January 31, 2023

Attachment to the current report no. 6/2023

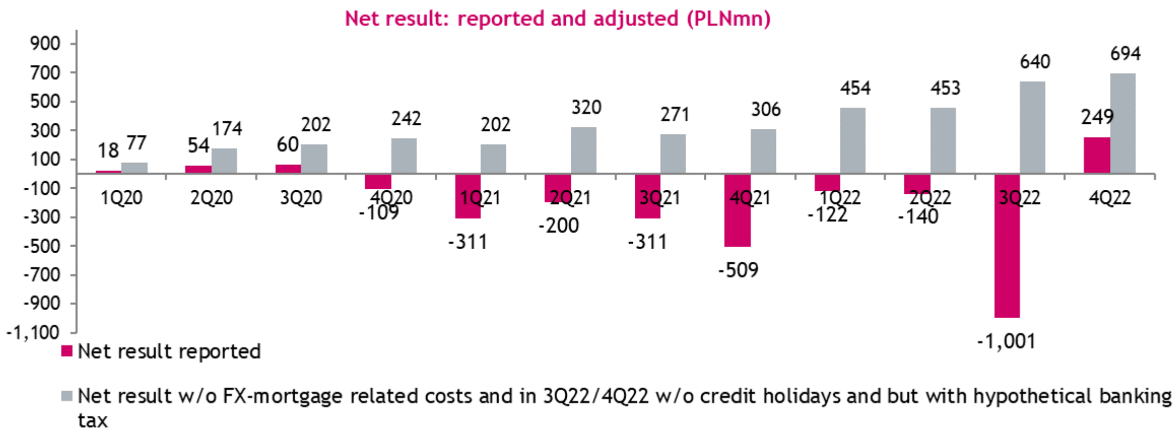
PRELIMINARY NON-AUDITED RESULTS OF BANK MILLENNIUM S.A. CAPITAL GROUP IN 4Q22/FY2022

FINANCIAL RESULTS IN BRIEF

After a period of negative reported results, 4Q22 brought the long awaited black ink at the bottom line. Bank Millennium S.A. Capital Group's ('BM Group', 'Group') PLN249 million net profit in the period was achieved despite high costs related to FX-mortgages (4Q22: PLN617 million after tax) demonstrating the strength of the core business. A positive PLN80 million (after tax) adjustment to estimated cost of credit holidays was an extraordinary factor in 4Q22, but even adjusted for this and with a hypothetical bank tax plugged in, the BM Group would still post a high double digit net profit. The positive result, we believe, marks a return to sustainable profitability and steady process of capital recovery and improvement of capital ratios, assuming no other extraordinary events.

In the full year 2022 ('FY22'), reported net result remained negative (PLN1,015 million) but it needs to be stressed that the loss was lower than the PLN1,332 million loss reported in 2021 ('FY21') despite more challenging combination of sizeable negative factors. In FY22, FX-mortgage costs were comparable to these in FY21 (PLN 2,363 million after tax vs. PLN2,430 million) but additionally the results were negatively impacted by massive cost of credit holidays (PLN1,073 million after tax) and significant cost of IPS (PLN224 million after tax).

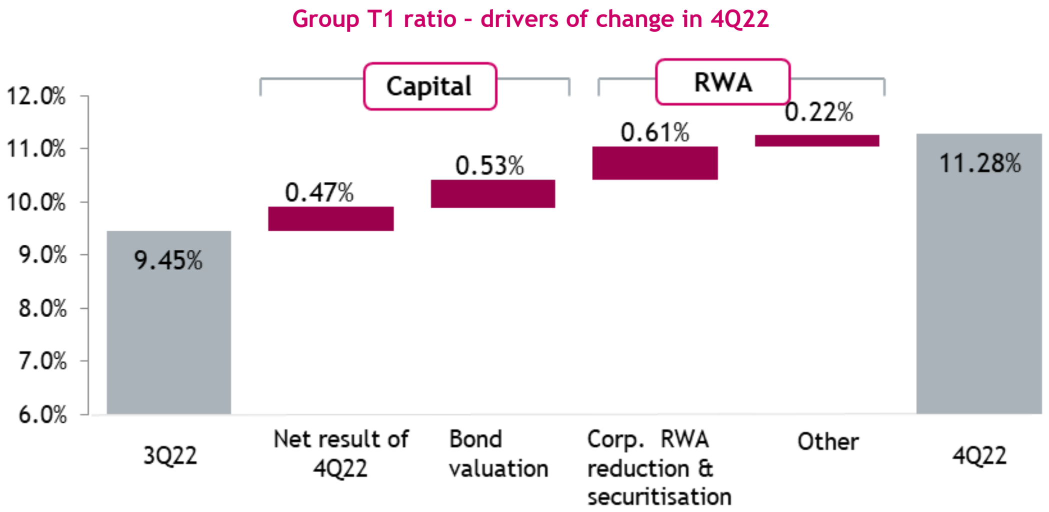
Excluding both the impact of FX-mortgage related costs and credit holidays and adding a hypothetical level of banking tax, 4Q22 would bring net profit of PLN694 million, while FY22 net profit of PLN2,241 million.



Capital ratios back above minimum required levels

Capital ratios improved markedly in 4Q22. Consolidated TCR increased to 14.4% at YE22 from 12.4% at the end of September'22, while consolidated T1 ratio to 11.3% from 9.4% respectively. This was a an outcome of a combination of higher regulatory capital (positive net result in 4Q22, improved valuation of bond portfolio) with lower RWAs and consequently lower capital requirement. The latter was chiefly an outcome of reduction of the loan portfolio (i.a. repayments/write-offs/disposals of some credit exposures) and a securitisation transaction.

At the same time, minimum required ratios for Bank Millennium were lowered by the regulator during 4Q22, as a result of the reduction of the P2R buffer in December'22. Consolidated minimum required TCR ratio stood at 12.7% at YE22, while consolidated T1 ratio at 10.2%. Consequently, the Bank's solo and consolidated capital ratios returned clearly above the required minimums.



Substantial extraordinary P&L items / presentational changes

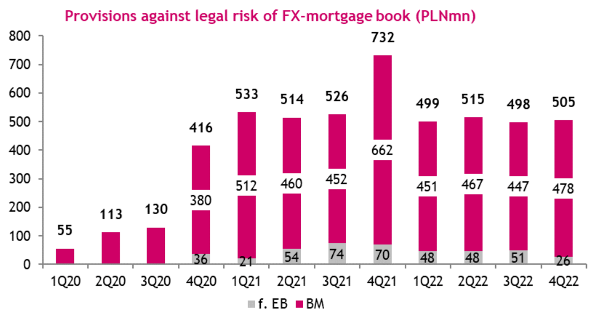
In 4Q22, the BM Group lowered its estimate of cost of credit holidays by PLN99 million (pre-tax; PLN 80 million after tax) based on effective take-up in 2H22 and the expected participation rate of eligible borrowers in 2023. As a result, in FY22, the cost of credit holidays burdened the results by PLN1,324 million pre-tax / PLN 1,073 million after tax.

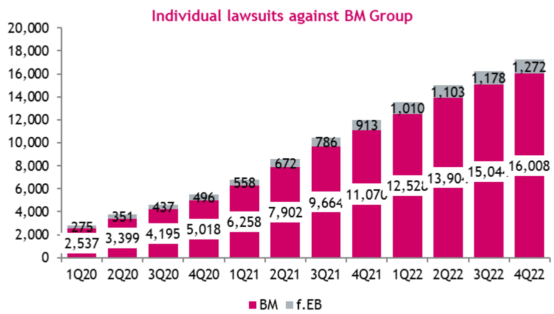
Additionally, in order to align with market practise, the BM Group altered the way it presents the impact of the cost of credit holidays in the P&L and it is now presented as a part of interest income / net interest income (NII).

Legal risk related to FX-mortgage portfolio and related costs

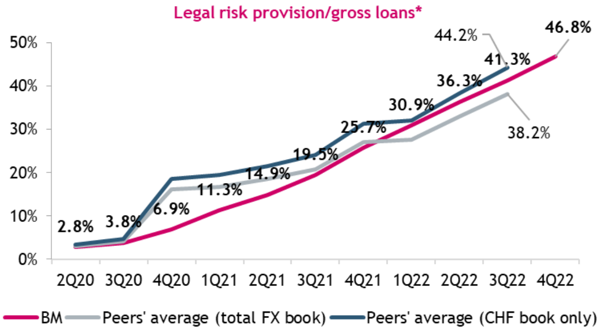
Similarly to recent reporting periods, costs related to FX-mortgage portfolio (legal risk provisions, costs of amicable settlements and legal costs) remained elevated and continued to be a material drag on the increasingly profitable core business of the Group.

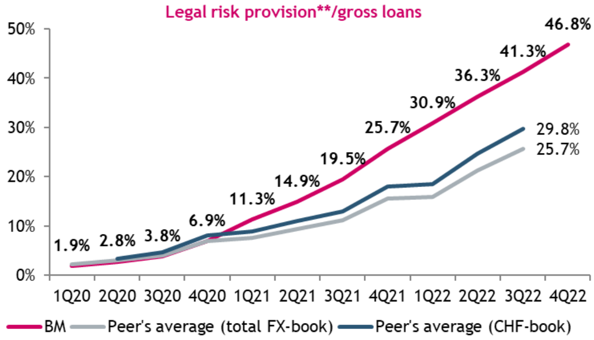
Total provisions against legal risk related to FX-mortgage portfolio ('FX-mortgage provisions') amounted to PLN505 million (pre-tax) in 4Q22 (FY22: PLN2,017 million) with PLN478 million (FY22: PLN1,844 million) attributable to FX-mortgages originated by the Bank. The further increase of FX-mortgage provisions in 4Q22 resulted from updated inputs into the Bank's provisioning methodology, reflecting, inter alia, the inflow of court claims and higher proportion of cases lost by banks.





At the end of December 2022, provisions for the portfolio originated by Bank Millennium were at the level of PLN4,986 million (an equivalent of 46.8% of the grossed-up FX-mortgage book) and at PLN409 million for the portfolio originated by former Euro Bank.



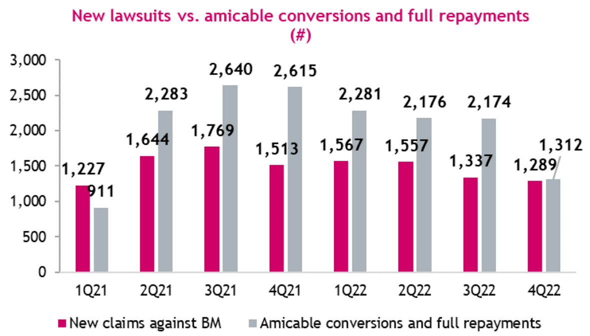


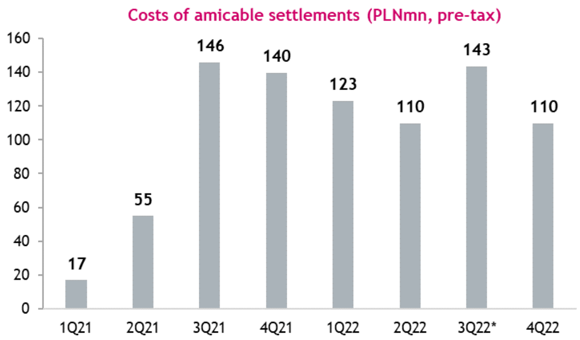
(*) including provisions for settlements, (**) w/o provisions for settlements
Note: legal risk provisions/gross FX mortgage book (post IFRS9 adjustments where necessary); ex-EB portfolio in case of BM;

On December 31, 2022, the Bank had 16,008 loan agreements and additionally 1,272 loan agreements from former Euro Bank under individual ongoing litigations (excluding claims submitted by the Bank against clients i.e. debt collection cases) concerning indexation clauses of FX mortgage loans submitted to the court.

The Bank is highly focused on reduction of its FX-mortgage portfolio and the related risk and therefore continues to actively offer its customers amicable solutions (i.a. conversions to Polish zloty, pre-payments, early repayments or collectively ‘amicable settlements’) regarding FX-mortgages on negotiated terms. As a result of these negotiations and other natural drivers, in 2022 the number of active FX-mortgage loans decreased by nearly 9,600 to 38,011, a comparable result to this of 2021 (10,300). The number of amicable settlements reached 1,312 in 4Q22, a bit lower than in the preceding quarters. Yet, it was the seventh consecutive quarter in which the reduction of the number of active FX-mortgage loans (and the number of amicable settlements) was higher than the inflow of new individual court cases against the Bank. In FY22, the number of amicable settlements totalled 7,943 compared to 8,449 in FY21. Since early 2020 when more intensive effort was launched, nearly 18,000 amicable settlements took place.

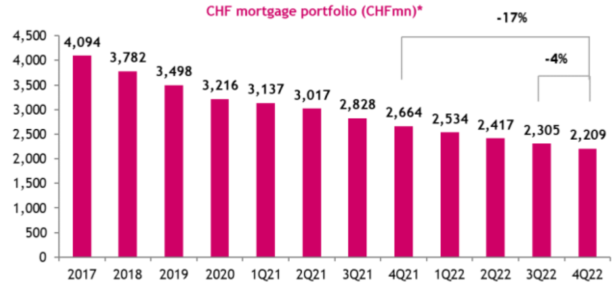
In 4Q22, costs related to amicable settlements totalled PLN110 million (pre-tax, booked in FX-result and in result on modifications) (FY22: PLN486 million). Legal costs, booked in admin costs and other operating cost, totalled PLN55 million in the period and PLN131 million in FY22.

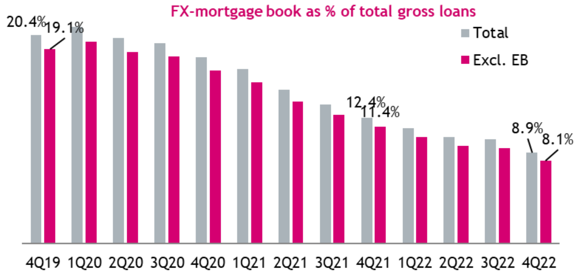




(*) Adjusted compared to the previously reported value

As a result of these trends, the BM’s FX-mortgage portfolio contracted 4% in 4Q22 (in CHF terms, gross, w/o impact of allocated legal risk provisions) while the y/y contraction rate stood at 17%. The share of total FX-mortgage book (gross loans less allocated legal risk provisions) in total Group’s gross loans dropped to 8.9% at YE22, while the share of FX-mortgage loans originated by BM dropped to 8.1%.





(*) Originated by Bank Millennium
Note: according to PFSA's (KNF) methodology, which among others, does not recognise legal risk provisions, the share of FX-mortgages stood at 13.1% at YE22

Excluding all FX-mortgage related costs (4Q22: PLN643 million pre-tax, PLN617 million after tax), adjusting for the cost of credit holidays (4Q22: +PLN99 million pre-tax, +PLN80 million after tax) and adding hypothetical bank tax (PLN92 million), the BM Group would post 4Q22 net profit of PLN694 million vs. adjusted 4Q21 net profit of PLN306 million. In FY22, the adjusted net profit would amount to PLN2,421 million vs. adjusted FY21 net profit of PLN1,098 million.

