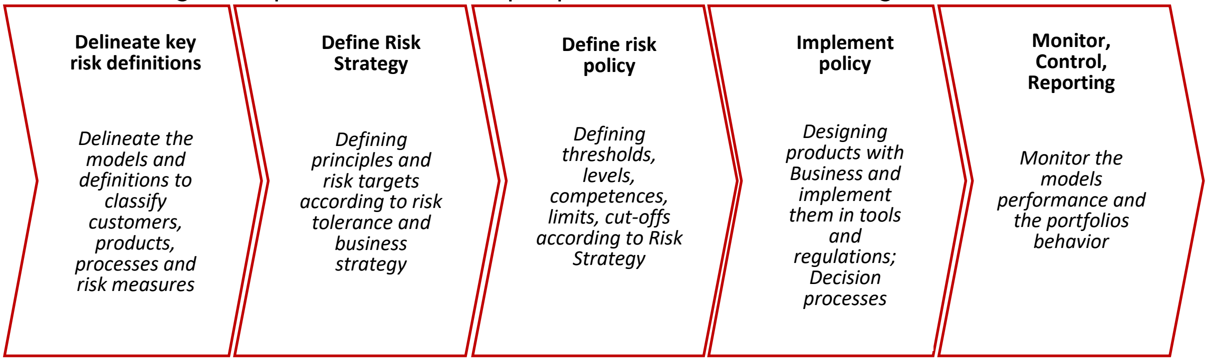
- Loan growth in specific products / segments
- Structure of the loan portfolio
- Asset quality indicators
- Cost of risk
- Capital requirements / Economic capital
- Amount and structure of liquidity needed.

Risk management model

The risk management and control model at the Group’s level is based on the following main principles:

- ensuring the full-scope quantification and parameterization of various types of risks in the perspective of optimizing balance sheet and off-balance sheet items to the assumed level of profitability of business activity. The main areas of analysis encompass credit risk, market risk, liquidity risk and operational risk;
- all types of risks are monitored and controlled in reference to the profitability of operations and the level of capital necessary to ensure the safety of operations from the point of view of capital adequacy. The results of risk measuring are regularly reported as part of the management information system;
- the segregation of duties between risk origination, risk management and risk control.

The Risk management process of the Group is presented in the below diagram:



Segregation of duties in risk management

The split of competence in the field of risk management is as follows:

- The Supervisory Board is responsible for overseeing the compliance of the Bank's risk-taking policy with the Bank's strategy and its financial plan. Within the Supervisory Board acts the Committee for Risk Matters, which supports it in realization of those tasks, among others, issuing opinion on the Bank's Risk Strategy, including the Bank's Risk tolerance.
- The Management Board is responsible for the effectiveness of the risk management system. internal capital estimation process, for reviewing the internal capital calculation and maintenance process and the internal control systems;
- The Credit Committee, the Capital, Assets and Liabilities Committee, and the Liabilities at Risk Committee are responsible for current management of different areas of banking risk, within the framework determined by the Management Board;
- The Risk Committee and the Processes and Operational Risk Committee are responsible for defining the policy and for monitoring and control of different areas of banking risk, within the framework determined by the Management Board;
- The Validation Committee is responsible for confirmation of risk models validation results and follow-up in the implementation of the measures defined by the Models Validation Office;
- The Sub-Committee for Risk of Court Cases is responsible for expressing opinions and taking decisions in matters regarding court proceedings, for the cases when value of the dispute or direct effect for assets value as a consequence of court verdict exceeds 1 mln PLN or as result of multiple cases with the same nature, excluding cases belonging to the restructuring and recovery portfolio of Bank's receivables managed by the Corporate Recovery Department and Retail Restructuring and Debt Collection Department;
- The Risk Department is responsible for risk management, including identifying, measuring. analysing, monitoring and reporting on risk within the Group. The Risk Department prepares also risk management policies and procedures as well as provides information and proposes courses of action necessary for the Capital, Assets and Liabilities Committee, Risk Committee and the Management Board to make decisions with respect to risk management;
- The Rating Department is mainly responsible for risk rating assignment for corporate clients (based on the evaluation of clients' creditworthiness) as well as for rating monitoring and potential revision during the period of its validity. Rating assignment process is independent from credit decision process;
- The Corporate Credit Underwriting Department, Mortgage Credit Underwriting Department and Consumer Finance Credit Underwriting Department have responsibility, within the

Corporate Customer segment and Retail Customer segment, respectively, for the credit decision process, including analysing customers' financial situation, preparing credit proposals for the decision-making levels and making credit decisions within specified limits;

- The Retail Liabilities Monitoring and Collection Department and Retail Liabilities Restructuring and Recovery Department have responsibility for monitoring repayment of overdue debts by retail customers and their collection;
- The Corporate Recovery Department develops specific strategies with respect to each debtor from recovery portfolio, which aims to maximize timely collection of the outstanding debt and minimize the risk incurred by the Group. This approach is constantly revised to reflect updated information, and the best practices and experiences regarding collection of overdue debts;
- The Treasury Control and Analyses Office has responsibility for monitoring the use of part of the Group's limits, including counterparty and stop-loss limits, the Group's FX position, results of active trading and control of operations of the treasury segment;
- The Models Validation Office has responsibility for qualitative and quantitative models analysis and validation, independent from the function of models development; development of the models validation and monitoring tools; activities connected with issuing opinions on the adequacy of the models for the segment, for which they were developed; preparing reports for the Validation Committee needs;
- The Anti-fraud Sub-unit has responsibility for implementation and monitoring Bank policy execution in the scope of fraud risk management in cooperation with others Bank units. The Sub-unit constitutes a competence centre for anti-fraud process;
- The Compliance Department has the responsibility to ensure compliance with legal regulations, related regulatory standards, market principles and standards as well as internal organization regulations and codes of conduct;
- The Legal Department has responsibility for handling the litigation cases of the Bank, with support of external legal offices and legal experts whenever necessary.

Risk management strategy

The Group has prepared a comprehensive guideline document for the risk management policy/strategy: "Risk Strategy for 2022-2024". The document covers 3-years perspective and is reviewed and updated annually. It is approved by the Bank's Management Board and Supervisory Board. The risk strategy is inextricably linked to other strategic documents. such as: Budget, Liquidity Plan, Capital Plan.

The Risk Strategy bases on the two concepts defined by the Group:

1. Risk profile - current risk profile in amount or type of risk the Group is currently exposed. The Group should also has a forward looking view how their risk profile may change under both expected and stress economic scenarios in accordance with risk appetite.
2. Risk appetite – the maximum amount or type of risk the Group is prepared to accept/tolerate to achieve its financial and strategic objective. To that end, three zones are defined in accordance with warning / action required level.

Risk strategy is one of the crucial features that determines the risk profile of the Bank/Group.

Risk appetite has to ensure that business structure and growth will respect the forward risk profile. Risk appetite was reflected through defined indicators in several key areas, such as:

- Solvency
- Liquidity and funding
- Earnings volatility and business mix
- Franchise and reputation.

The Group has a clear risk strategy, covering retail loans, corporate loans, markets activity and liquidity, operational risk (including legal risk and court cases) and capital management. For each risk type and overall the Group clearly defines the risk appetite.

Risk management is defined mainly through the principles and targets defined in Risk Strategy and complemented in more detail by the principles and qualitative guidelines defined in the following documents:

- Capital Management and Planning Framework
- Credit Principles and Guidelines
- Rules on Concentration Risk Management
- Principles and Rules of Liquidity Risk Management
- Principles and Guidelines on Market Risk Management on Financial Markets
- Principles and Guidelines for Market Risk Management in Banking Book
- Investment Policy
- Principles and Guidelines for Management of Operational Risk
- Policy, Rules and Principles of the Model Risk Management
- Stress tests policy
- Regulation of the Bank – The program of anti-money laundering and terrorism financing.

Within Risk appetite. the Bank and Group have defined tolerance zones for its measures (build up based on the “traffic lights” principle). As for all tolerance zones for risk appetite, it have been set:

- Risk appetite status – green zone means a measure within risk appetite, yellow zone means an increased risk of risk appetite breach, red zone means risk appetite breach;
- Escalation process of actions/decisions taken - management bodies / organizational entities responsible for decisions and actions in a particular zones;
- Actions taken – defining a typical actions and decisions aiming at getting back / maintaining a measure within Risk appetite monitoring process;
- Mitigation plan formulation – defining a responsible organizational entities;
- Mitigation plan approval – defining a responsible management bodies;
- Risk appetite breach notification (entry into yellow or red zone) regarding breach description, high-level mitigation plan and timeline for breach resolution – defining a management bodies to which information is provided;
- Mitigation plan monitoring – defining a responsible management bodies.

Changes in any defined metric that will be higher than 10% should be consider an alert level and should be monitor by Management Board and reported to Committee for Risk Matters whenever there is material risk of financial stability or achievement of the planned results of the Bank.

Zone thresholds and metrics are defined and revised on a yearly basis.

Monitoring of Risk appetite is a responsibility of Supervisory Board (Committee for risk matters of Supervisory Board), Management Board and Risk Committee. Risk appetite dashboard review is a constant topic of these bodies meetings, including information on breaches and mitigation plan reporting/review (if applicable).

Risk management information system

Bank and Group have in place an integrated management information system that enables to generate reports on identification, measurement and control measures relating to the management of individual risk types.

Bank and Group have defined the risk exposure reporting policy for management purposes, which sets forth the general rules for preparing and distributing information used to manage different risks. The unit responsible for preparing reports on exposure to different risks is mainly the Risk Department. The frequency and information content of the reports is adjusted to the level of powers and responsibilities of their recipients and also to the changes in the Bank's and the Group's risk profile.

Information contained in internal reports enable reliable evaluation of the risk exposure and support the decision-making process in the Bank's risk management area.

The reports also include information on exposure to risks in the business activity of the subsidiaries.

Risk exposure reports for management purposes are addressed to:

- Supervisory Board (reports approved by the Bank's Management Board)
- Bank's Management Board
- Committees dedicated to risk management – Risk Committee, Capital, Assets and Liabilities Committee, Credit Committee, Liabilities at Risk Committee, Validation Coommittee, Processes and Operational Risk Committee
- Members of the Bank's Management Board
- Risk Department (internal reports).

The risk exposure reporting policy defines the following for each addressee:

- Information content (e.g. synthetic information about the credit portfolio, including key risk parameters, change in impairment charges in the profit and loss account. etc.).
- Information format
- Information frequency.

Other information

In respect to individual disclosures made pursuant to Article 435.1 of CRR. below is presented the Table EU OVA.

Table no 4 EU OVA - Institution risk management approach (according to ITS/2021/637)

Legal basis	Row number	Information
Point (f) of Article 435(1) CRR	(a)	Disclosure of concise risk statement approved by the management body Statement on capital adequacy, risk and remuneration policy in the chapter “Statement of Management Board”
Point (b) of Article 435(1) CRR	(b)	Information on the risk governance structure for each type of risk Information below the table
Point (e) of Article 435(1) CRR	(c)	Declaration approved by the management body on the adequacy of the risk management arrangements. The declarations on the adequacy of risk management arrangements providing assurance that the risk management systems put in place are adequate with regard to the profile and strategy are presented at the end of this document.
Point (c) of Article 435(1) CRR	(d)	Disclosure on the scope and nature of risk disclosure and/or measurement systems. Information below the table
Point (c) of Article 435(1) CRR	(e)	Disclose information on the main features of risk disclosure and measurement systems. Information below the table
Point (a) of Article 435(1) CRR	(f)	Strategies and processes to manage risks for each separate category of risk. Information below the table
Points (a) and (d) of Article 435(1) CRR	(g)	Information on the strategies and processes to manage, hedge and mitigate risks, as well as on the monitoring of the effectiveness of hedges and mitigants. Information below the table

Regarding the below information:

- the structure and organization of the relevant risk management function including information on its authority and statute, or other appropriate arrangements;
- the scope and nature of risk reporting and measurement systems;
- Strategies and processes to manage risk for each separate main category of risks;
- the strategy for hedging and mitigating risk, and the strategies and processes for monitoring the continuing effectiveness of hedges and mitigants.

they have been discussed in risk management chapters in the Annual Financial Report and the Management Board Report.

Statements on the adequacy of the risk management arrangements to ensure that the risk management systems in place are appropriate in terms of the profile and strategies are included at the end of this document.

The overview of the overall risk profile, along with key indicators and figures, is included in the risk management chapters in the Annual Financial Report and the Management Report.

Disclosing information on governance arrangements (art. 435.2 CRR), below is presented the Table EU OVB.

Table no 5 EU OVB - Disclosure on governance arrangements (according to ITS/2021/637)

Legal basis	Row number	Information
Point (a) of Article 435(2) CRR	(a)	The number of directorships held by members of the management body. Every Board Member holds 1 directorship
Point (b) of Article 435(2) CRR	(b)	Information regarding the recruitment policy for the selection of members of the management body and their actual knowledge, skills and expertise. The subject described in the chapter 11.1
Point (c) of Article 435(2) CRR	(c)	Information on the diversity policy with regard of the members of the management body. The subject described below the table
Point (d) of Article 435(2) CRR	(d)	Information whether or not the institution has set up a separate risk committee and the frequency of the meetings. The Bank has established a separate risk committee: Bank Millennium SA Risk Committee. The Committe meets with monthly or more frequent, if needed.
Point (e) Article 435(2) CRR	(e)	Description on the information flow on risk to the management body. The description earlier in that chapter in the part "Management information system on risk"

Diversification strategy for members of the management body

CURRENT STATE

The BM Group has a Policy of selecting and assessing the suitability of Supervisory Board Members and a Policy of selecting and assessing the suitability of Members of the Management Board and persons performing key functions. Their practical implementation ensures the implementation of the Bank's diversity in terms of its expertise, understood as knowledge, skills and experience as well as personal competences of members of the governing bodies individually and collectively.

On March 24, 2021, the General Meeting of Shareholders assessed its suitability and appointed the Supervisory Board, which on the same day assessed its suitability and appointed the Bank's Management Board for a three-year term of office.

ASSESSMENT OF THE DIVERSITY OF THE SUPERVISORY BOARD

On March 24, 2021, the General Meeting of Shareholders appointed the Supervisory Board for a period of three years. The council has 12 members, including 3 women. Two women were elected as two new members of the Board. In this way, the share of women in the Supervisory Board increased by 1. It should also be emphasized that three nationalities are represented in the Supervisory Board. There is also a wide variety of backgrounds, careers and experiences.

The General Meeting of Shareholders positively assessed the suitability of the Supervisory Board, confirming a very broad and beneficial variety of competences of candidates in terms of criteria such as:

a) competences, understood as knowledge, skills and experience in the field of:

i. Bank management (including knowledge of the financial market, legal requirements and regulatory framework, strategic planning, knowledge of the risk management system - including risk management, accounting and financial audit, supervision and internal audit, interpretation of financial information)

ii. Risk management (including business model risk, credit risk, market risk, organizational risk, liquidity and funding risk, capital risk, management risk, systemic risk)

iii. Management of the Bank's business lines,

b) Personal competence, including independence of judgment.

ASSESSMENT OF DIVERSITY OF THE MANAGEMENT BOARD

On March 24, 2021, the Supervisory Board appointed the Management Board for a three-year term of office. The board consists of 7 men. The Management Board combines a group of Polish and international managers with diverse professional experience, a different environment and seniority in the organization. The Supervisory Board positively assessed the suitability of the Bank's Management Board, confirming the very broad and beneficial diversity of competences of candidates individually and collectively in terms of the following criteria:

a) competences, understood as knowledge, skills and experience in the field of:

i. Bank management (including knowledge of the financial market, legal requirements and regulatory framework, strategic planning, knowledge of the risk management system - including risk management, accounting and financial audit, supervision and internal audit, interpretation of financial information)

ii. Risk management (including business model risk, credit risk, market risk, organizational risk, liquidity and funding risk, capital risk, management risk, systemic risk)

iii. Management of the Bank's business lines,

b) Personal competence, including independence of judgment.

OBJECTIVES OF IMPLEMENTING THE PRINCIPLES OF DIVERSITY AND EQUALITY

Members of the Supervisory Board, both women and men, receive the same monthly amount for their work in the Supervisory Board regardless of the number of meetings. The position of chairman is remunerated higher than the position of members. Additionally, participation in supervisory board committees is remunerated for the meeting.

In terms of diversity, the Bank will strive to ensure greater participation of women in the structure of the governing bodies of both the Supervisory Board and the Management Board, striving to achieve a minimum of 30% of the under-represented gender.

The Bank introduces the rule that for each vacancy in the Management Board and Supervisory Board that appears, it will ensure at least 30% of women among the candidates on the final list of candidates. If there is no internal candidate for the Management Board, the Bank will look for an external candidate.

4. CRR SCOPE OF APPLICATION AND OWN FUNDS

The scope of consolidation of the Capital Group of Bank Millennium SA as determined in accordance with the prudential regulations (Regulation CRR) is the same as the scope of consolidation made for the preparation of consolidated financial statements prepared by the Group in accordance with IAS/IFRS. The Group did not make any exclusions of consolidated entities in comparison to IFRS financial statements. based on possibility provided by article 19.1 of the CRR.

Table no 6 EU LI1 - Differences between accounting and regulatory scopes of consolidation and the mapping of financial statement categories with regulatory risk categories (according to ITS/2021/637) (in PLN thousands)

	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Carrying values of items				
			Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitization framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
ASSETS							
Cash, cash balances at central banks	3 179 736	3 179 736	3 180 265				
Financial assets held for trading	172 483	172 483	86 593	128 768		86 438	
Non-trading financial assets mandatorily at fair value through profit or loss, other than Loans and advances to customers	265 903	265 903	265 903			184 758	
Financial assets at fair value through other comprehensive income	17 997 699	17 997 699	17 955 187				
Loans and advances to customers	78 603 326	78 603 326	78 315 252				
Financial assets at amortised cost other than Loans and advances to customers	1 076 456	1 076 456	935 215	268 533			
Derivatives – Hedge accounting	14 385	14 385		2 947			
Investments in subsidiaries, joint ventures and associates							

Tangible assets	549 788	549 788	549 788				
Intangible assets	392 438	392 438	392 437				
Tax assets	785 750	785 750	777 107				
Other assets	857 650	857 650	877 937				
Non-current assets and disposal groups classified as held for sale	18 294	18 294	18 294				
Total assets	**103 913 908**	**103 913 908**	**103 353 978**	**400 248**		**271 196**	
LIABILITIES							
Financial liabilities held for trading	143 016	143 016					
Financial liabilities measured at amortised cost	93 585 673	93 585 673					
Derivatives - Hedge accounting	614 573	614 573					
Provisions	595 530	595 530					
Tax liabilities	1 496	1 496					
Other liabilities	2 276 374	2 276 374					
Total Liabilities	**97 216 662**	**97 216 662**					

Table no 7 EU LI2 - Main sources of differences between regulatory exposure amounts and carrying values in financial statements (according to ITS/2021/637) (in PLN thousands)

		Total	Items subject to			
			Credit risk framework	Securitisation framework	CCR framework	Market risk framework
1	**Assets carrying value amount under the scope of prudential consolidation (as per template LI1)**	103 913 908	103 353 978		400 248	271 196
2	**Liabilities carrying value amount under the scope of prudential consolidation (as per template LI1)**					
3	**Total net amount under the scope of prudential consolidation**	103 913 908	103 353 978		400 248	271 196

4	**Off-balance-sheet amounts**	13 882 138	5 379 692			
5	*Differences in valuations*					
6	*Differences due to different netting rules, other than those already included in row 2*					
7	*Differences due to consideration of provisions*		104 286			
8	*Differences due to the use of credit risk mitigation techniques (CRMs)*					
9	*Differences due to credit conversion factors*		8 502 446			
10	*Differences due to Securitisation with risk transfer*					
11	*Other differences*		55 396			
12	**Exposure amounts considered for regulatory purposes**	117 796 046	117 395 797		400 248	271 196

Table no 8 EU LI3 - Outline of the differences in the scopes of consolidation (entity by entity) (according to ITS/2021/637)

Name of the entity	Method of accounting consolidation	Method of prudential consolidation					Description of the entity
		Full consolidation	Proportional consolidation	Equity method	Neither consolidated nor deducted	Deducted	
MILLENNIUM BANK HIPOTECZNY S.A.	Full consolidation	*X*					*credit institution*
MILLENNIUM LEASING Sp. z o.o.	Full consolidation	*X*					*leasing services*
MILLENNIUM DOM MAKLERSKI S.A.	Full consolidation	*X*					*brokerage services*
MILLENNIUM TFI S.A.	Full consolidation	*X*					*investment funds management*
MILLENNIUM SERVICE Sp. z o.o.	Full consolidation	*X*					*rental and management of real estate, insurance and brokers activity*
MILLENNIUM GOODIE Sp. z o.o.	Full consolidation	*X*					*web portals ctivity*

MILLENNIUM TELECOMMUNICATION SERVICES Sp. z o.o.	Full consolidation	*X*		*financial operations on capital market, consulting services*
MILLENNIUM FINANCIAL SERVICES Sp. z o.o.	Full consolidation	*X*		*The entity does not operate yet*
PIAST EXPERT Sp. z o.o. in liquidation	Full consolidation	*X*		*marketing services*
LUBUSKIE FABRYKI MEBLI S.A. in liquidation	Equity method		*X*	*furniture manufacturer*

The Group recognizes its entities in the financial statements using the full consolidation method, with exemption of non material entity Lubuskie Fabryki Meblo S.A. in liquididation. The method of accounting consolidation is the same as method of regulatory consolidation.

Table no 9 EU LIA –Explanations of differences between accounting and regulatory exposure amounts (according to ITS/2021/637)

The main differences between accounting and regulatory exposure are as follow:

- the value of off-balance sheet exposures for regulatory purposes compared to the value of off-balance sheet exposures disclosed in the financial statements is adjusted as a result of the application of credit conversion factors;
- differences resulting from taking into account specific provisions related to POCI ("purchased or originated credit-impaired") assets - financial assets which, upon initial recognition, are impaired.

Disclosing other qualitative information on the scope of application, below is presented the Table EU LIB.

Table no 10 EU LIB - Other qualitative information on the scope of application (according to ITS/2021/637)

Legal basis	Row number	Information
Article 436(f) CRR	(a)	Impediment to the prompt transfer of own funds or to the repayment of liabilities within the group The Group believes that there are currently no and does not anticipate any significant practical or legal obstacles to the prompt transfer of own funds or repayment of liabilities by the parent and its subsidiaries.
Article 436(g) CRR	(b)	Subsidiaries not included in the consolidation with own funds less than required There are no such units
Article 436(h) CRR	(c)	Use of derogation referred to in Article 7 CRR or individual consolidation method laid down in Article 9 CRR The Group does not benefit from the fact that competent authorities waive the application of prudential requirements on an individual basis pursuant to Art. 7 of CRR. The Group also does not use the permits of the competent authorities referred to in Art. 9 of CRR.
Article 436(g) CRR	(d)	Aggregate amount by which the actual own funds are less than required in all subsidiaries that are not included in the consolidation As at December 31, 2021, no capital shortages in relation to the applicable capital requirements were disclosed in any of the Group's companies.

Information on the determination of the additional valuation adjustment for prudent valuation in accordance with Commission Delegated Regulation (EU) 2016/101 on prudent valuation are presented below.

Table no 11 EU PV1 - Other qualitative information on the scope of application (according to ITS/2021/637)

The Bank does not use the primary method of determining the additional prudential valuation adjustment (PVA) in accordance with Chapter III of the Commission Delegated Regulation (EU) 2016/101, therefore table EU PV1 is not presented.

The below table presents own funds components of Group as at 31.12.2021.

Table no 12 EU CC1 - Composition of regulatory own funds (in PLN thousands, in percents) (according to ITS/2021/637)

		Amounts
Common Equity Tier 1 (CET1) capital: instruments and reserves		
1	Capital instruments and the related share premium accounts	2 360 619
	of which: Instrument type 1	2 360 619
	of which: Instrument type 2	
	of which: Instrument type 3	
2	Retained earnings	0
3	Accumulated other comprehensive income (and other reserves)	5 439 612
EU-3a	Funds for general banking risk	228 902
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**	**8 029 133**
Common Equity Tier 1 (CET1) capital: regulatory adjustments		
7	Additional value adjustments (negative amount)	-19 571
8	Intangible assets (net of related tax liability) (negative amount)	-392 437
9	Empty set in the EU	
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	306 918
12	Negative amounts resulting from the calculation of expected loss amounts	-158 992
13	Any increase in equity that results from securitised assets (negative amount)	
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	
15	Defined-benefit pension fund assets (negative amount)	
16	Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)	-23 523
17	Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	

19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	
20	Empty set in the EU	
EU-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	
EU-20b	of which: qualifying holdings outside the financial sector (negative amount)	
EU-20c	of which: securitisation positions (negative amount)	
EU-20d	of which: free deliveries (negative amount)	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	-32 444
22	Amount exceeding the 17,65% threshold (negative amount)	
23	of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	
24	Empty set in the EU	
25	of which: deferred tax assets arising from temporary differences	
EU-25a	Losses for the current financial year (negative amount)	-1 331 865
EU-25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)	
26	Empty set in the EU	
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)	
27a	Other regulatory adjustments to CET1 capital (including IFRS 9 transitional adjustments when relevant)	529 108
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	-1 122 807
29	**Common Equity Tier 1 (CET1) capital**	**6 906 327**
Additional Tier 1 (AT1) capital: instruments		
30	Capital instruments and the related share premium accounts	
31	of which: classified as equity under applicable accounting standards	
32	of which: classified as liabilities under applicable accounting standards	
33	Amount of qualifying items referred to in Article 484 (4) CRR and the related share premium accounts subject to phase out from AT1 as described in Article 486(3) CRR	
EU-33a	Amount of qualifying items referred to in Article 494a(1) CRR subject to phase out from AT1	
EU-33b	Amount of qualifying items referred to in Article 494b(1) CRR subject to phase out from AT1	
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	
35	of which: instruments issued by subsidiaries subject to phase out	
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	
Additional Tier 1 (AT1) capital: regulatory adjustments		

37	Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)	
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	
41	Empty set in the EU	
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)	
42a	Other regulatory adjustments to AT1 capital	
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	
44	**Additional Tier 1 (AT1) capital**	
45	**Tier 1 capital (T1 = CET1 + AT1)**	**6 906 327**
Tier 2 (T2) capital: instruments		
46	Capital instruments and the related share premium accounts	1 530 000
47	Amount of qualifying items referred to in Article 484 (5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486(4) CRR	
EU-47a	Amount of qualifying items referred to in Article 494a (2) CRR subject to phase out from T2	
EU-47b	Amount of qualifying items referred to in Article 494b (2) CRR subject to phase out from T2	
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	
49	of which: instruments issued by subsidiaries subject to phase out	
50	Credit risk adjustments	
51	**Tier 2 (T2) capital before regulatory adjustments**	**1 530 000**
Tier 2 (T2) capital: regulatory adjustments		
52	Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)	
53	Direct, indirect and synthetic goldings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	
54	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	
54a	Empty set in the EU	

55	Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	
56	Empty set in the EU	
EU-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)	
EU-56b	Other regulatory adjustments to T2 capital	
57	**Total regulatory adjustments to Tier 2 (T2) capital**	**0**
58	**Tier 2 (T2) capital**	**1 530 000**
59	**Total capital (TC = T1 + T2)**	**8 436 327**
60	**Total Risk exposure amount**	**49 443 039**
Capital ratios and buffers		
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	**13,97%**
62	Tier 1 (as a percentage of total risk exposure amount)	**13,97%**
63	Total capital (as a percentage of total risk exposure amount)	**17,06%**
64	Institution CET1 overall capital requirement (CET1 requirement in accordance with Article 92 (1) CRR, plus additional CET1 requirement which the institution is required to hold in accordance with point (a) of Article 104(1) CRD, plus combined buffer requirement in accordance with Article 128(6) CRD) expressed as a percentage of risk exposure amount)	8,81%
65	of which: capital conservation buffer requirement	2,50%
66	of which: countercyclical buffer requirement	0,00%
67	of which: systemic risk buffer requirement	0,00%
EU-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	0,25%
EU-67b	of which: additional own funds requirements to cover risks other than the risk of excessive leverage	1,56%
68	**Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)**	5,88%
National minima (if different from Basel III)		
69	NA	
70	NA	
71	NA	
Amounts below the thresholds for deduction (before risk weighting)		
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	258 701
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)	
74	Empty set in the EU	
75	Deferred tax assets arising from temporary differences (amount below 17,65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	656 137
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)

Table no 13 EU CC2 - reconciliation of regulatory own funds to balance sheet in the audited financial statements (in PLN thousands) (according to ITS/2021/637)

		Balance sheet as in published financial statements and under regulatory scope of consodildation
		As at period end
Assets		
1	Cash, cash balances at central banks	3 179 736
2	Financial assets held for trading	172 483
3	Non-trading financial assets mandatorily at fair value through profit or loss, other than Loans and advances to customers	265 903
4	Financial assets at fair value through other comprehensive income	17 997 699
5	Loans and advances to customers	78 603 326
6	Financial assets at amortised cost other than Loans and advances to customers	1 076 456
7	Derivatives – Hedge accounting	14 385
8	Investments in subsidiaries, joint ventures and associates	0
9	Tangible assets	549 788
10	Intangible assets	392 438
11	Tax assets	785 750
12	Other assets	857 650
13	Non-current assets and disposal groups classified as held for sale	18 294
	Total assets	**103 913 908**
LIABILITIES		

1	Financial liabilities held for trading	143 016
2	Financial liabilities measured at amortised cost	93 585 673
3	Provisions	595 530
4	Tax liabilities	1 496
5	Other liabilities	2 276 374
	Total Liabilities	**97 216 662**
EQUITY		
1	Capital	1 213 117
2	Own shares	-21
3	Share premium	1 147 502
4	Accumulated other comprehensive income	-858 633
5	Retained earnings	5 195 281
	Total equity	**6 697 246**
	Total equity and total liabilities	**103 913 908**

Accounting consolidation scope and regulatory consolidation scope are the same.

Table no 14 EU INS1 - Insurance participations (according to ITS/2021/637)

Considering that Bank does not have holdings of own funds instruments of an insurance undertaking, a re-insurance undertaking or an insurance holding company, the table is not presented.

Table no 15 EU INS2 - Financial conglomerates information on own funds and capital adequacy ratio (according to ITS/2021/637)

Considering that Bank is not a financial conglomerate, the table is not presented.

5. Own funds requirements

5.1. Own funds requirements and risk exposure amounts – composition and changes in 2021

Group and Bank calculate total risk exposure amount and maintain own funds requirements in accordance with CRR article 92.

As at the 31st December, 2021, total risk exposure amount was calculated as the sum of the following items:

- Risk weighted exposure amounts for credit risk and dilution risk according to internal rating based method for retail exposures for individual customers secured on residential real estates (RRE) and revolving retail exposures (QRRE) and these calculated according the standard method as for other portfolios
- Own funds requirements to settlement/delivery risk and free deliveries
- Own funds requirements to trading book business for position risk and large exposures exceeding the limits specified in articles 395-401 CRR
- Own funds requirements to market risk as for foreign-exchange risk, settlement risk and commodities risk
- Own funds requirements to credit valuation adjustment risk
- Own funds requirements to operational risk
- Own funds requirements to counterparty credit risk.

Amounts of risk exposures and capital requirements. disclosed according to CRR art. 438.d are showed in the below table.

Table no 16 EU OV1 - Overview of risk-weighted assets (in PLN thousands) (according to ITS/2021/637)

		Total risk exposure amounts (TREA)		Total own funds requirements
		2021-12-31	2021-09-30	2021-12-31
1	Credit risk (excluding CCR)	43 270 514	43 697 051	3 461 641
2	Of which the standardised approach (i)	30 954 512	31 457 789	2 476 361
3	Of which the Foundation IRB (F-IRB) approach			
4	Of which slotting approach			
EU-4a	Of which equities under the simple riskweighted approach			
5	Of which the Advanced IRB (A-IRB) approach (ii)	12 316 002	11 503 479	985 280
6	Counterparty credit risk - CCR	355 875	692 903	28 470
7	Of which the standardised approach	201 020	514 369	16 082
8	Of which internal model method (IMM)			
EU-8a	Of which exposures to a CCP	3 151	226	252
EU-8b	Of which credit valuation adjustment - CVA	128 522	177 734	10 282
9	Of which other CCR	23 182	574	1 855

15	Settlement risk			
16	Securitisation exposures in the non-trading book (after the cap)			
17	Of which SEC-IRBA approach			
18	Of which SEC-ERBA (including IAA)			
19	Of which SEC-SA approach			
EU-19a	Of which 1250% / deduction			
20	Position, foreign exchange and commodities risks (Market risk)	404 155	417 728	32 332
21	Of which the standardised approach	404 155	417 728	32 332
22	Of which IMA			
EU-22a	Large exposures			
23	Operational risk	5 412 495	5 412 495	433 000
EU-23a	Of which basic indicator approach			
EU-23b	Of which standardised approach	5 412 495	5 412 495	433 000
EU-23c	Of which advanced measurement approach			
24	*Amounts below the thresholds for deduction (subject to 250% risk weight)*	*1 640 342*	*1 696 758*	*131 227*
29	**Total**	**49 443 039**	**50 220 177**	**3 955 443**

(i) That amount includes PLN 152.4m RWA stemming from transitional arrangements connected to implementation of IFRS9, defined in Regulation EU 2020/873 amending EU regulations as regards certain adjustments in response to the COVID-19 pandemic

(ii) That amount includes PLN 586.5m RWA stemming from Competent Authorities decision on an conservative charge of 5% RWA on exposures classified under IRB approach (description in the point 2 of the Report).

In the fourth quarter of 2021, total risk-weighted assets decreased by approx. 1.5% (by almost PLN780m), mainly in relation to credit risk (a decrease by approx. PLN714m).

Over the 2021, total risk-weighted assets (RWA) decreased by 3.3% (by almost PLN1.7b). This change was mainly influenced by the decrease in RWA for credit risk, along with the counterparty credit risk (by 5.3%, by over PLN2.4b). As part of credit risk, there was a significant decrease in RWA for exposures to corporates (by almost 19% and PLN3b), with a moderate increase in RWA for retail clients (by 1.2%, approx. PLN300m). RWA on other exposures increased by approx. PLN230m (by 6.4%). RWA for operational risk increased as a result of the observed systematic rise in the Group's efficiency. It is the result of an increase in the average three-year operating result on business lines, which does not include provisions for legal risk. The analysis of RWA changes is presented in the Table below.

Table no 17 Analysis of RWA's main changes in 2021 (in PLN millions, in percent)

Item	Change in 2021	
Total RWA, including	-1 669	-3,3%
Credit risk RWA (along with z CCR) [1)]	-2 438	-5,3%
including retail exposures RWA	317	1,2%
including corporate exposures RWA	-2 987	-18,8%
including other RWA	232	6,4%

Market risk RWA	71	21,2%
RWA CVA [2)]	69	115,0%
Operational risk RWA	630	13,2%

1) CCR - counterparty credit risk
2) CVA - credit valuation adjustment

Table no 18 EU SECA - Qualitative disclosure requirements related to securitisation exposures (in accordance with ITS 2021/637)

Table no 19 EU SEC1 - Securitisation exposures in the non-trading book (in accordance with ITS 2021/637)

Table no 20 EU SEC2 - Securitisation exposures in the trading book (in accordance with ITS 2021/637)

Table no 21 EU SEC3 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as originator or as sponsor (in accordance with ITS 2021/637)

Table no 22 EU SEC4 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as investor (in accordance with ITS 2021/637)

Table no 23 EU SEC5 - Exposures securitised by the institution - Exposures in default and specific credit risk adjustments (in accordance with ITS 2021/637)

Due to the fact that the Bank has no securitization exposures and does not conduct securitization activities, tables from 18 to 23 are not presented.

5.2. CAPITAL REQUIREMENTS FOR CREDIT RISK – STANDARDISED METHOD

The Group calculates and maintains own funds requirements for credit risk calculated under standardised method for the pollowing portfolios: Central governments or central banks, Regional governments or local authorities, Public sector entities, Multilateral development banks, International organizations, Institutions, Corporates, Retail with exception for exposures secured by mortgages on residential real estate and revolving retail exposures, Items associated with particularly high risk, Covered bonds, Collective investments undertakings, Equity exposures, Other exposures.

The Table EU CRD on qualitative disclosure requirements related to standardised model is presented below.

Table no 24 EU CRD - Qualitative disclosure requirements related to standardised model (in accordance with ITS 2021/637)

Legal basis	Row number	Information
Article 444 (a) CRR	(a)	Names of the external credit assessment institutions (ECAIs) and export credit agencies (ECAs) nominated by the institution, and the reasons for any changes over the disclosure period; When calculating own funds requirements for entities other than financial institutions and government entities, the Group does not use ratings assigned by approved external credit risk assessment agencies (ECAI). This is because of the negligible number of borrowers and counterparties with an ECAI rating. When calculating own funds requirements for financial institutions and government entities, the Group uses publicly available information on ECAI ratings issued by recognized external rating agencies: Fitch, Moody's, Standard & Poors.
Article 444 (b) CRR	(b)	The exposure classes for which each ECAI or ECA is used; ECAIs or ECAs assignments can be used for the following exposure categories: Governments, Central Banks, International Organizations, Multilateral Development Banks and Institutions
Article 444 (c) CRR	(c)	A description of the process used to transfer the issuer and issue credit ratings onto comparable assets items not included in the trading book; The credit ratings of the issuer or obligor, if used in the rating process, are mapped to the main rating scale of the Bank, which is used for all debtors of the Bank.
Article 444 (d) CRR	(d)	The association of the external rating of each nominated ECAI or ECA (as referred to in row (a)) with the risk weights that correspond with the credit quality steps as set out in Chapter 2 of Title II of Part Three CRR (except where the institution complies with the standard association published by the EBA). When used in the rating process, the Group uses a standard classification system.

Table no 25 EU CR4 - Standardised approach - Credit risk exposure and CRM effects (in accordance with ITS 2021/637) (in PLN thousands, in percents) (i)

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 amount	RWAs	RWAs density (%)
Central governments or central banks	20 571 668	0	23 169 034	105 413	1 640 342	7,05%
Regional government or local authorities	90 239	151 375	90 239	149	18 078	20,00%
Public sector entities	140 327	28 429	140 327	2 685	71 506	50,00%
Multilateral development banks	86 154	0	86 154	0	0	0,00%
International organisations	0	0	0	0	0	n.d.
Institutions	911 104	71 221	1 615 800	26 200	470 723	28,67%
Corporates	12 512 385	6 973 959	10 258 986	1 244 816	10 399 754	90,40%
Retail	16 367 937	456 966	16 009 466	2 470	11 648 512	72,75%
Secured by mortgages on immovable property	6 602 855	1 082 693	5 961 463	413 290	2 961 743	46,46%
Exposures in default	1 290 076	33 480	1 216 710	31 399	1 403 478	112,45%
Exposures associated with particularly high risk	21 919	67 811	21 919	0	32 879	150,00%
Covered bonds	0	0	0	0	0	n.d.
Institutions and corporates with a short-term credit assessment	0	0	0	0	0	n.d.
Collective investment undertakings	0	0	0	0	0	n.d.
Equity	258 858	0	258 858	0	259 092	100,09%
Other items	1 109 716	0	1 109 716	0	500 578	45,11%
TOTAL	59 963 239	8 865 934	59 938 674	1 826 423	29 406 685	47,61%

(i) The table does not include PLN 152.4m RWA stemming from transitional arrangements connected to implementation of IFRS9, defined in Regulation EU 2020/873 amending EU regulations as regards certain adjustments in response to the COVID-19 pandemic

Table no 26 EU CR5 - Standardised approach (in accordance with ITS 2021/637) (in PLN thousands)

Exposure classes	Risk weight															Total
	0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Others	
Central governments or central banks	22 618 310	0	0	0	0	0	0	0	0	0	0	656 137	0	0	0	23 274 447
Regional government or local authorities	0	0	0	0	90 388	0	0	0	0	0	0	0	0	0	0	90 388
Public sector entities	0	0	0	0	0	0	143 013	0	0	0	0	0	0	0	0	143 013
Multilateral development banks	86 154	0	0	0	0	0	0	0	0	0	0	0	0	0	0	86 154
International organisations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Institutions	0	378 422	0	0	562 274	0	701 208	0	0	96	0	0	0	0	0	1 642 000
Corporates	0	0	0	0	0	0	0	0	0	11 502 909	894	0	0	0	0	11 503 803
Retail exposures	0	0	0	0	0	0	0	0	16 011 936	0	0	0	0	0	0	16 011 936
Exposures secured by mortgages on immovable property	0	0	0	0	0	3 552 622	1 784 552	0	2 230	945 447	89 901	0	0	0	0	6 374 753
Exposures in default	0	0	0	0	0	0	0	0	0	937 370	310 739	0	0	0	0	1 248 109
Exposures associated with particularly high risk	0	0	0	0	0	0	0	0	0	0	21 919	0	0	0	0	21 919
Covered bonds	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Exposures to institutions and corporates with a short-term credit assessment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Units or shares in collective investment undertakings	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Equity exposures	0	0	0	0	0	0	0	0	0	258 701	0	156	0	0	0	258 858

Other items	0	0	0	466	102 616	0	261 675	0	0	345 289	0	0	0	0	399 669	1 109 716
TOTAL	22 704 464	378 422	0	466	755 279	3 552 622	2 890 448	0	16 014 166	13 989 812	423 454	656 293	0	0	399 669	61 765 096

5.3. CAPITAL REQUIREMENTS FOR CREDIT RISK - IRB METHOD

Bank and Group calculate own funds requirements to credit risk with internal rating based approach (IRB) for retail exposures to individual customers secured on residential mortgages (RRE portfolio) and for retail revolving exposures (QRRE). As for other loan portfolios, IRB roll-out plan proceeds according to arrangements made with Competent Authorities. The exceptions are portfolios of exposures to central banks and governments, institutions, leasing and capital exposures, which are included in the permanent exclusions from the IRB approach implementation.

As at 31 December, 2021, average risk weights under IRB method are as follows:

- Total RRE portfolio: 26.1%
- RRE FX: 40.0%
- RRE PLN: 22.0%
- QRRE: 40.9%.

Information in that chapter are disclosed in line with requirements of the Table EU CRE – qualitative disclosure requirements related to IRB approach.

Table no 27 EU CRE - Qualitative disclosure requirements related to IRB approach (in accordance with ITS 2021/637)

Legal basis	Row number	Information
Article 452 (a) CRR	a)	The competent authority's permission of the approach or approved transition Description in the point 5.3.1
Article 452 (c) CRR	b)	The control mechanisms for rating systems at the different stages of model development, controls and changes, which shall include information on: (i) the relationship between the risk management function and the internal audit function; (ii) the rating system review; (iii) procedure to ensure the independence of the function in charge of reviewing the models from the functions responsible for the development of the models; (iv) the procedure to ensure the accountability of the functions in charge of developing and reviewing the models Description in the point 5.3.3
Article 452 (d) CRR	c)	The role of the functions involved in the development, approval and subsequent changes of the credit risk models; Description in the point 5.3.3
Article 452 (e) CRR	d)	The scope and main content of the reporting related to credit risk models; Description in the point 5.3.3

Article 452 (f) CRR	e)	A description of the internal ratings process by exposure class, including the number of key models used with respect to each portfolio and a brief discussion of the main differences between the models within the same portfolio, covering: (i) the definitions, methods and data for estimation and validation of PD, which shall include information on how PDs are estimated for low default portfolios, whether there are regulatory floors and the drivers for differences observed between PD and actual default rates at least for the last three periods; (ii) where applicable, the definitions, methods and data for estimation and validation of LGD, such as methods to calculate downturn LGD, how LGDs are estimated for low default portfolio and the time lapse between the default event and the closure of the exposure; (iii) where applicable, the definitions, methods and data for estimation and validation of credit conversion factors, including assumptions employed in the derivation of those variables. Description in the point 5.3.2

5.3.1. Approval to use the IRB Approach

As at 31 December 2021, the Banco Comercial Portugues Group (the parent owner of Bank Millennium SA) has obtained the described below approvals of the Competent Authorities pertaining to the use of the IRB Approach by the Group and Bank Millennium SA ("IRB Decisions"). First two IRB decisions were issued by Banco de Portugal (the consolidating regulator of the Banco Comercial Portugues Group) in cooperation with the Polish Financial Supervision Commission (KNF - local regulator), and the last one decisions (issued in July 2017) was issued by European Central Bank (EBC) with cooperation of KNF.

The approval issued at the end of 2012 to use the Advanced IRB Approach for two credit portfolios of: retail exposures to individual clients secured by residential property (RRE) and qualifying revolving retail exposures (QRRE). The first IRB decision contained a "regulatory floor" according to which the minimum own funds requirements for the portfolios covered by the decisions had to be temporarily maintained at no less than 80% of the relevant capital requirements calculated using the Standardized Approach. The regulatory floor applied until the Component Authority determined that the conditions set forth by this decision have been fulfilled.

The approval issued at the end of 2014 entails:

1) reduction of the "regulatory floor" for RRE and QRRE portfolios from 80% to 70% of the relevant capital requirements calculated using the Standardized Approach. The regulatory floor shall be applied portfolio by portfolio, and should be adjusted up or downwards in case of any difference between expected losses and provisions so that the impact in the solvency ratios is exactly the same of considering only 70% of the capital requirements calculated under the standard method.

2) commencement of use of the IRB Approach for the other retail exposures class is conditional upon meeting certain conditions by 30 June 2015.

3) commencement of use of the IRB Approach for corporates (including specialized lending) is conditional upon meeting certain conditions. while the new application to use the IRB Approach should not be submitted before 31 December 2016.

4) the permission to make changes to models applicable to RRE and QRRE portfolios is conditional upon meeting certain conditions. while the new application to use the IRB Approach to these portfolios should be submitted until 30 June 2015.

In July 2017 Bank received the joint supervisory decision in the area of IRB method, issued by ECB in collaboration with KNF. The decision regards:

1) revoking the duty of the Bank to maintain the regulatory floor in view of generally positive assessment of the Bank's compliance with conditions of the Decision of 2014.

2) Application of multiplier of 1.3 to estimation of LGD models for RRE and QRRE portfolios until ECB and KNF recognise the internal estimations of LGD models to be representative for currently prevailing conditions;

3) Issue additional recommendations in scope of improvement of IRB models for RRE and QRRE.

From 2018. Bank Millennium S.A. Group successively implements the multi-stage process of implementing changes to the IRB method, related to the requirements for the new definition of default. In the first phase, in line with the "two-step approach" approved by the Supervision, the Group in 2020 successfully implemented solutions for the new definition of default on the production environment. Then, in 2021, a recalibration and reconstruction of all credit risk models included in the rating system subject to the current supervisory approval was performed, taking into account the new definition of default. In the fourth quarter of 2021, the Group submitted requests to Competent Authorities under the procedure set out in Commission Delegated Regulation (EU) No 529/2014. Until the supervisory processes in this respect are completed, the Group is obliged to include an additional conservative charge on estimating the RWA for exposures classified under the IRB method[6]. The level of this mark-up, calculated on the basis of the supervisory algorithm, was set at 5% above the value resulting from the IRB method.

In April 2021, the Bank received a joint supervisory decision regarding the IRB approach, issued by the ECB in cooperation with KNF. This decision concerns:

1) lifting the Bank's obligation to maintain the multiplier of 1.3 imposed on LGD parameters due to a positive assessment of the implementation of the conditions of the 2017 decision,

2) issuing additional recommendations on improving the models used for RRE portfolios and QRRE.

3) using a multiplier of 1.2 to estimate the LGD parameter for the nondefault RRE and QRRE portfolio and the floor for in-default parmetres equal to 1.1 * EL BE (LGD in-default> = 1.1 * EL BE), until recognition by the Competent Authorities that certain recommendations issued in the decision have been met.

[6] ECB-SSM-2020-PTBCP-2 letter dated 15.01.2020

5.3.2. Internal rating systems

The Group defines a rating system as all of the methods, processes, controls, data collection and IT systems that are used for the assessment of credit risk and for classification of exposures to a pool with a specified risk level, including the rules on the priority of rating models, if applicable, and the rules for overriding rating grades. Elements of the rating system include PD, LGD, CCF-EAD models (hereinafter: models) and methodologies for evaluating specialized lending.

Evaluation of the client's credit risk in respect to its probability of default (PD) is based on a uniform rating scale, referred to as the Master Scale.

The Master Scale (MS) consists of 15 rating grades, where the given ratings are as follows:

1) Maximum security – only for sovereigns
2) Superior quality
3) Very high quality
4) High quality
5) Very good quality
6) Good quality
7) Average high quality
8) Average quality
9) Average low quality
10) Low quality
11) Very low quality
12) Restricted crediting
13) Soft signs of impairment
14) Strong signs of impairment
15) Default.

Ratings 13 – 15 are procedural ones, reserved to exposures with deteriorated quality.

All the clients with available lending, whether or not they actually use the approved credit limits and all other participants of credit transactions should have a previously awarded rating and should be assigned to an appropriate pool.

An adequate credit or rating policy should specify the model to be used for rating purposes or a homogenous pool for a given client segment.

Each PD model used must be calibrated to MS based on the observed or estimated probability of default.

The rating for governments, central banks, international organizations, multilateral development banks and Institutions may be assigned based on a rating awarded by recognized rating agencies, mapped to the Master Scale. Should the above-mentioned entities have more than one classification awarded by recognized rating agencies (split rating) the rating corresponding to the second best risk shall be taken into account at all times.

In case of retail customers, rating awarded through a behavioral model (behavioral rating) by default takes precedence over a rating awarded through an application model (application rating) if behavioral rating only is awarded. Within application ratings, the risk rating based on the Credit Information Bureau (BIK) rating, if assigned, is by definition more important.

In case of corporate customers, awarded rating comes from 3 components: a quantitative module based on an analysis of data from financial statements, a module of qualitative evaluation of customers based on non-financial information and a behavioral module assessing existing nature of co-operation between customer and Millennium Bank Group (including Bank Millennium). The rating should be assigned at the same time to all members of the economic group, that is to say, the group of connected clients.

Procedural ratings (13, 14 and 15 according to the Master Scale) are awarded to clients showing signs of deteriorating borrowing capacity and creditworthiness or with overdue debt.

Procedural ratings by default take precedence over application ratings.

After premises necessary to award any of the procedural ratings 13 or 14 are no longer satisfied, these ratings 13 and 14 expire immediately. Rating 15 expires when there are no indications of default and the quarantine period is over. During the quarantine period, the client should demonstrate appropriate behavior or financial situation.

Description of the internal ratings process

1. Central governments and central banks
   This exposure class is excluded permanently from the IRB approach.
2. Institutions
   This exposure class is excluded permanently from the IRB approach.
3. Corporates, including SMEs, specialized lending and purchased corporate receivables
   Exposure classes subject to the IRB roll-out plan.
4. Retail exposures
5. Equity exposures

In equity exposures, the Millennium Group classifies shares and equity instruments held by any of the Bank's units. On the consolidated basis, however, the shares representing investments in subsidiaries are excluded, since those are classified as intragroup transactions. However, due to the fact that the total value of the Group's equity portfolio is insignificant, it has been decided that these exposures should be excluded from the IRB approach permanently and the capital requirement for these exposures should be calculated based on the standardized approach.

5.3.2.1 Modele PD

The rating process in Bank Millennium is based on the following principles:

i. Awarding risk grades to all customers and credit exposures;
ii. All credit decisions should be preceded by awarding a risk grade to the client;
iii. In the retail segment, the rating process is based on PD scoring/rating models;
iv. The rating process is separated and independent from the credit decision process.

The presented rating principles apply to all categories of retail exposures: retail exposures to individuals secured by residential real estate, qualifying revolving retail exposures and other retail exposures.

The class of retail exposures to individuals secured by residential real estate include exposures which are mortgage loans or home equity loans granted to retail clients (small businesses and private individuals) and secured by mortgage.

The class of qualifying revolving retail exposures (QRRE) includes exposures to natural persons which are unsecured, renewable, with total exposure not exceeding EUR 100.000 and which meet the requirement of low volatility of loss rates.

All the retail exposures that do not qualify to the above categories are treated as other retail exposures.

In the rating process, the competences are allocated as follows:

a) Data input;
b) Verification of data;
c) Awarding of the final risk grade (automated decision).

Model-based risk grades and procedural ratings are awarded automatically and are not subject to expert adjustments.

In the rating process, the Bank uses data from various available sources:

- internal sources (Bank's IT systems);
- external sources (Credit Information Bureau - BIK);
- data received from customers.

With respect to probability of default (PD) models for retail exposures, there is a rating system in place for microbusinesses and a rating system for private individuals. Both systems use behavioral scoring models and application scoring models designed for specific client and/or product groups. Procedural ratings are awarded to clients showing signs of deteriorating borrowing capacity and creditworthiness or with past due debt.

A procedural rating has the priority in use. If the client has no procedural rating then the behavioral rating should be used, provided that it has been awarded.

Behavioral rating is awarded for the first time after three months of the client's cooperation with the Bank and then monthly, provided that the client's accounts meet the requirements of the behavioral model.

If the client has no behavioral or procedural rating then the application rating should be used.

Additional information on PD models:

Bank uses the following models for the portfolios:

Portfolio	PD models
Residential retail secured exposures (RRE)	RRE application model Behavioral model (BeScore) Procedural ratings model
QRRE	Application model for customers with MilleBIK Application model for customers without BIK Behavioral model (BeScore) Procedural ratings model
Other retail	Application model for customers with MilleBIK Application model for customers without BIK Application model for installment loans Application model for Biznes customers

	Behavioral model (BeScore) Procedural ratings model
Corporate exposures	Rating model for corporate clients Procedural ratings model

The Bank uses one PD estimation methodology common to all portfolios. It assumes making estimates based on the long-term average default (minimum of 5 historical years and PD forecasts for the next year). Estimation is made at the level of a given portfolio, and then, based on the calibration function, a PD is assigned to the given scoring score from the model. The exceptions in this respect are procedural ratings 13 and 14, for which there is a direct estimation.

The PD models used to calculate capital requirements are periodically and independently validated. Each new version of the model is pre-validated before being released to production. The model implementation is also independently validated (implementation validation). In order to verify the correctness of PD estimates, a number of statistical tests and measures are used, described in the methodology for validating PD models. The validated areas include both qualitative and quantitative model verification, in particular: compliance with regulations, data quality, model assumptions, discriminant power, quality of PD parameter matching, stability and concentration measures.

Due to the recently introduced new definition of a default, there could have been noticeable differences between the estimated PD (assigned on the basis of the old definition of a default) and the realized default rate (presented in Table 31), which was calculated based on the new definition of a default.

5.3.2.2 LGD models

Loss Given Default (LGD) models have been built for the following two portfolios:

a) unsecured portfolio for retail clients.
b) portfolio secured by residential real estate for retail clients (RRE).

Pursuant to CRR, and its subsequent amendments, banks must estimate LGD parameters using data on defaulted exposures from all the available sources, taking into account all information that is significant for the estimation of economic loss levels.

For this reason, the Bank estimated the LGD parameters on the basis of a database that includes all cases of default resulting from the quantitative and qualitative premises of the definition of default coming from the period specified for a given calibration. When selecting this period, a time series is taken into account, taking into account both the latest data and observations both from the period of recession / economic slowdown and times of economic prosperity.

According to the LGD calculation methodology, the main factors in the calculation include: probability of cure or completion of the client recovery process, value of recoveries, costs and discount rate.

The Bank has taken the following approach to building LGD models:

a) Establish homogenous risk pools of transactions (pooling);
b) Estimate the probability of different paths of exit from the default status (cure, incomplete, liquidated);

c) Estimate loss parameters for each path of exit from default status.

Pools are identified by regression trees. Loss given default is estimated at the transaction level, while the probability of recovery is calculated at the customer level

For the capital requirement calculation, the LGD parameters are calculated in two versions:

1) Downturn LGD - parameters reflecting the period of economic downturn.
2) EL BE - parameters reflecting the expected economic loss, apply only to the in-default portfolio.

Downturn LGD parameters were estimated on a sample composed of observations from the worst identified period of economic slowdown and were increased by the estimation error. The period of economic slowdown was determined based on the analysis of the time series of marco-economic variables and the realized LGD values.

The EL BE parameters are used for the observations for which a default event has already occurred. They reflect the Bank's expected economic loss, assuming the current macroeconomic conditions. The difference between the Downturn LGD parameter and the EL BE parameter is an estimate of the unexpected loss associated with a given default.

In order to avoid the instability of the parameters, the minimum number of observations that must occur in a given month and in the pool has been defined to be able to estimate the individual LGD component parameters (recovery probability and recovery rate). This means that the maximum recovery period depends on the number of observations for the largest mids, i.e. months from the default date.

In 2021, the Bank thoroughly redeveloped the LGD models to take into account regulatory changes (in particular the new definition of default (NDD), guidelines for estimating PD and LGD parameters, regulatory implementing technical standards (RTS) and guidelines for estimates reflecting the downturn period (LGD Downturn) and the ECB Guidelines for Internal Models). Maximum recovery period for a given segment, after which no more flows and recoveries are taken into account was implemented in the calibration of the new models. In the RRE model, the biggest change is the inclusion of direct collateral values in the LGD estimation. Thus, that model includes new parameters - the probability of the use of the obligation and the recovery ratio from the collateral. The new models were submitted for supervisory approval.

The models used to calculate capital requirements (in the current use) are subject to periodic validation and monitoring (once a year). Each new version of the model is subject to initial validation. The implementation of the model for the purposes of estimating capital requirements is also independently validated. In order to verify the correctness of the LGD model estimates, a number of statistical tests and measures are used, described in the LGD model validation methodology and in the monitoring methodology. The validated areas include the discriminant power of the model, estimation errors (backtest), model stability, predictive power of the model and individual variables, concentration measures and qualitative analysis.

5.3.2.3 Exposure at Default (EAD) models / CCF models

The EAD model is a statistical model, built for the retail exposures. When estimating EAD, the exposure at default was compared with the limit value and the balance sheet exposure observed for each of the 12 months prior to the default event. The calculation of balance sheet equivalent (CCF) parameters was performed for product groups for which there was a possibility of off-balance sheet exposure and the Bank had a significant number of observations allowing for statistical inference, i.e. for overdraft limits and credit cards (QRRE portfolio), as well as for the RRE portfolio, for which the Bank developed a new EAD model in 2021. Until approval for its use is obtained, in the process of estimating capital requirements, a conservative value of the CCF parameter equal to 100% is adopted for the RRE portfolio. For the guarantee portfolio, due to the limited number of empirical observations that make it impossible to carry out statistical analyzes, the conservative CCF value equal to 100% was assumed, similarly to the RRE portfolio.

EAD model estimation is based on estimating individual model components and then assembling them. These components are:

- CCF Best Estimate parameter representing the long-term average, calculated on the basis of the time window covering various phases of the business cycle,
- CCF Downturn parameter representing the parameter value in an economic downturn,
- estimation error.

The final value of the parameter used in the capital requirement estimation process is determined as the greater of the CCF Best Estimate and CCF Downturn values and includes the estimation error. Parameters are estimated on a pooled basis using a decision tree model where pooling variables are customer and exposure characteristics.

Models used in the process of calculation of capital requirements are subject to periodic validation and monitoring (every year). Each new version of the model is subject to initial validation. The model implementation for the purposes of capital requirements calculation is also validated. In order to verify the correctness of the EAD model estimates, a number of statistical tests and measures are used, described in the EAD model validation methodology. These are: measures of the discriminant power of the model, measures of estimation error, measures of model stability, tests of significance of pooling variables as well as measures of concentration.

In 2021, the Bank redeveloped the EAD model for cards for account limits and credit cards and, as mentioned earlier, created a new model for the RRE segment. The new models have been estimated based on the new definition of default and are compliant with the EBA/RTS/2018/04 regulations and the ECB Guide to internal models. The new models were submitted for regulatory approval.

5.3.2.4 Quantitative information

Exposure and adjustment values

The below table presents the basic aggregates and parameters used in calculation of own funds requirements in IRB method. As for exposure classes under IRB method, exposure amounts. CCF's, average PD's, debtors amount, average LGD's, risk-weighted assets, risk density, expected loss and specific credit risk adjustments, break downed by probability of default (PD) brackets are showed.

Table no 28 EU CR6 - IRB approach - Credit risk exposures by exposure class and PD range (in accordance with ITS 2021/637) (in percents, in PLN thousands) (i)

A-IRB, Portfolio	PD range	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjust-ments and provisions
Qualifying revolving exposures (QRRE)												
	0,00 do <0,15	435 951	2 184 877	59,04%	1 725 942	0,08%	627 568	66,12%	60 424	3,50%	913	-2 170
	0,00 do <0,10	435 951	2 184 877	59,04%	1 725 942	0,08%	627 568	66,12%	60 424	3,50%	913	-2 170
	0,10 do <0,15	0	0	0,00%	0	0,00%	0	0,00%	0	0,00%	0	0
	0,15 do <0,25	199 171	359 939	65,63%	435 408	0,19%	141 892	73,01%	34 646	7,96%	611	-2 206
	0,25 do <0,50	199 771	232 182	68,28%	358 294	0,39%	107 108	76,69%	53 333	14,89%	1 072	-2 979
	0,50 do <0,75	208 603	167 908	70,18%	326 432	0,71%	88 276	78,60%	79 920	24,48%	1 822	-3 830
	0,75 do <2,50	400 480	209 618	145,22%	552 067	1,71%	135 234	80,26%	267 040	48,37%	7 599	-12 007
	0,75 do <1,75	214 819	129 423	71,36%	307 169	1,28%	77 083	79,53%	119 547	38,92%	3 127	-5 604
	1,75 do <2,5	185 660	80 195	73,87%	244 898	2,25%	58 151	81,16%	147 493	60,23%	4 472	-6 403
	2,50 do <10,00	378 466	133 226	132,21%	463 613	6,00%	103 419	81,27%	534 927	115,38%	22 675	-24 595
	2,50 do <5,00	163 480	51 108	75,53%	202 083	3,80%	45 511	81,58%	176 196	87,19%	6 241	-7 769
	5,00 do <10,00	214 986	82 118	56,68%	261 530	7,70%	57 908	81,81%	358 731	137,17%	16 434	-16 826
	10,00 to <100,00	184 752	23 393	116,33%	200 036	24,53%	37 657	84,14%	427 994	213,96%	41 393	-31 889
	10,00 do <20,00	133 059	17 857	79,95%	147 336	15,49%	27 087	84,05%	307 719	208,86%	19 181	-16 309
	20,00 do <30,00	7 496	1 219	18,20%	7 718	26,43%	1 515	79,66%	18 799	243,57%	1 625	-1 439
	30,00 do <100,00	44 197	4 317	18,17%	44 981	53,82%	9 055	85,19%	101 476	225,60%	20 587	-14 141
	100,00 (default)	131 994	28 755	0,00%	131 994	100,00%	29 107	74,18%	174 518	132,22%	97 908	-88 597
QRRE	**Total**	**2 139 188**	**3 339 896**	**69,17%**	**4 193 787**	**5,35%**	**1 270 261**	**73,36%**	**1 632 803**	**38,93%**	**173 992**	**-168 274**
Exposures secured on immovable property SME (RRE SME)												
	0,00 do <0,15	1 919	1 272	100,00%	3 191	0,08%	20	33,66%	173	5,44%	1	-5
	0,00 do <0,10	1 919	1 272	100,00%	3 191	0,08%	20	33,66%	173	5,44%	1	-5

	0,10 do <0,15	0	0	0,00%	0	0,00%	0	0,00%	0	0,00%	0	0
	0,15 do <0,25	1 632	37	100,00%	1 670	0,20%	10	33,56%	181	10,82%	1	0
	0,25 do <0,50	6 206	335	100,00%	6 541	0,39%	19	33,67%	1 162	17,77%	9	-4
	0,50 do <0,75	9 047	310	100,00%	9 357	0,71%	38	33,42%	2 512	26,84%	22	-10
	0,75 do <2,50	13 065	119	200,00%	13 185	1,90%	39	33,79%	6 746	51,17%	85	-65
	0,75 do <1,75	4 653	84	100,00%	4 736	1,28%	17	33,71%	1 900	40,12%	20	-21
	1,75 do <2,5	8 412	36	100,00%	8 448	2,25%	22	33,83%	4 846	57,36%	64	-43
	2,50 do <10,00	4 798	0	100,00%	4 798	6,60%	14	33,49%	4 801	100,06%	107	-26
	2,50 do <5,00	1 574	0	0,00%	1 574	3,80%	4	33,69%	1 211	76,92%	20	-6
	5,00 do <10,00	3 224	0	100,00%	3 224	7,96%	10	33,79%	3 590	111,36%	87	-20
	10,00 to <100,00	716	15	100,00%	731	15,49%	7	34,00%	1 061	145,17%	38	-43
	10,00 do <20,00	716	15	100,00%	731	15,49%	7	34,00%	1 061	145,17%	38	-43
	20,00 do <30,00	0	0	0,00%	0	0,00%	0	0,00%	0	0,00%	0	0
	30,00 do <100,00	0	0	0,00%	0	0,00%	0	0,00%	0	0,00%	0	0
	100,00 (default)	2 553	0	0,00%	2 553	100,00%	9	64,05%	2 239	87,70%	1 635	-925
RRE SME	**Razem**	**39 936**	**2 088**	**105,71%**	**42 024**	**7,93%**	**156**	**35,48%**	**18 875**	**44,92%**	**1 898**	**-1 078**
Exposures secured on immovable property non-SME (RRE non-SME)												
	0,00 do <0,15	27 776 541	1 154 538	100,00%	28 931 079	0,08%	153 381	42,04%	2 577 890	8,91%	9 730	-26 297
	0,00 do <0,10	27 776 541	1 154 538	100,00%	28 931 079	0,08%	153 381	42,04%	2 577 890	8,91%	9 730	-26 297
	0,10 do <0,15	0	0	0,00%	0	0,00%	0	0,00%	0	0,00%	0	0
	0,15 do <0,25	3 539 289	116 064	100,00%	3 655 353	0,19%	17 081	43,81%	644 602	17,63%	2 995	-4 858
	0,25 do <0,50	1 979 165	52 385	100,00%	2 031 550	0,39%	9 753	44,15%	621 775	30,61%	3 501	-4 699
	0,50 do <0,75	1 468 682	32 782	100,00%	1 501 463	0,71%	7 201	44,56%	706 399	47,05%	4 757	-5 926
	0,75 do <2,50	2 053 801	58 983	200,00%	2 112 783	1,66%	9 568	45,17%	1 742 238	82,46%	15 876	-19 165
	0,75 do <1,75	1 251 562	36 887	100,00%	1 288 449	1,28%	5 898	45,00%	906 631	70,37%	7 428	-9 684
	1,75 do <2,5	802 238	22 096	100,00%	824 335	2,25%	3 670	45,43%	835 607	101,37%	8 448	-9 481

	2,50 do <10,00	1 066 790	26 868	200,00%	1 093 657	5,58%	4 585	45,41%	1 783 955	163,12%	27 719	-23 652
	2,50 do <5,00	547 523	13 295	100,00%	560 819	3,80%	2 427	45,36%	768 216	136,98%	9 684	-9 237
	5,00 do <10,00	519 267	13 572	100,00%	532 839	7,46%	2 158	45,31%	1 015 738	190,63%	18 035	-14 415
	10,00 to <100,00	319 496	5 587	200,00%	325 082	25,23%	1 433	46,30%	847 679	260,76%	38 351	-30 633
	10,00 do <20,00	189 273	5 040	100,00%	194 313	15,49%	818	45,50%	496 020	255,27%	13 708	-10 081
	20,00 do <30,00	0	0	0,00%	0	0,00%	0	0,00%	0	0,00%	0	0
	30,00 do <100,00	130 223	546	100,00%	130 769	39,76%	615	47,49%	351 659	268,92%	24 643	-20 553
	100,00 (default)	863 305	305	100,00%	863 610	100,00%	4 061	68,17%	1 153 311	133,55%	588 751	-423 994
RRE non-SME	**Total**	**39 067 068**	**1 447 511**	**106,32%**	**40 514 579**	**2,69%**	**207 063**	**43,24%**	**10 077 848**	**24,87%**	**691 679**	**-539 226**
Total (all portfolios)		**41 246 192**	**4 789 494**		**44 750 389**		**1 477 480**		**11 729 526**	**26,21%**	**867 569**	**-708 577**

(i) The table does not include PLN 586.5m RWA stemming from Competent Authorities decision on an conservative charge of 5% RWA on exposures classified under IRB approach.

The below table presents the scope of application of internal ratings based and standardised method of own funds requirements calculation.

Table no 29 EU CR6-A - Scope of the use of IRB and SA approaches (in accordance with ITS 2021/637) (in percents, in PLN thousands)

		Exposure value as defined in Article 166 CRR for exposrues subject to IRB approach	Total exposure value for exposures subject to the Standardised approach and to the IRB approach	Percentage of total exposure value subject to the permanent partial use of the SA (%)	Percentage of total exposure value subject to a roll-out plan (%)	Percentage of total exposure value subject to IRB Approach (%)
1	Central governments or central banks	0	21 082 880	100,00%	0,00%	0,00%
1.1	*Of which Regional governments or local authorities*		242 019	100,00%	0,00%	0,00%
1.2	*Of which Public sector entities*		183 039	100,00%	0,00%	0,00%
2	Institutions	0	1 255 449	100,00%	0,00%	0,00%
3	Corporates	0	25 016 865	17,05%	82,95%	0,00%

3.1	*Of which Corporates - Specialised lending, excluding slotting approach*		0	0,00%	0,00%	0,00%
3.2	*Of which Corporates - Specialised lending under slotting approach*		0	0,00%	100,00%	0,00%
4	Retail	46 035 687	69 789 496	3,01%	31,02%	65,96%
4.1	*of which Retail - Secured by real estate SMEs*		43 529	0,00%	3,46%	96,54%
4.2	*of which Retail - Secured by real estate non-SMEs*		44 801 416	0,00%	9,57%	90,43%
4.3	*of which Retail - Qualifying revolving*		5 479 084	0,00%	0,00%	100,00%
4.4	*of which Retail - Other SMEs*		3 143 160	66,94%	33,06%	0,00%
4.5	*of which Retail - Other non-SMEs*		16 322 306	0,00%	100,00%	0,00%
5	Equity	0	258 858	100,00%	0,00%	0,00%
6	Other non-credit obligation assets	0	4 085 372	100,00%	0,00%	0,00%
7	**Total**	**46 035 687**	**121 488 920**	**27,21%**	**34,90%**	**37,89%**

The below table presents risk-weighted assets flow statements of credit risk exposures under IRB approach, what relates to retail exposures to individual persons secured by residential real estates (RRE) and qualifying revolving retail exposures (QRRE). That information is disclosed in accordance to CRR art. 438.d.

Table no 30 EU CR8 - RWEA flow statements of credit risk exposures under IRB approach (in accordance with ITS 2021/637) (in PLN thousands)

Date: 31 December 2021 (reporting period); 30 September 2021 (previous reporting period)

		Risk weighted exposure amount
1	**Risk weighted exposure amount as at the end of the previous reporting period**	**12 078 652**
2	Asset size (+/-)	128 991
3	Asset quality (+/-)	-365 090
4	Model updates (+/-)	0
5	Methodology and policy (+/-)	0
6	Acquisitions and disposals (+/-)	-86 755

7	Foreign exchange movements (+/-)	139 638
8	Other (+/-)	420 566
9	**Risk weighted exposure amount as at the end of the reporting period**	**12 316 002**

The following table presents a historical backtesting of PD as for exposures' classes.

Table no 31 EU CR9 - IRB approach - Back-testing of PD per exposure class - fixed PD scale (in accordance with ITS 2021/637) (in percents, in PLN thousands)

Exposure class	PD range		Number of obligors at the end of previous year		Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
				Of which number of obligors which defaulted in the year				
Qualifying revolving exposures (QRRE)								
	0,00 to <0,15		584 295	375	0,06%	0,08%	0,08%	0,05%
		0,00 to <0,10	584 295	375	0,06%	0,08%	0,08%	0,05%
		0,10 to <0,15	0	0	0,00%	0,00%	0,00%	0,00%
	0,15 to <0,25		129 813	335	0,26%	0,19%	0,19%	0,16%
	0,25 to <0,50		101 638	455	0,45%	0,39%	0,39%	0,35%
	0,50 to <0,75		89 796	582	0,65%	0,71%	0,71%	0,57%
	0,75 to <2,50		146 793	1 981	1,35%	1,71%	1,71%	1,16%
		0,75 to <1,75	82 092	921	1,12%	1,28%	1,28%	0,96%
		1,75 to <2,5	64 701	1 060	1,64%	2,25%	2,25%	1,47%
	2,50 to <10,00		119 691	3 951	3,30%	6,00%	6,04%	2,85%

	2,50 to <5,00	52 700	1 292	2,45%	3,80%	3,80%	2,12%
	5,00 to <10,00	66 991	2 659	3,97%	7,70%	7,81%	3,49%
10,00 to <100,00		38 034	5 753	15,13%	24,53%	23,53%	13,29%
	10,00 to <20,00	27 548	2 091	7,59%	15,49%	15,49%	6,96%
	20,00 to <30,00	1 272	271	21,31%	26,43%	24,01%	5,27%
	30,00 to <100,00	9 214	3 391	36,80%	53,82%	47,49%	25,55%
100,00 (default)		25 541	0	0,00%	100,00%	100,00%	0,00%
Exposures secured on immovable property SME (RRE SME)							
0,00 to <0,15		21	0	0,00%	0,08%	0,08%	0,00%
	0,00 to <0,10	21	0	0,00%	0,08%	0,08%	0,00%
	0,10 to <0,15	0	0	0,00%	0,00%	0,00%	0,00%
0,15 to <0,25		26	3	11,54%	0,20%	0,18%	2,31%
0,25 to <0,50		23	0	0,00%	0,39%	0,39%	0,00%
0,50 to <0,75		17	0	0,00%	0,71%	0,71%	0,00%
0,75 to <2,50		40	1	2,50%	1,90%	1,67%	0,50%
	0,75 to <1,75	24	0	0,00%	1,28%	1,28%	0,00%
	1,75 to <2,5	16	1	6,25%	2,25%	2,25%	1,25%
2,50 to <10,00		14	0	0,00%	6,60%	6,26%	0,00%
	2,50 to <5,00	8	0	0,00%	3,80%	3,80%	0,00%
	5,00 to <10,00	6	0	0,00%	7,96%	9,55%	0,00%
10,00 to <100,00		1	0	0,00%	15,49%	15,49%	0,00%
	10,00 to <20,00	1	0	0,00%	15,49%	15,49%	0,00%
	20,00 to <30,00	0	0	0,00%	0,00%	0,00%	0,00%
	30,00 to <100,00	0	0	0,00%	0,00%	0,00%	0,00%
100,00 (default)		3	0	0,00%	100,00%	100,00%	0,00%
Exposures secured on immovable property non-SME (RRE non-SME)							

0,00 to <0,15		128 230	94	0,07%	0,08%	0,08%	0,08%
	0,00 to <0,10	128 230	94	0,07%	0,08%	0,08%	0,08%
	0,10 to <0,15	0	0	0,00%	0,00%	0,00%	0,00%
0,15 to <0,25		18 709	43	0,23%	0,19%	0,19%	0,23%
0,25 to <0,50		10 742	28	0,26%	0,39%	0,39%	0,33%
0,50 to <0,75		7 995	45	0,56%	0,71%	0,71%	0,63%
0,75 to <2,50		11 533	137	1,19%	1,66%	1,66%	1,37%
	0,75 to <1,75	6 981	64	0,92%	1,28%	1,28%	0,99%
	1,75 to <2,5	4 552	73	1,60%	2,25%	2,25%	1,94%
2,50 to <10,00		5 865	170	2,90%	5,58%	5,57%	3,06%
	2,50 to <5,00	3 062	67	2,19%	3,80%	3,80%	2,34%
	5,00 to <10,00	2 803	103	3,67%	7,46%	7,50%	3,78%
10,00 to <100,00		1 520	183	12,04%	25,23%	23,17%	14,23%
	10,00 to <20,00	989	39	3,94%	15,49%	15,49%	8,31%
	20,00 to <30,00	0	0	0,00%	0,00%	0,00%	0,00%
	30,00 to <100,00	531	144	27,12%	39,76%	37,48%	42,69%
100,00 (default)		4 471	0	0,00%	100,00%	100,00%	0,00%

Table no 32 IRB approach – Back-testing of PD per exposure class (only for PD estimates according to point (f) of Article 180(1) CRR) (in accordance with ITS 2021/637)

Considering that the Group does not estimate PD according to point (f) of Article 180(1) CRR, the table is not present.

Table no 33 EU CR10 - Specialised lending and equity exposures under the simple risk weighted approach (in accordance with ITS 2021/637)

Considering that the Group does not calculate risk weighted exposure amount for specialised lending and equity exposures under the simple weighted approach, the table is not present.

5.3.3. Rating systems control and review

The Group has implemented the principle of strict separation of commercial functions generating credit risk (which are performed in the Business Area) and client risk and exposure evaluation functions (which are performed by units in the Risk Area). In the area of retail exposures, the final risk grade (rating) is awarded automatically. In respect to corporate exposures, risk grades are awarded to clients and changed when necessary during their term by the specialized Ratings Department.

Management of rating models, including the performance of control function,. is regulated in internal procedures pertaining to model development, model calibration and model monitoring. Responsibility for these actions has been assigned to designated model owners.

Table no 27 EU CRE, b) Rating systems review and independence of the function in charge of reviewing the models from the function responsible for the development of the models (according to ITS 2021/637)

In order to ensure the appropriate control and review of the rating systems (adequate estimation of risk parameters and correct course of the rating and credit decision process), a validation and monitoring process has been introduced.

The monitoring process (review of rating systems) is performed by the unit responsible for model development. Monitoring is carried out on a regular basis in accordance with the established monitoring schedule. The risk model monitoring process is based on the Bank's internal methodologies. The conclusions from periodic monitoring serve as the basis for issuing possible recommendations for the improvement of model performance.

The validation process is performed by a unit independent from the organizational units responsible for model development. The model validation process is based on internal regulations developed by the Bank for individual models.

Table no 27 EU CRE, b) Procedure to ensure the accountability of the functions in charge of developing and reviewing the models (according to ITS 2021/637)

The model development functions are performed by the owners of the models and rating systems. They report to the Head of the Risk Department. The developed models are sent to the validation unit for initial validation. Internal model approval is required prior to model implementation. Internal model approval is performed by the Validation Committee. In the case of material models and models used to calculate capital requirements, ratification of the decision of the Validation Committee by the Risk Committee is also required.

Table no 27 EU CRE, c) The role of the functions involved in the development. approval and subsequent changes of the credit risk models (according to ITS 2021/637)

The following units handle the monitoring and validation process:

- The Bank’s Risk Committee, which has general responsibility for risk control;
- the Bank's Validation Committee which is responsible for confirming the results risk models validation and for continuing the implementation of the measures prescribed by the Model Validation Bureau. Validation results are then ratified by the Risk Committee;
- The Model Validation Bureau, which is responsible for qualitative and quantitative analyses, model validation independent from model development, development of model validation and monitoring methodologies, preparation of reports for the Validation Committee;
- Model Owners and Rating System Owners responsible for the development function which involves the following: new model development, recalibration of existing models, management of factors affecting the use of a model, implementation of Validation Committee recommendations on its own and in cooperation with the IT team.

Reports and recommendations from model monitoring are approved by the Head of the Risk Department.

Reports and recommendations of the Model Validation Bureau are approved by the Validation Committee.

The Chairman of the Validation Committee is obligated to submit to the Risk Committee and, if necessary, to other committees responsible for controlling credit risk, requests from the Validation Committee regarding all the credit risk models and rating systems and the implementation status of corrective action, if any.

Table no 27 EU CRE, d) The scope and main content of the reporting related to credit risk models (according to ITS 2021/637)

The Bank stores the documentation of implemented models, rating system, monitoring and validation reports and minutes on decisions made by the Validation Committee and the Risk Committee.

The scope of model documentation as well as monitoring and validation reports is specified in the Bank's internal regulations. The documentation contains qualitative and quantitative elements that allow for the reconstruction and verification of the quality of operation of the models. In particular, the documentation includes, among others, the main assumptions of the models, data sources, methods and final results of the model, along with an assessment of their quality. Validation reports include in particular the results of qualitative and quantitative analyzes, conclusions drawn on their basis, the final evaluation of the models, as well as possible recommendations to improve the operation of the models.

Table no 27 EU CRE, b) The relationship between the risk management function and the internal audit function (according to ITS 2021/637)

The Internal Audit Department (hereinafter: DAW), as an independent third line of defense unit, as part of its assurance function, regularly reviews the rating systems in accordance with the annual Audit Plans approved by the Supervisory Board. They cover the credit area, in particular the issues of estimating the value of risk parameters: PD, LGD, CCF and the expected loss ratio EL. Audit reviews also include the assessment of the organization of model management processes, their monitoring and validation, as well as the most important elements of internal and external reporting (including disclosures regarding capital adequacy). The reviews are carried out based on the Audit Charter and Audit Manual approved by the Audit Committee of the Supervisory Board. The research is carried out on the basis of specialized audit programs. In addition, as part of the advisory function, the DAW carries out reviews of the correctness of classification of changes to the IRB method under the procedures specified in the Commission Delegated Regulation (EU) No 529/2014.

5.3.4. Use of internal estimates

The Group acts in accordance with the IRB principles for the application of "use test" criteria. This means that the risk parameters used to calculate capital requirements for credit risk are also the parameters that are used for other internal purposes, in particular in the risk management process. Internal rating or internal loss estimation models play a major role in the risk management process and in the decision process at different risk management levels. i.e. for the purposes of defining the Bank's credit risk strategy, for approving and monitoring credit risk and for allocating economic capital.

The Group has many years of experience in using internal rating models, since individual rating systems have been used to evaluate client risk since the 1990s. Ever since that time, the methodologies have been developed, improved and, to an increasing extent, incorporated in business processes, thus boosting risk management "culture" and awareness in the management process.

- Management information system

Internal estimates are used broadly in the management information system in the areas of risk and operating activity. The individual management levels (Supervisory Board, Management Board, specialized committees) receive detailed information about exposure to individual risks types and about the risk profile, including estimated risk parameters. This allows for effective risk management.

- Risk Appetite

Internal estimates have been used to determine the "risk appetite" of the Bank and the Bank Millennium Group. The risk tolerance incorporates measures, buffers and quantitative limits which, along with qualitative guidelines on managing individual risk types, determine the Bank's propensity for risk. Risk parameters are also an important element of the risk strategy being pursued, which includes objectives and guidelines for managing different risk types.

- Concentration limits

In the area of credit concentration risk and risk of large exposures, internal estimates have been used to develop exposure limits for individual segments of the credit portfolio. For this purpose, a risk level calculated using risk parameters is compared to the available financial resources, which may be used to risk coverage, including a buffer for a potential increase in risk.

- Decision-making powers

Credit decision-making powers are an important area where internal estimates are applied. The amounts of decision-making powers rely on the client's MS risk grade and the total exposure to its economic group.

- Evaluation of borrowing capacity and creditworthiness

Internal estimates affect significantly the evaluation of the client's borrowing capacity and creditworthiness. The rating is taken into consideration through verification of "cut-off point" criteria which determine the maximum acceptable rating depending on segment/product. Adittionally in the case of retail clients rating influences calculation of the client's credit limit.

- Loan prices and pricing policy

Risk parameters are also used for pricing credit transactions, by reflecting the cost of risk in the price.

- Economic capital

Credit and market risk parameters are used as one of the element that allow the Bank to calculate economic capital corresponding to the risk. Economic capital in turn is used to evaluate the safety of operations, to allocate and reallocate capital to business lines, to evaluate risk-based efficiency and to determine concentration limits.

5.4. INTERNAL CAPITAL

The Group and the Bank calculate and maintain on an ongoing basis internal capital amount. that is considered to cover adequately the nature and level of the risk to which they are or might be exposed. according to art. 128 Banking Act and art. 73 of Directive 2013/36/UE.

Table no 34 EU OVC - ICAAP information (according to ITS/2021/637)

Information in this point relate to the used method of internal capital adequacy assessment.

The Group and the Bank carry out the internal capital adequacy assessment process (ICAAP) in reliance on the models of internal (economic) capital.

The Group and the Bank define economic capital as the amount of capital which is needed to cover all the unexpected economic losses that may occur during a specified future period and that are estimated with specific probability, without jeopardizing interests of the Group's depositors/creditors. Internal capital calculations incorporate all the material risk types to which the Group is exposed and are based on a set of parameters developed on the basis of the individual features and characteristics of the Polish market. The models quantify the value of expected and unexpected losses on account of the risk types considered to be material, at the assumed confidence level and in a 1-year time horizon.

Internal capital is calculated and maintained as to every risk type evaluated as a material one in a yearly risk materiality assessment process.

The Group and the Bank defined the below risk types as material, presented together with methods of internal capital estimation. The last risk materiality assessment was completed in the end of 2021.

Table no 35 Material risk types and methodologies to estimate internal capital to material risk types

Lp	Risk category and type	Internal capital calculation method
1	Credit risk default risk	Modified Credit Risk + model
2	Counterparty credit risk	Modified Credit Risk + model
3	Sovereign credit risk	Modified Credit Risk + model
4	External fraud risk	Modified standardized method of operational risk regulatory capital requirements calculation / Method of hard-to-measure risks internal capital calculation

5	ICT - security risk 1)	Modified standardized method of operational risk regulatory capital requirements calculation / Method of hard-to-measure risks internal capital calculation
6	ICT - availability and continuity risk	Modified standardized method of operational risk regulatory capital requirements calculation / Method of hard-to-measure risks internal capital calculation
7	Compliance and conduct risk	Modified standardized method of operational risk regulatory capital requirements calculation / Method of hard-to-measure risks internal capital calculation
8	Data protection risk	Modified standardized method of operational risk regulatory capital requirements calculation / Method of hard-to-measure risks internal capital calculation
9	Litigation risk	Modified standardized method of operational risk regulatory capital requirements calculation / Method of hard-to-measure risks internal capital calculation / Modified methodology of calculation of additional own funds requirements to cover risk of retail exposures denominated in FX secured on residential real estates
10	Interest rate risk in banking book - behavioral and optional risk	Method of interest rate risk in banking book internal capital calculation
11	Interest rate risk in banking book - gap risk	Method of interest rate risk in banking book internal capital calculation
12	Strategic risk	Method of hard-to-measure risks internal capital calculation
13	Business risk - IT Strategy risk	Method of hard-to-measure risks internal capital calculation
14	BFG risk	Method of hard-to-measure risks internal capital calculation
15	Mortgage denominated in FX loans risk (RRE FX risk)	Modified methodology of calculation of additional own funds requirements to cover risk of retail exposures denominated in FX secured on residential real estates

1) ICT - Information and Communication technologies

Completing risk materiality assessment in 2021, 12 main risk categories were defined in total, and within them several dozen types of risk, including many types of non-financial and hard-to-measure risks. Tha Bank / Group follow BCP Group risk taxonomy, with few differences coming from Polish specifities and KNF recommendations.

Defined risk categories include:

1. Credit risk
2. Concentration risk
3. Liquidity risk
4. Market risk
5. Real estate risk
6. Operational risk – processes
7. Operational risk – ICT (Information and Communication Technologies)
8. Operational risk – compliance and legal risk
9. Interest rate risk
10. Business risk
11. Reputational risk
12. Other risk types

Risk materiality assessment depends on the combination of likelihood and impact on capital (profit and loss account) and amunt of risk-weighted assets. Evaluation encompasses both risk before and after mitigation instruments / actions.

In internal capital calculation, the Group and the Bank have taken a conservative approach to the correlation between individual risk types (the fact that different risk types do not convert to losses simultaneously) and calculate the effect of diversification on the entire loss distribution.

In line with the recommendations issued by the banking supervision authority, individual risk types and the diversification effect are subjected to stress tests. The total diversified internal capital is subject to economic assessment of capital adequacy, by a comparison with "risk bearing capacity" (available financial resources). The Group conservatively assumes that the available financial resources are equivalent to regulatory own funds which form the basis for calculating the total capital ratio.

The internal capital adequacy assessment process following the Group's approach is closely linked to the risk, capital and business management processes in place in the Group. It consists of the following stages:

1. Classification and assessment of materiality of risk types, to determine the method for incorporating them in the risk management process and in the ICAAP process.

2. Measurement (quantification) of risk.

3. Aggregation of internal capital to cover material risk of operations, while taking into account the effect of correlation between risk types.

4. Assessment of capital adequacy by comparing the Bank's economic risk (internal capital) to its capacity to cover the risk.

5. Allocation of internal capital to business lines/areas of operation.

6. Use of allocated internal capital to measure risk-based efficiency, set risk limits, reallocate capital while taking into account risk-weighted returns.

7. Control and monitoring of the risk level, available financial resources, capital limits and objectives.

Capital adequacy assessment carried out at the end of 2021 indicates a high level of this adequacy, which is shown in a significant surplus of capital resources (equivalent to regulatory own funds) as compared to economic risk (internal capital value) and risk calculated on the basis of supervisory regulations (the value of minimum capital requirements to cover risk).

Both the Bank and the Group meet the statutory requirements regarding the level of own funds and the internal capital set forth in Article 128 of the Banking Law Act and in the CRR.

6. CREDIT RISK

Qualitative information on credit risk are disclosed in Financial Report and in Management Report (chapters on credit risk), according to requirements of the below Table.

Table no 36 EU CRA - General qualitative information about credit risk (in accordance with ITS 2021/637)

Legal basis	Row number	Information
Article 435.1 (f) CRR	a)	In the concise risk statement in accordance with point (f) of Article 435(1) CRR, how the business model translates into the components of the institution's credit risk profile. Description in the Financial report and the Management Board Report (chapters on credit risk)
Article 435.1 (a,d) CRR	b)	When discussing their strategies and processes to manage credit risk and the policies for hedging and mitigating that risk in accordance with points (a) and (d) of Article 435(1) CRR, the criteria and approach used for defining the credit risk management policy and for setting credit risk limits. Description in the Financial report and the Management Board Report (chapters on credit risk)
Article 435.1 (b) CRR	c)	When informing on the structure and organisation of the risk management function in accordance with point (b) of Article 435(1) CRR, the structure and organisation of the credit risk management and control function. Description in the Financial report and the Management Board Report (chapters on credit risk)
Article 435.1 (b) CRR	d)	When informing on the authority, status and other arrangements for the risk management function in accordance with point (b) of Article 435(1) CRR, the relationships between credit risk management, risk control, compliance and internal audit functions. Description in the Financial report and the Management Board Report (chapters on credit risk)

6.1. ASSETS QUALITY

Chapter 9 "Financial risk management" in part 3 "Credit risk" in the Financial Report presents a description of the credit risk management process, including the methodology of its measurement and the policy of limit control and risk reduction.

At the same time, the decription of the policy policy applicable to impairment and creating impairment charges was presented in that chapter. It contains, among others, a detailed description of:

- Organization of the process to identify and measure impairment of credit exposures in order to determine adjustments for specific and general credit risk
- Individual analysis of credit receivables impairment
- Collective analysis of a credit portfolio.

Chapter 7 "Risk management" in part 7.3 "Credit risk" of the Management Report presents the basic principles of credit policy and the most important initiatives implemented in 2021. This chapter also includes an assessment of the level of credit risk and key asset quality indicators in various dimensions. It also presents the assessment of the degree of concentration of the loan portfolio broken down by product types and industries.

The Group considers its loan portfolio quality as high. As at 31 December. 2021. the Group presents the gross NPL ratio (non-performing gross loans in total gross loans) of 4.39% (as at 31.12.2020 it was 4.95%).

Below are presented qualitative informations on assets credit quality, in line with regulatory requirements.

Table no 37 EU CRB - Additional disclosure related to the credit quality of assets (in accordance with ITS 2021/637)

Legal basis	Row number	Information
	a)	The scope and definitions of 'past-due' and 'impaired' exposures used for accounting purposes and the differences, if any, between the definitions of past due and default for accounting and regulatory purposes as specified by the EBA Guidelines on the application of the definition of default in accordance with Article 178 CRR. The definition of 'past due' exposures for accounting and regulatory purposes is not different and represents a delay in the performance by the customer of any material credit obligation exceeding 90 days (90 days are counted consecutively, ie the next 90 days with a significant credit obligation past due). The definitions of 'impaired' and 'defaulted' exposures have been harmonized for the purposes of integrated credit risk management.
	b)	The extent of past-due exposures (more than 90 days) that are not considered to be impaired and the reasons for this. Not all past due exposures (more than 90 days) are considered impaired. Separate materiality threshold criteria for the past due amount are used to calculate past due for the purpose of determining impaired exposures.
	c)	Description of methods used for determining general and specific credit risk adjustments. organisation of the credit risk management and control function. These methods are presented in the Financial Report and in the Management Board Report (chapters on credit risk).
	d)	The institution's own definition of a restructured exposure used for the implementation of point (d) of Article 178(3) CRR specified by the EBA Guidelines on defaultin accordance with Article 178 CRR when different from the definition of forborne exposure defined in Annex V to Commission Implementing Regulation (EU) 680/2014.

The Bank does not use its own definition of a restructured exposure. It is in line with Art. 178 CRR and other regulations indicated above.

The Group discloses the information on performing and non-performing exposures and related provisions in the below table. That table is equivalent to the Template no 4 of EBA Guidelines on disclosure of non-performing and forborne exposures from 17.12.2018 (EBA/GL/2018/10).

Table no 38 EU CR1 - Performing and non-performing exposures and related provisions (in accordance with ITS 2021/637) (in PLN thousands)

		Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collateral and financial guarantees received	
		Performing exposures			Non-performing exposures			Performing exposures - accumulated impairment and provisions			Non-performing exposures - accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				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**	**2 457 687**	**2 457 687**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
010	**Loans and advances**	**78 356 781**	**74 149 631**	**3 841 406**	**3 507 707**	**0**	**3 269 181**	**-574 769**	**-340 416**	**-296 294**	**-1 799 716**	**0**	**-1 722 519**	**0**	**2 715 270**	**52 320 163**
020	*Central banks*	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
030	*General governments*	242 605	242 601	4	0	0	0	-1 130	-1 129	-0	0	0	0	0	0	183 084
040	*Credit institutions*	618 079	618 079	0	0	0	0	-239	-239	0	0	0	0	0	0	0
050	*Other financial corporations*	391 907	391 230	676	104	0	104	-87	-10	-77	-93	0	-93	0	93	1 918

060	*Non-financial corporations*	18 353 029	17 324 075	1 028 954	806 638	0	806 539	-160 454	-114 757	-45 697	-320 454	0	-320 685	0	2 214 430	9 425 287
070	*Of which SMEs*	6 041 239	5 589 799	451 440	424 776	0	424 744	-50 668	-34 981	-15 686	-151 220	0	-151 220	0	1 134 739	3 954 228
080	*Households*	58 751 162	55 573 646	2 811 772	2 700 965	0	2 462 538	-412 860	-224 280	-250 519	-1 479 169	0	-1 401 741	0	500 747	42 709 875
090	**Debt securities**	**18 133 560**	**18 006 062**	**0**	**5 004**	**0**	**5 004**	**-1**	**-1**	**0**	**-5 004**	**0**	**-5 004**	**0**	**0**	**0**
100	*Central banks*	34 990	34 990	0	0	0	0	0	0	0	0	0	0	0	0	0
110	*General governments*	17 535 793	17 535 793	0	0	0	0	-1	-1	0	0	0	0	0	0	0
120	*Credit institutions*	86 134	86 134	0	0	0	0	0	0	0	0	0	0	0	0	0
130	*Other financial corporations*	476 644	349 145	0	0	0	0	0	0	0	0	0	0	0	0	0
140	*Non-financial corporations*	0	0	0	5 004	0	5 004	0	0	0	-5 004	0	-5 004	0	0	0
150	**Off-balance-sheet exposures**	**13 881 573**	**13 394 065**	**487 508**	**44 762**	**0**	**44 762**	**34 929**	**24 354**	**10 575**	**9 425**	**0**	**9 425**	**0**	**48**	**0**
160	*Central banks*	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
170	*General governments*	192 512	192 512	0	0	0	0	371	371	0	0	0	0	0	0	0
180	*Credit institutions*	198 195	198 195	0	0	0	0	8	8	0	0	0	0	0	0	0

190	*Other financial corporations*	27 446	27 446	0	0	0	0	76	76	0	0	0	0	0	0	0
200	*Non-financial corporations*	8 330 046	8 051 567	278 479	34 777	0	34 777	20 155	18 789	1 366	5 820	0	5 820	0	48	0
210	*Households*	5 133 374	4 924 346	209 029	9 985	0	9 985	14 318	5 110	9 208	3 606	0	3 606	0	0	0
220	***Total***	**112 829 601**	**108 007 445**	**4 328 914**	**3 557 472**	**0**	**3 318 947**	**-539 842**	**-316 063**	**-285 719**	**-1 795 295**	**0**	**-1 718 098**	**0**	**2 715 318**	**52 320 163**

The Group discloses the information on maturity of exposures of loans and advances and debt securities in the below table.

Table no 39 EU CR1-A – Maturity of exposures (in accordance with ITS 2021/637) (in PLN thousands)

		Net exposure value					
		On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
1	Loans and advances	3 989 292	12 845 441	25 281 512	35 654 200	832 881	78 603 326
2	Debt securities	0	4 930 214	12 701 434	460 851	127 499	18 219 998
3	***Total***	3 989 292	17 775 655	37 982 946	36 115 051	960 380	96 823 324

The Group discloses the information on changes in the stock of non-performing loans and advances in the below table.

Table no 40 EU CR2 – Changes in the stock of non-performing loans and advances (in accordance with ITS 2021/637) (in PLN thousands)

		Gross carrying amount
010	**Initial stock of non-performing loans and advances**	1 685 253
020	Inflows to non-performing portfolios	761 430
030	Outflows from non-performing portfolios	133 977
040	Outflows due to write-offs	
050	Outflow due to other situations	
060	**Final stock of non-performing loans and advances**	2 312 707

Table no 41 EU CR2 – Changes in the stock of non-performing loans and advances and related net accumulated recoveries (in accordance with ITS 2021/637) (in PLN thousands)

Taking into account that the NPE ratio did not exceed 5% at the end of 2021, in accordance with ITS 2021/637, the above table is not presented.

The Group discloses the information on credit quality of forborne exposures in the below table. That table is equivalent to the Template no 1 of EBA Guidelines on disclosure of non-performing and forborne exposures from 17.12.2018 (EBA/GL/2018/10).

Table no 42 EU CQ1 - Credit quality of forborne exposures (in accordance with ITS 2021/637) (in PLN thousands)

		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	
			Non-performing forborne						
		Performing forborne		Of which defaulted	Of which impaired	On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
005	Cash balances at central banks and other demand deposits	0	0	0	0	0	0	0	0
010	Loans and advances	104 235	1 016 565	1 015 888	1 016 565	-9 524	-503 705	363 021	298 904
020	*Central banks*	0	0	0	0	0	0	0	0
030	*General governments*	0	0	0	0	0	0	0	0
040	*Credit institutions*	0	0	0	0	0	0	0	0
050	*Other financial corporations*	0	0	0	0	0	0	0	0
060	*Non-financial corporations*	39 032	215 258	215 258	215 258	-1 035	-94 362	139 917	103 228
070	*Households*	65 203	801 308	800 631	801 308	-8 489	-409 343	223 103	195 677
080	Debt Securities	0	0	0	0	0	0	0	0
090	Loan commitments given	6 894	11 045	11 045	11 045	23	1 391	363 021	298 904
100	***Total***	**111 130**	**1 027 610**	**1 026 933**	**1 027 610**	**-9 501**	**-502 315**	**726 042**	**597 809**

Table no 43 EU CQ2 - Quality of forbearance (in accordance with ITS 2021/637) (in PLN thousands)

Taking into account that the NPE ratio did not exceed 5% at the end of 2021, in accordance with ITS 2021/637, the above table is not presented.

The Group discloses the information on credit quality of performing and non-performing exposures by past-due days in the below table. That table is equivalent to the Template no 3 of EBA Guidelines on disclosure of non-performing and forborne exposures from 17.12.2018 (EBA/GL/2018/10).

Table no 44 EU CQ3 - Credit quality of performing and non-performing exposures by past-due days (in accordance with ITS 2021/637) (in PLN thousands)

		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	2 457 687	2 457 687	0	0	0	0	0	0	0	0	0	0
010	Loans and advances	78 356 781	78 031 004	325 776	3 507 707	1 749 122	182 404	282 971	460 432	650 865	117 822	64 090	2 766 658
020	*Central banks*	0	0	0	0	0	0	0	0	0	0	0	0
030	*General governments*	242 605	242 601	4	0	0	0	0	0	0	0	0	0
040	*Credit institutions*	618 079	618 079	0	0	0	0	0	0	0	0	0	0
050	*Other financial corporations*	391 907	391 275	632	104	0	0	0	0	104	0	0	104

060	*Non-financial corporations*	18 353 029	18 258 369	94 660	806 638	508 071	45 626	49 735	81 163	90 064	17 561	14 417	806 638
070	*Of which SMEs*	6 041 239	5 999 273	41 966	424 776	266 950	29 152	23 971	24 386	52 468	15 118	12 732	424 776
080	*Households*	58 751 162	58 520 681	230 481	2 700 965	1 241 051	136 778	233 235	379 269	560 697	100 261	49 673	1 959 916
090	Debt securities	18 133 560	18 006 062	0	5 004	4 996	0	0	0	8	0	0	5 004
100	*Central banks*	34 990	34 990	0	0	0	0	0	0	0	0	0	0
110	*General governments*	17 535 793	17 535 793	0	0	0	0	0	0	0	0	0	0
120	*Credit institutions*	86 134	86 134	0	0	0	0	0	0	0	0	0	0
130	*Other financial corporations*	476 644	476 644	0	0	0	0	0	0	0	0	0	0
140	*Non-financial corporations*	0	0	0	5 004	4 996	0	0	0	8	0	0	5 004
150	Off-balance-sheet exposures	13 881 573	0	0	44 762	0	0	0	0	0	0	0	40 635
160	*Central banks*	0	0	0	0	0	0	0	0	0	0	0	0
170	*General governments*	192 512	0	0	0	0	0	0	0	0	0	0	0
180	*Credit institutions*	198 195	0	0	0	0	0	0	0	0	0	0	0
190	*Other financial corporations*	27 446	0	0	0	0	0	0	0	0	0	0	0
200	*Non-financial corporations*	8 330 046	0	0	34 777	0	0	0	0	0	0	0	34 484
210	*Households*	5 133 374	0	0	9 985	0	0	0	0	0	0	0	6 151
220	***Total***	***98 494 753***	***325 776***	***3 557 472***	***1 754 118***	***182 404***	***282 971***	***460 432***	***650 873***	***117 822***	***64 090***	***2 812 296***	***0***

Table no 45 EU CQ4 - Quality of non-performing exposures by geography (in accordance with ITS 2021/637)

The information on quality of non-performing exposures by geography is not present due to the fact that non-domestic original exposures in all non-domestic countries in all exposure classes are less than 10% of the total (domestic and non-domestic) original exposures.

The Group discloses the information on credit quality of loans and advances to non-financial corporations by industry in the below table.

Table no 46 EU CQ5 - Credit quality of loans and advances to non-financial corporations by industry (in accordance with ITS 2021/637) (in PLN thousands)

		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	106 292	8 712	8 712	106 292	-6 360	0
020	Mining and quarrying	81 350	939	939	81 350	-763	0
030	Manufacturing	4 789 724	295 204	295 204	4 789 712	-138 567	0
040	Electricity, gas, steam and air conditioning supply	135 738	347	347	135 738	-1 870	0
050	Water supply	161 993	1 349	1 349	161 993	-1 597	0
060	Construction	1 188 224	46 329	46 329	1 188 224	-33 559	0
070	Wholesale and retail trade	5 635 178	130 619	130 619	5 635 177	-108 348	0

080	Transport and storage	3 017 436	100 327	100 327	3 017 420	-59 985	0
090	Accommodation and food service activities	192 931	78 748	78 748	192 931	-36 034	0
100	Information and communication	1 072 616	6 677	6 677	1 072 616	-18 888	0
110	Financial and insurance actvities	98 608	3 483	3 483	98 608	-2 866	0
120	Real estate activities	1 158 968	13 641	13 641	1 158 968	-11 548	0
130	Professional, scientific and technical activities	308 192	15 279	15 279	308 181	-13 909	0
140	Administrative and support service activities	679 710	71 665	71 665	679 710	-25 684	0
150	Public administration and defense, compulsory social security	38 958	0	0	168	0	0
160	Education	38 958	1 477	1 477	38 958	-1 432	0
170	Human health services and social work activities	126 042	2 662	2 662	126 042	-3 352	0
180	Arts, entertainment and recreation	38 195	1 544	1 544	38 195	-2 314	0
190	Other services	329 345	27 635	27 635	329 345	-13 832	0
200	***Total***	***19 159 666***	***806 638***	***806 638***	***19 159 626***	***-480 908***	***0***

Table no 47 EU CQ6 - Collateral valuation - loans and advances (in accordance with ITS 2021/637) (in PLN thousands)

Taking into account that the NPE ratio did not exceed 5% at the end of 2021, in accordance with ITS 2021/637, the above table is not presented.

The Group discloses the information on collateral obtained by taking possession and execution processes in the below table. That table is equivalent to the Template no 9 of EBA Guidelines on disclosure of non-performing and forborne exposures from 17.12.2018 (EBA/GL/2018/10).

Table no 48 EU CQ7 - Collateral obtained by taking possession and execution processes (in accordance with ITS 2021/637) (in PLN thousands)

		Collateral obtained by taking possession	
		Value at initial recognition	Accumulated negative changes
010	Property, plant and equipment (PP&E)	0	0
020	Other than PP&E	18 431	-137
030	*Residential immovable property*	77	-44
040	*Commercial Immovable property*	0	0
050	*Movable property (auto, shipping, etc.)*	18 354	-93
060	*Equity and debt instruments*	0	0
070	*Other collateral*	0	0
080	***Total***	**18 431**	**-137**

Table no 49 EU CQ8 - Collateral obtained by taking possession and execution processes - vintage breakdown (in accordance with ITS 2021/637) (in PLN thousands)

Taking into account that the NPE ratio did not exceed 5% at the end of 2021, in accordance with ITS 2021/637, the above table is not presented.

6.2. CREDIT RISK MITIGATION TECHNIQUES

The Group presents below the qualitative information on credit risk mitigation techniques, according to regulatory requirements.

Table no 50 EU CRC - Qualitative disclosure requirements related to CRM techniques** (in **accordance with ITS 2021/637)

Legal basis	Row number	Information
Article 453 (a) CRR	a)	A description of the core the policies and processes for on- and off-balance sheet netting and an indication of the extent to which institutions make use of balance sheet netting; The Group does not use on- and off-balance sheet netting.
Article 453 (b) CRR	b)	The core features of policies and processes for eligible collateral evaluation and management eligible collateral evaluation and management; Description in the text below the table.
Article 453 (c) CRR	c)	A description of the main types of collateral taken by the institution to mitigate credit risk; Description in the text below the table.
Article 453 (d) CRR	d)	For guarantees and credit derivatives used as credit protection, the main types of guarantor and credit derivative counterparty and their creditworthiness used for the purposes of reducing capital requirements, excluding those used as part of synthetic securitisation structures; In calculating capital requirements, the Group uses guarantees to reduce the amount of capital requirements. The main guarantors are: • BGK (De minimis) • Societe Generale (foreign currency housing loans of the former Eurobank) • State Treasury The Group does not use credit derivatives to lower capital requirements
Article 453 (e) CRR	e)	Information about market or credit risk concentrations within the credit mitigation taken; Description in the text below the table.

EU CRC, b) Policies and processes for eligible collateral evaluation and management

Policy of collateral management

The main criterion considered in Bank when making a decision to provide financing on specific terms is the evaluation whether the client has capacity to service and repay the financing on a timely basis without a need to realize the collateral. Collateral is accepted to reduce credit risk incurred by the Group if the client fails to make the payments in contractual amounts and on contractual dates. Accordingly, the requirements for accepted collateral should correspond to the credit risk incurred by the Group in connection with the specific client, while taking into account the specific features of each individual financing transaction. Additionally, in the case of loans to finance real property (in particular retail mortgage loans), establishing collateral on the property is a mandatory element of the credit product.

The Group's collateral policy defines the principles governing the types, kinds and legal forms of collateral, the rules for valuating collateral and the requirements to be satisfied when collateral is accepted, the rules of measuring and monitoring collateral.

Collateral is valid until the repayment of all the Group's receivables resulting from the secured credit transaction. The validity or maturity date of the collateral should not be earlier than the full repayment date of the secured credit transaction. If the credit risk mitigating instrument matures earlier than the credit transaction, a substitution process must be specified in the contract with the client to avoid lowering the original protection.

The list of collateral types accepted by the Group includes financial collateral, mortgage, material collateral, guarantees, sureties and receivables. The accepted collateral types have been described in detail and the Group has also defined the terms relating to features of individual asset types on which they can be accepted as collateral. The Group has also defined a list of acceptable legal forms of collateral, taking into account the risk associated with the probability that the collateral might be lost, in particular upon bankruptcy of client or restructuring proceedings or enforced debt collection against the client.

The Group uses as well a range of supplementary collateral to facilitate enforcement or increase probability of achieving repayment from a given collateral type.

Depending on the type and kind of collateral items, the Bank monitors them in order to:

- ensure that the contractual terms of collateral are satisfied, which includes confirmation of legal certainty,
- update the value of collateral,
- verify that the collateral exists (local visits).

Collateral valuation

The Group has defined the rules for measuring the value of assets accepted as collateral.

For financial collateral, its value is determined on the basis of current market valuation of the asset, less relevant haircuts, including price volatility haircuts.

Mortgage collateral is valued on the basis of valuations prepared by expert appraisers verified by the Group's specialized units.

For physical collateral, valuation depends on the type, unit value of the asset and age of the asset - the valuation is performed on the basis of the estimated market price determined by the Group's specialized units or based on insurance / book value in the case of low-value assets.

In each case, the units performing the valuations/verifying the valuations are separate from sales units.

Monitoring and update of collateral value

Real estate collateral

The base value of mortgage collateral may be updated using one of the following forms:

- assessment of the value of the real estate, understood as the Group's estimation of the current value of the real estate collateralizing the credit transaction, based on the

methodologies used by the Bank or on an analysis of the real estate market analysis on the date of the assessment (not applicable to commercial real estate).
- valuation by an expert appraiser.

The value of the real estate as collateral should be monitored on a regular basis, at least once a year for commercial properties and once every three years for residential properties. Property valuation should be verified when there is information that the value of the property may have fallen significantly relative to overall market prices. Statistical methods can be used to monitor property values and identify properties that require verification.

Financial collateral

In the case of financial collateral classified as "participation units in mutual funds sold by Bank Group entities and managed by Millennium TFI", their base value is updated daily.

Material collateral

The base value of material collateral should be updated, when based on a local vision. a material amortization of collateral, collateral deficiency or lack of collateral will be reported. The value of material collateral is assessed once a 12 months.

EU CRC, c) The description of main types of collateral

The Group accepts the listed below types of collateral. The types of collateral are subject to evaluation taking into account the legal form, legal environment, market realities, economic situation, order in satisfying oneself from collateral, previous experience as to the effectiveness of satisfying oneself with a given type and type of collateral and the assessment of the collateral provider.

Table no 51 Eligible credit risk mitigants

Mitigant Type	Forms of Mitigation
Financial Collaterals	Term deposit at Bank or another bank
	Structured products sold by Bank
	Polish State Treasury bonds admitted to organized trading
	Polish Treasury bills
	Shares included in WIG20 index
	Investment fund participation units sold by entities of the Bank's group
	Financial life insurance policies, including savings policies and unit linked, sold by Bank
Real Estate collaterals	Residential real estate
	Commercial real estate
Physical collaterals	Vehicles, including cars, construction equipment on a car chassis, other vehicles
	Separate specialist equipment and machines
	Technological line
	Airplane, helicopter, boat / ship
	Inventories
Receivables	Factoring
	Receivables from contracts / lease agreements

	Receivables from permanent cooperation
Guarantees and sureties	Bank guarantee
	State Treasury guarantees
	Sureties

In the process of calculating own funds requirements to cover credit risk. the Group primarily uses collateral on residential and commercial real estate, cash collateral, guarantees and collateral on State Treasury debt securities.

EU CRC, e) Market or credit risk concentrations within the credit mitigation taken

The Group notices concentration related to credit risk mitigation with respect to collaterals for loans in the form of a mortgage. The main risk factor associated with this protection are:

1) an increase in the exchange rate of CHF / PLN.
2) a decrease in the value of mortgage.

Both of these factors contribute to increase of average LTV ratio (the ratio of loan to value of collateral) and the resulting increase in the value of loans, where the value of the LTV is greater than 100% and a deterioration of capital adequacy.

The first risk factor increases the DTI ratio (the ratio of debt-to-income for a customer) and it leads also to deterioration of liquidity.

The Group identifies, measures, monitors and controls continuously above risk factors. Conservative liquidity strategy is used, which provides for the maintenance of liquid assets buffer for unexpected changes in exchange rates. Capital plan provides for the maintenance of capital adequacy at a satisfactory level in the coming years. Both plans - Liquidity and Capital - account for stress tests assuming a significant appreciation of the exchange rate of CHF / PLN. The level of non-performing loans is regularly monitored and in case of potential problems with debt repayment customer is contacted in order to apply the right solution, suitable to his financial capability. The quality of loans secured by real estate remains at a high level.

The below table presents the overview of CRM techniques.

Table no 52 EU CR3 - CRM techniques overview: Disclosure of the use of credit risk mitigation techniques (in accordance with ITS 2021/637) (in PLN thousands)

		Unsecured carrying amount	Secured carrying amount	Of which secured by collateral	Of which secured by financial guarantees	Of which secured by credit derivatives
1	Loans and advances	29 286 741	55 035 434	53 105 315	1 930 119	0
2	Debt securities	18 138 564	0	0	0	0
3	Total	47 425 305	55 035 434	53 105 315	1 930 119	0
4	*Of which non-performing exposures*	-48 807 453	52 320 163	52 287 804	32 360	0
EU-5	*Of which defaulted*	-48 807 453	52 320 163	52 287 804	32 360	0

The negative amount of unsecured carrying amount for NPEs (lines 4 and EU-5) represents the excess of the collateral held over the NPE value.

Table no 53 EU CR7 - IRB approach - Effect on the RWEAs of credit derivatives used as CRM techniques (in accordance with ITS 2021/637)

The table is not presented, becauses the Group does not use credit risk derivatives as CRM techniques.

The below table discloses the information on the scope of use of CRM techniques in IRB method.

Table no 54 EU CR7-A - IRB approach – Disclosure of the extent of the use of CRM techniques (in accordance with ITS 2021/637) (in percents, in PLN thousands)

A-IRB		Total exposures	Credit risk Mitigation techniques										Credit risk Mitigation methods in the calculation of RWEAs	
			Funded credit Protection (FCP)								Unfunded credit Protection (UFCP)			
			Part of exposures covered by Financial Collaterals (%)	Part of exposures covered by Other eligible collaterals (%)	Part of exposures covered by Immovable property Collaterals (%)	Part of exposures covered by Receivables (%)	Part of exposures covered by Other physical collateral (%)	Part of exposures covered by Other funded credit protection (%)	Part of exposures covered by Cash on deposit (%)	Part of exposures covered by Life insurance policies (%)	Part of exposures covered by Instruments held by a third party (%)	Part of exposures covered by Guarantees (%)	Part of exposures covered by Guarantees (%)	**RWEA without substitution effects (reduction effects only)**	**RWEA with substitution effects (both reduction and sustitution effects)**
		a	b	c	d	e	f	g	h	i	j	k	l	m	n
1	Central governments and central banks														
2	Institutions														
3	Corporates														
3.1	*Of which Corporates - SMEs*														
3.2	*Of which Corporates - Specialised lending*														

3.3	*Of which Corporates - Other*													
4	Retail	44 750 389	0,00%	170,96%	170,96%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	11 729 526
4.1	*Of which Retail - Immovable property SMEs*	42 024	0,00%	100,00%	100,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	18 875
4.2	*Of which Retail - Immovable property non-SMEs*	40 514 579	0,00%	70,96%	70,96%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	10 077 848
4.3	*Of which Retail - Qualifying revolving*	4 193 787	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	1 632 803
4.4	*Of which Retail - Other SMEs*	0												0
4.5	*Of which Retail - Other non-SMEs*	0												0
5	Total	**44 750 389**	**0,00%**	**64,34%**	**64,34%**	**0,00%**	**0,00%**	**0,00%**	**0,00%**	**0,00%**	**0,00%**	**0,00%**	**0,00%**	**11 729 526**

6.3. EXPOSURE TO COUNTERPARTY CREDIT RISK

Counterparty credit risk means the current or prospective risk to earnings, capital and liquidity arising from the risk of a trading counterparty defaulting before the settlement date of a transaction, which includes the potential impact of climate related risks, namely the physical and transition risks.

The exposure to counterparty credit risk pertains to exposures arising from derivatives, repurchase transactions, securities or commodities lending or borrowing transactions, long settlement transactions and margin lending transactions.

The Group presents its exposure to counterparty credit risk primarily under hedging derivatives and derivatives under contracts concluded with customers and repurchase transactions.

Fair values of respective derivatives contracts, notional amounts of instruments by maturities and valuation of derivative instruments are presented in notes to the Yearly Financial Report.

Data on security margins and netting of receivables and liabilities under master agreements are presented in Additional Information to the Yearly Financial Report.

Qualitative disclosures regarding counterparty credit risk are presented in the below table.

Table no 55 EU CCRA - Qualitative disclosure related to CCR (in accordance with ITS 2021/637)

Legal basis	Row number	Information
Art. 439 a) CRR	a)	Description of the methodology used to assign internal capital and credit limits for counterparty credit exposures, including the methods to assign those limits to exposures to central counterparties The description below the table
Art. 439 b) CRR	b)	Description of policies related to guarantees and other credit risk mitigants, such as the policies for securing collateral and The description below the table
Art. 439 c) CRR	c)	Description of policies with respect to Wrong-Way risk as defined in Article 291 of the CRR The Group defines wrong-way risk as the present or anticipated risk to the results, own funds and liquidity resulting from the risk when the exposure to a counterparty is inversely correlated with the credit quality of that counterparty. The Group has not identified the exposure to correlation risk as significant.
Art. 431 (3) and (4) CRR	d)	Any other risk management objectives and relevant policies related to CCR Not available
Art. 439 d) CRR	e)	The amount of collateral the institution would have to provide if its credit rating was downgraded The description below the table

EU CCRA, a) Internal capital for counterparty credit risk

In respect to the approaches used to assign internal capital to counterparty credit risk exposures, a modified Credit Risk+ approach is used, taking into account counterparty risk parameters: PD. LGD & EAD.

EU CCRA, a) Credit limits for counterparty credit exposures. including limits to exposures to central counterparties

Credit limits applicable to counterparty credit risk exposures are set within the exposure limits for banks and non-bank customers, which are parties to transactions.

Limits for banks

For banks, overall exposure limits are set in accordance with internal *Instruction for setting and controlling exposure limits to foreign and domestic banks*. With respect to foreign exchange transactions, fx swaps, currency options, deposit transactions, FRAs, interest rate swaps and currency-interest rate swaps ("fx and money market transactions") – sub-limits are set, which restrict the Bank's maximum exposure to outstanding currency purchase/sale transactions (spot and forward), active (outstanding) term deposits in a foreign or Polish bank (without due interest) and other outstanding transactions mentioned above. Irrespective of the sub-limits, settlement limits have been set, which are linked to the concentration of the counterparty's obligations towards the Bank for the settlement date agreed on when they were concluded ("value date").

Limits for non-bank customers

The Group also concludes derivatives contracts upon orders from its customers. With respect to treasury transaction limits (including derivatives) concluded with non-bank customers, granting such limits to a customer is a pre-requisite[7] for the Bank to perform a derivative transaction for the customer. The Bank requires a customer applying for a treasury limit to have credit capacity for requested treasury limit and additionally for the amount equal to a specific portion of the requested treasury limit, to have a risk rating and natural exposure, that is cash flows under sales and purchases in a convertible currency other than PLN.

Limits for central counterparties

The Bank has established limits on exposures to central counterparties whose services it uses.

EU CCRA, b) Guarantees and the policies for securing collateral and establishing credit reserves

The Group does not use guarantees in transactions exposed to counterparty credit risk.

As part of the policies for securing collateral. Credit Support Annexes to ISDA (International Swaps and Derivatives Association) agreements (CSAs) are broadly used – or their Polish equivalents (binding in relations with domestic banks).

The Bank concludes derivative transactions with those counterparties on the inter-bank market, with whom it has signed ISDA (International Swaps and Derivatives Association) master agreements. According to current market practice and regulations, CSAs are signed along with ISDA agreements to cover matters related to the collateralization of exposures under concluded transactions. CSAs are signed bilaterally and establish mutual rights to receive a security deposit from a counterparty for whom the valuation of active derivative transactions is negative on a given day. All active CSAs

[7] It is possible to conclude transaction under cash deposit, in case of lack of treasury transaction limit

in place between the Bank and its counterparties fulfil currently binding on the Bank requirements (including the ones related to Variation Margin) established by EMIR regulations.

The position concluded under derivative transactions with customers other than banks is immediately referred for management by inter-bank market dealers and is hedged by an inter-bank market transaction.

The rules for establishing credit impairment for credit risk are presented in the Chapter entitled "Financial risk management - Credit risk" of the Yearly Financial Report.

EU CCRA, e) The amount of collateral the institution would have to provide if its credit rating was downgraded

The Bank is the Guarantor of the loan agreement signed between Millennium Leasing and European Investment Bank („Finance Contract") on December 15, 2017. The initial amount s of the loan EUR 100 m was drawn in four tranches in 2018.

As on 31.12.2021 the loan amounted to EUR 33.3 m.

The loan is secured in two ways. By Millennium Leasing in the form of assignment of rights from lease agreements (the value of assigned rights makes not less than 120 % of the granted loan) and by Bank Millennium in the form of the First Demand Guarantee up to amount of the already drawn loan plus accompanied interests, taxes, fiscal charges, duties etc.

According to the provisions of the Finance Contract in case the credit rating:

- by Fitch is B+ or below;
- by Moody is B1 or below;

it will be necessary to establish additional security for the Guarantee in the form of guarantee on terms acceptable for EIB (cash collateral, financial collateral, or other security).

In First Demand Guarantee agreements, there is a guarantee for EIB that Bank Millennium long term rating granted by Fitch is at level BBB - and by Moody's at Baa2. The Bank is obliged to inform EIB about any change in its rating and deliver to EIB any other information on its financial position likely to have a detrimental effect on its ability to perform the obligations resulted from those agreements.

The below table presents amount of exposures and risk-weighted exposure amounts for counterparty credit risk by method of calculation.

Table no 56 EU CCR1 - Analysis of CCR exposure by approach (in accordance with ITS 2021/637) (in PLN thousands)

		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)	0	0		1.4	0	0	0	0
EU-2	EU - Simplified SA-CCR (for derivatives)	0	0	-	1.4	0	0	0	0
1	SA-CCR (for derivatives)	131 715	163 662		1.4	413 529	413 529	413 529	215 115

2	IMM (for derivatives and SFTs)		0	0	0	0	0	0
2a	*Of which securities financing transactions netting sets*		0		0	0	0	0
2b	*Of which derivatives and long settlement transactions netting sets*		0		0	0	0	0
2c	*Of which from contractual cross-product netting sets*		0		0	0	0	0
3	Financial collateral simple method (for SFTs)				0	0	0	0
4	Financial collateral comprehensive method (for SFTs)				268 533	12 057	12 057	12 057
5	VaR for SFTs				0	0	0	0
6	**Total**				**682 062**	**425 585**	**425 585**	**227 171**

Amounts of risk of credit valuation adjustment are showed in the below table.

Table no 57 EU CCR2 - Transactions subject to own funds requirements for CVA risk (in accordance with ITS 2021/637) (in PLN thousands)

		Exposure value	RWEA
1	Total transactions subject to the Advanced method	0	0
2	(i) VaR component (including the 3× multiplier)		0
3	(ii) stressed VaR component (including the 3× multiplier)		0
4	Transactions subject to the Standardised method	327 759	128 522
EU-4	Transactions subject to the Alternative approach (Based on the Original Exposure Method)	0	0
5	**Total transactions subject to own funds requirements for CVA risk**	**327 759**	**128 522**

Exposures to counterparty credit risk break downed to regulatory risk weights ae shiwed in the below table.

Table no 58 EU CCR3 - Standardised approach – CCR exposures by regulatory exposure class and risk weights (in accordance with ITS 2021/637) (in PLN thousands)

	Exposure classes	Risk weight											
		0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Inne	Total exposure value
1	Central governments or central banks	0	0	0	0	0	0	0	0	0	0	0	0
2	Regional government or local authorities	0	0	0	0	0	0	0	0	0	0	0	0
3	Public sector entities	0	0	0	0	0	0	0	0	0	0	0	0
4	Multilateral development banks	0	0	0	0	0	0	0	0	0	0	0	0
5	International organisations	0	0	0	0	0	0	0	0	0	0	0	0
6	Institutions	0	16 994	0	0	119 599	133 309	0	0	3 222	0	0	273 125
7	Corporates	0	0	0	0	0	0	0	0	152 431	0	0	152 431
8	Retail	0	0	0	0	0	0	0	23	0	0	0	23
9	Institutions and corporates with a short-term credit assessment	0	0	0	0	0	0	0	0	0	0	0	0
10	Other items	0	0	0	0	0	0	0	0	0	7	0	7
11	**Total exposure value**	**0**	**16 994**	**0**	**0**	**119 599**	**133 309**	**0**	**23**	**155 653**	**7**	**0**	**425 585**

Table no 59 EU CCR4 - IRB approach – CCR exposures by exposure class and PD scale (in accordance with ITS 2021/637)

The Group does not have a permission for calculation risk-weighted assest for CCR exposures using IRB method, thus the table is not presented.

The below table presents collaterals used for counterparty credit risk exposures.

Table no 60 EU CCR5 - Composition of collateral for CCR exposures (in accordance with ITS 2021/637) (in PLN thousands)

	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	0	0	0	332 691	0	0	0	0
2	Cash – other currencies	0	17 693	0	351 934	0	0	0	0
3	Domestic sovereign debt	0	0	0	0	0	267 441	0	0
4	Other sovereign debt	0	0	0	0	0	0	0	0
5	Government agency debt	0	0	0	0	0	0	0	0
6	Corporate bonds	0	0	0	0	0	0	0	0
7	Equity securities	0	0	0	0	0	0	0	0
8	Other collateral	0	0	0	0	0	0	0	0
9	**Total**	**0**	**17 693**	**0**	**684 624**	**0**	**267 441**	**0**	**0**

Table no 61 EU CCR6 - Credit derivatives exposures (in accordance with ITS 2021/637

Considering the lack of credit derivatives exposures, the above table is not presented.

Table no 62 EU CCR7 - RWEA flow statements of CCR exposures under the IMM (in accordance with ITS 2021/637)

The Group does not use Internal Models Method to calculate risk weighted exposure amounts and it does not present the above table.

The below table disclose the Group's exposures to central counterparties.

Table no 63 EU CCR8 - Exposures to CCPs (in accordance with ITS 2021/637) (in PLN thousands)

		Exposure value	RWEA
1	**Exposures to QCCPs (total)**		3 151
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	85 769	1 715
3	(i) OTC derivatives	85 769	1 715
4	(ii) Exchange-traded derivatives	0	0
5	(iii) SFTs	0	0
6	(iv) Netting sets where cross-product netting has been approved	0	0
7	Segregated initial margin	0	
8	Non-segregated initial margin	62 688	1 254
9	Prefunded default fund contributions	9 095	182
10	Unfunded default fund contributions	0	0
11	**Exposures to non-QCCPs (total)**		0
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	0	0
13	(i) OTC derivatives	0	0
14	(ii) Exchange-traded derivatives	0	0
15	(iii) SFTs	0	0
16	(iv) Netting sets where cross-product netting has been approved	0	0
17	Segregated initial margin	0	0
18	Non-segregated initial margin	0	0
19	Prefunded default fund contributions	0	
20	Unfunded default fund contributions	0	0

6.4. ENCUMBERED AND UNENCUMBERED ASSETS

The following information on encumbered and unencumbered assets is presented based on ITS 2021/637.

