



Interim Condensed Financial Statements
Millennium Bank Hipoteczny S.A.
for the period of 6 months
ended 30 June 2025

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

The only binding version is the original polish version.

Financial highlights

| | PLN thousand | | EUR thousand | |
|---|--|------------------------------|------------------------------|------------------------------|
| | 30.06.2025 | 30.06.2024 | 30.06.2025 | 30.06.2024 |
| Balance sheet total | 3,729,064.2 | 2,045,608.8 | 879,102.3 | 474,289.1 |
| Credit portfolio | 3,407,552.9 | 1,790,819.3 | 803,308.2 | 415,214.3 |
| Mortgage bonds | 1,605,445.3 | 300,344.1 | 378,473.2 | 69,636.9 |
| Liabilities to banks and other monetary institutions | 1,620,265.9 | 1,371,019.1 | 381,967.0 | 317,880.6 |
| Equity | 496,838.0 | 369,150.6 | 117,126.3 | 85,590.2 |
| Total Capital Ratio (TCR) | 36.0% | 38.2% | 36.0% | 38.2% |
| Leverage (LR) | 12.9% | 17.8% | 12.9% | 17.8% |
| | <i>01.01.2025-30.06.2025</i> | <i>01.01.2024-30.06.2024</i> | <i>01.01.2025-30.06.2025</i> | <i>01.01.2024-30.06.2024</i> |
| Net operating income | 31,015.5 | 13,644.4 | 7,348.2 | 3,165.1 |
| Administrative expenses | -9,716.9 | -7,508.9 | -2,302.2 | -1,741.8 |
| Impairment charges | -301.4 | -1,414.7 | -71.4 | -328.2 |
| Depreciation and amortization | -358.6 | -360.2 | -85.0 | -83.6 |
| Net financial result | 16,664.6 | 3,468.5 | 3,948.2 | 804.6 |
| Costs/Income (C/I) | 32% | 58% | 32% | 58% |
| Cost of Risk (CoR) | 0.02% | 0.20% | 0.02% | 0.20% |
| Return on assets (ROA) | 0.99% | 0.43% | 0.99% | 0.43% |
| Return on equity (ROE) | 7.98% | 2.32% | 7.98% | 2.32% |
| Earnings per share - basic and diluted (PLN/EUR) | 0.1160 | 0.0308 | 0.0275 | 0.0071 |
| | <i>Exchange rates accepted to convert selected financial data into EUR</i> | | <i>2025</i> | <i>2024</i> |
| for the items on the balance sheet date | - | - | 4.2419 | 4.3130 |
| 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) | - | - | 4.2208 | 4.3109 |

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1. Statement of comprehensive income

| <i>PLN thousand</i> | Note | 01.01 - 30.06.2025 | 01.01 - 30.06.2024 |
|---|------|--------------------|--------------------|
| Net interest income | 8.1 | 31,027.2 | 13,641.9 |
| Interest income and income of similar nature: | | 124,575.6 | 54,628.8 |
| Income accrued using the effective interest rate method | | 124,575.6 | 54,628.8 |
| Interest income on Assets measured at amortized cost | | 119,604.8 | 51,894.5 |
| Interest income on Assets measured at fair value through other comprehensive income | | 4,970.9 | 2,734.3 |
| Interest expenses | | -93,548.4 | -40,986.9 |
| Net fee and commission income | 8.2 | -88.3 | -21.7 |
| Fee and commission income | | 64.8 | 28.2 |
| Fee and commission expense | | -153.0 | -49.9 |
| Foreign exchange result | | -0.9 | -0.9 |
| Other operating income | | 160.0 | 167.1 |
| Other operating expenses | | -82.5 | -142.1 |
| Operating income | | 31,015.5 | 13,644.4 |
| Administrative expenses | 8.3 | -9,716.9 | -7,508.9 |
| Expenses on account of impairment of financial assets | 8.4 | -301.4 | -1,414.7 |
| Modification result | | 0.0 | -11.3 |
| Depreciation and amortization | 8.5 | -358.6 | -360.2 |
| Operating expenses | | -10,377.0 | -9,295.1 |
| Operating result | | 20,638.5 | 4,349.4 |
| Bank levy | | 0.0 | 0.0 |
| Financial result before income tax | | 20,638.5 | 4,349.4 |
| Income tax | 8.6 | -3,973.9 | -880.8 |
| Financial result after tax | | 16,664.6 | 3,468.5 |
| Other comprehensive income items that will be (have been) reclassified to profit or loss | | -636.1 | 516.1 |
| Effect of valuation of debt securities measured at fair value through other comprehensive income | | -636.1 | 516.1 |
| Other comprehensive income items that will not be reclassified to profit or loss | | 0.0 | 0.0 |
| Actuarial gains (losses) | | 0.0 | 0 |
| Total other comprehensive income items before tax | | -636.1 | 516.1 |
| Income tax relating to other comprehensive income items that will be (have been) reclassified to profit or loss | | 120.9 | -98.1 |
| Income tax relating to other comprehensive income items that will not be reclassified to profit or loss | | 0.0 | 0.0 |
| Other comprehensive income items after tax | | -515.3 | 418.0 |
| Comprehensive income for the reporting period | | 16,149.4 | 3,886.5 |
| Earnings per share - basic and diluted (PLN) | 8.7 | 0.1160 | 0.0308 |

The notes presented on pages from 26 to 29 form an integral part of these financial statements.

2. Statement of financial position

ASSETS

| <i>PLN thousand</i> | Note | 30.06.2025 | 31.12.2024 | 30.06.2024 |
|---|------|--------------------|--------------------|--------------------|
| Financial assets measured at fair value through other comprehensive income | 8.8 | 174,883.3 | 136,831.7 | 98,722.7 |
| Equity instruments | | 3.2 | 3.2 | 3.2 |
| Debt instruments | | 174,880.2 | 136,828.5 | 98,719.5 |
| Loans and borrowings to customers | 8.9 | 3,407,552.9 | 2,891,864.0 | 1,790,819.3 |
| Measured at amortized cost | | 3,407,552.9 | 2,891,864.0 | 1,790,819.3 |
| Financial assets measured at amortized cost, other than Loans and borrowings to customers | 8.10 | 142,481.3 | 101,772.3 | 139,087.3 |
| Debt instruments | | 137,879.3 | 94,969.7 | 137,911.9 |
| Deposits and loans and borrowings to banks and other monetary institutions | | 4,602.0 | 6,802.6 | 1,175.4 |
| Property, plant and equipment | 8.11 | 1,159.2 | 1,295.6 | 1,449.0 |
| Intangible assets | 8.12 | 536.8 | 742.7 | 954.9 |
| Income tax assets | | 1,090.6 | 1,688.7 | 4,647.7 |
| Current tax receivables | | 1,090.6 | 0.0 | 0.0 |
| Deferred tax assets | | 0.0 | 1,688.7 | 4,647.7 |
| Other assets | 8.13 | 1,360.0 | 2,370.1 | 9,927.9 |
| Total assets | | 3,729,064.2 | 3,136,564.9 | 2,045,608.8 |

LIABILITIES AND EQUITY

| <i>PLN thousand</i> | Note | 30.06.2025 | 31.12.2024 | 30.06.2024 |
|--|------|--------------------|--------------------|--------------------|
| Financial liabilities measured at amortized cost | | 3,225,711.2 | 2,748,827.7 | 1,671,363.2 |
| Liabilities to banks and other monetary institutions | 8.14 | 1,620,265.9 | 1,944,075.6 | 1,371,019.1 |
| Debt securities in issue | 8.15 | 1,605,445.3 | 804,752.1 | 300,344.1 |
| Provisions | 8.16 | 836.0 | 793.0 | 794.1 |
| Provisions for retirement benefits | | 836.0 | 793.0 | 794.1 |
| Tax liabilities | 8.17 | 1,444.0 | 0.0 | 0.0 |
| Current tax liabilities | | 0.0 | 0.0 | 0.0 |
| Deferred tax liabilities | | 1,444.0 | 0.0 | 0.0 |
| Other liabilities | 8.18 | 4,235.1 | 5,255.6 | 4,300.9 |
| