Financial statements
Millennium Bank Hipoteczny S.A.
for the period of 12 months ended 31 December 2024

This document is a translation of a document originally issued in Polish.

The only binding version is the original Polish version prepared and published in accordance with the requirements of the ESEF.

Financial highlights

	PLN thousand		EUR thousand	
	31.12.2024	*31.12.2023*	*31.12.2024*	*31.12.2023*
Balance sheet total	3,136,565	1,324,111	734,043	304,533
Credit portfolio	2,891,864	1,139,848	676,776	262,154
Mortgage bonds	804,752	0	188,334	0
Liabilities to banks and other monetary institutions	1,944,076	1,073,252	454,967	246,838
Equity	381,689	245,264	89,326	56,408
Total Capital Ratio (TCR)	23.1%	33.1%	23.1%	33.1%
Leverage (LR)	11.6%	17.7%	11.6%	17.7%

	01.01.2024-31.12.2024	*01.01.2023-31.12.2023*	*01.01.2024-31.12.2024*	*01.01.2023-31.12.2023*
Net operating income	39,970	26,006	9,286	5,743
Administrative expenses	-16,183	-12,736	-3,760	-2,813
Impairment charges	-1,883	-761	-437	-168
Depreciation and amortization	-726	-680	-169	-150
Net financial result	17,070	9,523	3,966	2,103
Costs/Income (C/I)	42%	52%	42%	52%
Cost of Risk (CoR)	0.11%	0.10%	0.11%	0.10%
Return on assets (ROA)	0.86%	1.05%	0.86%	1.05%
Return on equity (ROE)	5.11%	4.75%	5.11%	4.75%
Earnings per share - basic and diluted (PLN/EUR)	0.1406	0.1239	0.0327	0.0274

Exchange rates accepted to convert selected financial data into EUR			*2024*	*2023*
for the items on the balance sheet date	-	-	4.2730	4.3480
for the items for the period covered by the report (rate calculated as the average of the rates at the end of each month of the period)	-	-	4.3042	4.5284

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1.Statement of comprehensive income

PLN thousand	Note	01.01 - 31.12.2024	01.01 - 31.12.2023
Net interest income	8.1	40,147.3	25,921.8
Interest income and income of similar nature:		143,759.0	74,729.9
Income accrued using the effective interest rate method		143,759.0	74,729.9
Interest income on Assets measured at amortized cost		137,253.2	70,735.2
Interest income on Assets measured at fair value through other comprehensive income		6,505.7	3,994.6
Interest expenses		-103,611.7	-48,808.0
Net fee and commission income	8.2	-43.1	-43.1
Fee and commission income		67.1	41.7
Fee and commission expense		-110.2	-84.7
Foreign exchange result		0.0	0.6
Other operating income		167.1	343.0
Other operating expenses		-301.0	-216.5
Operating income		39,970.4	26,005.9
Administrative expenses	8.3	-16,183.4	-12,736.1
Expenses on account of impairment of financial assets	8.4	-1,882.7	-760.7
Modification result		-19.5	0.0
Depreciation and amortization	8.5	-725.9	-680.0
Operating expenses		-18,811.4	-14,176.8
Operating result		21,159.0	11,829.1
Share in profits of subordinated entities		0.0	0.0
Bank levy		0.0	0.0
Financial result before income tax		**21,159.0**	**11,829.1**
Income tax	8.6	-4,089.2	-2,305.9
Financial result after tax		**17,069.7**	**9,523.2**
Other comprehensive income items that will be (have been) reclassified to profit or loss		-840.6	1,265.8
Effect of valuation of debt securities measured at fair value through other comprehensive income		-840.6	1,265.8
Other comprehensive income items that will not be reclassified to profit or loss		44.1	-84.4
Actuarial gains (losses)		44.1	-84.4
Total other comprehensive income items before tax		**-796.6**	**1,181.3**
Income tax relating to other comprehensive income items that will be (have been) reclassified to profit or loss		159.7	-240.5
Income tax relating to other comprehensive income items that will not be reclassified to profit or loss		-8.4	16.0
Other comprehensive income items after tax		**-645.2**	**956.9**
Comprehensive income for the reporting period		**16,424.5**	**10,480.1**
Earnings per share - basic and diluted (PLN)	8.7	0.1406	0.1239

The notes presented on pages from 37 to 40 form an integral part of these financial statements.

2.Statement of financial position

ASSETS

PLN thousand	Note	31.12.2024	31.12.2023
Financial assets measured at fair value through other comprehensive income	8.8	136,831.7	68,612.8
Equity instruments		3.2	3.3
Debt instruments		136,828.5	68,609.5
Loans and borrowings to customers	8.9	2,891,864.0	1,139,847.7
Measured at amortized cost		2,891,864.0	1,139,847.7
Financial assets measured at amortized cost, other than Loans and borrowings to customers	8.10	101,772.3	104,806.8
Debt instruments		94,969.7	102,934.2
Deposits and loans and borrowings to banks and other monetary institutions		6,802.6	1,872.6
Property, plant and equipment	8.11	1,295.6	1,565.3
Intangible assets	8.12	742.7	1,165.6
Income tax assets		1,688.7	5,626.6
Deferred tax assets	8.13	1,688.7	5,626.6
Other assets	8.14	2,370.1	2,485.9
Total assets		**3,136,564.9**	**1,324,110.7**

LIABILITIES AND EQUITY

PLN thousand	Note	31.12.2024	31.12.2023
LIABILITIES			
Financial liabilities measured at amortized cost		2,748,827.7	1,073,252.0
Liabilities to banks and other monetary institutions	8.15	1,944,075.6	1,073,252.0
Issued mortgage bonds	8.16	804,752.1	0.0
Provisions	8.17	793.0	751.1
Provisions for retirement benefits		793.0	751.1
Tax liabilities		0.0	0.0
Other liabilities	8.18	5,255.6	4,843.5
Total liabilities		2,754,876.3	1,078,846.5
EQUITY	8.19		
Share capital		130,000.0	90,000.0
Supplementary capital		224,722.4	144,722.4
Accumulated other comprehensive income		373.3	1,018.5
Retained earnings		26,592.9	9,523.2
Total equity		381,688.6	245,264.1
Total liabilities and equity		**3,136,564.9**	**1,324,110.7**

Carrying value	381,688.6	245,264.1
Number of shares	130,000,000	90,000,000
Book value per share (in PLN)	2.936	2.725

The notes presented on pages from 41 to 50 form an integral part of these financial statements.

3.Statement of changes in equity

PLN thousand	Total Equity	Share capital	Supplementary capital	Accumulated other comprehensive income	Retained earnings	
					result brought forward	other capital
01.01 - 31.12.2024						
Equity at the beginning of the period	**245,264.1**	**90,000.0**	**144,722.4**	**1,018.5**	**9,523.2**	**0.0**
Financial result	17,069.7	**0.0**	**0.0**	**0.0**	**17,069.7**	0.0
Issue of shares	120,000.0	40,000.0	80,000.0	0.0		0.0
Measurement of debt instruments at fair value through other comprehensive income	-680.9	0.0	0.0	-680.9	0.0	0.0
Actuarial gains / losses	35.7	0.0	0.0	35.7	0.0	0.0
Transfer between capital items	0.0	0.0	0.0	0.0	-9,523.2	9,523.2
Equity at the end of the period	**381,688.6**	**130,000.0**	**224,722.4**	**373.3**	**17,069.7**	**9,523.2**

PLN thousand	Total Equity	Share capital	Supplementary capital	Accumulated other comprehensive income	Retained earnings
					result brought forward
01.01 - 31.12.2023					
Equity at the beginning of the period	**135,784.0**	**57,000.0**	**108,471.6**	**61.6**	**-29,749.2**
Financial result	9,523.2	**0.0**	**0.0**	**0.0**	9,523.2
Issue of shares	99,000.0	33,000.0	66,000.0	0.0	0.0
Measurement of debt instruments at fair value through other comprehensive income	1,025.3	0.0	0.0	1,025.3	0.0
Actuarial gains / losses	-68.4	0.0	0.0	-68.4	0.0
Coverage of losses with supplementary capital	0.0	0.0	-29,749.2	0.0	29,749.2
Equity at the end of the period	**245,264.1**	**90,000.0**	**144,722.4**	**1,018.5**	9,523.2

4.Statement of cash flows

PLN thousand	01.01 - 31.12.2024	01.01 - 31.12.2023
Profit (loss) after tax	17,069.7	9,523.2
Total adjustments:	-1,733,691.1	-334,592.2
Accrued interest	-40,147.3	-25,921.8
Interest received	127,357.8	57,145.4
Interest paid	-96,959.2	-48,557.7
Depreciation and amortization	725.9	680.0
FX gains/losses	0.1	0.3
Change in provisions	86.0	0.2
Change in deposits and loans and borrowings to other banks	0.0	-37.0
Change in loans and borrowings to customers	-1,736,848.3	-384,829.2
Change in liabilities to banks	7,666.0	66,067.4
Change in income tax settlements	4,089.2	2,305.9
Change in other assets and liabilities	338.6	-1,445.6
Other items		
Net cash from operating activities	**-1,716,621.4**	**-325,069.1**
Proceeds from investing activities	0.0	-8.6
Sale of intangible assets and components of property, plant and equipment	0.0	-8.6
Expenditures for investing activities	-67,897.6	-28,945.6
Purchase of intangible assets and components of property, plant and equipment	-81.6	-126.6
Purchase of investment financial assets	-67,816.0	-28,819.0
Net cash from investing activities	**-67,897.6**	**-28,954.2**
Proceeds from financing activities	2,683,000.0	534,000.0
Drawdown of long-term loans	1,763,000.0	435,000.0
Issue of debt securities	800,000.0	0.0
Proceeds from issue of treasury shares and capital contributions	120,000.0	99,000.0
Expenditures for financing activities	-901,505.1	-105,000.0
Repayment of long-term loans	-900,000.0	-105,000.0
Issue expenses	-1,505.1	0.0
Net cash from financing activities	**1,781,494.9**	**429,000.0**
CHANGE IN NET CASH	**-3,024.1**	**74,976.7**
- of which on account of FX differences	0.0	2.4
CASH AT THE BEGINNING OF THE PERIOD	**104,720.6**	**29,743.8**
CASH AT THE END OF THE PERIOD	**101,696.5**	**104,720.6**

Additional information to the statement of cash flows is provided in Section 9.1 of Chapter 9.

5.General information about the Bank

Millennium Bank Hipoteczny Spółka Akcyjna (the "Bank", the "Company") was established by an act of incorporation by Bank Millennium S.A. ("Bank Millennium") on 9 July 2020, following a decision by the Polish Financial Supervision Authority (PFSA) on 16 June 2020 authorizing the establishment of the Bank.

The Bank's address: 02-593 Warsaw, ul. Stanisława Żaryna 2A, the Bank's electronic address: www.millenniumbh.pl

KRS number: 0000852039, District Court, for the capital city of Warsaw, 13th Commercial Division of the National Court Register

REGON statistical number: 386797947

NIP tax identification number: 521-390-45-67

The main object of the Company's activity (according to the Polish Classification of Activities) - 64.19.z - purchase of receivables of other banks on account of mortgage-secured loans granted by them; issuance of covered bonds based on: the bank's receivables arising from purchased receivables of other banks on account of mortgage-secured loans granted by them and other funds of the bank to the extent consistent with the Act on Covered Bonds and Mortgage Banks.

Parent company: Bank Millennium S.A., 02-593 Warsaw, ul. Stanisława Żaryna 2A, www.bankmillennium.pl

The Bank's share capital - after the latest increase pursuant to Resolution No. 15 of the Bank's Ordinary Shareholder Meeting of 5 March 2024, which was registered in the Register of Commercial Undertakings of the National Court Register on 5 April 2024 - currently amounts to PLN 130,000,000.

The share capital was fully covered by Bank Millennium S.A. with a cash contribution. 130,000,000 ordinary registered shares with a nominal value of PLN 1 per share were taken up by Bank Millennium at an issue price of PLN 3 per share.

Millennium Bank Hipoteczny S.A. is part of the Bank Millennium S.A. Group ("Group"). The purpose of the Bank's establishment and mission is to provide the Group with stable and long-term financing for mortgage loans in the form of mortgage-backed covered bonds.

The Supervisory Board and Management Board of Millennium Bank Hipoteczny S.A.

Composition of the Bank's Supervisory Board as at 31 December 2024:

1. Fernando Bicho - Supervisory Board Chairperson,
2. Wojciech Haase - Supervisory Board Deputy Chairperson,
3. António Pinto Júnior - Supervisory Board Secretary,
4. Jarosław Hermann - Supervisory Board Member,
5. Grzegorz Jędrys - Supervisory Board Member,
6. Marta Penczar - Supervisory Board Member,
7. Aleksandra Przegalińska-Skierkowska - Supervisory Board Member.

Composition of the Bank's Management Board as at 31 December 2024:

1. Agata Chrzanowska - President of the Management Board,
2. Adam Berent - Management Board Member,
3. Artur Kulesza - Management Board Member.

6. Accounting policy

6.1. Statement of compliance with International Financial Reporting Standards

Pursuant to Article 30 of the Bank's Articles of Association, the Bank's financial statements have been prepared in accordance with the requirements of the International Financial Reporting Standards (IFRS) as approved by the European Union, as well as in accordance with the requirements relating to issuers of securities admitted or sought to be admitted to trading on the official stock exchange listing market. These financial statements fulfill the disclosure obligations set forth in the Regulation of the Council of Ministers of 29 March 2018 on the Current and Periodic Information Transmitted by Securities Issuers and the Conditions for Recognizing the Information Required by the Regulations of a Non-Member State as Equivalent.

The financial statements have been prepared in Polish zlotys, and all values, unless otherwise indicated, are given in thousands of zlotys (PLN thousand).

These financial statements, subject to audit by an independent auditor, were approved for publication by the Bank's Management Board on 28 March 2025.

6.2. Standards and interpretations adopted in 2024 and not in force at the balance sheet date

These financial statements use the same accounting policies as those used in the preparation of the full annual financial statements for 2023 (Millennium Bank Hipoteczny's financial statements for the period from 1 January 2023 to 31 December 2023) and standards and interpretations approved by the European Union effective for annual periods beginning on or after 1 January 2024, except for the changes described below.

Standards applied for the first time in the financial statements for 2024

- **Amendment to IAS 1 Presentation of Financial Statements** - classification of liabilities as current and non-current The amendment to IAS 1 was published on 23 January 2020, subsequently modified in July 2020 and finally adopted on 31 October 2022. The amendment is effective for annual periods beginning on or after 1 January 2024. The amendment redefines the criteria that must be met for a liability to be considered current. The change may affect the presentation of liabilities and their reclassification between current and non-current liabilities.

- **Amendment to IFRS 16: Leases - Lease liability in a sale and leaseback transaction** published on 22 September 2022. The amendments require the seller-lessee to determine "lease payments" or "revised lease payments" in such a way that the seller-lessee does not recognize any amount of profit or loss that relates to the right of use retained by the seller-lessee.

- **Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements** published on 25 May 2023. The amendments are intended to increase transparency on supplier finance arrangements and their impact on the company's liabilities, cash flows and exposure to liquidity risk. The amendments supplement the requirements already included in IFRS and require entities to disclose additional information related to their contracts, including their impact on liquidity risk. The amendments apply to annual periods beginning on or after 1 January 2024.

The aforementioned amendments to standards did not have a material impact on the Bank's 2024 financial statements.

INFORMATION AS TO THE STANDARDS THAT HAVE ALREADY BEEN ISSUED BY THE IASB AND APPROVED BY THE EU, BUT HAVE NOT YET COME INTO FORCE

New standards and amendments to existing standards that have already been issued by the IASB and approved by the EU, but have not yet come into force:

- **Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability** published on 15 August 2023. The amendments will require entities to use a consistent approach to assess whether a currency can be exchanged for another currency and, when this is not possible, to determine the exchange rate to be used and the disclosures to be made. The amendments apply to annual periods beginning on or after 1 January 2025.

According to the Bank's estimates, the aforementioned amendments to the standard would not have a material impact on the financial statements if applied by the Bank.

NEW STANDARDS AND AMENDMENTS TO EXISTING STANDARDS ISSUED BY THE IASB BUT NOT YET APPROVED FOR APPLICATION IN THE EU

IFRS as approved by the EU do not currently differ materially from the regulations issued by the International Accounting Standards Board (IASB), with the exception of the following new standards and amendments to standards, which have not yet been approved for application in the EU:

- **IFRS 18 Presentation and Disclosures in Financial Statements** published on 9 April 2024. The new standard will replace IAS 1 and will apply for the first time to annual periods beginning on or after 1 January 2027. The new standard is the result of the so-called Basic Financial Statements Project and aims to improve the way entities report information in their financial statements.

- **IFRS 19 Subsidiaries Without Public Accountability: Disclosures**, published on 9 May 2024.

- **Amendments to IFRS 9 and IFRS 7 Amendments to the Classification and Measurement of Financial Instruments** published on 30 May 2024. The amendments clarify the principles for classifying financial assets taking into account environmental, social, governance (ESG) and similar characteristics, related to the asset. The amendments also apply to the settlement of liabilities through electronic payment systems – they specify the date on which a financial asset or financial liability is derecognized from the balance sheet. The amendments apply to annual periods beginning on or after 1 January 2026.

- **Amendments to IFRS 9 and IFRS 7 Contracts Referencing Nature-dependent Electricity** published on 18 December 2024. The amendments to the standards are intended to facilitate reporting of the financial effects of nature-dependent electricity contracts, which are often structured as power purchase agreements (PPAs). The amendments include: clarifying the application of "own-use" requirements, allowing hedge accounting if these contracts are used as hedging instruments, and adding new disclosure requirements to enable investors to understand the impact of these contracts on a company's financial results and cash flows.

- **Amendments to various standards resulting from the annual review of International Financial Reporting Standards** (Annual Improvements Volume 11) published on 18 July 2024, which made minor amendments to the following standards:

  - IFRS 1 regarding hedge accounting for first-time adopters;
  - IFRS 7 regarding recognition of gain or loss on discontinuation of recognition of financial instruments, disclosure of deferred difference between fair value and transaction price, and introduction and disclosure of credit risk;
  - IFRS 9 regarding discontinuation of recognition of lease liabilities and clarification of the definition of "transaction price" in conjunction with IFRS 15;
  - IFRS 10 regarding clarification of the term "de facto agent;"
  - IAS 7 regarding clarification of the term "purchase price or manufacturing cost method."

According to the Bank's estimates, the above-mentioned new standards and amendments to existing standards would not have a material impact on the financial statements if applied by the Bank.

6.3. ADOPTED ACCOUNTING PRINCIPLES

Bases for drawing up the financial statements

The financial statements of Millennium Bank Hipoteczny S.A. have been prepared for the 12-month period ended 31 December 2024, based on the assumption that the Bank will continue its business activities in a substantially unabated manner for a period of not less than one year from the balance sheet date. In considering the going concern assumption, the Management Board took into account the impact of the armed conflict between Russia and Ukraine, as well as the external conditions of the business, and assessed that these factors do not cause significant uncertainty in the Bank's ability to continue as a going concern.

In considering the impact of the external operating environment, the Management Board took into account:

- the macroeconomic environment both in Poland and globally,
- the situation in the housing and mortgage market,
- the situation in the covered bond market,
- the legal and regulatory environment,
- the risk factors for the economy and the Bank.

As at the date of signing the financial statements, the Bank's Management Board has not identified the existence of any facts and circumstances that would indicate a threat to the Bank's ability to continue as a going concern in the 12-month period from the date of publication of the statements.

The Bank's accounting policy presented below is in accordance with IFRS requirements.

The preparation of financial statements in accordance with IFRS, as adopted by the EU, requires management to make subjective judgments, estimates and assumptions that affect the accounting policies used and the amounts of assets and liabilities and income and expenses presented. Selection, application, development and verification of accuracy of accepted estimations is the responsibility of the Bank’s substantive unit, and adopted assumptions are then verified by the Bank’s managers. The estimations and assumptions are made on the basis of available historic data as well as several other factors which are considered to be adequate under the given conditions. The results constitute the basis for making estimations regarding the balance sheet values of assets and liabilities, which cannot be unequivocally determined on the basis of other sources. The actual results may differ from the estimated values.

The consistency of actual results and estimations and assumptions made is verified on an ongoing basis. If the Bank finds it necessary to change estimates, they are recognized prospectively, i.e. in the period of the change. If an error is identified in estimates made in earlier reporting periods, the Bank recognizes the correction of the error using a retrospective approach.

Below are the most significant accounting estimates made by the Bank:

Impairment of loans and borrowings
Estimation of impairment in the Bank is based on the concept of "Expected Credit Loss" (ECL). As a result, the Bank determines impairment charges based on expected credit losses and forecasts of future economic conditions when assessing the credit risk of a given exposure.
The methodology and assumptions used to determine the impairment of credit exposures are monitored to reduce the discrepancy between estimated and actual losses. In order to assess the

adequacy of impairment charges, periodic backtesting is carried out, the results of which are taken into account when defining process improvement measures.

Additional information is presented in Section 7. "Risk Management."

Fair value measurement of the portfolio of purchased mortgage loans
The Bank has adopted the Entry approach measure the fair value of the performing credit portfolio transferred to the Bank, i.e. nominal schedule cash flows are calculated as part of the measurement, discounted at an appropriate discount rate. The main component of the discount rate is the WIBOR 3m reference rate as of the measurement date, plus the average market margin. The margin is estimated by the Customer Service Department based on market data from mortgage lending banks in Poland. In determining the margin, current rates used in the market are analyzed, as well as trends related to interest rates on loans, especially mortgages. In addition, the discount rate includes adjustments for credit risk, changes in the WIBOR rate, early loan repayments and borrowing costs.

The Bank uses the measurement approach described above for a portfolio of mortgage loans with the following characteristics:

- Mortgage loans granted to retail customers,
- Loans denominated in PLN,
- Performing loans (i.e., serviced and included in basket 1 due to risk)

Provisions for retirement and disability benefits
The provision for retirement benefits is calculated using the actuarial method by an independent actuary as the present value of the Bank's future liabilities to employees according to the headcount and payroll as at the date of the update. The measurement is prepared using the projected unit cost method. Under this method, each period of service gives entitlement to an additional unit of benefit and each unit of benefit entitlement is calculated separately. This takes into account that each employee's base salary will vary over time according to certain assumptions. The provision for retirement benefits is subject to update on an annual basis. Parameters that have a significant impact on the present value of liabilities are: the discount rate, salary growth rate, and employee mobility (turnover) rate. The discount rate used in the calculation for each year was set at 5.61%. The calculation of liabilities is made for employees currently employed and does not apply to those who will be hired in the future. Gains and losses related to changes in actuarial assumptions (ex post adjustment of actuarial assumptions, change in demographic assumptions, change in financial assumptions) are recognized on the other side in other comprehensive income.

The values of the provision for retirement benefits are presented in Note 8.17.

Credit holidays
Following the signing by the President of the Republic of Poland and the promulgation in the Journal of Laws of the Republic of Poland on the same day of the Act of 12 April 2024 on amending the Act on supporting distressed borrowers who have taken out a mortgage loan and the Act on crowdfunding of business projects and aid to borrowers, which introduces, among other things, the possibility for borrowers to suspend repayment of a mortgage loan granted in Polish currency for up to 4 months (suspension of installment payments of up to 4 monthly installments) in the period from 1 June 2024 to 31 August 2024 - of two months, and from 1 September 2024 to 31 December 2024 - of two months ("credit holidays"), in 2024 the Bank recognized a loss of PLN 5.9 million in the financial result. This amount was recognized in accordance with IFRS9 by reducing interest income on assets measured at amortized cost.

At the same time, due to the fact that the Bank has an agreement with Bank Millennium under which Bank Millennium will reimburse the cost of credit holidays for loans transferred from 2023, the Bank recognized an amount of PLN 4.7 million in the financial result, increasing interest income on assets measured at amortized cost.

As there is no legislative work on credit holidays for 2025, the Bank has not accrued any provision for credit holidays for future years.

Functional currency and presentation currency

Functional currency and presentation currency

Items included in the Bank's financial statements are measured in the currency of the primary economic environment in which it operates ("functional currency"). The financial statements are presented in zlotys, which is the Bank's functional and presentation currency.

Transactions and balances

Transactions denominated in foreign currencies are translated into the functional currency at the exchange rate prevailing on the date of the transaction. Foreign exchange gains and losses from the settlement of these transactions and the balance sheet measurement of monetary assets and liabilities denominated in foreign currencies are recognized in the Profit and loss account.
Exchange differences on monetary items, both those measured at fair value through the Profit and loss account and those measured at fair value through Other comprehensive income, are recognized in the Profit and loss account.
Exchange differences on non-monetary items at fair value through the Profit and loss account are reported in the Profit and loss account, while exchange differences on non-monetary items classified as measured at fair value through Other comprehensive income are reported in Other comprehensive income items.

Financial assets and liabilities

Asset classification

In accordance with the requirements of International Financial Reporting Standard 9, financial assets are classified at initial recognition into one of three categories:

1. financial assets measured at amortized cost (hereinafter "AC" - Amortized Cost),
2. financial assets measured at fair value through profit & loss (hereinafter "FVTPL" - Fair Value Through Profit & Loss),
3. financial assets measured at fair value through other comprehensive income (hereinafter "FVTOCI" - Fair Value Through Other Comprehensive Income).

Classification of financial instruments into one of the above categories is carried out on the basis of:

1. Financial asset management business model. Assessing the business model involves determining whether a financial asset is held:
   - to obtain contractual cash flows,
   - both to receive contractual cash flows and to sell the financial asset or
   - for other business purposes.
2. Test the characteristics of contractual cash flows related to financial assets (SPPI (Solely Payment of Principal and Interest) Test). The SPPI Test is designed to assess the characteristics of contractual cash flows and, consequently, verify whether:
   - contractual terms give rise to cash flows on specified dates, which represent only the repayment of principal and interest on that principal,
   - the principal represents the fair value of the loan at the time of recognition,
   - interest reflects the time value of money, as well as credit risk, liquidity risk, the Bank's margin and other administrative costs related to the value of principal outstanding at the given time.

Financial assets are classified upon initial recognition or following a significant modification of the instrument. The reclassification of financial assets is caused by a change in the business model. Reclassification is performed prospectively, i.e., it does not affect fair value measurements, impairment charges, or accrued interest recognized to the date of reclassification.

In the event of a modification to the contractual terms of a loan, the Bank conducts a qualitative and quantitative assessment to determine whether the modification should be considered significant and,

consequently, exclude the original financial asset from the balance sheet and recognize it as a new (modified) asset. Assessment criteria:

- Quantitative criterion:
    - an increase in the debtor's exposure, defined as an increase in the principal of any single credit exposure in excess of 10% over the principal before the increase. If the quantitative criterion exceeds 10%, the modification is considered significant, while the occurrence of a quantitative criterion of up to 10% results in the modification being considered insignificant. Early partial repayment of the loan by the customer in accordance with the provisions of the contract is not considered a modification.
    - Extension of the financing period, understood as an extension of the maturity of the current contract. The modification is considered material if the financing period is extended beyond 8 years for mortgage loans
- Qualitative criteria: conversion of exposure to another currency (if the possibility of conversion was not included in the original agreement), change in SPPI test result, change in obligor. The occurrence of a qualitative criterion results in the modification being considered significant.

The decision to classify a new asset is made on the basis of the selected business model and in accordance with the result of the new SPPI Test conducted on the basis of the modified contractual terms. If the modification of contractual terms is considered significant, however, the modified terms meet the criteria of the SPPI Test, then the loan newly recognized in the books as a result of the modification may continue to be measured at amortized cost (meeting the criterion of a significant change does not necessarily change the result of the SPPI Test).

The Bank's Business Models

According to IFRS 9, the way assets are managed can be assigned to the following models:

1. *Held To Collect* (hereinafter "HTC"),
2. *Both Held to Collect and for Sale* (hereinafter "HTC&FS"),
3. **Other models**, such as trading activities, managing assets based on changes in fair value, maximizing cash flow through sales.

1. Held To Collect (HTC) model

Model characteristics:

- The goal of the model is to hold financial assets to generate contractual cash flows,
- sales are sporadic,
- as a rule, the lowest sales levels compared to other models (in terms of frequency and volume).

Conditions permitting sales in the HTC model:

- low frequency,
- low volume,
- credit risk-related sales (sales caused by the deterioration of the credit quality of a financial asset to a level where it does not meet the requirements of the investment policy).

Sales that have at least one of the above characteristics do not prevent the asset group from qualifying to the HTC model.

Impact on classification and measurement:

Instruments assigned to the HTC model are classified as measured at amortized cost provided the SPPI Test criteria are met. The value of the instruments is calculated based on the effective interest rate, which is used to determine interest income and then adjusted for impairment charges reflecting expected credit losses.

The HTC model applies, among other things, to the Bank's credit portfolio (with the exception of loans that do not meet the SPPI test), as these instruments are generally held by the Bank for

contractual cash flows, and sales transactions occur sporadically. Also deposits in banks as well as weekly money bills from the National Bank of Poland are measured at amortized cost (HTC model). Currently, the entire portfolio of loans to customers is classified under the HTC model, and as of the balance sheet date, the Bank has no loans that do not meet the SPPI test.

2. *Both Held to Collect and for Sale (HTC&FS) model*

Model characteristics:

- integral goals of the business model are both obtaining contractual cash flows and sales (in particular, the model meets the HTC&FS assumptions if its goal is to manage ongoing liquidity needs, maintain the assumed profitability profile and/or match the duration of financial assets and liabilities),
- sales levels tend to be higher than in the HTC model.

Impact on classification and measurement:
Under IFRS 9, instruments assigned to the HTC&FS model are classified as measured at fair value through other comprehensive income (FVTOCI), provided that the contractual terms of these instruments give rise, at specified times, to cash flows representing solely repayment of principal and interest on the unpaid portion of principal (the SPPI Test is met). These instruments are measured at fair value less impairment charges, the valuation result is recognized in other comprehensive income until the financial assets are derecognized.
The HTC&FS model is applicable to the portfolio of government securities.

3. *Other models*

Model characteristics:

- the business model does not meet the assumptions of the HTC and HTC&FS models.
- earning cash flows from interest and principal is not the main objective of the business model.

Currently, the Bank does not have any assets that it could categorize as *Other models*.

Financial liabilities

Financial liabilities on the date they are acquired or incurred are included in the following categories:

1. financial liabilities measured at fair value through profit or loss (FVTPL), or
2. other financial liabilities (measured at AC).

Mortgage covered bonds are measured at AC using the effective interest rate.

Financial liabilities are not reclassified.

Recognition of financial instruments in the statement of financial position

The Bank recognizes a financial asset or liability in the statement of financial position when it becomes a party to the contract for that instrument. Standardized purchases and sales of financial assets are recognized on the date of the transaction.
All financial instruments at initial recognition are measured at the fair value of the consideration paid or received. In the case of financial instruments other than those classified as measured at fair value through profit or loss, the initial recognition value may be adjusted for transaction costs directly attributable to the acquisition or issue of a financial asset or financial liability.

Discontinuation of recognition of financial instruments in the statement of financial position

A financial asset is derecognized from the Bank's statement of financial position when the contractual rights to the cash flows associated with it expire or when the Bank transfers the financial asset to a third party. This transfer takes place when the Bank:

- transfers contractual rights to receive cash flows from a financial asset or
- retains contractual rights to receive cash flows from the asset, but assumes a contractual obligation to transfer those cash flows to an entity outside the Bank.

When transferring a financial asset, the Bank assesses the extent to which it retains the risks and rewards of ownership of the financial asset. In such case:

- if the Bank transfers substantially all the risks and rewards of ownership of a financial asset, it excludes the financial asset from the statement of financial position;
- if the Bank retains substantially all the risks and rewards of ownership of a financial asset, it continues to recognize the financial asset in the statement of financial position;
- if the Bank does not transfer or retain substantially all the risks and rewards of ownership of a financial asset, the Bank determines whether it has retained control of the financial asset. If control is retained, the financial asset is recognized in the Bank's statement of financial position up to the amount resulting from the continuing involvement, respectively, in the absence of control it is excluded from the statement.

The Bank excludes from its statement of financial position a financial liability (or part thereof) when the obligation specified in the contract has been fulfilled, cancelled or expired.

Impairment of financial assets

Main assumptions of the model

The impairment estimation model is based on the concept of "expected credit loss" (ECL). The impairment charges calculated in accordance with this concept also take into account forecasts and expectations of future economic conditions affecting the level of credit risk of the exposure. The impairment model applies to financial assets classified under IFRS 9 as financial assets measured at amortized cost or fair value through other comprehensive income (except for equity instruments) and off-balance sheet liabilities.
Under IFRS 9, credit exposures are classified into the following categories:

- Basket 1 - non-impaired exposures for which the expected credit loss is estimated over a 12-month period,
- Basket 2 - non-impaired exposures for which a significant increase in credit risk has been identified and for which the expected credit loss is calculated over the life of the financial asset,
- Basket 3 - exposures with identified impairment triggers, for which the expected credit loss is calculated over the life of the financial asset.

Identification of a significant increase in credit risk

Assets for which a significant increase in the level of credit risk is identified with respect to initial recognition on the balance sheet are classified in Basket 2. A significant increase in risk is identified based on qualitative as well as quantitative criteria.
Qualitative criteria include:

- repayment delays of more than 30 days,
- restructured (forborne) exposures, for which impairment triggers are no longer identified,
- use of support from the Borrower Support Fund,
- death of the customer, in the absence of an identified impairment trigger,
- procedural rating, reflecting initial delays in repayment.

The quantitative criterion involves comparing the Lifetime Probability of Default (PD) value determined at the time the exposure was initially recognized on the balance sheet, with the Lifetime PD value as of the current reporting date. If the empirically determined threshold for the relative change in lifetime PD is exceeded, then the exposure is automatically transferred to Basket 2.
Restructured (forborne) exposures where:

- a period of at least two years has elapsed since no impairment trigger was identified,
- the customer does not have a debt to the Bank overdue for more than 30 days,
- no other events (quantitative or qualitative) are identified that indicate a significant increase in credit risk (SICR)

are transferred from Basket 2 to Basket 1.
The Bank applies a uniform definition of default, both in terms of calculating the capital requirement and estimating impairment, including the following conditions:

- delay in repayment of more than 90 days, taking into account the materiality thresholds for the required amount: PLN 400 for retail loans (absolute materiality threshold),
- exceeding the relative materiality threshold in relation to the total amount of all balance sheet exposures to the customer (1%),
- restructured exposures (amendments and settlements),
- exposures in the debt collection process,
- qualitative impairment triggers identified in the individual analysis applied within the Group.

The Bank considers cross-default contagion for all segments within the Group.
The impairment estimation process uses, among others, risk parameters such as probability of default (PD), loss given default (LGD) and exposure at default (EaD). The calculation of risk parameters is carried out based on group models.

Write-off

The Bank directly reduces the gross carrying value of a financial asset if there are no reasonable grounds for recovery of the financial asset in whole or in part. As a result of the write-off, the financial asset ceases to be recognized in whole or in part in the statement of financial position.

Offsetting financial instruments

Offsetting of a financial asset and a financial liability is carried out only if the Bank has a valid legal title to carry out the offsetting, and the settlement is to be carried out on a net basis or the realization of the asset and liability occurs simultaneously.

The Bank as lessee

International Financial Reporting Standard 16 "Leases" has introduced rules for the recognition of contracts in the nature of leases, according to which lease/rental/leasing agreements for which the Bank retains substantially all the risks and benefits arising from ownership of the leased property are subject to accounting under the rules provided for finance leases.
For these contracts in the financial statements, both right-of-use assets and lease liabilities are shown in separate line items in the notes to the 'Property, plant and equipment' or 'Intangible assets' and 'Other liabilities' lines, respectively. The lease liability includes, at the commencement date, the following payments for the right of use the underlying asset during the lease term, which remain payable at that date:

- fixed lease payments less any lease incentives due,
- variable lease payments that depend on an index or a rate, initially measured using that index or that rate according to their value at the commencement date,
- amounts expected to be paid by the lessee as part of the guaranteed residual value,
- the exercise price of a purchase option, if it can be assumed with reasonable certainty that the lessee will exercise the option,
- monetary penalties for lease termination, if the lease terms provide that the lessee may exercise the option to terminate the lease.

The right-of-use asset includes:

- the amount of initial measurement of the lease liability,
- any lease payments made on or before the commencement date, less any lease incentives received.

The following items are reported in the financial result:

- amortization of the right of use,
- interest on lease liabilities,
- VAT on invoices shown in costs.

The Bank has made the following assumptions on the basis of which leases are recognized in the financial statements:

- net values (excluding VAT) of future cash flows will be adopted for the calculation of liabilities and assets,
- in the case of contracts denominated in a foreign currency, liabilities will be recorded in the original currency of the contract, while assets in Polish zlotys will be converted at the exchange rate from the date of commencement of the contract, or an annex to the contract which is also the date of commencement of the lease,
- he right of use of the asset will be depreciated according to the lease term,
- The Bank uses the option to waive lease recognition for short-term contracts for space leases and car leases,
- The Bank also takes advantage of the option not to recognize leases for assets with low initial values,
- contracts are discounted according to the lessor's rate.

Lease payments under contracts that do not meet the terms of a finance lease are recognized as expenses in the Profit and loss account on a straight-line basis over the term of the lease.

Property, plant and equipment and intangible assets

Property, plant and equipment

Property, plant and equipment include fixed assets and expenditures for their construction. Fixed assets include items of property, plant and equipment with an expected useful life of more than one year, which are held for own use.

Repair and maintenance costs of property, plant and equipment are charged to the Profit and loss account in the reporting period in which they are incurred.

Intangible assets

An intangible asset is an identifiable non-monetary asset that has no physical form, resulting in future economic benefits to the Bank. The main intangible assets are computer software licenses. Purchased computer software licenses are capitalized at the amount of acquisition and preparation costs incurred, including impairment charges.

All intangible assets are subject to periodic review to verify whether there are any material impairment triggers that would require an impairment test and an impairment charge.

Depreciation charges

Depreciation on the depreciable value of property, plant and equipment and intangible assets is made using the straight-line method, in accordance with the established depreciation rates, over their expected economic useful lives. Depreciable value is understood as the cost of an asset less the residual value of the asset. The economic useful life of depreciation rates, as well as the residual value of depreciable tangible and intangible assets, are reviewed annually. The conclusions of this review form the basis for any change in depreciation periods recognized prospectively from the date of adjustment.

Currently, the Bank does not own any property, plant and equipment. For intangible assets (software), depreciation rates are determined according to the planned useful life. The rates for currently used software have been set between 20% and 50%.

The value of depreciation is charged to the operating expenses of the Profit and loss account.

Deferred expenses and deferred income

Deferred expenses (assets) relate to those expenses that will be charged to the Profit and loss account according to the passage of time in future reporting periods. Deferred expenses (assets) are included in the "Other assets" line item of the statement of financial position assets.

The components of deferred expenses (liabilities) are liabilities to cover costs arising from services rendered to the Bank, which will be settled in future periods. These provisions are reported in the "Other liabilities" item of the liabilities of the statement of financial position.

Deferred income represents, among other things, amounts received for future benefits and certain types of income collected in advance, which will be settled in Profit and loss accounts in future

reporting periods. They are included in the "Other liabilities" line item of the liabilities of the statement of financial position.

Provisions

Provisions are made when 1) the Bank has an existing obligation (legal or constructive) arising from past events and 2) it is probable that an outflow of funds reflecting economic benefits will be required to meet this obligation, and 3) a reliable estimate can be made of the amount of this obligation. If the effect of the time value of money is material, the amount of the provision is determined by discounting the projected future cash flows to present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the potential risks associated with the liability.

Employee benefits

Short-term employee benefits

The Bank's short-term employee benefits (other than termination benefits due in full within 12 months of service) include salaries, bonuses, paid vacations and social security contributions.
The amount of short-term employee benefits for unused vacation days accruing to Bank employees is calculated as the sum of unused vacation days accruing to individual Bank employees.

Long-term employee benefits

The Bank's liabilities for long-term employee benefits are the amount of future benefits that an employee will receive in return for providing his or her services in the current and prior periods, which are not due in full within 12 months after the work is performed. According to the Employee Compensation Regulations and the Labor Code, employees, after working a certain number of years and reaching the required age, are entitled to receive a retirement benefit.
The provision for retirement benefits is calculated using the actuarial method by an independent actuary as the present value of the Bank's future liabilities to employees according to the headcount and payroll as at the date of the update.
Valuations of the post-employment defined benefit liability (actuarial gains and losses) are recorded under "Provisions" in the liabilities of the statement of financial position, while other provisions for employee benefits are recorded under "Other liabilities" in the liabilities of the statement of financial position.

The Bank's equity

Equity consists of capital and funds created in accordance with applicable law, relevant laws and the articles of association. Equity consists of share capital, supplementary capital (including share premium), accumulated other comprehensive income and retained earnings. All capital and fund amounts are reported at nominal value.

Share capital

Share capital is reported at par value, in accordance with the articles of association and the entry in the court register.
If the company acquires its own equity instruments then the amount paid, including direct costs, is captured as a change in equity. Acquired own shares are classified as treasury shares and recognized as reduction of share capital until they are retired.

Supplementary capital

The supplementary capital is created from the sale of shares above par value (the excess of the issue price over the par price) less direct related costs incurred and retained earnings allocated to the supplementary capital. It is reduced by losses from previous years covered from supplementary capital

Accumulated other comprehensive income

Accumulated other comprehensive income includes differences from the measurement of financial assets at fair value through other comprehensive income, the effect of measurement of cash flow hedges, and actuarial gains (losses) on retirement benefit provisions reduced by deferred tax write-offs related thereto, respectively. Accumulated other comprehensive income is not subject to distribution.

Retained earnings

Retained earnings include profit write-offs earmarked for purposes specified in the articles of association or other regulations (reserve capital, general banking risk fund), undistributed profits/uncovered losses from previous years, as well as the net financial result of the current period. The Bank's general banking risk fund is created in accordance with the provisions of the Banking Law of 29 August 1997, as amended, from after-tax profit.

The net financial result of the current period represents the result from the Profit and loss account of the current year adjusted for corporate income tax.

Interest income and income of similar nature

Interest income includes interest relating to financial instruments measured at amortized cost and financial assets measured at fair value through other comprehensive income using the effective interest rate method.

The effective interest rate method is a method of calculating the amortized cost of a financial asset or financial liability and allocating interest income or expense and certain commissions (which are an integral part of the interest rate) to the appropriate period. The effective interest rate is the rate that accurately discounts the estimated future cash flows (over the period until the expiration of the financial instrument) to the gross carrying value of the asset/amortized cost of the liability. When calculating the effective interest rate, the Bank estimates cash flows taking into account all contractual terms of the financial instrument, but does not take into account possible future losses on outstanding loans. This calculation takes into account all fees paid or received between the parties to the contract, which are an integral part of the effective interest rate, as well as transaction costs and all other differences due to premiums or discounts.

Interest income includes interest and commissions (received or receivable) included in the calculation of the effective interest rate on: loans, interbank deposits and debt securities not classified as held for trading.

Interest income also includes costs directly related to the purchase of the loan incurred by the Bank (mainly real estate appraisal costs, costs of changes in land and mortgage registers), which are a component of the effective interest rate account and are subject to settlement over time.

Other fee and commission income/ Fee and commission expense

Fee and commission income and expense on bank account servicing and for asset management services are included in the result when the service is performed.

Other operating income and expenses

Other operating income and expenses include expenses and income not directly related to banking activities. These may include, in particular, the result from the sale and liquidation of fixed assets, the costs of BHWN's expert studies on loans that will not be transferred, the release of cost provision relating to prior periods, income from the sale of other services, compensation, fines and penalties received and paid, and provisions for litigation.

Income tax

Corporate income tax includes current tax and deferred tax.

Current income tax is calculated at the applicable tax rate and is calculated based on gross profit determined in accordance with the relevant accounting regulations, adjusted for non-taxable income and non-deductible expenses. In addition, for tax purposes, the gross accounting result is adjusted for income and expenses from previous years, realized for tax purposes in the reporting period, as well as deductions from income such as donations.

Deferred income taxes are recognized in the Profit and loss account except when recognized in the statement of other comprehensive income or directly in the revaluation reserve, as they relate to transactions that are also recognized in the statement of other comprehensive income or directly in the revaluation reserve.

The deferred income tax liability is reported in the liabilities of the statement of financial position as "Deferred income tax liability." Deferred tax assets are recognized in the assets of the statement of financial position under "Deferred tax assets." The Bank offsets deferred tax assets against deferred tax liabilities because it has the legal title to do so and the deferred tax assets and deferred tax liabilities result from a tax imposed by the same tax authority.

The deferred income tax liability is recognized using the balance sheet method for all taxable temporary differences.
Deferred tax assets are recognized using the balance sheet method for capitalized tax losses and all deductible temporary differences existing as of the balance sheet date between the tax bases of assets and liabilities and their carrying values reported in the financial statements only to the extent that it will be possible to generate taxable income against which these deductions can be reversed.
The calculation of deferred tax assets and deferred tax liabilities is based on the expected degree of realization of the carrying values of assets and liabilities, using the tax rates that are expected to apply in the period when the asset is realized or the liability is released, taking as a basis the tax rates (and tax regulations) legally or actually in force at the balance sheet date.

The Bank did not apply hedge accounting in 2024.

7.Risk management

7.1. RISK MANAGEMENT REVIEW

The Bank's risk management mission, in line with the approach used in the Bank Millennium Group, is to ensure that all risks are identified, managed, monitored and controlled in accordance with the assumed risk profile and the nature and scale of the Bank's operations.
Risk management objectives are achieved by implementing the following activities:

- developing risk management strategy, credit policy, processes and procedures defining the rules for accepting the permitted levels of respective risks.
- using IT tools to identify, control and measure risks,
- building awareness among employees of their responsibility for proper risk management at each level of the Bank's organizational structure.

Risk management at the Bank takes into account the need to achieve targeted profitability, as well as to maintain an appropriate risk-capital relationship, in the context of having an adequate level of risk capital. Risk management uses a wide range of methods - both qualitative and quantitative.
The Bank, in determining its business objectives, takes into account the defined risk framework (risk appetite) to ensure that the structure and development directions correspond to the assumed risk profile characterized by a number of parameters, such as:

- an increase in the volume of transferred loans,
- the structure of the credit portfolio,
- portfolio quality indicators,
- criteria for maintaining a collateral register for covered bonds,
- cost of risk,
- the amount of capital requirements/internal capital,
- the required volume and structure of liquidity,
- the limit levels specific to mortgage banks.

The Bank's risk management and control model is based on the following basic principles:

- ensuring comprehensive quantification and parameterization of various types of risk in order to optimize the structure of the Bank's balance sheet and off-balance sheet items, taking into account the assumed level of profitability of the business; the main areas of analysis include: credit risk, liquidity risk, market risk and operational risk,
- all types of risks are monitored and controlled in relation to the profitability of the business and the level of capital necessary to ensure the safety of operations from the point of view of capital requirements; the results of risk measurements are regularly reported as part of the management information system,
- separation of responsibilities for risk origination, risk management and risk control.

The Bank's risk management process is shown in the diagram below:



The breakdown of risk management responsibilities is as follows:

- *The Supervisory Board* is responsible for overseeing the Bank's risk-taking policy with its strategy and financial plan,
- *The Management Board* is responsible for the effectiveness of the risk management system, the internal capital estimation process and review of the internal capital estimation and maintenance process, capital management and planning, and the internal control system,
- *The Assets and Liabilities Committee* is responsible for optimizing the structure of the Bank's balance sheet and the ongoing management of various banking risks, particularly market risk, interest rate risk in the Banking Book and liquidity risk, within the framework of the model established by the Management Board,
- *The Risk Department* is responsible for risk management, including the identification, measurement, analysis, monitoring and reporting of the Bank's various risks; the Risk Department also prepares risk management policies and relevant procedures, and presents information and proposes courses of action necessary for risk management decisions by the Assets and Liabilities Committee and the Bank's Management Board,
- *The Treasury Department* manages liquidity and market risk on an ongoing basis,
- *The Credit Decisions Department* is responsible for making credit decisions, drafting credit decisions for each decision-making level and making credit decisions within specified limits, monitoring repayments and the process of collecting overdue receivables from the Bank's customers,
- *The Compliance Department* is responsible for ensuring compliance with laws and regulatory rules, related regulatory standards, market rules and standards, and the Bank's internal regulations, including the Code of Ethics,
- *The Legal Department is* responsible for handling the Bank's litigation matters, with the support of external law firms and legal experts as needed.

The Bank has developed and implemented a comprehensive risk management strategy for the Bank (Risk Strategy) that includes defining the risk profile, expressed in terms of the amount or type of risk to which it may be exposed, and the risk appetite, which is the maximum level or type of risk it will be able to accept to achieve its financial and strategic objective.
This document is subject to annual review and updating. It is adopted by the Management Board and approved by the Bank's Supervisory Board. The risk strategy is inextricably linked to other strategic documents, such as the budget, liquidity plan, and capital plan.
The risk strategy is based on the Bank's defined core concepts:

1. risk profile: the current level of risk expressed in terms of the amount or type of risk to which the Bank is currently exposed; the Bank should also have a forward-looking view of how the risk profile may change in the future, taking into account expected and extreme scenarios, according to the risk appetite,
2. risk appetite: the maximum level or type of risk that the Bank is able to accept and tolerate to achieve its financial and strategic goals. For this purpose, three tolerance zones have been defined, defining warning levels and requiring action.

Risk strategy is one of the key elements that determine the Bank's risk profile.
When defining business targets for profitability, it is necessary to establish a level of risk tolerance to ensure that business structure and growth take into account the future risk profile, which is reflected in indicators grouped into several areas such as:

- solvency,
- liquidity and financing,
- profitability and business mix,
- operations and reputation,
- sustainable development.

The Bank's risk management is mainly defined by the principles and objectives set forth in the Risk Strategy and further supplemented by the policies and guidelines outlined in a number of internal regulations.
The Bank has defined tolerance zones for risk appetite measures (built on the principle of "traffic lights"). For tolerance zones the Bank has defined:

- risk appetite status - a green zone means that the measure is within the risk appetite, an orange zone means an increased risk of exceeding the risk appetite, a red zone means exceeding the risk appetite,
- the process of escalation of actions taken or decisions - the Bank's organizational units or bodies responsible for decisions and execution of actions in particular zones,
- procedures for monitoring risk appetite.

The Bank made no significant changes in its risk management objectives, policies and processes, including the risk measurement methods used, compared to the previous year.

7.2. CAPITAL MANAGEMENT

Capital management and planning

Capital management refers to two areas: capital adequacy management and capital allocation.
The objectives of capital adequacy management are: to meet external regulatory requirements (regulatory capital adequacy) and to ensure solvency under normal and stressed conditions (economic capital adequacy/internal capital). In pursuing these objectives, the Bank aims to achieve internal long-term capital limits (targets), as defined in the Risk Strategy.
The goal of capital allocation is to create value for the owner by maximizing the return on risk-based activities, given the established risk appetite.
Capital management also includes a capital planning process. The purpose of this process is to determine own funds (the capital base that determines the ability to take risks) and the use of capital (regulatory capital and economic capital requirements) in such a way as to ensure that capital limits (targets) are met, assuming the implementation of the anticipated business strategy and risk profile - under normal and stressed economic conditions.

Regulatory capital adequacy

The Bank is required by law to meet the minimum own funds requirements set forth in Article 92 of Regulation (EU) No. 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and amending Regulation (EU) No. 648/2012 (CRR). At the same time, the following levels, recommendations and buffers were taken into account when setting capital limits/targets in addition to the basic capital ratio requirements under Article 92 of the CRR:

- the combined buffer requirement - set forth in the Act of 5 August 2015 on macroprudential supervision of the financial system and crisis management in the financial system (the Macroprudential Supervision Act) - composed of:
  - capital conservation buffer of 2.5%,
  - buffer of other systemically important institutions (OSII) - at 0%,
  - systemic risk buffer of 0%,
  - countercyclical buffer of 0%.

The table below shows these figures as of 31 December 2024.

Minimum levels of capital ratios	
Common Equity Tier 1 ratio (CET1 ratio)	
Minimum	4.50%
Capital conservation buffer	*2.50%*
Buffer of other systemically important institutions (OSII)	*0.00%*
Systemic risk buffer	*0.00%*
Countercyclical buffer	*0.00%*
Combined buffer requirement	2.50%
Total capital requirements CET1	**7.00%**
Tier 1 capital ratio (T1 ratio)	
Minimum	6.00%
Capital conservation buffer	*2.50%*
Buffer of other systemically important institutions (OSII)	*0.00%*
Systemic risk buffer	*0.00%*
Countercyclical buffer	*0.00%*
Combined buffer requirement	2.50%
Total capital requirements T1	**8.50%**
Total Capital Ratio (TCR)	
Minimum	8.00%
Capital conservation buffer	*2.50%*
Buffer of other systemically important institutions (OSII)	*0.00%*
Systemic risk buffer	*0.00%*
Countercyclical buffer	*0.00%*
Combined buffer requirement	2.50%
Total capital requirements TCR	**10.50%**

On 20 December 2024, the Polish Financial Supervision Authority (PFSA) recommended that the Bank mitigate the risks inherent in the Bank's operations by maintaining own funds to cover an additional capital surcharge to absorb potential losses resulting from stress events (**P2G add-on**). The requirement was set at **4.50 p.p.** above the total capital ratio referred to in Article 92(1)(c) of the CRR, plus the additional own funds requirement referred to in Article 138(2)(2) of the Banking Law and the combined buffer requirement referred to in Article 55(4) of the Macroprudential Supervision Act. The additional surcharge should consist entirely of Tier 1 common equity. The minimum levels of capital ratios, taking into account regulatory requirements and the P2G supervisory add-on, are as follows: CET1 ratio - 11.5%; T1 ratio - 13%; TCR - 15%.

Capital risk, as expressed by the above targets and capital limits, is subject to regular measurement and monitoring. Certain minimum ranges of these values have been established for all capital targets. Capital ratios within a given range determine the need for appropriate management decisions or actions. Regular monitoring of capital risk is based on the classification of capital ratios into appropriate ranges, followed by an assessment of trends and factors affecting capital adequacy.

Internal capital

The Bank defines internal capital in accordance with the Banking Law as the amount necessary to cover all identified significant risks occurring in the Bank's operations and changes in the economic environment, taking into account the expected level of risk in the future.
Internal capital is used in capital management, in the processes of managing economic capital adequacy and capital allocation. The Bank has defined a process for calculating internal (economic) capital. For this purpose, mathematical and statistical methods are used for measurable risks.
Maintaining economic capital adequacy means covering (hedging) internal capital (an aggregate measure of risk) with available financial resources (own funds). The obligation to hedge risks in this way stems directly from the Banking Law, as reflected in the Bank's capital targets/limits - the economic capital buffer and the stressed economic capital buffer.

Capital adequacy assessment

The Bank's capital adequacy is shown in the table below:

Capital adequacy *(PLN thousand)*	31.12.2024	31.12.2023
Risk-weighted assets	**1,572,115**	**710,657**
Own funds requirements, including:	**125,769**	**56,853**
- on account of credit and counterparty risk	*121,241*	*53,278*
- on account of market risk	*0*	*0*
- on account of operational risk	*4,528*	*3,574*
Own funds, including:	**363,850**	**234,970**
- Common Equity Tier 1	*363,850*	*234,970*
- Tier 2 Capital	*0*	*0*
Total Capital Ratio (TCR)	23.14%	33.06%
Minimum required level (OCR)	10.50%	10.50%
Surplus(+) / Deficit(-) of TCR capital adequacy (p.p.)	+12.64	+22.56
Minimum recommended level (OCR + P2G)	15.00%	12.57%
Surplus(+) / Deficit(-) against the recommended TCR level (p.p.)	+8.14	+20.49
Tier 1 capital ratio	23.14%	33.06%
Minimum required level (OCR)	8.50%	8.50%
Surplus(+) / Deficit(-) of T1 capital adequacy (p.p.)	14.64	24.56
Minimum recommended level (OCR + P2G)	13.00%	10.57%
Surplus(+) / Deficit(-) against the recommended T1 level (p.p.)	+10.14	+22.49
Common Equity Tier 1 capital (CET1)	23.14%	33.06%
Minimum required level (OCR)	7.00%	7.00%
Surplus(+) / Deficit(-) of CET1 capital adequacy (p.p.)	+16,14	+26.06
Minimum recommended level (OCR + P2G)	11.50%	9.07%
Surplus(+) / Deficit(-) against the recommended CET1 level (p.p.)	11.64%	23.99
Leverage ratio	11.60%	17.74%
Minimum required level	3.00%	3.00%
Surplus(+) / Deficit(-) of leverage (p.p.)	+8.60	+14.74

As at 31 December 2024, the Bank's capital adequacy remained at a safe level. The total capital ratio (TCR) was 23.14%, equal to the Tier 1 capital ratio and CET1. Accordingly, the minimum capital ratios for the Bank were achieved with a surplus, also including an additional capital add-on to absorb potential losses resulting from the occurrence of stress (P2G). Compared to the end of 2023, the levels of total risk exposure (transfer of loans by the parent) and own funds (recapitalization from

the parent) have increased significantly. The capital ratio levels have decreased as a result of the transfers.

The leverage ratio is at a safe level of 11.60% and well above the minimum regulatory level of 3%.

The Bank has not made any significant changes to its capital management objectives, policies and processes in 2024 compared to the previous year.

Starting in January 2025, the Bank will calculate its own funds requirement taking into account the changes under CRR3. The impact of CRR3 on the capital requirement is due to the change in risk weights for mortgage loans in the calculation of the credit risk requirement and the implementation of the new standardized approach to calculating the operational risk requirement. The Bank expects a positive impact of regulatory changes on capital ratios (+233 bps as at 31.12.2024).

7.3. CREDIT RISK

Credit risk means the uncertainty regarding the customer's fulfillment of its financing agreements with the Bank, i.e. repayment of principal and interest within a certain period of time, which may result in a financial loss for the Bank.
The objective of the Bank's credit risk management is to ensure a high quality credit portfolio by controlling and reducing the risk of credit exposures at risk of impairment. The overriding task carried out as part of the credit risk management process is to support the implementation of business plans while maintaining a specified level of risk appetite.
The process and methods of credit risk management are regulated in the Risk Strategy and procedures approved by the Management Board and the Supervisory Board. The procedures are adequate for the scale of the Bank's operations and will be continuously improved by adjusting to factors identified on an ongoing basis that significantly increase risk.
The credit policy implemented at the Bank is based on a set of the following principles:

- the use of models based on data from the Bank, the Bank Millennium Group and the domestic market (if applicable) to properly assess the customer's creditworthiness,
- functional separation of business operations, credit policy, credit decisions and credit monitoring to avoid conflicts of interest,
- use of IT tools (workflows) to support the credit process at all stages,
- regular monitoring of the credit portfolio,
- Using the structure of credit exposure limits and sub-limits to avoid risk concentration and promote the diversification effect of the credit portfolio,
- decision-making levels are set depending on the total amount of exposure and the customer's rating,
- every customer should be given a rating before any credit decision is made.

Elements that determine credit decisions regarding changing the terms of the loan agreement:

- risk filters,
- assessment of the customer's creditworthiness,
- customer rating,
- risk mitigation level, e.g. collateral.

Risk acceptance thresholds for the credit portfolio have been defined to ensure a positive result on this portfolio after taking into account the expected cost of risk and capital.
The Bank seeks to diversify its credit portfolio in such a way as to avoid excessive concentration against a single customer or in a homogeneous group of customers.
Monitoring of the credit portfolio is a key element in the early detection of potential losses. As part of credit risk management, stress tests are conducted to quantify the potential impact on the Bank's financial position of adverse changes in its environment.

Measurement of impairment

The Bank applies the Group's standards in the process of estimating the impairment of credit exposures. Impairment is measured in accordance with the principles of the IFRS 9 standard, based on the concept of expected credit loss, taking into account forecasts and expected future economic conditions in the context of assessing the credit risk of exposures.
Due to the nature of the Bank's operations, the process of estimating the impairment of exposures is carried out exclusively in the form of collective analysis. The Bank has a homogeneous portfolio of PLN mortgage loans secured by residential real estate.
The Bank considers exposures to the State Treasury, the Central Bank and Bank Millennium S.A. as instruments with low credit risk (LCR).

Incorporation of forward looking information on economic conditions (FLI)

In the process of calculating expected credit loss, the Bank uses information on future macroeconomic events, both in the estimation of PD (Probability of Default), LGD (Loss Given Default), EAD (Exposure at Default), as well as in the process of identifying a significant increase in credit risk (SICR) and allocating exposures to Basket 2 (transfer logic). The Bank uses only forecasts prepared by Bank Millennium's Macroeconomic Analysis Office, which prepares three macroeconomic scenarios (baseline, optimistic and pessimistic) and determines the probabilities of their occurrence. Forecasts translate directly and indirectly into the values of estimated parameters and exposures, and their impact varies depending on the model, rating class, etc. Forecasts are provided quarterly over a three-year time horizon. As with any macroeconomic forecast, both forecasts and estimated probabilities are subject to a high degree of uncertainty, so actual results may differ significantly from those predicted.

Assumptions on macroeconomic variables

The key assumptions used for estimating ECL as at 31 December 2024 are outlined below:

	Scenario	2025	2026	2027
Gross Domestic Product	Baseline	103.6	103.1	103.0
	Optimistic	104.6	104.3	103.9
	Pessimistic	101.9	102.1	102.6
Retail sales	Baseline	104.7	104.5	104.3
	Optimistic	105.4	105.4	105.1
	Pessimistic	103.2	103.3	103.9
Unemployment rate	Baseline	5.1	5.2	5.2
	Optimistic	4.7	4.7	4.8
	Pessimistic	5.9	6.8	6.8

The weights assigned to each of the macroeconomic scenarios as at 31 December 2024 were as follows:

	Baseline	Optimistic	Pessimistic
Weight applied	**60%**	**10%**	**30%**

Maximum exposure to credit risk

(PLN thousand)	31.12.2024	31.12.2023
Exposures to credit risk related to balance sheet assets:	**3,130,465**	**1,313,265**
Deposits and loans and borrowings to banks and other monetary institutions	6,803	1,873
Loans and borrowings to customers	2,891,864	1,139,848
Measured at amortized cost:	2,891,864	1,139,848
Loans to individuals	2,891,864	1,139,848
Mortgage loans	2,891,864	1,139,848
Debt securities measured at fair value through other comprehensive income (State Treasury bonds)	136,829	68,610

Other financial assets (NBP money bills)	94,970	102,934
Credit risk associated with off-balance sheet items:	**0**	**0**
TOTAL	**3,130,465**	**1,313,265**

The table above shows the structure of the Bank's credit risk exposures as at 31 December 2024 and 31 December 2023. For balance sheet assets, the exposures shown above are based on the net amounts presented in the balance sheet.

Credit quality of financial assets

(PLN thousand) as at 31 December 2024	Basket 1 (12-month loss)	Basket 2 (lifetime loss)	Basket 3 (lifetime loss)	POCI	Total
Balance sheet exposures exposed to credit risk	**3,055,662**	**77,695**	**2,080**	**0**	**3,135,438**
Balance sheet write-off	**2,898**	**1,560**	**515**	**0**	**4,973**
Loans and borrowings to banks	6,803	0	0	0	6,803
Loans and borrowings to individual customers (according to the Master Scale)	**2,817,061**	**77,695**	**2,080**	**0**	**2,896,837**
▪ 1-3 Top quality	2,502,091	17,267	0	0	2,519,358
▪ 4-6 Good quality	230,883	43,479	0	0	274,361
▪ 7-9 Medium quality	77,714	12,794	0	0	90,508
▪ 10-12 Low quality	6,374	2,618	0	0	8,992
▪ 13-14 “Watch”	0	1,537	0	0	1,537
▪ 15 Default	0	0	2,080	0	2,080
Impairment	**2,898**	**1,560**	**515**	0	**4,973**
HTC&FS debt securities (State Treasury bonds)	136,829	0	0	0	136,829
HTC debt securities (NBP bills)	94,970	0	0	0	94,970

The table above shows the breakdown of financial assets into baskets into which individual credit exposures have been classified under IFRS 9 and the assigned probability of default rating based on the internal rating model. At the end of December 2024, the share of Basket 3 exposures to the total gross credit portfolio was 0.1%. Basket 3 was covered by impairment charges in 24.8%, and considering the total amount of impairment charges - 240%.

Gross carrying value (PLN thousand)				
Individuals:	Basket 1	Basket 2	Basket 3	Total
as at 31.12.2023	1,090,636	50,734	1,539	1,142,909
Increase due to acquisition	1,967,937	0	0	1,967,937
Repaid loans	-207,132	-6,781	-95	-214,008
Transfers between baskets	-34,378	33,743	636	0
As at 31.12.2024	2,817,061	77,695	2,080	2,896,837
Balance sheet write-off (PLN thousand)				
as at 31.12.2023	1,572	1,081	408	3,061
Increase due to acquisition	2,392	0	0	2,392
Repaid loans	-253	-148	-28	-429
Transfers between baskets/change in credit risk	-813	626	136	-51
As at 31.12.2024	2,898	1,560	515	4,973

Sectors of the economy

(PLN thousand) as at 31.12.2024	Financial intermediation	Industry and construction	Wholesale and retail trade	Transport and communication	Public sector	Mortgage loans	Consumer loans*	Other industries	Total
Loans and borrowings to banks	6,803	0	0	0	0	0	0	0	6,803
Loans and borrowings to customers (amortized cost)	0	0	0	0	0	2,891,864	0	0	2,891,864
Instruments measured at amortized cost	0	0	0	0	94,970	0	0	0	94,970
Instruments measured at fair value through other comprehensive income	0	0	0	0	136,829	0	0	0	136,829
Total net value	6,803	0	0	0	231,798	2,891,864	0	0	3,130,465

The above table shows the breakdown of the Bank's main categories of credit exposures into components, by economic sector (customer category).

Key parameters of the credit portfolio

As at 31 December 2024, the volume-weighted average maturity of loans in the Bank's portfolio is 19 years and 8 months, while the volume-weighted average value of the current loan-to-value (LTV) ratio marked to market is 39.4%.

The structure of the credit portfolio by LTV as at 31 December 2024 is as follows:

LTV according to BHWN	% structure
up to 50%	25.0%
50%-60%	22.0%
60%-70%	23.4%
70%-80%	16.8%
80%-100%	12.8%
Total	**100.0%**

LTV - marked-to-market	% structure
up to 30%	21.1%
30%-40%	29.8%
40%-50%	31.3%
50%-60%	16.0%
60%-70%	1.8%
70%-100%	0.0%
Total	**100.0%**

Collateral

The Bank accepts collateral to mitigate its credit risk exposure; the main role of collateral is to minimize loss in the event of customers' default in repayment of credit transactions in contractual amounts and on contractual dates by ensuring an alternative source of repayment of due and payable amounts. Collateral is accepted in accordance with the credit policy principles. The policy defines the types, kinds and legal forms of collateral accepted at the Bank. Residential real estate is accepted as the main collateral in the mortgage bank. The value of mortgage collateral is determined on the basis of an expert opinion on the Mortgage Lending Value of Real Estate (BHWN), which is prepared

in accordance with the Act on Mortgage Banks and Covered Bonds, Recommendation F of the PFSA and the Regulations for Determining BHWN at Millennium Bank Hipoteczny S.A., approved by the PFSA. The Bank monitors the collateral to ensure that it satisfies the terms of the agreement, i.e. that the final collateral of the transaction has been established in a legally effective manner or that the assigned insurance policies are renewed. The value of the collateral is also monitored during the term of the credit transaction.

The value of collateral (according to BHWN) for the Bank's credit portfolio as at 31.12.2024 amounted to PLN 5,274.4 million.

7.4. MARKET RISK AND INTEREST RATE RISK IN THE BANK BOOK

Market risk includes the current and potential impact on earnings or capital of changes in the value of the Bank's portfolio as a result of adverse changes in market parameters (prices).
The market risk management system is reflected in the Bank's procedures. The implemented system of limits limiting market risk is subject to updating at least once a year, taking into account, among other things, the change in the level of own funds, the current and expected structure of the balance sheet, as well as the market situation. Any breaches of internal limits for market risk are reported, documented and ratified at the appropriate authority level.

During the reporting period, the Bank's market risk and IRRBB limits were not breached.

Interest rate risk in the Bank Book
Interest Rate Risk in the Bank Book (IRRBB) is defined as the current or future risk to both income and economic value of the Bank resulting from adverse changes in interest rates. These risks include gap risk, basis risk and customer option risk.

Fluctuations in market interest rates affect the Bank's net interest income, both in the short and medium term, also affecting its economic value in the long term. The purpose of interest rate risk management is to limit potential losses from changes in market interest rates by selecting the appropriate risk profile, as well as to appropriately structure balance sheet and off-balance sheet items

In particular, interest rate risk is measured in the Bank Book by monitoring yield volatility (NII) and the economic value of the Bank's capital (EVE). In addition to the NII and EVE measures in measuring interest rate risk, the Bank uses the BPV measure, the interest rate gap and stress testing.

The interest rate gap presents the difference between the values of flows arising from interest rate-sensitive asset and liability positions subject to repricing in a given time range.

Interest rate gap PLN million 31.12.2024	up to 1 month	1-3 months	3-6 months	6-12 months	1-3 years	above 3 years	Total
Assets	972.9	1,766.5	128.7	12.6	250.6	28.5	3,159.8
Liabilities and equity	-1,954.7	-813.2	-	-	-	-	-2,767.9
Interest rate gap	-981.7	953.3	128.7	12.6	250.6	28.5	391.9

The Bank performs a sensitivity analysis of net interest income and the economic value of the Bank's capital using changes in interest rates determined by regulatory authorities and defined internally.

The sensitivities of NII and EVE in the case of a parallel shift of interest rates by 100 bps up and down are presented below.

Change due to change in rates +/- 100 b.p. in PLN thousand (*)	31.12.2024	31.12.2023
Net interest income (NII)	-620	-151
Economic value of equity (EVE)	-7,716	-4,260

**The more unfavorable of the listed scenarios*

Foreign exchange risk

Foreign exchange risk, as a component of market risk, was defined as the risk of loss due to changes in foreign exchange rates.

Measurement and assessment of foreign exchange risk are done by limiting the foreign currency positions taken by the Bank. Limits for currency risk have been set so that the risk is immaterial.

The Bank regularly monitors and reports on the level of foreign exchange risk measures, the extent to which internal limits are utilized, as well as exposure to foreign exchange risk under stressed conditions. As at 31 December 2024, the foreign currency position resulted from an interest held in another entity (Note 8.8).

Foreign currency position expressed in PLN thousand	31.12.2024	31.12.2023
EUR	3.2	3.3

An analysis of the sensitivity of the impact on the income statement of the foreign currency position due to arbitrary changes in the exchange rate is presented below:

Change in value of foreign currency position in PLN thousand	31.12.2024
A 10% increase in the EUR/PLN exchange rate	0.3
A 10% decrease in the EUR/PLN exchange rate	-0.3

A drop in rates causes the same change as an increase, only with the opposite sign. A negative amount in the table reflects a potential decrease in the profit and loss account, while a positive amount reflects a potential increase.

7.5. LIQUIDITY RISK

Liquidity in the Bank means the ability to finance the growth of the Bank's assets and meet its financial obligations as they come due, and to take advantage of business opportunities (financing without incurring unacceptable losses). Liquidity risk is defined as the threat of losing the ability to effectively regulate both expected and unexpected current and future cash flows, and collateral needs without affecting the Bank's daily operations or financial condition.
The Bank's planning and budgeting process includes the preparation of a liquidity plan to ensure that business growth is supported by an appropriate financing structure and that supervisory requirements for quantitative liquidity measures are met.

The Bank regularly measures, monitors and reports liquidity risk using both measures set by supervisory authorities and internal indicators for which limits have been set.
The measurement is supplemented by stress tests to assess the liquidity risk profile and ability to meet obligations under stressed situations. Stress testing includes sensitivity analysis, inverse testing, and stress test scenarios (idiosyncratic, systemic, and a combination thereof)
During the reporting period, the Bank's liquidity risk limits were not breached.

The Bank's policy is to invest its liquidity surplus mainly in a portfolio of liquid assets, particularly in low-risk PLN-denominated Polish securities (Treasury securities, Treasury bills, NBP money bills and securities guaranteed by the State Treasury or NBP) and deposits with Bank Millennium. The liquid asset portfolio and deposits are treated as a liquidity buffer for the Bank to survive possible crisis situations.

The Bank's main source of financing at the current stage of operations is from Bank Millennium, with the long-term goal of the Bank being a financing structure in which the primary source of financing is the issuance of covered bonds. The following table shows the financing structure.

Source of financing	31.12.2024	31.12.2023
Funds from Bank Millennium	62.1%	81.1%
Issue of covered bonds	25.5%	0.0%
Equity	12.2%	18.5%
Other	0.2%	0.4%
Total	100%	100%

In accordance with the CRR, the Bank sets a daily liquidity coverage ratio (LCR) and a net stable funding ratio (NSFR). During the reporting period, the ratios took values well above the regulatory minimum of 100%.

The values of liquidity ratios as at 31 December 2024 are presented in the table below:

	LCR (%)	NSFR (%)
Ratio level	6,761%	137%
Regulatory limit	100%	100%

In addition, the Bank applies internal structural liquidity analysis on the basis of cumulative restated liquidity gaps (i.e., assuming the probability of occurrence of the cash flow).

The cumulative results of the adjusted liquidity gap as at 31 December 2024 are presented in the table below:

Adjusted liquidity gap (PLN million) 31.12.2024	up to 1 month	1-3 months	3-6 months	6-12 months	1-2 years	2-5 years	Over 5 years
Adjusted balance sheet assets	229.2	159.9	148.8	291.7	559.1	1475.8	1338.6
Adjusted balance sheet liabilities	10.5	33.9	45.0	91.2	2,039.0	909.3	387.7
Total gap	218.6	126.0	103.8	200.5	-1,480.0	566.6	950.8
Cumulative total gap	218.6	344.6	448.4	648.9	-831.1	-264.5	686.3

The Bank also has emergency procedures for situations of increased liquidity risk in the form of a Liquidity Contingency Plan, which establishes concepts, priorities, responsibilities and specific measures to be taken in the event of a liquidity crisis. The Liquidity Contingency Plan is subject to review and testing at least once a year.

7.6. OPERATIONAL RISK

The main objective of operational risk management is to optimize the Bank's operational efficiency by reducing the level of operational losses and increasing the adequacy and speed of the Bank's response to external events.
The Bank's operational risk management is based on a process structure implemented in the Group that overlaps with the traditional organizational structure. The operational risk management system uses a process approach to management, which is based on a dynamic process management structure defined for all Bank activities.
The operational risk management system is adapted to the scale and profile of the Bank's operations. It aligns with the operational risk management system adopted at the Bank Millennium Group level. In particular, the Bank uses the following operational risk management tools as part of the system: operational event base, Key Risk Indicator, Risk Self Assessment and scenario analysis.
The Bank's operational risk management process includes identification, measurement, mitigation including control and monitoring, as well as reporting on the various risks that fall under operational risk. In the management and control of operational risk, the Bank applies clear policies, practices and controls that ensure the proper segregation of functions and define tolerance limits for exposure to this risk.
Within the Risk Department, the organizational unit responsible for risk management at the Bank, there is an operational risk management function that supports the Management Board in developing and promoting a sound operational risk culture, as well as being responsible for creating, proposing, enforcing and controlling the implementation of tools and methodologies to ensure proper assessment of risk exposure. This organizational unit performs the fraud prevention function.

7.7. MODEL RISK MANAGEMENT

The Bank defines model risk as the potential loss it may incur as a result of decisions that may have been based in principle on data obtained using models, due to errors in the development, implementation or application of such models. The Bank's model risk management process is consistent with the Bank Millennium Group's solutions, taking into account the scale and profile of the Bank's operations.
The risk level of a given model is determined by the following dimensions:

- inherent risk assessment - this is an assessment of the key risk factors of the model: complexity, uncertainty and relevance of the model,
- risk mitigation assessment - this is an evaluation of the controls, mitigation measures and other risk management activities applied to the model.

The model risk assessment aims to determine the magnitude of the risks associated with model risk. Assessments are made at the individual model level, as well as in aggregate at the Bank level. The

purpose of model risk control is to actively manage and effectively mitigate model risk so that the aggregate level of model risk does not exceed the applicable tolerance level.

7.8. CONCENTRATION RISK

The Bank defines concentration risk as the threat arising from excessive concentrations from exposures to individual customers, groups of related customers, customers operating in the same geographic region, from credit risk mitigation techniques used, and large indirect credit exposures, such as a single collateral issuer, characterized by the potential to generate losses large enough to threaten the Bank's financial condition or ability to conduct its core business or lead to a significant change in the Bank's risk profile.

The Bank's concentration risk management process is in line with the requirements of Recommendation C of the PFSA and consistent with the methodology used in the Group. The Bank will strive to maintain as high a diversification of assets as possible in such a way as to avoid a high level of concentration risk that may cause a significant reduction in the Bank's own funds or financial result.

The Bank's credit portfolio consists exclusively of retail loans, which allows it to be highly diversified. As at 31 December 2024, the share of the 20 customers with the largest credit exposure in the total portfolio was 0.6%. At the same time, the portfolio is well diversified geographically. The share of individual voivodeships, with the Capital City of Warsaw presented separately, by location of the real estate securing the loan as at 31 December 2024, is presented in the table below:

Location	Share in the credit portfolio (by value)
Pomorskie	15.7%
Capital City of Warsaw	14.0%
Mazowieckie	13.2%
Dolnośląskie	12.4%
Wielkopolskie	10.6%
Małopolskie	5.9%
Śląskie	5.5%
Kujawsko-pomorskie	5.3%
Warmińsko-mazurskie	3.8%
Zachodniopomorskie	3.5%
Łódzkie	3.3%
Lubuskie	1.6%
Lubelskie	1.3%
Opolskie	1.2%
Podlaskie	1.2%
Świętokrzyskie	0.8%
Podkarpackie	0.6%

8.Notes to the financial statements

The values presented in the notes to the financial statements are expressed in PLN thousand.

8.1. INTEREST INCOME AND EXPENSES AND INCOME OF SIMILAR NATURE

	01.01 - 31.12.2024	01.01 - 31.12.2023
Interest income on assets measured at fair value through other comprehensive income	**6,505.7**	**3,994.6**
Debt instruments	6,505.7	3,994.6
Interest income on assets measured at amortized cost	**137,253.2**	**70,735.2**
Funds in the Central Bank	0.0	0.0
Loans and borrowings to customers	131,073.2	66,005.0
Debt instruments	5,906.8	4,426.8
Deposits and loans and borrowings to banks and other monetary institutions	273.2	303.4
Total interest income	**143,759.0**	**74,729.9**
Interest expense on financial liabilities measured at amortized cost:	**-103,611.7**	**-48,808.0**
Liabilities to banks and other monetary institutions	-87,362.9	-48,591.6
Lease liabilities	-204.0	-216.4
Debt securities in issue	-16,044.8	0.0
Total interest expenses	**-103,611.7**	**-48,808.0**
Net interest income	**40,147.3**	**25,921.8**

Impact of credit holidays on interest income

Interest income, in PLN	01.01 - 31.12.2024	01.01 - 31.12.2023
Accrued from customers	128,499.4	49,726.4
Settled by adjusting the effective rate	3,807.2	14,103.0
Cost of credit holidays	-1,233.4	2,175.7
Loans and borrowings to customers	**131,073.2**	**66,005.0**
Net interest income - excluding the cost of credit holidays	**41,380.8**	**23,746.1**

8.2. FEE AND COMMISSION INCOME AND EXPENSE

	01.01 - 31.12.2024	01.01 - 31.12.2023
Fee and commission income	67.1	41.7
Other commission	67.1	41.7
Total	**67.1**	**41.7**
Fee and commission expense	-110.2	-84.7
Account commissions	-4.4	-3.4
Commissions on loans and borrowings received	-55.4	-55.0
Commissions from brokerage and custody activities	-50.4	-26.3
Total	**-110.2**	**-84.7**
Total income and costs	-43.1	-43.1

8.3. ADMINISTRATIVE EXPENSES

	01.01 - 31.12.2024	01.01 - 31.12.2023
Employee expenses	-9,299.3	-7,765.7
Employee compensation	-7,471.6	-6,327.7
Obligatory burdens on compensation	-1,319.0	-1,107.7
Employee benefits, including	-508.7	-330.2
Provisions for retirement benefits	-86.0	-76.0
Provision for unused holiday leaves	-58.1	3.4
Other	-364.5	-257.6
Other administrative expenses	-6,884.1	-4,970.4
Costs of advertising, promotion and representation	-2.1	0.0
IT and communications costs	-1,178.8	-1,114.7
Rental costs	-362.4	-325.8
Building and equipment maintenance costs	-126.9	-125.7
Costs of consulting, auditing and legal services	-941.1	-690.7
Miscellaneous taxes and fees	-594.3	-281.0
PFRON costs	-75.3	-62.7
BGF costs	-8.9	-4.7
Financial Supervision costs	-116.7	-37.7
Other administrative expenses:	-3,477.6	-2,327.4
Intra-group services	-3,279.7	-2,237.9
Other	-197.9	-89.5
Total	**-16,183.4**	**-12,736.1**

Information on rights of use:

	01.01 - 31.12.2024	01.01 - 31.12.2023
Total cash outflow from leases	-566.5	-547.4
Costs associated with short-term leases	0.0	0.0
Costs associated with low-value asset leases	-63.5	-47.7

The Bank reports the lease of IT equipment (laptops, monitors) from Bank Millennium as low-value asset leases.

8.4. EXPENSES ON ACCOUNT OF IMPAIRMENT OF FINANCIAL ASSETS

	01.01 - 31.12.2024	01.01 - 31.12.2023
On account of charges for loans and borrowings to customers	-1,882.7	-760.7
Recognition of charges for loans and borrowings to customers	-7,331.0	-4,229.3
Reversal of charges for loans and borrowings to customers	5,448.3	3,468.6
On account of charges for securities	0.0	0.0
Total	**-1,882.7**	**-760.7**

8.5. DEPRECIATION AND AMORTIZATION

	01.01 - 31.12.2024	01.01 - 31.12.2023
Property, plant and equipment	-303.6	-295.3
Intangible assets	-422.2	-384.7
Total	-725.9	-680.0

8.6. INCOME TAX

Income tax recognized in the profit and loss account

	01.01 - 31.12.2024	01.01 - 31.12.2023
Current tax	0.0	0.0
Current year	0.0	0.0
Deferred tax:	-4,089.2	-2,305.9
Non-taxable income	1,448.9	3,717.9
Interest accrued to be received	43.7	110.7
Revenues and expenses accounted for at the effective interest rate	1,405.2	3,607.2
Costs not classified as tax-deductible expenses	-2,640.3	1,412.0
Provisions for personnel costs	15.1	8.1
Provisions for tangible expenses	80.5	-34.3
Rights of use	11.8	15.0
Charges for loans to customers	364.3	154.6
Other	-302.0	-2.6
Tax loss	-2,810.0	1,271.2
Total tax expense in the profit and loss account	**-4,089.2**	**-2,305.9**

Effective tax rate

	01.01 - 31.12.2024	01.01 - 31.12.2023
Gross financial result	21,159.0	11,829.1
Statutory tax rate	19%	19%
Income tax at the applicable tax rate of 19%	-4,020.2	-2,247.5
Impact of permanent differences on tax burden:	**-69.0**	**-58.4**
Tax on civil law transactions	-40.2	-33.5
PFRON contribution	-14.3	-11.9
Bank Guarantee Fund contributions	-1.7	-0.9
Other	-12.9	-12.1
Total tax expense in the profit and loss account	**-4,089.2**	**-2,305.9**
Effective tax rate	19.33%	19.49%

Deferred tax recognized directly in equity

	31.12.2024	31.12.2023
Measurement of securities at fair value through other comprehensive income	535.3	1,375.9
Actuarial gains / (losses)	-74.4	-118.5
Deferred tax recognized directly in capital	-87.6	-238.9

8.7. EARNINGS PER SHARE

	01.01 - 31.12.2024	01.01 - 31.12.2023
Profit/Loss after tax	17,069.7	9,523.2
Weighted average number of treasury shares during the period	121,366,120	76,890,411
Earnings per share - basic and diluted (PLN)	0.1406	0.1239

Earnings per share were calculated by dividing net profit/loss for the period by the weighted average number of shares. At the same time, there was no need for a separate calculation of diluted earnings per share (the calculation methodology in the absence of dilutive instruments is analogous to that for earnings per share; consequently, diluted earnings per share are equal to basic earnings per share).

8.8. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Financial assets measured at fair value through other comprehensive income

	31.12.2024	31.12.2023
Debt securities		
State Treasury securities	136,828.5	68,609.5
a) bills	0.0	0.0
b) bonds	136,828.5	68,609.5
Central bank securities	0.0	0.0
a) bills	0.0	0.0
b) bonds		
Ownership interest and shares in other entities	3.2	3.3
Other financial instruments		
Total	**136,831.7**	**68,612.8**
Including:		
Instruments listed on an active market	136,828.5	68,609.5
Instruments not listed on an active market	3.2	3.3

The Bank reports its interest in a joint venture - Millennium BCP - Prestação de Serviços, A.C.E. as shares in other entities. This is a venture of Millennium BCP Group entities set up to provide each other with services in the IT area. The Bank intends to hold this stake as long as membership in the company is required for business and has therefore classified it as a financial asset measured at fair value through other comprehensive income.

Debt securities measured at fair value through other comprehensive income

	31.12.2024	31.12.2023
with a fixed interest rate	0.0	0.0
with a variable interest rate	136,828.5	68,609.5
Total	136,828.5	68,609.5

Debt securities measured at fair value through other comprehensive income

	31.12.2024	31.12.2023
up to 1 month	0.0	0.0
from 1 month to 3 months	0.0	0.0
from 3 months to 1 year	5,043.7	0.0
from 1 year to 5 years	54,604.6	44,580.3
over 5 years	77,180.2	24,029.3
Total	136,828.5	68,609.5

Change in debt instruments measured at fair value through other comprehensive income

	01.01 - 31.12.2024	01.01 - 31.12.2023
Opening balance	68,609.5	38,366.3
Increases (purchase and accrual of interest and discount)	69,059.6	28,977.5
Decreases (sales and redemption)	0.0	0.0
Differences from fair value measurement	-840.6	1,265.8
Impairment charges	0.0	0.0
Closing balance	**136,828.5**	**68,609.5**

8.9. LOANS AND BORROWINGS TO CUSTOMERS

Quality of the portfolio of loans and borrowings to customers

	31.12.2024	31.12.2023
Loans and borrowings to customers (gross)	2,896,837.0	1,142,908.8
- with recognized impairment	2,080.4	1,539.2
- without impairment	2,894,756.6	1,141,369.6
Impairment charge	4,973.0	3,061.1
- for exposures with recognized impairment	515.0	407.5
- for exposures without recognized impairment	4,458.0	2,653.6
Loans and borrowings to customers (net)	**2,891,864.0**	**1,139,847.7**

Breakdown of the portfolio of loans and borrowings to customers by impairment estimation method

	31.12.2024	31.12.2023
Loans and borrowings to customers (gross)	**2,896,837.0**	1,142,908.8
- measured individually	0.0	0.0
- measured on a portfolio basis	2,896,837.0	1,142,908.8
Impairment charge	**4,973.0**	3,061.1
- recognized on the basis of individual analysis	0.0	0.0
- recognized on the basis of collective analysis	4,973.0	3,061.1
Loans and borrowings to customers (net)	**2,891,864.0**	**1,139,847.7**

Portfolio of loans and borrowings to customers by type of customer

	31.12.2024	31.12.2023
Loans and borrowings to customers (gross)	2,896,837.0	1,142,908.8
- corporate customers	0.0	0.0
- individual customers	2,896,837.0	1,142,908.8
Impairment charge	4,973.0	3,061.1
- recognized for receivables from corporate customers	0.0	0.0
- recognized for receivables from individual customers	4,973.0	3,061.1
Loans and borrowings to customers (net)	**2,891,864.0**	**1,139,847.7**

8.10. ASSETS MEASURED AT AMORTIZED COST, OTHER THAN LOANS AND BORROWINGS TO CUSTOMERS

Deposits and loans and borrowings to banks and other monetary institutions

	31.12.2024	31.12.2023
Current accounts	6,802.6	1,835.6
Deposits	0.0	37.0
Interest	0.0	0.0
Total gross receivables	6,802.6	1,872.6
Impairment charge	0.0	0.0
Total net receivables	**6,802.6**	**1,872.6**

Receivables from banks include only funds in Bank Millennium.

Given, in the case of current accounts, the short-term nature and possibility of daily management, and, in the case of term deposits, the small amount, the calculated value of potential charges on these items was immaterial. Therefore, based on the criterion of materiality of information in the financial statements indicated in IAS1, the Bank did not recognize impairment losses on these assets.

Debt instruments

	31.12.2024	31.12.2023
Central bank securities - bills*	94,969.7	102,934.2
Total	94,969.7	102,934.2

** 7-day NBP money bills*

Change in debt instruments measured at amortized cost

	01.01 - 31.12.2024
Opening balance	102,934.2
Increases (purchase and accrual of interest and discount)	5,267,135.4
Decreases (sales and redemption)	-5,275,100.0
Differences from fair value measurement	0.0
Impairment charges	0.0
Other	0.0
Closing balance	94,969.7

8.11. PROPERTY, PLANT AND EQUIPMENT

	31.12.2024	31.12.2023
Means of transport	150.9	206.0
Right of use - office space	1,144.6	1,359.3
Total	**1,295.6**	**1,565.3**

Change in property, plant and equipment (by type groups)

for the period 01.01-31.12.2024	means of transport	right of use - office space	TOTAL
a) gross value of property, plant and equipment at the beginning of the period	**318.6**	**1,573.9**	**1,892.5**
b) increases (by virtue of)	33.9	0.0	33.9
purchase	0.0	0.0	0.0
lease acceptance	33.9	0.0	33.9
c) decreases (by virtue of)	0.0	0.0	0.0
d) gross value of property, plant and equipment at the end of the period	**352.6**	**1,573.9**	**1,926.5**
e) accumulated depreciation at the beginning of the period	**112.6**	**214.6**	**327.2**
f) depreciation for the period (by virtue of)	89.0	214.6	303.6
current impairment charge (P&L account)	89.0	214.6	303.6
decreases due to sales, liquidation	0.0	0.0	0.0
g) accumulated depreciation at the end of the period	**201.6**	**429.2**	**630.9**
h) impairment charges at the beginning of the period	**0.0**	**0.0**	**0.0**
i) impairment charges at the end of the period	**0.0**	**0.0**	**0.0**
j) net value of property, plant and equipment at the end of the period	**150.9**	**1,144.6**	**1,295.6**
including: property, plant and equipment used under lease agreements	150.9	1,144.6	1,295.6

8.12. INTANGIBLE ASSETS

	31.12.2024	31.12.2023
Goodwill	0.0	0.0
Other intangible assets:	742.7	1,165.6
Computer software	630.9	922.7
computer software - right of use	111.8	215.0
advances for intangible assets	0.0	28.0
Total	**742.7**	**1,165.6**

Change in intangible assets (by type group)

for the period 01.01-31.12.2024	computer software (licenses)	right of use - computer software	advance payments towards intangible assets	TOTAL
a) gross value of property, plant and equipment at the beginning of the period	**1,494.5**	**511.7**	**28.0**	**2,034.2**
b) increases (by virtue of)	27.2	0.0	0.0	27.2
purchase	0.0	0.0	0.0	0.0
settlement of advances	27.2	0.0	0.0	27.2
c) decreases (by virtue of)	0.0	0.0	28.0	28.0
settlement of advances for intangible assets	0.0	0.0	27.2	27.2
Other (reversal of provisions)	0.0	0.0	0.7	0.7
d) gross value of property, plant and equipment at the end of the period	**1,521.8**	**511.7**	**0.0**	**2,033.5**
e) accumulated depreciation at the beginning of the period	**571.9**	**296.7**	**0.0**	**868.6**
f) depreciation for the period (by virtue of)	319.0	103.2	0.0	422.2
current impairment charge (P&L account)	319.0	103.2	0.0	422.2
decreases due to sales, liquidation	0.0	0.0	0.0	0.0
g) accumulated depreciation at the end of the period	**890.9**	**399.9**	**0.0**	**1,290.8**
h) impairment charges at the beginning of the period	**0.0**	**0.0**	**0.0**	**0.0**
i) impairment charges at the end of the period	**0.0**	**0.0**	**0.0**	**0.0**
j) net value of property, plant and equipment at the end of the period	**630.9**	**111.8**	**0.0**	**742.7**
including: intangible assets used under lease agreements		111.8		111.8

8.13. DEFERRED TAX ASSETS

	31.12.2024		
	Deferred tax asset	Deferred income tax liability	Deferred tax asset, net
Tax loss	3,277.1		3,277.1
Interest to be paid/received	1,523.0	-2,222.9	-699.9
Revenues and expenses accounted for at the effective interest rate	0.0	-2,206.6	-2,206.6
Provisions for loans representing temporary differences	944.9		944.9

Employee benefits	107.5		107.5
Retirement benefits	136.5		136.5
Expense reserve	491.0		491.0
Rights of use	30.3		30.3
Measurement of investment assets and actuarial gains/losses recognized in other comprehensive income	14.1	-101.7	-87.6
Other	0.0	-304.6	-304.6
Deferred tax asset, net	6,524.5	-4,835.8	1,688.7
including long-term deferred tax asset, net			-969.3

Changes due to temporary differences

	31.12.2023	Changes charged to profit or loss	Changes charged to capital	31.12.2024
Tax loss	6,087.2	-2,810.0		3,277.1
Interest to be paid/received	-656.2	-43.7		-699.9
Revenues and expenses accounted for at the effective interest rate	-801.4	-1,405.2		-2,206.6
Provisions for loans representing temporary differences	580.6	364.3		944.9
Employee benefits	229.0	15.1		244.0
Rights of use	18.5	11.8		30.3
Allowance for future expenses	410.5	80.5		491.0
Measurement of investment assets and actuarial gains/losses recognized in other comprehensive income	-238.9		151.3	-87.6
Other	-2.6	-302.0		-304.6
Total	5,626.6	-4,089.2	151.3	1,688.7

The Bank has capitalized the tax loss, as according to the financial plan for 2025-2028, it assumes profits in the tax result, which will allow it to account for the tax loss in 2025-2026. In 2024, the Bank generated a taxable profit of PLN 14,790 thousand and partially settled the tax loss from 2020-2023. Based on the provisions of IAS 12, the Bank offset deferred tax assets against deferred tax liabilities.

8.14. OTHER ASSETS

	31.12.2024	31.12.2023
Costs to be settled over time	1,526.4	2,484.9
Receivables from sundry debtors	6.0	1.0
Revenues to be received - reimbursement of the costs of credit holidays	837.6	0.0
Prepayments	0.0	0.0
Total other assets, gross	2,370.1	2,485.9
Impairment charges	0.0	0.0
Total other assets, net	**2,370.1**	**2,485.9**

8.15. FINANCIAL LIABILITIES MEASURED AT AMORTIZED COST

Liabilities to banks and other monetary institutions

	31.12.2024	31.12.2023
Loans and borrowings received *	1,870,000.0	1,007,001.2
Other financial liabilities **	73,734.9	66,067.7
Interest	340.7	183.2
Total	**1,944,075.6**	**1,073,252.0**

** The loans received are exclusively from Bank Millennium and were taken on market terms based on the WIBOR rate plus a margin*
*** Deferred payment on payments for the mortgage package from Bank Millennium.*

Liabilities to banks and other monetary institutions by maturity date

	31.12.2024	31.12.2023
current accounts	0.0	0.0
up to 1 month	0.0	1.2
from 1 month to 3 months	0.0	0.0
from 3 months to 1 year	0.0	0.0
from 1 year to 5 years	1,943,734.9	1,073,067.7
over 5 years	0.0	0.0
Interest	340.7	183.2
Total	**1,944,075.6**	**1,073,252.0**

8.16. ISSUED COVERED BONDS

In 2024, the Bank completed two mortgage bond issues:

ISIN code	Issue date	Maturity date	Value of the issue	Currency	Reference rate
PLMLNBH00014	2024-06-12	2027-06-11	300,000,000.0	PLN	WIBOR 3M
PLMLNBH00022	2024-11-05	2029-11-05	500,000,000.0	PLN	WIBOR 3M

Interest payments on covered bonds in 2024:

- 11.09.2024 in the amount of PLN 4,803,000 (series 1)
- 11.12.2024 in the amount of PLN 4,809,000 (series 1)

Liabilities from the issue of covered bonds with maturities on:

	31.12.2024	31.12.2023
less than 1 year	0.0	0.0
from 1 year to 2 years	0.0	0.0
from 2 year to 3 years	299,434.6	0.0
from 3 year to 5 years	499,026.6	0.0
Interest	6,291.0	0.0
Total	804,752.1	0.0

Covered bond security register

Covered bonds are secured by the Bank's mortgage receivables secured by a first priority mortgage established in favor of the Bank. The basis for the issue of covered bonds is also part of the Bank's funds invested in government bonds.

The value of unmatured principal of mortgage loans registered in the covered bond security register and securing the issue of mortgage bonds as at 31 December 2024:

Type of asset	Portfolio	Quantity	Nominal value	Carrying value of net assets
Mortgage loans	held to maturity	7,479	1,673,857.2	1,704,432.1
Treasury bonds	held and sold	60,000	60,000.0	59,648.3
		TOTAL	**1,733,857.2**	**1,764,080.4**

As at 31 December 2023, the Bank had no assets listed in the covered bond collateral register.

8.17. PROVISIONS

	31.12.2024	31.12.2023
Short-term	106.9	58.0
Provisions for retirement benefits	106.9	58.0
Long-term	686.1	693.1
Provisions for retirement benefits	686.1	693.1
Total	**793.0**	**751.1**

Change in provisions for retirement benefits

	01.01 - 31.12.2024	01.01 - 31.12.2023
Opening balance	751.1	666.5
Recognition / Reversal of provisions	86.0	76.0
Provisions used	0.0	-75.9
Actuarial (gains) / losses	-44.1	84.4
Closing balance	793.0	751.1

Sensitivity analysis of the provision for retirement benefits:

Initial provision amounts	**793.0**
technical discount rate -0.50%	822.3
technical discount rate +0.50%	765.3

Charge in the period by category:

	01.01 - 31.12.2024
As at the beginning of the period	751.1
current headcount cost	48.8
interest cost	37.2
benefits paid	0.0
actuarial gains/losses including:	-44.1
due to changes in financial assumptions	-70.3
other	26.2
Balance at the end of the period	793.0

The effects of changes in financial assumptions are understood to include changes in discounts and projected increases in benefit bases relative to the previous measurement.

8.18. OTHER LIABILITIES

Other liabilities

	31.12.2024	31.12.2023
Short-term	4,077.6	3,417.8
Costs to be paid - bonuses, salaries	565.9	572.6
Costs to be paid - other, including:	2,801.7	2,331.9
Provision for support services	2,371.9	1,884.0
Provision for audit of financial statements	112.4	169.7
Reserve investment outlays	0.0	82.3
Lease liabilities	277.3	237.2
Liabilities to the state budget	432.8	276.2
Long-term	1,178.0	1,425.6
Lease liabilities	1,178.0	1,425.6
Total	**5,255.6**	**4,843.5**

Lease liabilities

	31.12.2024	31.12.2023
Lease liabilities (gross)	1,903.4	2,296.0
Unrealized financial costs	-448.1	-633.2
Present value of minimum lease payments	1,455.3	1,662.8
Lease liabilities (gross) by maturity		
less than 1 year	442.7	435.4
from 1 year to 5 years	1,355.3	1,441.5
over 5 years	105.4	419.1
Total	1,903.4	2,296.0
Lease liabilities (net) by maturity		
less than 1 year	277.3	237.2
from 1 year to 5 years	1,074.7	1,035.3
over 5 years	103.2	390.3
Total	1,455.3	1,662.8

Change in provisions for unused holiday leaves

	01.01 - 31.12.2024	01.01 - 31.12.2023
Opening balance	2.2	13.9
Recognition/Reversal of provisions	58.1	-3.4
Benefits paid	0.0	-8.3
Closing balance	60.3	2.2

8.19. EQUITY

	31.12.2024	31.12.2023

Share capital	130,000.0	90,000.0
Supplementary capital	224,722.4	144,722.4
Accumulated other comprehensive income	373.3	1,018.5
Retained earnings including:	26,592.9	9,523.2
Reserve capital	9,523.2	0.0
Net result of the current period	17,069.7	9,523.2
Total equity	**381,688.6**	**245,264.1**

The Bank's share capital - as at 31 December 2024:
After the latest increase in the Bank's share capital, made pursuant to and in execution of Resolution No. 15 of the Bank's Ordinary Shareholder Meeting of 5 March 2024,which was registered in the Register of Commercial Undertakings of the National Court Register, the Bank's share capital is PLN 130,000,000. The share capital was fully covered by Bank Millennium S.A. with a cash contribution. 130,000,000 ordinary registered shares with a nominal value of PLN 1 per share were taken up by Bank Millennium at an issue price of PLN 3 per share.

In accordance with Resolution No. 4 of the Ordinary Shareholder Meeting of 15 February 2024, the entire net profit of the Bank for the 12-month period ended 31 December 2023 in the amount of PLN 9,523.2 thousand was allocated to the Bank's reserve capital.

Share capital

Series / issue	Type of shares	Number of shares	Value of the series / issue	Capital coverage method	Date of issue
A	registered, common	40,000,000	40,000,000.0	cash contribution	2020-08-18
B	registered, common	17,000,000	17,000,000.0	cash contribution	2022-06-02
C	registered, common	33,000,000	33,000,000.0	cash contribution	2023-05-26
D	registered, common	40,000,000	40,000,000.0	cash contribution	2024-03-20

Revaluation reserve

	31.12.2024	31.12.2023
(Gross) valuation effect	460.9	1,257.4
Deferred tax	-87.6	-238.9
Net valuation effect	373.3	1,018.5

Revaluation reserve for financial assets measured at fair value through other comprehensive income

01.01 - 31.12.2024	Gross value	Deferred tax	Total
Revaluation reserve at the beginning of the period	1,257.4	-238.9	1,018.5
Gains/losses on revaluation of debt securities at fair value through other comprehensive income recognized in equity	-840.6	159.7	-680.9
Actuarial gains or (-) losses on provision for retirement benefits	44.1	-8.4	35.7
Revaluation reserve at the end of the period	460.9	-87.6	373.3

9.Additional information

9.1. ADDITIONAL NOTES TO THE CASH FLOW STATEMENT

For the purposes of the cash flow statement, the Bank classified the following financial assets as cash and cash equivalents:

	31.12.2024	31.12.2023
Cash in accounts at Bank Millennium	6,802.6	1,835.6
Receivables from interbank deposits*	0.0	0.0
NBP Bills **	94,893.9	102,884.9
Total	**101,696.5**	**104,720.6**

** financial assets with a maturity of less than 3 months*
*** 7-day NBP money bills*

For the purposes of the cash flow statement, the following classification of activities was adopted:

- operating activities include the core business related to the provision of services by the Bank, which includes profit-making activities that are not investment or financing activities,
- investing activities include activities related to the acquisition and disposal of non-current assets, in particular property, plant and equipment and intangible assets, as well as investments in debt and equity instruments not classified as cash equivalents.
- financing activities include activities related to raising funds in the form of capital or liabilities, as well as handling sources of financing.

9.2. FAIR VALUE

The best reflection of the fair value of financial instruments is the price that is obtainable when an asset is sold or payable when a liability is transferred in an arm's length transaction (exit price). For many products and transactions for which a market value taken directly from active market quotes (marking-to-market) is not available, fair value must be estimated using internal models based on discounting financial flows (marking-to-model). Financial flows for various instruments are determined according to their individual characteristics, and the discount factors take into account changes over time in both market interest rates and margins.
In accordance with IFRS 13, "Fair Value Measurement," the Bank uses measurement techniques that are appropriate to the circumstances and for which sufficient data are available to measure fair value, making maximum use of relevant observable inputs and minimum use of unobservable inputs, namely:

- Level 1 - measurement based on fully observable data (active market quotes);
- Level 2 - measurement models using information that does not constitute Level 1 data, but is directly or indirectly observable;
- Level 3 - measurement models using unobservable data (not derived from the active market).

The measurement techniques adopted to determine fair value are applied on a continuous basis. A change in measurement technique resulting in a transfer between the above methods occurs when:

- a transfer from Level 1 to Level 2 occurs when active market quotes are not available (and previously were) for financial instruments measured at Level 1 as of a given balance sheet date;
- a transfer from level 2 to level 3 takes place when, for financial instruments measured at level 2 as of a given balance sheet date, the share of non-market parameters taken into account in the measurement has become significant (and was previously insignificant).

Financial instruments not recognized at fair value in the balance sheet

All model estimates contain a certain amount of arbitrariness and therefore reflect only the value of the instruments for which they were created. Under these conditions, the presented values of differences between fair values and balance sheet values cannot be understood as adjustments to the Bank's economic value. The fair value of these instruments is determined solely to meet the presentation requirements of IFRS 13 and IFRS 7.
The main assumptions and methods used to estimate the fair value of the Bank's assets and liabilities are as follows:

Loans and borrowings to customers
To estimate the value of loans to customers, the Bank uses an identical approach to the measurement of the portfolio of transferred loans. In accordance with the Bank's "Methodology of fair value measurement of the portfolio of purchased mortgage loans", the Bank has adopted the Entry approach to be used to estimate the fair value of the performing credit portfolio, i.e. nominal schedule cash flows would be calculated as part of the measurement, discounted at an appropriate discount rate. The main component of the discount rate is the WIBOR 3m reference rate as of the last working day of the year, plus the average market margin. The margin is estimated by the Customer Service Department based on market data from mortgage lending banks in Poland. In determining the margin, current rates used in the market are analyzed, as well as trends related to interest rates on loans, especially mortgages. In addition, the discount rate includes adjustments for credit risk, changes in WIBOR, early loan repayments and borrowing costs.

Debt instruments
The fair value of these financial instruments was determined by discounting future principal and interest flows at current rates, assuming their occurrence at contractual dates. When the financial instrument is a receivable from the Central Bank due to its short maturity, the estimated fair value is assumed to be consistent with the carrying value

Receivables from banks
Due to the short maturity of receivables from banks, the estimated fair value is assumed to be consistent with the carrying value.

The following table shows a comparison of carrying value with fair value for other instruments not carried at fair value in the balance sheet.

31.12.2024	Carrying value	measurement method	Fair value			Total
			Level 1	Level 2	Level 3	
ASSETS						
Receivables from banks	6,802.6	value of required payment		6,802.6		6,802.6
Receivables from customers	2,891,864.0	discounted cash flows			2,867,616.6	2,867,616.6
Debt instruments (from the Central Bank only)	94,969.7	value of required payment		94,969.7		94,969.7
31.12.2024	**Carrying value**	**measurement method**	**Fair value**			**Total**
			Level 1	**Level 2**	**Level 3**	
LIABILITIES						
Liabilities to banks and other monetary institutions	1,944,075.6	value of required payment		1,944,075.6		1,944,075.6
Issued covered bonds	804,752.1	discounted cash flows		798,209.8		798,209.8

Financial instruments recognized at fair value in the balance sheet

The following table shows the carrying values of instruments measured at fair value, structured according to the fair value determination technique used:

31.12.2024	Quotations in the active market	Measurement techniques based on market-derived parameters	Measurement techniques using relevant parameters not derived from the market
	Level 1	Level 2	Level 3
ASSETS	136,828.5	0.0	3.2
Financial assets measured at fair value through other comprehensive income	136,828.5	0.0	3.2
Equity instruments	0.0	0.0	3.2
Debt instruments	136,828.5	0.0	0.0

Applying the criterion of valuation technique, as at 31.12.2024, the Bank has classified its shareholding in a joint venture company - Millennium bcp - Prestação de Serviços, A.C.E. in category 3. It is an unlisted equity instrument with a very low purchase price. IFRS9 allows, in strictly defined circumstances, historical cost as an appropriate estimate of fair value. The Bank concluded that for this shareholding, the conditions of IFRS9 were met and adopted historical cost as the best representation of fair value.

During the reporting period, the Bank did not transfer financial instruments between fair value measurement techniques.

Changes in the fair values of instruments measured based on valuation techniques using material non-market parameters are shown in the table below:

PLN thousand	Shares and ownership interests	Debt instruments	Loans and borrowings
As at 31.12.2023	3.3	0.0	0.0
Settlement / sale / purchase	0.0	0.0	0.0
Foreign exchange result	-0.1	0.0	0.0
As at 31.12.2024	**3.2**	**0.0**	**0.0**

9.3. OFF-BALANCE SHEET ITEMS

	31.12.2024	31.12.2023
Off-balance sheet contingent liabilities granted and received	**980,015.0**	**793,013.8**
Liabilities, granted:	0.0	0.0
Liabilities, received:	980,015.0	793,013.8
financial	980,015.0	793,013.8

Off-balance sheet liabilities received included, as at 31.12.2024

- unused revolving credit facility of PLN 930,000 thousand
- unused overdraft facility of PLN 50,000 thousand
- unused credit card facility linked to the Bank's current accounts of PLN 15 thousand

The Bank received the listed financing exclusively from Bank Millennium S.A.

9.4. LITIGATION

As of 31 December 2024, the Bank did not have any material litigations, including legal proceedings, whose value would account for at least 10% of the Bank's equity, with the total number of legal proceedings attempting to challenge the correctness of the WIBOR benchmark index amounting to 3.

Also, in the reporting period presented, the Bank did not establish any provisions for risks related to litigation due to the estimated - in cooperation with the Bank's litigation attorney - level of risk related to the potential acceptance of lawsuits brought against the Bank (probability of acceptance of lawsuits at less than 50%).

9.5. REFORM OF THE WIBOR BENCHMARK

In connection with the planned reform of the benchmarks in Poland, in July 2022, a National Working Group for Benchmark Reform (NWG) was established. The purpose of the NWG's work is, among other things, to introduce a new interest rate benchmark to replace the currently used WIBOR in a safe and secure manner and in compliance with Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 ("BMR"), including, in particular, ensuring the reliability, transparency and integrity of the development and application of the new benchmark.

The NWG includes representatives of the Ministry of Finance, the National Bank of Poland, the Office of the Polish Financial Supervision Authority, the Bank Guarantee Fund, the Polish Development Fund, the Warsaw Stock Exchange, the National Depository for Securities, Bank Gospodarstwa Krajowego, GPW Benchmark, as well as representatives of banks, investment fund companies, insurance companies, factoring and leasing companies, entities that are bond issuers, including corporate and municipal bonds, and clearing houses.

In August 2022 Bank Millennium S.A. established an internal project to properly manage the WIBOR replacement process and implement the work in accordance with the Roadmap proposed by the NWG. Participants in the project work include people responsible for product areas and issues related to managing risks (especially interest rate risk and operational risk), as well as representatives of Bank Millennium Group subsidiaries, including Millennium Bank Hipoteczny.

In September 2022 the NWG decided to select the WIRON index as the optimal replacement for the WIBOR benchmark. The WIRON index was based on deposits from both financial institutions and some non-financial institutions. As a result of consultations conducted since June 2024, in December 2024 the NWG decided to replace the selected index and choose an index named POLSTR - based on unsecured deposits of banks and other credit and financial institutions - as the target interest rate benchmark to replace the WIBOR benchmark. NWG's next step will be to update the roadmap under the existing work schedule for replacing the WIBOR benchmark with the target index.

Ultimately, POLSTR is expected to become a key interest rate benchmark under the BMR that can be used in financial contracts (e.g. loan agreements), financial instruments (e.g. debt securities or derivatives) and by investment funds (e.g. in setting management fees). According to the draft amendments to the Roadmap announced by the NWG Steering Committee in October 2023 and confirmed by the NWG in April 2024, the final moment for conversion to the new benchmark would be the end of 2027.

However, due to the fact that currently there is no:

a) information regarding the potential regulatory event referred to in Article 23c(1) of the BMR;
b) draft regulation of the Minister of Finance referred to in Article 61c of the Act of 5 August 2015 on macroprudential supervision of the financial system and crisis management in the financial

system regarding the replacement, or even a draft of such a regulation and thus information on whether the Finance Minister will designate one or several WIBOR replacements;
c) the amount of the corrective spread or the method of calculating this spread,
d) information on whether appropriate top-down adjustments will be made for existing related agreements,

it is not possible to estimate the financial impact of the WIBOR reform as of the date of this report.

As of the balance sheet date, the interest rate on most of both the assets and liabilities of the Bank is based on WIBOR.

9.6. TRANSACTIONS WITH AFFILIATES

The Bank's parent company is Bank Millennium S.A., with its registered office in Warsaw, at ul. Stanisława Żaryna 2A. The ultimate parent company is Banco Comercial Português S.A., with its registered office in Porto, Portugal.
The Bank's operating model involves strategic cooperation with Bank Millennium and is largely based on the acquisition of services provided by Bank Millennium. Due to the specifics of the Bank's business model, the purpose of adopting such a solution is to ensure continuity of service to borrowers whose receivables are subject to transfer to the Mortgage Bank. The strategic cooperation with Bank Millennium is aimed at reducing the impact of the portfolio transfer process on borrowers by maintaining, as much as possible, the standard of service to which they are accustomed and allowing them to use all the communication channels available to date. An important goal of strategic cooperation with Bank Millennium is also to achieve business synergies within the Bank Millennium Group, translating not only into the efficiency of the Mortgage Bank's operations, but also into the security of the processes handled and compliance with the Group's standards.
The services acquired by the Bank from Bank Millennium are primarily related to customer operational services, IT services and other selected support services in specific areas of the Bank's operations that are already in place at Bank Millennium.
The principles of cooperation between the two banks are governed by an outsourcing agreement, based on which the Bank has entrusted Bank Millennium in particular with the performance - for and on behalf of the Bank - of factual and legal activities related to the Bank's banking operations, provided in accordance with the provisions of Articles 6a-6d of the Banking Law (banking outsourcing). This agreement as well as other agreements entrusting Bank Millennium with the provision of services include, in particular, the following types of activities:

- handling of the mortgage loan portfolio and performing other factual activities related to the Bank's operations.
- activities in the area of human resources management, which includes human resources administration, recruitment, training and development, and employee settlements and benefits,
- activities in the process of purchasing and selecting other service providers,
- activities within the processes related to the IT area, including in particular the provision and management of ICT infrastructure, telecommunications services and provision of supporting applications,
- activities related to the area of providing physical security to the Bank,
- activities related to the area of administration of the Bank's website.

In order to finance transfers of mortgage receivables, on 06.08.2021 the Bank signed a Financing Agreement with Bank Millennium S.A. The agreement includes:
- financing in the form of a revolving loan facility, based on the variable rate WIBOR 3M + margin
- overdraft facility, based on variable rate WIBOR 3M + margin.

On 20 March 2024, the Bank signed another annex to the Financing Agreement. The agreement was extended until 30 April 2026, while the debt limit on the revolving loan was raised to PLN 2.8 billion.

In 2024, five partial repayments were made on the revolving loan for a total amount of PLN 900 million, including two repayments resulting from executed covered bond issues of PLN 300 million and PLN 500 million.

In addition, four BM loan transfers were carried out in 2024, according to the following schedule:

Quarter	Date of transfer	Acquisition price	Revolving loan	Deferred payment
Q1	2024-03-19	330,455.7	287,000.0	43,455.7
Q2	2024-05-23	416,776.6	370,000.0	46,776.6
Q4	2024-10-24	680,754.2	626,000.0	54,754.2
Q4	2024-12-12	553,734.9	480,000.0	73,734.9

As at 31 December 2024, the Bank's indebtedness under the credit facility amounted to PLN 1.87 billion.

There are two agreements in place for the Bank's treasury transactions with Bank Millennium:

1. Master agreement for bank accounts and services for corporate banking customers dated 10.07.2020.

   The Agreement includes a request for the possibility to negotiate individual exchange rates for spot foreign exchange transactions directly with the BM S.A. Treasury Department. The request applies to spot transactions, i.e., those with a settlement date falling within a maximum of two business days from the date of the transaction. Cash transactions do not require a treasury limit and are settled directly from funds put into the current account of MBH S.A. As a rule, the Bank purchases foreign currencies for PLN to pay invoices, issued in foreign currencies (EUR and USD).
   In 2024, the Bank entered into six transactions to purchase EUR for PLN, for a total of EUR 221.8 thousand.

2. Agreement on deposits and securities transactions dated 12.05.2021.
   The agreement sets forth the terms and conditions for concluding the following transactions between MBH S.A. and Bank Millennium S.A.:
   - term deposits with negotiated interest rates,
   - buying and selling securities,
   - buy-sell-back and sell-buy-back transactions.

   Under this agreement, MBH S.A. generally purchases 7-day NBP money bills and Treasury bonds with variable interest rates, in order to increase the pool of assets with the greatest possible liquidity. Surplus funds in the current account are placed in 1-day O/N deposits.
   In 2024, the Bank purchased State Treasury WZ bonds with a face value of PLN 70 million and increased the value of the portfolio of these securities to PLN 140 million, of which PLN 60 million were registered in the covered bond collateral register as substitute assets to secure the issued covered bonds. The face value of 7-day money bills purchased at NBP auctions depends on the current liquidity situation, planned spending, planned financing repayments, etc.

Assets and liabilities on account of transactions with affiliates (PLN thousand)

as at 31.12.2024	Bank Millennium S.A.	Millennium Leasing Sp. z o.o.
ASSETS		
Deposits and loans and borrowings to banks and other monetary institutions	6,802.6	0.0
Property, plant and equipment	1,144.6	150.9

Costs to be settled over time	20.6	
Revenues to be received - reimbursement of the costs of credit holidays	837.6	0.0
LIABILITIES		
Liabilities to banks and other monetary institutions	1,944,075.6	0.0
Liabilities under debt securities issued	0.0	0.0
Financial liabilities held for trading		
Costs to be settled over time	0.0	0.0
Other liabilities	3,639.0	189.6
including finance lease liabilities	1,265.6	189.6
OFF-BALANCE SHEET OPERATIONS		
Off-balance sheet liabilities received	980,015.0	

Income and expenses from transactions with affiliates

for the period 01.01-31.12.2024	Bank Millennium S.A.	Millennium Leasing Sp. z o.o.
Revenue from:		
Interest	4,960.8	
Costs of:		
Interest	-87,500.6	-66.2
Commissions	-101.1	
Administrative expenses:	-3,881.5	-33.2
Depreciation and amortization	-214.6	-89.0
TOTAL	-86,737.0	-188.4

All transactions made with affiliates resulted from current operations and were carried out at arm's length. Apart from the transactions described in subsections 9.6 and 9.7, during the period indicated, the Bank did not enter into any other transactions with affiliates that individually or in aggregate were material and were concluded on terms other than arm's length.

9.7. Information on salaries and benefits of the Bank's managers and supervisors

The Bank has a “Compensation Policy at Millennium Bank Hipoteczny S.A." (“Compensation Policy"), the purpose of which is to provide a formal framework for shaping the compensation practice of all employees of the Bank, taking into account the perspective of corporate governance, security, as well as the suitability of compensation to the Bank’s standing, scale of operation and growth potential. The Policy formulates the assumptions used in shaping the components of fixed and variable compensation of members of the Management Board. In accordance with the Compensation Policy, the main source of income for members of the Management Board is the base salary, resulting from the employment contract. Variable compensation is an additional incentive component of total compensation and may not exceed 100% of base salary.

Determination of the terms and conditions of employment and compensation for Management Board Members is within the powers of the Supervisory Board. In 2024, members of the Bank's Management Board were employed under relevant employment contracts; in addition to employment contracts, members of the Management Board receive benefits under other agreements related to employment contracts.

Members of the Supervisory Board receive only fixed compensation for their work on the Board or for participation in the Supervisory Board Audit Committee, the amount of which is appropriate to their function and the scale of the Bank's operations.

In accordance with the "Principles of Compensation of members of the Supervisory Board of Millennium Bank Hipoteczny S.A." members of the Supervisory Board performing their duties within the Bank Millennium S.A. Group, have made appropriate declarations of resignation from receiving the entire compensation due to them. Only independent members of the Bank's Supervisory Board receive compensation.

The Bank attaches importance to the proper structuring of compensation for persons with a significant impact on the Bank's risk profile (the so-called Risk Takers). The rules for awarding compensation are set forth in the regulation "Compensation Policy for Risk Takers at Millennium Bank Hipoteczny S.A." (hereinafter also "RT Compensation Policy"). The RT Compensation Policy provides a formal framework for determining the compensation of identified risk takers from the perspective of corporate governance, institutional safety and the suitability of compensation to the Bank's standing, scale of operation and growth potential, by defining fixed and variable compensation elements.

Risk Takers include Members of the Bank's Supervisory Board, Members of the Bank's Management Board and other employees defined as having a significant impact on the Bank's risk profile in accordance with the Bank's identification principles.

The Bank uses non-business criteria to evaluate the work of Risk Takers as regards the quality of work and achievement of individual business goals. The variable component of Risk Takers' compensation is a bonus paid in cash.

The Bank's Profit and Loss Account in 2024 has been charged with the costs of compensation received by members of the Management Board and compensation received by members of the Supervisory Board (including the balance of established provisions), as shown below (PLN thousand).

Compensation of Management Board Members:

Year	Salaries and bonuses	Benefits	TOTAL
2023	1,411.9	44.8	1,456.7
2024	1,418.3	47.3	1,465.6

The values presented in the table above belong to the category of short-term benefits.

Compensation of the Supervisory Board:

Year	Short-term salaries and benefits
2023	283.6
2024	347.1

9.8. Events after the date of the Financial Statements

On 12 March 2025, the Bank issued covered bonds with a total face value of PLN 800 million. Under the two series 3 and 3-2, the Bank issued covered bonds with a face value of PLN 500 million and PLN 300 million, respectively, for which the maturity date was set for 12 March 2030. The interest rate on the instruments is based on the variable WIBOR 3M rate plus a margin. The covered bonds of both series were assigned a single ISIN code PLMLNBH00030. The instruments were admitted to trading on the parallel regulated market of the Warsaw Stock Exchange as of 18 March 2025.
The covered bonds were rated AAA with a stable outlook by Fitch Ratings Ireland Limited (Frankfurt am Main). The proceeds from the issue were used to repay a revolving loan taken from Bank Millennium.

The total nominal value of mortgage bonds issued by the Bank and outstanding as of 28 March 2025 is PLN 1,600 million.

Signatures of the Members of the Management Board of Millennium Bank Hipoteczny S.A.

Signatures:			
date	**full name**	**position/function**	**signature**
28.03.2025	Agata Chrzanowska	President of the Management Board	signed with a qualified electronic archive
28.03.2025	Adam Berent	Management Board Member	signed with a qualified electronic archive
28.03.2025	Artur Kulesza	Management Board Member	signed with a qualified electronic archive