Consolidated report of the Bank Millennium S.A. Capital Group for 1st half 2025

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

Consolidated Financial Highlights

	Amount '000 PLN		Amount '000 EUR	
	1.01.2025 – 30.06.2025	1.01.2024 – 30.06.2024	1.01.2025 – 30.06.2025	1.01.2024 – 30.06.2024
Interest income and other of similar nature	4 568 353	4 174 626	1 082 343	968 389
Fee and commission income	517 505	524 571	122 608	121 685
Profit (loss) before income tax	780 727	246 575	184 971	57 198
Profit (loss) after taxes	510 746	356 933	121 007	82 798
Total comprehensive income of the period	633 846	449 463	150 172	104 262
Net cash flows from operating activities	6 189 369	9 513 771	1 466 397	2 206 911
Net cash flows from investing activities	(7 838 124)	(8 211 878)	(1 857 023)	(1 904 910)
Net cash flows from financing activities	548 159	21 835	129 871	5 065
Net cash flows, total	(1 100 597)	1 323 728	(260 755)	307 065
Earnings (losses) per ordinary share (in PLN/EUR)	0.42	0.29	0.10	0.07
Diluted earnings (losses) per ordinary share	0.42	0.29	0.10	0.07
	30.06.2025	31.12.2024	30.06.2025	31.12.2024
Total Assets	145 956 355	138 953 860	34 408 250	32 519 040
Liabilities to banks and other monetary institutions	134 873	204 459	31 795	47 849
Liabilities to customers	121 734 172	117 257 213	28 698 030	27 441 426
Equity	8 405 480	7 771 634	1 981 537	1 818 777
Share capital	1 213 117	1 213 117	285 984	283 903
Number of shares (pcs.)	1 213 116 777	1 213 116 777	1 213 116 777	1 213 116 777
Book value per share (in PLN/EUR)	6.93	6.41	1.63	1.50
Diluted book value per share (in PLN/EUR)	6.93	6.41	1.63	1.50
Total Capital Ratio (TCR)	15.58%	17.59%	15.58%	17.59%
Pledged or paid dividend per share (in PLN/EUR)	-	-	-	-

Exchange rates accepted to convert selected financial data into EUR				
for items as at the balance sheet date	-	-	4.2419	4.2730
for items for the period covered by the report (exchange rate calculated as the average of exchange rates at the end of individual months of the period)	-	-	4.2208	4.3109

CONSOLIDATED REPORT OF THE BANK MILLENNIUM S.A. CAPITAL GROUP FOR 1ST HALF 2025

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1. CONSOLIDATED FINANCIAL DATA (GROUP)

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

Amount '000 PLN	Note	1.01.2025 - 30.06.2025	1.04.2025 - 30.06.2025	1.01.2024 - 30.06.2024 restated data	1.04.2024 - 30.06.2024 restated data
Net interest income		2 871 798	1 448 343	2 535 817	1 181 572
Interest income and other of similar nature	1	4 568 353	2 300 300	4 174 626	2 005 199
Income calculated using the effective interest method		4 509 108	2 265 206	4 092 467	1 965 734
Interest income from Financial assets at amortised cost, of which:		3 686 556	1 845 370	3 454 634	1 630 008
- the impact of the adjustment to the gross carrying amount of loans due to credit holidays		0	0	(201 046)	(201 046)
Interest income from Financial assets at fair value through other comprehensive income		822 552	419 836	637 833	335 726
Result of similar nature to interest from Financial assets at fair value through profit or loss		59 245	35 094	82 159	39 465
Interest expenses	2	(1 696 555)	(851 957)	(1 638 809)	(823 627)
Net fee and commission income		370 634	188 087	390 121	190 539
Fee and commission income	3	517 505	268 030	524 571	262 149
Fee and commission expenses	4	(146 871)	(79 943)	(134 450)	(71 610)
Dividend income		3 547	3 462	3 389	3 237
Result on derecognition of financial assets and liabilities not measured at fair value through profit or loss	5	(2 389)	(941)	(733)	(319)
Results on financial assets and liabilities held for trading	6	13 271	275	(2 189)	(3 544)
Result on non-trading financial assets mandatorily at fair value through profit or loss	7	54 681	52 179	5 798	(4 919)
Result on hedge accounting		(450)	233	(1 456)	(209)
Result on exchange differences		109 660	54 001	113 409	61 965
Other operating income		190 441	127 668	169 678	101 847
Other operating expenses		(194 924)	(124 415)	(202 620)	(58 559)
Administrative expenses	8	(1 158 373)	(547 116)	(993 752)	(449 713)
Impairment losses on financial assets	9	(76 428)	9 060	(190 476)	(69 938)
Impairment losses on non-financial assets		(1 750)	(790)	(2 096)	(211)
Legal risk expenses connected with FX mortgage loans, of which:	10	(1 085 387)	(588 851)	(1 432 835)	(744 133)
Provisions for legal risk		(1 018 600)	(573 810)	(1 123 590)	(574 780)
Result on modification		(2 232)	(2 163)	(1 449)	(594)
Depreciation		(111 554)	(54 859)	(109 509)	(55 218)
Share of the profit of investments in subsidiaries		0	0	0	0
Banking tax		(199 818)	(101 149)	(34 522)	(34 522)
Profit before income taxes		780 727	463 024	246 575	117 282
Corporate income tax	11	(269 981)	(131 547)	110 358	111 225
Profit after taxes		510 746	331 477	356 933	228 507
Attributable to:					
Owners of the parent		510 746	331 477	356 933	228 507
Non-controlling interests		0	0	0	0
Weighted average number of outstanding ordinary shares (pcs.)		1 213 116 777	1 213 116 777	1 213 116 777	1 213 116 777
Profit (ordinary/diluted) per ordinary share (in PLN)		0.42	0.27	0.29	0.19

CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME

Amount ‘000 PLN	1.01.2025 - 30.06.2025	1.04.2025 - 30.06.2025	1.01.2024 - 30.06.2024	1.04.2024 - 30.06.2024
Profit after taxes	510 746	331 477	356 933	228 507
Other comprehensive income items that may be (or were) reclassified to profit or loss	151 975	79 862	114 235	41 619
Result on debt securities	138 811	75 370	97 280	37 125
Hedge accounting	13 164	4 492	16 955	4 494
Other comprehensive income items that will not be reclassified to profit or loss	0	0	0	0
Actuarial gains (losses)	0	0	0	0
Result on equity instruments	0	0	0	0
Total comprehensive income items before taxes	151 975	79 862	114 235	41 619
Corporate income tax on other comprehensive income items that may be (or were) reclassified to profit or loss	(28 875)	(15 174)	(21 705)	(7 908)
Corporate income tax on other comprehensive income items that will not be reclassified to profit or loss	0	0	0	0
Total comprehensive income items after taxes	123 100	64 688	92 530	33 711
Total comprehensive income for the period	633 846	396 165	449 463	262 218
Attributable to:				
Owners of the parent	633 846	396 165	449 463	262 218
Non-controlling interests	0	0	0	0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

Amount '000 PLN	Note	30.06.2025	31.12.2024 restated data	01.01.2024 restated data
Cash, cash balances at central banks		5 292 615	5 178 984	5 094 984
Financial assets held for trading	12	1 284 207	1 005 542	620 486
Derivatives		224 005	255 845	498 249
Equity instruments		132	115	121
Debt securities, of which:		724 597	555 364	110 554
Securities underlying the sale and repurchase agreements		501	194 088	0
Reverse sale and repurchase agreements		335 473	194 218	11 562
Non-trading financial assets mandatorily at fair value through profit or loss, other than Loans and advances to customers		172 884	118 399	147 623
Equity instruments		121 580	66 609	66 609
Debt securities		51 304	51 790	81 014
Financial assets at fair value through other comprehensive income	13	32 549 920	29 255 449	22 096 199
Equity instruments		36 851	36 712	28 793
Debt securities		32 513 069	29 218 737	22 067 407
Loans and advances to customers	14	74 222 153	74 975 315	73 615 096
Mandatorily at fair value through profit or loss		1 223	1 825	19 349
Valued at amortised cost		74 220 930	74 973 490	73 595 747
Financial assets at amortised cost other than Loans and advances to customers	15	28 724 628	24 816 002	20 695 024
Debt securities		28 107 557	24 381 485	18 749 907
Deposits, loans and advances to banks and other monetary institutions		545 202	434 517	793 436
Reverse sale and repurchase agreements		71 869	0	1 151 680
Derivatives – Hedge accounting	16	0	0	15 069
Investments in subsidiaries, joint ventures and associates		44 012	44 012	52 509
Tangible fixed assets		553 891	532 226	529 876
Intangible fixed assets		572 806	534 417	465 425
Income tax assets		536 093	713 777	486 803
Current income tax assets		9 526	343	1 810
Deferred income tax assets		526 567	713 434	484 993
Other assets		1 989 647	1 765 188	1 544 328
Non-current assets and disposal groups classified as held for sale		13 499	14 549	17 514
Total assets		**145 956 355**	**138 953 860**	**125 380 936**

LIABILITIES AND EQUITY

Amount '000 PLN	Note	30.06.2025	31.12.2024 restated data	01.01.2024 restated data
LIABILITIES				
Financial liabilities held for trading	12	651 285	417 073	579 553
Derivatives		319 807	226 304	576 833
Liabilities from short sale of securities		331 478	190 769	2 720
Financial liabilities measured at amortised cost		130 456 059	125 343 000	112 633 689
Liabilities to banks and other monetary institutions	17	134 873	204 459	504 368
Liabilities to customers	18	121 734 172	117 257 213	107 246 428
Sale and repurchase agreements	19	500	194 223	0
Debt securities issued	20	7 025 447	6 124 775	3 317 849
Subordinated debt	21	1 561 067	1 562 330	1 565 045
Derivatives – Hedge accounting	16	30 967	101 539	165 700
Provisions	22	3 544 909	2 951 752	1 493 799
Legal issues		3 438 215	2 847 003	1 403 105
Commitments and guarantees given		53 336	53 583	42 367
Retirement benefits		53 358	51 166	48 328
Income tax liabilities		26 676	223 767	461 456
Current income tax liabilities		24 058	220 659	461 217
Deferred income tax liabilities		2 618	3 108	240
Other liabilities		2 840 979	2 145 095	3 151 843
Total Liabilities		**137 550 875**	**131 182 226**	**118 486 041**
EQUITY				
Share capital		1 213 117	1 213 117	1 213 117
Own shares		(21)	(21)	(21)
Share premium		1 147 502	1 147 502	1 147 502
Accumulated other comprehensive income		63 116	(59 984)	(217 512)
Retained earnings		5 981 766	5 471 020	4 751 809
Total equity		8 405 480	7 771 634	6 894 895
Total equity and total liabilities		**145 956 355**	**138 953 860**	**125 380 936**

Book value of net assets		8 405 480	7 771 634	6 894 895
Number of shares (pcs.)		1 213 116 777	1 213 116 777	1 213 116 777
Book value per share (in PLN)		6.92	6,41	5,68

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amount '000 PLN	Total consolidated equity	Share capital	Own shares	Share premium	Accumulated other comprehensive income	Retained earnings	
						Unappropriated result	Other reserves
01.01.2025 – 30.06.2025							
Equity at the beginning of the period	7 771 634	1 213 117	(21)	1 147 502	(59 984)	953 897	4 517 123
Total comprehensive income for period (net)	633 846	0	0	0	123 100	510 746	0
net profit/ (loss) of the period	510 746	0	0	0	0	510 746	0
other comprehensive income items after taxes	123 100	0	0	0	123 100	0	0
Transfer between items of reserves	0	0	0	0	0	(660 989)	660 989
Equity at the end of the period	8 405 480	1 213 117	(21)	1 147 502	63 116	803 654	5 178 112

Amount '000 PLN	Total consolidated equity	Share capital	Own shares	Share premium	Accumulated other comprehensive income	Retained earnings	
						Unappropriated result	Other reserves
01.01.2024 – 31.12.2024							
Equity at the beginning of the period	6 894 897	1 213 117	(21)	1 147 502	(217 512)	792 278	3 959 533
Total comprehensive income for period (net)	876 737	0	0	0	157 528	719 209	0
net profit/ (loss) of the period	719 209	0	0	0	0	719 209	0
other comprehensive income items after taxes	157 528	0	0	0	157 528	0	0
Transfer between items of reserves	0	0	0	0	0	(557 590)	557 590
Equity at the end of the period	7 771 634	1 213 117	(21)	1 147 502	(59 984)	953 897	4 517 123

Amount '000 PLN	Total consolidated equity	Share capital	Own shares	Share premium	Accumulated other comprehensive income	Retained earnings	
						Unappropriated result	Other reserves
01.01.2024 – 30.06.2024							
Equity at the beginning of the period	6 894 895	1 213 117	(21)	1 147 502	(217 512)	792 276	3 959 533
Total comprehensive income for period (net)	449 463	0	0	0	92 530	356 933	0
net profit/ (loss) of the period	356 933	0	0	0	0	356 933	0
other comprehensive income items after taxes	92 530	0	0	0	92 530	0	0
Transfer between items of reserves	0	0	0	0	0	(553 622)	553 622
Equity at the end of the period	7 344 358	1 213 117	(21)	1 147 502	(124 982)	595 587	4 513 155

CONSOLIDATED STATEMENT OF CASH FLOW

A. CASH FLOWS FROM OPERATING ACTIVITIES

Amount '000 PLN	1.01.2025 - 30.06.2025	1.01.2024 - 30.06.2024 restated data
Profit (loss) after taxes	510 746	356 933
Total adjustments:	5 678 623	9 156 838
Interest income/expense result (from the Profit and loss statement)	(2 871 798)	(2 535 817)
Interest received	4 241 096	3 992 815
Interest paid	(1 380 973)	(1 312 825)
Depreciation and amortization	111 554	109 509
Foreign exchange (gains)/ losses	(32 306)	(17 388)
Dividends	(85)	(3 389)
Changes in provisions	593 157	820 543
Result on sale and liquidation of investing activity assets	(34 857)	1 479
Change in financial assets held for trading	(173 433)	8 285
Change in loans and advances to banks	(163 139)	61 799
Change in loans and advances to customers	767 543	(958 573)
Change in receivables from securities bought with sell-back clause (loans and advances)	(213 124)	965 466
Change in financial liabilities valued at fair value through profit and loss (held for trading)	163 640	(107 607)
Change in deposits from banks	(69 802)	(88 869)
Change in deposits from customers	4 545 447	9 279 727
Change in liabilities from securities sold with buy-back clause	(193 723)	2 559
Change in debt securities issued	(298)	(35 131)
Income tax (from the Profit and loss statement)	269 981	(110 358)
Income tax paid	(318 163)	(523 822)
Change in other assets and liabilities	437 906	(391 565)
Net cash flows from operating activities	6 189 369	9 513 771

B. CASH FLOWS FROM INVESTING ACTIVITIES

Amount '000 PLN	1.01.2025 - 30.06.2025	1.01.2024 - 30.06.2024 restated data
Inflows:	290 700 221	296 428 703
Proceeds from sale of property, plant and equipment and intangible assets	46 440	6 060
Proceeds from sale of shares in related entities	0	0
Proceeds from sale of investment financial assets	290 653 696	296 419 254
Other	85	3 389
Outflows:	(298 538 345)	(304 640 581)
Acquisition of property, plant and equipment and intangible assets	(148 444)	(118 240)
Acquisition of shares in related entities	0	0
Acquisition of investment financial assets	(298 389 901)	(304 522 341)
Other	0	0
Net cash flows from investing activities	(7 838 124)	(8 211 878)

C. CASH FLOWS FROM FINANCING ACTIVITIES

Amount '000 PLN	1.01.2025 - 30.06.2025	1.01.2024 - 30.06.2024 restated data
Inflows from financing activities:	800 000	300 000
Long-term bank loans	0	0
Issue of debt securities	800 000	300 000
Increase in subordinated debt	0	0
Net proceeds from issues of shares and additional capital paid-in	0	0
Other inflows from financing activities	0	0
Outflows from financing activities:	(251 841)	(278 165)
Repayment of long-term bank loans	0	0
Redemption of debt securities	(26 000)	(76 910)
Decrease in subordinated debt	0	0
Issue of shares expenses	0	0
Redemption of shares	0	0
Dividends paid and other payments to owners	0	0
Payments of lease liabilities	(43 710)	(45 169)
Other outflows from financing activities	(182 131)	(156 086)
Net cash flows from financing activities	548 159	21 835

D. Net cash flows. Total (A + B + C)	(1 100 597)	1 323 728
- of which change resulting from FX differences	(10)	(98)
E. Cash and cash equivalents at the beginning of the reporting period	14 159 599	15 504 527
F. Cash and cash equivalents at the end of the reporting period (D + E)	13 059 002	16 828 255

2. GENERAL INFORMATION ABOUT ISSUER

Bank Millennium S.A. (the Bank) is a nationwide universal bank, offering its services to all market segments via a network of branches, corporate centres, individual advisors and mobile and electronic banking.

The Bank, entered under the number KRS 0000010186 in the National Court Register kept by the Local Court for the Capital City of Warsaw, 13th Business Department of the National Court Register, is seated in Warsaw, Stanisława Żaryna 2A.

The Bank is listed on the Warsaw Stock Exchange since 1992, first Bank ever to float its shares on the WSE.

The Bank is a parent company of Bank Millennium Capital Group (the Group) with over 6,700 employees with core business comprising banking (including mortgage bank), leasing, factoring, brokerage, capital operations, investment fund management and web portals activity.

Supervisory Board and Management Board of Bank Millennium S.A. as at 30 June 2025

Composition of the Supervisory Board as at 30 June 2025 was as follows:

- Olga Grygier-Siddons - Chairman of the Supervisory Board,
- Nuno Manuel da Silva Amado – Deputy Chairman of the Supervisory Board,
- Katarzyna Sułkowska – Deputy Chairman and Secretary of the Supervisory Board,
- Małgorzata Bonikowska – Member of the Supervisory Board,
- Miguel de Campos Pereira de Bragança – Member of the Supervisory Board,
- Agnieszka Kłos-Siddiqui – Member of the Supervisory Board,
- Anna Mankiewicz-Rębkowska – Member of the Supervisory Board,
- Alojzy Nowak – Member of the Supervisory Board,
- Izabela Olszewska – Member of the Supervisory Board,
- Jose Miguel Bensliman Schorcht da Silva Pessanha – Member of the Supervisory Board,
- Miguel Maya Dias Pinheiro – Member of the Supervisory Board,
- Lingjiang Xu – Member of the Supervisory Board.

Composition of the Management Board at 30 June 2025 was as follows:

- Joao Nuno Lima Bras Jorge – Chairman of the Management Board,
- Fernando Maria Cardoso Rodrigues Bicho – Deputy Chairman of the Management Board,
- Wojciech Haase – Member of the Management Board,
- Jarosław Hermann – Member of the Management Board,
- Halina Karpińska – Member of the Management Board,
- Antonio Ferreira Pinto Junior – Member of the Management Board,
- Magdalena Zmitrowicz – Member of the Management Board.

Capital Group of Bank Millennium S.A.

The Group's parent entity is Bank Millennium S.A. while the ultimate parent entity of the Bank Millennium S.A. is the Banco Comercial Portugues - company listed on the stock exchange in Lisbon. The companies that belong to the Capital Group as at 30 June 2025, are presented by the table below:

Company	Activity domain	Head office	% of the Group's capital share	% of the Group's voting share	Recognition in financial statements
MILLENNIUM BANK HIPOTECZNY S.A.	mortgage bank	Warsaw	100	100	full consolidation
MILLENNIUM LEASING Sp. z o.o.	leasing services	Warsaw	100	100	full consolidation
MILLENNIUM CONSULTING S.A.	advisory services	Warsaw	100	100	full consolidation
MILLENNIUM TFI S.A.	investment funds management	Warsaw	100	100	full consolidation
MILLENNIUM SERVICE Sp. z o.o.	rental and management of real estate, insurance and brokers activity	Warsaw	100	100	full consolidation
MILLENNIUM GOODIE Sp. z o.o.	web portals activity	Warsaw	100	100	full consolidation
MILLENNIUM TELECOMMUNICATION SERVICES Sp. z o.o.	financial operations - equity markets, advisory services	Warsaw	100	100	full consolidation
EUROPA MILLENNIUM FINANCIAL SERVICES Sp. z o.o.	activities of insurance agents and brokers	Wrocław	20	20	equity method valuation
Piast Expert Sp. z o.o. in liquidation	marketing services	Warsaw	100	100	full consolidation
LUBUSKIE FABRYKI MEBLI S.A. in liquidation*	furniture manufacturer	Świebodzin	50 (+1 share)	50 (+1 share)	(*)

** The Group does not consolidate Lubuskie Fabryki Mebli S.A. due to the immateriality of this entity.*

3. INTRODUCTION AND ACCOUNTING POLICY

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard IAS 34 Interim Financial Reporting as adopted by European Union. The condensed consolidated interim financial statement do not include all of the information which is presented in full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2024. The accounting principles adopted in the preparation of this condensed interim consolidated financial statement are the same as those applied in the Group's most recent annual financial statements for the year 2024, except for the principles related to income tax recognition, which are described in Note 11 'Corporate Income Tax' in Chapter 4 'Notes to the Consolidated Financial Data' and the changes in the presentation that have been described in this note.

Condensed interim consolidated financial statements of the Group prepared for the three and six-month periods ended June 30, 2025.:

- include financial data of the Bank and its subsidiaries forming the Group, and data of associates accounted under the equity method;
- are prepared on the basis of the assumption of business continuity by the Group, namely scale of business is not to be reduced substantially in a period of not less than one year from the balance sheet date;
- have been prepared in PLN, and all values, unless otherwise indicated, are given in PLN rounded to one thousand.

Between July / August 2022 and May / June 2024 the Bank executed a Recovery Plan and a Capital Protection Plan in order to improve its capital ratios that had been impacted by the significant costs of the so-called credit holidays for PLN mortgage borrowers in addition to the significant costs that were being incurred related to FX mortgage legal risk.

All key assumptions of both plans were achieved, including all defined indicators reached mandatory levels, and the Group's profitability and financial results were improved. In the area of capital management, capital ratios have been restored to levels exceeding minimum regulatory requirements and the Bank and the Group also met MREL requirements, including the combined buffer requirements.

As of 30 June 2025, the Tier 1 ratio was 553 bps (Bank) and 500 bps (Group) above the minimum requirement, and the Total Capital Ratio (TCR) was 553 bps (Bank) and 483 bps (Group) above the minimum requirement.

In terms of MRELtrea and MRELtem requirements, the Group presents a surplus compared to the minimum required levels (including the Combined Buffer Requirement) as of 30 June 2025 (MRELtrea surplus was 716 pb. and MRELtem surplus 265 pb). Assuming no extraordinary factors, the Group plans to maintain both MREL ratios above the minimum required levels with a safe surplus.

The liquidity position of Bank Millennium Group remained strong in 1H 2025; LCR ratio reached the level of 414% at the end of June 2025, loan-to-deposit ratio remained low at 61% and the share of liquid debt securities in the Group's total assets remains significant at 42%.

The Bank monitors, on the current basis, the financial situation in particular, the Bank is aware of the risks associated with further negative developments regarding the legal risk of FX mortgage loans that could imply the need to increase the level of provisions for such risk beyond the provisions that were recognized as at the balance sheet date and whose amount results from previous trends. In the Bank's view, these events, if materialized, would adversely affect the results of the Bank/Group in future, and would reduce the organic generation of capital that is envisaged, but would not prevent the Bank/Group from continuing to implement its strategy and the generation of results that would mitigate the impact of such events.

Taking into account the above circumstances and identified risks and uncertainties, the Bank's Management Board based on the analysis of all aspects of the Bank's operations and its current and forecast financial position, concluded that the application of the going concern assumption in the preparation of these financial statements is appropriate.

The Management Board approved these condensed consolidated interim financial statements on 28th July 2025.

New standards, interpretations and amendments to published standards

In this interim condensed consolidated financial statement, the Group has applied the following amendments to standards and interpretations that were endorsed by the European Union with an effective date for annual periods beginning on or after January 1, 2025:

change	impact on the Group's financial statements
Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability	The amendment did not have a material impact on the financial statements

During the reporting period and up to the date of publication of these financial statements, the following accounting standards/amendments to standards were endorsed by the European Union.:

change	impact on the Group's financial statements
Contracts Referencing Nature-dependent Electricity: Amendments to IFRS 9 and IFRS 7	The Group estimates that the amendment will not have a material impact on the financial statements.
Amendments to the Classification and Measurement of Financial Instruments: Amendments to IFRS 9 and IFRS 7	The Group estimates that the amendment will not have a material impact on the financial statements.
Annual MSSF changes – version 11	The Group estimates that the amendment will not have a material impact on the financial statements.

Change in the presentation of data implemented in 2025 and the restatement of comparative data

In this semi-annual financial report for the first half of 2025, compared to the report for the first half of 2024 and the annual report for 2024, the Group has introduced below presented changes in the presentation of selected financial data in order to enhance the transparency of disclosures, better reflect the economic substance of the transactions concluded, and align with observed changes in market practice. The changes introduced had no impact on the net result for the 3- and 6-month periods ended June 30, 2024, nor on the value of equity as of December 31, 2024.

1) Changes to the Income Statement:

a) A dedicated line item "Legal risk costs related to foreign currency mortgage loans" has been introduced. This item includes not only the costs of provisions previously presented under 'Provisions for legal risk related to foreign currency mortgage loans' and included amounts related to the recognized adjustment of the gross carrying amount of foreign currency loans as well as amounts recorded under the 'Provisions' line item, but also period costs related to settlements concluded on the Bank's terms (previously included in 'Net trading income'), costs of settlements concluded under KNF terms (previously presented as 'Modification result'), as well as legal representation costs and statutory interest (previously included in 'Other operating expenses');

b) The modification result related to non-significant modifications of exposures with recognized impairment has been reclassified to 'Impairment losses on financial assets', previously, this result was presented under 'Modification result';

c) Interest related to the receivables from repurchase agreement transactions, for which a change in presentation was made to trading assets (as described in Note 2e), was transferred from the item 'Interest income from Financial assets at amortised cost' to the item 'Result of similar nature to interest from Financial assets at fair value through profit or loss'.

2) Changes to the Statement of Financial Position:

a) Within individual portfolios of financial assets, a separate line item 'Assets pledged as collateral' has been introduced. This item presents assets that may be pledged or sold by the collateral taker (in accordance with IFRS 9, such assets must be presented separately). This new item includes debt securities sold with a repurchase agreement clause under repo or sell-buy-back transactions;

b) Provisions for retirement benefits have been reclassified from "Other liabilities" to a separate line within the 'Provisions' section;

c) The values of variation margin deposits securing derivative transactions concluded via clearing houses have been offset against the valuation of derivatives;

d) Items 'Property, plant and equipment' and 'Intangible assets' were reduced by the amount of future expenditures, with a corresponding entry under 'Other liabilities' – costs payable;

e) A change in presentation was made for a part of receivables from repurchase transactions involving debt securities from the trading portfolio, from assets measured at amortised cost to financial assets held for trading.

3) Changes to the Statement of Cash Flows:

a) The definition of cash equivalents has been revised in the case of securities issued by the State Treasury or the Central Bank. Previously, all such securities with a maturity of up to 3 months as at the balance sheet date were classified as cash equivalents. Now, only those securities that had a maturity of up to 3 months at the time of acquisition and were acquired for the purpose of covering short-term financial liabilities, are included;

b) A separate line item "Interest income/expense result (from the Profit and loss statement) has been introduced in the Cash flows from operating activities section. Previously, interest accrued during the reporting period was presented within changes in individual balance sheet items;

c) A separate line item 'Income tax (from the Profit and loss statement)' has been introduced and the amount presented under the line item 'Income tax paid' was adjusted accordingly;

d) Payments related to lease liabilities (principal portion) were presented under the line item 'Lease liability payments' in the Cash Flows from Financing Activities section; previously, these cash flows were presented under 'Change in amounts due to customers' in the Cash Flows from Operating Activities section;

e) Cash flows related to the issuance and repayment/redemption of financial liabilities arising from the issuance of debt securities were presented under Cash Flows from Financing Activities; previously, these cash flows were presented under Cash Flows from Operating Activities in the line item 'Change in liabilities from the issuance of debt securities'.

With a view to ensuring data comparability, all comparative data presented in this Group's financial statement have been appropriately restated, as shown below in tabular form.

Changes to the Statement of Profit or Loss:

Amount '000 PLN	01.01.2024 - 30.06.2024 data previously published	Change 1a)	Change 1b)	Change 1c)	01.01.2024 - 30.06.2024 restated data
Net interest income	2 535 817	0	0	0	2 535 817
Interest income and other of similar nature	4 174 626	0	0	0	4 174 626
Income calculated using the effective interest method	4 116 833	0	0	(24 366)	4 092 467
Interest income from Financial assets at amortised cost, of which:	3 479 000	0	0	(24 366)	3 454 634
- the impact of the adjustment to the gross carrying amount of loans due to credit holidays	(201 046)	0	0	0	(201 046)
Interest income from Financial assets at fair value through other comprehensive income	637 833	0	0	0	637 833
Result of similar nature to interest from Financial assets at fair value through profit or loss	57 793	0	0	24 366	82 159
Interest expenses	(1 638 809)	0	0	0	(1 638 809)
Net fee and commission income	390 121		0	0	390 121
Fee and commission income	524 571	0	0	0	524 571
Fee and commission expenses	(134 450)	0	0	0	(134 450)
Dividend income	3 389	0	0	0	3 389
Result on derecognition of financial assets and liabilities not measured at fair value through profit or loss	(733)	0	0	0	(733)
Results on financial assets and liabilities held for trading	(2 189)	0	0	0	(2 189)
Result on non-trading financial assets mandatorily at fair value through profit or loss	5 798	0	0	0	5 798
Result on hedge accounting	(1 456)	0	0	0	(1 456)
Result on exchange differences	(86 601)	200 010	0	0	113 409
Other operating income	169 678	0	0	0	169 678
Other operating expenses	(269 601)	66 981	0	0	(202 620)
Administrative expenses	(993 752)	0	0	0	(993 752)
Impairment losses on financial assets	(172 330)	0	(18 146)	0	(190 476)
Impairment losses on non-financial assets	(2 096)	0	0	0	(2 096)
Legal risk expenses connected with FX mortgage loans, of which:	(1 123 590)	(309 245)	0	0	(1 432 835)
Provisions for legal risk	(1 123 590)	0	0	0	(1 123 590)
Result on modification	(61 849)	42 254	18 146	0	(1 449)
Depreciation	(109 509)	0	0	0	(109 509)
Share of the profit of investments in subsidiaries	0	0	0	0	0
Banking tax	(34 522)	0	0	0	(34 522)
Profit before income taxes	246 575	0	0	0	246 575
Corporate income tax	110 358	0	0	0	110 358
Profit after taxes	356 933	0	0	0	356 933

Amount '000 PLN	01.04.2024 - 30.06.2024 data previously published	Change 1a)	Change 1b)	Change 1c	01.04.2024 - 30.06.2024 restated data
Net interest income	1 181 572	0	0	0	1 181 572
Interest income and other of similar nature	2 005 199	0	0	0	2 005 199
Income calculated using the effective interest method	1 976 739	0	0	(11 005)	1 965 734
Interest income from Financial assets at amortised cost, of which:	1 641 013	0	0	(11 005)	1 630 008
- the impact of the adjustment to the gross carrying amount of loans due to credit holidays	(201 046)	0	0	0	(201 046)
Interest income from Financial assets at fair value through other comprehensive income	335 726	0	0	0	335 726
Result of similar nature to interest from Financial assets at fair value through profit or loss	28 460	0	0	11 005	39 465
Interest expenses	(823 627)	0	0	0	(823 627)
Net fee and commission income	190 539	0	0	0	190 539
Fee and commission income	262 149	0	0	0	262 149
Fee and commission expenses	(71 610)	0	0	0	(71 610)
Dividend income	3 237	0	0	0	3 237
Result on derecognition of financial assets and liabilities not measured at fair value through profit or loss	(319)	0	0	0	(319)
Results on financial assets and liabilities held for trading	(3 544)	0	0	0	(3 544)
Result on non-trading financial assets mandatorily at fair value through profit or loss	(4 919)	0	0	0	(4 919)
Result on hedge accounting	(209)	0	0	0	(209)
Result on exchange differences	(39 984)	101 949	0	0	61 965
Other operating income	101 847	0	0	0	101 847
Other operating expenses	(104 363)	45 804	0	0	(58 559)
Administrative expenses	(449 713)	0	0	0	(449 713)
Impairment losses on financial assets	(61 565)	0	(8 373)	0	(69 938)
Impairment losses on non-financial assets	(211)	0	0	0	(211)
Legal risk expenses connected with FX mortgage loans, of which:	(574 780)	(169 353)	0	0	(744 133)
Provisions for legal risk	(574 780)	0	0	0	(574 780)
Result on modification	(30 566)	21 599	8 373	0	(594)
Depreciation	(55 218)	0	0	0	(55 218)
Share of the profit of investments in subsidiaries	0	0	0	0	0
Banking tax	(34 522)	0	0	0	(34 522)
Profit before income taxes	117 282	(0)	0	0	117 282
Corporate income tax	111 225	0	0	0	111 225
Profit after taxes	228 507	(0)	0	0	228 507

Changes to the Statement of Financial Position:

ASSETS

Amount '000 PLN	2024-12-31 data previously published	Change 2a)	Change 2b)	Change 2c)	Change 2d)	Change 2e)	2024-12-31 restated data
Cash, cash balances at central banks	5 178 984	0	0	0	0	0	5 178 984
Financial assets held for trading	811 324	0	0	0	0	194 218	1 005 542
Derivatives	255 845	0	0	0	0	0	255 845
Equity instruments	115	0	0	0	0	0	115
Debt securities, of which:	555 364	0	0	0	0	0	555 364
Secirities underlying the sale and repurchase agreements	0	194 088	0	0	0	0	194 088
Reverse sale and repurchase agreements	0	0	0	0	0	194 218	194 218
Non-trading financial assets mandatorily at fair value through profit or loss, other than Loans and advances to customers	118 399	0	0	0	0	0	118 399
Equity instruments	66 609	0	0	0	0	0	66 609
Debt securities	51 790	0	0	0	0	0	51 790
Financial assets at fair value through other comprehensive income	29 255 449	0	0	0	0	0	29 255 449
Equity instruments	36 712	0	0	0	0	0	36 712
Debt securities	29 218 737	0	0	0	0	0	29 218 737
Loans and advances to customers	74 981 215	0	0	(5 900)	0	0	74 975 315
Mandatorily at fair value through profit or loss	1 825	0	0	0	0	0	1 825
Valued at amortised cost	74 979 390	0	0	(5 900)	0	0	74 973 490
Financial assets at amortised cost other than Loans and advances to customers	25 010 220	0	0	0	0	(194 218)	24 816 002
Debt securities	24 381 485	0	0	0	0	0	24 381 485
Deposits, loans and advances to banks and other monetary institutions	434 517	0	0	0	0	0	434 517
Reverse sale and repurchase agreements	194 218	0	0	0	0	(194 218)	0
Derivatives – Hedge accounting	112 365	0	0	(112 365)	0	0	0
Investments in subsidiaries, joint ventures and associates	44 012	0	0	0	0	0	44 012
Tangible fixed assets	588 741	0	0	0	(56 515)	0	532 226
Intangible fixed assets	557 309	0	0	0	(22 892)	0	534 417
Income tax assets	713 777	0	0	0	0	0	713 777
Current income tax assets	343	0	0	0	0	0	343
Deferred income tax assets	713 434	0	0	0	0	0	713 434
Other assets	1 765 188	0	0	0	0	0	1 765 188
Non-current assets and disposal groups classified as held for sale	14 549	0	0	0	0	0	14 549
Total assets	**139 151 532**	**0**	**0**	**(118 265)**	**(79 407)**	**0**	**138 953 860**

LIABILITIES AND EQUITY

Amount '000 PLN	2024-12-31 data previously published	Change 2a)	Change 2b)	Change 2c)	Change 2d)	Change 2e)	2024-12-31 restated data
LIABILITIES							
Financial liabilities held for trading	417 073	0	0	0	0	0	417 073
Derivatives	226 304	0	0	0	0	0	226 304
Liabilities from short sale of securities	190 769	0	0	0	0	0	190 769
Financial liabilities measured at amortised cost	125 455 365	0	0	(112 365)	0	0	125 343 000
Liabilities to banks and other monetary institutions	316 824	0	0	(112 365)	0	0	204 459
Liabilities to customers	117 257 213	0	0	0	0	0	117 257 213
Sale and repurchase agreements	194 223	0	0	0	0	0	194 223
Debt securities issued	6 124 775	0	0	0	0	0	6 124 775
Subordinated debt	1 562 330	0	0	0	0	0	1 562 330
Derivatives – Hedge accounting	107 439	0	0	(5 900)	0	0	101 539
Provisions	2 900 586	0	51 166	0	0	0	2 951 752
Legal issues	2 847 003	0	0	0	0	0	2 847 003
Commitments and guarantees given	53 583	0	0	0	0	0	53 583
Retirement benefits	0	0	51 166	0	0	0	51 166
Income tax liabilities	223 767	0	0	0	0	0	223 767
Current income tax liabilities	220 659	0	0	0	0	0	220 659
Deferred income tax liabilities	3 108	0	0	0	0	0	3 108
Other liabilities	2 275 668	0	(51 166)	0	(79 407)	0	2 145 095
Total Liabilities	**131 379 898**	**0**	**0**	**(118 265)**	**(79 407)**	**0**	**131 182 226**
EQUITY							
Share capital	1 213 117	0	0	0	0	0	1 213 117
Own shares	(21)	0	0	0	0	0	(21)
Share premium	1 147 502	0	0	0	0	0	1 147 502
Accumulated other comprehensive income	(59 984)	0	0	0	0	0	(59 984)
Retained earnings	5 471 020	0	0	0	0	0	5 471 020
Total equity	7 771 634	0	0	0	0	0	7 771 634
Total equity and total liabilities	**139 151 532**	**0**	**0**	**(118 265)**	**(79 407)**	**0**	**138 953 860**

ASSETS

Amount '000 PLN	2023-12-31 data previously published	Change 2a)	Change 2b)	Change 2c)	Change 2d)	Change 2e)	2023-12-31 restated data
Cash, cash balances at central banks	5 094 984	0	0	0	0	0	5 094 984
Financial assets held for trading	608 924	0	0	0	0	11 562	620 486
Derivatives	498 249	0	0	0	0	0	498 249
Equity instruments	121	0	0	0	0	0	121
Debt securities, of which:	110 554	0	0	0	0	0	110 554
Secirities underlying the sale and repurchase agreements	0	0	0	0	0	0	0
Reverse sale and repurchase agreements	0	0	0	0	0	11 562	11 562
Non-trading financial assets mandatorily at fair value through profit or loss, other than Loans and advances to customers	147 623	0	0	0	0	0	147 623
Equity instruments	66 609	0	0	0	0	0	66 609
Debt securities	81 014	0	0	0	0	0	81 014
Financial assets at fair value through other comprehensive income	22 096 199	0	0	0	0	0	22 096 199
Equity instruments	28 793	0	0	0	0	0	28 793
Debt securities	22 067 407	0	0	0	0	0	22 067 407
Loans and advances to customers	73 643 060	0	0	(27 964)	0	0	73 615 096
Mandatorily at fair value through profit or loss	19 349	0	0	0	0	0	19 349
Valued at amortised cost	73 623 711	0	0	(27 964)	0	0	73 595 747
Financial assets at amortised cost other than Loans and advances to customers	20 706 586	0	0	0	0	(11 562)	20 695 024
Debt securities	18 749 907	0	0	0	0	0	18 749 907
Deposits, loans and advances to banks and other monetary institutions	793 436	0	0	0	0	0	793 436
Reverse sale and repurchase agreements	1 163 242	0	0	0	0	(11 562)	1 151 680
Derivatives – Hedge accounting	74 213	0	0	(59 144)	0	0	15 069
Investments in subsidiaries, joint ventures and associates	52 509	0	0	0	0	0	52 509
Tangible fixed assets	565 630	0	0	0	(35 754)	0	529 876
Intangible fixed assets	481 631	0	0	0	(16 206)	0	465 425
Income tax assets	486 803	0	0	0	0	0	486 803
Current income tax assets	1 810	0	0	0	0	0	1 810
Deferred income tax assets	484 993	0	0	0	0	0	484 993
Other assets	1 544 328	0	0	0	0	0	1 544 328
Non-current assets and disposal groups classified as held for sale	17 514	0	0	0	0	0	17 514
Total assets	**125 520 004**	**0**	**0**	**(87 108)**	**(51 960)**	**0**	**125 380 936**

LIABILITIES AND EQUITY

Amount '000 PLN	2023-12-31 data previously published	Change 2a)	Change 2b)	Change 2c)	Change 2d)	Change 2e)	2023-12-31 restated data
LIABILITIES							
Financial liabilities held for trading	579 553	0	0	0	0	0	579 553
Derivatives	576 833	0	0	0	0	0	576 833
Liabilities from short sale of securities	2 720	0	0	0	0	0	2 720
Financial liabilities measured at amortised cost	112 692 833	0	0	(59 144)	0	0	112 633 689
Liabilities to banks and other monetary institutions	563 512	0	0	(59 144)	0	0	504 368
Liabilities to customers	107 246 428	0	0	0	0	0	107 246 428
Sale and repurchase agreements	0	0	0	0	0	0	0
Debt securities issued	3 317 849	0	0	0	0	0	3 317 849
Subordinated debt	1 565 045	0	0	0	0	0	1 565 045
Derivatives – Hedge accounting	193 664	0	0	(27 964)	0	0	165 700
Provisions	1 445 471	0	48 328	0	0	0	1 493 799
Legal issues	1 403 105	0	0	0	0	0	1 403 105
Commitments and guarantees given	42 367	0	0	0	0	0	42 367
Retirement benefits		0	48 328	0	0	0	48 328
Income tax liabilities	461 456	0	0	0	0	0	461 456
Current income tax liabilities	461 217	0	0	0	0	0	461 217
Deferred income tax liabilities	240	0	0	0	0	0	240
Other liabilities	3 252 131	0	(48 328)	0	(51 960)	0	3 151 843
Total Liabilities	**118 625 109**	**0**	**0**	**(87 108)**	**(51 960)**	**0**	**118 486 041**
EQUITY							
Share capital	1 213 117	0	0	0	0	0	1 213 117
Own shares	(21)	0	0	0	0	0	(21)
Share premium	1 147 502	0	0	0	0	0	1 147 502
Accumulated other comprehensive income	(217 512)	0	0	0	0	0	(217 512)
Retained earnings	4 751 809	0	0	0	0	0	4 751 809
Total equity	6 894 895	0	0	0	0	0	6 894 895
Total equity and total liabilities	**125 520 004**	**0**	**0**	**(87 108)**	**(51 960)**	**0**	**125 380 936**

Changes to the Statement of Cash Flows:

A. CASH FLOWS FROM OPERATING ACTIVITIES

Amount '000 PLN	1.01.2024 - 30.06.2024 data previously published	Change 3a)	Change 3b)	Change 3c)	Change 3d)	Change 3e)	Adjustments resulting from changes in the statement of financial position	1.01.2024 - 30.06.2024 restated data
Profit (loss) after taxes	356 933	0	0	0	0	0	0	356 933
Total adjustments:	10 311 425	2 790	(1 112 896)	0	45 169	(132 909)	43 259	9 156 838
Interest income/expense result (from the Profit and loss statement)	0	0	(2 535 817)	0	0	0	0	(2 535 817)
Interest received	3 885 786	0	107 029	0	0	0	0	3 992 815
Interest paid	(1 403 006)	0	0	0	0	90 181	0	(1 312 825)
Depreciation and amortization	109 509	0	0	0	0	0	0	109 509
Foreign exchange (gains)/ losses	0	0	0	0	0	(17 388)	0	(17 388)
Dividends	(3 389)	0	0	0	0	0	0	(3 389)
Changes in provisions	818 487	0	0	0	0	0	2 056	820 543
Result on sale and liquidation of investing activity assets	1 479	0	0	0	0	0	0	1 479
Change in financial assets held for trading	(154 528)	2 790	48 512	0	0	0	111 511	8 285
Change in loans and advances to banks	49 372	0	12 427	0	0	0	0	61 799
Change in loans and advances to customers	(3 799 358)	0	2 861 804	0	0	0	(21 019)	(958 573)
Change in receivables from securities bought with sell-back clause (loans and advances)	941 100	0	24 366	0	0	0	0	965 466
Change in financial liabilities valued at fair value through profit and loss (held for trading)	(128 626)	0	0	0	0	0	21 019	(107 607)
Change in deposits from banks	28 896	0	(6 254)	0	0	0	(111 511)	(88 869)
Change in deposits from customers	10 584 898	0	(1 350 340)	0	45 169	0	0	9 279 727
Change in liabilities from securities sold with buy-back clause	17 221	0	(14 662)	0	0	0	0	2 559
Change in debt securities issued	367 903	0	(197 332)	0	0	(205 702)	0	(35 131)
Change in the balance of income tax-related receivables and payables	(514 574)	0	0	514 574	0	0	0	0
Income tax (from the Profit and loss statement)	0	0	0	(110 358)	0	0	0	(110 358)
Income tax paid	(113 422)	0	0	(410 400)	0	0	0	(523 822)
Change in the balance of other assets and liabilities	(438 952)	0	0	6 184	0	0	41 203	(391 565)
Change in other items	62 629	0	(62 629)	0	0	0	0	0
Net cash flows from operating activities	10 668 358	2 790	(1 112 896)	0	45 169	(132 909)	43 259	9 513 771

B. CASH FLOWS FROM INVESTING ACTIVITIES

Amount '000 PLN	1.01.2024 - 30.06.2024 data previously published	Change 3a)	Change 3b)	Change 3c)	Change 3d)	Change 3e)	Adjustments resulting from changes in the statement of financial position	1.01.2024 - 30.06.2024 restated data
Inflows:	296 428 703	0	0	0	0	0	0	296 428 703
Proceeds from sale of property, plant and equipment and intangible assets	6 060	0	0	0	0	0	0	6 060
Proceeds from sale of shares in related entities	0	0	0	0	0	0	0	0
Proceeds from sale of investment financial assets	296 419 254	0	0	0	0	0	0	296 419 254
Other	3 389	0	0	0	0	0	0	3 389
Outflows:	(308 157 663)	2 447 445	1 112 896	0	0	0	(43 259)	(304 640 581)
Acquisition of property, plant and equipment and intangible assets	(74 981)	0	0	0	0	0	(43 259)	(118 240)
Acquisition of shares in related entities	0	0	0	0	0	0	0	0
Acquisition of investment financial assets	(308 082 682)	2 447 445	1 112 896	0	0	0	0	(304 522 341)
Other	0	0	0	0	0	0	0	0
Net cash flows from investing activities	(11 728 960)	2 447 445	1 112 896	0	0	0	(43 259)	(8 211 878)

C. CASH FLOWS FROM FINANCING ACTIVITIES

Amount '000 PLN	1.01.2024 - 30.06.2024 data previously published	Change 3a)	Change 3b)	Change 3c)	Change 3e)	Change 3f)	Adjustments resulting from changes in the statement of financial position	1.01.2024 - 30.06.2024 restated data
Inflows from financing activities:	0	0	0	0	0	300 000	0	300 000
Long-term bank loans	0	0	0	0	0	0	0	0
Issue of debt securities	0	0	0	0	0	300 000	0	300 000
Increase in subordinated debt	0	0	0	0	0	0	0	0
Net proceeds from issues of shares and additional capital paid-in	0	0	0	0	0	0	0	0
Other inflows from financing activities	0	0	0	0	0	0	0	0
Outflows from financing activities:	(65 905)	0	0	0	(45 169)	(167 091)	0	(278 165)
Repayment of long-term bank loans	0	0	0	0	0	0	0	0
Redemption of debt securities	0	0	0	0	0	(76 910)	0	(76 910)
Decrease in subordinated debt	0	0	0	0	0	0	0	0
Issue of shares expenses	0	0	0	0	0	0	0	0
Redemption of shares	0	0	0	0	0	0	0	0
Dividends paid and other payments to owners	0	0	0	0	0	0	0	0
Payments of lease liabilities	0	0	0	0	(45 169)	0	0	(45 169)
Other outflows from financing activities	(65 905)	0	0	0	0	(90 181)	0	(156 086)
Net cash flows from financing activities	(65 905)	0	0	0	(45 169)	132 909	0	21 835
D. Net cash flows. Total (A + B + C)	(1 126 507)	2 450 235	0	0	0	0	0	1 323 728
- of which change resulting from FX differences	(98)	0	0	0	0	0	0	(98)
E. Cash and cash equivalents at the beginning of the reporting period	18 499 347	(2 994 820)	0	0	0	0	0	15 504 527
F. Cash and cash equivalents at the end of the reporting period (D + E)	17 372 840	(544 585)	0	0	0	0	0	16 828 255

4. NOTES TO CONSOLIDATED FINANCIAL DATA

1) INTEREST INCOME AND OTHER OF SIMILAR NATURE

	1.01.2025 - 30.06.2025	1.04.2025 - 30.06.2025	1.01.2024 - 30.06.2024	1.04.2024 - 30.06.2024
Interest income from Financial assets at fair value through other comprehensive income	822 552	419 836	637 833	335 726
Debt securities	822 552	419 836	637 833	335 726
Interest income from Financial assets at amortised cost	3 686 556	1 845 370	3 454 634	1 630 009
Balances with the Central Bank	111 885	55 763	107 029	54 270
Loans and advances to customers, of which:	2 984 809	1 482 156	2 860 116	1 325 725
- the impact of the adjustment to the gross carrying amount of loans due to credit holidays	0	0	(201 046)	(201 046)
Debt securities	569 796	291 129	475 063	245 239
Deposits, loans and advances to banks	9 946	6 202	12 426	4 775
Hedging derivatives	10 120	10 120	0	0
Result of similar nature to interest of which:	59 245	35 094	82 159	39 464
Loans and advances to customers mandatorily at fair value through profit or loss	820	510	1 688	1 430
Financial assets and liabilities held for trading - derivatives	19 178	13 827	49 762	23 122
Financial assets held for trading - debt securities	12 841	7 084	6 343	3 907
Financial assets held for trading - Transactions with repurchase agreements	26 406	13 673	24 366	11 005
Total	**4 568 353**	**2 300 300**	**4 174 626**	**2 005 199**

Interest income for the I half 2025 contains interest accrued on impaired loans in the amount of PLN 81,590 thous. (for corresponding data in the year 2024 the amount of such interest stood at PLN 83,619 thous.).

In the line „Hedging derivatives" the Group presents net interest income from derivatives set as and being effective cash flow and fair value hedges. A detailed description of the hedging relations used by the Group is presented in **note (16)**.

2) INTEREST EXPENSES AND OTHER OF SIMILAR NATURE

	1.01.2025 - 30.06.2025	1.04.2025 - 30.06.2025	1.01.2024 - 30.06.2024	1.04.2024 - 30.06.2024
Financial liabilities measured at amortised cost	(1 696 555)	(851 957)	(1 638 809)	(823 627)
Liabilities to banks and other monetary institutions	(7 516)	(3 873)	(6 254)	(1 286)
Liabilities to customers	(1 324 507)	(664 221)	(1 344 752)	(680 979)
Transactions with repurchase agreement	(17 601)	(5 486)	(14 662)	(5 806)
Debt securities issued	(279 020)	(145 863)	(197 332)	(98 521)
Subordinated debt	(61 124)	(30 539)	(62 629)	(31 054)
Liabilities due to leasing agreements	(6 787)	(3 101)	(5 587)	(2 904)
Hedging derivatives	0	1 126	(7 593)	(3 077)
Other	0	0	0	0
Total	**(1 696 555)**	**(851 957)**	**(1 638 809)**	**(823 627)**

3) Fee and commission income

	1.01.2025 - 30.06.2025	1.04.2025 - 30.06.2025	1.01.2024 - 30.06.2024	1.04.2024 - 30.06.2024
Resulting from accounts service	56 365	28 384	56 258	28 374
Resulting from money transfers, cash payments and withdrawals and other payment transactions	53 411	27 586	49 616	25 682
Resulting from loans granted	99 181	49 394	105 143	51 439
Resulting from guarantees and sureties granted	6 890	3 489	6 870	3 268
Resulting from payment and credit cards	164 036	85 032	154 989	79 904
Resulting from sale of insurance products	30 477	19 334	67 229	29 910
Resulting from distribution of investment funds units and other savings products	15 698	7 539	13 836	6 969
Resulting from brokerage and custody service	8 103	3 855	6 776	3 409
Resulting from investment funds managed by the Group	56 003	29 292	40 405	21 157
Other	27 341	14 125	23 449	12 037
Total	517 505	268 030	524 571	262 149

4) Fee and commission expense

	1.01.2025 - 30.06.2025	1.04.2025 - 30.06.2025	1.01.2024 - 30.06.2024	1.04.2024 - 30.06.2024
Resulting from accounts service	(26 908)	(14 427)	(22 124)	(11 663)
Resulting from money transfers. cash payments and withdrawals and other payment transactions	(2 293)	(1 147)	(2 293)	(1 192)
Resulting from loans granted	(26 972)	(18 027)	(14 765)	(7 255)
Resulting from payment and credit cards	(48 266)	(24 925)	(56 748)	(30 358)
Resulting from brokerage and custody service	(1 821)	(864)	(1 395)	(808)
Resulting from investment funds managed by the Group	(8 218)	(4 001)	(6 282)	(3 107)
Resulting from insurance activity	(4 885)	(2 376)	(5 059)	(3 297)
Other	(27 507)	(14 175)	(25 784)	(13 930)
Total	(146 871)	(79 943)	(134 450)	(71 610)

5) Result on derecognition of financial assets and liabilities not measured at fair value through profit or loss

	1.01.2025 - 30.06.2025	1.04.2025 - 30.06.2025	1.01.2024 - 30.06.2024	1.04.2024 - 30.06.2024
Operations on debt instruments	(1 328)	(258)	137	137
Costs of financial operations	(1 061)	(683)	(870)	(456)
Total	(2 389)	(941)	(733)	(319)

6) Results on financial assets and liabilities held for trading

	1.01.2025 - 30.06.2025	1.04.2025 - 30.06.2025	1.01.2024 - 30.06.2024	1.04.2024 - 30.06.2024
Result on debt instruments	3 525	454	1 081	(2 272)
Result on derivatives	9 731	(185)	(3 288)	(1 287)
Result on other financial operations	15	6	18	15
Total	13 271	275	(2 189)	(3 544)

7) Results non-trading financial assets mandatorily at fair value through profit or loss

	1.01.2025 - 30.06.2025	1.04.2025 - 30.06.2025	1.01.2024 - 30.06.2024	1.04.2024 - 30.06.2024
Loans and advances to customers	196	17	3 587	(119)
Result on equity instruments	54 971	54 971	0	0
Result on debt instruments	(486)	(2 809)	2 211	(4 800)
Total	54 681	52 179	5 798	(4 919)

8) Administrative expenses

	1.01.2025 - 30.06.2025	1.04.2025 - 30.06.2025	1.01.2024 - 30.06.2024	1.04.2024 - 30.06.2024
Staff costs:	(668 628)	(346 706)	(583 963)	(294 620)
Salaries	(533 706)	(271 133)	(476 558)	(240 332)
Surcharges on pay	(95 071)	(47 887)	(85 607)	(42 838)
Employee benefits, of which:	(39 851)	(27 686)	(21 798)	(11 450)
- provisions for retirement benefits	(3 043)	(1 521)	(2 923)	(1 461)
- provisions for unused employee holiday	(15 483)	(14 766)	(6)	(2)
- other	(21 325)	(11 399)	(18 869)	(9 987)
Other administrative expenses:	(489 745)	(200 410)	(409 789)	(155 093)
Costs of advertising, promotion and representation	(46 009)	(26 561)	(41 094)	(21 002)
IT and communications costs	(94 840)	(49 412)	(78 360)	(40 299)
Costs of renting	(27 402)	(12 925)	(29 386)	(13 945)
Costs of buildings maintenance, equipment and materials	(27 948)	(14 600)	(26 617)	(13 759)
ATM and cash maintenance costs	(18 112)	(8 944)	(18 187)	(9 037)
Costs of consultancy, audit and legal advisory and translation	(79 190)	(45 597)	(77 612)	(37 301)
Taxes and fees	(26 607)	(13 773)	(23 750)	(11 906)
KIR - clearing charges	(7 997)	(3 909)	(7 345)	(3 660)
PFRON costs	(5 005)	(2 517)	(4 695)	(2 372)
Banking Guarantee Fund costs	(112 621)	(18 262)	(60 850)	56
Financial Supervision costs	(10 236)	(4 302)	(8 761)	(3 632)
Other	(33 778)	392	(33 132)	1 764
Total	**(1 158 373)**	**(547 116)**	**(993 752)**	**(449 713)**

9) IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	1.01.2025 - 30.06.2025	1.04.2025 - 30.06.2025	1.01.2024 - 30.06.2024	1.04.2024 - 30.06.2024
Impairment losses on loans and advances to customers	(76 598)	10 512	(192 780)	(71 936)
Impairment charges on loans and advances to customers	(782 428)	(359 331)	(910 912)	(397 080)
Reversal of impairment charges on loans and advances to customers	609 236	274 886	670 737	279 865
Amounts recovered from loans written off	18 942	10 450	20 303	8 414
Sale of receivables	86 430	86 430	45 221	45 221
Other directly recognised in profit and loss	(8 778)	(1 923)	(18 129)	(8 356)
Impairment losses on securities	(8)	(8)	(5)	(6)
Impairment charges on securities	(8)	(8)	(5)	(5)
Reversal of impairment charges on securities	0	0	0	(1)
Impairment losses on off-balance sheet liabilities	178	(1 444)	2 309	2 004
Impairment charges on off-balance sheet liabilities	(37 876)	(16 102)	(27 464)	(10 072)
Reversal of impairment charges on off-balance sheet liabilities	38 054	14 658	29 773	12 076
Total	**(76 428)**	**9 060**	**(190 476)**	**(69 938)**

10) LEGAL RISK COSTS RELATED TO FOREIGN CURRENCY MORTGAGE LOANS

In the case of the portfolio of foreign currency mortgage loans, claims filed by customers, primarily concerning the declaration of invalidity of the agreement and the return of paid principal and interest installments, as well as settlements offered to borrowers by the Bank, have a significant impact on the amount and repayment dates of the expected cash flows resulting from the loan agreement estimated by the Bank. Taking the above into account, the Bank believes that the appropriate way to reflect the legal risk related to the portfolio of active foreign currency mortgage loans is to apply the provisions of IFRS 9 paragraph B5.4.6, which in practice means reducing the gross carrying amount of these loans in order to reflect the current estimates of cash flows from these agreements.

As regards following:

(i) repaid foreign currency mortgage loans;
(ii) active loans, for which the loss due to legal risk exceeds the current carrying amount (for that excess);
(iii) for the expected outflow of cash that does not represent a return of contractual cash flows,

the provisions of IAS 37 are applied, according to which the Bank creates a provision for court cases, recognizing it in the balance sheet as a component of provisions for claims.

Legal risk costs related to foreign currency mortgage loans

	1.01.2025 - 30.06.2025	1.04.2025 - 30.06.2025	1.01.2024 - 30.06.2024	1.04.2024 - 30.06.2024
Costs of provisions for legal risk related with FX mortgage loans	(1 018 600)	(573 810)	(1 123 590)	(574 780)
Other costs	(66 787)	(15 041)	(309 245)	(169 353)
Total	(1 085 387)	(588 851)	(1 432 835)	(744 133)

In the first half of 2025, the Bank introduced changes to the presentation of financial data, among others in the area of legal risk costs related to foreign currency mortgage loans. Details of these changes are presented in Chapter 3. INTRODUCTION AND ACCOUNTING POLICIES – Changes in data presentation implemented in 2025, item 1) a.

Costs of provisions for legal risk related with FX mortgage loans

01.01.2025 – 30.06.2025	TOTAL	Decreasing gross value of credit portfolio	Provisions for legal issues
Balance at the beginning of the period	8 463 696	5 665 224	2 798 472
Utilization of provisions during the period	(1 310 461)	(797 602)	(512 859)
Costs of provisions for legal risk connected wIth FX mortgage loans	1 018 600	(45 254)	1 063 854
Change of provisions due to FX rates differences	(2 841)	(2 841)	0
Balance at the end of the period	8 168 994	4 819 527	3 349 467

01.04.2025 – 30.06.2025	TOTAL	Decreasing gross value of credit portfolio	Provisions for legal issues
Balance at the beginning of the period	8 091 629	4 979 462	3 112 167
Utilization of provisions during the period	(705 361)	(417 554)	(287 807)
Costs of provisions for legal risk connected wIth FX mortgage loans	573 810	48 703	525 107
Change of provisions due to FX rates differences	208 916	208 916	0
Balance at the end of the period	8 168 994	4 819 527	3 349 467

01.01.2024 – 30.06.2024	TOTAL	Decreasing gross value of credit portfolio	Provisions for legal issues
Balance at the beginning of the period	7 871 789	6 516 460	1 355 329
Utilization of provisions during the period	(500 744)	(374 510)	(126 234)
Costs of provisions for legal risk connected wIth FX mortgage loans	1 123 590	176 723	946 867
Change of provisions due to FX rates differences	(288 040)	(288 040)	0
Balance at the end of the period	8 206 595	6 030 633	2 175 962

01.04.2023 - 30.06.2024	TOTAL	Decreasing gross value of credit portfolio	Provisions for legal issues
Balance at the beginning of the period	7 856 693	6 125 090	1 731 603
Utilization of provisions during the period	(313 534)	(236 977)	(76 557)
Costs of provisions for legal risk connected wIth FX mortgage loans	574 780	53 864	520 916
Change of provisions due to FX rates differences	88 656	88 656	0
Balance at the end of the period	8 206 595	6 030 633	2 175 962

11) Corporate income tax

In accordance with IAS 34, the income tax burden for the first half of 2025 was calculated based on the weighted average annual income tax rate (effective tax rate - ETR) expected by the Bank in the full financial year. If the estimated ETR changes, the amounts of the income tax burden will be adjusted in the next interim period of the financial year.

The projected annual ETR used to calculate the income tax burden in the first half of 2025 was 34.58%.

The largest impact on the ETR in relation to the statutory 19% income tax rate was the costs of legal risk related to CHF loans, bank tax and contributions to the Bank Guarantee Fund.

12) Financial assets held for trading

12a. Financial assets held for trading

	30.06.2025	31.12.2024
Debt securities	724 597	555 364
Issued by State Treasury	724 597	555 364
a) bills	0	0
b) bonds	724 597	555 364
Equity instruments	132	115
Quoted on the active market	132	115
a) financial institutions	56	35
b) non-financial institutions	76	80
Positive valuation of derivatives	224 005	255 845
Repurchase agreement transactions	335 473	194 218
Total	**1 284 207**	**1 005 542**

12b. Financial assets and liabilities held for trading - Valuation of derivatives, Adjustment from fair value hedge and Short positions as at:

	Fair Values 30.06.2025		Fair Values 31.12.2024	
	Assets	Liabilities	Assets	Liabilities
1. Interest rate derivatives	23 663	6 725	9 971	13 446
Forward Rate Agreements (FRA)	0	41	0	0
Interest rate swaps (IRS)	20 322	3 343	2 909	6 384
Other interest rate contracts: options	3 341	3 341	7 062	7 062
2. FX derivatives	65 915	176 887	63 350	26 867
FX contracts	11 755	14 963	2 061	16 983
FX swaps	50 763	159 589	59 128	8 906
Other FX contracts (CIRS)	3 397	2 335	2 161	978
FX options	0	0	0	0
3. Embedded instruments	0	133 822	0	181 662
Options embedded in deposits	0	133 822	0	181 662
Options embedded in securities issued	0	0	0	0
4. Indexes options	134 427	2 373	182 524	4 329
Total	**224 005**	**319 807**	**255 845**	**226 304**
Liabilities from short sale of debt securities	-	331 478	-	190 769

13) FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30.06.2025	31.12.2024
Debt securities	**32 513 069**	**29 218 737**
Issued by State Treasury	24 534 161	20 090 261
a) bills	1 682 736	0
b) bonds	22 851 425	20 090 261
Issued by Central Bank	7 531 409	8 692 224
a) bills	7 531 409	8 692 224
b) bonds	0	0
Other securities	447 499	436 252
a) listed	447 499	436 252
b) not listed	0	0
Shares and interests in other entities	36 851	36 712
Total financial assets at fair value through other comprehensive income	**32 549 920**	**29 255 449**

14) LOANS AND ADVANCES TO CUSTOMERS

14A. LOANS AND ADVANCES TO CUSTOMERS MANDATORILY AT FAIR VALUE THROUGH PROFIT OR LOSS

Balance sheet value:	30.06.2025	31.12.2024
Mandatorily at fair value through profit or loss	1 223	1 825
Companies	68	70
Individuals	1 155	1 755

14B. LOANS AND ADVANCES TO CUSTOMERS VALUED AT AMORTISED COST

	Balance sheet value, gross			Accumulated impairment allowances			Balance sheet value, net
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
Valued at amortised cost, as at 30.06.2025	67 117 427	6 323 340	3 230 566	(322 867)	(310 585)	(1 816 951)	74 220 930
Companies	16 147 820	2 337 770	892 046	(146 136)	(85 754)	(302 122)	18 843 624
Individuals	50 909 313	3 985 569	2 338 520	(176 528)	(224 831)	(1 514 829)	55 317 214
Public sector	60 294	1	0	(203)	0	0	60 092
Valued at amortised cost, as at 31.12.2024	67 807 545	6 230 694	3 438 697	(337 808)	(305 667)	(1 859 971)	74 973 490
Companies	16 079 105	1 473 418	937 199	(142 967)	(55 758)	(306 352)	17 984 645
Individuals	51 672 955	4 757 275	2 501 498	(194 544)	(249 909)	(1 553 619)	56 933 656
Public sector	55 485	1	0	(297)	0	0	55 189

The Bank writes down the gross carrying amount of a financial asset when there is no reasonable probability that it will be fully (total write-off) or partially (partial write-off) recovered. Following the recorded partial write-off the Bank provisioned (deducting the carrying value of gross receivables) penalty interest amounting to PLN 508 million as at 30.06.2025 (PLN 498 million as at 31.12.2024).

14C. LOANS AND ADVANCES TO CUSTOMERS

	30.06.2025		31.12.2024	
	Valued at amortised cost	Mandatorily at fair value through profit or loss	Valued at amortised cost	Mandatorily at fair value through profit or loss
Loans and advances	67 187 459	0	68 139 509	0
▪ to companies	11 996 099	0	11 190 253	0
▪ to private individuals	55 140 162	0	56 903 904	0
▪ to public sector	51 198	0	45 352	0
Receivables on account of payment cards	1 318 116	1 223	1 281 389	1 825
▪ due from companies	13 217	68	12 911	70
▪ due from private individuals	1 304 899	1 155	1 268 478	1 755
Purchased receivables	88 641		148 514	
▪ from companies	88 641	-	148 514	-
▪ from public sector	0	-	0	-
Guarantees and sureties realised	0	-	321	-
Debt securities eligible for rediscount at Central Bank	0	-	0	-
Financial leasing receivables	7 224 989	-	7 095 187	-
Other	130 813	-	104 033	-
Interest	721 315	-	707 983	-
Total:	**76 671 333**	**1 223**	**77 476 936**	**1 825**
Impairment allowances	(2 450 403)	-	(2 503 446)	-
Total balance sheet value:	**74 220 930**	**1 223**	**74 973 490**	**1 825**

14D. QUALITY OF LOANS AND ADVANCES TO CUSTOMERS PORTFOLIO VALUED AT AMORTISED COST

	30.06.2025	31.12.2024
Loans and advances to customers (gross)	76 671 333	77 476 936
impaired	3 230 566	3 438 697
not impaired	73 440 767	74 038 239
Impairment write-offs	(2 450 403)	(2 503 446)
for impaired exposures	(1 816 951)	(1 859 971)
for not impaired exposures	(633 452)	(643 475)
Loans and advances to customers (net)	**74 220 930**	**74 973 490**

14E. LOANS AND ADVANCES TO CUSTOMERS PORTFOLIO VALUED AT AMORTISED COST BY METHODOLOGY OF IMPAIRMENT ASSESSMENT

	30.06.2025	31.12.2024
Loans and advances to customers (gross)	76 671 333	77 476 936
case by case analysis	559 471	642 481
collective analysis	76 111 862	76 834 455
Impairment allowances	(2 450 403)	(2 503 446)
on the basis of case by case analysis	(195 996)	(212 925)
on the basis of collective analysis	(2 254 407)	(2 290 521)
Loans and advances to customers (net)	**74 220 930**	**74 973 490**

14F. LOANS AND ADVANCES TO CUSTOMERS PORTFOLIO VALUED AT AMORTISED COST BY KIND OF CUSTOMERS

	30.06.2025	31.12.2024
Loans and advances to customers (gross)	76 671 333	77 476 936
corporate customers	19 437 931	18 545 209
individuals	57 233 402	58 931 727
Impairment allowances	(2 450 403)	(2 503 446)
for receivables from corporate customers	(534 215)	(505 374)
for receivables from private individuals	(1 916 188)	(1 998 072)
Loans and advances to customers (net)	**74 220 930**	**74 973 490**

14G. MOVEMENTS IN IMPAIRMENT ALLOWANCES FOR LOANS AND ADVANCES TO CUSTOMERS CARRIED AT AMORTISED COST

	01.01.2025 – 30.06.2025	01.01.2024 – 31.12.2024
Balance at the beginning of the period	2 503 446	2 496 554
Change in value of allowances:	(53 043)	6 892
Impairment allowances created in the period	782 239	1 566 924
Amounts written off	(60 305)	(247 871)
Impairment allowances released in the period	(609 219)	(1 123 163)
Sale of receivables	(180 369)	(255 131)
KOIM created in the period*	33 487	69 359
Changes resulting from FX rates differences	(1 510)	(5 662)
Other	(17 366)	2 436
Balance at the end of the period	**2 450 403**	**2 503 446**

** In accordance with IFRS 9, the Group calculates interest on the loan portfolio with a recognized impairment based on the net exposure value. For this purpose, the so-called impaired interest adjustment ("KOIM") is calculated and recorded as a reduction of interest income. Aforementioned KOIM adjustment in the balance sheet is presented as an impairment allowances, and as a consequence the reconciliation of the change in impairment allowances requires consideration of the KOIM recognized in the interest income.*

The Group records POCI assets in the balance sheet mainly as a result of recognition of impaired loans after the merger with Euro Bank and takeover of SKOK Piast. At the time of the merger, the aforementioned assets included in the Bank's books at fair value.

The value of POCI assets is as follows:

	Gross balance sheet value	Accumulated impairment	Net balance sheet value
30.06.2025			
- Companies	6 637	951	7 588
- Individuals	58 421	(35 482)	22 939
31.12.2024			
- Companies	12 566	(868)	11 698
- Individuals	69 669	(32 758)	36 911

14H. LOANS AND ADVANCES TO CUSTOMERS PORTFOLIO VALUED AT AMORTISED COST BY CURRENCY

	30.06.2025	31.12.2024
in Polish currency	71 284 673	71 893 141
in foreign currencies (after conversion to PLN)	5 386 660	5 583 795
currency: USD	37 480	61 794
currency: EUR	4 299 785	4 137 732
currency: CHF	1 019 589	1 360 546
other currencies	29 805	23 723
Total gross	**76 671 333**	**77 476 936**

15) FINANCIAL ASSETS AT AMORTISED COST OTHER THAN LOANS AND ADVANCES TO CUSTOMERS

15A. FINANCIAL ASSETS AT AMORTISED COST OTHER THAN LOANS AND ADVANCES TO CUSTOMERS

30.06.2025	Balance sheet value, gross			Accumulated impairment allowances			Balance sheet value, net
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
Debt securities	28 107 573	0	0	(16)	0	0	28 107 557
Deposits, loans and advances to banks and other monetary institutions	545 392	0	0	(190)	0	0	545 202
Repurchase agreements	71 869	0	0	0	0	0	71 869

31.12.2024	Balance sheet value, gross			Accumulated impairment allowances			Balance sheet value, net
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
Debt securities	24 381 493	0	0	(8)	0	0	24 381 485
Deposits, loans and advances to banks and other monetary institutions	434 535	0	0	(18)	0	0	434 517
Repurchase agreements	0	0	0	0	0	0	0

15B. DEBT SECURITIES

	30.06.2025	31.12.2024
credit institutions	2 330 160	2 305 192
other companies	0	0
public sector*	25 777 397	22 076 293
Total	28 107 557	24 381 485

* also includes securities issued by governments of other EU countries

15C. DEPOSITS, LOANS AND ADVANCES TO BANKS AND OTHER MONETARY INSTITUTIONS

	30.06.2025	31.12.2024
Current accounts	205 292	278 629
Deposits	337 897	154 662
Other	0	0
Interest	2 203	1 244
Total (gross) deposits, loans and advances	545 392	434 535
Impairment allowances	(190)	(18)
Total (net) deposits, loans and advances	**545 202**	**434 517**

15D. REPURCHASE AGREEMENTS

	30.06.2025	31.12.2024
credit institutions	0	0
other customers	71 795	0
interest	74	0
Total	71 869	0

16) DERIVATIVES – HEDGE ACCOUNTING

16A. HEDGE RELATIONS

Detailed information on cash flow hedge relations applied by the Group, items designated as hedged and hedging and presentation of the result (active as at 30.06.2025) is shown in a tables below:

	Hedge of volatility of the cash flows generated by PLN denominated financial assets	Fair value hedge of a fixed interest rate debt instrument	Cash flow volatility hedge due to future income and interest costs denominated in foreign currencies
Description of hedge transactions	The Group hedges the risk of the volatility of cash flows generated by PLN denominated financial assets. The volatility of cash flows results from interest rate risk.	The Group hedges part of the interest rate risk associated with the change in the fair value of a fixed-rate debt instrument recorded in other comprehensive income, resulting from fluctuations in market interest rate.	The Group hedges the risk of the volatility of cash flows generated by income and interest costs denominated in foreign currencies. The volatility of cash flows results from the currency risk.
Hedged items	Cash flows resulting from PLN denominated financial assets.	A portfolio of fixed coupon debt securities classified as financial assets measured at fair value through other comprehensive income denominated in PLN.	Cash flows resulting from income and interest costs denominated in foreign currencies.
Hedging instruments	IRS transactions	IRS transactions	FX position resulting from recognized future leasing liabilities.
Presentation of the result on the hedged and hedging transactions	Effective part of the valuation of hedging instruments is recognised in revaluation reserve; interest on both: the hedged and the hedging instruments are recognised in net interest income. Ineffective part of the valuation of hedging instruments is recognized in the income statement as a result on hedge accounting.	The result on the change in the fair value measurement of hedged items in the hedged risk is referred to the result on hedge accounting. The remaining part of the change in fair value measurement is recognized in other comprehensive income. Interest on debt securities is recognized in net interest income. The change in fair value measurement of derivative instruments being a hedge is presented in the result on hedge accounting, and interest on these instruments is recognized in the interest result.	The effective part of the spot revaluation of hedging instruments is recognized in the revaluation reserve. The ineffective part of the valuation of the hedging item is recognized in the income statement as a result on hedge accounting

	Hedging the fair value of cash flows from issued fixed-rate liabilities denominated in foreign currencies	Hedging the fair value of the risk profile assigned to a portfolio of homogeneous, non-interest-bearing current accounts in PLN and separately foreign currencies (portfolio hedging)	Hedging the fair value of the risk profile assigned to portfolios of homogeneous, non-interest-bearing current accounts, separately in PLN and in foreign currencies (portfolio hedge) and fixed-rate debt instruments denominated in foreign currencies)
Description of hedge transactions	The Group hedges part of the interest rate risk related to changes in the fair value of cash flows from issued fixed-rate liabilities denominated in foreign currencies, resulting from the volatility of market interest rates.	The Group hedges part of the interest rate risk related to the change in the fair value of the risk profile assigned to the portfolios of homogeneous, non-interest-bearing current accounts in PLN and separately foreign currencies, resulting from the volatility of market interest rates.	The Group hedges part of the interest rate risk related to the change in the fair value of the risk profile assigned to the portfolios of homogeneous, non-interest-bearing current accounts, separately in PLN and in foreign currencies, and risk related to the change in the fair value of a fixed-rate debt instrument denominated in foreign currencies measured through other comprehensive income, resulting from the volatility of market interest rates.
Hedged items	Cash flows from issued fixed-rate liabilities denominated in foreign currencies	Risk profile assigned to a portfolios of homogeneous, non-interest-bearing current accounts in PLN and separately in foreign currencies.	Risk profile assigned to portfolios of homogeneous, non-interest-bearing current accounts, separately in PLN and foreign currencies, and a portfolio of fixed-coupon debt securities classified as financial assets valued at fair value through other comprehensive income denominated in foreign currencies.
Hedging instruments	IRS transactions	IRS transactions	CIRS transactions
Presentation of the result on the hedged and hedging transactions	The result from the change in the fair value measurement of flows from hedged items in terms of the hedged risk is recognized in the result from hedge accounting. Interest on debt securities is recognized in interest income. The change in the fair value measurement of derivative instruments constituting hedging is presented in the result from hedge accounting, and interest on these instruments is recognized in net interest income.	The result from the change in fair value measurement determined for hedged items in terms of the hedged risk is recognized in the result from hedge accounting. The change in the fair value measurement of derivative instruments constituting security is presented in the result from hedge accounting, and interest on these instruments is recognized in net interest income.	The result of the change in fair value measurement designated for hedged items to the extent of the hedged risk is recorded in the result on hedge accounting. The remaining part of the change in fair value measurement of the debt instrument is recorded in other comprehensive income. The change in fair value measurement of derivative instruments constituting the hedge is presented in the result on hedge accounting, and interest on these instruments is recorded in the interest result.

16B. HEDGE ACCOUNTING - BALANCE SHEET VALUATION

	Fair values 30.06.2025			Fair values 31.12.2024		
	Total	Assets	Liabilities	Total	Assets	Liabilities
1. Derivative instruments constituting cash flow hedges related to interest rate and/or exchange rate						
CIRS contracts	0	0	0	(100 751)	0	100 751
IRS contracts	0	0	0	(788)	0	788
FXS contracts	0	0	0	0	0	0
2. Derivatives used as interest rate hedges related to interest rates						
IRS contracts	(30 967)	0	30 967	0	0	0
3. Total hedging derivatives	(30 967)	0	30 967	(101 539)	0	101 539

17) LIABILITIES TO BANKS AND OTHER MONETARY INSTITUTIONS

	30.06.2025	31.12.2024
In current account	37 332	31 840
Term deposits	96 763	172 057
Loans and advances received	0	0
Interest	778	562
Total	134 873	204 459

18) LIABILITIES TO CUSTOMERS

	30.06.2025	31.12.2024
Amounts due to private individuals	91 266 191	87 566 756
Balances on current accounts	61 483 592	57 540 848
Term deposits	29 233 067	29 463 221
Other	307 473	293 855
Accrued interest	242 059	268 832
Amounts due to companies	24 284 622	24 967 949
Balances on current accounts	13 637 808	14 896 746
Term deposits	10 302 671	9 725 173
Other	304 818	301 393
Accrued interest	39 325	44 637
Amounts due to public sector	6 183 359	4 722 508
Balances on current accounts	4 640 223	4 281 851
Term deposits	1 525 853	434 813
Other	5 815	1 683
Accrued interest	11 468	4 161
Total	**121 734 172**	**117 257 213**

19) LIABILITIES FROM SECURITIES SOLD WITH BUY-BACK CLAUSE

	30.06.2025	31.12.2024
to banks and other credit institutions	500	194 162
to customers	0	0
interest	0	61
Total	500	194 223

20) CHANGE OF DEBT SECURITIES

	01.01.2025 – 30.06.2025	01.01.2024 – 31.12.2024
Balance at the beginning of the period	6 124 775	3 317 849
Increases, on account of:	1 079 020	3 368 571
issue of bonds by the Bank	0	2 131 700
issue of covered bonds by Millennium Bank Hipoteczny	800 000	800 000
issue of Millennium Leasing bonds	0	0
valuation of the Bank's bonds designated to fair value hedged relationship	0	3 159
interest accrual	279 020	433 712
Reductions, on account of:	(178 348)	(561 645)
change in the valuation of the Bank's bonds designated to fair value hedged relationship	(297)	0
redemption of the Bank's bonds	(26 000)	(128 731)
other changes in carrying amount - (including exchange rate differences)	(32 306)	(34 240)
interest payment	(119 745)	(398 674)
Balance at the end of the period	**7 025 447**	**6 124 775**

21) CHANGE OF SUBORDINATED DEBT

	01.01.2025 – 30.06.2025	01.01.2024 – 31.12.2024
Balance at the beginning of the period	1 562 330	1 565 045
Increases, on account of:	61 124	125 557
interest accrual	61 124	125 557
Reductions, on account of:	(62 387)	(128 272)
interest payment	(62 387)	(128 272)
Balance at the end of the period	**1 561 067**	**1 562 330**

During 2025 and 2024 the Group did not have any delays in the payment of principal and interest instalments, nor did it infringe any contractual provisions resulting from its subordinated liabilities.

22) PROVISIONS

24A. PROVISIONS

	30.06.2025	31.12.2024
Provision for commitments and guarantees given	53 336	53 583
Provision for legal issues	3 438 215	2 847 003
Retirement benefits	53 358	51 166
Total	3 544 909	2 951 752

24B. CHANGE OF PROVISION FOR COMMITMENTS AND GUARANTEES GIVEN

01.01.2025 – 30.06.2025	Total	Stage 1	Stage 2	Stage 3
Balance at the beginning of the period	53 583	30 305	16 613	6 665
Charge of provision	37 876	17 257	16 694	3 925
Release of provision	(38 054)	(26 938)	(7 787)	(3 329)
Movement between stages	0	7 910	(7 354)	(556)
FX rates differences	(69)	(43)	(15)	(11)
Balance at the end of the period	53 336	28 491	18 151	6 694

01.01.2024 – 31.12.2024	Total	Stage 1	Stage 2	Stage 3
Balance at the beginning of the period	42 367	21 612	10 127	10 628
Charge of provision	52 289	21 030	26 166	5 093
Release of provision	(40 993)	(27 432)	(5 749)	(7 812)
Movement between stages	0	15 180	(13 933)	(1 247)
FX rates differences	(80)	(85)	2	3
Balance at the end of the period	53 583	30 305	16 613	6 665

24C. CHANGE OF PROVISION FOR LEGAL ISSUES

	01.01.2025 – 30.06.2025	01.01.2024 – 31.12.2024
Balance at the beginning of the period	2 847 003	1 403 105
Creation of provisions for legal risk connected with FX mortgage loans *	1 063 854	1 857 142
Charge of provision for other legal issues	45 335	13 553
Release of provision	(4 842)	(9 186)
Utilisation of provision	(514 634)	(420 111)
Reclassification	1 499	2 500
Balance at the end of the period	3 438 215	2 847 003

* Creation of provisions for legal risk related to foreign currency mortgage loans is described in more detail in **Chapter 10 Legal risk related to foreign currency mortgage loans.**

24D. CHANGE OF PROVISION FOR RETIREMENT BENEFITS

	01.01.2025 – 30.06.2025	01.01.2024 - 31.12.2024
Balance at the beginning of the period	51 166	48 328
Charge/Release of provision	3 043	6 227
Utilization of provisions	(851)	(1 456)
Actuarial gains/losses	0	(1 928)
Inne	0	(5)
Balance at the end of the period	53 358	51 166

5. RISK MANAGEMENT

Risk management performs a key role in the strategy of balanced and sustainable development of the Group, supporting optimization of relationships between risk and returns within various business lines and maintenance of adequate risk profile relative to capital and liquidity.

To ensure effective risk management and coherent policy the Group has implemented risk management model under which credit, market, liquidity, operational risks, and capital requirements are managed in an integrated manner.

5.1. CREDIT RISK

In the second quarter of 2025 the Bank Millennium Group, both in the corporate and retail segments, focused on introducing changes to the lending policy aimed at ensuring the appropriate quality of the portfolio in the new, demanding economic environment.

In the area of credit risk, the Group has focused on adapting regulations, credit processes and monitoring to changed conditions.

In the retail segment, the Group focused on adapting its lending policy to the changing macroeconomic environment. In the area of loans for private individuals and micro companies development activities were continued aimed at optimizing and digitizing the process, while adapting it to the changing market situation and the changing external regulatory environment. At the same time, the Group started to focus on implementation of changes aimed at improving the efficiency of the risk assessment process of micro companies in accordance with the current bank strategy.

In the 1H2025, the corporate segment was enlarged with part of the small business customer base according to the segmentation stemming from the new strategy.

In the corporate segment, the Group continued to be focused on optimal use of capital while maintaining the current profitability and maintaining a good risk profile. The Group also carried out activities aimed at streamlining and accelerating credit processes, including decision-making processes. As in previous periods, work continued on improving IT tools supporting the credit process. A comprehensive project is being developed in order to enable a stronger presence of the Bank in the corporate segment. The Group also continued close monitoring of the loan portfolio, as well as individual monitoring of the largest exposures.

The Group assesses credit risk regardless of the method of classifying the portfolio of receivables from customers in the financial statements as a portfolio measured at amortized cost or a portfolio measured at fair value through profit or loss.

In 2Q'25, the Group revised its SICR methodology for unrated portfolios, increasing stage 2 loans in the performing portfolio from 8.4% (end-2024) to 8.6% (June 2025). The main impact was on corporate exposures, with the ratio rising from 7.9% to 12.7%, though this had little effect on provisioning as the exposures reclassified to stage 2 were of short residual maturity, resulting in 12-month and lifetime ECL being effectively equivalent.

In 1H 2025, the Group revised its macroeconomic scenarios used in the Forward-Looking Information (FLI) component, resulting in increase of impairment provisions by PLN5.3million.

The table below contains data on the entire portfolio of receivables from customers broken down into regular and past due exposures.

Changes in the loan portfolio of the Group after 6 months of 2025 are summarized below:

	30.06.2025		31.12.2024	
	Loans and advances to customers	Loans and advances to banks	Loans and advances to customers	Loans and advances to banks
Not overdue and without impairment	71 899 270	545 392	72 521 213	434 534
Overdue*, but without impairment	1 542 663	0	1 524 695	0
Total without impairment	73 441 933	545 392	74 045 908	434 534
With impairment	3 237 203	0	3 449 694	0
Total	**76 679 137**	**545 392**	**77 495 601**	**434 534**
Impairment write-offs	(2 450 403)	(190)	(2 503 446)	(18)
Fair value adjustment**	(6 580)	0	(10 940)	0
Total, net	**74 222 153**	**545 202**	**74 981 215**	**434 517**
Loans with impairment / total loans	4.22%	0.00%	4.45%	0.00%

(*) Loans overdue not more than 4 days are treated as technical and are not shown in this category.
(**) Fair value adjustment is defined as the difference between the nominal value and the fair value of the portfolio measured at fair value through profit or loss. The fair value adjustment is influenced by considering the credit risk of the portfolio.

5.2. MARKET RISK

The main measure used by the Group to evaluate market risks is the parametric VaR (Value at Risk) model – an expected loss that may arise on the portfolio over a specified period (10-days holding period) and with specified probability (99% confidence level) from an adverse market movement. The market risk measurement, monitoring and reporting is conducted daily.

The market risk limits are revised at least once a year and to consider, inter alia, the change of the consolidated Own Funds, current and projected balance sheet structure as well as the market environment. The market risk limits valid in 1H 2025 reflected the assumptions and risk appetite defined under Risk Strategy 2025 - 2028. The current limits in place have been valid since 30th September 2024. All excesses of market risk limits are always reported, documented, and ratified at the proper competence level. In the 1H 2025, no excesses of the market risk limits were recorded.

Open positions mostly included interest rate and FX risk instruments. According to the Risk Strategy approved in the Group, the FX open position is allowed, however should be kept at low levels. For this purpose, the Group has introduced a system of limits for FX open positions (both Intraday and Overnight limits) and allows keeping FX open positions only in Trading Book. In the 1H 2025, the FX Total open position (Intraday as well as Overnight) remained below internal limits in place.

In 1H 2025, the VaR remained on average at the level of approx. PLN219.4million for the total Group, which is jointly Trading Book and Banking Book (38% of the limit) and at approx. PLN1.7million for Trading Book (8% of the limit). The exposure to market risk at the end of June 2025 was approx. PLN174.5million for Global Bank (30% of the limit) and approx. PLN3.3million for Trading Book (16% of the limit). It should be noted that the value at risk in Banking Book is only complementary risk measurement tool as positions are expected to be held to maturity and are in large majority not a subject to marked to market (see next section - Interest rate risk in Banking Book, IRRBB).

The market risk exposure in 1H 2025 in terms of value at risk for Trading Book, together with risk type division, is presented in the table below (PLN thousands).

VaR measures for market risk in Trading Book ('000 PLN)

	31.12.2024		VaR (1H2025)			30.06.2025	
	Exposure	Limit usage	Average	Maximum	Minimum	Exposure	Limit usage
Total risk	784	4%	1 693	4 005	452	3 345	16%
Generic risk	780	n.a.	1 689	4 001	448	3 343	n.a.
Interest Rate VaR	780	5%	1 688	4 177	446	3 289	20%
FX Risk	44	1%	74	520	13	382	9%
Equity Risk	13	13%	15	27	10	10	10%
Diversification Effect	7,3%					10,1%	
Specific risk	4	0%	4	23	2	3	0%

In addition to above mention market risk limits, the stop loss limits are introduced for the financial markets' portfolios. The aim is to limit the maximum losses of the trading activity of the Group. In case of the limit is reached, a review of the management strategy and assumptions for the positions in question must be undertaken. Stop loss limits were not reached.

5.3. INTEREST RATE RISK IN BANKING BOOK (IRRBB)

The interest rate risk arising from Banking Book activities (IRRBB) encompasses current or prospective impact to both the earnings and the economic value of the Group's balance sheet, arising from adverse movements in interest rates that affect interest rate sensitive positions. The risk includes repricing gap risk, basis risk, Client's option risk and credit spread risk (CSRBB).

The framework of market risk and interest rate risk management and its controls are defined on a centralized basis with the use of the same concepts and metrics which are used in all the entities of the BCP Group.

The variations in market interest rates have an influence on the Group's net interest income, both under a short and medium-term perspective, at the same time affecting economic value of net equity in the long term. The measurement of both is complementary in understanding the complete scope of interest rate risk in Banking Book. For this reason, apart from daily market risk measurement in terms of value at risk, the scope of the additional measurement of interest rate risk covers both earnings-based and economic value measures and their forecasts considering expected balance-sheet development, investment, and hedging strategy. Results of measurement are reported monthly:

- The impact on net interest income (NII) over a time horizon of next 12 months resulting from one-off, parallel interest rate shock of 100 basis points and the supervisory outlier test (SOT NII) with a set of two interest rate risk stress scenarios.
- The impact on the economic value of equity (EVE) resulting from 100 bps and 200 bps parallel upward/downward yield curve movements as well as from supervisory outlier test (SOT EVE) with set of six interest rate risk stress scenarios.
- The interest rate sensitivity in terms of BPVx100, that is the change of the portfolio's value caused by a parallel shift of the yield curve by 1 basis point multiplied by 100.

The interest rate risk measurement is carried out across all the risk management areas in the Bank, with the particular attention on Banking Book.

The results of the above-mentioned analysis for net interest income (NII), BPVx100 and economic value measures are regularly monitored and reported to the Capital, Assets and Liabilities Committee, to Risk Committee, the Management Board and Supervisory Board.

The exposure to interest rate risk in the Banking Book is primarily generated by the differences in frequency and repricing dates of the assets and liabilities, as well as contractually used reference indexes or sensitivity of client rate to market rates. It is specifically affected by the imbalance between assets and liabilities that have fixed rate and specificity products with floating rate, in particular by:

- The liabilities – for those, whose sensitivity (i.e. pass-through rate) is reduced, as the interest rate offered to Client cannot be lower than zero, therefore rate cuts result in smaller scope for reduction of the respective cost.
- The assets - for variable-rate loans the transfer of market rate movements is proportional and automatic at next repricing. On top of that due to specificity of the polish legal system, the interest rate of credits is capped (it cannot exceed two times Reference Rate of the National Bank of Poland increased by 7 percentage points). In case of some consumer- or fixed-rate loans and decreasing interest rates, the impact on Net Interest Income can be negative and can exceed the nominal rate cuts due to the multiplier effects.

Consequently, sensitivity of the NII to interest rate changes is influenced by the absolute level of interest rates taken as a reference, in particular it increases when market rates are low due to margin compression. Therefore, assumptions regarding the timing and magnitude of deposits repricing and automatic activation of loan rate caps in response to market rate movements are especially important when assessing the interest rate sensitivity and risk.

Regarding the interest rate risk in Banking Book, the following principles are in place:

- The market risk that results from the commercial banking activity transferred on the monthly basis to areas that actively manage market risk and that are measured in terms of risk and profit and loss,
- The Bank uses natural hedging between loans and deposits, complemented by fixed and floating rate bonds and derivatives to manage interest rate risk with the main purpose of protecting the net interest income, while reducing the variability of market value of the portfolios recognised through Profit and Loss or Other Comprehensive Income (OCI).

The results of the IRRBB measurement as of the end of June 2025 indicate that in the EVE perspective the Group is the most exposed to the scenario of interest rates increase, while in the earnings perspective – to a decrease. Although, a simultaneous maintenance of supervisory limit for the SOT NII and SOT EVE metrics remains a key challenge for the Group, as well as for the entire banking sector, the results for outlier stress test scenarios (SOT) as of June 2025 show that even under the most severe outlier stress test scenario, the decline of both EVE and NII for Banking Book is below supervisory limit of i.e. below 15% of Tier 1 and 5% of Tier 1, respectively.

In case of internal metrics for net interest income's sensitivity, which is results under a scenario of parallel shift of interest rates by 100 basis points over a 12-month horizon after 30 June 2025 is presented in the table below (the worst scenario, which is decrease of interest rates). The results remained within internal limits in place.

Sensitivity of NII for position in Polish Zloty:

- 100 bps change of interest rates (worst scenario)	30.06.2025	31.12.2024
PLN million	-44	4
% of last 12 months	-0.74%	0.08%

Sensitivity of NII for position in significant currencies:

- 100 bps change of interest rates (worst scenario)	30.06.2025	31.12.2024
PLN million	-84	-27
% of last 12 months	-1.43%	-0.49%

The above results of internal metrics for sensitivity of NII for the next 12 months after 30th June 2025 in Polish Zloty in Banking Book are conducted under the following assumptions:

- static balance sheet structure as of that reference date (no change during the following 12 months),
- reference level of net interest income if all assets and liabilities with variable interest rate already reflect market interest rates levels as of 30th June 2025 (for example, the NBP Reference rate was set to 5.25%, i.e. includes cut by 50 bps in 2Q 2025),
- application of a parallel move of 100bps in the yield curve up and down is an additional shock to all market interest rates levels as of 30th June 2025 and is set at the repricing date of the assets and liabilities that happens during the 12 following months,

Apart from reference date for the analysis that is set in the context of a lower interest rate environment in Poland (decision of the Monetary Policy Council to cut interest rates in 2Q 2025), the increase of the NII sensitivity metric observed in June 2025 compared to the one published for the end of 2024 is primarily due to a revision of methodology for non-maturity products. As part of this process, the sensitivity of non-maturing deposits (NMD) to interest rate cuts specifically was reduced resulting in a more limited scope of adjustment in case of interest rate cut shocks., It means that not the entire decrease in interest rate shock is expected to be reflected in lowering of the cost of funding. This adjustment for NMD was applied only for internal NII measures (+/- 100 bps shock) and aims to provide a more conservative representation of interest rate risk in the banking book, in line with Bank's pricing policy as well as prevailing market practices.

5.4. LIQUIDITY RISK

Liquidity risk reflects the possibility of incurring significant losses because of deteriorated financing conditions (financing risk) and/or of the sale of assets for less than their market value (market liquidity risk) to meet the funding needs arising from the Group's obligations.

The process of the Group's planning and budgeting covers the preparation of a Liquidity Plan to make sure that the growth of business will be supported by an appropriate liquidity financing structure and supervisory requirements in terms of quantitative liquidity measures will be met.

In 1H 2025, the Group continued to be characterized by solid liquidity position. All the supervisory and internal liquidity indicators remained significantly above minimum limits in place. The steps taken as part of standard and binding risk management procedures have proved sufficient for managing liquidity in the current market environment.

In 1H 2025, the Group maintained Loan-to-Deposit ratio well below 100%. This ratio was equalled 61% at the end of June 2025 (64% at the end of December 2024). The liquid assets portfolio is treated by the Group's as liquidity reserve, which will overcome crisis situations. This portfolio consists of liquid debt securities issued or guaranteed by Polish government, other EU's sovereigns, European Union, and multilateral development banks', supplemented by the cash and exposures to the National Bank of Poland. At the end of June 2025, the share of liquid debt securities (including NBP Bills) in total securities portfolio amounted to 99.9% and allowed to reach the level of approx. PLN61.0 billion (42% of total assets), whereas at the end of December 2024 was at the level of approx. PLN53.9 billion (39% of total assets).

Main liquidity ratios	30.06.2025	31.12.2024
Loans/Deposits ratio (%)	61%	64%
Liquid assets portfolio (PLN million)*	60 986	53 646
Liquidity Coverage requirement, LCR (%)	414%	371%

(*) Liquid Assets Portfolio: The sum of cash, nostro balance (reduced by the required obligatory reserve), unencumbered liquid securities portfolio, NBP-Bills and short-term, due from banks (up to 1 month).

Total Clients' deposits of the Group reached the level of PLN121.7 billion (PLN117.3 billion at the end of December 2024). The share of funds from individuals in total Client's deposits equalled to approx. 75.0%% at the end of June 2025 (74.7% at the end of December 2024). The maintenance of high share of funds from individuals had a positive impact on the Group's liquidity and supported the safe compliance of the supervisory measures.

The main source of financing of the Group remains its deposits base, with a large, diversified, and stable funding from retail, corporate and public sectors. The source of medium-term funding included mainly subordinated debt, own EUR bonds issue and covered bonds issued by Millennium Mortgage Bank.

The level of deposit concentration is regularly monitored and did not have any negative impact on the stability of the deposit base in 1H 2025. However, in case of significant increase of the share of the largest depositors, the additional funds from the depositors are not treated as stable. Despite of that, to prevent deposit base fluctuations, the Group maintains the reserves of liquid assets in the form of securities portfolio as described above.

The Group carried out ongoing monitoring and reporting of key supervisory liquidity indicators, including daily calculation of Liquidity Coverage Requirement (LCR) and monthly of Net Stable Funding Requirement (NSFR). In 1H 2025, the regulatory minimum of 100% for both LCR and NSFR was fulfilled by the Group. The LCR stayed at 414% at the end of June 2025 (371% at the end of December 2024). The liquidity position was kept due to increase of the retail Clients' deposits that guaranteed safe level of liquid assets portfolio. The NSFR was kept above supervisory minimum of 100% in each of the reporting month.

In accordance with the Recommendation of the Polish Financial Supervision Authority (KNF) on the Long-Term Funding Ratio (LTFR or WFD), the Group monitors and reports this indicator on a regular basis as part of its internal liquidity risk management framework. The Group acknowledges the supervisory expectation to reach a minimum for LTFR of 40% by December 2026. Although supervisory threshold is not yet binding, the Group actively monitors long-term market funding opportunities and takes proactive measures to align its funding structure with the expected requirement. The LTFR has been gradually increasing and reached 34% in June 2025 (28% at the end of December 2024).

Additionally, the Group employs an internal structural liquidity analysis based on cumulative liquidity gaps calculated on an actuarial basis (i.e., assuming a certain probability of cash flow occurrence). In 1H 2025 the internally defined limit of 12% total assets was not breached, and the liquidity position was confirmed as solid.

Stress tests as regards structural liquidity are conducted at least quarterly to understand the Group's liquidity risk profile, to make sure that the Group can meet its commitments in the event of a liquidity crisis and to contribute to preparing a contingency plan regarding liquidity and management decisions.

The liquidity risk management process is regulated in the internal policy that is a subject of the Bank's Management Board approval.

The Group has also an excess of liquidity in foreign currencies (in particular in EUR and USD) which has increased in recent years due to the significant decrease of the CHF loan portfolio, the conversion of part of provisions for legal risk to CHF and the issue of two senior non-preferred bonds in a total amount of EUR 1 billion. Consequently, the management of FX liquidity is focused on efficient investment of the surplus and diversification of the risk, which has led to the creation of an investment portfolio in EUR, mostly concentrated in several western European countries sovereign debt in EUR.

The Group has also emergency procedures for situations of increased liquidity risk – the Liquidity Contingency Plan. The Liquidity Contingency Plan establishes the concepts, priorities, responsibilities, and specific measures to be taken in the event of a liquidity crisis. The Liquidity Contingency Plan is tested and revised at least once a year.

5.5. OPERATIONAL RISK

In the first half of 2025 there could be observed a continuous use of standards implemented for the purpose of management of operational risk, which are in line with legal provisions in force and the best practice of national and international financial institutions.

The operational risk management model, implemented by the Group is reviewed and accepted on a regular basis by the Management Board.

In keeping with the adopted solution, risk management is a process of continuous improvement as regards identification, assessment, monitoring, control/mitigating, and reporting by complementary activities, which effectively translates into a real reduction in the level of operational risk in the business tasks.

In the first half of 2025 the registered level of operational risk losses was within the limit.

5.6. CAPITAL MANAGEMENT

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) meeting the requirements specified in external regulations (regulatory capital adequacy) and (b) ensuring the solvency in normal and stressed conditions (economic capital adequacy/internal capital). Completing that goal, the Group/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, considering 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.

The Bank and the Group are obliged by law to meet minimum own funds and leverage ratio requirements, set in art. 92 of the Regulation (EU) 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions as amended and amending Regulation (EU) No 648/2012 (CRR II). At the same time, the following levels, recommendations, and buffers were included in capital limits/targets setting:

- Pillar II FX mortgage loans buffer (P2R buffer) - KNF decisions from January and February 2025 setting that buffer at 0.0%;
- Combined buffer – defined in Act on macro prudential 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 each year,
  - Systemic risk buffer at the level of 0%, reduced from 3% in March 2020,
  - Countercyclical buffer at the 0% level. In accordance with the Regulation of Ministry of Finance, countercyclical buffer at 1% will be introduced from the 25th of September 2025, and then elevated to 2% from the 25th of September 2026.

In December 2024, the Bank received the letter from PFSA informing on non-imposing an additional capital charge (“P2G”).

Capital adequacy of the Group was as follows (PLN mn, %, pp):

Capital adequacy	30.06.2025	31.12.2024
Risk-weighted assets	51 099.26	45 116.23
Own Funds requirements, including:	4 087.94	3 609.30
- Credit risk and counterparty credit risk	3 050.13	3 086.63
- Market risk	30.37	19.81
- Operational risk	979.42	500.38
- Credit Valuation Adjustment CVA	28.02	2.47
Own Funds, including:	7 963.09	7 776.35
Common Equity Tier 1 Capital	7 026.78	6 688.43
Tier 2 Capital	936.31	1 087.93
Total Capital Ratio (TCR)	**15.58%**	**17.24%**
Tier 1 Capital ratio (T1)	**13.75%**	**14.82%**
Common Equity Tier 1 Capital ratio (CET1)	**13.75%**	**14.82%**
Leverage ratio	**4.65%**	**4.64%**

Capital adequacy showed as surpluses/deficits on required or recommended levels is presented in the below table.

Capital adequacy	30.06.2025	31.12.2024
Total Capital ratio (TCR)	**15.58%**	**17.24%**
Minimum required level (OCR)	10.75%	12.21%
Surplus(+) / Deficit(-) of TCR capital adequacy (p.p.)	4.83%	5.03%
Minimum recommended level TCR (OCR+P2G)	10.75%	13.81%
Surplus(+) / Deficit(-) on recommended level (p.p.)	4.83%	3.43%
Tier 1 Capital Ratio (T1)	**13.75%**	**14.82%**
Minimum required level (OCR)	8.75%	9.85%
Surplus(+) / Deficit(-) of T1 capital adequacy (p.p.)	5.00%	4.97%
Minimum recommended level (OCR+P2G)	8.75%	11.45%
Surplus(+) / Deficit(-) on recommended level (p.p.)	5.00%	3.37%
Common Equity Tier 1 Capital Ratio (CET1)	**13.75%**	**14.82%**
Minimum required level (OCR)	7.25%	8.07%
Surplus(+) / Deficit(-) of CET1 capital adequacy (p.p.)	6.50%	6.75%
Minimum recommended level (OCR+P2G)	7.25%	9.67%
Surplus(+) / Deficit(-) on recommended level (p.p.)	6.50%	5.15%
Leverage ratio	**4.65%**	**4.64%**
Minimum required level	3.00%	3.00%
Surplus(+) / deficit (-) on leverage ratio (p.p.)	1.65%	1.64%

In Q2 2025, capital ratios decreased – the Tier 1 capital ratio (equal to the Common Equity Tier 1 capital ratio) by 140 bps, and the total capital ratio by 175 bps. Tier 1 capital (CET1) remained virtually unchanged – it decreased by PLN 2 million (0.03%). Own funds decreased by PLN 79 million (1%), primarily due to a PLN 76 million decrease in Tier 2 capital, which is related to the shortening of the maturities of issued subordinated bonds. Capital requirements increased by 10.1% (PLN 377 million), with operational risk requirements increasing by PLN 272 million (38.5%) and credit risk requirements by PLN 87 million. The significant increase in operational risk capital requirements resulted from methodological changes resulting from the implementation of the regulatory technical standards on operational risk published in June 2025 under CRR III regarding CHF mortgage classified IFRS 9 provisions (adjustment of balance-sheet gross value) and all costs related to legal risk of FX mortgage loans, that were now included in the calculation of the capital requirements.

Assuming the incorporation of the 1st half net income in Own Funds, which will be subject to PFSA authorization, the Tier 1 ratio would be at 15.00% level.

In Q2 2025 financial leverage ratio stood (4.65% versus 4.64%). The surplus over regulatory minimum of 3% is equal to 165 bps.

The minimum capital ratios required by the KNF in terms of the overall buffer requirement (OCR) including the additional P2G capital charge are achieved with a surplus at the end of the second quarter of 2025.

5.6.1 MINIMUM REQUIREMENTS FOR OWN FUNDS AND LIABILITIES SUBJECT TO WRITE DOWN OR CONVERSION (MREL)

The Bank manages MREL indicators in a manner analogous to capital adequacy management.

In terms of the MRELtrea and MRELtem requirements, the Group presents a surplus compared to the minimum required levels as of June 30, 2025, and also meets the MRELtrea Requirement after the inclusion of the Combined Buffer Requirement.

MREL	30.06.2025	31.12.2024
MRELtrea ratio	**25.27%**	**28.06%**
Minimum required level MRELtrea	15.36%	18.03%
Surplus(+) / Deficit(-) of MRELtrea (p.p.)	9.91 p.p.	10.03 p.p
Minimum required level including Combined Buffer Requirement (CBR)	18.11%	20.78%
Surplus(+) / Deficit(-) of MRELtrea+CBR (p.p.)	7.16 p.p.	7.28 p.p.
MRELtem ratio	**8.56%**	**8.71%**
Minimum required level of MRELtem	5.91%	5.91%
Surplus(+) / Deficit(-) of MRELtem (p.p.)	2.65 p.p.	2.80 p.p.

In May 2025, the Bank received a letter from the Bank Guarantee Fund regarding the joint decision of the Single Resolution Board (SRB) and the BFG obliging the Bank to meet the communicated MRELtrea requirements in the amount of 15,36% (previously 18.03% in the decision received June 2023) and 14.15% taking into account the subordination criterion and MRELtem requirements in the amount of 5.91% (as in the decision received in 2024) and 5.54% taking into account the subordination criterion.

6. OPERATIONAL SEGMENTS

Information about operating segments has been prepared based on the reporting structure which is used by the Management Board of the Bank for evaluating the results and managing resources of operating segments. Group does not apply additional breakdown of activity by geographical areas because of the insignificant scale of operations performed outside the Poland, in result such complementary division is not presented.

The Group's activity is pursued on the basis of diverse business lines, which offer specific products and services targeted at the market segments listed below:

Retail Customer Segment

The Retail Customers Segment covers activity targeted at mass-market Customers, affluent Customers, small companies and individual entrepreneurs.

The activity of the above business lines is developed with use of the full offer of banking products and services as well as sales of specialised products offered by subsidiaries in the Group. In the credit products area the key products are mortgage loans, retail credit products, credit card revolving credit as well leasing products for small companies. Meanwhile key Customers funds include: current and saving accounts, term deposits, mutual funds and structured products. Additionally the offer comprises insurance products, mainly linked with loans and credit cards, as well as specialised savings products. The product offer for affluent customers was enriched to include selected mutual funds of other financial intermediaries and foreign funds.

Corporate Customer Segment

The Corporate Customers Segment is based on activity targeted at Small and Medium sized Companies as well as Large Corporations. The offer is also addressed to Customers from the Public Sector. As part of the Bank's new strategy for 2025-2028, this segment also includes companies other than sole proprietorships, previously serviced in the Retail Segment as small entrepreneurs.

Business in the Corporate Customers segment is pursued with use of an offer of typical banking products (loans for day-to-day activity, investment loans, current accounts, term deposits) supplemented by a range of cash management products as well as treasury products (including derivatives) and leasing and factoring services.

Treasury, ALM (assets and liabilities management) and Other

This segment covers the Group's activity as regards investments by the Treasury Department, brokerage, inter-bank market transactions and taking positions in debt securities, which are not assigned to other segments.

This segment includes other assets and other liabilities, assets and liabilities connected with hedging derivatives, liabilities connected with external funding of the Group and deferred income tax assets not assigned to any of the segments.

For each segment the pre-tax profit is determined, comprising:

- Net interest income calculated on the basis of interest on external working assets and liabilities of the segment as well as allocated assets and liabilities generating internal interest income or cost. Internal income and costs are calculated based on market interest rates with internal valuation model applied;
- Net commission income;
- Other income from financial transactions and FX gains, such as: dividend income, result on investment and trading activity, FX gains/losses and result on other financial instruments;
- Other operating income and expenses;
- Costs on account of impairment of financial and non-financial assets;
- Segment share in operating costs, including personnel and administration costs;
- Segment share in depreciation costs;
- Operating profit calculated as a measure of segment profit differs from the IFRS financial result before tax due to: share in net profits of associates and charge of bank tax. These items and the income tax burden were presented only at the Group level.

The assets and liabilities of commercial segments are the operating assets and liabilities used by the segment in its operations, allocated on business grounds. The difference between operating assets and liabilities is covered by money market assets/liabilities and debt securities. The assets and liabilities of the Treasury, ALM & Other segment are money market assets/liabilities and debt securities not allocated to commercial segments.

Bank Millennium recent financial performance is significantly influenced by the costs related to managing legacy FX mortgage portfolio of loans. To isolate these costs and other financial results related to this portfolio Bank decided to isolate, commencing from 2021, a new segment from Retail and present it in financial statements as “FX mortgage”. Such change impacts only results presentation and is not triggering any organizational changes in the Bank. New segment includes loans separated based on active FX mortgage contracts for a given period and is applying to portfolios of retail mortgages originated in Bank Millennium and Eurobank in foreign currencies. This portfolio is expected to run-off in line with repayments of FX loans, conversions to PLN loans, realization of court verdicts and write-offs. Following P&L categories are presented as part of financial performance of new segment:

1. Net Interest Income: Margin on FX loans (interest results less Fund Transfer Pricing).
2. FX results related to portfolio (mainly costs of amicable negotiations).
3. Cost of FX mortgage portfolio legal risk including provisions for legal risk and other costs, partially offset by valuation of SG Indemnity in other operating income line regarding ex-EB portfolio.
4. Cost of Credit Risk related to current FX portfolio.
5. Other Costs that are directly related to FX mortgages including, but not limited to:
    i. Legal chancellery costs (administrative costs),
    ii. Court costs related to FX mortgage cases (other operating costs).

Income statement 1.01.2025 – 30.06.2025

In '000 PLN	Retail Banking	Corporate Banking	Treasury. ALM & Other	FX mortgage	TOTAL
Net interest income	2 407 438	413 975	53 339	(2 954)	2 871 798
Net fee and commission income	264 933	101 246	2 495	1 960	370 634
Dividends, other income from financial operations and foreign exchange profit	49 407	55 646	15 964	2 622	123 639
Result on non-trading financial assets mandatorily at fair value through profit or loss	196	0	54 485	0	54 681
Other operating income and cost	(13 583)	3 041	(8 385)	14 444	(4 483)
Operating income	2 708 391	573 908	117 898	16 072	3 416 269
Staff costs	(523 844)	(127 759)	(17 024)	0	(668 627)
Administrative costs, including:	(286 370)	(52 865)	(94 017)	(56 494)	(489 746)
- BGF costs	*(35 728)*	*(886)*	*(76 007)*	*0*	*(112 621)*
Depreciation and amortization	(94 756)	(14 718)	(2 080)	0	(111 554)
Operating expenses	(904 970)	(195 342)	(113 121)	(56 494)	(1 269 927)
Impairment losses on assets	(22 576)	(56 976)	(1 750)	3 124	(78 178)
Results on modification	(16)	(2 216)	0	0	(2 232)
Costs of legal risk connected with FX mortgage loans	0	0	0	(1 085 387)	(1 085 387)
Total operating result	**1 780 829**	**319 374**	**3 027**	**(1 122 685)**	**980 545**
Share in net profit of associated companies					0
Banking tax					(199 818)
Profit / (loss) before income tax					**780 727**
Income taxes					(269 981)
Profit / (loss) after taxes					**510 746**

Income statement 1.04.2025 – 30.06.2025

In '000 PLN	Retail Banking	Corporate Banking	Treasury. ALM & Other	FX mortgage	TOTAL
Net interest income	1 186 935	202 440	54 650	4 318	1 448 343
Net fee and commission income	135 167	50 937	1 041	942	188 087
Dividends, other income from financial operations and foreign exchange profit	23 784	24 623	7 630	993	57 030
Result on non-trading financial assets mandatorily at fair value through profit or loss	18	0	52 161	0	52 179
Other operating income and cost	(5 954)	1 516	(2 258)	9 949	3 253
Operating income	1 339 950	279 516	113 224	16 202	1 748 892
Staff costs	(272 481)	(65 493)	(8 732)	0	(346 706)
Administrative costs, including:	(132 621)	(29 359)	(9 414)	(29 016)	(200 410)
- BGF costs	*(17 931)*	*(445)*	*0*	*0*	*(18 376)*
Depreciation and amortization	(46 522)	(7 297)	(1 040)	0	(54 859)
Operating expenses	(451 624)	(102 149)	(19 186)	(29 016)	(601 975)
Impairment losses on assets	43 714	(37 740)	(790)	3 086	8 270
Results on modification	(26)	(2 137)	0	0	(2 163)
Costs of legal risk connected with FX mortgage loans	0	0	0	(588 851)	(588 851)
Total operating result	**932 014**	**137 490**	**93 248**	**(598 579)**	**564 173**
Share in net profit of associated companies					0
Banking tax					(101 149)
Profit / (loss) before income tax					**463 024**
Income taxes					(131 547)
Profit / (loss) after taxes					**331 477**

Balance sheet items as at 30.06.2025

In '000 PLN	Retail Banking	Corporate Banking	Treasury. ALM & Other	FX mortgage	TOTAL
Loans and advances to customers	58 625 865	14 616 231	0	980 056	**74 222 153**
Debt securities (AC and HTCFS portfolios)	0	0	60 620 626	0	**60 620 626**
Liabilities to customers	93 508 072	28 226 100	0	0	**121 734 172**

Income statement 1.01.2024 – 30.06.2024

In '000 PLN	Retail Banking	Corporate Banking	Treasury. ALM & Other	FX mortgage	TOTAL
Net interest income	2 107 980	433 445	(6 349)	741	2 535 817
Net fee and commission income	281 677	102 411	2 198	3 835	390 121
Dividends, other income from financial operations and foreign exchange profit	55 335	51 646	2 074	3 365	112 420
Result on non-trading financial assets mandatorily at fair value through profit or loss	3 586	0	2 212	0	5 798
Other operating income and cost	(4 702)	55	21 364	(49 659)	(32 942)
Operating income	2 443 876	587 557	21 499	(41 718)	3 011 214
Staff costs	(468 247)	(101 005)	(14 711)	0	(583 963)
Administrative costs, including:	(230 971)	(42 334)	(77 040)	(59 444)	(409 789)
- BGF costs	*(9)*	*0*	*(60 841)*	*0*	*(60 850)*
Depreciation and amortization	(94 153)	(13 293)	(2 063)	0	(109 509)
Operating expenses	(793 371)	(156 632)	(93 814)	(59 444)	(1 103 261)
Impairment losses on assets	(174 503)	(30 805)	(2 096)	14 832	(192 572)
Results on modification	0	(1 449)	0	0	(1 449)
Costs of legal risk connected with FX mortgage loans	0	0	0	(1 432 835)	(1 432 835)
Total operating result	**1 476 002**	**398 671**	**(74 411)**	**(1 519 165)**	**281 097**
Share in net profit of associated companies					0
Banking tax					(34 522)
Profit / (loss) before income tax					**246 575**
Income taxes					110 358
Profit / (loss) after taxes					**356 933**

Income statement 1.04.2024 – 30.06.2024

In '000 PLN	Retail Banking	Corporate Banking	Treasury. ALM & Other	FX mortgage	TOTAL
Net interest income	974 641	215 618	(5 078)	(3 609)	1 181 572
Net fee and commission income	137 192	51 841	178	1 328	190 539
Dividends, other income from financial operations and foreign exchange profit	30 679	26 979	1 821	1 652	61 131
Result on non-trading financial assets mandatorily at fair value through profit or loss	(120)	0	(4 799)	0	(4 919)
Other operating income and cost	2 648	116	20 105	20 419	43 288
Operating income	1 145 040	294 554	12 227	19 790	1 471 611
Staff costs	(237 165)	(50 232)	(7 224)	0	(294 621)
Administrative costs, including:	(98 616)	(22 666)	(6 127)	(27 683)	(155 092)
- BGF costs	*56*	*0*	*0*	*0*	*56*
Depreciation and amortization	(47 516)	(6 677)	(1 025)	0	(55 218)
Operating expenses	(383 297)	(79 575)	(14 376)	(27 683)	(504 931)
Impairment losses on assets	(64 995)	(13 728)	(211)	8 785	(70 149)
Results on modification	(4)	(590)	0	0	(594)
Costs of legal risk connected with FX mortgage loans	0	0	0	(744 133)	(744 133)
Total operating result	**696 744**	**200 661**	**(2 360)**	**(743 241)**	**151 804**
Share in net profit of associated companies					0
Banking tax					(34 522)
Profit / (loss) before income tax					**117 282**
Income taxes					111 225
Profit / (loss) after taxes					**228 507**

Balance sheet items as at 31.12.2024

In '000 PLN	Retail Banking	Corporate Banking	Treasury. ALM & Other	FX mortgage	TOTAL
Loans and advances to customers	58 597 069	15 064 253	0	1 313 993	**74 975 315**
Debt securities (AC and HTCFS portfolios)	0	0	53 600 222	0	**53 600 222**
Liabilities to customers	91 029 506	26 227 707	0	0	**117 257 213**

7. TRANSACTIONS WITH RELATED ENTITIES

All and any transactions between entities of the Group in 1st half 2025 resulted from the current operations.

Apart from transactions described herein, in the indicated period neither Bank Millennium S.A., nor subsidiaries of Bank Millennium S.A. made any other transactions with related entities, which individually or jointly may have been significant and concluded under terms and conditions other than market-based.

7.1. TRANSACTIONS WITH THE PARENT GROUP

The following are the amounts of transactions with the Capital Group of Bank's parent company - Banco Comercial Portugues (ultimate parent company), these transactions are mainly of banking nature (in '000 PLN):

	With parent company		With other entities from parent group	
	30.06.2025	31.12.2024	30.06.2025	31.12.2024
ASSETS				
Loans and advances to banks – accounts and deposits	3 255	1 788	0	0
Financial assets held for trading	0	0	0	0
Hedging derivatives	0	0	0	0
Other assets	0	0	0	0
LIABILITIES				
Loans and deposits from banks	171	121	0	0
Debt securities	0	0	0	0
Financial liabilities held for trading	0	0	0	0
Hedging derivatives	0	0	0	0
Other liabilities	327	234	18	14

	With parent company		With other entities from parent group	
	1.01.2025 - 30.06.2025	1.01.2024-30.06.2024	1.01.2025 - 30.06.2025	1.01.2024-30.06.2024
Income from:				
Interest	767	3 000	0	0
Commissions	118	100	0	0
Financial assets and liabilities held for trading	0	5 340	0	0
Expense from:				
Interest	0	0	0	0
Commissions	0	0	0	0
Financial assets and liabilities held for trading	0	0	0	0
Other net operating	0	0	0	0
Administrative expenses	93	92	35	(2)

	With parent company		With other entities from parent group	
	30.06.2025	31.12.2024	30.06.2025	31.12.2024
Conditional commitments	42 561	24 680	0	0
granted	0	0	0	0
obtained	42 561	24 680	0	0
Derivatives (par value)	0	0	0	0

7.2. TRANSACTIONS WITH THE MANAGING AND SUPERVISING PERSONS

Managing persons	30.06.2025	31.12.2024
Total debt limit (in ‘000 PLN)	189.0	261.0
- including an unutilized limit (in ‘000 PLN)	137.3	178.9
Mortgage loans and credits	-	-
Active guarantees	-	-
Supervising persons	**30.06.2025**	**31.12.2024**
Total debt limit (in ‘000 PLN)	0	108.0
- including an unutilized limit (in ‘000 PLN)	0	72.6
Mortgage loans and credits	-	-
Active guarantees	-	-

The Group provides standard banking services to Members of the Management Board, Members of the Supervisory Board, persons related to Members of the Management Board and Members of the Supervisory Board, which services comprise i.a.: keeping bank accounts, accepting deposits or sale of financial instruments. Accordingly to the Bank these transactions are concluded on market terms and conditions. In accordance with the credit lending policy adopted in the Bank, term credits described in this section have appropriate collateral to mitigate its credit risk exposure.

7.3. INFORMATION ON COMPENSATIONS AND BENEFITS OF THE MEMBERS OF THE MANAGEMENT AND SUPERVISORY BOARDS

Remuneration costs (including provisions charged for annual bonus) and benefits incurred by the Bank in favour of the Members of the Management Board (data in thousand PLN):

Period	Fixed and variable remuneration	Benefits	TOTAL
1.01-30.06.2025	12 078	1 246	13 323
1.01-30.06.2024	12 038	1 236	13 274

The benefits mainly include the costs of medical care, PPK contributions and accommodation of the foreign Members of the Management Board.

Remuneration costs of the Members of the Supervisory Board of the Bank (data in thousand PLN):

Period	Fixed and variable remuneration and benefits
1.01-30.06.2025	1 308
1.01-30.06.2024	1 128

7.4. BALANCE OF THE BANK'S SHARES HELD BY THE BANK'S SUPERVISORY AND MANAGEMENT BOARD MEMBERS

Name and surname	Position/Function	Number of shares as of delivery date of IH 2025 report	Number of shares as of delivery date of annual report for year 2024
Joao Nuno Lima Bras Jorge	Chairman of the Management Board	380 259	380 259
Fernando Maria Cardoso Rodrigues Bicho	Deputy Chairman of the Management Board	176 252	176 252
Wojciech Haase	Member of the Management Board	151 107	151 107
Jarosław Hermann	Member of the Management Board	0	0
Halina Karpińska	Member of the Management Board	11 995	/-/
Antonio Ferreira Pinto Junior	Member of the Management Board	13 613	13 613
Magdalena Zmitrowicz	Member of the Management Board	0	/-/

Name and surname	Position/Function	Number of shares as of delivery date of IH 2025 report	Number of shares as of delivery date of annual report for year 2024
Olga Grygier-Siddons	Chairman of the Supervisory Board	0	0
Nuno Manuel da Silva Amado	Deputy Chairman of the Supervisory Board	0	0
Katarzyna Sułkowska	Secretary of the Supervisory Board	0	/-/
Małgorzata Bonikowska	Member of the Supervisory Board	0	/-/
Miguel de Campos Pereira de Bragança	Member of the Supervisory Board	0	0
Agnieszka Kłos-Siddiqui	Member of the Supervisory Board	0	/-/
Anna Mankiewicz-Rębkowska	Member of the Supervisory Board	0	/-/
Alojzy Nowak	Member of the Supervisory Board	0	0
Izabela Olszewska	Member of the Supervisory Board	0	/-/
José Miguel Bensliman Schorcht da Silva Pessanha	Member of the Supervisory Board	0	0
Miguel Maya Dias Pinheiro	Member of the Supervisory Board	0	0
Lingjiang Xu	Member of the Supervisory Board	0	0

8. FAIR VALUE

The best reflection of fair value of financial instruments is the price which can be obtained for the sale of assets or paid for the transfer of liability in case of market transactions (an exit price). For many products and transactions for which market value to be taken directly from the quotations in an active market (marking-to-market) is not available, the fair value must be estimated using internal models based on discounted cash flows (marking-to-model). Financial cash flows for the various instruments are determined according to their individual characteristics, and discounting factors include changes in time both in market interest rates and margins.

According to IFRS 13 “Fair value measurement” in order to determinate fair value the Group applies models that are appropriate under existing circumstances and for which sufficient input data is available, based to the maximum extent on observable input whereas minimizing use of unobservable input, namely:

Level 1 - valuation based on the data fully observable (active market quotations) for identical transactions;
Level 2 - valuation models using the information not constituting the data from level 1, but observable, either directly or indirectly;
Level 3 - valuation models using unobservable data (not derived from an active market).

Valuation techniques used to determine fair value are applied consistently. Change in valuation techniques resulting in a transfer between these methods occurs when:

- transfer from Level 1 to 2 takes place when for the financial instruments measured according to Level 1 quoted market prices from an active market are not available at the balance sheet day (previously used to be);
- transfer from Level 2 to 3 takes place when for the financial instruments measured according to the Level 2 value of parameters not derived from the market has become significant at the balance sheet day (and previously used to be irrelevant).

8.1. FINANCIAL INSTRUMENTS NOT RECOGNIZED AT FAIR VALUE IN THE BALANCE SHEET

All estimation models are arbitrary to some extent and this is why they reflect only the value of those instruments for which they were built. Fair value of these instruments is determined solely in order to meet the disclosure requirements of IFRS 13 and IFRS 7.

The main assumptions and methods applied in estimating fair value of assets and liabilities of the Group are as follows:

Receivables and liabilities with respect to banks

The fair value of these instruments was determined by discounting the future principal and interest flows with current rates, assuming that the flows arise on contractual dates.

Loans and advances granted to customers valued at amortised cost

The fair value of such instruments without specified repayment schedule, given their short-term nature and the time-stable policy of the Group with respect to this portfolio, is close to balance-sheet value.

With respect to floating rate leasing products fair value was assessed by adjusting balance-sheet value with discounted cash flows resulting from difference of spreads.

The fair value of instruments with defined maturity is estimated by discounting related cash flows on contractual dates and under contractual conditions with the use of current zero-coupon rates and credit risk margins.

In case of mortgage loans due to their long-term nature estimation of the future cash flows also includes: the effect of early repayment and liquidity risk in foreign currencies.

Debt securities valued at amortised cost

The fair value of debt securities at amortised cost (mainly Treasury bonds in the Held to Collect portfolio) was estimated based on market quotations basis.

Liabilities to customers

The fair value of such instruments without maturity or with maturity under 30 days is considered by the Group to be close to balance-sheet value.

Fair value of instruments due and payable in 30 days or more is determined by discounting future cash flows from principal and interest (including the current average margins by major currencies and time periods) using current interest (including the original average margins by major currencies and time periods) in contractual terms.

Subordinated liabilities, debt securities issued and medium-term loans

The fair value of these financial instruments is estimated on the basis of a model used for determining the market value of floating-rate bonds with the current level of market rates and historical margin for credit risk and in the case of fixed-rate coupon bonds, by discounting cash flows at the current level of market rates and the original credit risk margin. Similar as in loan portfolio the Bank includes the level of the original margin as a part of mid-term cost of financing obtained in the past in relation to the current margin level for the comparable instruments, as long as reliable assessment is possible. Due to lack of the mid-term loans liquid market as a reference to estimate current level of margins, the Bank used the original margin.

The table below presents results of the above-described analyses as at 30.06.2025 (data in PLN thousand):

	Note	Balance sheet value	Fair value
ASSETS MEASURED AT AMORTISED COST			
Debt securities	15	28 107 557	28 458 912
Deposits, loans and advances to banks and other monetary institutions	15	545 202	543 648
Loans and advances to customers*	14	74 220 930	74 038 030
LIABILITIES MEASURED AT AMORTISED COST			
Liabilities to banks and other monetary institutions	17	134 873	134 410
Liabilities to customers	18	121 734 172	121 745 359
Debt securities issued	20	7 025 447	7 027 540
Subordinated debt	21	1 561 067	1 559 957

** The negative impact of fair value valuation of the loans portfolio is largely attributable to growth of loan spreads. The methodology, which the Bank uses for valuation of the loans portfolio, assumes that current spreads best reflect existing market conditions and economic situation. In result, paradoxically whenever the spreads of new loans increase, fair value of the "old" loans portfolio falls.*

The fair value of debt securities measured at amortized cost, for which market quotations are available, is determined on their basis and, consequently, these assets are included in the first valuation category. Models used for determination of the fair value of other financial instruments presented in the above table and not recognized at fair value in Group's balance sheet, use techniques based on parameters not derived from the market. Therefore, they are considered as the third level of valuation.

The table below presents data as at 31.12.2024 (data in PLN thousand):

	Note	Balance sheet value	Fair value
ASSETS MEASURED AT AMORTISED COST			
Debt securities	15	24 381 485	24 490 907
Deposits, loans and advances to banks and other monetary institutions	15	434 517	434 304
Loans and advances to customers*	14	74 973 490	74 398 190
LIABILITIES MEASURED AT AMORTISED COST			
Liabilities to banks and other monetary institutions	17	204 459	204 459
Liabilities to customers	18	117 257 213	117 251 765
Debt securities issued	20	6 124 775	6 127 207
Subordinated debt	21	1 562 330	1 563 653

** The negative impact of fair value valuation of the loans portfolio is largely attributable to growth of loan spreads. The methodology, which the Bank uses for valuation of the loans portfolio, assumes that current spreads best reflect existing market conditions and economic situation. In result, paradoxically whenever the spreads of new loans increase, fair value of the "old" loans portfolio falls.*

8.2. FINANCIAL INSTRUMENTS RECOGNIZED AT FAIR VALUE IN THE BALANCE SHEET

The table below presents balance-sheet values of instruments measured at fair value, by applied fair value measurement technique:

Data in PLN'000, as at 30.06.2025

	Note	Quoted market prices	Valuation techniques - observable inputs	Valuation techniques - significant unobservable inputs
		Level 1	Level 2	Level 3
ASSETS				
Financial assets held for trading	12			
Valuation of derivatives		0	89 578	134 427
Equity instruments		132	0	0
Debt securities		724 597	0	0
Transactions with repurchase agreement		335 473	0	0
Non-trading financial assets mandatorily at fair value through profit or loss	14			
Equity instruments		0	0	121 580
Debt securities		0	0	51 304
Loans and advances		0	0	1 223
Financial assets at fair value through other comprehensive income	13			
Equity instruments		623	0	36 228
Debt securities		24 981 660	7 531 409	0
Derivatives – Hedge accounting	16	0	0	0
LIABILITIES				
Financial liabilities held for trading	12			
Valuation of derivatives		0	183 611	136 196
Short positions		331 478	0	0
Derivatives – Hedge accounting	16	0	30 967	0

Data in PLN'000, as at 31.12.2024

	Note	Quoted market prices	Valuation techniques - observable inputs	Valuation techniques - significant unobservable inputs
		Level 1	Level 2	Level 3
ASSETS				
Financial assets held for trading	12			
Valuation of derivatives		0	73 321	182 524
Equity instruments		115	0	0
Debt securities		555 364	0	0
Transactions with repurchase agreement		194 218		
Non-trading financial assets mandatorily at fair value through profit or loss	14			
Equity instruments		0	0	66 609
Debt securities		0	0	51 790
Loans and advances		0	0	1 825
Financial assets at fair value through other comprehensive income	13			
Equity instruments		481	0	36 231
Debt securities		20 526 513	8 692 224	0
Derivatives – Hedge accounting	16	0	0	0
LIABILITIES				
Financial liabilities held for trading	12			
Valuation of derivatives		0	40 312	185 991
Short positions		190 769	0	0
Derivatives – Hedge accounting	16	0	101 539	0

The impact of credit valuation adjustments estimated by the Group was not material in relation to individual derivative transactions entered into by the Bank. Consequently, the Bank does not consider the impact of unobservable inputs used in the valuation of derivative transactions to be significant and, in accordance with IFRS 13.73, does not classify such transactions within Level 3 of the fair value hierarchy, with the exception of index options and options embedded in deposits.

Using the criterion of valuation techniques as at 30.06.2025 Group classified into the third category following financial instruments:

- credit exposures with a leverage / multiplier feature inbuilt in the definition of interest rate (these are credit card exposures and overdraft limits for which the interest rate is based on a multiplier: 4 times the lombard rate).
- index options, option transactions are measured at fair value with use of option measurement models, the model measurement is supplemented with impact on fair value of the estimated credit risk parameter;
- VISA Inc. engagement shares; the method of fair value calculation of this instrument considers the time value of money and the time line for conversion of preferred stock in common stock of VISA.
- other equity instruments measured at fair value (unquoted on an active market), in particular, the valuation of one of the companies classified under the category 'Financial assets other than those held for trading, mandatorily measured at fair value through profit or loss', was carried out using three methods: discounted cash flows (DCF), the comparative method, and the method of implied market multiples in two variants (P/E and P/BV)

In the reporting period, the Group did not make transfers of financial instruments between the techniques of fair value measurement.

Changes of fair values of instruments measured on the basis of valuation techniques with use of significant parameters not derived from the market are presented in the table below (in ’000 PLN):

	Valuation of derivatives - Indexes options	Valuation of derivatives - Options embedded in securities issued and deposits	Equity instruments	Debt securities	Loans and advances
Balance on 01.01.2025	**178 195**	**(181 662)**	**102 840**	**51 790**	**1 825**
Settlement/sell/purchase	(47 376)	48 549	0	0	(1 618)
Change of valuation recognized in equity	0	0	0	0	0
Interest income and other of similar nature	0	0	0	0	820
Results on financial assets and liabilities held for trading	1 235	(709)	0	0	0
Result on non-trading financial assets mandatorily at fair value through profit or loss	0	0	54 971	(486)	196
Result on exchange differences	0	0	(3)	0	0
Balance on 30.06.2025	**132 054**	**(133 822)**	**157 808**	**51 304**	**1 223**

For options on indexes concluded on an inactive market, and FX options the Group concludes back-to-back transactions on the interbank market.

	Valuation of derivatives - Indexes options	Valuation of derivatives - Options embedded in securities issued and deposits	Equity instruments	Debt securities	Loans and advances
Balance on 01.01.2024	**405 612**	**(414 200)**	**95 154**	**81 014**	**19 349**
Settlement/sell/purchase	(248 040)	251 045	(46 959)	0	(21 554)
Change of valuation recognized in equity	0	0	7 847	0	0
Interest income and other of similar nature	0	0	0	0	3 285
Results on financial assets and liabilities held for trading	20 623	(18 507)	0	0	0
Result on non-trading financial assets mandatorily at fair value through profit or loss	0	0	46 803	(29 224)	745
Result on exchange differences	0	0	(5)	0	0
Balance on 31.12.2024	**178 195**	**(181 662)**	**102 840**	**51 790**	**1 825**

9. CONTINGENT LIABILITIES AND ASSETS

9.1. LAWSUITS AND RELEVANT PROCEEDINGS

Below please find the data on the court cases pending, brought up by and against entities of the Group.

Court cases brought up by the Group

Value of the court litigations, as at 30.06.2025, in which entities of the Group were a plaintiff, totaled PLN 3,554.8 million.

Proceedings on infringement of collective consumer interests

On January 3 2018, the Bank received a decision of the Chairman of the Office for Protection of Competition and Consumers (OPCC Chairman), in which the OPCC Chairman found infringement by the Bank of the rights of consumers. In the opinion of the OPCC Chairman the essence of the violation is that the Bank informed consumers (it regards 78 agreements) in responses to their complaints, that the court verdict stating the abusiveness of the provisions of the loan agreement regarding exchange rates does not apply to them. According to the position of the OPCC Chairman the abusiveness of contract's clauses determined by the court in the course of abstract control is constitutive and effective for every contract from the beginning. As a result of the decision, the Bank was obliged to:
1) send information on the UOKiK's decision to the said 78 clients,
2) place the information on decision and the decision itself on the website and on Twitter,
3) to pay a fine amounting to PLN 20.7 mln.

The Bank lodged an appeal within the statutory time limit.

On January 7, 2020, the first instance court dismissed the Bank's appeal in its entirety. The Bank appealed against the judgment within the statutory deadline. The court presented the view that the judgment issued in the course of the control of a contractual template (in the course of an abstract control), recognizing the provisions of the template as abusive, determines the abusiveness of similar provisions in previously concluded contracts. Therefore, the information provided to consumers was incorrect and misleading. As regards the penalty imposed by OPCC, the court pointed out that the policy of imposing penalties by the Office had changed in the direction of tightening penalties and that the court agrees with this direction.

In the Bank's assessment, the Court should not assess the Bank's behaviour in 2015 from the perspective of today's case-law views on the importance of abstract control (it was not until January 2016 that the Supreme Court's resolution supporting the view of the OPCC Chairman was published), the more penalties for these behaviours should not be imposed using current policy. The above constitutes a significant argument against the validity of the judgment and supports the appeal which the Bank submitted to the Court of second instance.

The second instance court, in its judgment of February 24, 2022, completely revoked the decision of the OPCC Chairman. On August 31, 2022, the OPCC Chairman lodged a cassation appeal to the Supreme Court. On July 3, 2024, the Supreme Court issued a decision accepting the cassation appeal for consideration. The Bank believes that the prognosis regarding the litigation chances of winning the case before the Supreme Court is positive and therefore no provision has been recognized.

Proceedings on competition-restricting practice

The Bank (along with other banks) is also a party to the dispute with OPCC, in which the OPCC Chairman recognized the practice of participating banks, including Bank Millennium, in an agreement aimed at jointly setting interchange fee rates charged on transactions made with Visa and Mastercard cards as restrictive of competition, and by decision of 29 December 2006 imposed a fine on the Bank in the amount of PLN 12.2 million. The Bank, along with other banks, appealed the decision.

In connection with the judgment of the Supreme Court and the judgment of the Court of Appeal in Warsaw of November 23, 2020, the case is currently pending before the court of first instance - the Court of Competition and Consumer Protection. The Bank has created a provision in the amount equal to the imposed penalty.

Proceedings in the matter of recognition of provisions of the agreement format as abusive

On 22 September 2020 The Bank received decision of the Chairman of the Office for Protection of Competition and Consumers (OPCC Chairman) recognising clauses stipulating principles of currency exchange applied in the so-called anti-spread annex as abusive and prohibited the use thereof.

Penalty was imposed upon the Bank in the amount of 10.5 million PLN. Penalty amount takes account of two mitigating circumstances: cooperation with the Office for Protection of Competition and Consumers and discontinuation of the use of provisions in question.

The Bank was also requested, after the decision becomes final and binding, to inform consumers, by registered mail, to the effect that the said clauses were deemed to be abusive and therefore not binding upon them (without need to obtain court's decision confirming this circumstance) and publish the decision in the case on the Bank's web site.

In the decision justification delivered in writing the OPCC Chairman stated that FX rates determined by the Bank were determined at Bank's discretion (on the basis of a concept, not specified in any regulations, of average inter-bank market rate). Moreover, client had no precise knowledge on where to look for said rates since provision referred to Reuters, without precisely defining the relevant site.

Provisions relating to FX rates in Bank's tables were challenged since the Bank failed to define when and how many times a day these tables were prepared and published.

In justification of the decision, the OPCC Chairman also indicated that in the course of the proceeding, Bank Millennium presented various proposed solutions, which the OPCC Chairman deemed to be insufficient.

The Bank appealed against the said decision within statutory term.

On March 31, 2022, the first instance court revoked the entire decision of the Chairman of the OPCC. On May 23, 2022, the Chairman of the OPCC filed an appeal. On October 26, 2022, the Court of Appeal changed the judgment of the court of first instance and shared the position of the Chairman of the OPCC as to the abusiveness of the provisions regarding the determination of exchange rates in the annexes concluded with foreign currency borrowers. On November 21, 2022, the Court of Appeals, at the request of the Bank, suspended the execution of the judgment until the end of the cassation proceedings. On January 30, 2023 the Bank filed a cassation appeal to the Supreme Court. By the decision of March 20, 2024, the cassation appeal was accepted for consideration. The Bank has created a provision in the amount equal to the imposed penalty. On July 15, 2025, during a closed session, a judgment was issued dismissing the Bank's cassation complaint, as a result of which the decision of the OPCC Chairman became final.

Court cases against the Group

As at 30.06.2025, the most important proceedings, in the group of the court cases where the Group's companies were defendant, were following:

- The Bank is a defendant in two court proceedings, in which the subject of the dispute is the amount of the interchange fee. The total value of claims reported in these cases is PLN 729.2 million. The procedure with the highest value of the reported claim is the case is brought by PKN Orlen SA, the plaintiff demands payment of PLN 635.7 million. The plaintiff in this proceeding alleges that the banks acted under an agreement restricting competition on the acquiring services market by jointly setting the level of the national interchange fee in the years 2006-2014. In this case, the Bank was sued jointly with another bank and card organizations. In the case brought by LPP S.A. the allegations are similar to those raised in the case brought by PKN Orlen SA, while the period of the alleged agreement is indicated as 2008-2014. In this case, the Bank is sued jointly and severally with another bank. The case was resolved positively for the Bank by the courts of both instances, and is currently at the stage of a cassation appeal filed by LPP S.A. The Supreme Court did not issue a decision regarding the acceptance of the cassation appeal for consideration. According to current estimates of the risk of losing a dispute in these matters, the Bank did not create a provision. In addition, we point out that the Bank participates as a side intervener in three other proceedings regarding the interchange fee. Other banks are the defendant. Plaintiffs in these cases also accuse banks of acting as part of an agreement restricting competition on the acquiring services market by jointly setting the level of the national interchange fee in the years 2008-2014.

- A lawsuit brought up by shareholder of PCZ S.A. in bankruptcy (PHM, then the European Foundation for Polish-Belgian Cooperation - EFWP-B, currently called The European Foundation for Polish-Kenyan Cooperation) against Bank Millennium S.A., worth of the dispute 521.9 million PLN with statutory interest from 05.04.2016 until the day of payment. The plaintiff filed the suit dated 23.10.2015 to the Regional Court in Warsaw; the suit was served to the Bank on 04.04.2016. According to the plaintiff, the basis for the claim is damage to their assets, due to the actions taken by the Bank and consisting in the wrong interpretation of the Agreement for working capital loan concluded between the Bank and PCZ S.A., which resulted in placing the loan on demand. The Bank is requesting complete dismissal of the suit, stating disagreement with the charges raised in the claim. Supporting the position of the Bank, the Bank's attorney submitted a binding copy of final verdict of Appeal Court in Wrocław favourable to the Bank, issued in the same legal state in the action brought by PCZ SA against the Bank. On May 10, 2023, the Court of First Instance announced a judgment dismissing the claim in its entirety. The verdict is not final, the plaintiff filed an appeal.

On May 6, 2024, the Bank's representative submitted a response to the appeal, requesting that it be dismissed in its entirety as unfounded. On December 17, 2024, the Court of Appeal in Warsaw issued a judgment favorable to the Bank, dismissing the Plaintiff's appeal. The judgment is final. The Bank has been served with the Plaintiff's cassation complaint and has submitted a formal response. The Bank is of the opinion that there is a strong likelihood that the Supreme Court will decline to admit the cassation complaint for substantive review.

The class action related to the LTV insurance :

On the 3 of December 2015 a class action was served on the Bank. A group of the Bank's debtors (454 borrowers party to 275 loan agreements) is represented by the Municipal Consumer Ombudsman in Olsztyn. The plaintiffs demanded payment of the amount of PLN 3.5 million, claiming that the clauses of the agreements, pertaining to the low down payment insurance, are unfair and thus not binding. Plaintiff extended the group in the court letter filed on the 4th of April 2018, therefore the claims increased from PLN 3.5 million to over PLN 5 million.

Actual status:

On the 1 of October 2018, the group's representative corrected the total amount of claims pursued in the proceedings and submitted a revised list of all group members, covering the total of 697 borrowers – 432 loan agreements. The value of the subject of the dispute, as updated by the claimant, is PLN 7,371,107.94.

By the resolution of 1 April 2020 the court established the composition of the group as per request of the plaintiff and decided to take witness evidence in writing. On 18.10.2024, the Court adjourned the hearing without setting a new date. The court decided to disregard the evidence from the hearing of the parties and obliged the parties to submit documents - agreements concluded between the group members and the Bank and final judgments regarding the agreements in question. The court adjourned the hearing without specifying a new date. The Bank submitted the above-mentioned documents in a letter dated December 17, 2024, while the group representative, in performance of the obligation, submitted two letters containing documents confirming the legitimacy of individual group members. The court obliged the Bank to submit a position in response to the letters of the group representative. The obligation has been fulfilled.

The Bank has recognized a provision for this case in the amount of PLN 4.4 million

As at 30 June 2025, there were also 75 individual court cases regarding LTV insurance (cases in which only a claim for the reimbursement of the commission or LTV insurance fee is presented).

Lawsuits filed by Financial Ombudsman for discontinuation of unfair market practices

On 13 August 2020 the Bank received lawsuit from the Financial Ombudsman. The Financial Ombudsman, in the lawsuit, demands that the Bank and the Insurer (TU Europa) be ordered to discontinue performing unfair market practices involving, as follows:

- presenting the offered loan repayment insurance as protecting interests of the insured in case when insurance structure indicates that it protects the Bank’s interests;
- use of clauses linking the value of insurance benefit with the amount of borrower’s debt;
- use of clauses determining the amount of insurance premium without prior risk assessment (underwriting);
- use of clauses excluding insurer’s liability for insurance accidents resulting from earlier causes.

Furthermore, the Ombudsman requires the Bank to be ordered to publish, on its web site, information on use of unfair market practices.

The lawsuit does not include any demand for payment, by the Bank, of any specified amounts. Nonetheless, if the practice is deemed to be abusive it may constitute grounds for future claims to be filed by individual clients.

The case is being examined by the court of first instance. The court is still continuing the evidentiary proceedings.

Court cases concerning the free loan sanction (within the meaning of the Consumer Credit Act)

By June 30, 2025, the Bank received 1,851 lawsuits in which the plaintiffs (both clients and companies purchasing claims), alleging violation of the information obligations and demanding reimbursement of interest and other costs incurred in connection with taking out a loan.

Based on publicly available information, it can be assumed that there will be an increase in the number of lawsuits concerning the free loan sanction. This phenomenon affects the entire banking services sector. It is likely that a "new business model" will be created in the area of law firms, which involves questioning consumer credit agreements.

As of June 30, 2025, 214 cases have been legally concluded, in 183 cases the Bank won the dispute and lost in 31 cases. Disputes in the above respect are subject to constant observation and analysis. In the cases in question, the Bank makes an individual assessment of the litigation chances in each of the court cases, which is justified by the lack of a uniform line of jurisprudence. Currently, the Bank's litigation chances in the cases in question are assessed positively.

On 13 February 2025, the Court of Justice of the European Union issued a judgment in a case registered under the reference number C472/23 as a result of an application filed by the District Court for the Capital City of Warsaw. In its judgment, the CJEU, interpreting the provisions of Directive 2008/48/EC of the European Parliament and of the Council of 23 April 2008 on consumer credit agreements, found that:

(i) the fact that a credit agreement indicates an annual percentage rate which turns out to be inflated because certain terms of that agreement were subsequently found to be unfair within the meaning of Article 6(1) of Council Directive 93/13/EEC of 5 April 1993 on unfair terms in consumer contracts and therefore not binding on the consumer, does not in itself constitute an infringement of the obligation to provide information laid down in that provision of Directive 2008/48.

(ii) the fact that a credit agreement lists a number of circumstances justifying an increase in the fees related to the performance of the agreement, without a properly informed and sufficiently observant and reasonable consumer being able to verify their occurrence or their impact on those fees, constitutes an infringement of the information obligation laid down in that provision, provided that this indication may undermine the consumer's ability to assess the extent of his obligation.

(iii) Directive 2008/48 does not preclude national legislation which provides, in the event of a breach of the obligation to provide for information imposed on the creditor in accordance with Article 10(2) of that directive, a uniform penalty consisting in depriving the creditor of the right to interest and fees, irrespective of the individual degree of gravity of such a breach, provided that such breach may undermine the consumer's ability to assess the extent of his obligation.

Following the judgment of the Tribunal, it is still up to the domestic courts to assess the possibility of crediting non-interest costs of the loan and to assess compliance with the information obligation regarding the possibility of changing fees. The CJEU also noted that the right to benefit from the free loan sanction is updated only if a potential breach of the bank may undermine the consumer's ability to assess the scope of his liability. Law firms purchasing clients' receivables publicize the judgment as a ruling with a favorable ruling for consumers (opposite to the view of the Bank), which may translate into an increase in the number of new cases.

On March 21, 2025, the Financial Stability Committee issued a resolution (No. 79/2025) on the position regarding the risk associated with the sanction of free credit (SKD). The Committee noted that ‘while the violations listed in the Consumer Credit Act are of a varied nature and severity, the sanction itself is not subject to gradation. The inability to moderate sanctions creates a system of incentives to instrumentally use the benefits of the SKD and to undermine credit agreements, regardless of whether the violation has economic consequences for the borrower or not’.

As at June 30, 2025, the Bank had not recognized provisions for legal risk related to the free loan sanction.

Court cases regarding mortgage loans in PLN

By June 30, 2025, the Bank recorded the receipt of 185 lawsuits by borrowers of mortgage loans in PLN for reimbursement of benefits provided under the loan agreement. Three final and favorable rulings for the Bank were issued. The borrowers' allegations focus on the WIBOR ratio as an incomprehensible, unverifiable element affecting the consumer's liability, as well as the issue of insufficient information on the effects of variable interest rates provided to the consumer by the bank before the conclusion of the contract.

Based on publicly available information, it can be assumed that there will be an increase in the number of lawsuits concerning mortgage loans in PLN. This phenomenon affects the entire sector of banking services. It is possible that a "new business model" will be created in the area of law firms, which consists in questioning mortgage contracts containing a variable interest rate clause based on the WIBOR reference index.

On June 29, 2023, The Polish Financial Supervision Authority (KNF) announced that it had assessed the ability of the WIBOR interest rate reference index to measure the market and economic realities. The KNF stated that the WIBOR interest rate reference index is capable of measuring the market and economic realities for which it was established. According to the Commission's assessment, the WIBOR ratio responds appropriately to changes in liquidity conditions, changes in central bank rates and economic realities.

On July 26, 2023, the Polish Financial Supervision Authority (PFSA) presented its position on legal and economic issues related to mortgage loan agreements in Polish currency in which the WIBOR interest rate reference index is used. This position can be used in court proceedings and can then be treated as an “amicus curiae” opinion. The Polish Financial Supervision Authority stated that the WIBOR reference index meets all legal requirements. In the opinion of the Polish Financial Supervision Authority, there are no grounds to question the credibility and legality of WIBOR, in particular in the context of the use of this indicator in mortgage loan agreements in the Polish currency.

As at June 30, 2025, the Bank had not recognized provisions for legal risk related to mortgage loans in PLN.

Handling of unauthorised transactions

Currently, in connection with the activities of Bank Millennium - as it is the case with the activities of other banks in Poland - the President of the Office of Competition and Consumer Protection is conducting proceedings on the use of practices infringing the collective interests of consumers as regards the so-called "unauthorized transactions". In the opinion of the President of the Office of Competition and Consumer Protection, in the case of Bank Millennium, such actions include the following: (i) failure – no later than by the end of the business day after the date of receipt of an appropriate notification from the consumer regarding the occurrence of an unauthorised payment transaction – to refund the amount of the unauthorised payment transaction or to restore the debited payment account to the state that would have existed if the unauthorised payment transaction had not taken place, despite the lack of justified and duly documented grounds to suspect fraud on the part of the consumer and informing the authorities appointed to prosecute crimes about this suspicion in writing, as well as (ii) providing consumers – in the replies to their reports regarding the occurrence of unauthorized payment transactions – with information about the verification by the payment service provider of the correct use of the payment instrument by using individual authentication data in a way suggesting that the Bank's demonstration only that the disputed payment transactions have been correctly authenticated constitutes at the same time demonstration of the authorization of such a transaction and excludes its obligation to return the amount of the unauthorized transaction and (iii) providing consumers – in the replies to their reports regarding the occurrence of unauthorized payment transactions – with false information about authorization of the transactions questioned by consumers, while presenting information indicating that the transactions took place as a result of an intentional or grossly negligent violation by consumers of at least one of the obligations referred to in Article 42 of the Payment Services Act and in the agreement between the consumer and the bank, as a result of which they are liable for the questioned payment transactions.

In the course of the proceedings, the Bank provided appropriate explanations and also substantively referred to the allegations formulated by the President of the Office of Competition and Consumer Protection. The proceedings have been extended until the end of 2025.

On 18.04.2025, the Bank filed an application for a binding decision pursuant to Article 28 section 1 of the Act on Competition and Consumer Protection. The application (proposal) includes all allegations presented by the UOKiK, i.e. changes in the procedure for handling reports regarding unauthorized payment transactions, changes in the classification of a given transaction as authorized and changes in complaint response templates. The application also includes a proposal for "compensation" for customers whose complaints were rejected.

In connection with the proceedings, the Bank recognized a provision as at the end of June 2025 in the amount of PLN 37 million based on estimated outflow of funds.

As of June 30, 2025, the Bank was a party to 343 court proceedings in which customers questioned the fact of their authorization of a transaction. In the cases in question, the Bank makes an individual assessment of the litigation chances in each of the court cases. In cases where, in the Bank's opinion, there is a greater probability of losing the dispute than winning it, provisions in the amount resulting from the potential loss of the Bank are created.

Administrative penalty proceeding by the Polish Financial Supervision Authority

On 22 December 2023, the Polish Financial Supervision Authority (KNF) started administrative proceedings against bank Millennium S.A. that might result in a penalty being imposed on the Bank under Article 176i(1)(4) of the Act on trading in financial instruments. On 16.09.2024, the Bank was served with the Resolution of 13.09.2024 issued by the PFSA (“the Resolution”) pursuant to the provisions of Chapter 2b of the Act of 21.07.2006 on Financial Market Supervision regarding: the possibility of concluding an arrangement regarding the conditions for extraordinary easing of sanctions and setting a 3-month deadline for concluding an arrangement. In response to the Resolution, on 27.09.2024 after considering the circumstances of the case, the Bank decided not to proceed with the procedure of concluding the arrangement.

In the course of further proceedings the Bank received the following letters:

1. Letter from the KNF on the opportunity to present explanations before the decision is issued (18.11.2024) regarding the opportunity to comment on the materials and evidence collected during the proceedings. In response, the Bank on 19.12.2024 communicated the position of a party to the proceedings in which it maintains the legal arguments contained in the letters submitted in the proceedings and an indication that, in the Bank's opinion, the factual circumstances in the case file described in the Bank's letters and this position do not justify the application of an administrative sanction to the Bank as a supervised entity providing input to the WIRON reference index.
2. KNF letter of 19 December 2024 on extension of the proceedings until February 2025.
3. KNF letter of 27 February 2025 on planned completion of the administrative proceedings in April 2025.

On May 9, 2025, KNF issued a decision fully discontinuing the administrative proceedings concerning the imposition of a financial penalty on Bank Millennium, pursuant to Article 176i(1)(4) of the Act on Trading in Financial Instruments.

As at 30.06.2025, the total value of the subjects of the other litigations in which the Group’s companies appeared as defendant, stood at PLN 5,926.4 million (excluding the class actions described in the **Chapter 10)**. In this group the most important category are cases related with FX loans mortgage portfolio.

FX mortgage loans legal risk

FX mortgage loans legal risk is described in the **Chapter 10.** “Legal risk related to foreign currency mortgage loans”.

9.2. OFF – BALANCE ITEMS

Amount ‘000 PLN	30.06.2025	31.12.2024
Commitments granted:	14 269 549	13 441 260
loan commitments	12 464 357	11 754 380
guarantee	1 805 193	1 686 880
Commitments received:	2 863 419	2 730 692
financial	120	346
guarantee	2 863 299	2 730 346

10. LEGAL RISK RELATED TO FOREIGN CURRENCY MORTGAGE LOANS

On June 30, 2025, the Bank had 20,294 loan agreements and additionally 2,305 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 courts (46% loans agreements before the courts of first instance and 54% loans agreements before the courts of second instance) with the total value of claims filed by the plaintiffs amounting to PLN 4,266.5 million and CHF 339.8 million (Bank Millennium portfolio: PLN 3,772.8 million and CHF 327.8 million and former Euro Bank portfolio: PLN 493.7 million and CHF 11.9 million). The original value of the portfolio of CHF agreements granted (the sum of tranches paid to customers), taking into account the exchange rate as at the date of disbursement of loan tranches, amounted to PLN 19.4 billion for 109.0 thousand loan agreements (Bank Millennium portfolio: PLN 18.3 billion for 103.8 and former Euro Bank portfolio: PLN 1.1 billion for 5.2 thousand loan agreements). Out of 20,294 BM loan agreements in ongoing individual cases 468 are also part of class action. From the total number of individual litigations against the Bank approximately 4,140 or 20% were submitted by borrowers that had already naturally or early fully repaid the loan or were converted to polish zloty at the moment of submission. Approximately another 860 cases correspond to loans that were fully repaid during the proceedings (as court proceedings are lengthy).

The claims formulated by the clients in individual proceedings primarily concern the declaration of invalidity of the contract and payment for reimbursement of paid principal and interest instalments as undue performance, due to the abusive nature of indexation clauses, or maintenance of the agreement in PLN with interest rate indexed to CHF Libor.

In addition, the Bank is a party to the group proceedings (class action) subject matter of which is to determine the Bank's liability towards the group members based on unjust enrichment (undue benefit) ground in connection with the foreign currency mortgage loans concluded. It is not a payment dispute. The judgment in these proceedings will not directly grant any amounts to the group members. The number of credit agreements currently covered by these proceedings is 1,559. Out of 1,559 loan agreements in class action 468 are also part of ongoing individual cases, 52 concluded settlements and 36 received final verdicts (invalidation of loan agreement). On 24 May 2022 the court issued a judgment on the merits, dismissing the claim in full. On 13 December 2022 the claimant filed an appeal against the judgment of 24 May 2022. On 25 June 2024 an appeal hearing was held, at which the Bank filed a motion to amend the composition of the group and exclude those group members who had entered into an amicable settlement. The court required the plaintiffs' attorneys to take a written position on the current composition of the group. On January 31, 2025, and then on: March 25, 2025, May 8, 2025 and June 6, 2025 the court issued orders setting aside the judgment and discontinuing the proceedings from the persons who entered into amicable settlements. Based on these orders, the number of credit agreements covered by the class action dropped from 3,273 to 1,559.

Until the end of 2019, 1,980 individual claims were filed against the Bank (in addition, 235 against former Euro Bank), in 2020 the number increased by 3,002 (265), in 2021 the number increased by 6,152 (422), in 2022 the number increased by 5,755 (407), in 2023 the number increased by 6,863 (645), in 2024 the number increased by 5,842 (656), while in the first half of 2025 the number increased by 2,110 (253).

Based on ZBP (the Polish Banking Association) data gathered from all banks having FX mortgage loans, vast majority of disputes were finally resolved against the banks. As far as Bank Millennium (incl. former Euro Bank portfolio) is concerned, from 2015 until the end of the first half of 2025, 12,303 cases were finally resolved (12,182 in claims submitted by clients against the Bank and 121 in claims submitted by the Bank against clients i.e. debt collection cases) out of which 3,732 were settlements, 110 were remissions, 81 rulings were favourable for the Bank and 8,380 were unfavourable including both invalidation of loan agreements as well as conversions into PLN+LIBOR. The Bank undertakes proper legal actions in order to secure repayment of initially disbursed capital of the loan.

The outstanding gross balance of the loan agreements under individual court cases and class action against the Bank (incl. former Euro Bank portfolio) on 30 June 2025 was CHF 1,047 million (of which the outstanding amount of the loan agreements under the class action proceeding was CHF 70 million).

If all Bank Millennium's originated loan agreements currently under individual and class action court proceedings would be declared invalid without any compensation for the use of capital, the pre-tax cost could reach PLN 6,951 million. Overall losses would be higher or lower depending on the final court jurisprudence in this regard and the consideration of additional costs in the court verdicts.

In the first half of the year 2025, the Bank created PLN 920,4 million of provisions for Bank Millennium originated portfolio and PLN 98,2 million for the former Euro Bank originated portfolio. The balance sheet value of provisions for the Bank Millennium portfolio at the end of June 2025 was PLN 7 391,1 million, and for the former Euro Bank portfolio - PLN 777,9 million.

The methodology developed by the Bank of calculating provisions for legal risk involved with indexed loans is based on the following main parameters resulting from historical observations or expert assumptions::

(i) the number of ongoing cases (including class action agreements) and potential future lawsuits;
(ii) As regards the number of future court cases, the Bank monitors customer behaviors, analyzes their willingness to sue the Bank, including due to economic factors and applies the following assumptions:
    a. regarding active loans (i.e., loans with an outstanding balance), the Bank estimates that approximately 13% of clients with active loans as of 30 June 2025 (respectively it was 12% as at 31 December 2024) will neither sign an out-of-court settlement nor decide to file a lawsuit;
    b. regarding loans already fully repaid or converted to polish zloty, the Bank attributes a much lower probability of becoming the subject of a court case, Bank anticipates that approximately 2,5 thousand may result in future litigation initiated by the borrowers;
(iii) the amount of the Bank's potential loss in the event of a specific court ruling, including estimated statutory interest, is based on values derived from historical observations. However, due to changes, among others, in case law (including, for example, the CJEU ruling of 19 June 2025) and in the litigation strategies of both clients and the Bank, the Bank expects that this assumption may lead to volatility in future periods.;
(iv) the probability of obtaining a specific court judgement calculated on the basis of statistics of judgments in cases where the Bank is a party;
(v) estimates involved with amicable settlements with clients, concluded in court or out of court:
    a. the bank assumes a 12% probability of success in concluding a settlement as part of negotiations conducted with clients in the course of court proceedings,
    b. negotiations are conducted on a case-by-case basis and can be stopped at any time by the Bank,
    c. due to significant negotiation efforts already made in the past, the probability of success in these negotiations in the future is decreasing, and at the same time most customers have already contacted the Bank regarding the possible conversion of loans into PLN.

The Bank is open to negotiate case by case conditions for early repayment or conversion of loans to PLN. As a result of these negotiations, the number of active FX mortgage loans originated by Bank Millennium decreased by 28,069. As of the end of the first half of 2025, the Bank had 20,256 active FX mortgage loans. Cost incurred in conjunctions with these negotiations totaled PLN 2 701,6 million.

Legal risk from former Euro Bank portfolio is fully covered by Indemnity Agreement with Société Générale S.A.

On December 8, 2020, Mr. Jacek Jastrzębski, the Chairman of the Polish Financial Supervision Authority ("PFSA") proposed a "sector" solution to address the sector risks related to FX mortgages. The solution would consist in offering banks' clients a voluntary possibility of concluding arrangements based on which a client would settle a CHF Mortgage Loan as if it was a PLN loan bearing interest at an appropriate WIBOR rate increased by the margin historically employed for such loans. The Bank in practice has been using elements of the proposal of above system solution on many individual negotiations with FX mortgage borrowers, including in the course of court proceedings.

Due to the circumstances stemming from the CJEU which excludes demanding by the Bank amounts exceeding the return of disbursed capital, the possibility of successful implementation of a general offer of KNF solution is low.

It can reasonably be assumed that the legal issues relating to foreign currency mortgage loans will be further examined by the domestic courts and the European Court of Justice which could potentially result in the further interpretations, that are relevant for the assessing of the risks associated with proceedings.

The issues related to the statute of limitations for the Bank's and the customer's restitutionary claims following the invalidation of a loan agreement remain an area that may be subject to further analysis in the jurisprudence of Polish courts. Legal interpretations in this subject may have an impact for the amount of provisions in the future.

There is a need for constant analysis of these matters. The Bank will have to regularly review and may need to continue to create additional provisions for FX mortgage legal risk, taking into consideration not only the above mentioned developments, but also the negative verdicts in the courts regarding FX mortgage loans and important parameters, such as the number of new customer claims, including those relating to repaid loan agreements.

A draft law on special solutions for the examination of cases concerning loan agreements denominated or indexed to the Swiss franc concluded with consumers has been published on the website of the Government Legislation Centre.

On July 1, 2025, the Ministry of Justice published a revised draft of the law. This draft will be subject to further legislative work.

The bill aims to create new regulations enabling courts to consider Swiss franc cases faster and more effectively. Its primary task is to relieve the judiciary, and thus increase the efficiency of the justice system and speed up the examination of Swiss franc cases.

Based on the information made public, the intention of the Ministry of Justice is for the regulations to come into force by the end of 2025.

At present, the Bank is unable to estimate the impact of the ongoing legislative work on the Bank's Financial Statements, but it does not alter the Bank's strategic approach, which remains focused on the amicable resolution of disputes with clients through the conclusion of settlement agreements.

The Court of Justice of the European Union and the Polish Supreme Court rulings relevant to risk assessment

Jurisprudence of the Court of Justice of the European Union

On 3 October 2019, the Court of Justice of the European Union (the CJEU) issued the judgment in Case C-260/18 in connection with the preliminary questions formulated by the District Court of Warsaw in the case against Raiffeisen Bank International AG. The judgment of the CJEU, as regards the interpretation of European Union law made therein, is binding on domestic courts. The judgment in question interpreted Article 6 of Directive 93/13. In the light of the subject matter judgment the said provision must be interpreted in such a way that (i) the national court may invalidate a credit agreement if the removal of unfair terms detected in this agreement would alter the nature of the main subject-matter of the contract; (ii) the effects for the consumer's situation resulting from the cancellation of the contract must be assessed in the light of the circumstances existing or foreseeable at the time when the dispute arose and the will of the consumer is decisive as to whether he wishes to maintain the contract; (iii) Article 6 of the Directive precludes the filling-in of gaps in the contract caused by the removal of unfair terms from the contract solely on the basis of national legislation of a general nature or established customs; (iv) Article 6 of the Directive precludes the maintenance of unfair terms in the contract if the consumer has not consented to the maintenance of such terms. It can be noticed the CJEU found doubtful the possibility of a credit agreement being performed further in PLN while keeping interest calculated according to LIBOR.

The CJEU judgment concerns only the situation where the national court has previously found the contract term to be abusive. It is the exclusive competence of the national courts to assess, in the course of judicial proceedings, whether a particular contract term can be regarded as abusive in the circumstances of the case.

On 29 April 2021, the CJEU issued the judgement in the case C-19/20 in connection with the preliminary questions formulated by the District Court in Gdańsk in the case against of ex-BPH S.A., the CJEU said that:

(i) it is for the national court to find that a term in a contract is unfair, even if it has been contractually amended by those parties. Such a finding leads to the restoration of the situation that the consumer would have been in in the absence of the term found to be unfair, except where the consumer, by means of amendment of the unfair term, has waived such restoration by free and informed consent. However, it does not follow from Council Directive 93/13 that a finding that the original term is unfair would, in principle, lead to annulment of the contract, since the amendment of that term made it possible to restore the balance between the obligations and rights of those parties arising under the contract and to remove the defect which vitiated it;

(ii) the national court may remove only the unfair element of a term in a contract concluded between a seller or supplier and a consumer where the deterrent objective pursued by Council Directive 93/13 is ensured by national legislative provisions governing the use of that term, provided that that element consists of a separate contractual obligation, capable of being subject to an individual examination of its unfair nature. At the same time, provisions of the Directive preclude the referring court from removing only the unfair element of a term in a contract concluded between a seller or supplier and a consumer where such removal would amount to revising the content of that term by altering its substance;

(iii) the consequences of a judicial finding that a term if a contract concluded between a seller or supplier and a consumer is unfair are covered by national law and the question of continuity of the contract should be assessed by the national court of its own motion in accordance with an objective approach on the basis of those provisions;

(iv) the national court, finding that a term in a contract concluded between a seller or supplier and a consumer is unfair, shall inform the consumer, in the context of the national procedural rules after both parties have been heard, of the legal consequences entailed by annulment of the contract, irrespective of whether the consumer is represented by a professional representative.

On November 18, 2021, the Court of Justice of the European Union (CJEU) issued a judgment in case C-212/20 in connection with questions submitted by the District Court for Warsaw Wola in Warsaw in the case against Raiffeisen Bank International AG. The CJEU stated that:

(i) the content of the clause of the loan agreement concluded between the entrepreneur and the consumer fixing the purchase and sale price of the foreign currency to which the loan is indexed should, on the basis of clear and comprehensible criteria, enable the consumer who is reasonably well informed and sufficiently observant and rational to understand how the exchange rate of the foreign currency used to calculate the amount of the loan instalments is determined, so that the consumer is able to determine himself at any time the exchange rate used by the entrepreneur;

(ii) a national court which has found that a term of the agreement concluded between an entrepreneur and a consumer is unfair cannot interpret that term in order to mitigate its unfairness, even if such an interpretation would correspond to the common will of the parties.

On 10 June 2021, the Court of Justice of the European Union (CJEU) issued an order in case C-198/20 in connection with questions submitted by the District Court for Warsaw Wola in Warsaw in the case against Santander Bank Polska SA. The CJEU stated that the protection provided for in Council Directive 93/13/EEC is granted to all consumers, not just those who can be considered to be “duly informed and reasonably observant and circumspect average consumer”.

On 8 September 2022, the Court of Justice of the European Union (CJEU) issued a judgment in joined cases C-80/21, C-81/21, C-82/21 in connection with questions submitted by the District Court for Warsaw Śródmieście in Warsaw in cases against Deutsche Bank SA and mBank SA. The CJEU stated that:

(i) a national court may find that the parts of a contractual term of the agreement concluded between a consumer and an entrepreneur which render it unfair are unfair, if such a deletion would not amount to a change in the content of that term that affects its substance, which is for the referring court to verify;

(ii) a national court cannot, after annulling an unfair term contained in an agreement concluded between a consumer and an entrepreneur which does not render the agreement invalid in its entirety, replace that term with a supplementary provision of the national law;

(iii) a national court may not, after having declared invalid an unfair term contained in an agreement concluded between a consumer and an entrepreneur which entails the invalidity of that agreement in its entirety, replace the contractual term which has been declared invalid either by interpretation of the parties' declaration of intent in order to avoid the cancellation of that agreement or by a provision of national law of a supplementary nature, even if the consumer has been informed of the effects of the invalidity of that agreement, and accepted them;

(iv) the ten-year limitation period for a consumer's claim seeking reimbursement of sums unduly paid to the entrepreneur in performance of an unfair term of a loan agreement does not start to run on the date of each performance made by the consumer if the consumer was not able on that date to assess on his own the unfairness of the contractual term or if he had not become aware of the unfair nature of that term and without taking into account the circumstances that the agreement provided for a repayment period – in this case thirty years – well in excess of the ten-year statutory limitation period.

On March 16, 2023, the Court of Justice of the European Union issued a judgment in a case registered under case number C-6/22, following preliminary questions submitted by the District Court for Warsaw-Wola in a case against the former Getin Noble Bank S.A. In the judgment, the CJEU ruled that:

(i) in the event that a contract concluded between a consumer and a seller or supplier is declared invalid because one of its terms is unfair, it is for the Member States, by means of their national law, to make provision for the effects of that invalidation, in compliance with the protection granted to the consumer by that directive, in particular, by ensuring the restoration of the legal and factual situation that he or she would have been in if that unfair term had not existed;

(ii) a national court is not allowed:

a. to examine of its own motion, without any prerogative conferred on it by national law in that regard, the financial situation of a consumer who has sought the invalidation of the contract between him or her and a seller or supplier on account of the presence of an unfair term without which the contract cannot legally continue to exist, even if that invalidation is liable to expose the consumer to particularly unfavorable consequences and

b. to refuse to declare that invalidation where the consumer has expressly sought it, after being objectively and exhaustively informed of the legal consequences and the particularly unfavorable financial consequences which it may have for him or her;

(iii) a national court is not allowed, after it has found that a term in a contract concluded between a seller or supplier and a consumer is unfair, to fill gaps resulting from the removal of the unfair term contained therein by the application of a provision of national law which cannot be characterised as a supplementary provision. However, it is for the national court, taking account of its domestic law as a whole, to take all the measures necessary to protect the consumer from the particularly unfavorable consequences which annulment of the contract might entail for him or her.

On June 8, 2023, the Court of Justice of the European Union issued a judgment in a case registered under case number C-570/21, following preliminary questions submitted by the District Court in Warsaw in a case against the former Getin Noble Bank S.A. In the judgment, the CJEU ruled that:

(i) provisions of Council Directive 93/13 must be interpreted as meaning that the concept of ‘consumer’, within the meaning of that provision, covers a person who has concluded a loan contract intended for a purpose in part within and in part outside his or her trade, business or profession, together with a joint-borrower who did not act within his or her trade, business or profession, where the trade, business or professional purpose is so limited as not to be predominant in the overall context of that contract;

(ii) provisions of Directive 93/13 must be interpreted as meaning that in order to determine whether a person falls within the concept of ‘consumer’, within the meaning of that provision, and, specifically, whether the trade, business or professional purpose of a loan contract concluded by that person is so limited as not to be predominant in the overall context of that contract, the referring court is required to take into consideration all the relevant circumstances surrounding that contract, both quantitative and qualitative, such as, in particular, the distribution of the borrowed capital between, on the one hand, a trade, business or profession and, on the other hand, a non-professional activity and, where there are several borrowers, the fact that only one of them is pursuing a professional purpose or that the lender made the grant of credit intended for consumer purposes conditional on a partial allocation of the amount borrowed to the repayment of debts connected with a trade, business or profession.

On June 15, 2023, the Court of Justice of the European Union issued a judgment in a case registered under case number C-287/22, following preliminary questions submitted by the District Court in Warsaw in a case against the former Getin Noble Bank S.A. In the judgment, the CJEU ruled that provisions of the Directive 93/13 must be interpreted as precluding national case-law according to which a national court may dismiss an application for the grant of interim measures lodged by a consumer seeking the suspension, pending a final decision on the invalidity of the loan agreement concluded by that consumer on the ground that that loan agreement contains unfair terms, of the payment of the monthly instalments due under that loan agreement, where the grant of those interim measures is necessary to ensure the full effectiveness of that decision.

On June 15, 2023, the CJEU issued a judgment in a case registered under case number C-520/21, following preliminary questions submitted by the District Court in Warsaw in a case against Bank Millennium, in which indicated that Directive 93/13 does not expressly regulate the consequences of invalidity of a contract concluded between a credit institution and a consumer after the removal of unfair terms contained therein. The CJEU stated that:

(i) the provisions of the Directive 93/13 do not preclude a judicial interpretation of national law, according to which the consumer has the right to demand compensation from the credit institution beyond the reimbursement of monthly instalments and costs paid for the performance of this contract and the payment of statutory default interest from the date of the request for payment provided that the objectives of Directive 93/13 and the principle of proportionality are respected;
(ii) the provisions of Directive 93/13 preclude the judicial interpretation of national law, according to which a credit institution has the right to demand compensation from the consumer that goes beyond the return of the capital paid for the performance of this contract and beyond the payment of statutory default interest from the date of the request for payment.

On September 21, 2023, the CJEU issued a judgement in a case registered under case number C-139/22, following preliminary questions submitted by the District Court in Warsaw in a case against mBank. The CJEU stated that:

(i) provisions of the Directive 93/13 must be interpreted as not precluding a contractual term which has not been individually negotiated from being regarded as unfair by the national authorities concerned merely by virtue of the fact that its content is equivalent to that of a standard contract term entered in the national register of standard business terms held to be unlawful;
(ii) the contractual term which, because of the circumstances for the performance of certain obligations of the consumer concerned provided for in that term, must be regarded as unfair, may not cease to be considered unfair on account of another term of that contract which provides for the possibility for that consumer to perform those obligations under different circumstances;
(iii) a seller or supplier is obliged to inform the consumer concerned of the essential characteristics of the contract concluded with that seller or supplier and the risks associated with that contract, even though that consumer is its employee and has relevant knowledge in the field of the contract.

On December 7, 2023, the CJEU issued the judgement in the case C-140/22 in connection with the preliminary questions formulated by the District Court in Warsaw in the case against of mBank S.A. The Court stated that provisions of the Directive 93/13 must be interpreted as meaning that, in the context of the cancellation, in its entirety, of a mortgage loan agreement concluded with a consumer by a banking institution on the ground that that agreement contains an unfair term without which it cannot continue in existence:

(i) they preclude the judicial interpretation of national law according to which the exercise of the rights which that consumer draws from that directive is conditional on the lodging, by that consumer, before a court, of a declaration by which he or she states, first, not to consent to that unfair term remaining effective, secondly, to be aware of the fact that the nullity of that term entails the cancellation of that agreement and, moreover, of the consequences of that cancellation and, thirdly, to consent to the cancellation of that agreement;

(ii) they preclude the compensation sought by the consumer concerned in respect of the restitution of the sums paid by him or her in the performance of the agreement at issue being reduced by the equivalent of the interest which that banking institution would have received if that agreement had remained in force.

The Court of Justice of European Union by an order of December 11, 2023, closed the case registered under case number C-756/22 initiated by the District Court in Warsaw in the case brought by Bank Millennium and ruled that the provisions of Directive 93/13 must be interpreted as meaning that, in the context of declaring a mortgage loan agreement concluded with a consumer by a banking institution to be invalid in its entirety on the grounds that, that the contract contains unfair terms without which it cannot be continued, they preclude a judicial interpretation of the law of a Member State according to which that institution is entitled to recover from that consumer amounts other than the capital paid in performance of that contract and statutory interest for delay from the time of the demand for payment.

On December 14, 2023, the CJEU issued the judgement in the case C-28/22 in connection with the preliminary questions referred by the District Court in Warsaw in the case of ex-Getin Noble Bank S.A. The Court stated that:

(i) provisions of Directive 93/13 read in the light of the principle of effectiveness must be interpreted as precluding a judicial interpretation of national law according to which, following the cancellation of a mortgage loan agreement concluded with a consumer by a seller or supplier, on account of unfair terms contained in that agreement, the limitation period for the claims of that seller or supplier stemming from the nullity of that agreement starts to run only as from the date on which the agreement becomes definitively unenforceable, whereas the limitation period for the claims of that consumer stemming from the nullity of that agreement begins to run as from the day on which the consumer became aware, or should reasonably have become aware, of the unfair nature of the term entailing such nullity;

(ii) provisions of the Directive 93/13 must be interpreted as not precluding a judicial interpretation of national law according to which it is not for a seller or supplier who has concluded a mortgage loan agreement with a consumer to ascertain whether the consumer is aware of the consequences of the removal of the unfair terms contained in that agreement or of that agreement being no longer capable of continuing in existence if those terms were removed;

(iii) provisions of the Directive 93/13, read in the light of the principle of effectiveness, must be interpreted as precluding a judicial interpretation of national law according to which, where a mortgage loan agreement concluded with a consumer by a seller or supplier is no longer capable of continuing in existence after the unfair terms in that agreement have been removed, that seller or supplier may rely on a right of retention which allows him or her to make the restitution of the sums which it has received from that consumer conditional on that consumer making an offer to repay the sums which he or she has himself or herself received from that seller or supplier or to provide a security for the repayment of those sums, where the exercise by that seller or supplier of that right of retention entails the loss, for that consumer, of the right to obtain default interest as from the expiry of the time limit set for performance by the seller or supplier concerned, following receipt by that seller or supplier of a request to repay the sums he or she had been paid in performance of that agreement.

The Court of Justice of the European Union by an order of January 15, 2024, closed the case registered under case number C-488/23 following a question from the District Court of Warsaw, indicating that the right of a financial institution to demand the valorization of the disbursed capital after a loan agreement has been declared invalid was excluded in the judgment of June 15, 2023 issued in case C-520/21.

On January 18, 2024, the CJEU issued the judgement in the case C-531/22 in connection with the preliminary questions referred by the District Court in Warsaw in the case of ex-Getin Noble Bank S.A. The Court stated that:

(i) the provisions of Directive 93/13 preclude national legislation which provides that a national court may not examine of its own motion the potentially unfair nature of the terms contained in a contract and draw the consequences thereof, where it is supervising enforcement proceedings carried out on the basis of a final decision to issue an order for payment which is subject to res judicata:

  a. if the regulations do not provide for such an examination at the stage of issuing a payment order, or

  b. if such examination is provided for only at the stage of opposition to the order for payment in question, provided that there is a significant risk that the consumer in question will not file the required opposition either because the time limit specified for this purpose is very short, or because of the cost of the proceedings before the court in relation to the amount of the disputed debt, or because the national legislation does not provide for the obligation to provide that consumer with all the information necessary for him to establish the extent of his rights;

(ii) the provisions of Directive 93/13 do not preclude national case law according to which the entry of a term of a contract in a national register of prohibited clauses has the effect of declaring that term unfair in any proceedings involving a consumer, including against a trader other than the one against whom proceedings for the entry of the said term in that national register were pending, and where that term does not have the same wording as the term entered in the said register, but has the same meaning and has the same effect with respect to the consumer in question.

By decision of 3 May 2024, the Court of Justice of the European Union closed the case registered under case no. C-348/23 following a question from the District Court in Warsaw, indicating that they preclude the recognition that the legal effects related to the declaration of invalidity of the contract are conditional on the fulfilment by the consumer of the condition precedent for that consumer to make a declaration before the national court, that it does not agree to maintain the contractual term in force and that it is aware that the invalidity of the said term entails the annulment of the loan agreement and its effects and that it consents to the annulment of the agreement.

By decision of 8 May 2024, the Court of Justice of the European Union closed the case registered under case no. C-424/22 as a result of a question from the Regional Court in Kraków, indicating that they preclude the application by a financial institution of the right of retention which makes the consumer's receipt of the amounts awarded to him by the court conditional on the consumer's simultaneous offer of reimbursement or security for the return of the entire benefit received from that financial institution.

On June 19, 2025, the Court of Justice of the European Union issued a judgment in Case C-396/24 following preliminary questions referred by the District Court in Krakow in the case . The Court held that:

(i) Article 7(1) of Council Directive 93/13/EEC of 5 April 1993 on unfair terms in consumer contracts must be interpreted as meaning that: It precludes national case-law according to which, where a term of a loan agreement found to be unfair leads to the invalidity of that agreement, the trader is entitled to demand from the consumer the return of the entire nominal amount of the loan granted, regardless of the amounts repaid by the consumer under that agreement and regardless of the remaining amount to be repaid.

(ii) Article 7(1) of Directive 93/13 must be interpreted as meaning that: It precludes national provisions under which, in the event of the consumer acknowledging the trader's claim for the return of amounts paid under a loan agreement found to be invalid due to an unfair term contained therein, the court hearing the case is required ex officio to give the judgment upholding that claim immediate enforceability, unless national law allows that court to take all necessary measures to protect the consumer from particularly harmful consequences that may result from giving such enforceability to that judgment.

Jurisprudence of the Polish Supreme Court

On 7 May 2021, the Supreme Court composed of 7 judges of the Supreme Court, issued a resolution for which the meaning of legal principle has been granted, stating that:

(i) an abusive contractual clause (art. 385(1) § 1 of the Civil Code), by force of the law itself, is ineffective to the benefit of the consumer who may consequently give conscious and free consent to this clause and thus restore its effectiveness retroactively;

(ii) if without the ineffective clause the loan agreement cannot bind, the consumer and the lender shall be eligible for separate claims for return of monetary performances made in exercising this agreement (art. 410 § 1 in relation to art. 405 of the Civil Code). The lender may demand return of the performance from the moment the loan agreement becomes permanently ineffective.

On April 28, 2022 the Supreme Court issued a resolution (III CZP 40/22) in which it indicated that in disputes with consumers, the provision of Article 358(1) of the Civil Code is a special provision to Article 353(1) of the Civil Code, which means that if the prerequisites for the application of both provisions exist, the court should apply the special provision and declare the contractual provision permanently ineffective, rather than invalid. This decision of the Supreme Court should be perceived as significantly limiting the risk of the bank's claims for return of capital being time-barred.

The effect of the Supreme Court's resolution of 7 May 2021 is that the bank is entitled to a refund of the cash benefit provided by the bank in performance of a permanently ineffective contract. Taking into account the uncertainty as to the starting point of the limitation period for the bank's claims, the Bank, in order to protect its interests, files lawsuits for payment against borrowers in a court dispute with the Bank and in other circumstances where such risk may exist. The Bank's demand consists of a claim for return of the capital made available to the borrower under the contract. By 30 June 2025 the Bank filed 16,063 lawsuits against the borrowers.

On 25 April 2024, a session of the Civil Chamber of the Supreme Court was held to answer questions formulated by the First President of the Supreme Court, published on 29 January 2021, on key issues related to FX mortgage loan agreements. The Supreme Court, composed of the entire Civil Chamber, adopted a resolution having the force of a legal principle, in which it stated that:

(i) When finding that a provision of an indexed or denominated credit agreement relating to the manner of determining the foreign currency exchange rate constitutes an unfair contractual provision and is not binding, then in currently existing legal situation it cannot be stated that such a provision could be replaced by another formula of defining the foreign currency exchange rate resulting from law or custom.

(ii) In case of impossibility to determine the foreign currency exchange rate binding the parties in the indexed or denominated loan agreement, the agreement is not binding also in the remaining scope.

(iii) If, in the performance of a credit agreement which is not binding due to the unfair nature of its provisions, the bank has disbursed to the borrower all or part of the amount of the credit and the borrower has made repayments of the credit, independent claims for repayment of the undue performance shall arise in favor of each party.

(iv) If a credit agreement is not binding due to the unfair nature of its provisions, the statute of limitations of the bank's claim for repayment of amounts disbursed under the credit shall, as a rule, start to run from the day following the day on which the borrower challenges being bound by the provisions of agreement.

(v) If a credit agreement is not binding due to the unfair nature of its provisions, there shall be no legal basis for any party to claim interest or other remuneration because of using party's pecuniary means during the period from the provision of undue benefit until the delay in the return of this benefit.

On 19 June 2024, the Supreme Court issued a resolution by a panel of 7 Supreme Court judges (III CZP 31/23) stating that:

The right of retention (Article 496 of the Civil Code) does not apply to the party that can set off its claim against the claim of the other party.

On 28 February 2025, the Supreme Court issued a resolution of 7 judges of the Supreme Court (III CZP 126/22), in which it stated that:

(i) A bank loan agreement (Article 69(1) of the Banking Law Act of 29 August 1997) is a mutual agreement within the meaning of Article 487 § 2 of the Civil Code.

On 5 March 2025 the Supreme Court issued a resolution by a panel of 7 Supreme Court judges (III CZP 37/24), in which it stated that:

(i) In the event of a claim for repayment from a bank of a consideration fulfilled on the basis of a credit agreement which has proved to be invalid, the bank is not entitled to the right of retention under Article 496 in connection with Article 497 of the Civil Code.

On May 15, 2025, the Supreme Court issued a resolution by a panel of 7 Supreme Court judges (III CZP 22/24), in which it indicated that:

(i) Under the legal state in force until June 30, 2022, a request for a settlement attempt interrupted the limitation period of the claim, unless the circumstances of making this action indicate that it was not undertaken directly for the purpose of pursuing or determining, or satisfying or securing the claim (Article 123 § 1 point 1 of the Civil Code).

Due to the CJEU jurisprudence interpreting the causes and effects of invalidity of foreign currency mortgage loan agreements as well as above indicated resolution of the Civil Chamber of the Supreme Court, the area of interpretation of regulations by Polish courts in this respect appears to be limited. However, further jurisprudential practice of the Polish courts will play certain role in practical realisation of the CJEU's and the Supreme Court’s guidance.

11. ADDITIONAL INFORMATION

11.1. DATA ABOUT ASSETS, WHICH SECURE LIABILITIES

As at 30.06.2025 (PLN'000):

No.	Type of assets	Portfolio	Secured liability	Par value of assets	Balance sheet value of assets
1.	Treasury Bonds PS0527	Held to maturity	Security of payment obligation to BFG contribution - guarantee fund	145 000	140 703
2.	Treasury Bonds DS0726	Held to maturity	Security of payment obligation to BFG contribution compulsory resolution fund	172 000	170 577
3.	Treasury Bonds PS0527	Held to maturity	financial and registered pledge on the Bank's account in the brokerage house	188 850	183 253
4.	Treasury Bonds PS0527	Held to maturity	financial pledge on the Bank's account in the brokerage house	583 659	566 361
5.	Treasury Bonds WZ1129	Held to maturity	pledge on the Bank's account related to a securitization transaction	102 000	100 817
6.	Treasury Bonds DS0727	Held to Collect and for Sale	pledge on the Bank's account related to a securitization transaction	575 700	565 890
7.	Treasury Bonds WZ0126	Held to maturity	pledge on the Millennium Leasing account related to a securitization transaction	311 835	319 751
8.	Cash	receivables	initial settlement deposit in KDPW CCP (MAGB)	11 000	11 000
9.	Cash	receivables	ASO guarantee fund (PAGB)	1 229	1 229
10.	Cash	receivables	appropriate security deposit at KDPW CCP (MATS)	2 896	2 896
11.	Cash	receivables	Settlement on transactions concluded	23 584	23 584
12.	Deposits placed	Deposits in banks	Settlement on transactions concluded	192 897	193 178
13.	Treasury Bonds WZ0330	Held to Collect and for Sale	mortgage bonds Millennium Bank Hipoteczny	30 000	29 509
14.	Treasury Bonds WZ0126	Held to Collect and for Sale	mortgage bonds Millennium Bank Hipoteczny	5 000	5 149
15.	Treasury Bonds WZ1129	Held to Collect and for Sale	mortgage bonds Millennium Bank Hipoteczny	15 000	14 639
16.	Treasury Bonds WZ1128	Held to Collect and for Sale	mortgage bonds Millennium Bank Hipoteczny	10 000	9 869
17.	Treasury Bonds WZ0528	Held to Collect and for Sale	mortgage bonds Millennium Bank Hipoteczny	10 000	9 940
18.	Treasury Bonds WZ1127	Held to Collect and for Sale	mortgage bonds Millennium Bank Hipoteczny	15 000	14 932
19.	Treasury Bonds WZ1131	Held to Collect and for Sale	mortgage bonds Millennium Bank Hipoteczny	35 000	33 475
20.	Mortgage loans*	Held to maturity	mortgage bonds Millennium Bank Hipoteczny	2 856 639	2 906 926
		TOTAL		**5 287 289**	**5 303 679**

* The carrying amount of the hedged liabilities (issued covered bonds) as at the reporting date amounted to PLN 1,605,445 thousand.

The Group presents, as a separate line item in the Consolidated Statement of Financial Position, assets pledged as collateral for liabilities that may be re-pledged or resold by the collateral taker. As at June 30, 2025, the Group had entered into short-term sale transactions with a repurchase agreement, involving treasury securities meeting the above criteria, with a carrying amount of PLN 501 thousand.

As at 31.12.2024 r. (PLN'000):

No.	Type of assets	Portfolio	Secured liability	Par value of assets	Balance sheet value of assets
1.	Treasury Bonds DS0727	Held to maturity	Securing the Fund for Protection of Funds Guaranteed as part of the Bank Guarantee Fund	267 000	247 461
2.	Treasury Bonds PS0527	Held to maturity	Security of payment obligation to BFG contribution - guarantee fund	142 000	139 128
3.	Treasury Bonds DS0726	Held to maturity	Security of payment obligation to BFG contribution compulsory resolution fund	150 000	144 743
4.	Treasury Bonds PS0425	Held to Collect and for Sale	pledge on the Bank's account related to a securitization transaction	550 000	545 358
5.	Treasury Bonds WZ0525	Held to Collect and for Sale	pledge on the Bank's account related to a securitization transaction	127 000	128 110
6.	Treasury Bonds PS0527	Held to maturity	financial and registered pledge on the Bank's account in the brokerage house	188 850	185 031
7.	Treasury Bonds PS0527	Held to maturity	financial pledge on the Bank's account in the brokerage house	583 659	571 855
8.	Treasury Bonds WZ0126	Held to maturity	pledge on the Millennium Leasing account related to a securitization transaction	311 835	321 623
9.	Cash	receivables	initial settlement deposit in KDPW CCP (MAGB)	11 000	11 000
10.	Cash	receivables	ASO guarantee fund (PAGB)	795	795
11.	Cash	receivables	appropriate security deposit at KDPW CCP (MATS)	321	321
12.	Cash	receivables	Settlement on transactions concluded	24 657	24 657
13.	Deposits placed	Deposits in banks	Settlement on transactions concluded	144 662	145 063
14.	Treasury Bonds WZ1127	Held to Collect and for Sale	mortgage bonds Millennium Bank Hipoteczny	15 000	14 960
15.	Treasury Bonds WZ0525	Held to Collect and for Sale	mortgage bonds Millennium Bank Hipoteczny	5 000	5 044
16.	Treasury Bonds WZ1129	Held to Collect and for Sale	mortgage bonds Millennium Bank Hipoteczny	15 000	14 657
17.	Treasury Bonds WZ0126	Held to Collect and for Sale	mortgage bonds Millennium Bank Hipoteczny	5 000	5 152
18.	Treasury Bonds WZ0528	Held to Collect and for Sale	mortgage bonds Millennium Bank Hipoteczny	10 000	9 955
19.	Treasury Bonds WZ1128	Held to Collect and for Sale	mortgage bonds Millennium Bank Hipoteczny	10 000	9 880
20.	Mortgage loans*	Held to maturity	mortgage bonds Millennium Bank Hipoteczny	1 673 857	1 707 557
			TOTAL	**4 235 636**	**4 232 351**

* The carrying amount of the hedged liabilities (issued covered bonds) as at the reporting date amounted to PLN 804,752 thousand

The Group presents, as a separate line item in the Consolidated Statement of Financial Position, assets pledged as collateral for liabilities that may be re-pledged or resold by the collateral taker. As at December 31, 2024, the Group had entered into short-term sale transactions with a repurchase agreement, involving treasury securities meeting the above criteria, with a carrying amount of PLN 194,088 thousand.

11.2. SECURITIES COVERED BY TRANSACTIONS WITH A BUY-BACK CLAUSE

Following securities (presented in the Group's balance-sheet) were underlying Sell-buy-back transactions (PLN'000):
As at 30.06.2025

Type of security	Par value	Balance sheet value
Treasury bonds	500	501
TOTAL	500	501

As at 31.12.2024

Type of security	Par value	Balance sheet value
Treasury bonds	194 346	194 088
TOTAL	194 346	194 088

In result of conclusion of Sell-Buy-Back transactions with the underlying securities presented in the table above, the Group is exposed to risks, which are the same as in case of holding securities with the same characteristics in its treasury portfolio.

11.3. 2024 DIVIDEND

Bank Millennium has a dividend policy of distribution between 35% and 50% of net profit, taking into account supervisory recommendations. Considering the position of the Commission on the dividend policy of commercial banks for 2025, formulated in the letter of the Polish Financial Supervision Authority dated 10 January 2025, the Bank's Management Board presented a proposal and the Annual General Meeting of the Bank, held on 27 March 2025, decided to allocate the entire profit generated in 2024 in the amount of PLN 643,103,011.05 to reserve capital.

11.4. EARNINGS PER SHARE

Profit per share calculated for I half 2025 (and diluted profit per share) on the basis of the consolidated data amounts to PLN 0.42.

11.5. SHAREHOLDERS HOLDING NO LESS THAN 5% OF THE TOTAL NUMBER OF VOTES AT THE GENERAL SHAREHOLDERS MEETING OF THE GROUP'S PARENT COMPANY – BANK MILLENNIUM S.A.

According to the information available to the Bank, with regard to shareholders holding over 5% of votes at the General Meeting, the Bank's shareholders are the following entities

Shareholder as at 30.06.2025	Number of shares	% share in share capital	Number of votes	% share in votes at Shareholders' Meeting
Banco Comercial Portugues S.A.	607 771 505	50.10	607 771 505	50.10
Nationale-Nederlanden Otwarty Fundusz Emerytalny	117 704 000	9.70	117 704 000	9.70
Allianz Polska Otwarty Fundusz Emerytalny	108 832 510	8.97	108 832 510	8.97
Otwarty Fundusz Emerytalny PZU „Złota Jesień"	65 599 757	5.41	65 599 757	5.41

The data included in the table were collected in connection with the registration of shareholders entitled to participate in the Ordinary General Meeting of the Bank convened on March 27, 2025.

Shareholder as at 31.12.2024	Number of shares	% share in share capital	Number of votes	% share in votes at Shareholders' Meeting
Banco Comercial Portugues S.A.	607 771 505	50,10	607 771 505	50,10
Nationale-Nederlanden Otwarty Fundusz Emerytalny	112 638 286	9,29	112 638 286	9,29
Allianz Polska Otwarty Fundusz Emerytalny	108 832 510	8,97	108 832 510	8,97
Otwarty Fundusz Emerytalny PZU „Złota Jesień”	65 599 757	5,41	65 599 757	5,41

11.6. INFORMATION ABOUT LOAN SURETIES OR GUARANTEES EXTENDED BY THE GROUP

In the first half of 2025, the Group did not grant any sureties or guarantees for a loan or bank loan which would cause the Group's exposure on this account as at 30 June 2025 to be significant.

11.7. SEASONALITY AND BUSINESS CYCLES

In the Group's activity, there are no significant phenomena, which are cyclical or subject to seasonal variations.

11.8. OTHER ADDITIONAL INFORMATION AND EVENTS AFTER THE BALANCE SHEET DATE

SALE OF TANGBLES FIXED ASSETS

On June 18, the Bank sold a property located in Gdańsk. The net sale value amounted to PLN 31.2 million, while the net carrying amount of the property and related fixed assets at the time of sale was PLN 3.1 million.

REFORM OF BENCHMARKS

WIBOR

In May 2022, the Polish government announced that WIBOR would be replaced by a different rate from 1 January 2023. In June 2022, a Working Group was established, including commercial banks, GPW Benchmark (Administrator of WIBOR), KNF.

In July 2022, the National Working Group on Reference Rate Reform (NWG) was established in connection with the planned reform of reference rates in Poland. The objective of the NGR's work to introduce a new interest rate benchmark and replace the currently used WIBOR index with it while ensuring the compliance with BMR, including in particular ensuring credibility, transparency and reliability in the development and application of the new benchmark.

The National Working Group involves representatives of the Ministry of Finance, the National Bank of Poland, the Office of the Financial Supervision Authority, the Bank Guarantee Fund, the Polish Development Fund, the Warsaw Stock Exchange, the National Depository for Securities, Bank Gospodarstwa Krajowego, the GPW Benchmark, as well as representatives of credit institutions, i.e. in particular, banks, financial institutions, including investment funds, insurance companies, factoring and leasing companies, entities that are bond issuers, including corporate and municipal bonds, clearing houses.

The work of the National Working Group is coordinated and supervised by a Steering Committee including representatives of key institutions: Financial Supervision Authority, the National Bank of Poland, the Ministry of Finance, the Bank Guarantee Fund, as well as the GPW Benchmark - the administrator of the reference rates, BondSpot S.A - and the Polish Bank Association (Polish: Związek Banków Polskich).

The NWG's activities are executed in a project formula, where project streams have been identified and where Bank Millennium representatives are actively contributing to the work.

The Bank uses the WIBOR reference rate in the following products (in PLN million as of 30 June 2025):

- mortgage loans: **18,567.92** mortgage loans based on WIBOR (excluding **13,776.45** mortgage loans currently with temporary fixed rate where the clients have the option to switch to variable rate indexed to WIBOR after the end of such temporary fixed rate initial period);
- loan products, factoring and corporate discounting products: **13,738.14**;
- debt instruments **(13,656.49)**;
  - Assets: 11,549.72
  - Liabilities: 2,106.77
- derivative instruments: **16,994.91**

The Bank also applies instruments based on WIBOR benchmarks in hedge accounting, details of the hedging relationships used by the Group, the items designated as hedged and hedging and the presentation of the result on these transactions are presented in Note 16 "Derivatives - Hedge accounting" in Chapter 4 "Notes to consolidated financial data”.

The National Working Group initially selected the WIRON index to become the key interest rate benchmark under the BMR and to be used in financial contracts, financial instruments and as the preferred alternative benchmark to WIBOR.

On 29 March 2024, the Steering Committee of the National Working Group for benchmark reform unanimously decided to commence a review and analysis of risk-free-rate (RFR) replacement choices for WIBOR benchmark, including both WIRON and other possible interest rate indices or benchmarks. Two rounds of public consultation were subsequently launched.

In December 2024, the Steering Committee of the National Working Group made a decision to select the proposed index with the technical name WIRF. The index was ultimately named POLSTR (Polish Short Term Rate). The successor to WIBOR, POLSTR (Polish Short Term Rate), is a reference rate based on actual transactions—specifically, overnight unsecured deposits made between the largest domestic credit institutions and financial institutions.

On March 28, 2025, the Steering Committee of the National Working Group approved the updated Roadmap for the process of replacing the WIBOR and WIBID reference rates and confirmed the final conversion date at the end of 2027. On June 2, 2025 official designation of the POLSTR (Polish Short Term Rate) Interest Rate Index and the indices from the POLSTR Composite Index Family has begun. The administrator of POLSTR is GPW Benchmark SA. Work will be conducted to update analytical documents and recommendations developed so far by the National Working Group on reference rate reforms (NGR). These documents will outline the standards for the use of the POLSTR index proposal in banking products, debt instruments, and derivatives, including a recommended catalogue of interest conventions for financial instruments and agreements (including those already concluded). On the financial institutions' side, the most important actions will involve adjusting IT systems, operational procedures, and legal solutions associated with the implementation of the target POLSTR index.

In connection with this, Bank Millennium S.A. established, by resolution of the Bank's Management Board of 24 August 2022, an internal project reporting to the Management Board in order to duly manage the transition process of WIBOR to new index and to implement the work in accordance with the roadmap. This work involves representatives from a significant number of the Bank's business units, including, in particular, representatives responsible for product areas and risk management issues, including, in particular, interest rate risk and operational risk. The structure of the project includes the division into streams covering products and processes where the WIBOR benchmark is applied, the management of the project by a dedicated project manager and the periodical reporting of statuses on the individual streams.

At this stage of the project, the Bank continuously monitors the work of the National Working Group, is engaged in works of particular Streams and makes appropriate decisions in this regard. Given the current early stage of the work of the National Working Group and the legislative process, it is currently impossible to estimate the financial effects of the WIBOR reform.

Date	Name and surname	Position/Function	Signature
28.07.2025	Joao Bras Jorge	Chairman of the Management Board	Signed by a qualified electronic signature
28.07.2025	Fernando Bicho	Deputy Chairman of the Management Board	Signed by a qualified electronic signature
28.07.2025	Wojciech Haase	Member of the Management Board	Signed by a qualified electronic signature
28.07.2025	Jarosław Hermann	Member of the Management Board	Signed by a qualified electronic signature
28.07.2025	Halina Karpińska	Member of the Management Board	Signed by a qualified electronic signature
28.07.2025	Antonio Pinto Junior	Member of the Management Board	Signed by a qualified electronic signature
28.07.2025	Magdalena Zmitrowicz	Member of the Management Board	Signed by a qualified electronic signature

CONDENSED INTERIM STANDALONE FINANCIAL STATEMENTS OF THE BANK MILLENNIUM S.A. FOR THE 6 MONTHS ENDED 30 JUNE 2025

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1. STANDALONE FINANCIAL DATA (BANK)

STATEMENT OF PROFIT AND LOSS

Amount '000 PLN	1.01.2025 - 30.06.2025	1.04.2025 - 30.06.2025	1.01.2024 - 30.06.2024 restated data	1.04.2024 - 30.06.2024 restated data
Net interest income	2 807 095	1 413 773	2 493 734	1 165 744
Interest income and other of similar nature	4 444 743	2 231 241	4 111 516	1 978 393
Income calculated using the effective interest method	4 385 598	2 196 164	4 029 515	1 939 006
Interest income from Financial assets at amortised cost, of which:	3 191 513	1 613 783	2 964 956	1 401 344
- the impact of the adjustment to the gross carrying amount of loans due to credit holidays	0	0	(189 086)	(189 086)
Interest income from Financial assets at fair value through other comprehensive income	1 194 085	582 381	1 064 559	537 662
Result of similar nature to interest from Financial assets at fair value through profit or loss	59 145	35 077	82 001	39 387
Interest expenses	(1 637 648)	(817 468)	(1 617 782)	(812 649)
Net fee and commission income	315 251	159 459	336 762	163 260
Fee and commission income	441 416	228 738	457 126	227 498
Fee and commission expenses	(126 165)	(69 279)	(120 364)	(64 238)
Dividend income	35 042	3 462	34 904	8 134
Result on derecognition of financial assets and liabilities not measured at fair value through profit or loss	404	1 852	719	(1 581)
Results on financial assets and liabilities held for trading	13 209	388	(2 233)	(3 569)
Result on non-trading financial assets mandatorily at fair value through profit or loss	54 681	52 179	900	(9 817)
Result on hedge accounting	(450)	233	(1 456)	(209)
Result on exchange differences	109 338	53 847	113 129	61 797
Other operating income	169 083	118 636	146 578	92 219
Other operating expenses	(175 593)	(116 799)	(186 741)	(57 029)
Administrative expenses	(1 120 332)	(527 759)	(958 996)	(432 755)
Impairment losses on financial assets	(60 183)	14 637	(173 357)	(61 217)
Impairment losses on non-financial assets	(1 750)	(790)	(2 096)	(211)
Legal risk expenses connected with FX mortgage loans, of which:	(1 085 387)	(588 851)	(1 432 835)	(744 133)
Provisions for legal risk	(1 018 600)	(573 810)	(1 123 590)	(574 780)
Result on modification	(2 232)	(2 163)	(1 437)	(582)
Depreciation	(110 085)	(54 129)	(107 742)	(54 339)
Banking tax	(199 818)	(101 149)	(34 522)	(34 522)
Profit before income taxes	748 273	426 826	225 311	91 191
Corporate income tax	(257 549)	(124 539)	120 183	116 328
Profit after taxes	490 724	302 287	345 494	207 519

STATEMENT OF TOTAL COMPREHENSIVE INCOME

Amount '000 PLN	1.01.2025 - 30.06.2025	1.04.2025 - 30.06.2025	1.01.2024 - 30.06.2024	1.04.2024 - 30.06.2024
Profit after taxes	490 724	302 287	345 494	207 519
Other comprehensive income items that may be (or were) reclassified to profit or loss	332 432	47 211	(27 298)	(10 030)
Result on debt securities	139 448	76 007	96 763	37 563
Result on credit portfolio designated for pooling to Mortgage Bank	179 820	(33 246)	(141 016)	(52 087)
Hedge accounting	13 164	4 450	16 955	4 494
Other comprehensive income items that will not be reclassified to profit or loss	0	0	0	0
Actuarial gains (losses)	0	0	0	0
Result on equity instruments	0	0	0	0
Total comprehensive income items before taxes	332 432	47 211	(27 298)	(10 030)
Corporate income tax on other comprehensive income items that may be (or were) reclassified to profit or loss	(63 162)	(8 970)	5 187	1 906
Corporate income tax on other comprehensive income items that will not be reclassified to profit or loss	0	0	0	0
Total comprehensive income items after taxes	269 270	38 241	(22 111)	(8 124)
Total comprehensive income for the period	759 994	340 528	323 383	199 395

STATEMENT OF FINANCIAL POSITION

ASSETS

Amount '000 PLN	30.06.2025	31.12.2024 restated data	01.01.2024 restated data
Cash, cash balances at central banks	5 292 615	5 178 984	5 094 984
Financial assets held for trading	1 285 557	1 006 791	620 814
Derivatives	225 355	257 094	498 577
Equity instruments	132	115	121
Debt securities, of which:	724 597	555 364	110 554
Securities underlying the sale and repurchase agreements	501	194 088	0
Reverse sale and repurchase agreements	335 473	194 218	11 562
Non-trading financial assets mandatorily at fair value through profit or loss, other than Loans and advances to customers	172 884	118 399	147 623
Equity instruments	121 580	66 609	66 609
Debt securities	51 304	51 790	81 014
Financial assets at fair value through other comprehensive income	32 237 157	29 023 647	21 924 652
Equity instruments	36 848	36 708	28 789
Debt securities	32 200 309	28 986 939	21 895 863
Loans and advances to customers	70 847 306	71 930 812	72 377 482
Mandatorily at fair value through profit or loss	1 223	1 825	19 349
Valued at fair value through other comprehensive income	10 450 781	11 135 416	11 799 748
Valued at amortised cost	60 395 302	60 793 571	60 558 385
Financial assets at amortised cost other than Loans and advances to customers	30 025 143	26 438 453	21 458 148
Debt securities	27 787 806	24 059 861	18 439 780
Deposits, loans and advances to banks and other monetary institutions	2 165 468	2 378 592	1 866 688
Reverse sale and repurchase agreements	71 869	0	1 151 680
Derivatives – Hedge accounting	0	0	15 069
Investments in subsidiaries, joint ventures and associates	616 214	517 214	399 223
Tangible fixed assets	540 213	518 145	517 333
Intangible fixed assets	577 001	537 425	464 922
Income tax assets	395 356	611 379	368 279
Current income tax assets	0	0	0
Deferred income tax assets	395 356	611 379	368 279
Other assets	1 777 927	1 620 941	1 360 160
Non-current assets and disposal groups classified as held for sale	0	0	0
Total assets	143 767 373	137 502 190	124 748 689

LIABILITIES AND EQUITY

Amount '000 PLN	30.06.2025	31.12.2024 restated data	01.01.2024 restated data
LIABILITIES			
Financial liabilities held for trading	651 996	417 518	579 331
Derivatives	320 518	226 749	576 611
Liabilities from short sale of securities	331 478	190 769	2 720
Financial liabilities measured at amortised cost	128 899 008	124 640 250	112 604 873
Liabilities to banks and other monetary institutions	139 146	210 931	506 240
Liabilities to customers	122 067 706	117 642 600	107 505 636
Sale and repurchase agreements	501	194 223	0
Debt securities issued	5 130 588	5 030 166	3 027 952
Subordinated debt	1 561 067	1 562 330	1 565 045
Derivatives – Hedge accounting	30 967	101 539	165 700
Provisions	3 542 058	2 947 927	1 489 400
Legal issues	3 438 009	2 846 010	1 401 798
Commitments and guarantees given	53 588	53 605	42 375
Retirement benefits	50 461	48 312	45 227
Income tax liabilities	21 809	215 590	460 456
Current income tax liabilities	21 809	215 590	460 456
Deferred income tax liabilities	0	0	0
Other liabilities	2 576 128	1 893 953	2 834 666
Total Liabilities	135 721 966	130 216 777	118 134 426
EQUITY			
Share capital	1 213 117	1 213 117	1 213 117
Own shares	(21)	(21)	(21)
Share premium	1 147 241	1 147 241	1 147 241
Accumulated other comprehensive income	157 975	(111 295)	(139 342)
Retained earnings	5 527 095	5 036 371	4 393 268
Total equity	8 045 407	7 285 413	6 614 263
Total equity and total liabilities	143 767 373	137 502 190	124 748 689

STATEMENT OF CHANGES IN EQUITY

Amount '000 PLN	Total consolidated equity	Share capital	Own shares	Share premium	Accumulated other comprehensive income	Retained earnings	
						Unappropriated result	Other reserves
01.01.2025 – 30.06.2025							
Equity at the beginning of the period	7 285 413	1 213 117	(21)	1 147 241	(111 295)	643 103	4 393 268
Total comprehensive income for period (net)	759 994	0	0	0	269 270	490 724	0
net profit/ (loss) of the period	490 724	0	0	0	0	490 724	0
other comprehensive income items after taxes	269 270	0	0	0	269 270	0	0
Transfer between items of reserves	0	0	0	0	0	(660 989)	660 989
Equity at the end of the period	8 045 407	1 213 117	(21)	1 147 241	157 975	472 838	5 054 257

Amount '000 PLN	Total consolidated equity	Share capital	Own shares	Share premium	Accumulated other comprehensive income	Retained earnings	
						Unappropriated result	Other reserves
01.01.2025 – 31.12.2024							
Equity at the beginning of the period	6 614 263	1 213 117	(21)	1 147 241	(139 342)	510 259	3 883 009
Total comprehensive income for period (net)	671 150	0	0	0	28 047	643 103	0
net profit/ (loss) of the period	643 103	0	0	0	0	643 103	0
other comprehensive income items after taxes	28 047	0	0	0	28 047	0	0
Transfer between items of reserves	0	0	0	0	0	(510 259)	510 259
Equity at the end of the period	7 285 413	1 213 117	(21)	1 147 241	(111 295)	643 103	4 393 268

Amount '000 PLN	Total consolidated equity	Share capital	Own shares	Share premium	Accumulated other comprehensive income	Retained earnings	
						Unappropriated result	Other reserves
01.01.2024 – 30.06.2024							
Equity at the beginning of the period	6 614 263	1 213 117	(21)	1 147 241	(139 342)	510 259	3 883 009
Total comprehensive income for period (net)	323 383	0	0	0	(22 111)	345 494	0
net profit/ (loss) of the period	345 494	0	0	0	0	345 494	0
other comprehensive income items after taxes	(22 111)	0	0	0	(22 111)	0	0
Transfer between items of reserves	0	0	0	0	0	(510 259)	510 259
Equity at the end of the period	6 937 646	1 213 117	(21)	1 147 241	(161 453)	345 494	4 393 268

CASH FLOW STATEMENT

A. CASH FLOWS FROM OPERATING ACTIVITIES

Amount '000 PLN	1.01.2025 - 30.06.2025	1.01.2024 - 30.06.2024 restated data
Profit (loss) after taxes	490 724	345 494
Total adjustments:	6 426 219	9 462 844
Interest income/expense result (from the Profit and loss statement)	(2 807 095)	(2 493 734)
Interest received	4 114 627	3 965 755
Interest paid	(1 387 715)	(1 316 543)
Depreciation and amortization	110 085	107 742
Foreign exchange (gains)/ losses	(30 699)	(17 388)
Dividends	(35 042)	(34 904)
Changes in provisions	594 131	820 887
Result on sale and liquidation of investing activity assets	(26 663)	4 856
Change in financial assets held for trading	(173 534)	8 074
Change in loans and advances to banks	160 596	(235 912)
Change in loans and advances to customers	1 278 460	(373 314)
Change in receivables from securities bought with sell-back clause (loans and advances)	(213 124)	965 466
Change in financial liabilities valued at fair value through profit and loss (held for trading)	163 906	(107 456)
Change in deposits from banks	(72 003)	(89 566)
Change in deposits from customers	4 493 458	9 291 853
Change in liabilities from securities sold with buy-back clause	(193 722)	2 559
Change in debt securities issued	(296)	(35 130)
Income tax (from the Profit and loss statement)	257 549	(120 183)
Income tax paid	(298 469)	(519 810)
Change in other assets and liabilities	491 769	(360 408)
Net cash flows from operating activities	6 916 943	9 808 338

B. CASH FLOWS FROM INVESTING ACTIVITIES

Amount '000 PLN	1.01.2025 - 30.06.2025	1.01.2024 - 30.06.2024 restated data
Inflows:	288 019 457	293 808 984
Proceeds from sale of property, plant and equipment and intangible assets	37 871	1 626
Proceeds from sale of shares in related entities	0	0
Proceeds from sale of investment financial assets	287 946 544	293 772 454
Other	35 042	34 904
Outflows:	(295 891 995)	(302 074 679)
Acquisition of property, plant and equipment and intangible assets	(148 189)	(117 211)
Acquisition of shares in related entities	(99 000)	(120 000)
Acquisition of investment financial assets	(295 644 806)	(301 837 468)
Other	0	0
Net cash flows from investing activities	(7 872 538)	(8 265 695)

C. CASH FLOWS FROM FINANCING ACTIVITIES

Amount '000 PLN	1.01.2025 - 30.06.2025	1.01.2024 - 30.06.2024 restated data
Inflows from financing activities:	0	0
Long-term bank loans	0	0
Issue of debt securities	0	0
Increase in subordinated debt	0	0
Net proceeds from issues of shares and additional capital paid-in	0	0
Other inflows from financing activities	0	0
Outflows from financing activities:	(187 911)	(253 893)
Repayment of long-term bank loans	0	0
Redemption of debt securities	(26 000)	(76 910)
Decrease in subordinated debt	0	0
Issue of shares expenses	0	0
Redemption of shares	0	0
Dividends paid and other payments to owners	0	0
Payments of lease liabilities	(44 540)	(46 107)
Other outflows from financing activities	(117 371)	(130 876)
Net cash flows from financing activities	(187 911)	(253 893)

D. Net cash flows. Total (A + B + C)	(1 143 506)	1 288 750
- of which change resulting from FX differences	(10)	(98)
E. Cash and cash equivalents at the beginning of the reporting period	14 064 629	15 401 593
F. Cash and cash equivalents at the end of the reporting period (D + E)	12 921 123	16 690 343

2. INTRODUCTION AND ACCOUNTING POLICY

These condensed interim financial statements have been prepared in accordance with International Accounting Standard IAS 34 Interim Financial Reporting as adopted by European Union. The condensed consolidated interim financial statement do not include all of the information which is presented in full annual financial statements, and should be read in conjunction with the financial statements of the Bank as at and for the year ended 31 December 2024. The accounting principles adopted in the preparation of this condensed interim separate financial statement are the same as those applied in the Bank's most recent annual financial statements for the year 2024 except for the tax charge, which, in accordance with the requirements of IAS 34, for the first half of 2025 was calculated based on the weighted average annual income tax rate (effective tax rate – ETR) that the Bank expects for the full financial year, and the changes in presentation described in this note.

Condensed interim financial statements of the Bank:

- are prepared on the basis of the assumption of business continuity by the Bank, namely scale of business is not to be reduced substantially in a period of not less than one year from the balance sheet date;
- have been prepared in PLN, and all values, unless otherwise indicated, are given in PLN rounded to one thousand.

In addition to financial data these condensed interim financial statements of the Bank also presents information and data that is important for appropriate assessment of the Bank's economic and financial situation and its financial performance, and which was not included in the condensed interim consolidated statements of the Group for the three and six months periods ended 30 June 2025. Other information and explanations presented in the condensed interim consolidated financial statements of the Group for the three and six months periods ended 30 June 2025 contain all important information, which also serves as explanatory data to these standalone statements of the Bank.

Between July / August 2022 and May / June 2024 the Bank executed a Recovery Plan and a Capital Protection Plan in order to improve its capital ratios that had been impacted by the significant costs of the so-called credit holidays for PLN mortgage borrowers in addition to the significant costs that were being incurred related to FX mortgage legal risk.

All key assumptions of both plans were achieved, including all defined indicators reached mandatory levels, and the Group's profitability and financial results were improved. In the area of capital management, capital ratios have been restored to levels exceeding minimum regulatory requirements and the Bank and the Group also met MREL requirements, including the combined buffer requirements.

As of 30 June 2025, the Tier 1 ratio was 553 bps (Bank) and 500 bps (Group) above the minimum requirement, and the Total Capital Ratio (TCR) was 553 bps (Bank) and 483 bps (Group) above the minimum requirement.

In terms of MRELtrea and MRELtem requirements, the Group presents a surplus compared to the minimum required levels (including the Combined Buffer Requirement) as of 30 June 2025 (MRELtrea surplus was 716 pb. and MRELtem surplus 265 pb). Assuming no extraordinary factors, the Group plans to maintain both MREL ratios above the minimum required levels with a safe surplus.

The liquidity position of Bank Millennium Group remained strong in 1H 2025; LCR ratio reached the level of 414% at the end of June 2025, loan-to-deposit ratio remained low at 61% and the share of liquid debt securities in the Group's total assets remains significant at 42%.

The Bank monitors, on the current basis, the financial situation in particular, the Bank is aware of the risks associated with further negative developments regarding the legal risk of FX mortgage loans that could imply the need to increase the level of provisions for such risk beyond the provisions that were recognized as at the balance sheet date and whose amount results from previous trends. In the Bank's view, these events, if materialized, would adversely affect the results of the Bank/Group in future, and would reduce the organic generation of capital that is envisaged, but would not prevent the Bank/Group from continuing to implement its strategy and the generation of results that would mitigate the impact of such events.

Taking into account the above circumstances and identified risks and uncertainties, the Bank's Management Board based on the analysis of all aspects of the Bank's operations and its current and forecast financial position, concluded that the application of the going concern assumption in the preparation of these financial statements is appropriate.

The Management Board approved these condensed consolidated interim financial statements on 28th July 2025.

New standards, interpretations and amendments to published standards

In this interim condensed consolidated financial statement, the Bank has applied the following amendments to standards and interpretations that were endorsed by the European Union with an effective date for annual periods beginning on or after January 1, 2025:

change	impact on the Group's financial statements
Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability	The amendment did not have a material impact on the financial statements

During the reporting period and up to the date of publication of these financial statements, the following accounting standards/amendments to standards were endorsed by the European Union.:

change	impact on the Group's financial statements
Contracts Referencing Nature-dependent Electricity: Amendments to IFRS 9 and IFRS 7	The Group estimates that the amendment will not have a material impact on the financial statements.
Amendments to the Classification and Measurement of Financial Instruments: Amendments to IFRS 9 and IFRS 7	The Group estimates that the amendment will not have a material impact on the financial statements.
Annual MSSF changes – version 11	The Group estimates that the amendment will not have a material impact on the financial statements.

Change in the presentation method in 2025 and the restatement of comparative data

In this semi-annual financial condensed report for the first half of 2025, compared to the report for the first half of 2024 and the annual report for 2024, the Bank has introduced changes in the presentation of selected financial data in order to enhance the transparency of disclosures, better reflect the economic substance of the transactions concluded, and align with observed changes in market practice. The changes introduced had no impact on the net result for the 3- and 6-month periods ended June 30, 2024, nor on the value of equity as of December 31, 2024.

1) Changes to the Income Statement:

a) A dedicated line item "Legal risk costs related to foreign currency mortgage loans" has been introduced. This item includes not only the costs of provisions previously presented under 'Provisions for legal risk related to foreign currency mortgage loans' and included amounts related to the recognized adjustment of the gross carrying amount of foreign currency loans as well as amounts recorded under the 'Provisions' line item, but also period costs related to settlements concluded on the Bank's terms (previously included in 'Net trading income'), costs of settlements concluded under KNF terms (previously presented as 'Modification result'), as well as legal representation costs and statutory interest (previously included in 'Other operating expenses');

b) The modification result related to non-significant modifications of exposures with recognized impairment has been reclassified to 'Impairment losses on financial assets', previously, this result was presented under 'Modification result';

c) Interest related to the receivables from repurchase agreement transactions, for which a change in presentation was made to trading assets (as described in Note 2e), was transferred from the item 'Interest income from Financial assets at amortised cost' to the item 'Result of similar nature to interest from Financial assets at fair value through profit or loss'.

2) Changes to the Statement of Financial Position:

a) Within individual portfolios of financial assets, a separate line item 'Assets pledged as collateral' has been introduced. This item presents assets that may be pledged or sold by the collateral taker (in accordance with IFRS 9, such assets must be presented separately). This new item includes debt securities sold with a repurchase agreement clause under repo or sell-buy-back transactions;

b) Provisions for retirement benefits have been reclassified from "Other liabilities" to a separate line within the 'Provisions' section;

c) The values of variation margin deposits securing derivative transactions concluded via clearing houses have been offset against the valuation of derivatives;

d) Items 'Property, plant and equipment' and 'Intangible assets' were reduced by the amount of future expenditures, with a corresponding entry under 'Other liabilities' – costs payable;

e) A change in presentation was made for a part of receivables from repurchase transactions involving debt securities from the trading portfolio, from assets measured at amortised cost to financial assets held for trading.

3) Changes to the Statement of Cash Flows:

a) The definition of cash equivalents has been revised in the case of securities issued by the State Treasury or the Central Bank. Previously, all such securities with a maturity of up to 3 months as at the balance sheet date were classified as cash equivalents. Now, only those securities that had a maturity of up to 3 months at the time of acquisition and were acquired for the purpose of covering short-term financial liabilities, are included;

b) A separate line item “Interest income/expense result (from the Profit and loss statement) has been introduced in the Cash flows from operating activities section. Previously, interest accrued during the reporting period was presented within changes in individual balance sheet items;

c) A separate line item ‘Income tax (from the Profit and loss statement)’ has been introduced and the amount presented under the line item 'Income tax paid' was adjusted accordingly;

d) Payments related to lease liabilities (principal portion) were presented under the line item 'Lease liability payments' in the Cash Flows from Financing Activities section; previously, these cash flows were presented under 'Change in amounts due to customers' in the Cash Flows from Operating Activities section;

e) Cash flows related to the issuance and repayment/redemption of financial liabilities arising from the issuance of debt securities were presented under Cash Flows from Financing Activities; previously, these cash flows were presented under Cash Flows from Operating Activities in the line item 'Change in liabilities from the issuance of debt securities'.

With a view to ensuring data comparability, all comparative data presented in this Bank’s financial statement have been appropriately restated, as shown below in tabular form.

Changes to the Statement of Profit or Loss:

Amount ‘000 PLN	01.01.2024 - 30.06.2024 data previously published	Change 1a)	Change 1b)	Change 1c)	01.01.2024 - 30.06.2024 restated data
Net interest income	2 493 734	0	0	0	2 493 734
Interest income and other of similar nature	4 111 516	0	0	0	4 111 516
Income calculated using the effective interest method	4 053 881	0	0	(24 366)	4 029 515
Interest income from Financial assets at amortised cost, of which:	2 989 322	0	0	(24 366)	2 964 956
- the impact of the adjustment to the gross carrying amount of loans due to credit holidays	(189 086)	0	0	0	(189 086)
Interest income from Financial assets at fair value through other comprehensive income	1 064 559	0	0	0	1 064 559
Result of similar nature to interest from Financial assets at fair value through profit or loss	57 635	0	0	24 366	82 001
Interest expenses	(1 617 782)	0	0	0	(1 617 782)
Net fee and commission income	336 762		0	0	336 762
Fee and commission income	457 126	0	0	0	457 126
Fee and commission expenses	(120 364)	0	0	0	(120 364)
Dividend income	34 904	0	0	0	34 904
Result on derecognition of financial assets and liabilities not measured at fair value through profit or loss	719	0	0	0	719
Results on financial assets and liabilities held for trading	(2 233)	0	0	0	(2 233)
Result on non-trading financial assets mandatorily at fair value through profit or loss	900	0	0	0	900
Result on hedge accounting	(1 456)	0	0	0	(1 456)
Result on exchange differences	(86 881)	200 010	0	0	113 129
Other operating income	146 578	0	0	0	146 578
Other operating expenses	(253 722)	66 981	0	0	(186 741)
Administrative expenses	(958 996)	0	0	0	(958 996)
Impairment losses on financial assets	(155 211)	0	(18 146)	0	(173 357)
Impairment losses on non-financial assets	(2 096)	0	0	0	(2 096)
Legal risk expenses connected with FX mortgage loans, of which:	(1 123 590)	(309 245)	0	0	(1 432 835)
Provisions for legal risk	(1 123 590)	0	0	0	(1 123 590)
Result on modification	(61 837)	42 254	18 146	0	(1 437)
Depreciation	(107 742)	0	0	0	(107 742)
Banking tax	(34 522)	0	0	0	(34 522)
Profit before income taxes	225 311	0	0	0	225 311
Corporate income tax	120 183	0	0	0	120 183
Profit after taxes	345 494	0	0	0	345 494

Amount '000 PLN	01.04.2024 - 30.06.2024 data previously published	Change 1a)	Change 1b)	Change 1c)	01.04.2024 - 30.06.2024 restated data
Net interest income	1 165 744	0	0	0	1 165 744
Interest income and other of similar nature	1 978 393	0	0	0	1 978 393
Income calculated using the effective interest method	1 950 011	0	0	(11 005)	1 939 006
Interest income from Financial assets at amortised cost, of which:	1 412 349	0	0	(11 005)	1 401 344
- the impact of the adjustment to the gross carrying amount of loans due to credit holidays	(189 086)	0	0	0	(189 086)
Interest income from Financial assets at fair value through other comprehensive income	537 662	0	0	0	537 662
Result of similar nature to interest from Financial assets at fair value through profit or loss	28 382	0	0	11 005	39 387
Interest expenses	(812 649)	0	0	0	(812 649)
Net fee and commission income	163 260	0	0	0	163 260
Fee and commission income	227 498	0	0	0	227 498
Fee and commission expenses	(64 238)	0	0	0	(64 238)
Dividend income	8 134	0	0	0	8 134
Result on derecognition of financial assets and liabilities not measured at fair value through profit or loss	(1 581)	0	0	0	(1 581)
Results on financial assets and liabilities held for trading	(3 569)	0	0	0	(3 569)
Result on non-trading financial assets mandatorily at fair value through profit or loss	(9 817)	0	0	0	(9 817)
Result on hedge accounting	(209)	0	0	0	(209)
Result on exchange differences	(40 152)	101 949	0	0	61 797
Other operating income	92 219	0	0	0	92 219
Other operating expenses	(102 833)	45 804	0	0	(57 029)
Administrative expenses	(432 755)	0	0	0	(432 755)
Impairment losses on financial assets	(52 844)	0	(8 373)	0	(61 217)
Impairment losses on non-financial assets	(211)	0	0	0	(211)
Legal risk expenses connected with FX mortgage loans, of which:	(574 780)	(169 353)	0	0	(744 133)
Provisions for legal risk	(574 780)	0	0	0	(574 780)
Result on modification	(30 554)	21 599	8 373	0	(582)
Depreciation	(54 339)	0	0	0	(54 339)
Banking tax	(34 522)	0	0	0	(34 522)
Profit before income taxes	91 191	(0)	0	0	91 191
Corporate income tax	116 328	0	0	0	116 328
Profit after taxes	207 519	(0)	0	0	207 519

Changes to the Statement of Financial Position:

ASSETS

Amount '000 PLN	2024-12-31 data previously published	Change 2a)	Change 2b)	Change 2c)	Change 2d)	Change 2e)	2024-12-31 restated data
Cash, cash balances at central banks	5 178 984	0	0	0	0	0	5 178 984
Financial assets held for trading	812 573	0	0	0	0	194 218	1 006 791
Derivatives	257 094	0	0	0	0	0	257 094
Equity instruments	115	0	0	0	0	0	115
Debt securities, of which:	555 364	0	0	0	0	0	555 364
Securities underlying the sale and repurchase agreements	0	194 088	0	0	0	0	194 088
Reverse sale and repurchase agreements	0	0	0	0	0	194 218	194 218
Non-trading financial assets mandatorily at fair value through profit or loss, other than Loans and advances to customers	118 399	0	0	0	0	0	118 399
Equity instruments	66 609	0	0	0	0	0	66 609
Debt securities	51 790	0	0	0	0	0	51 790
Financial assets at fair value through other comprehensive income	29 023 647	0	0	0	0	0	29 023 647
Equity instruments	36 708	0	0	0	0	0	36 708
Debt securities	28 986 939	0	0	0	0	0	28 986 939
Loans and advances to customers	71 936 712	0	0	(5 900)	0	0	71 930 812
Mandatorily at fair value through profit or loss	1 825	0	0	0	0	0	1 825
Valued at fair value through other comprehensive income	11 135 416	0	0	0	0	0	11 135 416
Valued at amortised cost	60 799 471	0	0	(5 900)	0	0	60 793 571
Financial assets at amortised cost other than Loans and advances to customers	26 632 671	0	0	0	0	(194 218)	26 438 453
Debt securities	24 059 861	0	0	0	0	0	24 059 861
Deposits, loans and advances to banks and other monetary institutions	2 378 592	0	0	0	0	0	2 378 592
Reverse sale and repurchase agreements	194 218	0	0	0	0	(194 218)	0
Derivatives – Hedge accounting	112 365	0	0	(112 365)	0	0	0
Investments in subsidiaries, joint ventures and associates	517 214	0	0	0	0	0	517 214
Tangible fixed assets	574 660	0	0	0	(56 515)	0	518 145
Intangible fixed assets	560 317	0	0	0	(22 892)	0	537 425
Income tax assets	611 379	0	0	0	0	0	611 379
Current income tax assets	0	0	0	0	0	0	0
Deferred income tax assets	611 379	0	0	0	0	0	611 379
Other assets	1 620 941	0	0	0	0	0	1 620 941
Non-current assets and disposal groups classified as held for sale	0	0	0	0	0	0	0
Total assets	137 699 862	0	0	(118 265)	(79 407)	0	137 502 190

LIABILITIES AND EQUITY

Amount '000 PLN	2024-12-31 data previously published	Change 2a)	Change 2b)	Change 2c)	Change 2d)	Change 2e)	2024-12-31 restated data
LIABILITIES							
Financial liabilities held for trading	417 518	0	0	0	0	0	417 518
Derivatives	226 749	0	0	0	0	0	226 749
Liabilities from short sale of securities	190 769	0	0	0	0	0	190 769
Financial liabilities measured at amortised cost	124 752 615	0	0	(112 365)	0	0	124 640 250
Liabilities to banks and other monetary institutions	323 296	0	0	(112 365)	0	0	210 931
Liabilities to customers	117 642 600	0	0	0	0	0	117 642 600
Sale and repurchase agreements	194 223	0	0	0	0	0	194 223
Debt securities issued	5 030 166	0	0	0	0	0	5 030 166
Subordinated debt	1 562 330	0	0	0	0	0	1 562 330
Derivatives – Hedge accounting	107 439	0	0	(5 900)	0	0	101 539
Provisions	2 899 615	0	48 312	0	0	0	2 947 927
Pending legal issues	2 846 010	0	0	0	0	0	2 846 010
Commitments and guarantees given	53 605	0	0	0	0	0	53 605
Retirement benefits	0	0	48 312	0	0	0	48 312
Income tax liabilities	215 590	0	0	0	0	0	215 590
Current income tax liabilities	215 590	0	0	0	0	0	215 590
Deferred income tax liabilities	0	0	0	0	0	0	0
Other liabilities	2 021 672	0	(48 312)	0	(79 407)	0	1 893 953
Total Liabilities	130 414 449	0	0	(118 265)	(79 407)	0	130 216 777
EQUITY							
Share capital	1 213 117	0	0	0	0	0	1 213 117
Own shares	(21)	0	0	0	0	0	(21)
Share premium	1 147 241	0	0	0	0	0	1 147 241
Accumulated other comprehensive income	(111 295)	0	0	0	0	0	(111 295)
Retained earnings	5 036 371	0	0	0	0	0	5 036 371
Total equity	7 285 413	0	0	0	0	0	7 285 413
Total equity and total liabilities	137 699 862	0	0	(118 265)	(79 407)	0	137 502 190

ASSETS

Amount '000 PLN	2023-12-31 data previously published	Change 2a)	Change 2b)	Change 2c)	Change 2d)	Change 2e)	2023-12-31 restated data
Cash, cash balances at central banks	5 094 984	0	0	0	0	0	5 094 984
Financial assets held for trading	609 252	0	0	0	0	11 562	620 814
Derivatives	498 577	0	0	0	0	0	498 577
Equity instruments	121	0	0	0	0	0	121
Debt securities, of which:	110 554	0	0	0	0	0	110 554
Securities underlying the sale and repurchase agreements	0	0	0	0	0	0	0
Reverse sale and repurchase agreements	0	0	0	0	0	11 562	11 562
Non-trading financial assets mandatorily at fair value through profit or loss, other than Loans and advances to customers	147 623	0	0	0	0	0	147 623
Equity instruments	66 609	0	0	0	0	0	66 609
Debt securities	81 014	0	0	0	0	0	81 014
Financial assets at fair value through other comprehensive income	21 924 652	0	0	0	0	0	21 924 652
Equity instruments	28 789	0	0	0	0	0	28 789
Debt securities	21 895 863	0	0	0	0	0	21 895 863
Loans and advances to customers	72 405 446	0	0	(27 964)	0	0	72 377 482
Mandatorily at fair value through profit or loss	19 349	0	0	0	0	0	19 349
Valued at fair value through other comprehensive income	11 799 748	0	0	0	0	0	11 799 748
Valued at amortised cost	60 586 349	0	0	(27 964)	0	0	60 558 385
Financial assets at amortised cost other than Loans and advances to customers	21 469 710	0	0	0	0	(11 562)	21 458 148
Debt securities	18 439 780	0	0	0	0	0	18 439 780
Deposits, loans and advances to banks and other monetary institutions	1 866 688	0	0	0	0	0	1 866 688
Reverse sale and repurchase agreements	1 163 242	0	0	0	0	(11 562)	1 151 680
Derivatives – Hedge accounting	74 213	0	0	(59 144)	0	0	15 069
Investments in subsidiaries, joint ventures and associates	399 223	0	0	0	0	0	399 223
Tangible fixed assets	553 087	0	0	0	(35 754)	0	517 333
Intangible fixed assets	481 128	0	0	0	(16 206)	0	464 922
Income tax assets	368 279	0	0	0	0	0	368 279
Current income tax assets	0	0	0	0	0	0	0
Deferred income tax assets	368 279	0	0	0	0	0	368 279
Other assets	1 360 160	0	0	0	0	0	1 360 160
Non-current assets and disposal groups classified as held for sale	0	0	0	0	0	0	0
Total assets	124 887 757	0	0	(87 108)	(51 960)	0	124 748 689

LIABILITIES AND EQUITY

Amount '000 PLN	2023-12-31 data previously published	Change 2a)	Change 2b)	Change 2c)	Change 2d)	Change 2e)	2023-12-31 restated data
LIABILITIES							
Financial liabilities held for trading	579 331	0	0	0	0	0	579 331
Derivatives	576 611	0	0	0	0	0	576 611
Liabilities from short sale of securities	2 720	0	0	0	0	0	2 720
Financial liabilities measured at amortised cost	112 664 017	0	0	(59 144)	0	0	112 604 873
Liabilities to banks and other monetary institutions	565 384	0	0	(59 144)	0	0	506 240
Liabilities to customers	107 505 636	0	0	0	0	0	107 505 636
Sale and repurchase agreements	0	0	0	0	0	0	0
Debt securities issued	3 027 952	0	0	0	0	0	3 027 952
Subordinated debt	1 565 045	0	0	0	0	0	1 565 045
Derivatives – Hedge accounting	193 664	0	0	(27 964)	0	0	165 700
Provisions	1 444 173	0	45 227	0	0	0	1 489 400
Pending legal issues	1 401 798	0	0	0	0	0	1 401 798
Commitments and guarantees given	42 375	0	0	0	0	0	42 375
Retirement benefits	0	0	45 227	0	0	0	45 227
Income tax liabilities	460 456	0	0	0	0	0	460 456
Current income tax liabilities	460 456	0	0	0	0	0	460 456
Deferred income tax liabilities	0	0	0	0	0	0	0
Other liabilities	2 931 853	0	(45 227)	0	(51 960)	0	2 834 666
Total Liabilities	118 273 494	0	0	(87 108)	(51 960)	0	118 134 426
EQUITY							
Share capital	1 213 117	0	0	0	0	0	1 213 117
Own shares	(21)	0	0	0	0	0	(21)
Share premium	1 147 241	0	0	0	0	0	1 147 241
Accumulated other comprehensive income	(139 342)	0	0	0	0	0	(139 342)
Retained earnings	4 393 268	0	0	0	0	0	4 393 268
Total equity	6 614 263	0	0	0	0	0	6 614 263
Total equity and total liabilities	124 887 757	0	0	(87 108)	(51 960)	0	124 748 689

Changes to the Statement of Cash Flows

A. CASH FLOWS FROM OPERATING ACTIVITIES

Amount '000 PLN	1.01.2024 - 30.06.2024 data previously published	Change 3a)	Change 3b)	Change 3c)	Change 3d)	Change 3e)	Adjustments resulting from changes in the statement of financial position	1.01.2024 - 30.06.2024 restated data
Profit (loss) after taxes	345 494	0	0	0	0	0	0	345 494
Total adjustments:	10 327 527	2 790	(1 098 720)	0	46 107	141 881	43 259	9 462 844
Interest income/expense result (from the Profit and loss statement)	0	0	(2 493 734)	0	0	0	0	(2 493 734)
Interest received	3 858 726	0	107 029	0	0	0	0	3 965 755
Interest paid	(1 381 514)	0	0	0	0	64 971	0	(1 316 543)
Depreciation and amortization	107 742	0	0	0	0	0	0	107 742
Foreign exchange (gains)/ losses	0	0	0	0	0	(17 388)	0	(17 388)
Dividends	(34 904)	0	0	0	0	0	0	(34 904)
Changes in provisions	818 817	0	0	0	0	0	2 070	820 887
Result on sale and liquidation of investing activity assets	4 856	0	0	0	0	0	0	4 856
Change in financial assets held for trading	(154 581)	2 790	48 354	0	0	0	111 511	8 074
Change in loans and advances to banks	(288 217)	0	52 305	0	0	0	0	(235 912)
Change in loans and advances to customers	(3 125 443)	0	2 773 148	0	0	0	(21 019)	(373 314)
Change in receivables from securities bought with sell-back clause (loans and advances)	941 100	0	24 366	0	0	0	0	965 466
Change in financial liabilities valued at fair value through profit and loss (held for trading)	(128 475)	0	0	0	0	0	21 019	(107 456)
Change in deposits from banks	28 328	0	(6 383)	0	0	0	(111 511)	(89 566)
Change in deposits from customers	10 600 833	0	(1 355 087)	0	46 107	0	0	9 291 853
Change in liabilities from securities sold with buy-back clause	17 221	0	(14 662)	0	0	0	0	2 559
Change in debt securities issued	42 001	0	(171 429)	0	0	94 298	0	(35 130)
Change in the balance of income tax-related receivables and payables	(522 847)	0	0	522 847	0	0	0	0
Income tax (from the Profit and loss statement)	0	0	0	(120 183)	0	0	0	(120 183)
Income tax paid	(109 410)	0	0	(410 400)	0	0	0	(519 810)
Change in the balance of other assets and liabilities	(409 333)	0	0	7 736	0	0	41 189	(360 408)
Change in other items	62 627	0	(62 627)	0	0	0	0	0
Net cash flows from operating activities	10 673 021	2 790	(1 098 720)	0	46 107	141 881	43 259	9 808 338

B. CASH FLOWS FROM INVESTING ACTIVITIES

Amount '000 PLN	1.01.2024 - 30.06.2024 data previously published	Change 3a)	Change 3b)	Change 3c)	Change 3d)	Change 3e)	Adjustments resulting from changes in the statement of financial position	1.01.2024 - 30.06.2024 restated data
Inflows:	293 808 984	0	0	0	0	0	0	293 808 984
Proceeds from sale of property, plant and equipment and intangible assets	1 626	0	0	0	0	0	0	1 626
Proceeds from sale of shares in related entities	0	0	0	0	0	0	0	0
Proceeds from sale of investment financial assets	293 772 454	0	0	0	0	0	0	293 772 454
Other	34 904	0	0	0	0	0	0	34 904
Outflows:	(305 577 585)	2 447 445	1 098 720	0	0	0	(43 259)	(302 074 679)
Acquisition of property, plant and equipment and intangible assets	(73 952)	0	0	0	0	0	(43 259)	(117 211)
Acquisition of shares in related entities	(120 000)	0	0	0	0	0	0	(120 000)
Acquisition of investment financial assets	(305 383 633)	2 447 445	1 098 720	0	0	0	0	(301 837 468)
Other	0	0	0	0	0	0	0	0
Net cash flows from investing activities	(11 768 601)	2 447 445	1 098 720	0	0	0	(43 259)	(8 265 695)

C. CASH FLOWS FROM FINANCING ACTIVITIES

Amount '000 PLN	1.01.2024 - 30.06.2024 data previously published	Change 3a)	Change 3b)	Change 3c)	Change 3d)	Change 3e)	Adjustments resulting from changes in the statement of financial position	1.01.2024 - 30.06.2024 restated data
Inflows from financing activities:	0	0	0	0	0	0	0	0
Long-term bank loans	0	0	0	0	0	0	0	0
Issue of debt securities	0	0	0	0	0	0	0	0
Increase in subordinated debt	0	0	0	0	0	0	0	0
Net proceeds from issues of shares and additional capital paid-in	0	0	0	0	0	0	0	0
Other inflows from financing activities	0	0	0	0	0	0	0	0
Outflows from financing activities:	(65 905)	0	0	0	(46 107)	(141 881)	0	(253 893)
Repayment of long-term bank loans	0	0	0	0	0	0	0	0
Redemption of debt securities	0	0	0	0	0	(76 910)	0	(76 910)
Decrease in subordinated debt	0	0	0	0	0	0	0	0
Issue of shares expenses	0	0	0	0	0	0	0	0
Redemption of shares	0	0	0	0	0	0	0	0
Dividends paid and other payments to owners	0	0	0	0	0	0	0	0
Payments of lease liabilities	0	0	0	0	(46 107)	0	0	(46 107)
Other outflows from financing activities	(65 905)	0	0	0	0	(64 971)	0	(130 876)
Net cash flows from financing activities	(65 905)	0	0	0	(46 107)	(141 881)	0	(253 893)

D. Net cash flows. Total (A + B + C)	(1 161 485)	2 450 235	0	0	0	0	0	1 288 750
- of which change resulting from FX differences	(98)	0	0	0	0	0	0	(98)
E. Cash and cash equivalents at the beginning of the reporting period	18 396 413	(2 994 820)	0	0	0	0	0	15 401 593
F. Cash and cash equivalents at the end of the reporting period (D + E)	17 234 928	(544 585)	0	0	0	0	0	16 690 343

3. SUPPLEMENTARY INFORMATION FOR STANDALONE FINANCIAL DATA

Sale of tangibles fixed assets

On June 18, the Bank sold a property located in Gdańsk. The net sale value amounted to PLN 31.2 million, while the net carrying amount of the property and related fixed assets at the time of sale was PLN 3.1 million.

Impairment losses on financial assets

	1.01.2025 - 30.06.2025	1.04.2025 - 30.06.2025	1.01.2024 - 30.06.2024	1.04.2024 - 30.06.2024
Impairment losses on loans and advances to customers	(60 122)	16 314	(175 645)	(63 211)
Impairment charges on loans and advances to customers	(633 351)	(278 746)	(784 499)	(332 283)
Reversal of impairment charges on loans and advances to customers	478 356	200 634	564 563	223 987
Amounts recovered from loans written off	17 221	9 920	17 216	8 237
Sale of receivables	86 430	86 430	45 221	45 221
Other directly recognised in profit and loss	(8 778)	(1 924)	(18 146)	(8 373)
Impairment losses on securities	(8)	(8)	(5)	(6)
Impairment charges on securities	(8)	(8)	(5)	(5)
Reversal of impairment charges on securities	0	0	0	(1)
Impairment losses on off-balance sheet liabilities	(53)	(1 669)	2 293	2 000
Impairment charges on off-balance sheet liabilities	(38 107)	(16 327)	(27 480)	(10 076)
Reversal of impairment charges on off-balance sheet liabilities	38 054	14 658	29 773	12 076
Total	**(60 183)**	**14 637**	**(173 357)**	**(61 217)**

Movements in impairment allowances for loans and advances to customers carried at amortised cost

	01.01.2025 – 30.06.2025	01.01.2024 – 31.12.2024
Balance at the beginning of the period	2 298 327	2 299 364
Change in value of provisions:	(64 110)	(1 037)
Impairment allowances created in the period	601 759	1 229 349
Amounts written off	(52 807)	(218 506)
Impairment allowances released in the period	(448 745)	(831 022)
Sale of receivables	(179 029)	(247 429)
KOIM created in the period(*)	33 487	69 359
Changes resulting from FX rates differences	(1 409)	(5 260)
Other	(17 366)	2 472
Balance at the end of the period	**2 234 217**	**2 298 327**

** In accordance with IFRS 9, the Bank calculates interest on the loan portfolio with a recognized impairment based on the net exposure value. For this purpose, the so-called impaired interest adjustment (“KOIM") is calculated and recorded as a reduction of interest income. Aforementioned KOIM adjustment in the balance sheet is presented as an impairment allowances, and as a consequence the reconciliation of the change in impairment allowances requires consideration of the KOIM recognized in the interest income.*

Change of Provision for commitments and guarantees given

01.01.2025 – 30.06.2025	Total	Stage 1	Stage 2	Stage 3
Balance at the beginning of the period	53 605	30 327	16 613	6 665
Charge of provision	38 107	17 488	16 694	3 925
Release of provision	(38 054)	(26 938)	(7 787)	(3 329)
Movement between stages	0	7 910	(7 354)	(556)
FX rates differences	(70)	(44)	(15)	(11)
Balance at the end of the period	53 588	28 743	18 151	6 694

01.01.2024 – 31.12.2024	Total	Stage 1	Stage 2	Stage 3
Balance at the beginning of the period	42 375	21 620	10 127	10 628
Charge of provision	52 302	21 043	26 166	5 093
Release of provision	(40 993)	(27 432)	(5 749)	(7 812)
Movement between stages	0	15 180	(13 933)	(1 247)
FX rates differences	(79)	(84)	2	3
Balance at the end of the period	53 605	30 327	16 613	6 665

Change of Provision for legal issues

	01.01.2025 – 30.06.2025	01.01.2024 – 31.12.2024
Balance at the beginning of the period	2 846 010	1 401 798
Creation of provision for legal risk connected with FX mortgage loans	1 063 854	1 857 142
Charge of provision for other legal issues	45 335	13 553
Release of provision	(4 055)	(8 872)
Utilisation of provision	(514 634)	(420 111)
Reclassification	1 499	2 500
Balance at the end of the period	**3 438 009**	**2 846 010**

Change of Provision for Retirement benefits

	01.01.2025 – 30.06.2025	01.01.2024 - 31.12.2024
Balance at the beginning of the period	48 312	45 227
Charge/Release of provision	3 000	5 816
Utilization of provisions	(851)	(1 400)
Actuarial gains/losses	0	(1 331)
Inne	50 461	48 312
Balance at the end of the period	48 312	45 227

Legal risk costs related to foreign currency mortgage loans

	1.01.2025 - 30.06.2025	1.04.2025 - 30.06.2025	1.01.2024 - 30.06.2024	1.04.2024 - 30.06.2024
Costs of provisions for legal risk related with FX mortgage loans	(1 018 600)	(573 810)	(1 123 590)	(574 780)
Other costs	(66 787)	(15 041)	(309 245)	(169 353)
Total	(1 085 387)	(588 851)	(1 432 835)	(744 133)

In the first half of 2025, the Bank introduced changes to the presentation of financial data, among others in the area of legal risk costs related to foreign currency mortgage loans. Details of these changes are presented in Chapter 2. INTRODUCTION AND ACCOUNTING POLICIES – Changes in data presentation implemented in 2025, item 1) a.

Costs of provisions for legal risk related with FX mortgage loans

01.01.2025 – 30.06.2025	TOTAL	Decreasing gross value of credit portfolio	Provisions for legal issues
Balance at the beginning of the period	8 463 696	5 665 224	2 798 472
Utilization of provisions during the period	(1 310 461)	(797 602)	(512 859)
Costs of provisions for legal risk connected wIth FX mortgage loans	1 018 600	(45 254)	1 063 854
Change of provisions due to FX rates differences	(2 841)	(2 841)	0
Balance at the end of the period	8 168 994	4 819 527	3 349 467

01.04.2025 – 30.06.2025	TOTAL	Decreasing gross value of credit portfolio	Provisions for legal issues
Balance at the beginning of the period	8 091 629	4 979 462	3 112 167
Utilization of provisions during the period	(705 361)	(417 554)	(287 807)
Costs of provisions for legal risk connected wIth FX mortgage loans	573 810	48 703	525 107
Change of provisions due to FX rates differences	208 916	208 916	0
Balance at the end of the period	8 168 994	4 819 527	3 349 467

01.01.2024 – 30.06.2024	TOTAL	Decreasing gross value of credit portfolio	Provisions for legal issues
Balance at the beginning of the period	7 871 789	6 516 460	1 355 329
Utilization of provisions during the period	(500 744)	(374 510)	(126 234)
Costs of provisions for legal risk connected wIth FX mortgage loans	1 123 590	176 723	946 867
Change of provisions due to FX rates differences	(288 040)	(288 040)	0
Balance at the end of the period	8 206 595	6 030 633	2 175 962

01.04.2023 - 30.06.2024	TOTAL	Decreasing gross value of credit portfolio	Provisions for legal issues
Balance at the beginning of the period	7 856 693	6 125 090	1 731 603
Utilization of provisions during the period	(313 534)	(236 977)	(76 557)
Costs of provisions for legal risk connected wIth FX mortgage loans	574 780	53 864	520 916
Change of provisions due to FX rates differences	88 656	88 656	0
Balance at the end of the period	8 206 595	6 030 633	2 175 962

4. TRANSACTIONS WITH RELATED ENTITIES

All transactions among members of the Group made in 1st half 2025 and 2024 were driven by current activity. The below table presents major amounts of intergroup transactions, these were transactions with the following entities:

- MILLENNIUM BANK HIPOTECZNY,
- MILLENNIUM LEASING,
- MILLENNIUM CONSULTING
- MILLENNIUM TFI
- MILLENNIUM SERVICE,
- MILLENNIUM TELECOMMUNICATION SERVICES,
- MILLENNIUM GOODIE,
- PIAST EXPERT.

and with the Capital Group of Bank parent company - Banco Comercial Portugues (ultimate parent company), these transactions are mainly of banking nature.

Apart from transactions described herein, in the indicated period neither Bank Millennium S.A., nor subsidiaries of Bank Millennium S.A. made any other transactions with related entities, which individually or jointly may have been significant and concluded under terms and conditions other than market-based.

Assets and liabilities from transactions with related parties (data in '000 pln) as at 30.06.2025

	With subsidiaries	With parent company	With other entities from parent group
ASSETS			
Loans and advances to banks – accounts and deposits	1 620 266	3 255	0
Loans and advances to customers	6 981 934	0	0
Investments in associates	564 714	0	0
Financial assets valued at fair value through profit and loss (held for trading)	1 350	0	0
Hedging derivatives	0	0	0
Other assets	15 704	0	0
LIABILITIES			
Deposits from banks	4 603	171	0
Deposits from customers	333 534	0	0
Liabilities from securities sold with buy-back clause	0	0	0
Liabilities arising from debt securities	0	0	0
Financial liabilities valued at fair value through profit and loss (held for trading)	711	0	0
Subordinated debt	0	0	0
Other liabilities, including:	29 948	327	18
- financial leasing liabilities	21 300	0	0

Assets and liabilities from transactions with related parties (data in '000 pln) as at 31.12.2024

	With subsidiaries	With parent company	With other entities from parent group
ASSETS			
Loans and advances to banks – accounts and deposits	1 944 076	1 788	0
Loans and advances to customers	6 863 794	0	0
Investments in associates	465 714	0	0
Financial assets valued at fair value through profit and loss (held for trading)	1 249	0	0
Hedging derivatives	0	0	0
Other assets	17 835	0	0
LIABILITIES			
Deposits from banks	6 803	121	0
Deposits from customers	385 388	0	0
Liabilities from securities sold with buy-back clause	0	0	0
Liabilities arising from debt securities	0	0	0
Financial liabilities valued at fair value through profit and loss (held for trading)	652	0	0
Subordinated debt	0	0	0
Other liabilities, including:	33 908	234	14
- financial leasing liabilities	27 074	0	0

Profit and loss on transactions with related parties (data in '000 pln) for the period 1.01-30.06.2025

	With subsidiaries	With parent company	With other entities from parent group
Income from:			
Interest	236 856	767	0
Commissions	19 398	118	0
Financial instruments valued at fair value through profit and loss	41	0	0
Dividends	31 495	0	0
Other net operating	20 161	0	0
Expense from:			
Interest	7 902	0	0
Commissions	1	0	0
Financial instruments valued at fair value through profit and loss	0	0	0
Other net operating	0	0	0
General and administrative expenses	8 952	93	35

Profit and loss on transactions with related parties (data in '000 pln) for the period 1.01-30.06.2024

	With subsidiaries	With parent company	With other entities from parent group
Income from:			
Interest	223 118	3 000	0
Commissions	15 525	100	0
Financial instruments valued at fair value through profit and loss	1 513	5 340	0
Dividends	26 618	0	0
Other net operating	7 172	0	0
Expense from:			
Interest	5 119	0	0
Commissions	0	0	0
Financial instruments valued at fair value through profit and loss	0	0	0
Other net operating	0	0	0
General and administrative expenses	8 259	92	(2)

Off-balance transactions with related parties (data in '000 pln) as at na 30.06.2025

	With subsidiaries	With parent company	With other entities from parent group
Conditional commitments	3 106 534	42 561	0
granted	2 788 663	0	0
obtained	317 871	42 561	0
Derivatives (par value)	253 225	0	0

Off-balance transactions with related parties (data in '000 pln) as at 31.12.2024

	With subsidiaries	With parent company	With other entities from parent group
Conditional commitments	1 744 559	24 680	0
granted	1 428 155	0	0
obtained	316 404	24 680	0
Derivatives (par value)	180 379	0	0

5. FAIR VALUE

The methodology used by the Bank for valuation of assets and liabilities at fair value is described in detail in Chapter 8. Condensed interim consolidated financial statements of Bank Millennium S.A. for the 6 months ended 30 June 2025

The following tables show the figures for Bank Millennium S.A.

5.1. FINANCIAL INSTRUMENTS NOT RECOGNIZED AT FAIR VALUE IN THE BALANCE SHEET

30.06.2025	Balance sheet value	Fair value
ASSETS MEASURED AT AMORTISED COST		
Debt securities	27 787 806	28 137 832
Deposits, loans and advances to banks and other monetary institutions	2 165 468	2 163 914
Loans and advances to customers (*)	60 395 302	60 088 081
LIABILITIES MEASURED AT AMORTISED COST		
Liabilities to banks and other monetary institutions	139 146	138 683
Liabilities to customers	122 067 706	122 078 893
Debt securities issued	5 130 588	5 134 656
Subordinated debt	1 561 067	1 559 957

** The negative impact of fair value valuation of the loans portfolio is largely attributable to growth of loan spreads. The methodology, which the Bank uses for valuation of the loans portfolio, assumes that current spreads best reflect existing market conditions and economic situation. In result, paradoxically whenever the spreads of new loans increase, fair value of the "old" loans portfolio falls.*

31.12.2024	Balance sheet value	Fair value
ASSETS MEASURED AT AMORTISED COST		
Debt securities	24 059 861	24 169 924
Deposits, loans and advances to banks and other monetary institutions	2 378 592	2 378 379
Loans and advances to customers (*)	60 793 571	60 262 345
LIABILITIES MEASURED AT AMORTISED COST		
Liabilities to banks and other monetary institutions	210 931	210 931
Liabilities to customers	117 642 600	117 637 152
Debt securities issued	5 030 166	5 035 868
Subordinated debt	1 562 330	1 563 653

** The negative impact of fair value valuation of the loans portfolio is largely attributable to growth of loan spreads. The methodology, which the Bank uses for valuation of the loans portfolio, assumes that current spreads best reflect existing market conditions and economic situation. In result, paradoxically whenever the spreads of new loans increase, fair value of the "old" loans portfolio falls.*

5.2. FINANCIAL INSTRUMENTS RECOGNIZED AT FAIR VALUE IN THE BALANCE SHEET

The table below presents balance-sheet values of instruments measured at fair value, by applied fair value measurement technique:

Data in PLN'000, as at 30.06.2025

	Quoted market prices	Valuation techniques - observable inputs	Valuation techniques - significant unobservable inputs
	Level 1	Level 2	Level 3
ASSETS			
Financial assets held for trading			
Valuation of derivatives	0	90 928	134 427
Shares	132	0	0
Debt securities	724 597	0	0
Transactions with repurchase agreement	335 473	0	0
Non-trading financial assets mandatorily at fair value through profit or loss			
Equity instruments	0	0	121 580
Debt securities	0	0	51 304
Loans and advances	0	0	1 223
Financial assets at fair value through other comprehensive income			
Equity instruments	623	0	36 225
Debt securities	24 806 780	7 393 530	0
Loans and advances	0	0	10 450 781
Derivatives – Hedge accounting	0	0	0
LIABILITIES			
Financial liabilities held for trading			
Valuation of derivatives	0	184 322	136 196
Short positions	331 478	0	0
Derivatives – Hedge accounting	0	30 967	0

Data in PLN'000, as at 31.12.2024

	Level 1	Level 2	Level 3
ASSETS			
Financial assets held for trading			
Valuation of derivatives	0	74 570	182 524
Shares	115	0	0
Debt securities	555 364	0	0
Transactions with repurchase agreement	194 218	0	0
Non-trading financial assets mandatorily at fair value through profit or loss			
Equity instruments	0	0	66 609
Debt securities	0	0	51 790
Loans and advances	0	0	1 825
Financial assets at fair value through other comprehensive income			
Equity instruments	481	0	36 227
Debt securities	20 389 685	8 597 254	0
Loans and advances	0	0	11 135 416
Derivatives – Hedge accounting	0	0	0
LIABILITIES			
Financial liabilities held for trading			
Valuation of derivatives	0	40 758	185 991
Short positions	190 769	0	0
Derivatives – Hedge accounting	0	101 539	0

Changes of fair values of instruments measured on the basis of valuation techniques with use of significant parameters not derived from the market are presented in the table below (in ’000 PLN).

	Valuation of derivatives - Indexes options	Valuation of derivatives - Options embedded in securities issued and deposits	Equity instruments	Debt securities	Loans and advances at fair value through profit or loss	Loans and advances at fair value through other comprehensive income
Balance as at 01.01.2025	**178 195**	**(181 662)**	**102 836**	**51 790**	**1 825**	**11 135 416**
Settlement/sell/purchase/transfer to the portfolio	(47 376)	48 549	0	0	(1 618)	(1 243 797)
Change of valuation recognized in equity	0	0	0	0	0	179 820
Interest income and other of similar nature	0	0	0	0	820	379 343
Results on financial assets and liabilities held for trading	1 235	(709)	0	0	0	0
Result on non-trading financial assets mandatorily at fair value through profit or loss	0	0	54 971	(486)	196	0
Result on exchange differences	0	0	(2)	0	0	0
Balance as at 30.06.2025	**132 054**	**(133 822)**	**157 805**	**51 304**	**1 223**	**10 450 781**

	Valuation of derivatives - Indexes options	Valuation of derivatives - Options embedded in securities issued and deposits	Equity instruments	Debt securities	Loans and advances at fair value through profit or loss	Loans and advances at fair value through other comprehensive income
Balance as at 01.01.2024	**405 612**	**(414 200)**	**95 151**	**81 014**	**19 349**	**11 799 748**
Settlement/sell/purchase/transfer to the portfolio	(248 040)	251 045	(46 959)	0	(21 554)	(1 298 422)
Change of valuation recognized in equity	0	0	7 847	0	0	(160 097)
Interest income and other of similar nature	0	0	0	0	3 285	794 187
Results on financial assets and liabilities held for trading	20 623	(18 507)	0	0	0	0
Result on non-trading financial assets mandatorily at fair value through profit or loss	0	0	46 803	(29 224)	745	0
Result on exchange differences	0	0	(6)	0	0	0
Balance as at 31.12.2024	**178 195**	**(181 662)**	**102 836**	**51 790**	**1 825**	**11 135 416**

6. LEGAL RISK RELATED TO FOREIGN CURRENCY MORTGAGE LOANS

On June 30, 2025, the Bank had 20,294 loan agreements and additionally 2,305 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 courts (46% loans agreements before the courts of first instance and 54% loans agreements before the courts of second instance) with the total value of claims filed by the plaintiffs amounting to PLN 4,266.5 million and CHF 339.8 million (Bank Millennium portfolio: PLN 3,772.8 million and CHF 327.8 million and former Euro Bank portfolio: PLN 493.7 million and CHF 11.9 million). The original value of the portfolio of CHF agreements granted (the sum of tranches paid to customers), taking into account the exchange rate as at the date of disbursement of loan tranches, amounted to PLN 19.4 billion for 109.0 thousand loan agreements (Bank Millennium portfolio: PLN 18.3 billion for 103.8 and former Euro Bank portfolio: PLN 1.1 billion for 5.2 thousand loan agreements). Out of 20,294 BM loan agreements in ongoing individual cases 468 are also part of class action. From the total number of individual litigations against the Bank approximately 4,140 or 20% were submitted by borrowers that had already naturally or early fully repaid the loan or were converted to polish zloty at the moment of submission. Approximately another 860 cases correspond to loans that were fully repaid during the proceedings (as court proceedings are lengthy).

The claims formulated by the clients in individual proceedings primarily concern the declaration of invalidity of the contract and payment for reimbursement of paid principal and interest instalments as undue performance, due to the abusive nature of indexation clauses, or maintenance of the agreement in PLN with interest rate indexed to CHF Libor.

In addition, the Bank is a party to the group proceedings (class action) subject matter of which is to determine the Bank's liability towards the group members based on unjust enrichment (undue benefit) ground in connection with the foreign currency mortgage loans concluded. It is not a payment dispute. The judgment in these proceedings will not directly grant any amounts to the group members. The number of credit agreements currently covered by these proceedings is 1,559. Out of 1,559 loan agreements in class action 468 are also part of ongoing individual cases, 52 concluded settlements and 36 received final verdicts (invalidation of loan agreement). On 24 May 2022 the court issued a judgment on the merits, dismissing the claim in full. On 13 December 2022 the claimant filed an appeal against the judgment of 24 May 2022. On 25 June 2024 an appeal hearing was held, at which the Bank filed a motion to amend the composition of the group and exclude those group members who had entered into an amicable settlement. The court required the plaintiffs' attorneys to take a written position on the current composition of the group. On January 31, 2025, and then on: March 25, 2025, May 8, 2025 and June 6, 2025 the court issued orders setting aside the judgment and discontinuing the proceedings from the persons who entered into amicable settlements. Based on these orders, the number of credit agreements covered by the class action dropped from 3,273 to 1,559.

Until the end of 2019, 1,980 individual claims were filed against the Bank (in addition, 235 against former Euro Bank), in 2020 the number increased by 3,002 (265), in 2021 the number increased by 6,152 (422), in 2022 the number increased by 5,755 (407), in 2023 the number increased by 6,863 (645), in 2024 the number increased by 5,842 (656), while in the first half of 2025 the number increased by 2,110 (253).

Based on ZBP (the Polish Banking Association) data gathered from all banks having FX mortgage loans, vast majority of disputes were finally resolved against the banks. As far as Bank Millennium (incl. former Euro Bank portfolio) is concerned, from 2015 until the end of the first half of 2025, 12,303 cases were finally resolved (12,182 in claims submitted by clients against the Bank and 121 in claims submitted by the Bank against clients i.e. debt collection cases) out of which 3,732 were settlements, 110 were remissions, 81 rulings were favourable for the Bank and 8,380 were unfavourable including both invalidation of loan agreements as well as conversions into PLN+LIBOR. The Bank undertakes proper legal actions in order to secure repayment of initially disbursed capital of the loan.

The outstanding gross balance of the loan agreements under individual court cases and class action against the Bank (incl. former Euro Bank portfolio) on 30 June 2025 was CHF 1,047 million (of which the outstanding amount of the loan agreements under the class action proceeding was CHF 70 million).

If all Bank Millennium's originated loan agreements currently under individual and class action court proceedings would be declared invalid without any compensation for the use of capital, the pre-tax cost could reach PLN 6,951 million. Overall losses would be higher or lower depending on the final court jurisprudence in this regard and the consideration of additional costs in the court verdicts.

In the first half of the year 2025, the Bank created PLN 920,4 million of provisions for Bank Millennium originated portfolio and PLN 98,2 million for the former Euro Bank originated portfolio. The balance sheet value of provisions for the Bank Millennium portfolio at the end of June 2025 was PLN 7 391,1 million, and for the former Euro Bank portfolio - PLN 777,9 million.

The methodology developed by the Bank of calculating provisions for legal risk involved with indexed loans is based on the following main parameters resulting from historical observations or expert assumptions::

(i) the number of ongoing cases (including class action agreements) and potential future lawsuits;

(ii) As regards the number of future court cases, the Bank monitors customer behaviors, analyzes their willingness to sue the Bank, including due to economic factors and applies the following assumptions:
   a. regarding active loans (i.e., loans with an outstanding balance), the Bank estimates that approximately 13% of clients with active loans as of 30 June 2025 (respectively it was 12% as at 31 December 2024) will neither sign an out-of-court settlement nor decide to file a lawsuit;
   b. regarding loans already fully repaid or converted to polish zloty, the Bank attributes a much lower probability of becoming the subject of a court case, Bank anticipates that approximately 2,5 thousand may result in future litigation initiated by the borrowers;

(iii) the amount of the Bank's potential loss in the event of a specific court ruling, including estimated statutory interest, is based on values derived from historical observations. However, due to changes, among others, in case law (including, for example, the CJEU ruling of 19 June 2025) and in the litigation strategies of both clients and the Bank, the Bank expects that this assumption may lead to volatility in future periods.;

(iv) the probability of obtaining a specific court judgement calculated on the basis of statistics of judgments in cases where the Bank is a party;

(v) estimates involved with amicable settlements with clients, concluded in court or out of court:
   a. the bank assumes a 12% probability of success in concluding a settlement as part of negotiations conducted with clients in the course of court proceedings,
   b. negotiations are conducted on a case-by-case basis and can be stopped at any time by the Bank,
   c. due to significant negotiation efforts already made in the past, the probability of success in these negotiations in the future is decreasing, and at the same time most customers have already contacted the Bank regarding the possible conversion of loans into PLN.