Table no 64 EU AE1 - Encumbered and unencumbered assets (in accordance with ITS 2021/637) (in PLN thousands)

	Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
		of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA		of which EHQLA and HQLA

010	**Assets of the reporting institution**	1 570 006	670 298			102 343 903			
030	Equity instruments					167 276			
040	Debt securities	670 298	670 298	670 298	670 298	17 549 699	16 279 536	17 549 699	16 279 536
050	of which: covered bonds								
060	of which: securitisations								
070	of which: issued by general governments	670 298	670 298	670 298	670 298	16 951 932	16 244 547	16 951 932	16 244 547
080	of which: issued by financial corporations					562 777			
090	of which: issued by non-financial corporations								
120	**Other assets**	899 708		-	-	84 626 928		-	-

Table no 65 EU AE2 - Collateral received and own debt securities issued (in accordance with ITS 2021/637) (in PLN thousands)

				Unencumbered	
		Fair value of encumbered collateral received or own debt securities issued		Fair value of collateral received or own debt securities issued available for encumbrance	
			of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA
130	**Collateral received by the reporting institution**				
140	Loans on demand				
150	Equity instruments				
160	Debt securities				
170	of which: covered bonds				
180	of which: securitisations				
190	of which: issued by general governments				
200	of which: issued by financial corporations				
210	of which: issued by non-financial corporations				
220	Loans and advances other than loans on demand				
230	Other collateral received				
240	**Own debt securities issued other than own covered bonds or securitisations**				
241	**Own covered bonds and asset-backed securities issued and not yet pledged**				
250	**TOTAL ASSETS, COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED**	1 570 006	670 298		

Table no 66 EU AE3 - Sources of encumbrance (in accordance with ITS 2021/637) (in PLN thousands)

		Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and securitisations encumbered
010	Carrying amount of selected financial liabilities	740 975	684 588

Table no 67 EU AE4 - Qualitative information (in accordance with ITS 2021/637)

Legal basis	Row number	Information
Art. 433	a)	General narrative information on asset encumbrance Description below the table
Art. 433	b)	Narrative information on the impact of the business model on assets encumbrance and the importance of encumbrance to the institution's business model, which provides users with the context of the disclosures required in Template EU AE1 and EU AE2. Description below the table

The information presented in the tables for encumbered and unencumbered assets is based on the following principles:

- the main sources of encumbrance are illustrated in the table below presenting data on encumbered assets as at December 31, 2021, information in this format is disclosed by the Group in its published financial statements on a quarterly basis,
- assets included in the table below in items 6, 7 and 8 have not been included in the tables: 64, 65 and 66 as they cannot be related to a specific transaction, although at the same time they cannot be freely withdrawn. The Bank applies such methodologies in the case of fulfilling the reporting obligations on encumbered assets carried out in accordance with Annex XVII to Implementing Regulation (EU) No 680/2014.

Table no 68 Encumbered assets - details (in PLN thousands)

No.	Type of assets	Portfolio	Secured liability	Par value of assets	Balance sheet value of assets
1.	Treasury bonds OK0423	Held to Collect and for Sale	Lombard credit granted to the Bank by the NBP	130 000	124 254

2.	Treasury bonds OK0423	Held to Collect and for Sale	Securing the Fund for Protection of Funds Guaranteed as part of the Bank Guarantee Fund	328 000	313 502
3.	Treasury bonds PS0425	Held to Collect and for Sale	Securing the Fund for Protection of Funds Guaranteed as part of the Bank Guarantee Fund	7 000	6 399
4.	Treasury bonds OK0423	Held to Collect and for Sale	Security of payment obligation to BFG contribution - guarantee fund	130 100	124 350
5.	Treasury bonds OK0423	Held to Collect and for Sale	Security of payment obligation to BFG contribution - resolution fund	106 500	101 793
6.	Cash	receivables	initial settlement deposit in KDPW CCP (MAGB)	5 000	5 000
7.	Cash	receivables	ASO guarantee fund (PAGB)	398	398
8.	Cash	receivables	payment to the OTC Guarantee Fund - KDPW_CCP	8 989	8 989
9.	Cash	receivables	Settlement on transactions concluded	111 907	111 907
10.	Deposits	Deposits in banks	Settlement on transactions concluded	572 681	572 681
11.	Leasing receivables	Loans and advances	Loans granted to Millennnium Leasing	215 120	215 120
	Total			**1 615 696**	**1 584 394**

Encumbered assets of the Group presented in the above table are at the same time encumbered assets of the Bank, with exception of the position 11, which regards encumbered assets of the Bank's subsidiary.

Encumbered assets of the Group/Bank are denominated in PLN, with exception of deposits placed as a settlement of derivative transactions (point 10 of the above table), which are concluded mostly in EUR.

Additionally, as at December 31, 2021, the Group had concluded short-term transactions (usually settled within 7 days) of Treasury securities sale with a repurchase agreement, subject of securities worth PLN 17,933 thousands.

Considering values, the level of assets encumbrance of the Bank and the Group is immaterial and is not important for a model of financing of activity.

7. OPERATIONAL RISK

The description of operational risk management process was presented in the Financial Report. the chapter 9 “Financial risk management”, the part 6 “Operational risk”. The tools used in the key steps if that process are:

- Collecting operational risk events
- Self-assessment of operational risk in individual processes
- Analysis and monitoring of risk indicators.

Other aspects related to operational risk - process management, fraud risk management, actions in the response of a pandemic - are presented in the Management Board Report, in chapter 7.4 "Risk management - other risk types".

The below information are disclosed in accordance to the regulatory requirements of the below table.

Table no 69 EU ORA - Qualitative information on operational risk (in accordance with ITS 2021/637)

Legal basis	Row number	Information
Points (a), (b), (c) and(d) of Article 435(1) CRR	a)	Disclosure of the risk management objectives and policies That information regarding operational risk was disclosed in the chapter "Risk Management" and in the subchapter "Operational risk" "Other risk types" in the Management Board Report for 2021.
Art. 466 CRR	b)	Disclosure of the risk management objectives and policies Capital requirements for operational risk are calculated in accordance to the standard method. As at 31.12.2021 they constituted ca. 11% of total capital requirements.
Art. 466 CRR	c)	Description of the AMA methodology approach used (if applicable) Group does not use advanced measurement method.
Art. 454 CRR	d)	Disclose the use of insurance for risk mitigation in the Advanced Measurement Approach (if applicable) Group does not use advanced measurement method.

Losses stemming from operational risk events

The below table presents operational risk events registered in the operational risk database in 2021. Operational risk events related to credit risk, which are treated as credit risk events for the purpose of calculating credit risk capital requirements, are not included in the table.

Table no 70 Operational risk events (the amount of losses), divided by events categories and kind of loss (in PLN millions)

Event category	Net loss	Gross loss
Clients, products and business practices	103.3	103.3
Transactions execution, delivery and process management	26.5	26.5
Internal fraud	0.6	0.7
External fraud	0.4	0.4
Damage to physical assets	0.1	0.7
TOTAL	**130.9**	**131.6**

Operational risk management system used in the Bank requires identification of a causes of an events and implementation of decisions or actions to reduce frequency and financial impact of events. It is completed using change of processes, strengthening of internal controls, adjustments of documentation and procedures and dedicated trainings.

In 2021 Bank Millennium Group reported no material operational risk events. i.e. those for which gross loss exceeds 10% of capital requirements for operational risk, except for the lost court case in the second instance regarding the currency option transaction concluded in 2008.

The below tabele presents the amounts of own funds requirements and risk weighted exposure amounts on operational risk.

Table no 71 EU OR1 - Operational risk own funds requirements and risk-weighted exposure amounts (in accordance with ITS 2021/637) (in PLN thousands)

	Banking activities	Relevant indicator			Own funds requirements	Risk weighted exposure amount
		2019	2020	2021		
1	Banking activities subject to basic indicator approach (BIA)	0	0	0	0	0
2	Banking activities subject to standardised (TSA) / alternative standardised (ASA) approaches	2 716 028	3 428 846	3 515 262	433 000	5 412 495
3	*Subject to TSA:*	2 716 028	3 428 846	3 515 262	0	0
4	*Subject to ASA:*	0	0	0	0	0
5	Banking activities subject to advanced measurement approaches AMA	0	0	0	0	0

8. MARKET RISK

The below table presents qualitative information on market risk management, in line with regulatory requirements.

Table no 72 EU MRA - Qualitative disclosure requirements related to market risk (in accordance with ITS 2021/637)

Legal basis	Row number	Information
Points (a) and (d) of Article 435 (1) CRR	a)	*A description of the institution's strategies and processes to manage market risk, including:* *- An explanation of management's strategic objectives in undertaking trading activities, as well as the processes implemented to identify, measure, monitor and control the institution's market risks* *- A description of their policies for hedging and mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges* The Bank implements a prudent market risk management strategy in accordance with the guidelines set out by the Management Board and Supervisory Board in the Risk Strategy of the Bank Millennium S.A. Capital Group. This document is prepared at least once a year for the next three years as part of a single budget planning and preparation process. The risk management strategy defines the acceptable level of market risk as well as the principles of securing and limiting market risk in the Group. Market risk management is centralized, so the market risk related to the position taken over by subsidiaries is fully subject to the measurement rules applicable at Bank Millennium S.A. Activities of Bank Millennium S.A. in financial markets, it is in addition to normal commercial business activities and is mainly related to: - entering into transactions for the purpose of safe liquidity management, - concluding transactions with clients that enable them to hedge market risk on the market, - participation in the competition for a treasury bond dealer organized by the Ministry of Finance and / or in the competition for money market dealers organized by the NBP, - participation in the WIBOR / WIBID reference rate quotation panel, - conducting profitable operations on own account (trading activity). As a rule, the Bank's activity exposed to market risk is limited due to the conservative system of limits which comprehensively reduces the market risk in the trading book and the interest rate risk in the banking book. The system of limits is verified at least once a year, both in terms of structure and amount. In terms of market risk, both quantitative and qualitative limits have been introduced. The size of the position is limited and the list of allowed instruments, currencies and counterparties for transactions generating and / or hedging the market risk is specified in detail. When determining the limits, the risk appetite approved by the Supervisory Board is taken into account each time. To reflect the scale of the Group's operations, quantitative limits are expressed, inter alia, the ratio of eligible exposures in relation to own funds and / or net interest income. Open positions mainly include interest rate and currency risk instruments. As a rule, the currency position generated in the Banking Book is fully transferred to the Trading Book, where it is managed on a daily basis. The adopted restrictive limits for an open currency position guarantee that this risk is residual in the Bank and does not exist in the Banking Book. Additionally, in line with the adopted strategy, the Group limits the scale of its trading portfolio and market risk by strictly adhering to the thresholds set out in Art. 325a of Regulation (EU) No 575/2013 on the volume of on-balance sheet and off-balance sheet activities subject to market risk (less than 10% of total assets and less than EUR 500 million). Compliance of the actions taken with the market risk strategy is constantly monitored

		and verified on the basis of the observation of relevant positions, market risk measures and their evolution over time against the applicable limits. The Management Board of the Bank, the Risk Committee of the Supervisory Board and the Supervisory Board assess the market risk strategy in terms of its implementation and the possible need to introduce changes on the basis of information provided in the form of reports. The detailed process of identifying, measuring, monitoring and controlling market risk is described in the Consolidated Financial Annual Report of the Bank Millennium S.A. Capital Group. for the 12-month period ended December 31, 2021 in section 8.4. Market risk and interest rate risk.
Point (b) of Article 435 (1) CRR	b)	*A description of the structure and organisation of the market risk management function, including a description of the market risk governance structure established to implement the strategies and processes of the institution discussed in row (a) above, and that describes the relationships and the communication mechanisms between the different parties involved in market risk management.* Both the Supervisory Board and the Management Board of the Bank (at the strategic level) as well as specialized committees and organizational units (at the operational level) actively participate in the market risk management process. The Capital, Assets and Liabilities Committee (KKAP) and the Risk Committee perform the opinion-giving function. Separation of duties in the area of risk generation, risk measurement, monitoring and control is one of the main principles of risk management at the Bank. Hence, the Bank's way of organizing the process of managing other types of market risk ensures the independence of units concluding transactions (Treasury Department, Front-office), settling them (Treasury Operations Department, Back-office) and monitoring and controlling risk (Risk Department, Treasury Analyzes, Middle-Office). The detailed scope of competences and responsibilities of all units involved in the process is set out in the document regulating the market risk management framework on financial markets, i.e. in the policy: Principles and rules of market risk management related to operations on financial markets at Bank Millennium S.A. The communication mechanisms between the parties involved in market risk management are formalized and regularly reviewed. In particular, the internal regulations define the scope and mode of management information in the field of market risk, including units responsible for preparing reports, recipients of reports, the scope and frequency of preparing reports. The description of the market risk management structure established to implement the strategy and processes of the institutions discussed in line a) is described in the Consolidated Financial Annual Report of the Bank Millennium S.A. Capital Group. for the 12-month period ended December 31, 2021 in section 8.1. Risk management.
Point (b) of	c)	*Scope and nature of risk reporting and measurement systems*

Article 435 (1) CRR	The risk measurement system with the established limits is closely related to the reporting mechanism. The scope and nature of risk reporting and measurement systems is formalized and regularly reviewed. In particular, the internal regulations define the scope and mode of management information in the field of market risk, including units responsible for preparing reports, recipients of reports, the scope and frequency of preparing reports. As a rule, the frequency and content of the management information system is adjusted to the level of competence and responsibility of recipients, as well as to changes taking place in the Bank's risk profile. This information is analyzed and allows to obtain a synthetic image of the Bank's exposure to market risk in the context of the adopted regulations. The information is intended to enable a reliable assessment of risk exposure by all units involved in the process and to support the Bank's management in the process of assessing the implementation of the adopted strategy / policy, as well as planning, identifying weaknesses in the Bank's operations generating excessive risk and enabling decision-making in the area of risk management in within certain limits. Information on the level of market risk measures, the applicable limit and its use is provided in accordance with the specific mode of their monitoring / control - as a rule, on a daily basis to the Management Board Members responsible for the Risk Department and the Treasury Department, Managers of the Risk Department and the Treasury Department, and what a month to the Capital, Assets and Liabilities Committee (KKAP) and quarterly to the Risk Committee (KR), the Bank's Management Board and the Supervisory Board. Reporting frequency can be increased as needed. In the Consolidated Financial Annual Report of the Capital Group of Bank Millennium S.A. for the 12-month period ended December 31, 2021: (i) in section 8.1. Risk management - it is indicated that the Group's risk management process includes monitoring, control and reporting; (ii) in section 8.4. Market risk and interest rate risk describes the rules for measuring these risks.

The Group uses standardized approaches to calculate its capital requirements for various types of market risk. As at 31.12.2021 the Group maintained requirements for own funds for general and specific risk of debt instruments and the general interest rate risk. The exposure to market risk was not material. Capital requirements for this risk represented 0.8% of the total amount of capital requirements as at 31 December, 2021.

Risk weighted exposure and own funds requirements to market risk are showed in the below table.

Table no 73 EU MR1 - Market risk under the standardised approach (in accordance with ITS 2021/637) (in PLN thousands)

		RWEAs
	Outright products	
1	Interest rate risk (general and specific)	332 423
2	Equity risk (general and specific)	71 733
3	Foreign exchange risk	0
4	Commodity risk	0
	Options	0
5	Simplified approach	0
6	Delta-plus approach	0
7	Scenario approach	0
8	Securitisation (specific risk)	0
9	**Total**	404 155

Own funds requirements to settlement risk, delivery risk, large exposures limits excess were not reported as at 31.12.2021.

Table no 74 EU MRB –Qualitative disclosure requirements for institutions using the IMA

Table no 75 EU MR2-A - Market risk under the IMA

Table no 76 EU MR2-B - RWEA flow statements of market risk exposures under the IMA

Table no 77 EU MR3 - IMA values for trading portfolios

Table no 78 EU MR4 - Comparison of VaR estimates with gain/loss

Information listed in the above tables required by ITS 2021/637 is not presented, as the Bank does not use internal models to calculate capital requirements to credit risk.

9. EXPOSURE TO LIQUIDITY RISK

The below table presents qualitative information on liquidity risk management, according to regulatory requirements. Detailed information on the strategy, organizational model and liquidity risk management process in the Bank Millennium S.A. Group is presented in the Annual Financial Report, in the chapter on liquidity risk management.

Table no 79 EU LIQA – Liquidity risk management (in accordance with ITS 2021/637)

Legal basis	Row number	Information
Article 451a(4) CRR	a)	*Strategies and processes in the management of the liquidity risk, including policies on diversification in the sources and tenor of planned funding,* The Bank has formalized rules of liquidity and funding risk management. Liquidity risk management strategies and processes, including the principles of diversifying the sources and maturity of planned funding, are approved with an appropriate level of competence and are regularly reviewed. As a rule, the strategy and policies must be updated at least once a year. Before they come into force, they must be approved at least by the Bank's Management Board (policies) and / and the Supervisory Board (strategies). The Risk Strategy is a comprehensive document in the form of guidelines for a risk management policy / strategy. This document is prepared in writing over a three-year horizon and is subject to annual review and updating. It is approved by the Bank's Management Board and Supervisory Board. The risk strategy and its review are inextricably linked with other strategic documents, such as: Budget, Liquidity Plan and Capital Plan. The objectives contained in the Risk Strategy regarding the liquidity risk are qualitative guidelines as well as quantitative values through the definition of the risk appetite declaration. The policy includes all relevant methods with regard to daily, short-term, medium-term and long-term liquidity and funding risk management. The key elements of the current policy are: - system of limits and methods of measuring liquidity risk, - monitoring of funding sources and concentration risk, - intraday liquidity management, - liquidity buffer and management of collateral positions, - internal transfer pricing system, - stress tests, - the contingency plan. Detailed liquidity risk management framework, including, inter alia, the applied approach to the sources of financing of the BM Group and the structural liquidity analyzes carried out on the basis of cumulated real-life liquidity gaps are presented in the Consolidated Financial Annual Report of the Bank Millennium S.A. Capital Group. for the 12-month period ended December 31, 2021 in section 8.5. Liquidity risk.
Art. 451a.4 CRR	b)	*Structure and organisation of the liquidity risk management function (authority, statute, other arrangements).*

		Both the Supervisory Board and the Management Board of the Bank (at the strategic level) as well as specialized committees and organizational units (at the operational level): the Capital, Assets and Liabilities Committee (KKAP), the Risk Committee (RC) are actively involved in the liquidity and funding risk management process, Risk Department and Treasury Department. KKAP and the RC play a mixed role in the process - decision-making and opinion-making. Separation of duties in the area of risk generation, risk measurement, monitoring and control is one of the main principles of risk management at the Bank. Therefore, the way of organizing the process of managing other types of liquidity risk at the Bank ensures the independence of units concluding transactions (Treasury Department, Front-office), settling them (Treasury Operations Department, Back-office) and monitoring and controlling risk (Risk Department, Treasury Analyzes, Middle-Office). The detailed scope of competences and responsibilities of all units involved in the process is set out in the document regulating the liquidity risk management framework: Principles and rules of liquidity risk management at Bank Millennium S.A., in particular: - The Supervisory Board is responsible for approving the liquidity and funding risk strategy, including defining the risk tolerance / appetite, and for overseeing the compliance of the Bank's risk-taking policy with the Bank's strategy and financial plan, - The Management Board of the Bank is responsible for defining the general directions of the liquidity risk control and management policy, including the organizational structure and limit levels, - The Capital, Assets and Liabilities Committee (KKAP) and the Risk Committee are responsible in particular for monitoring changes in liquidity risk and compliance with relevant policies and regulations, reviewing policies, regulations and practices applicable to the liquidity risk management process in the entire BM Group as well as for the review and acceptance of risk limits, - The Treasury Department is responsible for the day-to-day operational management of liquidity risk in relation to all positions for which it is responsible and the performance of market operations, in accordance with the directions set by KKAP within the applicable policies, procedures and limits set out in the Bank, - The Risk Department is responsible for proposing and implementing the liquidity management policy and methodologies for identifying, measuring, limiting, monitoring, limiting and reporting, as well as for measuring, monitoring and reporting liquidity risk positions and stress test results, - The Treasury Operations Department is responsible for keeping records, control and settlement of transactions carried out by the Treasury Department. The general principles of risk management in the BM Group are described in the Consolidated Financial Annual Report of the Bank Millennium S.A. Capital Group. for the 12-month period ended December 31, 2021 in section 8.1. Risk management.
Art. 451a .4 CRR	c)	*A description of the degree of centralisation of liquidity management and interaction between the group's units* In accordance with the Risk Strategy adopted by the Management Board and Supervisory Board of the Bank, the liquidity risk generated in its subsidiaries is consolidated and managed centrally. Funding requirements and any excess liquidity in subsidiaries are managed through transactions with the Bank, unless prior decisions are made at an appropriate level of competence and agreed on specific market transactions. Subsidiaries are required to manage the liquidity position in accordance with the guidelines set out in the above-mentioned Risk Strategy, Liquidity Plan and in accordance with the limits and principles set out in the policy defining the liquidity risk management framework.
	d)	*Scope and nature of liquidity risk reporting and measurement systems.*

Art. 451a.4 CRR		The risk measurement system with the established limits is closely related to the reporting mechanism. The scope and nature of risk reporting and measurement systems is formalized and regularly reviewed. In particular, the internal regulations define the scope and mode of management information in the field of liquidity and financing risk, including units responsible for drawing up reports, recipients of reports, the scope and frequency of preparing reports. The Bank regularly monitors and reports the supervisory liquidity ratio (LCR, NSFR) and examines, among others, the risk of concentration of funding, the internal liquidity security buffer and the stability of external funds. As a rule, the frequency and content of the management information system is adjusted to the level of competence and responsibility of recipients, as well as to changes taking place in the Bank's risk profile. This information is analyzed and allows to obtain a synthetic image of the Bank's exposure to liquidity risk in the context of the adopted regulations. The information is intended to enable a reliable assessment of risk exposure by all units involved in the process and to support the Bank's management in the process of assessing the implementation of the adopted strategy / policy, as well as planning, identifying weak points in the Bank's operations generating excessive risk and enabling decision-making in the area of risk management in within certain limits. Information on the level of measures in terms of liquidity and financing risk, the applicable limit and its use is provided in accordance with the specific mode of their monitoring / controlling - as a rule, on a daily basis to the Management Board Members responsible for the Risk Department and the Treasury Department, Managers of the Risk Department and the Treasury Department. and monthly to the Capital, Assets and Liabilities Committee (KKAP) and quarterly to the Risk Committee (RC), the Bank's Management Board and the Supervisory Board. Reporting frequency can be increased as needed. Details on the measurement of liquidity risk and the measures used are presented in the Consolidated Financial Annual Report of the Bank Millennium S.A. Capital Group. for the 12-month period ended December 31, 2021: (i) in section 8.5. Liquidity risk.
Art. 451a.4 CRR	e)	*Policies for hedging and mitigating the liquidity risk and strategies and processes for monitoring the continuing effectiveness of hedges and mitigants.* The Bank has formalized rules of liquidity and funding risk management. Liquidity risk management strategies and processes, including the principles of diversifying the sources and maturity of planned funding, are approved with an appropriate level of competence and are regularly reviewed. As a rule, the strategy and policies must be updated at least once a year. Before they come into force, they must be approved at least by the Bank's Management Board (policies) and / and the Supervisory Board (strategies).
	f)	*An outline of the bank`s contingency funding plans.*

Art. 451a.4 CRR		Liquidity Contingency Plan at Bank Millennium S.A. The (Plan) is a normative framework for identifying and managing the solution to the liquidity crisis in the Bank, which may occur as a result of unfavorable business conditions, unexpected external circumstances in the Bank's environment and a combination of both. The purpose of the Plan is to clearly and precisely define the strategy and procedure as well as to define the rules and responsibilities of the Bank's employees for the set of actions that may be taken in the event of a liquidity crisis that may be triggered for various reasons. In particular, the Plan specifies: - Principles, conditions and responsibilities regarding the launch and deactivation of the Plan, - Sources of emergency financing, - Recovery options and detailed rules of conduct that will respond to different severities of the liquidity crisis, including prioritization, - Responsibility structure (assigning functions to individual participants under the Contingency Plan), - Decision path in liquidity crisis situations, - The scope and form of reports, - Information channels in liquidity crisis situations (internal communication, external communication). Additionally, in accordance with the applicable rules, the Plan should be tested at least once a year or at each request of the Capital, Assets and Liabilities Committee (KKAP) and the Risk Committee. Testing the Plan is to ensure that it is effective and operationally feasible by: - Obtaining confirmation that the division of duties is correct and understandable, - Review of the availability of the required reports, legal documentation and operational plan enabling the plan to be launched in a short time, - Testing of key assumptions, such as the ability to sell certain assets or conclude a repo transaction, the ability to use credit lines or other sources of contingency financing, - Verification of the feasibility of cash transfer and security. As part of the above-mentioned testing the Liquidity Contingency Plan in 2021, the Bank subjected to operational assessment, inter alia, the contingency procedure for liquidity support in the form of an extraordinary refinancing loan facility from the NBP. The indicated employees of the Bank provided the required information in the scope provided for in the Liquidity Contingency Plan
Art. 451a.4 CRR	g)	*An explanation of how stress testing is used.* The results of stress tests (TWS) are used in the ongoing risk management process and in the Bank's strategic planning process. In line with the liquidity risk management policy, stress tests are designed to: - Assessment of the potential impact of adverse events or combinations of events on the Bank's risk profile, - Ensuring that the Bank and the Group are able to meet their obligations when due in the event of any liquidity crisis, - Providing support in the process of developing a liquidity contingency plan, strategies and tactics in crisis conditions and making decisions in the area of liquidity management in order to reduce the liquidity risk at the Bank, - Assessment of the reliability of capital and liquidity planning procedures and the Repair Plan, - Establishing risk appetite, risk appetite and limits. The liquidity stress test program consists of a scenario analysis, a sensitivity analysis and reverse testing. Three variants are analyzed as part of the tests: - idiosyncratic - specific to the Bank, in which the banking sector as a whole is not subject to stress conditions, - systemic - external market crisis in which the Bank is under stress as a result of deteriorating market conditions, - mixed - a combination of the variants mentioned above. Liquidity stress tests are performed at least on a quarterly basis and the results are presented to the Capital, Assets and Liabilities Committee (KKAP) as an additional indicator supporting the liquidity risk management process. The Management Board and

		Supervisory Board receive test results at least once a year. The scope and mode of management information is formalized and is subject to regular reviews. The results of the stress tests carried out in 2021 confirm the stable and safe liquidity position of the Group.
Art. 451a.4 CRR	h)	*A declaration approved by the management body on the adequacy of liquidity risk management arrangements of the institution providing assurance that the liquidity risk management systems put in place are adequate with regard to the institution's profile and strategy.* Statement by the Management Board of Bank Millennium S.A. in this regard, it has been included in Chapter 12 of this Report.
Art. 451a.4 CRR	i)	*A concise liquidity risk statement approved by the management body succinctly describing the institution's overall liquidity risk profile associated with the business strategy. This statement shall include key ratios and figures (other than those already covered in the EU LIQ1 template under this ITS) providing external stakeholders with a comprehensive view of the institution's management of liquidity risk, including how the liquidity risk profile of the institution interacts with the risk tolerance set by the management body.* *These ratios may include* · *Concentration limits on collateral pools and sources of funding (both products and counterparties)* Details on the measurement of liquidity risk and the applied concentration measures are presented in the Consolidated Financial Annual Report of the Bank Millennium S.A. Capital Group. for the 12-month period ended December 31, 2021: (i) in section 8.5. Liquidity risk · *Customised measurement tools or metrics that assess the structure of the bank's balance sheet or that project cash flows and future liquidity positions, taking into account off-balance sheet risks which are specific to that bank* Details on the measurement of liquidity risk are presented in the Consolidated Financial Annual Report of the Bank Millennium S.A. Capital Group. for the 12-month period ended December 31, 2021: (i) in section 8.5. Liquidity risk. · *Liquidity exposures and funding needs at the level of individual legal entities, foreign branches and subsidiaries, taking into account legal, regulatory and operational limitations on the transferability of liquidity* Details on exposure to liquidity risk and sources of financing are presented in the Consolidated Financial Annual Report of the Bank Millennium S.A. Capital Group. for the 12-month period ended December 31, 2021: (i) in section 8.5. Liquidity risk. · *Balance sheet and off-balance sheet items broken down into maturity buckets and the resultant liquidity gaps* Details on the measurement of liquidity risk and liquidity gaps by maturity ranges are presented in the Consolidated Financial Annual Report of the Bank Millennium S.A. Capital Group. for the 12-month period ended December 31, 2021 in section 8.5. Liquidity risk.

Pursuant to Regulation (EU) No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms (CRR), the Group determines the liquidity coverage requirement (LCR). The liquidity coverage ratio is determined individually by each entity of the Bank's Capital Group subject to the requirement to determine this ratio and at the consolidated level for the Bank's Capital Group together. The minimum supervisory LCR level of 100% was met by the Group on each reporting date (at the end of December 2021, the LCR ratio was 150%). The amount and main components of the liquidity coverage ratio for the Group in 2021 are presented in the table below, in line with the guidelines on disclosing the net coverage ratio in addition to disclosing information on liquidity risk management pursuant to Art. 435 of Regulation (EU) No 575/2013 (EBA/GL/2017/01). The presented data have been designated as simple mean of observations at the end of each month in the twelve-month period preceding December 31, 2021.

Table no 80 EU LIQ 1 - Quantitative information of LCR (in accordance with ITS 2021/637) (in percents, in PLN thousands)

		Total unweighted value (average)				Total weighted value (average)			
EU 1a	Quarter ending on (DD Month YYY)	4Q21	3Q21	2Q21	1Q21	4Q21	3Q21	2Q21	1Q21
EU 1b	Number of data points used in the calculation of averages	3	3	3	3	3	3	3	3
HIGH-QUALITY LIQUID ASSETS									
1	Total high-quality liquid assets (HQLA)					20 809 401	22 780 079	23 865 903	23 387 802
CASH - OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	71 815 291	71 023 957	70 560 649	69 228 121	4 217 338	4 152 255	4 107 628	4 031 924
3	*Stable deposits*	53 951 250	53 230 915	52 886 251	51 261 693	2 697 562	2 661 546	2 644 313	2 563 085
4	*Less stable deposits*	12 002 522	11 798 789	11 518 150	11 573 427	1 519 775	1 490 709	1 463 316	1 468 839
5	Unsecured wholesale funding	19 973 514	19 246 767	18 701 569	17 764 041	7 746 216	7 887 561	8 107 408	7 803 413
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	6 030 429	2 142 016	0	0	1 490 959	529 936	0	0
7	*Non-operational deposits (all counterparties)*	13 859 304	17 104 751	18 701 569	17 764 041	6 171 477	7 357 625	8 107 408	7 803 413
8	*Unsecured debt*	83 780	0	0	0	83 780	0	0	0
9	*Secured wholesale funding*	-	-	-	-	0	0	0	0
10	Additional requirements	8 975 190	11 198 506	12 655 526	12 589 192	1 589 419	1 899 825	2 052 689	2 079 560
11	*Outflows related to derivative exposures and other collateral requirements*	908 575	901 888	898 365	899 789	908 575	901 888	898 365	899 789
12	*Outflows related to loss of funding on debt products*	0	0	0	0	0	0	0	0
13	*Credit and liquidity facilities*	8 066 615	10 296 618	11 757 161	11 689 404	680 845	997 937	1 154 324	1 179 771
14	Other contractual funding obligations	243 339	21 848	79 057	22 282	234 440	16 986	40 979	20 372
15	Other contingent funding obligations	7 085 403	2 166 746	1 182 403	1 122 183	1 072 111	1 146 144	1 182 403	1 122 183

16	TOTAL CASH OUTFLOWS					14 859 524	15 102 770	15 491 107	15 057 452
CASH - INFLOWS									
17	Secured lending (e.g. reverse repos)	109 064	17 157	56 440	15 660	0	0	0	0
18	Inflows from fully performing exposures	2 275 045	2 098 067	2 230 332	2 457 348	1 950 989	1 784 224	1 929 288	1 985 171
19	Other cash inflows	925	7 724	20 086	22 763	925	7 724	20 086	22 763
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)					0	0	0	0
EU-19b	(Excess inflows from a related specialised credit institution)					0	0	0	0
20	TOTAL CASH INFLOWS	2 385 034	2 122 948	2 306 859	2 495 771	1 951 914	1 791 948	1 949 374	2 007 933
EU-20a	*Fully exempt inflows*	0	0	0	0	0	0	0	0
EU-20b	*Inflows subject to 90% cap*	0	0	0	0	0	0	0	0
EU-20c	*Inflows subject to 75% cap*	2 385 034	2 122 948	2 306 859	2 495 771	1 951 914	1 791 948	1 949 374	2 007 933
TOTAL ADJUSTED VALUE									
EU-21	LIQUIDITY BUFFER					20 809 401	22 780 079	23 865 903	23 387 802
22	TOTAL NET CASH OUTFLOWS					12 907 611	13 310 822	13 541 733	13 049 518
23	LIQUIDITY COVERAGE RATIO					161,5553%	171,6991%	176,2661%	179,2094%

Below are presented the detailed qualitative information on liquidity coverage ratio. which complements the template EU LIQ1.

Table no 81 EU LIQB Qualitative information on LCR, which complements template EU LIQ1 (in accordance with ITS 2021/637 and Article 451a(2) CRR)

Legal basis	Row number	Information
Art. 451a(2) CRR	a)	*Explanations on the main drivers of LCR results and the evolution of the contribution of inputs to the LCR's calculation over time wskaźnika pokrycia wypływów netto w czasie* Compared to December 31, 2020 and September 30, 2021, the LCR value at the consolidated level decreased by approx. 11 and 34 pp, respectively, mainly as a result of an increase in the required reserve ratio required by the NBP and a decrease in the valuation of liquid securities. The increase in cash outflows in December 2021, compared to December 31, 2020 and September 30, 2021, is mainly related to the increase in the deposit base of retail customers. In addition, the change in the structure of cash outflows in 2021 was due to the introduction in September 2021 of the process of identifying operational deposits in the LCR calculations.
Art. 451a(4) CRR	b)	*Explanations on the changes in the LCR over time* As above
Art. 451a(4) CRR	c)	*Explanations on the actual concentration of funding sources* There was no excessive concentration of funding sources. Information in this regard is presented in the Consolidated Financial Annual Report of the Capital Group of Bank Millennium S.A. for the 12-month period ended December 31, 2021 in section 8.5. Liquidity risk.
Art. 451a(4) CRR	d)	*High-level description of the composition of the institution`s liquidity buffer.* The Group maintains a constantly safe level of unencumbered, high-quality liquid assets that constitute a security in the event of the materialization of stress scenarios in the area of liquidity. Liquid assets include cash, nostro funds (excluding the average required reserve level) and liquid securities, including securities received as collateral in reverse-repo transactions. The portfolio does not include securities that are pledged or frozen. The share of Polish treasury securities (including NBP bills) in the total liquid securities portfolio is constant over time and amounted to approximately 98% at the end of December 2020 and at the end of December 2021.
Art. 451a(4) CRR	e)	*Derivative exposures and potential collateral calls* The Group provides liquidity in foreign currencies thanks to bilateral loans denominated in foreign currencies as well as currency and interest-currency swap transactions. The importance of swaps is declining as a result of the reduction of the foreign currency mortgage portfolio and the hedging of foreign currency legal provisions. The Group considers transactions in derivative instruments to be significant (the total nominal value of such transactions exceeded 10% of the net liquidity outflow of the LCR). The swap portfolio is diversified in terms of counterparties and maturities. The Group has signed annexes to framework agreements regulating security issues (Credit Support Annex, CSA) with the majority of contractors. Therefore, in the event of unfavorable changes in exchange rates (depreciation of PLN), the Bank is obliged to make a deposit to secure the settlement of derivative instruments in the future, and in the event of favorable changes in exchange rates (appreciation of PLN), the Group receives a security deposit from contractors. The liquidity risk in the unfavorable market scenario results from a change in the market value of derivative instruments, which creates liquidity needs due to the coverage of margins. In both the stress test scenarios and the LCR approach, this additional liquidity requirement is accounted for as the largest absolute net collateral flow realized over a 30-day period over a 24-month period.
	f)	*Currency mismatch in the LCR*

Art. 451a(4) CRR		The Group had two significant currencies (PLN and EUR), i.e. those for which the ratio of the value of liabilities in a given currency to the total value of liabilities in all currencies was at least 5%. The Capital Group of the Bank had an LCR ratio above 100% for all currencies in total and for PLN.
Art. 451a(4) CRR	g)	*Other items in the LCR calculation that are not captured in the LCR disclosure template but that the institution considers relevant for its liquidity profile* No

In 2021, the legal basis for determining the net stable funding ratio (NSFR) has changed, that is, Regulation (EU) 2019/876 of the European Parliament and of the Council of May 20, 2019 amending Regulation (EU) No 575/2013 with regard to Leverage Ratio, Net Stable Funding Ratio, own funds requirements and eligible liabilities, counterparty credit risk, market risk, CCP exposures, collective investment undertakings exposures, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012 (CRR Regulation).
The regulatory minimum NSFR level of 100%, effective from June 2021, was met by the Group on each reporting date (at the end of December 2021, the NSFR was 146%). The amount and main components of the net stable funding ratio for the Group in 2021, in accordance with Art. 451a of Regulation 2019/876, are presented in the table below (according to the template EU LIQ2 included in the Commission Implementing Regulation (EU) 2021/637.

Table no 82 EU LIQ2 - Net stable Funding Ratio (in accordance with ITS 2021/637) (in percents, in PLN thousands)

		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Available stable funding (ASF) Items		6 906 327	0	0	1 530 000	8 436 327
1	Capital items and instruments	6 906 327	0	0	1 530 000	8 436 327
2	*Own funds*		0	0	0	0
3	*Other capital instruments*		69 142 162	1 403 041	2 033 319	68 418 878
4	Retail deposits		56 562 781	1 334 745	1 880 073	56 882 722
5	*Stable deposits*		12 579 381	68 296	153 246	11 536 156
6	*Less stable deposits*		18 977 526	204 755	238 032	8 972 487
7	Wholesale funding:		5 204 614	0	0	2 602 307
8	*Operational deposits*		13 772 912	204 755	238 032	6 370 181
9	*Other wholesale funding*		0	0	0	0
10	Interdependent liabilities		0	0	0	0
11	Other liabilities:	144 035	0	0	3 914 728	3 914 728
12	*NSFR derivative liabilities*		*0*	*0*	3 914 728	3 914 728
13	*All other liabilities and capital instruments not included in the above categories*					89 742 420
14	**Total available stable funding (ASF)**					89 742 420
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					546 044

EU-15a	Assets encumbered for more than 12m in cover pool		0	0	0	0
16	Deposits held at other financial institutions for operational purposes		0	0	0	0
17	Performing loans and securities:		4 395 319	3 568 970	70 451 562	58 280 998
18	*Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut*		0	0	0	0
19	*Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions*		10 390	13 531	246 679	254 484
20	*Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		2 467 198	2 987 292	30 001 449	25 854 366
21	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		9 110	7 321	11 870 556	7 724 076
22	*Performing residential mortgages, of which:*		183 123	9 923	39 205 932	30 850 916
23	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		1 155	3 756	12 853 243	8 357 063
24	*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*		1 734 608	558 224	997 503	1 321 233
25	Interdependent assets		0	0	0	0
26	Other assets:		1 103 933	25 271	1 847 662	2 873 567
27	*Physical traded commodities*				0	0
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*		0	0	688 659	585 361
29	*NSFR derivative assets*		53 534	0	0	53 534
30	*NSFR derivative liabilities before deduction of variation margin posted*		0	0	0	0
31	*All other assets not included in the above categories*		1 050 399	25 271	1 159 002	2 234 672
32	Off-balance sheet items		1 553 458	2 458 779	9 625 172	835 539
33	**Total RSF**					62 536 148

34	**Net Stable Funding Ratio (%)**		**143,5049%**

10. Financial Leverage

The Bank calculated the leverage ratio at the consolidated level, as at 31.12.2021, based on Regulation (EU) No 575/2013 of the European Parliament and of the Council, Commission Delegated Regulation (EU) 2015/62 of 10.10.2014 and Regulation of the European Parliament and of the EU Council 2017/2395 of 12.12.2017 amending Regulation (EU) No 575/2013 as regards transitional arrangements to mitigate the impact of mitigating the impact of introducing IFRS 9 on own funds and treating certain exposures as large exposures to entities of the sector denominated in the national currency of any Member State, with respect to the leverage ratio.

As at 31 December 2021, the leverage ratio at the Group level was 6.46% using temporary definition of Tier 1 Capital and 5.90% using fully implemented definition of Tier 1 Capital.

When calculating leverage, the Group does not apply the derogations set forth in Articles 499.2 and 499.3 of CRR. Leverage ratio is calculated both with respect to Tier 1 capital and using the temporary definition of Tier 1 capital. The Group does not apply the option to exclude from the total exposure measure with regard to the amount of exposures to central banks, in accordance with the Guidelines EBA/GL/2020/11.

Table no 83 EU LR1 - LRSum: Summary reconciliation of accounting assets and leverage ratio exposures (in PLN thous). (in accordance with ITS 2021/637) (in PLN thousands)

		Applicable amount
1	Total assets as per published financial statements	103 913 909
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	0
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	0
4	(Adjustment for temporary exemption of exposures to central bank (if applicable))	0
5	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio total exposure measure in accordance with point (i) of point (i) of Article 429a(1) CRR)	0
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	0
7	Adjustment for eligible cash pooling transactions	0
8	Adjustments for derivative financial instruments	120 635
9	Adjustment for securities financing transactions (SFTs)	0
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	2 746 371
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	0
EU-11a	(Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with point (c) of Article 429a(1) CRR)	0
EU-11b	(Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with point (j) of Article 429a(1) CRR)	0
12	Other adjustments	-538 338
13	**Leverage ratio total exposure measure**	106 242 577

Table no 84 EU LR2 - LRCom: Leverage ratio common disclosure (in accordance with ITS 2021/637) (in percents, in PLN thous)

		CRR leverage ratio exposures
On-balance sheet exposures (excluding derivatives and SFTs)		
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	103 238 689
2	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	0
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	0
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	0
5	(General credit risk adjustments to on-balance sheet items)	0
6	(Asset amounts deducted in determining Tier 1 capital)	209 059
7	Total on-balance sheet exposures (excluding derivatives and SFTs)	103 447 748
Derivative exposures		0
8	Replacement cost associated with SA-CCR derivatives transactions (ie net of eligible cash variation margin)	184 401
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach	0
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	229 127
EU-9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach	0
EU-9b	Exposure determined under Original Exposure Method	0
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	0
EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)	0
EU-10 b	(Exempted CCP leg of client-cleared trade exposures) (Original exposure method)	0
11	Adjusted effective notional amount of written credit derivatives	0
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	0
13	**Total derivatives exposures**	413 529
Securities financing transaction (SFT) exposures		0
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	268 533
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	0
16	Counterparty credit risk exposure for SFT assets	0
EU-16a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 CRR	0
17	Agent transaction exposures	0
EU-17a	(Exempted CCP leg of client-cleared SFT exposure)	0

18	**Total securities financing transaction exposures**	268 533
Other off-balance sheet exposures		0
19	Off-balance sheet exposures at gross notional amount	13 682 333
20	(Adjustments for conversion to credit equivalent amounts)	-10 935 962
21	(General provisions associated with off-balance sheet exposures deducted in determining Tier 1 capital)	0
22	**Off-balance sheet exposures**	2 746 371
Excluded exposures		0
EU-22a	(Exposures excluded from the leverage ratio total exposure measure in accordance with point (c) of Article 429a(1) CRR)	0
EU-22 b	(Exposures exempted in accordance with point (j) of Article 429a (1) CRR (on and off balance sheet))	0
EU-22c	(Excluded exposures of public development banks - Public sector investments)	0
EU-22 d	(Excluded promotional loans of public development banks: - Promotional loans granted by a public development credit institution - Promotional loans granted by an entity directly set up by the central government, regional governments or local authorities of a Member State - Promotional loans granted by an entity set up by the central government, regional governments or local authorities of a Member State through an intermediate credit institution)	0
EU-22 e	(Excluded passing-through promotional loan exposures by non-public development banks (or units): - Promotional loans granted by a public development credit institution - Promotional loans granted by an entity directly set up by the central government, regional governments or local authorities of a Member State - Promotional loans granted by an entity set up by the central government, regional governments or local authorities of a Member State through an intermediate credit institution)	0
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)	0
EU-22g	(Excluded excess collateral deposited at triparty agents)	0
EU-22 h	(Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a(1) CRR)	0
EU-22i	(Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a(1) CRR)	0
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)	0
EU-22k	(Total exempted xposures)	0
Capital and total exposure measure		0
23	**Tier 1 capital**	6 906 327
24	**Leverage ratio total exposure measure**	106 876 181
Leverage ratio		
25	Leverage ratio	6,46%
EU-25	Leverage ratio (without the adjustment due to excluded exposures of public development banks - Public sector investments) (%)	6,46%

25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	6,46%
26	Regulatory minimum leverage ratio requirement (%)	3,00%
EU-26	Additional leverage ratio requirements (%)	0,00%
27	Requirement regarding leverge buffer (%)	0,00%
EU-27a	Leverage ratio total requirement (%)	3,00%
Choice of transitional provisions and related exposures		
EU-27 b		
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	
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	268 533
30	Total exposures (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)	106 607 647
30a	Total exposures (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)	106 607 647
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)	6,48%
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)	6,48%

Table no 85 EU LR3 - LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures) (in accordance with ITS 2021/637) (in PLN thousands)

		CRR leverage ratio exposures
EU-1	**Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:**	103 238 689
EU-2	Trading book exposures	0
EU-3	Banking book exposures, of which:	103 238 689
EU-4	Covered bonds	0
EU-5	Exposures treated as sovereigns	20 657 822
EU-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	230 567
EU-7	Institutions	911 104

EU-8	Secured by mortgages of immovable properties	44 730 227
EU-9	Retail exposures	18 307 464
EU-10	Corporate	12 511 290
EU-11	Exposures in default	1 777 433
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	4 112 784

Table no 86 EU LRA - Disclosure of LR qualitative information (in accordance with ITS 2021/637)

Legal basis	Row number	Information
Article 451	a)	Description of the processes used to manage the risk of excessive leverage Despite the downward trend in the leverage ratio (see point b), its level as at 2021 end (6.46%) more than doubles the regulatory minimum (3%). The deterioration of the leverage ratio is assessed by the Group as periodic, because in 2022 and in the following years, a significant reduction in the scale of the decrease in own funds is expected due to a reduction in the amount of provisions created for legal risk. With the currently adopted assumptions of the Risk Strategy and taking into account the annual assessment of the significance of risk types, the Group assesses the risk of excessive financial leverage as insignificant, so no designated procedures in this area have been developed.
Article 451	b)	Description of the factors that had an impact on the leverage Ratio during the period to which the disclosed leverage Ratio refers The leverage ratio decreased between December 2020 and December 2021 from 8.30% to 6.46%. The main reason for this was the reduction in Tier 1 capital due to the recognition of a financial loss caused by legal provisions, which reduces own funds (a decrease of 18%), with a simultaneous moderate increase in exposure (by 5%).

The table below presents the leverage ratio levels in 2021. Its level is satisfactory, with a considerably excess over the regulatory minimum of 3%.

Table no 87 Leverage ratios of the Groups in quarters of 2021 (in percents)

Leverage ratio	**31.03.2021**	**30.06.2021**	**30.09.2021**	**31.12.2021**
Leverage ratio - using the fully implemented Tier 1 Capital definition	7.48%	7.46%	6.95%	5.90%
Leverage ratio - using the temporary Tier 1 Capital definition	7.62%	7.60%	7.09%	6.46%

11. REMUNERATION AND RECRUITMENT POLICY

11.1. RECRUITMENT POLICY

The Bank has a recruitment policy towards Members of the Supervisory Board ("Policy of selection and suitability of assessment of Members of the Supervisory Board of Bank Millennium S.A.” adopted by the Ordinary General Meeting on March 24, 2021) and towards Members of the Management Board and key function holders (" Policy of selection and suitability of assessment for Bank Millennium Management Board Members and Key Function Holders in the Bank Millennium S.A. Group" adopted by the Supervisory Board on 3 December, 2021). The policy relating Management Board Members and key function holders was amended in 2021. In order to ensure compliance with the law, the provisions regarding the method of assessing the suitability of persons subject to the Policy used in the Bank Millennium Group have been supplemented.

The Policies are designed to ensure, that people who perform the most important functions in the Bank Millennium SA Group, including functions in management bodies, have:

- adequate professional qualifications, experience and skills,
- appropriate reputation, honesty, ethics, knowledge,
- sufficient time that they can devote to performing their duties for the Group.

In the long-term perspective, the Policies are to support good management of the Group, achieving stable results and proper operational risk management.

The policies are based on the principles set out in:

1. The Banking Act of August 29, 1997 (Journal of Laws of 2018, item 2187, as amended; (“the Banking Law”),
2. EBA and ESMA Guidelines on the assessment of the suitability of members of the management body and key function holders under of 2 July 2021 (EBA / GL / 2021/06) (“the EBA Guidelines”)
3. Methodology for assessing the suitability of members of the bodies of supervised entities published by the PFSA on January 27, 2020 (“the PFSA Methodology”)
4. Recommendation Z on the principles of internal governance in banks issued pursuant to Art. 137 sec. 1 point 5 of the Act of August 29, 1997 - Banking Law (Journal of Laws of 2019, item 2357 and of 2020, items 284, 288, 321 and 1639).

The suitability of members of the Bank's governing bodies is assessed on the basis of the criteria set out in the Banking Law, the PFSA Methodology and the EBA Guidelines.

The following criteria covering experience and reputation are used in assessment of the qualification process:

- the level and profile of education and training and their relationship with banking or financial services,
- practical experience related to financial markets, regulatory requirements, planning, understanding and implementation of business strategy, risk management, ability to establish an effective management, supervision and control system in a financial institution, the ability to interpret financial information of a credit institution,
- period of employment in a managerial position, scope of competences in these positions, type and complexity of subordinate structures and number of subordinates,

In addition, the following criteria are taken into account in the suitability assessment process:

- warranty, including no criminal record, reputation, no connection with events in the area of money laundering and terrorist financing as well as fiscal crimes, financial situation as well as independence of judgment, which includes a conflict of interest and behavioral features; work experience, skills and knowledge;
- devoting the time necessary to perform the tasks in the position;
- combining positions and functions.

11.2. Decision making processes with regard to remuneration policy

The table below provides qualitative information on the remuneration policy in line with regulatory requirements.

Table no 88 EU REMA - Remuneration Policy (according to ITS 2021/637)

a) Information relating to the bodies that oversee remuneration. Disclosures shall include:

- *Name, composition and mandate of the main body (management body and remuneration committee where established) overseeing the remuneration policy and the number of meetings held by that main body during the financial year;*

  Supervision over the remuneration policy in the Bank Millennium Group is performed by the Personnel Committee of the Supervisory Board ("Committee"). In 2021, the General Meeting of Shareholders selected a new composition of the Supervisory Board, which also influenced the change of persons entering the Committee.

  The composition of the Committee until March 24, 2021 was as follows:

  - Andrzej Koźmiński – Chairman
  - Nuno Manuel da Silva Amado
  - Miguel de Campos Pereira de Bragança
  - Bogusław Kott

  On March 24, 2021, the General Meeting of Shareholders appointed a Personnel Committee with the following composition:

  - Alojzy Nowak – Chairman
  - Olga Grygier-Siddons
  - Anna Jakubowski
  - Miguel de Campos Pereira de Bragança
  - Bogusław Kott

  The committee is responsible in particular for the oversight of the remuneration policy, the appointment and suitability of the management bodies.

  In addition, in accordance with the scope of its competences, the Personnel Committee of the Supervisory Board, among others: (i) verifies meeting the criteria and conditions justifying obtaining variable remuneration components of Management Board Members before paying all or part of this remuneration, (ii) gives opinions on the remuneration policy, including the amount and type of remuneration components, (iii) gives opinions on the amount of remuneration for persons holding key managerial positions in the Group related to risk management and compliance of the Bank's operations with internal law and regulations.

In 2021, 4 meetings of the Personnel Committee of the Supervisory Board were held (24.01.2021, 19.02.2021, 14.06.2021, 02.12.2021). The subject of the Committee's work was in particular:

1. re-evaluation of the Members of the Bank's Management Board and establishing the rules for the payment of part of the retained bonus for 2017, 2018 and 2019 to Members of the Bank's Management Board who performed functions in those years,
2. evaluation of the work results of individual Members of the Bank's Management Board in 2018-2020 and granting bonuses to individual Members of the Management Board for this period on the terms set out in the “Employee Remuneration Policy in Bank Millennium Group” and the “Remuneration Policy with Respect to Risk Takers in the Bank Millennium S.A. Group"
3. consideration of information on decisions regarding bonuses for 2017-2020 for Risk Takers, who are not Members of the Bank's Management Board,
4. analysis of the process of determining the amounts of payment of fixed and variable components of remuneration to persons holding managerial positions, in accordance with the remuneration policy and the rules for granting and payment of variable components of remuneration.
5. Supervision over the process of identifying employees with a significant impact on the risk profile

- *External consultants whose advice has been sought, the body by which they were commissioned, and in which areas of the remuneration framework;*

  In 2021, no opinion was consulted on the remuneration framework in force in Bank Millennium S.A.

- *Description of the scope of the institution’s remuneration policy (e.g. by regions, business lines), including the extent to which it is applicable to subsidiaries and branches located in third countries;*

  The Bank Millennium Group (“Group”) has the "Employee Remuneration Policy in Bank Millennium Group", which is to provide formal frameworks for remuneration practice for all the employees of the Group in terms of corporate governance, security of the institution as well as appropriateness of remunerations in relation to standing, scale of operations and development potential of the Group.

  The Bank also has in place the “Remuneration Policy with Respect to Risk Takers in the Bank Millennium S.A. Group" and the Regulations of the Incentive Program, which define the detailed conditions for granting variable remuneration components, including the Bank's own shares.

  The Ordinary General Meeting of Shareholders on March 24, 2021 adopted the "Remuneration Policy with Regard to Members of the Management Boars and Supervisory Boards of Bank Millennium S.A.", which summarises and specifies the existing solutions in the field of remuneration of members of the Bank's governing bodies.

  The above frameworks are also used in separate remuneration policies of the subsidiaries: Millennium Bank Hipoteczny S.A., Millennium Dom Maklerski S.A. and Millennium TFI S.A., taking into account their business specificity at the same time.

  The Bank Millennium Group doesn’t have subsidiaries and branches located in third countries.

- *Description of the staff or categories of staff whose professional activities have a material impact on institutions' risk profile (identified staff).*

  In the Bank, the identification of persons having a significant impact on the risk profile of the Bank Millennium Group is carried out in the fourth quarter, for the next year. In 2021, 73 people were identified in the Bank Millennium Group with the Risk Takers status (categories of employees whose professional activity has a significant impact on the institution's risk profile). As a result of the annual identification of the Risk Takers list carried out in the fourth quarter of 2021, which took into account the Delegated Regulation of the European Union Commission 2021/923 of March 25, 2021, 89 people were identified as having an impact on the risk profile of the Bank Millennium Group. During the identification made in 2021 to 2022, Members of the Bank's Supervisory Board were also identified as Risk Takers.

  The following categories of employees were taken into account: Supervisory Board, Management Board of the Bank, management boards of significant subsidiaries, members of banking committees making risk-bearing decisions, managing significant business lines, employees empowered to make decisions that open up exposure to risk, supervising control functions.

The Personnel Committee of the Supervisory Board supervised the annual process of verification of the list of persons identified as Risk Takers.

b) Information relating to the design and structure of the remuneration system for identified staff. Disclosures shall include:

- *Overview of the key features and objectives of remuneration policy, and information about the decision-making process used for determining the remuneration policy and the role of the relevant stakeholders (e.g. the shareholders' meeting);*

Remuneration Policy is one of the tools for implementation of the Human Resources strategy in Bank Millennium Group, in particular as regards acquisition and retention of stable, highly qualified and innovative staff. All individual remuneration system solutions are developed pursuant to the principles defined in the Policy.

The Policy is to provide formal frameworks for shaping remuneration practice for all the employees of the Group in terms of corporate governance, security of the institution as well as appropriateness of remunerations in relation to standing, scale of operations and development potential of the Group. The Policy objectives shall be achieved in particular through:

- adoption of such a structure of the fixed and variable remuneration components in defined business line, in which fixed remuneration constitutes the main source of income of the employees,
- development of bonus systems based on performance evaluation, taking into account the risk and organisation management strategies in place,
- introduction of such form and schedule of payment of variable remuneration components so that the value of the paid components is both motivational and adequate to the risk linked to the actual business results,

Management of renumeration policy in Bank Millennium Group is as follows:

- The Management Board of the Bank develops, implements and ensures operation of the Remuneration Policy adequate to the management system and risk strategy, and internal control system applied in the Group.
- Personnel Committee of the Supervisory Board issues opinion on execution of the remuneration policy in the Group and presents in the report to the Supervisory Board conclusions on operation of the remuneration policy.
- The Supervisory Board of the Bank is responsible for approval and maintenance of the Policy and once a year, prepares and presents to the General Shareholders Meeting an operational assessment report for the remuneration policy in the Group with special focus on the risk-takers remuneration policy.
- General Shareholders Meeting receives an annual report on the assessment of the functioning the remuneration policy in the Group and assesses whether the approved Policy supports development and security of the Bank/
- HR Department is responsible for implementation of the Policy principles into the bonus systems and employee evaluation systems. The Department handles the evaluation process and pays variable remuneration components according to the Policy.
- Internal audit unit conducts a central compliance review of the remuneration practices in terms of the regulations and this Policy.

- *Information on the criteria used for performance measurement and ex ante and ex post risk adjustment;*

  Decision makers influencing the risk profile are assessed, inter alia, in terms of the criterion "Individual impact on the risk profile". Appropriate measures are assigned to each Risk Taker, which depend on the area in which they make decisions. These measures are assessed on a semi-annual basis. As a result of the assessment of Risk Taker, inter alia, to the extent that his decisions do not adversely affect the bank's risk profile, a decision is made to grant and pay the current and deferred bonus in previous years.

- *Whether the management body and the remuneration committee, where established, reviewed the institution's remuneration policy during the past year, and if so, an overview of any changes that were made, the reasons for those changes and their impact on remuneration;*

  The Supervisory Board presented to the General Meeting (GSM), as part of the report of its activities in 2021, the assessment of the functioning of the remuneration policy in the Bank Millennium Group. The General Meeting of Shareholders recognized the policy pursued as supporting to the Bank's development and security.

  The following clarifications were introduced in the remuneration policies in force at the Bank in 2021:

  - a maximum ratio of the average total gross remuneration of the Management Board members to the average total gross remuneration of other employees of the Bank was introduced (40),
  - The deadline for the identification of employees having an significant impact on the risk profile was standardized for the entire BCP Group,
  - It was emphasized that the principles of remuneration in the Group should be formulated in such a way as not to motivate the introduction of risks for sustainable development into the operations of the Group's companies,
  - It was emphasized that the Group's remuneration principles should be formulated so as to be gender-neutral,
  - The threshold for variable remuneration considered significant has been redefined, below which the variable remuneration can be paid in full in cash and without the deferral mechanism, in accordance with the level specified in the Banking Law.

- *Information of how the institution ensures that staff in internal control functions are remunerated independently of the businesses they oversee;*

  Bonus systems for the audit and compliance employees cannot contain incentive mechanisms linked to financial results of the Group, in particular, the results achieved in the controlled areas of business.

  The heads of the internal audit, compliance, legal and risk management units receive variable remuneration for achieving the goals resulting from their functions, and their remuneration does not depend on the financial results obtained in the areas of activity they control.

  The remuneration components of these persons are approved by the Supervisory Board on the basis of the recommendation of the Supervisory Board Personnel Committee.

- *Policies and criteria applied for the award of guaranteed variable remuneration and severance payments.*

  Bank Millennium does not offer guaranteed variable remuneration components and does not envisage other severance pays than retirement severance. The Group does not conduct its own pension programmes. Employees of the Group may receive a one-off severance pay paid in connection with employee's retirement in amount higher than the level defined in the Labour Code. The guarantee components of the variable remuneration are of an exceptional nature and may only be used in the first year of employment of a given Risk Taker.

c) *Description of the ways in which current and future risks are taken into account in the remuneration processes Disclosures shall include an overview of the key risks, their measurement and how these measures affect remuneration.*

In developing the remuneration budgets, the Bank takes into account the level of the current and future liquidity risk, credit risk and, additionally, due to the Bank's situation, legal risk. The risk review and measurement is based on the methodology used in the ICAAP process.

The ICAAP process systematically assesses and reviews the materiality of individual risk types. All identified risks are subject to this assessment. Risk assessed as significant should be secured or covered with available financial resources (own funds) or other means of limitation and control. Significant risks are also managed in a formalized and structured management process performed by specialized organizational units.

d) *The ratios between fixed and variable remuneration set in accordance with point (g) of Article 94(1) of Directive (EU) 2013/36("CRD")*[8]

According to the remuneration policy, the total individual variable remuneration of persons having an impact on the risk profile, including members of the Management Board, may not exceed 100% of the total annual fixed remuneration.

e) *Description of the ways in which the institution seeks to link performance during a performance measurement period with levels of remuneration*

- *an overview of main performance criteria and metrics for institution, business lines and individuals.*

  Variable remuneration components - the annual bonus pool for persons in managerial positions is granted after prior analysis of the Bank's situation in the field of:

  - achieved business results: net profit, result on banking operations, cost to income ratio, ROE;
  - liquidity: loans / deposits ratio, liquid assets value level;
  - capital adequacy ratios in relation to the KNF reference level.

  The Bank's results before granting the bonus pool for variable remuneration for persons in managerial positions are analysed in a three-year perspective.

  Risk Takers carrying out tasks within particular business lines have specific business criteria corresponding to the goals of the areas they manage, in example:

  - Retail Banking: Retail Result on Banking Activity - sales in the managed area,
  - Corporate Banking: individual performance in a macroregion, region or area
  - Credit process effectiveness,
  - Debt collection process effectiveness.

- *An overview of how amounts of individual variable remuneration are linked to institution-wide and individual performance.*

  Criteria for the performance assessment at the level of the Bank, organizational units and at the individual level, constituting the basis for determining the variable remuneration.

  Members of the Bank's Management Board:

  Decisions regarding the award of bonuses to Management Board members are made by the Personnel Committee of the Supervisory Board after analysing the results, taking into account

[8] 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 (OJ L 176, 27.6.2013, p. 338).

1) the financial criteria:
   - implementation of planned budgets and indicators set for the managed area of activity,
   - comparison of results with competing banks of similar size,
   - business market criteria established for a given period;
2) and non-financial criteria, in particular:
   - overall quality of management in the area of responsibility,
   - effective leadership and contribution to the Bank's development,

Other Risk Takers

The Personnel Committee of the Management Board of Bank Millennium assesses the work of other persons identified as risk takers. The assessment is based on the following criteria:

1) financial (the Bank's financial results and the results of the business line / units / individual results)
2) non-financial ones related directly to a given Risk Taker, i.e. cooperation, commitment, quality, efficiency and team management.

The evaluation period covers a 3-year time horizon.

The value of the annual discretionary bonus is determined on the basis of the results from the particular analysed periods.

- *Information on the criteria used to determine the balance between different types of instruments awarded including shares, equivalent ownership interest, options and other instruments*

The Bank uses one type of financial instrument for each group of eligible employees.

- *Information of the measures the institution will implement to adjust variable remuneration in the event that performance metrics are weak, including the institution's criteria for determining performance metrics when the performance metrics are considered "weak".*

The decision of the Bank's Management Board to determine the bonus pool is a condition for the commencement of the bonus granting process. The amount of the bonus pool is determined by the Bank's Management Board after the end of the assessment period and the disclosure of the financial results.

The level of the bonus pool is correlated with the profit on banking activity, net profit, cost / income ratio, ROE. The capital adequacy ratios and liquidity ratios in the assessed period cannot fall below the levels accepted by the Polish Financial Supervision Authority.

In addition, as a rule, the pool allocated to the variable remuneration components of the Members of the Management Board of Bank Millennium may not exceed the share of the Bank Millennium Group's consolidated net profit determined by the Supervisory Board, which, in accordance with the regulations in force in 2021, was 2%.

f) *Description of the ways in which the institution seeks to adjust remuneration to take account of long-term performance*

Disclosures shall include:

- *An overview of the institution's policy on deferral, payout in instrument, retention periods and vesting of variable remuneration including where it is different among staff or categories of staff.*

In accordance with the applicable Remuneration Policy with Respect to Risk Takers in the Bank Millennium S.A. Group" the following rules for deferring payments for variable remuneration components apply.

Members of the Management Board of Bank Millennium

Structure of variable remuneration: the award and payment (in case of shares - transfer of rights) of 50% of the variable remuneration value take place after the end of the accounting period and after the publication of the financial results. The payment of remain 50% of the variable remuneration is postponed for 5 years, payable in equal annual instalments. Members of the

Management Board receive each part of the bonus awarded - those paid out in the year following the settlement period and the deferred ones - half in cash and half in financial instrument (Bank's own shares). The shares are subject to retention for 1 year from the date of transfer of rights.

Other Risk Takers

Variable remuneration (annual bonus), as part of the accounting principles in accordance with the following scheme:

• 50% of the bonus is paid in cash and is not deferred,

• 10% of the bonus is paid in shares that are not deferred, even though they cannot be sold for 1 year,

• 40% of the bonus is granted in the form of shares and is subject to deferment, their transfer takes place after periodic reassessment in equal annual instalments for 5 years. These shares are also subject to a retention period of 1 year from the date of transfer of rights.