More details will be available in the full year 2022 report.

Main financial and business achievements of the Group

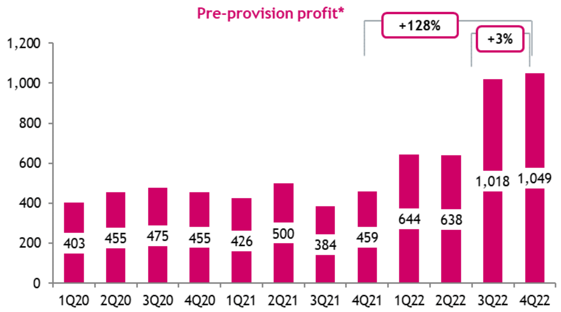
Trends in core business remained solid in y/y terms with growth in 4Q22 core income excluding credit holiday costs up 48% y/y (FY22: up 54% y/y), while total income excluding credit holiday costs was up 55% y/y (FY22: up 50% y/y), comfortably above the growth of reported opex (4Q22: up 8% y/y, FY: up 27% y/y). On adjusted basis (excl. FX-mortgage related costs, BFG/IPS and credit holidays), 4Q22 revenues grew 72% y/y, while costs grew 14% y/y.

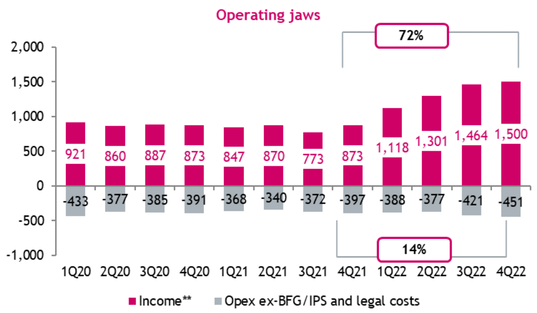
Adjusted 4Q22 pre-provision profit (no FX-mortgage portfolio costs) was up 128% y/y, while the FY22 equivalent was up 89% y/y.

BM Group: adjusted results (PLNmn)

	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	y/y	q/q	2022	y/y
NII*	622	655	669	767	961	1,179	1,271	1,250	63%	-2%	4,661	72%
Net fees	205	209	202	215	221	206	179	202	-6%	13%	808	-3%
Other income**	20	6	-97	-109	-64	-84	13	48	-	271%	-87	-52%
Total income adj.**	**847**	**870**	**773**	**873**	**1,118**	**1,301**	**1,464**	**1,500**	**72%**	**2%**	**5,383**	**60%**
Opex w/o BFG, IPS and FX-mortgage legal costs	-368	-340	-372	-397	-388	-377	-421	-451	14%	7%	-1,638	11%
BFG & IPS	-53	-30	-17	-17	-86	-287	-24	0	-	-	-397	236%
Pre-provision profit ex-FX-mortgage costs	**426**	**500**	**384**	**459**	**644**	**638**	**1,018**	**1,049**	**128%**	**3%**	**3,348**	**89%**
FX-mortgage related costs (legal and conversions)	-24	-66	-162	-185	-142	-135	-193	-165	-11%	-14%	-636	46%
FX-mortgage provisions w/o EB	-512	-460	-452	-662	-451	-467	-447	-478	-28%	7%	-1,844	-12%
Risk charge***	-76	-57	-83	-82	-83	-71	-113	-91	11%	-20%	-358	20%
Credit holidays							-1,423	99	-	-	-1,324	-
Net result reported	**-311**	**-200**	**-311**	**-509**	**-122**	**-140**	**-1,001**	**249**	**-149%**	**-**	**-1,015**	**-24%**
Net result w/o FX-mortgage related costs	**202**	**320**	**271**	**306**	**454**	**453**	**-424**	**866**	**183%**	**-304%**	**1,349**	**23%**
Net result w/o FX-mortgage related costs and credit holidays but with hypothetical bank tax in 2H22	**202**	**320**	**271**	**306**	**454**	**453**	**640**	**694**	**127%**	**8%**	**2,241**	**104%**

(*) NII including w/o cost of credit holidays, (**) w/o result on FV portfolio, cost of amicable solutions for FX-mortgage borrowers, part of legal costs and netting-off EB's FX-mortgage provisions, (***) incl. result on FV portfolio, impairment losses on non-financial assets, modifications.



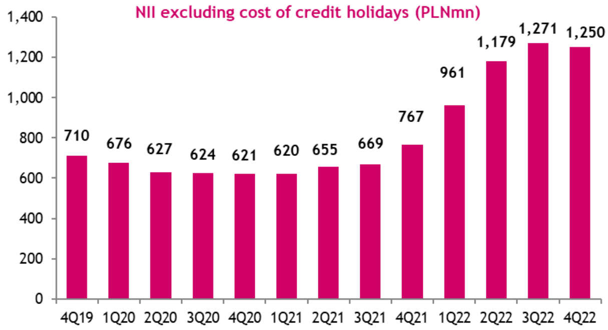


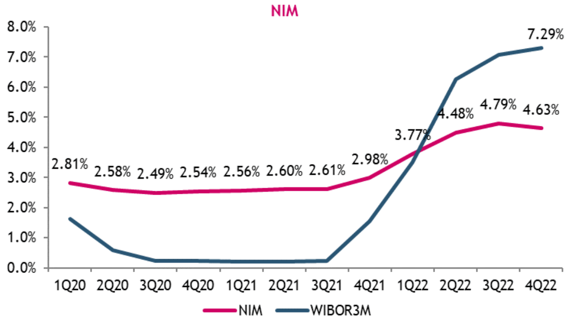
* Reported adjusted for cost of credit holidays, provisions against credit risk, Covid-19, result on FV portfolio, impairment losses on non-financial assets, modifications and legal risk on FX-mortgages; ** Income adjusted for result on FV portfolio, costs of credit holidays, amicable settlements and netting-off of legal risk provisions on FX-mortgages of f.EB

The key developments in 4Q22 were as follows:

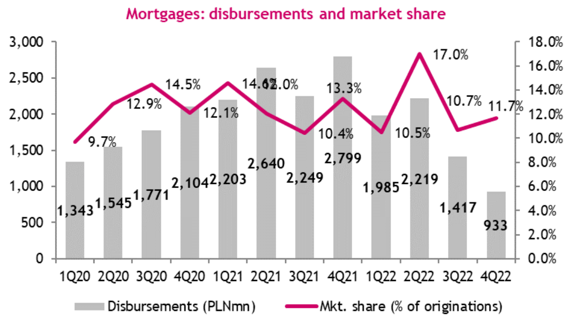
- **NII adjusted for cost of credit holidays marginally contracted in q/q terms** after six consecutive quarters of q/q growth; y/y growth was at robust 63% but started to decelerate;

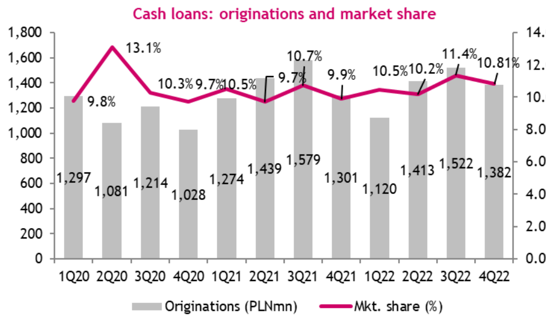
- **quarterly NIM contracted to 463bps from 479bps in 3Q22** mainly due to higher cost of deposits; asset yield continued to improve although at slower pace;



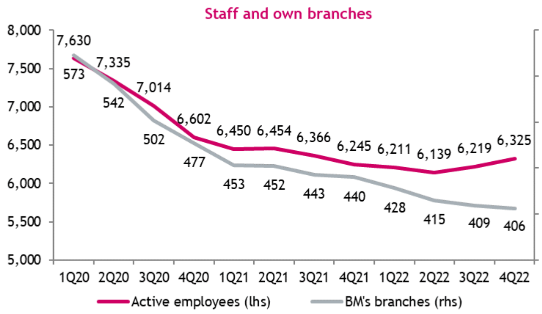


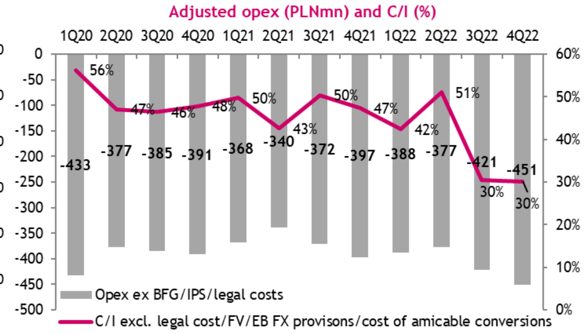
- **slightly contracting loan portfolio (net/gross loans: -3%/-2% y/y)** with the biggest 7% q/q drop in the corporate segment (generally lower risk appetite, this quarter amplified by early repayments, disposals and write-offs); retail portfolio was down 2% q/q and down 3% y/y with falling mortgages being the reason; credit holidays, low origination (4Q22: PLN0.9bn, FY22: PLN6.6bn, down 34% y/y) and early repayments undermined PLN mortgages, while FX-mortgage continued to shrink (-30% y/y, -15% q/q) on a combination of FX movements, repayments, provisioning (in line with IFRS9 most of legal risk provisions are booked against gross value of loans under court proceedings) and amicable settlements; as a result, the share of all FX-mortgages in total gross loans decreased to 8.9% (BM originated only: 8.1%) from 12.4% (11.4%) in the same period last year; non-mortgage retail portfolio was marginally up q/q and y/y owing partly to relatively stable production of cash loans (4Q22: PLN1.4bn, FY22: PLN5.4bn, down 3% y/y);





- **high cost efficiency** owing to a combination of a steady increase in the digitalisation of our business and well as relations with clients with strong cost response to revenue pressures; stable headcount (number of active employees up 80 or 1% since 4Q21), ongoing optimisation of the physical distribution network (own branches down by 34 units or 8% in the last twelve months) complemented the increasing share of digital services (digital customers: 2.52 million, up 11% y/y, number of active mobile customers: 2.24 million, up 17% y/y); cost optimisation initiatives helped to control inflation driven growth in opex but also translated into much improved cost efficiency; reported C/I ratio (excl. cost of credit holidays) was below 33% in 4Q22 compared to 47% in the same period last year while adjusted C/I ratio (excl. credit holidays and costs related to FX-mortgages) remained low at close to 30% compared to 47% in the same period last year;





- **broadly stable loan book quality** (NPL ratio of 4.45% at YE22 vs. 4.54% at the end of September'22) with cost of risk remaining moderate (45bps vs. 56bps in 3Q22 and at 44bps in FY22) owing partly to NPL sales (4Q22: PLN45mn pre-tax); trends in quality differed somewhat in the main segments but the denominator effect (decreasing value of gross loans) played more significant role this time; retail segment saw a slight uptick of the NPL ratio despite the sale of NPLs but the value of stage 3 actually decreased in the period; in contrast corporate segment saw NPL ratio dropping to 3.1% from 3.8% at the end of September'22 following a repayments / disposals and write-offs of credit exposures; NPL coverage improved to nearly 70% from 69% at the end of 3Q22;

- **customer deposits were flat in the quarter** with retail deposits up 3% q/q and corporate ones down 5%; retail deposit mix continued to gradually change with term deposits accounting for 29% at the end of December'22 vs. 15% at YE21; the liquidity of the Bank remained very comfortable with L/D ratio easing further to 78%;

- **capital ratios significantly improved** (Group TCR: 14.4%/T1: 11.3% vs. 12.4%/9.4% respectively at the end September 2022) and were back above required minimum levels as highlighted earlier; positive net result for the period (and consequently a decrease of the ytd loss), much improved valuation of the bond portfolio and last but not least a significant 8% q/q drop in RWAs (securitisation transaction reducing RWA >PLN1bn and reduction of corporate credit exposures) contributed the most;

- **AuM of Millennium TFI and third party funds combined were marginally up q/q** and crossed the PLN6.4bn with y/y contraction rate slowing to 28%.

BM GROUP's FINANCIAL DATA IN BRIEF

Group's operating income *(PLNmn)*	2022	2021	Change y/y	4Q22	3Q22	Change q/q
Net interest income reported	*3 337.3*	*2 713.1*	*23.0%*	*1 348.9*	*-151.5*	*-*
Impact of credit holidays on net interest income	(1 324.2)	0.0	-	98.7	(1 422.9)	-
Net interest income without credit holidays	4 661.5	2 713.1	71.8%	1 250.2	1 271.4	-1.7%
Net commission income	808.3	830.6	-2.7%	202.0	179.4	12.6%
Core income (without credit holidays)	5 469.8	3 543.8	54.4%	1 452.2	1 450.8	0.1%
Other non-interest income*	-137.1	14.4	-	-21.0	-45.9	-
Total operating income (without credit holidays)*	5 332.7	3 558.1	49.9%	1 431.1	1 404.8	1.9%

(*) Without fair value adjustment of credit portfolio (PLN12.5mn in 2022 and PLN39.9mn in 2021), which is included in the cost of risk line

Operating costs *(PLNmn)*	2022	2021	Change y/y	4Q22	3Q22	Change q/q
Personnel costs	(916.1)	(815.3)	12.4%	(238.1)	(232.6)	2.3%
Other administrative costs	(1 177.0)	(827.0)	42.3%	(230.5)	(228.9)	0.7%
of which Banking Guarantee Fund (BFG) fees and IPS contribution	*(396.8)*	*(100.7)*	*294.0%*	*(0.4)*	*(24.4)*	*-98.2%*
Total operating costs	(2 093.2)	(1 642.3)	27.5%	(468.6)	(461.5)	1.5%
Total costs without BFG/IPS	*(1 696.4)*	*(1 541.6)*	*10.0%*	*(468.1)*	*(437.1)*	*7.1%*
Cost/income - reported	39.3%	46.2%	-6.9 pp	32.7%	32.9%	-0.1 pp
*Cost/income - adjusted **	*36.2%*	*42.5%*	-6.2 pp	*31.5%*	*31.9%*	-0.4 pp

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

Employment *(FTEs)*	31.12.2022	31.12.2021	Change y/y	30.09.2022	Change q/q
Bank Millennium S.A.	6 578	6 598	-0.3%	6 499	1.2%
Subsidiaries	282	345	-18.2%	279	1.2%
Total Bank Millennium Group	6 860	6 942	-1.2%	6 778	1.2%
Total BM Group (active* FTEs)	6 325	6 245	1.3%	6 219	1.7%