The Bank is open to negotiate case by case conditions for early repayment or conversion of loans to PLN. As a result of these negotiations, the number of active FX mortgage loans originated by Bank Millennium decreased by 28,069. As of the end of the first half of 2025, the Bank had 20,256 active FX mortgage loans. Cost incurred in conjunctions with these negotiations totaled PLN 2 701,6 million.

Legal risk from former Euro Bank portfolio is fully covered by Indemnity Agreement with Société Générale S.A.

On December 8, 2020, Mr. Jacek Jastrzębski, the Chairman of the Polish Financial Supervision Authority ("PFSA") proposed a "sector" solution to address the sector risks related to FX mortgages. The solution would consist in offering banks' clients a voluntary possibility of concluding arrangements based on which a client would settle a CHF Mortgage Loan as if it was a PLN loan bearing interest at an appropriate WIBOR rate increased by the margin historically employed for such loans. The Bank in practice has been using elements of the proposal of above system solution on many individual negotiations with FX mortgage borrowers, including in the course of court proceedings.

Due to the circumstances stemming from the CJEU which excludes demanding by the Bank amounts exceeding the return of disbursed capital, the possibility of successful implementation of a general offer of KNF solution is low.

It can reasonably be assumed that the legal issues relating to foreign currency mortgage loans will be further examined by the domestic courts and the European Court of Justice which could potentially result in the further interpretations, that are relevant for the assessing of the risks associated with proceedings.

The issues related to the statute of limitations for the Bank's and the customer's restitutionary claims following the invalidation of a loan agreement remain an area that may be subject to further analysis in the jurisprudence of Polish courts. Legal interpretations in this subject may have an impact for the amount of provisions in the future.

There is a need for constant analysis of these matters. The Bank will have to regularly review and may need to continue to create additional provisions for FX mortgage legal risk, taking into consideration not only the above mentioned developments, but also the negative verdicts in the courts regarding FX mortgage loans and important parameters, such as the number of new customer claims, including those relating to repaid loan agreements.

A draft law on special solutions for the examination of cases concerning loan agreements denominated or indexed to the Swiss franc concluded with consumers has been published on the website of the Government Legislation Centre.

On July 1, 2025, the Ministry of Justice published a revised draft of the law. This draft will be subject to further legislative work.

The bill aims to create new regulations enabling courts to consider Swiss franc cases faster and more effectively. Its primary task is to relieve the judiciary, and thus increase the efficiency of the justice system and speed up the examination of Swiss franc cases.

Based on the information made public, the intention of the Ministry of Justice is for the regulations to come into force by the end of 2025.

At present, the Bank is unable to estimate the impact of the ongoing legislative work on the Bank's Financial Statements, but it does not alter the Bank's strategic approach, which remains focused on the amicable resolution of disputes with clients through the conclusion of settlement agreements.

The Court of Justice of the European Union and the Polish Supreme Court rulings relevant to risk assessment

Jurisprudence of the Court of Justice of the European Union

On 3 October 2019, the Court of Justice of the European Union (the CJEU) issued the judgment in Case C-260/18 in connection with the preliminary questions formulated by the District Court of Warsaw in the case against Raiffeisen Bank International AG. The judgment of the CJEU, as regards the interpretation of European Union law made therein, is binding on domestic courts. The judgment in question interpreted Article 6 of Directive 93/13. In the light of the subject matter judgment the said provision must be interpreted in such a way that (i) the national court may invalidate a credit agreement if the removal of unfair terms detected in this agreement would alter the nature of the main subject-matter of the contract; (ii) the effects for the consumer's situation resulting from the cancellation of the contract must be assessed in the light of the circumstances existing or foreseeable at the time when the dispute arose and the will of the consumer is decisive as to whether he wishes to maintain the contract; (iii) Article 6 of the Directive precludes the filling-in of gaps in the contract caused by the removal of unfair terms from the contract solely on the basis of national legislation of a general nature or established customs; (iv) Article 6 of the Directive precludes the maintenance of unfair terms in the contract if the consumer has not consented to the maintenance of such terms. It can be noticed the CJEU found doubtful the possibility of a credit agreement being performed further in PLN while keeping interest calculated according to LIBOR.

The CJEU judgment concerns only the situation where the national court has previously found the contract term to be abusive. It is the exclusive competence of the national courts to assess, in the course of judicial proceedings, whether a particular contract term can be regarded as abusive in the circumstances of the case.

On 29 April 2021, the CJEU issued the judgement in the case C-19/20 in connection with the preliminary questions formulated by the District Court in Gdańsk in the case against of ex-BPH S.A., the CJEU said that:

(i) it is for the national court to find that a term in a contract is unfair, even if it has been contractually amended by those parties. Such a finding leads to the restoration of the situation that the consumer would have been in in the absence of the term found to be unfair, except where the consumer, by means of amendment of the unfair term, has waived such restoration by free and informed consent. However, it does not follow from Council Directive 93/13 that a finding that the original term is unfair would, in principle, lead to annulment of the contract, since the amendment of that term made it possible to restore the balance between the obligations and rights of those parties arising under the contract and to remove the defect which vitiated it;
(ii) the national court may remove only the unfair element of a term in a contract concluded between a seller or supplier and a consumer where the deterrent objective pursued by Council Directive 93/13 is ensured by national legislative provisions governing the use of that term, provided that that element consists of a separate contractual obligation, capable of being subject to an individual examination of its unfair nature. At the same time, provisions of the Directive preclude the referring court from removing only the unfair element of a term in a contract concluded between a seller or supplier and a consumer where such removal would amount to revising the content of that term by altering its substance;
(iii) the consequences of a judicial finding that a term if a contract concluded between a seller or supplier and a consumer is unfair are covered by national law and the question of continuity of the contract should be assessed by the national court of its own motion in accordance with an objective approach on the basis of those provisions;
(iv) the national court, finding that a term in a contract concluded between a seller or supplier and a consumer is unfair, shall inform the consumer, in the context of the national procedural rules after both parties have been heard, of the legal consequences entailed by annulment of the contract, irrespective of whether the consumer is represented by a professional representative.

On November 18, 2021, the Court of Justice of the European Union (CJEU) issued a judgment in case C-212/20 in connection with questions submitted by the District Court for Warsaw Wola in Warsaw in the case against Raiffeisen Bank International AG. The CJEU stated that:

(i) the content of the clause of the loan agreement concluded between the entrepreneur and the consumer fixing the purchase and sale price of the foreign currency to which the loan is indexed should, on the basis of clear and comprehensible criteria, enable the consumer who is reasonably well informed and sufficiently observant and rational to understand how the exchange rate of the foreign currency used to calculate the amount of the loan instalments is determined, so that the consumer is able to determine himself at any time the exchange rate used by the entrepreneur;

(ii) a national court which has found that a term of the agreement concluded between an entrepreneur and a consumer is unfair cannot interpret that term in order to mitigate its unfairness, even if such an interpretation would correspond to the common will of the parties.

On 10 June 2021, the Court of Justice of the European Union (CJEU) issued an order in case C-198/20 in connection with questions submitted by the District Court for Warsaw Wola in Warsaw in the case against Santander Bank Polska SA. The CJEU stated that the protection provided for in Council Directive 93/13/EEC is granted to all consumers, not just those who can be considered to be “duly informed and reasonably observant and circumspect average consumer”.

On 8 September 2022, the Court of Justice of the European Union (CJEU) issued a judgment in joined cases C-80/21, C-81/21, C-82/21 in connection with questions submitted by the District Court for Warsaw Śródmieście in Warsaw in cases against Deutsche Bank SA and mBank SA. The CJEU stated that:

(i) a national court may find that the parts of a contractual term of the agreement concluded between a consumer and an entrepreneur which render it unfair are unfair, if such a deletion would not amount to a change in the content of that term that affects its substance, which is for the referring court to verify;
(ii) a national court cannot, after annulling an unfair term contained in an agreement concluded between a consumer and an entrepreneur which does not render the agreement invalid in its entirety, replace that term with a supplementary provision of the national law;
(iii) a national court may not, after having declared invalid an unfair term contained in an agreement concluded between a consumer and an entrepreneur which entails the invalidity of that agreement in its entirety, replace the contractual term which has been declared invalid either by interpretation of the parties' declaration of intent in order to avoid the cancellation of that agreement or by a provision of national law of a supplementary nature, even if the consumer has been informed of the effects of the invalidity of that agreement, and accepted them;
(iv) the ten-year limitation period for a consumer's claim seeking reimbursement of sums unduly paid to the entrepreneur in performance of an unfair term of a loan agreement does not start to run on the date of each performance made by the consumer if the consumer was not able on that date to assess on his own the unfairness of the contractual term or if he had not become aware of the unfair nature of that term and without taking into account the circumstances that the agreement provided for a repayment period – in this case thirty years – well in excess of the ten-year statutory limitation period.

On March 16, 2023, the Court of Justice of the European Union issued a judgment in a case registered under case number C-6/22, following preliminary questions submitted by the District Court for Warsaw-Wola in a case against the former Getin Noble Bank S.A. In the judgment, the CJEU ruled that:

(i) in the event that a contract concluded between a consumer and a seller or supplier is declared invalid because one of its terms is unfair, it is for the Member States, by means of their national law, to make provision for the effects of that invalidation, in compliance with the protection granted to the consumer by that directive, in particular, by ensuring the restoration of the legal and factual situation that he or she would have been in if that unfair term had not existed;

(ii) a national court is not allowed:

   a. to examine of its own motion, without any prerogative conferred on it by national law in that regard, the financial situation of a consumer who has sought the invalidation of the contract between him or her and a seller or supplier on account of the presence of an unfair term without which the contract cannot legally continue to exist, even if that invalidation is liable to expose the consumer to particularly unfavorable consequences and

   b. to refuse to declare that invalidation where the consumer has expressly sought it, after being objectively and exhaustively informed of the legal consequences and the particularly unfavorable financial consequences which it may have for him or her;

(iii) a national court is not allowed, after it has found that a term in a contract concluded between a seller or supplier and a consumer is unfair, to fill gaps resulting from the removal of the unfair term contained therein by the application of a provision of national law which cannot be characterised as a supplementary provision. However, it is for the national court, taking account of its domestic law as a whole, to take all the measures necessary to protect the consumer from the particularly unfavorable consequences which annulment of the contract might entail for him or her.

On June 8, 2023, the Court of Justice of the European Union issued a judgment in a case registered under case number C-570/21, following preliminary questions submitted by the District Court in Warsaw in a case against the former Getin Noble Bank S.A. In the judgment, the CJEU ruled that:

(i) provisions of Council Directive 93/13 must be interpreted as meaning that the concept of 'consumer', within the meaning of that provision, covers a person who has concluded a loan contract intended for a purpose in part within and in part outside his or her trade, business or profession, together with a joint-borrower who did not act within his or her trade, business or profession, where the trade, business or professional purpose is so limited as not to be predominant in the overall context of that contract;
(ii) provisions of Directive 93/13 must be interpreted as meaning that in order to determine whether a person falls within the concept of 'consumer', within the meaning of that provision, and, specifically, whether the trade, business or professional purpose of a loan contract concluded by that person is so limited as not to be predominant in the overall context of that contract, the referring court is required to take into consideration all the relevant circumstances surrounding that contract, both quantitative and qualitative, such as, in particular, the distribution of the borrowed capital between, on the one hand, a trade, business or profession and, on the other hand, a non-professional activity and, where there are several borrowers, the fact that only one of them is pursuing a professional purpose or that the lender made the grant of credit intended for consumer purposes conditional on a partial allocation of the amount borrowed to the repayment of debts connected with a trade, business or profession.

On June 15, 2023, the Court of Justice of the European Union issued a judgment in a case registered under case number C-287/22, following preliminary questions submitted by the District Court in Warsaw in a case against the former Getin Noble Bank S.A. In the judgment, the CJEU ruled that provisions of the Directive 93/13 must be interpreted as precluding national case-law according to which a national court may dismiss an application for the grant of interim measures lodged by a consumer seeking the suspension, pending a final decision on the invalidity of the loan agreement concluded by that consumer on the ground that that loan agreement contains unfair terms, of the payment of the monthly instalments due under that loan agreement, where the grant of those interim measures is necessary to ensure the full effectiveness of that decision.

On June 15, 2023, the CJEU issued a judgment in a case registered under case number C-520/21, following preliminary questions submitted by the District Court in Warsaw in a case against Bank Millennium, in which indicated that Directive 93/13 does not expressly regulate the consequences of invalidity of a contract concluded between a credit institution and a consumer after the removal of unfair terms contained therein. The CJEU stated that:

(i) the provisions of the Directive 93/13 do not preclude a judicial interpretation of national law, according to which the consumer has the right to demand compensation from the credit institution beyond the reimbursement of monthly instalments and costs paid for the performance of this contract and the payment of statutory default interest from the date of the request for payment provided that the objectives of Directive 93/13 and the principle of proportionality are respected;
(ii) the provisions of Directive 93/13 preclude the judicial interpretation of national law, according to which a credit institution has the right to demand compensation from the consumer that goes beyond the return of the capital paid for the performance of this contract and beyond the payment of statutory default interest from the date of the request for payment.

On September 21, 2023, the CJEU issued a judgement in a case registered under case number C-139/22, following preliminary questions submitted by the District Court in Warsaw in a case against mBank. The CJEU stated that:

(i) provisions of the Directive 93/13 must be interpreted as not precluding a contractual term which has not been individually negotiated from being regarded as unfair by the national authorities concerned merely by virtue of the fact that its content is equivalent to that of a standard contract term entered in the national register of standard business terms held to be unlawful;
(ii) the contractual term which, because of the circumstances for the performance of certain obligations of the consumer concerned provided for in that term, must be regarded as unfair, may not cease to be considered unfair on account of another term of that contract which provides for the possibility for that consumer to perform those obligations under different circumstances;
(iii) a seller or supplier is obliged to inform the consumer concerned of the essential characteristics of the contract concluded with that seller or supplier and the risks associated with that contract, even though that consumer is its employee and has relevant knowledge in the field of the contract.

On December 7, 2023, the CJEU issued the judgement in the case C-140/22 in connection with the preliminary questions formulated by the District Court in Warsaw in the case against of mBank S.A. The Court stated that provisions of the Directive 93/13 must be interpreted as meaning that, in the context of the cancellation, in its entirety, of a mortgage loan agreement concluded with a consumer by a banking institution on the ground that that agreement contains an unfair term without which it cannot continue in existence:

(i) they preclude the judicial interpretation of national law according to which the exercise of the rights which that consumer draws from that directive is conditional on the lodging, by that consumer, before a court, of a declaration by which he or she states, first, not to consent to that unfair term remaining effective, secondly, to be aware of the fact that the nullity of that term entails the cancellation of that agreement and, moreover, of the consequences of that cancellation and, thirdly, to consent to the cancellation of that agreement;
(ii) they preclude the compensation sought by the consumer concerned in respect of the restitution of the sums paid by him or her in the performance of the agreement at issue being reduced by the equivalent of the interest which that banking institution would have received if that agreement had remained in force.

The Court of Justice of European Union by an order of December 11, 2023, closed the case registered under case number C-756/22 initiated by the District Court in Warsaw in the case brought by Bank Millennium and ruled that the provisions of Directive 93/13 must be interpreted as meaning that, in the context of declaring a mortgage loan agreement concluded with a consumer by a banking institution to be invalid in its entirety on the grounds that, that the contract contains unfair terms without which it cannot be continued, they preclude a judicial interpretation of the law of a Member State according to which that institution is entitled to recover from that consumer amounts other than the capital paid in performance of that contract and statutory interest for delay from the time of the demand for payment.

On December 14, 2023, the CJEU issued the judgement in the case C-28/22 in connection with the preliminary questions referred by the District Court in Warsaw in the case of ex-Getin Noble Bank S.A. The Court stated that:

(i) provisions of Directive 93/13 read in the light of the principle of effectiveness must be interpreted as precluding a judicial interpretation of national law according to which, following the cancellation of a mortgage loan agreement concluded with a consumer by a seller or supplier, on account of unfair terms contained in that agreement, the limitation period for the claims of that seller or supplier stemming from the nullity of that agreement starts to run only as from the date on which the agreement becomes definitively unenforceable, whereas the limitation period for the claims of that consumer stemming from the nullity of that agreement begins to run as from the day on which the consumer became aware, or should reasonably have become aware, of the unfair nature of the term entailing such nullity;

(ii) provisions of the Directive 93/13 must be interpreted as not precluding a judicial interpretation of national law according to which it is not for a seller or supplier who has concluded a mortgage loan agreement with a consumer to ascertain whether the consumer is aware of the consequences of the removal of the unfair terms contained in that agreement or of that agreement being no longer capable of continuing in existence if those terms were removed;

(iii) provisions of the Directive 93/13, read in the light of the principle of effectiveness, must be interpreted as precluding a judicial interpretation of national law according to which, where a mortgage loan agreement concluded with a consumer by a seller or supplier is no longer capable of continuing in existence after the unfair terms in that agreement have been removed, that seller or supplier may rely on a right of retention which allows him or her to make the restitution of the sums which it has received from that consumer conditional on that consumer making an offer to repay the sums which he or she has himself or herself received from that seller or supplier or to provide a security for the repayment of those sums, where the exercise by that seller or supplier of that right of retention entails the loss, for that consumer, of the right to obtain default interest as from the expiry of the time limit set for performance by the seller or supplier concerned, following receipt by that seller or supplier of a request to repay the sums he or she had been paid in performance of that agreement.

The Court of Justice of the European Union by an order of January 15, 2024, closed the case registered under case number C-488/23 following a question from the District Court of Warsaw, indicating that the right of a financial institution to demand the valorization of the disbursed capital after a loan agreement has been declared invalid was excluded in the judgment of June 15, 2023 issued in case C-520/21.

On January 18, 2024, the CJEU issued the judgement in the case C-531/22 in connection with the preliminary questions referred by the District Court in Warsaw in the case of ex-Getin Noble Bank S.A. The Court stated that:

(i) the provisions of Directive 93/13 preclude national legislation which provides that a national court may not examine of its own motion the potentially unfair nature of the terms contained in a contract and draw the consequences thereof, where it is supervising enforcement proceedings carried out on the basis of a final decision to issue an order for payment which is subject to res judicata:

  a. if the regulations do not provide for such an examination at the stage of issuing a payment order, or

  b. if such examination is provided for only at the stage of opposition to the order for payment in question, provided that there is a significant risk that the consumer in question will not file the required opposition either because the time limit specified for this purpose is very short, or because of the cost of the proceedings before the court in relation to the amount of the disputed debt, or because the national legislation does not provide for the obligation to provide that consumer with all the information necessary for him to establish the extent of his rights;

(ii) the provisions of Directive 93/13 do not preclude national case law according to which the entry of a term of a contract in a national register of prohibited clauses has the effect of declaring that term unfair in any proceedings involving a consumer, including against a trader other than the one against whom proceedings for the entry of the said term in that national register were pending, and where that term does not have the same wording as the term entered in the said register, but has the same meaning and has the same effect with respect to the consumer in question.

By decision of 3 May 2024, the Court of Justice of the European Union closed the case registered under case no. C-348/23 following a question from the District Court in Warsaw, indicating that they preclude the recognition that the legal effects related to the declaration of invalidity of the contract are conditional on the fulfilment by the consumer of the condition precedent for that consumer to make a declaration before the national court, that it does not agree to maintain the contractual term in force and that it is aware that the invalidity of the said term entails the annulment of the loan agreement and its effects and that it consents to the annulment of the agreement.

By decision of 8 May 2024, the Court of Justice of the European Union closed the case registered under case no. C-424/22 as a result of a question from the Regional Court in Kraków, indicating that they preclude the application by a financial institution of the right of retention which makes the consumer's receipt of the amounts awarded to him by the court conditional on the consumer's simultaneous offer of reimbursement or security for the return of the entire benefit received from that financial institution.

On June 19, 2025, the Court of Justice of the European Union issued a judgment in Case C-396/24 following preliminary questions referred by the District Court in Krakow in the case . The Court held that:

(i) Article 7(1) of Council Directive 93/13/EEC of 5 April 1993 on unfair terms in consumer contracts must be interpreted as meaning that: It precludes national case-law according to which, where a term of a loan agreement found to be unfair leads to the invalidity of that agreement, the trader is entitled to demand from the consumer the return of the entire nominal amount of the loan granted, regardless of the amounts repaid by the consumer under that agreement and regardless of the remaining amount to be repaid.

(ii) Article 7(1) of Directive 93/13 must be interpreted as meaning that: It precludes national provisions under which, in the event of the consumer acknowledging the trader's claim for the return of amounts paid under a loan agreement found to be invalid due to an unfair term contained therein, the court hearing the case is required ex officio to give the judgment upholding that claim immediate enforceability, unless national law allows that court to take all necessary measures to protect the consumer from particularly harmful consequences that may result from giving such enforceability to that judgment.

Jurisprudence of the Polish Supreme Court

On 7 May 2021, the Supreme Court composed of 7 judges of the Supreme Court, issued a resolution for which the meaning of legal principle has been granted, stating that:

(i) an abusive contractual clause (art. 385(1) § 1 of the Civil Code), by force of the law itself, is ineffective to the benefit of the consumer who may consequently give conscious and free consent to this clause and thus restore its effectiveness retroactively;

(ii) if without the ineffective clause the loan agreement cannot bind, the consumer and the lender shall be eligible for separate claims for return of monetary performances made in exercising this agreement (art. 410 § 1 in relation to art. 405 of the Civil Code). The lender may demand return of the performance from the moment the loan agreement becomes permanently ineffective.

On April 28, 2022 the Supreme Court issued a resolution (III CZP 40/22) in which it indicated that in disputes with consumers, the provision of Article 358(1) of the Civil Code is a special provision to Article 353(1) of the Civil Code, which means that if the prerequisites for the application of both provisions exist, the court should apply the special provision and declare the contractual provision permanently ineffective, rather than invalid. This decision of the Supreme Court should be perceived as significantly limiting the risk of the bank's claims for return of capital being time-barred.

The effect of the Supreme Court's resolution of 7 May 2021 is that the bank is entitled to a refund of the cash benefit provided by the bank in performance of a permanently ineffective contract. Taking into account the uncertainty as to the starting point of the limitation period for the bank's claims, the Bank, in order to protect its interests, files lawsuits for payment against borrowers in a court dispute with the Bank and in other circumstances where such risk may exist. The Bank's demand consists of a claim for return of the capital made available to the borrower under the contract. By 30 June 2025 the Bank filed 16,063 lawsuits against the borrowers.

On 25 April 2024, a session of the Civil Chamber of the Supreme Court was held to answer questions formulated by the First President of the Supreme Court, published on 29 January 2021, on key issues related to FX mortgage loan agreements. The Supreme Court, composed of the entire Civil Chamber, adopted a resolution having the force of a legal principle, in which it stated that:

(i) When finding that a provision of an indexed or denominated credit agreement relating to the manner of determining the foreign currency exchange rate constitutes an unfair contractual provision and is not binding, then in currently existing legal situation it cannot be stated that such a provision could be replaced by another formula of defining the foreign currency exchange rate resulting from law or custom.
(ii) In case of impossibility to determine the foreign currency exchange rate binding the parties in the indexed or denominated loan agreement, the agreement is not binding also in the remaining scope.
(iii) If, in the performance of a credit agreement which is not binding due to the unfair nature of its provisions, the bank has disbursed to the borrower all or part of the amount of the credit and the borrower has made repayments of the credit, independent claims for repayment of the undue performance shall arise in favor of each party.
(iv) If a credit agreement is not binding due to the unfair nature of its provisions, the statute of limitations of the bank's claim for repayment of amounts disbursed under the credit shall, as a rule, start to run from the day following the day on which the borrower challenges being bound by the provisions of agreement.
(v) If a credit agreement is not binding due to the unfair nature of its provisions, there shall be no legal basis for any party to claim interest or other remuneration because of using party's pecuniary means during the period from the provision of undue benefit until the delay in the return of this benefit.

On 19 June 2024, the Supreme Court issued a resolution by a panel of 7 Supreme Court judges (III CZP 31/23) stating that:

The right of retention (Article 496 of the Civil Code) does not apply to the party that can set off its claim against the claim of the other party.

On 28 February 2025, the Supreme Court issued a resolution of 7 judges of the Supreme Court (III CZP 126/22), in which it stated that:

(i) A bank loan agreement (Article 69(1) of the Banking Law Act of 29 August 1997) is a mutual agreement within the meaning of Article 487 § 2 of the Civil Code.

On 5 March 2025 the Supreme Court issued a resolution by a panel of 7 Supreme Court judges (III CZP 37/24), in which it stated that:

(i) In the event of a claim for repayment from a bank of a consideration fulfilled on the basis of a credit agreement which has proved to be invalid, the bank is not entitled to the right of retention under Article 496 in connection with Article 497 of the Civil Code.

On May 15, 2025, the Supreme Court issued a resolution by a panel of 7 Supreme Court judges (III CZP 22/24), in which it indicated that:

(i) Under the legal state in force until June 30, 2022, a request for a settlement attempt interrupted the limitation period of the claim, unless the circumstances of making this action indicate that it was not undertaken directly for the purpose of pursuing or determining, or satisfying or securing the claim (Article 123 § 1 point 1 of the Civil Code).

Due to the CJEU jurisprudence interpreting the causes and effects of invalidity of foreign currency mortgage loan agreements as well as above indicated resolution of the Civil Chamber of the Supreme Court, the area of interpretation of regulations by Polish courts in this respect appears to be limited. However, further jurisprudential practice of the Polish courts will play certain role in practical realisation of the CJEU's and the Supreme Court’s guidance.

7. ADDITIONAL INFORMATION

7.1. ISSUE, REDEMPTION OR REPAYMENT OF DEBT OR EQUITY INSTRUMENTS

Issued debt securities movements

	01.01.2025 – 30.06.2025	01.01.2024 – 31.12.2024
Balance at the beginning of the period	5 030 166	3 027 952
Increases, on account of:	212 402	2 502 429
issue of bonds by the Bank	0	2 131 700
valuation of the Bank's bonds designated to fair value hedged relationship	0	3 159
interest accrual	212 402	367 570
Reductions, on account of:	(111 980)	(500 215)
redemption of the Bank's bonds	(26 000)	(128 731)
other changes in carrying amount - (including exchange rate differences)	(30 699)	(32 701)
valuation of the Bank's bonds designated to fair value hedged relationship	(297)	0
interest payment	(54 984)	(338 783)
Balance at the end of the period	**5 130 588**	**5 030 166**

7.2. CAPITAL MANAGEMENT

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) meeting the requirements specified in external regulations (regulatory capital adequacy) and (b) ensuring the solvency in normal and stressed conditions (economic capital adequacy/internal capital). Completing that goal, the 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, considering 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.

The Bank and the Group are obliged by law to meet minimum own funds and leverage ratio requirements, set in art. 92 of the Regulation (EU) 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions as amended and amending Regulation (EU) No 648/2012 (CRR II). At the same time, the following levels, recommendations, and buffers were included in capital limits/targets setting:

- Pillar II FX mortgage loans buffer (P2R buffer) - KNF decisions from January and February 2025 setting that buffer at 0.0%;
- Combined buffer – defined in Act on macro prudential 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 each year,
  - Systemic risk buffer at the level of 0%, reduced from 3% in March 2020,
  - Countercyclical buffer at the 0% level. In accordance with the Regulation of Ministry of Finance, countercyclical buffer at 1% will be introduced from the 25th September, 2025, and then elevated to 2% from the 25th September, 2026.

In December 2024, the Bank received the letter from PFSA informing on non-imposing an additional capital charge ("P2G").

Capital adequacy of the Bank was as follows (PLN mn, %, pp):

Capital adequacy	30.06.2025	31.12.2024
Risk-weighted assets	46 725,63	40 928,26
Own Funds requirements, including:	3 738,05	3 274,26
- Credit risk and counterparty credit risk	2 712,73	2 773,83
- Market risk	30,37	19,81
- Operational risk	966,60	478,00
- Credit Valuation Adjustment CVA	28,36	2,61
Own Funds, including:	7 608,40	7 352,52
Common Equity Tier 1 Capital	6 672,09	6 264,59
Tier 2 Capital	936,31	1 087,93
Total Capital Ratio (TCR)	**16,28%**	**17,96%**
Tier 1 Capital ratio (T1)	**14,28%**	**15,31%**
Common Equity Tier 1 Capital ratio (CET1)	**14,28%**	**15,31%**
Leverage ratio	**4,76%**	**4,67%**

Capital adequacy showed as surpluses/deficits on required or recommended levels is presented in the below table.

Capital adequacy	30.06.2025	31.12.2024
Total Capital ratio (TCR)	16,28%	17,96%
Minimum required level (OCR)	10,75%	12,22%
Surplus(+) / Deficit(-) of TCR capital adequacy (p.p.)	5,53%	5,74%
Minimum recommended level TCR (OCR+P2G)	10,75%	13,81%
Surplus(+) / Deficit(-) on recommended level (p.p.)	5,53%	4,15%
Tier 1 Capital Ratio (T1)	13,75%	14,82%
Minimum required level (OCR)	8,75%	9,85%
Surplus(+) / Deficit(-) of T1 capital adequacy (p.p.)	5,00%	4,97%
Minimum recommended level (OCR+P2G)	8,75%	11,44%
Surplus(+) / Deficit(-) on recommended level (p.p.)	5,00%	3,38%
Common Equity Tier 1 Capital Ratio (CET1)	13,75%	14,82%
Minimum required level (OCR)	7,25%	8,07%
Surplus(+) / Deficit(-) of CET1 capital adequacy (p.p.)	6,50%	6,75%
Minimum recommended level (OCR+P2G)	7,25%	9,66%
Surplus(+) / Deficit(-) on recommended level (p.p.)	6,50%	5,16%
Leverage ratio	4,76%	4,67%
Minimum required level	3,00%	3,00%
Surplus(+) / deficit (-) on leverage ratio (p.p.)	1,76%	1,67%

In Q2 2025, capital ratios of the Bank decreased – the Tier 1 capital ratio (equal to the Common Equity Tier 1 capital ratio) by 161 bps, and the total capital ratio by 201 bps. Tier 1 capital (CET1) remained virtually unchanged – it decreased by PLN 29 million (0.04%). Own funds decreased by PLN 105 million (1.4%), primarily due to a PLN 76 million decrease in Tier 2 capital, which is related to the normal shortening of the maturities of issued subordinated bonds.

Capital requirements increased by 10.8% (PLN 364 million), with operational risk requirements increasing by PLN 300 million (45.1%) and credit risk requirements by PLN 55 million. The significant increase in operational risk capital requirements resulted from methodological changes resulting from the implementation of the regulatory technical standards on operational risk published in June 2025 under CRR III regarding CHF mortgage classified IFRS 9 provisions and cost of settlements, that were now included in the calculation of the capital requirements. Bank no longer presents a range for the impact of implementation of CRR III.

With the incorporation of the 1st half net income (Bank sent request to PFSA for authorization) in Own Funds, the Tier 1 ratio would have been 15.00%, an improvement of more than 1 percentage point.

In Q2 2025 financial leverage decreased slightly (4.76% versus 4.88%). The surplus over regulatory minimum of 3% is equal to 176 bps.

The minimum capital ratios required by the KNF in terms of the overall buffer requirement (OCR) including the additional P2G capital charge are achieved with a surplus at the end of the second quarter of 2025.

MREL requirements

The Bank manages MREL indicators in a manner analogous to capital adequacy management.

In terms of the MRELtrea and MRELtem requirements, the Group presents a surplus compared to the minimum required levels as of June 30, 2025, and also meets the MRELtrea Requirement after the inclusion of the Combined Buffer Requirement.

MREL	30.06.2025	31.12.2024
MRELtrea ratio	**25.27%**	**28.06%**
Minimum required level MRELtrea	15.36%	18.03%
Surplus(+) / Deficit(-) of MRELtrea (p.p.)	9.91 p.p.	10.0 p.p.
Minimum required level including Combined Buffer Requirement (CBR)	18.11%	20.78%
Surplus(+) / Deficit(-) of MRELtrea+CBR (p.p.)	7.16 p.p.	7.28 p.p.
MRELtem ratio	**8.56%**	**8.71%**
Minimum required level of MRELtem	5.91%	5.91%
Surplus(+) / Deficit(-) of MRELtem (p.p.)	2.65 p.p.	2.80 p.p.

In May 2025, the Bank received a letter from the Bank Guarantee Fund regarding the joint decision of the Single Resolution Board (SRB) and the BFG obliging the Bank to meet the communicated MRELtrea requirements in the amount of 15,36% (previously 18.03% in the decision received June 2023) and 14.15% taking into account the subordination criterion and MRELtem requirements in the amount of 5.91% (as in the decision received in 2024) and 5.54% taking into account the subordination criterion.

7.3. OFF BALANCE SHEET ITEMS

Structure of off-balance sheet liabilities was as follows:

Amount '000 PLN	30.06.2025	31.12.2024
Commitments granted:	17 058 212	14 869 414
- financial	15 227 206	13 155 721
- guarantee	1 831 007	1 713 693
Commitments received:	3 181 290	3 047 096
- financial	120	346
- guarantee	3 181 170	3 046 750

7.4. REFORM OF BENCHMARKS

WIBOR

In May 2022, the Polish government announced that WIBOR would be replaced by a different rate from 1 January 2023. In June 2022, a Working Group was established, including commercial banks, GPW Benchmark (Administrator of WIBOR), KNF.

In July 2022, the National Working Group on Reference Rate Reform (NWG) was established in connection with the planned reform of reference rates in Poland. The objective of the NGR's work to introduce a new interest rate benchmark and replace the currently used WIBOR index with it while ensuring the compliance with BMR, including in particular ensuring credibility, transparency and reliability in the development and application of the new benchmark.

The National Working Group involves representatives of the Ministry of Finance, the National Bank of Poland, the Office of the Financial Supervision Authority, the Bank Guarantee Fund, the Polish Development Fund, the Warsaw Stock Exchange, the National Depository for Securities, Bank Gospodarstwa Krajowego, the GPW Benchmark, as well as representatives of credit institutions, i.e. in particular, banks, financial institutions, including investment funds, insurance companies, factoring and leasing companies, entities that are bond issuers, including corporate and municipal bonds, clearing houses.

The work of the National Working Group is coordinated and supervised by a Steering Committee including representatives of key institutions: Financial Supervision Authority, the National Bank of Poland, the Ministry of Finance, the Bank Guarantee Fund, as well as the GPW Benchmark - the administrator of the reference rates, BondSpot S.A - and the Polish Bank Association (Polish: Związek Banków Polskich).

The NWG's activities are executed in a project formula, where project streams have been identified and where Bank Millennium representatives are actively contributing to the work.

The Bank uses the WIBOR reference rate in the following products (in PLN million as of 30 June 2025):

- mortgage loans: **18,567.92** mortgage loans based on WIBOR (excluding **13,776.45** mortgage loans currently with temporary fixed rate where the clients have the option to switch to variable rate indexed to WIBOR after the end of such temporary fixed rate initial period);
- loan products, factoring and corporate discounting products: **13,738.14**;
- debt instruments **(13,656.49)**;
    - Assets: 11,549.72
    - Liabilities: 2,106.77
- derivative instruments: **16,994.91**

The Bank also applies instruments based on WIBOR benchmarks in hedge accounting, details of the hedging relationships used by the Group, the items designated as hedged and hedging and the presentation of the result on these transactions are presented in Note 16 "Derivatives - Hedge accounting" in Chapter 4 "Notes to consolidated financial data" of Condensed interim consolidated financial statements of Bank Millennium S.A..

The National Working Group initially selected the WIRON index to become the key interest rate benchmark under the BMR and to be used in financial contracts, financial instruments and as the preferred alternative benchmark to WIBOR.

On 29 March 2024, the Steering Committee of the National Working Group for benchmark reform unanimously decided to commence a review and analysis of risk-free-rate (RFR) replacement choices for WIBOR benchmark, including both WIRON and other possible interest rate indices or benchmarks. Two rounds of public consultation were subsequently launched.

In December 2024, the Steering Committee of the National Working Group made a decision to select the proposed index with the technical name WIRF. The index was ultimately named POLSTR (Polish Short Term Rate). The successor to WIBOR, POLSTR (Polish Short Term Rate), is a reference rate based on actual transactions—specifically, overnight unsecured deposits made between the largest domestic credit institutions and financial institutions.

On March 28, 2025, the Steering Committee of the National Working Group approved the updated Roadmap for the process of replacing the WIBOR and WIBID reference rates and confirmed the final conversion date at the end of 2027. On June 2, 2025 official designation of the POLSTR (Polish Short Term Rate) Interest Rate Index and the indices from the POLSTR Composite Index Family has begun. The administrator of POLSTR is GPW Benchmark SA. Work will be conducted to update analytical documents and recommendations developed so far by the National Working Group on reference rate reforms (NGR). These documents will outline the standards for the use of the POLSTR index proposal in banking products, debt instruments, and derivatives, including a recommended catalogue of interest conventions for financial instruments and agreements (including those already concluded). On the financial institutions' side, the most important actions will involve adjusting IT systems, operational procedures, and legal solutions associated with the implementation of the target POLSTR index.

In connection with this, Bank Millennium S.A. established, by resolution of the Bank's Management Board of 24 August 2022, an internal project reporting to the Management Board in order to duly manage the transition process of WIBOR to new index and to implement the work in accordance with the roadmap. This work involves representatives from a significant number of the Bank's business units, including, in particular, representatives responsible for product areas and risk management issues, including, in particular, interest rate risk and operational risk. The structure of the project includes the division into streams covering products and processes where the WIBOR benchmark is applied, the management of the project by a dedicated project manager and the periodical reporting of statuses on the individual streams.

At this stage of the project, the Bank continuously monitors the work of the National Working Group, is engaged in works of particular Streams and makes appropriate decisions in this regard. Given the current early stage of the work of the National Working Group and the legislative process, it is currently impossible to estimate the financial effects of the WIBOR reform.

Date	Name and surname	Position/Function	Signature
28.07.2025	Joao Bras Jorge	Chairman of the Management Board	Signed by a qualified electronic signature
28.07.2025	Fernando Bicho	Deputy Chairman of the Management Board	Signed by a qualified electronic signature
28.07.2025	Wojciech Haase	Member of the Management Board	Signed by a qualified electronic signature
28.07.2025	Jarosław Hermann	Member of the Management Board	Signed by a qualified electronic signature
28.07.2025	Halina Karpińska	Member of the Management Board	Signed by a qualified electronic signature
28.07.2025	Antonio Pinto Junior	Member of the Management Board	Signed by a qualified electronic signature
28.07.2025	Magdalena Zmitrowicz	Member of the Management Board	Signed by a qualified electronic signature