In 2021, by the decision of the Personnel Committee of the Management Board of the Bank, the bonus for Risk Takers, who are not Management Board Members, was paid in full in cash without applying the deferral mechanism (in accordance with the provisions of the Risk Takers Policy). The rationale for this decision was the level of the bonus lower than the threshold set in the Risk Takers Policy.

- *Information of the institution' criteria for ex post adjustments (malus during deferral and clawback after vesting, if permitted by national law).*

  The payment of the deferred part of the variable remuneration component is each time preceded by an assessment. Depending on the financial situation of the Bank, by the decision of the Personnel Committee of the Supervisory Board with regard to Members of the Management Board, and the Personnel Committee of the Bank's Management Board with respect to other Risk Takers, the bonus may be reduced or retained.

  The condition of payment is the non-occurrence of the following events:

  - significant correction of results in relation to the assessed period,
  - low level of the Bank's results threatening the capital base,
  - materialization of the risk of decisions taken in the period under assessment, which negatively affects the bank's risk profile.

  Pursuant to the labour law in force in Poland, it is not possible to withdraw the employee previously paid bonus.

- *where applicable, shareholding requirements that may be imposed on identified staff.*

  he Bank does not apply any additional requirements beyond those described in point f) tir 1 and 2

g) *The description of the main parameters and rationale for any variable components scheme and any other non-cash benefit, as referred to in point (f) of Article 450(1) CRR. Disclosures shall include:*

Information on the specific risk/performance indicators used to determine the variable components of remuneration and the criteria used to determine the balance between different types of instruments awarded, including shares, equivalent ownership interests, share-linked instruments, equivalent non cash-instruments, options and other instruments.

Information in this regard has been presented under point e) tir 1 and 2.

h) *Upon demand from the relevant Member State or competent authority, the total remuneration for each member of the management body or senior management, as referred to in point (j) of Article 450(1) CRR*

Information on the remuneration of members of the management body is disclosed in the Management Board Report on the activities of Bank Millennium and the Bank Millennium Capital Group for 2021 and in the Report on the remuneration of Members of the Management Board and Supervisory Board of Bank Millennium for 2021. Information on the total remuneration of senior management is not subject to publication.

i) *Information on whether the institution benefits from a derogation laid down in Article 94(3) CRD, as referred to in point (k) of Article 450(1) CRR*

For the purposes of this point, institutions that benefit from such a derogation shall indicate whether this is on the basis of point (a) and/or point (b) of Article 94(3) CRD. They shall also indicate which of the remuneration requirements they apply the derogation(s), (i.e., point (l) and/or (m) and/or (o) of Article 94(1) CRD), the number of staff members that benefit from the derogation(s) and their total remuneration, split into fixed and variable remuneration.

The Bank does not use these derogations.

11.3. QUANTITATIVE INFORMATION ON REMUNERATION

Aggregated quantitative information concerning remuneration of persons in management positions in Bank Millennium Group (including former Eurobank) who have material impact on its risk profile, in the meaning of article 450 of CRR.

Table no 89 EU REM1 - Remuneration awarded for the financial year (in accordance with ITS 2021/637) (in PLN)

			MB Supervisory function	MB Management function	Other senior management	Other identified staff
1	Fixed remuneration	Number of identified staff	12	7	59	7
2		Total fixed remuneration	2 167 326	12 331 088	23 812 228	1 947 386
3		Of which: cash-based	2 167 326	12 331 088	23 812 228	1 947 386
4		(Not applicable in the EU)				
EU-4a		Of which: shares or equivalent ownership interests	0	0	0	0
5		Of which: share-linked instruments or equivalent non-cash instruments	0	0	0	0
EU-5x		Of which: other instruments	0	0	0	0
6		(Not applicable in the EU)				
7		Of which: other forms	0	0	0	0
8		(Not applicable in the EU)				
9	Variable remuneration	Number of identified staff	12	7	59	7
10		Total variable remuneration	0	8 400 000	3 088 700	270 000
11		Of which: cash-based	0	4 200 000	3 088 700	270 000
12		Of which: deferred	0	2 100 000	0	0
EU-13a		Of which: shares or equivalent ownership interests	0	4 200 000	0	0
EU-14a		Of which: deferred	0	2 100 000	0	0
EU-13b		Of which: share-linked instruments or equivalent non-cash instruments	0		0	0
EU-14b		Of which: deferred	0		0	0

EU-14x	Of which: other instruments	0		0	0
EU-14y	Of which: deferred	0		0	0
15	Of which: other forms	0		0	0
16	Of which: deferred	0		0	0
17	**Total remuneration (2 + 10)**	**2 167 326**	**20 731 088**	**26 900 928**	**2 217 386**

Note: The discrepancy between the number of Risk Takers shown in Table 88 and Table no 89 results from the identification in the fourth quarter of 2021 on 2022 Members of the Supervisory Board as RT

Table no 90 EU REM2 - Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff) (in accordance with ITS 2021/637) (in PLN)

		MB Supervisory function	MB Management function	Other senior management	Other identified staff
	Guaranteed variable remuneration awards				
1	Guaranteed variable remuneration awards - Number of identified staff	0	0	0	0
2	Guaranteed variable remuneration awards -Total amount	0	0	0	0
3	Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap	0	0	0	0
	Severance payments awarded in previous periods, that have been paid out during the financial year				
4	Severance payments awarded in previous periods, that have been paid out during the financial year - Number of identified staff	0	0	0	0
5	Severance payments awarded in previous periods, that have been paid out during the financial year - Total amount	0	0	0	0
	Severance payments awarded during the financial year				
6	Severance payments awarded during the financial year - Number of identified staff	0	0	0	0
7	Severance payments awarded during the financial year - Total amount	0	0	0	0
8	Of which paid during the financial year	0	0	0	0

9	Of which deferred	0	0	0	0
10	Of which severance payments paid during the financial year, that are not taken into account in the bonus cap	0	0	0	0
11	Of which highest payment that has been awarded to a single person	0	0	0	0

Table no 91 EU REM3 - Deferred remuneration (in accordance with ITS 2021/637) (in PLN)

	Deferred and retained remuneration	Total amount of deferred remuneration awarded for previous performance periods	Of which due to vest in the financial year	Of which vesting in subsequent financial years	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e.changes of value of deferred remuneration due to the changes of prices of instruments)	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods
1	MB Supervisory function	0	0	0	0	0	0	0	0
2	Cash-based	0	0	0	0	0	0	0	0
3	Shares or equivalent ownership interests	0	0	0	0	0	0	0	0
4	Share-linked instruments or equivalent non-cash instruments	0	0	0	0	0	0	0	0
5	Other instruments	0	0	0	0	0	0	0	0
6	Other forms	0	0	0	0	0	0	0	0

7	MB Management function	7 140 651	3 649 646	3 491 005	0	0	0	0	510 948
8	Cash-based	3 716 313	1 970 811	1 745 502	0	0	0		
9	Shares or equivalent ownership interests	1 539 006	510 948	1 028 058	0	0	0		510 948
10	Share-linked instruments or equivalent non-cash instruments	1 885 331	1 167 887	717 444	0	0	0	0	0
11	Other instruments	0			0	0	0	0	0
12	Other forms	0			0	0	0	0	0
13	Other senior management	4 955 545	2 288 118	2 667 426	0	0	0	748 709	1 652 917
14	Cash-based	0	0	0	0	0	0	0	0
15	Shares or equivalent ownership interests	3 905 306	1 652 917	2 252 388	0	0	0	748 709	1 652 917
16	Share-linked instruments or equivalent non-cash instruments	1 050 239	635 201	415 038	0	0	0	0	0
17	Other instruments	0	0	0	0	0	0	0	0
18	Other forms	0	0	0	0	0	0	0	0
19	Other identified staff	429 688	194 320	235 368	0	0	0	71 787	175 876
20	Cash-based	0	0	0	0	0	0	0	0
21	Shares or equivalent ownership interests	403 254	175 876	227 378	0	0	0	71 787	175 876
22	Share-linked instruments or equivalent non-cash instruments	26 434	18 444	7 990	0	0	0	0	0

23	Other instruments	0	0	0	0	0	0	0	0
24	Other forms	0	0	0	0	0	0	0	0
25	**Total amount**	**12 525 884**	**6 132 084**	**6 393 800**	**0**	**0**	**0**	**820 496**	**2 339 742**

Table no 92 EU REM4 - Remuneration of 1 million EUR or more per year (in accordance with ITS 2021/637)

	EUR	Identified staff that are high earners as set out in Article 450(i) CRR
1	1 000 000 to below 1 500 000	0
2	1 500 000 to below 2 000 000	0
3	2 000 000 to below 2 500 000	0
4	2 500 000 to below 3 000 000	0
5	3 000 000 to below 3 500 000	0
6	3 500 000 to below 4 000 000	0
7	4 000 000 to below 4 500 000	0
8	4 500 000 to below 5 000 000	0
9	5 000 000 to below 6 000 000	0
10	6 000 000 to below 7 000 000	0
11	7 000 000 to below 8 000 000	0

Table no 93 EU REM5 - Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff) (in accordance with ITS 2021/637) (in PLN)

	Management body remuneration			Business areas						-
	MB Supervisory function	MB Management function	Total MB	Investment banking	Retail banking	Asset management	Corporate functions	Independent internal control functions	All other	Total

1	Total number of identified staff										
2	Of which: members of the MB	12	7	19							
3	Of which: other senior management				2	13		7	4	33	59
4	Of which: other identified staff					2				5	7
5	Total remuneration of identified staff	2 167 326	12 331 088	14 498 414	804 644	6 466 165	0	3 584 519	2 491 068	15 771 920	29 118 315
6	Of which: variable remuneration	0	0	0	98 000	808 000		436 600	246 800	1 769 300	3 358 700
7	Of which: fixed remuneration	2 167 326	12 331 088	14 498 414	706 644	5 658 165		3 147 919	2 244 268	14 002 620	25 759 615

Information on employees' remuneration paid / awarded for a given financial year.

Detailed information concerning remuneration of Management Board Members are presented in the Management Board Report on Activity of Bank Millennium S.A. for 2021.

12. Statement of the Management Board

The Management Board of Bank Millennium S.A. hereby declares that:

- to the best of their knowledge, the information disclosed in accordance with section eight of the CRR was prepared in accordance with internal control processes;

- to the best of its knowledge, the information provided on capital adequacy, risk and remuneration policy is accurate and presents a fair and reliable view of these matters;

- to the best of its knowledge, the adequacy of risk management arrangements in Bank Millennium S.A. ensures that the risk management systems in place are adequate to the risk profile and strategy of the Bank and the Group;

- approves this "Capital Adequacy, Risk, Remuneration Policy Report of Bank Millennium Capital Group as at 31 December 2021". which contains information about risk, discusses the general risk profile of the Bank and the Group associated with the business strategy and in which key indicators and figures were included, providing external stakeholders with a comprehensive view of risk management in the Bank Millennium S.A. Group, including the interaction between the Bank's risk profile and risk appetite, defined by the Management Board and approved by the Supervisory Board.

SIGNATURES

Date	Name and Surname	Position/Function	Signature
10.08.2022	Joao Bras Jorge	Chairman of the Management Board	....
10.08.2022	Fernando Bicho	Deputy Chairman of the Management Board	....
10.08.2022	Wojciech Haase	Member of the Management Board	....
10.08.2022	Andrzej Gliński	Member of the Management Board	....
10.08.2022	Wojciech Rybak	Member of the Management Board	....
10.08.2022	Antonio Pinto Junior	Member of the Management Board	....
10.08.2022	Jarosław Hermann	Member of the Management Board	....

APPENDIX 1 EU KM1 – KEY METRICS TEMPLATE (IN PLN THOUSANDS, IN PERCENTS)

		2021-12-31	2021-09-30	2021-06-30	2021-03-31	2020-12-31
	Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital	6 906 327	7 593 816	7 921 101	8 171 010	8 438 996
2	Tier 1 capital	6 906 327	7 593 816	7 921 101	8 171 010	8 438 996
3	Total capital	8 436 327	9 123 816	9 451 101	9 701 010	9 968 996
	Risk-weighted exposure amounts					
4	Total risk-weighted exposure amount	49 443 039	50 220 177	50 677 541	50 079 111	51 138 003
	Capital ratios (as a percentage of risk-weighted exposure amount)					
5	Common Equity Tier 1 ratio (%)	13,9682%	15,1210%	15,6304%	16,3162%	16,5024%
6	Tier 1 ratio (%)	13,9682%	15,1210%	15,6304%	16,3162%	16,5024%
7	Total capital ratio (%)	17,0627%	18,1676%	18,6495%	19,3714%	19,4943%
	Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)					
EU-7a	Additional CET1 SREP requirements (%)	2,7900%	3,3500%	3,3500%	3,3500%	3,3500%
EU-7b	Additional AT1 SREP requirements (%)	1,5600%	1,8800%	1,8800%	1,8800%	1,8800%
EU-7c	Additional T2 SREP requirements (%)	2,0900%	2,5200%	2,5200%	2,5200%	2,5200%
EU-7d	Total SREP own funds requirements (%)	10,7900%	11,3500%	11,3500%	11,3500%	11,3500%
	Combined buffer requirement (as a percentage of risk-weighted exposure amount)					
8	Capital conservation buffer (%)	2,5000%	2,5000%	2,5000%	2,5000%	2,5000%
EU-8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0,0000%	0,0000%	0,0000%	0,0000%	0,0000%
9	Institution specific countercyclical capital buffer (%)	0,0000%	0,0000%	0,0000%	0,0000%	0,0000%
EU-9a	Systemic risk buffer (%)	0,0000%	0,0000%	0,0000%	0,0000%	0,0000%
10	Global Systemically Important Institution buffer (%)	0,0000%	0,0000%	0,0000%	0,0000%	0,0000%
EU-10a	Other Systemically Important Institution buffer	0,2500%	0,2500%	0,2500%	0,2500%	0,2500%
11	Combined buffer requirement (%)	2,7500%	2,7500%	2,7500%	2,7500%	2,7500%
EU-11a	Overall capital requirements (%)	13,5400%	14,1000%	14,1000%	14,1000%	14,1000%

12	CET1 available after meeting the total SREP own funds requirements (%)	5,8782%	6,6010%	7,1104%	7,7962%	7,9824%
	Leverage ratio					
13	Leverage ratio total exposure measure	106 876 181	107 081 159	107 520 391	107 268 149	101 656 804
14	Leverage ratio	6,4620%	7,0916%	7,5995%	7,6174%	8,3015%
	Additional own funds requirements to address risks of excessive leverage (as a percentage of leverage ratio total exposure amount)					
EU-14a	Additional CET1 leverage ratio requirements (%)	0,0000%	0,0000%	0,0000%	0,0000%	0,0000%
EU-14b	Additional AT1 leverage ratio requirements (%)	0,0000%	0,0000%	0,0000%	0,0000%	0,0000%
EU-14c	Total SREP leverage ratio requirements (%)	0,0000%	0,0000%	0,0000%	0,0000%	0,0000%
EU-14d	Applicable leverage buffer	3,0000%	3,0000%	3,0000%	0,0000%	0,0000%
EU-14e	Overall leverage ratio requirements (%)	3,0000%	3,0000%	3,0000%	0,0000%	0,0000%
	Liquidity Coverage Ratio					
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	19 141 860	22 188 245	23 954 957	24 246 473	18 896 612
EU-16a	Cash outflows - Total weighted value	13 593 757	12 820 707	15 843 440	15 327 372	13 428 822
EU-16b	Cash inflows - Total weighted value	1 792 308	1 851 428	2 047 287	1 708 743	1 676 286
16	Total net cash outflows (adjusted value)	12 801 627	12 059 393	13 796 153	13 618 629	11 752 536
17	Liquidity coverage ratio (%)	149,5268%	183,9914%	173,6350%	178,0390%	160,7875%
	Net Stable Funding Ratio					
18	Total available stable funding	89 742 420	89 589 953	89 417 952	83 574 557	80 156 240
19	Total required stable funding	62 536 148	61 554 058	60 780 649	64 554 697	64 193 017
20	NSFR ratio (%)	143,5049%	145,5468%	147,1158%	129,4632%	124,8675%

APPENDIX 2 EU CCA - MAIN FEATURES OF REGULATORY OWN FUNDS INSTRUMENTS AND ELIGIBLE LIABILITIES INSTRUMENTS

		Qualitative or quantitative information		
1	Issuer	Bank Millennium S.A.	Bank Millennium S.A.	Bank Millennium S.A.
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	PLBIG0000016	PLBIG0000453	PLBIG0000461
2a	Public or private placement	public	public	public
3	Governing law(s) of the instrument	Polish	Polish	Polish
3a	Contractual recognition of write down and conversion powers of resolution authorities	n.a.	n.a.	n.a.
	Regulatory treatment			
4	Current treatment taking into account, where applicable, transitional CRR rules	Common Equity Tier 1 Capital	Tier 2 Capital	Tier 2 Capital
5	Post-transitional CRR rules	Common Equity Tier 1 Capital	Tier 2 Capital	Tier 2 Capital
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	Solo/consolidated	Solo/consolidated	Solo/consolidated
7	Instrument type (types to be specified by each jurisdiction)	shares series A-L	bonds	bonds
8	Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date)	2360,3580	700	830
9	Nominal amount of instrument	1213,1168	700	830
EU-9a	Issue price	2360,3580	700	830
EU-9b	Redemption price	n.a.	700	830
10	Accounting classification	Capital	Liabilities	Liabilities
11	Original date of issuance	30.06.1989	7.12.2017	30.01.2019
12	Perpetual or dated	Perpetual	Dated	Dated
13	Original maturity date	n.a.	7.12.2027	30.01.2029
14	Issuer call subject to prior supervisory approval	No	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	n.a.	7.12.2022	31.01.2024
16	Subsequent call dates, if applicable	n.a.	n.a.	n.a.
	Coupons / dividends			
17	Fixed or floating dividend/coupon	floating	floating	floating

18	Coupon rate and any related index	n.a.	WIBOR 6M + 0,0230	WIBOR 6M + 0,0230
19	Existence of a dividend stopper	Yes	n.a.	n.a.
EU-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary	n.a.	n.a.
EU-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary	n.a.	n.a.
21	Existence of step up or other incentive to redeem	n.a.	Nie	Nie
22	Noncumulative or cumulative	n.a.	Nie	Nie
23	Convertible or non-convertible	n.a.	non-convertible	non-convertible
24	If convertible, conversion trigger(s)	n.a.	n.a.	n.a.
25	If convertible, fully or partially	n.a.	n.a.	n.a.
26	If convertible, conversion rate	n.a.	n.a.	n.a.
27	If convertible, mandatory or optional conversion	n.a.	n.a.	n.a.
28	If convertible, specify instrument type convertible into	n.a.	n.a.	n.a.
29	If convertible, specify issuer of instrument it converts into	n.a.	n.a.	n.a.
30	Write-down features	No	n.a.	n.a.
31	If write-down, write-down trigger(s)	General Shareholders Meeting	n.a.	n.a.
32	If write-down, full or partial	Full or partial	n.a.	n.a.
33	If write-down, permanent or temporary	n.a.	n.a.	n.a.
34	If temporary write-down, description of write-up mechanism	General Shareholders Meeting resolution	n.a.	n.a.
34a	Type of subordination (only for eligible liabilities)	n.a.	n.a.	n.a.
EU-34b	Ranking of the instrument in normal insolvency proceedings	n.a.	Subordinated	Subordinated
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	n.a.	Subordinated	Subordinated

36	Non-compliant transitioned features	n.a.	n.a.	n.a.
37	If yes, specify non-compliant features	n.a.	n.a.	n.a.
37a	Link to the full term and conditions of the intrument (signposting)	n.a.	https://www.bankmillennium.pl/o-banku/relacje-inwestorskie/raporty-biezace/-/r/691939	https://www.bankmillennium.pl/o-banku/relacje-inwestorskie/raporty-biezace/-/r/26915977

APPENDIX 3 COUNTERCYCLICAL CAPITAL BUFFERS

Table EU CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer (according to ITS 2021/637) (in PLN thousands, in percents)

		General credit exposures		Relevant credit exposures - Market risk				Own fund requirements						
		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	Securitisation exposures Exposure value for non-trading book	Total exposure value	Relevant credit risk exposures - Credit risk	Relevant credit exposures - Market risk	Relevant credit exposures - Securitisation positions in the non-trading book	Total	Risk-weighted exposure amounts	Own fund requirements weights (%)	Countercyclical buffer rate (%)
010	**Breakdown by country: Poland**	45 883 359	44 750 389	0	0	0	90 634	3 125 488	0	0	3 125 488	39 069	100,00%	0,00%
020	Total	45 883 359	44 750 389	0	0	0	90 634	3 125 488	0	0	3 125 488	39 069	0,00%	0,00%

Exposures in this report do not include exposures to banks and central governments, local governments, public sector exposures and institutions in accordance with Art. 140.4 CRD. The Group has no credit exposures that are material for the purpose of the calculation of the institution specific countercyclical capital buffer in accordance with Commission Delegated Regulation (EU) No 1152/2014. Exposures included in the trading book or foreign credit exposures account for less than 2% of the total risk-weighted exposure amount, therefore they have been assigned the Group's location - Poland.

Table EU CCyB2 - Amount of institution-specific countercyclical capital buffer (according to ITS 2021/637) (in PLN thousands, in percents)

1	Total risk exposure amount	49 443 039
2	Institution specific countercyclical capital buffer rate	0,00%
3	Institution specific countercyclical capital buffer requirement	0

APPENDIX 4 IFRS 9 / ARTICLE 468-FL COMPARISON OF INSTITUTIONS' OWN FUNDS AND CAPITAL AND LEVERAGE RATIOS WITH AND WITHOUT THE APPLICATION OF TRANSITIONAL ARRANGEMENTS FOR IFRS 9 OR ANALOGOUS ECLS. AND WITH AND WITHOUT THE APPLICATION OF THE TEMPORARY TREATMENT IN ACCORDANCE WITH ARTICLE 468 OF THE CRR (IN PLN THOUS. AND IN %)

	31.12.2021	30.09.2021	30.06.2021	31.03.2021	31.12.2020
Available capital (amounts)					
1. Common Equity Tier 1 (CET1) capital	6 906 327	7 593 816	7 921 101	8 171 010	8 438 996
2. Common Equity Tier 1 (CET1) capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	6 738 651	7 425 120	7 797 806	8 002 110	8 227 534
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	6 440 399	7 425 120	7 797 806	8 002 110	8 438 996
3. Tier 1 capital	6 906 327	7 593 816	7 921 101	8 171 010	8 438 996
4. Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	6 738 651	7 425 120	7 797 806	8 002 110	8 227 534
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	6 440 399	7 425 120	7 797 806	8 002 110	8 438 996
5. Total capital	8 436 327	9 123 816	9 451 101	9 701 010	9 968 996
6. Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	8 268 651	8 955 120	9 327 806	9 532 110	9 757 534
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	7 970 399	8 955 120	9 327 806	9 532 110	9 968 996
Risk-weighted assets (amounts)					
7. Total risk-weighted assets	49 443 039	50 220 177	50 677 541	50 079 111	51 138 003
8. Total risk-weighted assets as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	49 252 498	50 059 577	50 554 247	49 909 204	50 954 615
Capital ratios					
9. Common Equity Tier 1 (as percentage of risk exposure amount)	13,97%	15,12%	15,63%	16,32%	16,50%

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10. Common Equity Tier 1 (as percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	13,68%	14,83%	15,42%	16,03%	16,15%
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	13,03%	14,83%	15,42%	16,03%	16,50%
11. Tier 1 (as percentage of risk exposure amount)	13,97%	15,12%	15,63%	16,32%	16,50%
12. Tier 1 (as percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	13,68%	14,83%	15,42%	16,03%	16,15%
12a.Tier 1 (as a percentage of risk exposure amount) as if the temporary treatment of unrealised gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied	13,03%	14,83%	15,42%	16,03%	16,50%
13. Total capital (as percentage of risk exposure amount)	17,06%	18,17%	18,65%	19,37%	19,49%
14. Total capital (as percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	16,79%	17,89%	18,45%	19,10%	19,15%
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	16,12%	17,89%	18,45%	19,10%	19,49%
Leverage ratio					
15. Leverage ratio total exposure measure	106 876 181	107 081 159	107 520 391	107 268 149	101 643
16. Leverage ratio	6,46%	7,09%	7,60%	7,62%	8,30%
17. Leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	5,90%	6,95%	7,46%	7,48%	8,13%
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	5,90%	6,95%	7,46%	7,48%	8,30%

DISCLOSURES INDEX

The below table presents the disclosure index with references to points in the Disclosures or another documents of the Group, wherein information defined in Part Eight of CRR are presented. The table presents the references to the tables and templates set in the another, defined in the Introduction, European regulations on disclosures:

- ITS 2021/637
- EBA/GL/2020/12.

ARTICLE CRR (Part 8) / Another regulation	CRR text / Another regulation text	Point and the table in the Report / Part in other document
435.1.a	Disclosure of risk management objectives and policies 1, Institutions shall disclose their risk management objectives and policies for each separate category of risk, including the risks referred to in this Title, Those disclosures shall include: (a) the strategies and processes to manage those categories of risks;	Point 3 Table 4 EU OVA Chapter on Risk Management in Financial Report and in Management Board Report Point 6 table EU CRA Point 7 Table EU ORA Point 8 Table EU MRA Point 9 Table EU LIQA
435.1.b	(b) the structure and organisation of the relevant risk management function including information on the basis of its authority, its powers and accountability in accordance with the institution's incorporation and governing documents;	Point 3 Table EU OVA Chapter on Risk Management in Financial Report and in Management Board Report Point 6 Table EU CRA Point 7 Table EU ORA Point 8 Table EU MRA Point 9 Table EU LIQA
435.1.c	(c) the scope and nature of risk reporting and measurement systems;	Point 3 Table EU OVA Chapter on Risk Management in Financial Report and in Management Board Report Point 7 Table EU ORA Point 8 Table EU MRA Point 9 Table EU LIQA
435.1.d	(d) the policies for hedging and mitigating risk, and the strategies and processes for monitoring the continuing effectiveness of hedges and mitigants;	Point 3 Table EU OVA Chapter on Risk Management in Financial Report and in Management Board Report Point 6 Table EU CRA Point 7 Table EU ORA Point 8 Table EU MRA Point 9 Table EU LIQA
435.1.e	e) a declaration approved by the management body on the adequacy of the risk management arrangements of the relevant institution providing assurance that the risk management systems put in place are adequate with regard to the institution's profile and strategy;	Point 3 Table EU OVA Point 12
435.1.f	f) a concise risk statement approved by the management body succinctly describing the relevant institution's overall risk profile associated with the business strategy; that statement shall include: (i) key ratios and figures providing external stakeholders a comprehensive view of the institution's management of risk, including	Point 3 Table EU OVA Point 12 Chapter on Risk Management in Financial Report and in

	how the risk profile of the institution interacts with the risk tolerance set by the management body; (ii) information on intragroup transactions and transactions with related parties that may have a material impact of the risk profile of the consolidated group,	Management Board Report Point 6 Table EU CRA
435.2.a	2, Institutions shall disclose the following information regarding governance arrangements: (a) the number of directorships held by members of the management body;	Point 3 Table EU OVB
435.2.b	b) the recruitment policy for the selection of members of the management body and their actual knowledge, skills and expertise;	Point 3 Table EU OVB
435.2.c	(c) the policy on diversity with regard to selection of members of the management body, its objectives and any relevant targets set out in that policy, and the extent to which those objectives and targets have been achieved;	Point 3 Table EU OVB
435.2.d	(d) whether or not the institution has set up a separate risk committee and the number of times the risk committee has met;	Point 3 Table EU OVB
435.2.e	(e) the description of the information flow on risk to the management body,	Point 3 Table EU OVB
436.a-b	Disclosure of the scope of application Institutions shall disclose the following information regarding the scope of application of this Regulation as follows: (a) the name of the institution to which this Regulation applies; (b) a reconciliation between the consolidated financial statements prepared in accordance with the applicable accounting framework and the consolidated financial statements prepared in accordance with the requirements on regulatory consolidation pursuant to Sections 2 and 3 of Title II of Part One; that reconciliation shall outline the differences between the accounting and regulatory scopes of consolidation and the legal entities included within the regulatory scope of consolidation where it differs from the accounting scope of consolidation; the outline of the legal entities included within the regulatory scope of consolidation shall describe the method of regulatory consolidation where it is different from the accounting consolidation method, whether those entities are fully or p	Point 4 Table EU LI3 Table EU LIA
436.c	(c) a breakdown of assets and liabilities of the consolidated financial statements prepared in accordance with the requirements on regulatory consolidation pursuant to Sections 2 and 3 of Title II of Part One, broken down by type of risks as referred to under this Part;	Point 4 Table EU LI1
436.d	d) a reconciliation identifying the main sources of differences between the carrying value amounts in the financial statements under the regulatory scope of consolidation as defined in Sections 2 and 3 of Title II of Part One, and the exposure amount used for regulatory purposes; that reconciliation shall be supplemented by qualitative information on those main sources of differences;	Point 4 Table EU LIA Table EU LI2
436.e	(e) for exposures from the trading book and the non-trading book that are adjusted in accordance with Article 34 and Article 105, a breakdown of the amounts of the constituent elements of an institution's prudent valuation adjustment, by type of risks, and the total of constituent elements separately for the trading book and non-trading book positions;	Point 4 Table EU PV1
436.f	(f) any current or expected material practical or legal impediment to the prompt transfer of own funds or to the repayment of liabilities between the parent undertaking and its subsidiaries;	Point 4 Table EU LIB

436.g	(g) the aggregate amount by which the actual own funds are less than required in all subsidiaries that are not included in the consolidation, and the name or names of those subsidiaries;	Point 4 Table EU LIB
436.h	(h) where applicable, the circumstances under which use is made of the derogation referred to in Article 7 or the individual consolidation method laid down in Article 9,	Point 4 Table EU LIB
437.a	Disclosure of own funds Institutions shall disclose the following information regarding their own funds: (a) a full reconciliation of Common Equity Tier 1 items, Additional Tier 1 items, Tier 2 items and the filters and deductions applied to own funds of the institution pursuant to Articles 32 to 36, 56, 66 and 79 with the balance sheet in the audited financial statements of the institution;	Point 4 Table EU CC1 Table EU CC2
437.b	(b) a description of the main features of the Common Equity Tier 1 and Additional Tier 1 instruments and Tier 2 instruments issued by the institution;	Appendix 2 EU CCA
437.c	c) the full terms and conditions of all Common Equity Tier 1, Additional Tier 1 and Tier 2 instruments;	Appendix 2 EU CCA
437.d	(d) a separate disclosure of the nature and amounts of the following: (i) each prudential filter applied pursuant to Articles 32 to 35; (ii) items deducted pursuant to Articles 36, 56 and 66; (iii) items not deducted pursuant to Articles 47, 48, 56, 66 and 79;	Point 4 Table EU CC1
437.e	(e) a description of all restrictions applied to the calculation of own funds in accordance with this Regulation and the instruments, prudential filters and deductions to which those restrictions apply;	Point 4 Table EU CC1
437.f	(f) a comprehensive explanation of the basis on which capital ratios are calculated where those capital ratios are calculated by using elements of own funds determined on a basis other than the basis laid down in this Regulation,	Point 4 Table EU CC1
437a. a-d	Disclosure of own funds and eligible liabilities Institutions that are subject to Article 92a or 92b shall disclose the following information regarding their own funds and eligible liabilities: (a) the composition of their own funds and eligible liabilities, their maturity and their main features; (b) the ranking of eligible liabilities in the creditor hierarchy; (c) the total amount of each issuance of eligible liabilities instruments referred to in Article 72b and the amount of those issuances that is included in eligible liabilities items within the limits specified in Article 72b(3) and (4); (d) the total amount of excluded liabilities referred to in Article 72a(2),	Not applicable
438.a	Disclosure of own funds requirements and risk-weighted exposure amounts Institutions shall disclose the following information regarding their compliance with Article 92 of this Regulation and with the requirements laid down in Article 73 and in point (a) of Article 104(1) of Directive 2013/36/EU: (a) a summary of their approach to assessing the adequacy of their internal capital to support current and future activities;	Point 5.4 Table OVC
438.b	(b) the amount of the additional own funds requirements based on the supervisory review process as referred to in point (a) of Article 104(1) of Directive 2013/36/EU and its composition in terms of Common Equity Tier 1, additional Tier 1 and Tier 2 instruments;	Appendix 1 EU KM1
438.c	(c) upon demand from the relevant competent authority, the result of the institution's internal capital adequacy assessment process;	Point 5.4 Table OVC

438.d	(d) the total risk-weighted exposure amount and the corresponding total own funds requirement determined in accordance with Article 92, to be broken down by the different risk categories set out in Part Three and, where applicable, an explanation of the effect on the calculation of own funds and risk-weighted exposure amounts that results from applying capital floors and not deducting items from own funds;	Point 5.1 Table EU OV1 Table EU ORA Table EU OR1 Table EU CCR2 Table EU MRA Table EU MR1 Table EU MR2-A
438.e	(e) the on- and off-balance-sheet exposures, the risk-weighted exposure amounts and associated expected losses for each category of specialised lending referred to in Table 1 of Article 153(5) and the on- and off-balancesheet exposures and risk-weighted exposure amounts for the categories of equity exposures set out in Article 155(2);	Point 5.3.2.4 Table EU CR10
438.f	(f) the exposure value and the risk-weighted exposure amount of own funds instruments held in any insurance undertaking, reinsurance undertaking or insurance holding company that the institutions do not deduct from their own funds in accordance with Article 49 when calculating their capital requirements on an individual, sub-consolidated and consolidated basis;	Point 4 Table EU INS1
438.g	g) the supplementary own funds requirement and the capital adequacy ratio of the financial conglomerate calculated in accordance with Article 6 of Directive 2002/87/EC and Annex I to that Directive where method 1 or 2 set out in that Annex is applied;	Point 4 Table EU INS2
438.h	(h) the variations in the risk-weighted exposure amounts of the current disclosure period compared to the immediately preceding disclosure period that result from the use of internal models, including an outline of the key drivers explaining those variations,	Point 5.3.2.4 Table EU CR8 Point 6.3 Table EU CCR7 Point 8 Table EU MR2-B
439.a	Disclosure of exposures to counterparty credit risk Institutions shall disclose the following information regarding their exposure to counterparty credit risk as referred to in Chapter 6 of Title II of Part Three: (a) a description of the methodology used to assign internal capital and credit limits for counterparty credit exposures, including the methods to assign those limits to exposures to central counterparties;	Point 6.3 Table EU CCRA
439.b	(b) a description of policies related to guarantees and other credit risk mitigants, such as the policies for securing collateral and establishing credit reserves;	Point 6.3 Table EU CCRA
439.c	c) a description of policies with respect to General Wrong-Way risk and Specific Wrong-Way risk as defined in Article 291;	Point 6.3 Table EU CCRA
439.d	(d) the amount of collateral the institution would have to provide if its credit rating was downgraded;	Point 6.3 Table EU CCRA
439.e	(e) the amount of segregated and unsegregated collateral received and posted per type of collateral, further broken down between collateral used for derivatives and securities financing transactions;	Point 6.3 Table EU CCR5
439.f	f) for derivative transactions, the exposure values before and after the effect of the credit risk mitigation as determined under the methods set out in Sections 3 to 6 of Chapter 6 of Title II of Part Three, whichever method is applicable, and the associated risk exposure amounts broken down by applicable method;	Point 6.3 Table EU CCR1
439.g	g) for securities financing transactions, the exposure values before and after the effect of the credit risk mitigation as determined under the methods set out in Chapters 4 and 6 of Title II of Part Three, whichever method is used, and the associated risk exposure amounts broken down by applicable method;	Point 6.3 Table EU CCR1

439.h	(h) the exposure values after credit risk mitigation effects and the associated risk exposures for credit valuation adjustment capital charge, separately for each method as set out in Title VI of Part Three;	Point 6.3 Table EU CCR2
439.i	(i) the exposure value to central counterparties and the associated risk exposures within the scope of Section 9 of Chapter 6 of Title II of Part Three, separately for qualifying and non-qualifying central counterparties, and broken down by types of exposures;	Point 6.3 Table EU CCR8
439.j	(j) the notional amounts and fair value of credit derivative transactions; credit derivative transactions shall be broken down by product type; within each product type, credit derivative transactions shall be broken down further by credit protection bought and credit protection sold;	Point 6.3 Table EU CCR6
439.k	(k) the estimate of alpha where the institution has received the permission of the competent authorities to use its own estimate of alpha in accordance with Article 284(9);	Point 6.3 Table EU CCR1
439.l	(l) separately, the disclosures included in point (e) of Article 444 and point (g) of Article 452;	Point 6.3 Table EU CCR3 Table EU CCR4
439.m	(m) for institutions using the methods set out in Sections 4 to 5 of Chapter 6 of Title II Part Three, the size of their on- and off-balance-sheet derivative business as calculated in accordance with Article 273a(1) or (2), as applicable,	Point 6.3 Table EU CCR1
440.a	Disclosure of countercyclical capital buffers Institutions shall disclose the following information in relation to their compliance with the requirement for a countercyclical capital buffer as referred to in Chapter 4 of Title VII of Directive 2013/36/EU: (a) the geographical distribution of the exposure amounts and risk-weighted exposure amounts of its credit exposures used as a basis for the calculation of their countercyclical capital buffer;	Appendix 3 Table EU CCyB1
440.b	(b) the amount of their institution-specific countercyclical capital buffer,	Appendix 3 Table EU CCyB2
441	Disclosure of indicators of global systemic importance G-SIIs shall disclose, on an annual basis, the values of the indicators used for determining their score in accordance with the identification methodology referred to in Article 131 of Directive 2013/36/EU,	Not applicable
442.a	Disclosure of exposures to credit risk and dilution risk Institutions shall disclose the following information regarding their exposures to credit risk and dilution risk: (a) the scope and definitions that they use for accounting purposes of ‘past due’ and ‘impaired’ and the differences, if any, between the definitions of ‘past due’ and ‘default’ for accounting and regulatory purposes;	Point 6.1 Table EU CRB
442.b	(b) a description of the approaches and methods adopted for determining specific and general credit risk adjustments;	Point 6.1 Table EU CRB
442.c	(c) information on the amount and quality of performing, non-performing and forborne exposures for loans, debt securities and off-balance-sheet exposures, including their related accumulated impairment, provisions and negative fair value changes due to credit risk and amounts of collateral and financial guarantees received;	Point 6.1 Table EU CR1 Table EU CR2a Table EU CQ1 Table EU CQ2 Table EU CQ4 Table EU CQ5 Table EU CQ6 Table EU CQ7 Table EU CQ8
442.d	(d) an ageing analysis of accounting past due exposures;	Point 6.2 Table EU CQ3
442.e	(e) the gross carrying amounts of both defaulted and non-defaulted exposures, the accumulated specific and general credit risk adjustments, the accumulated write-offs taken against those exposures and the net carrying amounts and their distribution by geographical area	Point 6.2 Table EU CR1 Table EU CQ4 Table EU CQ5

	and industry type and for loans, debt securities and offbalance-sheet exposures;	
442.f	(f) any changes in the gross amount of defaulted on- and off-balance-sheet exposures, including, as a minimum, information on the opening and closing balances of those exposures, the gross amount of any of those exposures reverted to non-defaulted status or subject to a write-off;	Point 6.1 Table EU CR2 Table EU CR2a
442.g	(g) the breakdown of loans and debt securities by residual maturity,	Point 6.1 Table EU CR1-A
443	Disclosure of encumbered and unencumbered assets Institutions shall disclose information concerning their encumbered and unencumbered assets, For those purposes, institutions shall use the carrying amount per exposure class broken down by asset quality and the total amount of the carrying amount that is encumbered and unencumbered, Disclosure of information on encumbered and unencumbered assets shall not reveal emergency liquidity assistance provided by central banks,	Point 6.4 Table EU AE1 Table EU AE2 Table EU AE3 Table EU AE4
444.a	Disclosure of the use of the Standardised Approach Institutions calculating their risk-weighted exposure amounts in accordance with Chapter 2 of Title II of Part Three shall disclose the following information for each of the exposure classes set out in Article 112: (a) the names of the nominated ECAIs and ECAs and the reasons for any changes in those nominations over the disclosure period;	Point 5.2 Table EU CRD
444.b	b) the exposure classes for which each ECAI or ECA is used;	Point 5.2 Table EU CRD
444.c	(c) a description of the process used to transfer the issuer and issue credit ratings onto items not included in the trading book;	Point 5.2 Table EU CRD
444.d	(d) the association of the external rating of each nominated ECAI or ECA with the risk weights that correspond to the credit quality steps as set out in Chapter 2 of Title II of Part Three, taking into account that it is not necessary to disclose that information where the institutions comply with the standard association published by EBA;	Point 5.2 Table EU CRD
444.e	(e) the exposure values and the exposure values after credit risk mitigation associated with each credit quality step as set out in Chapter 2 of Title II of Part Three, by exposure class, as well as the exposure values deducted from own funds,	Point 5.2 Table EU CR4 Table EU CR5 Point 6.3 Table EU CCR3
445	Disclosure of exposure to market risk Institutions calculating their own funds requirements in accordance with points (b) and (c) of Article 92(3) shall disclose those requirements separately for each risk referred to in those points, In addition, own funds requirements for the specific interest rate risk of securitisation positions shall be disclosed separately,	Point 8 Table EU MR1
446.a	Disclosure of operational risk management Institutions shall disclose the following information about their operational risk management: (a) the approaches for the assessment of own funds requirements for operation risk that the institution qualifies for;	Point 7
446.b	(b) where the institution makes use of it, a description of the methodology set out in Article 312(2), which shall include a discussion of the relevant internal and external factors being considered in the institution's advanced measurement approach;	Not applicable
446.c	(c) in the case of partial use, the scope and coverage of the different methodologies used,	Not applicable
447.a	Disclosure of key metrics Institutions shall disclose the following key metrics in a tabular format: (a) the composition of their own funds and their own funds requirements as calculated in accordance with Article 92;	Appendix 1 EU KM1

447.b	(b) the total risk exposure amount as calculated in accordance with Article 92(3);	Appendix 1 EU KM1
447.c	(c) where applicable, the amount and composition of additional own funds which the institutions are required to hold in accordance with point (a) of Article 104(1) of Directive 2013/36/EU;	Appendix 1 EU KM1
447.d	(d) their combined buffer requirement which the institutions are required to hold in accordance with Chapter 4 of Title VII of Directive 2013/36/EU;	Appendix 1 EU KM1
447.e	(e) their leverage ratio and the total exposure measure as calculated in accordance with Article 429;	Appendix 1 EU KM1
447.f	(f) the following information in relation to their liquidity coverage ratio as calculated in accordance with the delegated act referred to in Article 460(1): (i) the average or averages, as applicable, of their liquidity coverage ratio based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period; (ii) the average or averages, as applicable, of total liquid assets, after applying the relevant haircuts, included in the liquidity buffer pursuant to the delegated act referred to in Article 460(1), based on end-of-themonth observations over the preceding 12 months for each quarter of the relevant disclosure period; (iii) the averages of their liquidity outflows, inflows and net liquidity outflows as calculated pursuant to the delegated act referred to in Article 460(1), based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period;	Appendix 1 EU KM1
447.g	(g) the following information in relation to their net stable funding requirement as calculated in accordance with Title IV of Part Six: (i) the net stable funding ratio at the end of each quarter of the relevant disclosure period; (ii) the available stable funding at the end of each quarter of the relevant disclosure period; (iii) the required stable funding at the end of each quarter of the relevant disclosure period;	Appendix 1 EU KM1
447.h	(h) their own funds and eligible liabilities ratios and their components, numerator and denominator, as calculated in accordance with Articles 92a and 92b and broken down at the level of each resolution group, where applicable,	Not applicable
448.1.a	Disclosure of exposures to interest rate risk on positions not held in the trading book 1, As from 28 June 2021, institutions shall disclose the following quantitative and qualitative information on the risks arising from potential changes in interest rates that affect both the economic value of equity and the net interest income of their non-trading book activities referred to in Article 84 and Article 98(5) of Directive 2013/36/EU: (a) the changes in the economic value of equity calculated under the six supervisory shock scenarios referred to in Article 98(5) of Directive 2013/36/EU for the current and previous disclosure periods;	Chapter 8.4. Market risk and interest rate risk in Financial Report
448.1.b	(b) the changes in the net interest income calculated under the two supervisory shock scenarios referred to in Article 98(5) of Directive 2013/36/EU for the current and previous disclosure periods;	Chapter 8.4. Market risk and interest rate risk in Financial Report
448.1.c	(c) a description of key modelling and parametric assumptions, other than those referred to in points (b) and (c) of Article 98(5a) of Directive 2013/36/EU used to calculate changes in the economic value of equity and in the net interest income required under points (a) and (b) of this paragraph;	Chapter 8.4. Market risk and interest rate risk in Financial Report
448.1.d	(d) an explanation of the significance of the risk measures disclosed under points (a) and (b) of this paragraph and of any significant variations of those risk measures since the previous disclosure reference date;	Chapter 8.4. Market risk and interest rate risk in Financial Report

448.i.e	e) the description of how institutions define, measure, mitigate and control the interest rate risk of their nontrading book activities for the purposes of the competent authorities' review in accordance with Article 84 of Directive 2013/36/EU, including: (i) a description of the specific risk measures that the institutions use to evaluate changes in their economic value of equity and in their net interest income; (ii) a description of the key modelling and parametric assumptions used in the institutions' internal measurement systems that would differ from the common modelling and parametric assumptions referred to in Article 98(5a) of Directive 2013/36/EU for the purpose of calculating changes to the economic value of equity and to the net interest income, including the rationale for those differences; 7,6,2019 EN Official Journal of the European Union L 150/199 (iii) a description of the interest rate shock scenarios that institutions use to estimate the interest rate risk; (iv) the recognition of the effect of hedges against those interest rate risks, including internal hedges that meet the requirements laid down in Article 106(3); (v) an outline of how often the evaluation of the interest rate risk occurs	Chapter 8.4. Market risk and interest rate risk in Financial Report
448.1.f	(f) the description of the overall risk management and mitigation strategies for those risks;	Chapter 8.4. Market risk and interest rate risk in Financial Report
448.1.g	(g) average and longest repricing maturity assigned to non-maturity deposits,	Chapter 8.4. Market risk and interest rate risk in Financial Report
448.2	2, By way of derogation from paragraph 1 of this Article, the requirements set out in points (c) and (e)(i) to (e) (iv) of paragraph 1 of this Article shall not apply to institutions that use the standardised methodology or the simplified standardised methodology referred to in Article 84(1) of Directive 2013/36/EU,	Not applicable
449.a	Disclosure of exposures to securitisation positions Institutions calculating risk-weighted exposure amounts in accordance with Chapter 5 of Title II of Part Three or own funds requirements in accordance with Article 337 or 338 shall disclose the following information separately for their trading book and non-trading book activities: (a) a description of their securitisation and re-securitisation activities, including their risk management and investment objectives in connection with those activities, their role in securitisation and re-securitisation transactions, whether they use the simple, transparent and standardised securitisation (STS) as defined in point (10) of Article 242, and the extent to which they use securitisation transactions to transfer the credit risk of the securitised exposures to third parties with, where applicable, a separate description of their synthetic securitisation risk transfer policy;	Point 5.1 Table EU SECA
449.b	(b) the type of risks they are exposed to in their securitisation and re-securitisation activities by level of seniority of the relevant securitisation positions providing a distinction between STS and non-STS positions and: (i) the risk retained in own-originated transactions; (ii) the risk incurred in relation to transactions originated by third parties;	Point 5.1 Table EU SECA
449.c	(c) their approaches for calculating the risk-weighted exposure amounts that they apply to their securitisation activities, including the types of securitisation positions to which each approach applies and with a distinction between STS and non-STS positions;	Point 5.1 Table EU SECA
449.d	(d) a list of SSPEs falling into any of the following categories, with a description of their types of exposures to those SSPEs, including derivative contracts: (i) SSPEs which acquire exposures originated by the institutions; (ii) SSPEs sponsored by the institutions; (iii) SSPEs and other	Point 5.1 Table EU SECA

	legal entities for which the institutions provide securitisation-related services, such as advisory, asset servicing or management services; (iv) SSPEs included in the institutions' regulatory scope of consolidation;	
449.e	(e) a list of any legal entities in relation to which the institutions have disclosed that they have provided support in accordance with Chapter 5 of Title II of Part Three;	Point 5.1 Table EU SECA
449.f	(f) a list of legal entities affiliated with the institutions and that invest in securitisations originated by the institutions or in securitisation positions issued by SSPEs sponsored by the institutions;	Point 5.1 Table EU SECA
449.g	g) a summary of their accounting policies for securitisation activity, including where relevant a distinction between securitisation and re-securitisation positions;	Point 5.1 Table EU SECA
449.h	(h) the names of the ECAIs used for securitisations and the types of exposure for which each agency is used;	Point 5.1 Table EU SECA
449.i	(i) where applicable, a description of the Internal Assessment Approach as set out in Chapter 5 of Title II of Part Three, including the structure of the internal assessment process and the relation between internal assessment and external ratings of the relevant ECAI disclosed in accordance with point (h), the control mechanisms for the internal assessment process including discussion of independence, accountability, and internal assessment process review, the exposure types to which the internal assessment process is applied and the stress factors used for determining credit enhancement levels;	Point 5.1 Table EU SECA
449.j	j) separately for the trading book and the non-trading book, the carrying amount of securitisation exposures, including information on whether institutions have transferred significant credit risk in accordance with Articles 244 and 245, for which institutions act as originator, sponsor or investor, separately for traditional and synthetic securitisations, and for STS and non-STS transactions and broken down by type of securitisation exposures;	Point 5.1 Table EU SEC1 Table EU SEC2
449.k	k) for the non-trading book activities, the following information: (i) the aggregate amount of securitisation positions where institutions act as originator or sponsor and the associated risk-weighted assets and capital requirements by regulatory approaches, including exposures deducted from own funds or risk weighted at 1 250 %, broken down between traditional and synthetic securitisations and between securitisation and re-securitisation exposures, separately for STS and non-STS positions, and further broken down into a meaningful number of risk-weight or capital requirement bands and by approach used to calculate the capital requirements; (ii) the aggregate amount of securitisation positions where institutions act as investor and the associated riskweighted assets and capital requirements by regulatory approaches, including exposures deducted from own funds or risk weighted at 1 250 %, broken down between traditional and synthetic securitisations, securitisation and re-securitisation positions, and STS and non-STS positions, and further broken down into a meaningful number of risk weight or capital requirement bands and by approach used to calculate the capital requirements;	Point 5.1 Table EU SEC3 Table EU SEC4
449.l	l) for exposures securitised by the institution, the amount of exposures in default and the amount of the specific credit risk adjustments made by the institution during the current period, both broken down by exposure type,	Point 5.1 Table EU SEC5
449a	Disclosure of environmental, social and governance risks (ESG risks) From 28 June 2022, large institutions which have issued securities that are admitted to trading on a regulated market of any Member State, as defined in point (21) of Article 4(1) of Directive 2014/65/EU, shall disclose information on ESG risks, including physical risks and transition risks, as defined in the report referred to in Article 98(8) of Directive	Not applicable

	2013/36/EU, The information referred to in the first paragraph shall be disclosed on an annual basis for the first year and biannually thereafter,	
450.1.a	Disclosure of remuneration policy 1, Institutions shall disclose the following information regarding their remuneration policy and practices for those categories of staff whose professional activities have a material impact on the risk profile of the institutions: (a) information concerning the decision-making process used for determining the remuneration policy, as well as the number of meetings held by the main body overseeing remuneration during the financial year, including, where applicable, information about the composition and the mandate of a remuneration committee, the external consultant whose services have been used for the determination of the remuneration policy and the role of the relevant stakeholders;	Point 11.2 Table EU REMA
450.1.b	(b) information about the link between pay of the staff and their performance;	Point 11.2 Table EU REMA
450.1.c	(c) the most important design characteristics of the remuneration system. including information on the criteria used for performance measurement and risk adjustment. deferral policy and vesting criteria;	Point 11.2 Table EU REMA
450.1.d	(d) the ratios between fixed and variable remuneration set in accordance with point (g) of Article 94(1) of Directive 2013/36/EU;	Point 11.2 Table EU REMA
450.1.e	(e) information on the performance criteria on which the entitlement to shares. options or variable components of remuneration is based;	Point 11.2 Table EU REMA
450.1.f	(f) the main parameters and rationale for any variable component scheme and any other non-cash benefits;	Point 11.2 Table EU REMA
450.1.g	(g) aggregate quantitative information on remuneration. broken down by business area;	Point 11.2 Table EU REM4 Table EU REM5
450.1.h	(h) aggregate quantitative information on remuneration. broken down by senior management and members of staff whose professional activities have a material impact on the risk profile of the institutions. indicating the following: (i) the amounts of remuneration awarded for the financial year. split into fixed remuneration including a description of the fixed components. and variable remuneration. and the number of beneficiaries; (ii) the amounts and forms of awarded variable remuneration. split into cash. shares. share-linked instruments and other types separately for the part paid upfront and the deferred part; (iii) the amounts of deferred remuneration awarded for previous performance periods. split into the amount due to vest in the financial year and the amount due to vest in subsequent years; (iv) the amount of deferred remuneration due to vest in the financial year that is paid out during the financial year. and that is reduced through performance adjustments; (v) the guaranteed variable remuneration awards during the financial year. and the number of beneficiaries of those awards; (vi) the severance payments awarded in previous periods. that have been paid out during the financial year; (vii) the amounts of severance payments awarded during the financial year. split into paid upfront and deferred. the number of beneficiaries of those payments and highest payment that has been awarded to a single person;	Point 11.2 Table EU REM1 Table EU REM2 Table EU REM3
450.1.i	(i) the number of individuals that have been remunerated EUR 1 million or more per financial year. with the remuneration between EUR 1 million and EUR 5 million broken down into pay bands of EUR 500 000 and with the remuneration of EUR 5 million and above broken down into pay bands of EUR 1 million;	Point 11.2 Table EU REM4 Table EU REM5

450.1.j	(j) upon demand from the relevant Member State or competent authority. the total remuneration for each member of the management body or senior management;	Point 11.2 Table EU REMA
450.1.k	k) information on whether the institution benefits from a derogation laid down in Article 94(3) of Directive 2013/36/EU.	Point 11.2 Table EU REMA
450.2	2. For large institutions. the quantitative information on the remuneration of institutions' collective management body referred to in this Article shall also be made available to the public. differentiating between executive and non-executive members. Institutions shall comply with the requirements set out in this Article in a manner that is appropriate to their size. internal organisation and the nature. scope and complexity of their activities and without prejudice to Regulation (EU) 2016/679 of the European Parliament and of the Council (*).	Point 11.2 Table EU REMA
451.1.a	Disclosure of the leverage ratio 1. Institutions that are subject to Part Seven shall disclose the following information regarding their leverage ratio as calculated in accordance with Article 429 and their management of the risk of excessive leverage: (a) the leverage ratio and how the institutions apply Article 499(2);	Point 10 Table EU LR1 Table EU LR2 Table EU LR3
451.1.b	(b) a breakdown of the total exposure measure referred to in Article 429(4). as well as a reconciliation of the total exposure measure with the relevant information disclosed in published financial statements;	Point 10 Table EU LR1 Table EU LR2 Table EU LR3
451.1.c	(c) where applicable. the amount of exposures calculated in accordance with Articles 429(8) and 429a(1) and the adjusted leverage ratio calculated in accordance with Article 429a(7);	Point 10 Table EU LR1 Table EU LR2 Table EU LR3
451.1.d	(d) a description of the processes used to manage the risk of excessive leverage;	Point 10 Table EU LRA
451.1.e	(e) a description of the factors that had an impact on the leverage ratio during the period to which the disclosed leverage ratio refers.	Point 10 Table EU LRA
451.2	2. Public development credit institutions as defined in Article 429a(2) shall disclose the leverage ratio without the adjustment to the total exposure measure determined in accordance with point (d) of the first subparagraph of Article 429a(1).	Point 10 Table EU LR1 Table EU LR2 Table EU LR3
451.3	3. In addition to points (a) and (b) of paragraph 1 of this Article. large institutions shall disclose the leverage ratio and the breakdown of the total exposure measure referred to in Article 429(4) based on averages calculated in accordance with the implementing act referred to in Article 430(7).	Point 10 Table EU LR1 Table EU LR2 Table EU LR3
451a.1	Disclosure of liquidity requirements 1. Institutions that are subject to Part Six shall disclose information on their liquidity coverage ratio. net stable funding ratio and liquidity risk management in accordance with this Article.	Point 9 Table EU LIQ1 Table EU LIQB
451a.2.a	2. Institutions shall disclose the following information in relation to their liquidity coverage ratio as calculated in accordance with the delegated act referred to in Article 460(1): (a) the average or averages. as applicable. of their liquidity coverage ratio based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period;	Point 9 Table EU LIQ1 Table EU LIQB
451a.2.b	(b) the average or averages. as applicable. of total liquid assets. after applying the relevant haircuts. included in the liquidity buffer pursuant to the delegated act referred to in Article 460(1). based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period. and a description of the composition of that liquidity buffer;	Point 9 Table EU LIQ1 Table EU LIQB

451a.2.c	(c) the averages of their liquidity outflows. inflows and net liquidity outflows as calculated in accordance with the delegated act referred to in Article 460(1). based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period and the description of their composition.	Point 9 Table EU LIQ1 Table EU LIQB
451a.3.a	3. Institutions shall disclose the following information in relation to their net stable funding ratio as calculated in accordance with Title IV of Part Six: (a) quarter-end figures of their net stable funding ratio calculated in accordance with Chapter 2 of Title IV of Part Six for each quarter of the relevant disclosure period;	Point 9 Table EU LIQ2
451a.3.b	b) an overview of the amount of available stable funding calculated in accordance with Chapter 3 of Title IV of Part Six;	Point 9 Table EU LIQ2
451a.3.c	(c) an overview of the amount of required stable funding calculated in accordance with Chapter 4 of Title IV of Part Six.	Point 9 Table EU LIQ2
451a.4	4. Institutions shall disclose the arrangements. systems. processes and strategies put in place to identify. measure. manage and monitor their liquidity risk in accordance with Article 86 of Directive 2013/36/EU.	Point 8 Table EU LIQA
452.a	Disclosure of the use of the IRB Approach to credit risk Institutions calculating the risk-weighted exposure amounts under the IRB Approach to credit risk shall disclose the following information: (a) the competent authority's permission of the approach or approved transition;	Point 5.3 Table EU CRE Table EU CR6-A
452.b	b) for each exposure class referred to in Article 147. the percentage of the total exposure value of each exposure class subject to the Standardised Approach laid down in Chapter 2 of Title II of Part Three or to the IRB Approach laid down in Chapter 3 of Title II of Part Three. as well as the part of each exposure class subject to a roll-out plan; where institutions have received permission to use own LGDs and conversion factors for the calculation of risk-weighted exposure amounts. they shall disclose separately the percentage of the total exposure value of each exposure class subject to that permission;	Point 5.3.2.4 Table EU CRE Table EU CR6-A
452.c	(c) the control mechanisms for rating systems at the different stages of model development. controls and changes. which shall include information on: (i) the relationship between the risk management function and the internal audit function; (ii) the rating system review; (iii) the procedure to ensure the independence of the function in charge of reviewing the models from the functions responsible for the development of the models; (iv) the procedure to ensure the accountability of the functions in charge of developing and reviewing the models;	Point 5.3 Table EU CRE Point 5.3.3
452.d	(d) the role of the functions involved in the development. approval and subsequent changes of the credit risk models;	Point 5.3 Table EU CR6-A Table EU CRE Point 5.3.3
452.e	e) the scope and main content of the reporting related to credit risk models;	Point 5.3 Table EU CRE Table EU CR6-A Point 5.3.3
452.f	(f) a description of the internal ratings process by exposure class. including the number of key models used with respect to each portfolio and a brief discussion of the main differences between the models within the same portfolio. covering: (i) the definitions. methods and data for estimation and validation of PD. which shall include information on how PDs are estimated for low default portfolios. whether there are regulatory floors and the drivers for differences observed between PD and actual default rates at least for the last three periods; (ii) where applicable. the definitions. methods and data for estimation and validation of LGD. such as methods to calculate downturn LGD. how	Point 5.3 Table EU CR6-A Table EU CRE

	LGDs are estimated for low default portfolio and the time lapse between the default event and the closure of the exposure; (iii) where applicable. the definitions. methods and data for estimation and validation of conversion factors. including assumptions employed in the derivation of those variables;	
452.g	g) as applicable. the following information in relation to each exposure class referred to in Article 147: (i) their gross on-balance-sheet exposure; (ii) their off-balance-sheet exposure values prior to the relevant conversion factor; (iii) their exposure after applying the relevant conversion factor and credit risk mitigation; (iv) any model. parameter or input relevant for the understanding of the risk weighting and the resulting risk exposure amounts disclosed across a sufficient number of obligor grades (including default) to allow for a meaningful differentiation of credit risk; L 150/204 EN Official Journal of the European Union 7.6.2019 (v) separately for those exposure classes in relation to which institutions have received permission to use own LGDs and conversion factors for the calculation of risk-weighted exposure amounts. and for exposures for which the institutions do not use such estimates. the values referred to in points (i) to (iv) subject to that permission;	Point 5.3.2.4 Table EU CR6 Point 6.3 Table EU CCR4
452.h	(h) institutions' estimates of PDs against the actual default rate for each exposure class over a longer period. with separate disclosure of the PD range. the external rating equivalent. the weighted average and arithmetic average PD. the number of obligors at the end of the previous year and of the year under review. the number of defaulted obligors. including the new defaulted obligors. and the annual average historical default rate.	Point 5.3.2.4 Table EU CR9 Table EU CR9.1
453.a	Ujawnianie informacji na temat stosowania technik ograniczania ryzyka kredytowego Instytucje stosujące techniki ograniczania ryzyka kredytowego ujawniają następujące informacje: a) najważniejsze cechy polityk i procesów dotyczących kompensowania pozycji bilansowych i pozabilansowych oraz wskazanie zakresu, w jakim instytucje stosują kompensowanie pozycji bilansowych;	Point 6.2 Table EU CRC
453.b	b) the core features of the policies and processes for eligible collateral evaluation and management;	Point 6.2 Table EU CRC
453.c	(c) a description of the main types of collateral taken by the institution to mitigate credit risk;	Point 6.2 Table EU CRC
453.d	(d) for guarantees and credit derivatives used as credit protection. the main types of guarantor and credit derivative counterparty and their creditworthiness used for the purpose of reducing capital requirements. excluding those used as part of synthetic securitisation structures;	Point 6.2 Table EU CRC
453.e	(e) information about market or credit risk concentrations within the credit risk mitigation taken;	Point 6.2 Table EU CRC
453.f	(f) for institutions calculating risk-weighted exposure amounts under the Standardised Approach or the IRB Approach. the total exposure value not covered by any eligible credit protection and the total exposure value covered by eligible credit protection after applying volatility adjustments; the disclosure set out in this point shall be made separately for loans and debt securities and including a breakdown of defaulted exposures;	Point 6.2 Table EU CR3
453.g	(g) the corresponding conversion factor and the credit risk mitigation associated with the exposure and the incidence of credit risk mitigation techniques with and without substitution effect;	Point 5.2 Table EU CR4 Point 6.2 Table EU CR7-A
453.h	(h) for institutions calculating risk-weighted exposure amounts under the Standardised Approach. the on- and off-balance-sheet exposure value by exposure class before and after the application of conversion factors and any associated credit risk mitigation;	Point 5.2 Table EU CR4

453.i	(i) for institutions calculating risk-weighted exposure amounts under the Standardised Approach. the risk weighted exposure amount and the ratio between that risk-weighted exposure amount and the exposure value after applying the corresponding conversion factor and the credit risk mitigation associated with the exposure; the disclosure set out in this point shall be made separately for each exposure class;	Point 5.2 Table EU CR4
453.j	(j) for institutions calculating risk-weighted exposure amounts under the IRB Approach. the risk-weighted exposure amount before and after recognition of the credit risk mitigation impact of credit derivatives; where institutions have received permission to use own LGDs and conversion factors for the calculation of risk weighted exposure amounts. they shall make the disclosure set out in this point separately for the exposure classes subject to that permission.	Point 6.2 Table EU CR7
454	Disclosure of the use of the Advanced Measurement Approaches to operational risk	Point 7 Table EU ORA Table EU OR1
455	Use of internal market risk models	Point 8 Table EU MRB Table EU MR2-A Table EU MR3 Table EU MR4
456	Alternative standard method for market risk	Not applicable
EBA/GL/2020/12	IFRS 9 / Article 468-FL Comparison of institutions' own funds and capital and leverage ratios with and without the application of transitional arrangements for IFRS 9 or analogous ECLs. and with and without the application of the temporary treatment in accordance with Article 468 of the CRR	Appendix 4

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