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

Net profit *(PLNmn)*	**2022**	**2021**	**Change y/y**	**4Q22**	**3Q22**	**Change q/q**
Operating income without credit holidays	5 332.7	3 558.1	49.9%	1 431.1	1 404.8	1.9%
Operating costs	(2 093.2)	(1 642.3)	27.5%	(468.6)	(461.5)	1.5%
Impairment provisions and other cost of risk *	(357.5)	(299.0)	19.6%	(90.8)	(113.0)	-19.7%
Other modifications**	(102.2)	0.0	-	(52.5)	(49.7)	-
FX legal risk related provision	(2 017.3)	(2 305.2)	-12.5%	(504.5)	(498.2)	1.3%
Cost of credit holidays	(1 324.2)	0.0		98.7	(1 422.9)	-
Banking tax	(169.1)	(312.6)	-45.9%	0.0	(0.2)	-
Pre-tax profit	(730.8)	(1 000.9)	-	413.5	(1 140.7)	-
Income tax	(283.8)	(330.9)	-14.2%	(164.5)	139.8	-
Net profit - reported	(1 014.6)	(1 331.9)	-	248.9	(1 000.9)	-
Net profit - adjusted* ***	2 240.8	1 124.3	99.3%	673.2	618.9	8.8%

(*) impairment provisions for financial and non-financial assets including also fair value adjustment on loans (PLN12.5mn in 2022 and PLN39.9mn in 2021) and loans modification effect (PLN-24.5mn in 2022 and PLN-12.8mn in 2021)

(**) the value of modification booked in 3Q22 and 4Q22 resulting from amicable settlements with FX mortgage borrowers and referring to a specific group of such agreements. (PLN-49.7mn in 3Q22 and-52.5mn in 4Q22)

(***) without extraordinary items, i.e. cost (and its adjustments) of credit holidays, FX-mortgage related costs, linear distribution of BFG resolution fund fee and hypothetical banking tax in 2H22;

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

Loans and advances to clients *(PLN million)*	31.12.2022	31.12.2021	Change y/y	30.09.2022	Change q/q
Loans to households	57 859.4	59 545.8	-2.8%	58 761.0	-1.5%
- *PLN mortgage loans*	*35 107.7*	*33 915.8*	*3.5%*	*34 850.1*	*0.7%*
- *FX mortgage loans*	*6 840.5*	*9 797.1*	*-30.2%*	*8 112.9*	*-15.7%*
- *of which Bank Millennium loans*	*6 240.3*	*9 046.6*	*-31.0%*	*7 414.6*	*-15.8%*
- *of which ex-Euro Bank loans*	*600.1*	*750.6*	*-20.0%*	*698.3*	*-14.1%*
- *consumer loans*	*15 911.2*	*15 832.8*	*0.5%*	*15 798.0*	*0.7%*
Loans to companies and public sector	18 705.8	19 057.5	-1.8%	20 204.5	-7.4%
- *leasing*	*7 029.6*	*6 805.5*	*3.3%*	*7 114.3*	*-1.2%*
- *other loans to companies and factoring*	*11 676.2*	*12 252.0*	*-4.7%*	*13 090.2*	*-10.8%*
Net loans & advances to clients	**76 565.2**	**78 603.3**	-2.6%	**78 965.5**	-3.0%
Net loans and advances to clients excluding FX mortgage loans	*69 724.7*	*68 806.2*	*1.3%*	*70 852.6*	*-1.6%*
Impairment write-offs	2 459.8	2 440.6	0.8%	2 539.4	-3.1%
Gross* loans and advances to clients	**79 025.0**	**81 043.9**	-2.5%	**81 504.9**	-3.0%

(*) Including, besides provisions for credit risk, also fair value adjustment of loan portfolio presented in fair value as well as modification. Includes also IFRS9 initial adjustment. Gross loan portfolio in this case presents value of loans and advances before mentioned provisions and adjustments.

Customer deposits *(PLN million)*	31.12.2022	31.12.2021	Change y/y	30.09.2022	Change q/q
Deposits of individuals	68 787.0	66 022.1	4.2%	66 867.3	2.9%
Deposits of companies and public sector	29 251.5	25 425.4	15.0%	30 903.3	-5.3%
Total deposits	98 038.5	91 447.5	7.2%	97 770.6	0.3%

LIQUIDITY, ASSET QUALITY AND SOLVENCY

The liquidity position of Bank Millennium Group remained very strong during 2022. LCR ratio reached the level of 223% at the of December 2022, well above the supervisory minimum of 100%. Loan-to-deposit ratio remained at secure level of 78% and the share of liquid debt securities (mainly bonds issued by the sovereigns, multilateral development banks and NBP bills) in the Group’s total assets remains significant at 18%.

Share of impaired loans, including stage 3 portfolio and POCI Assets (Purchased or Originated Credit Impaired) in default, in total loan portfolio was at the end of December 2022 at the level of 4.45%. This means a small growth by 6bp from the level of 4.39% a year ago, which was achieved largely due to the Group’s sales and write-offs policy of impaired portfolio. Share of loans past-due more than 90 days in total portfolio decreased during last year from 2.27% in December 2021 to 2.03% in December 2022.

Coverage ratio of impaired loans, now defined as relation of all risk provisions for stage 3 loans and POCI in default, has slightly increased during the year from 68.62% in December 2021 to 69.91%. Coverage by total provisions of loans past-due more than 90 days also increased from 133% one year ago to 154% at the end of 2022. In 2022, both these ratios improved despite the write-offs and the sales of NPLs that took place during the year with the corresponding utilisation of provisions.

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

Group loans quality indicators	31.12.2022	31.12.2021
Total impaired loans (PLN million)	3 518	3 557
Total provisions (PLN million)	2 460	2 441
Impaired over total loans ratio (%)	**4.45%**	**4.39%**
Loans past-due over 90 days /total loans (%)	2.03%	2.27%
Total provisions/impaired loans (%)	**69.91%**	**68.62%**
Total provisions/loans past-due (>90d) (%)	153.58%	132.56%

Impaired loan ratio for retail clients increased from 4.55% to 4.86% (being an outcome of drop in other retail of 0.44pp and growth in mortgage portfolio of 0.48pp) and at the same time decreased in the corporate portfolio from 3.86% to 3.07% (growth in leasing portfolio of 0.78pp compensated by drop in the rest of corporate portfolio of 1.78pp). Last year, the value of foreign currency mortgage loans (deducted by allocated provisions) decreased as much by approx. 29.7% year-to-year (in PLN terms) as a result of amortization of this portfolio as well as a consequence of increasing provisions created for legal risk. Additionally, it should be noted that ex-Euro Bank mortgage portfolio, in amount approx. PLN613mn, enjoys a guarantee and indemnity from Société Générale. Excluding this portfolio, the share of FX mortgage loans in the total loan portfolio decreases from 11.4% to 8.1%. The improvement in the currency structure of the mortgage loan portfolio was supported by a significant increase in sales of loans in PLN.

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

Portfolio quality by products:	Loans past-due > 90 days ratio		Impaired loans Ratio	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Mortgage	*0.98%*	*0.90%*	*2.65%*	*2.17%*
*Other retail**	*5.73%*	*6.57%*	*9.93%*	*10.37%*
Total retail clients*	2.42%	2.54%	4.86%	4.55%
Leasing	*0.74%*	*1.29%*	*3.94%*	*3.16%*
Other loans to companies	*0.65%*	*1.42%*	*2.49%*	*4.27%*
Total companies	0.69%	1.38%	3.07%	3.86%
Total loan portfolio	**2.03%**	**2.27%**	**4.45%**	**4.39%**

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

In 4Q22, capital ratios of the Group increased compared to the 3Q22: TCR stood at 14.42% and CET1 at 11.28%. This was driven mainly by the 7.6% increase of own funds (mainly better valuation of State Treasury debt securities in own funds and a reduction of a yearly current net loss due to a positive result of the fourth quarter). Minimum regulatory ratios requirements also fell by 85 bps for TCR and 47 bps for CET1. At the same time, the level of risk-weighted assets decreased by 7.8%, among others a result of completed securitisation transaction.

Main capital adequacy and liquidity ratios:

Main capital and liquidity indicators * (PLNmn)	31.12.2022	30.09.2022	31.12.2021
Risk-weighted assets (RWA) for Group	48 497	52 587	49 443
Risk-weighted assets (RWA) for Bank	48 046	52 086	48 896
Own funds requirements for Group	3 880	4 207	3 955
Own funds requirements for Bank	3 844	4 167	3 912
Own Funds for Group	6 991	6 497	8 436
Own Funds for Bank	6 983	6 472	8 397
Total Capital Ratio (TCR) for Group	**14.42%**	**12.36%**	**17.06%**
Total Capital Ratio (TCR) for Bank	14.53%	12.43%	17.17%
Tier 1 ratio for Group	**11.28%**	**9.45%**	**13.97%**
Tier 1 ratio for Bank	11.37%	9.49%	14.04%
Common Equity Tier 1 (=T1) ratio for Group	**11.28%**	**9.45%**	**13.97%**
Common Equity Tier 1 (=T1) ratio for Bank	11.37%	9.49%	14.04%
Liquidity Coverage Ratio (LCR) for Group	**223%**	**165%**	**150%**

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

Minimum required level of capital include:

- Pillar II RRE FX buffer - KNF recommendation to maintain additional own funds for the coverage of additional capital requirements to secure the risk resulting from FX mortgage loans granted to households, in line with art. 138.1.2a of Banking Act. A value of that buffer is defined for banks by KNF every year as a result of Supervisory review and Evaluation process (SREP) and relates to risk that is in KNF's opinion - inadequately covered by minimum own funds requirements, set in CRR art. 92. At present, the buffer was set by KNF in recommendations issued in the end of 2022 in the level of 1.95pp (Bank) and 1.94pp (Group) as for Total Capital Ratio (TCR), which corresponds to capital requirements over Tier 1 ratio of 1.47pp in Bank and of 1.46pp in Group, and which corresponds to capital requirements over CET 1 ratio of 1.10pp in Bank and 1.09pp in Group.
- Combined buffer – defined in Act on macroprudential supervision over the financial system and crisis management – that consists of:
    - Capital conservation buffer at the level of 2.5%.
    - Other systemically important institution buffer (OSII) – at the level of 0.25%, and the value is set by KNF every year.
    - Systemic risk buffer at the level of 0% from March 2020.
    - Countercyclical buffer at the 0% level.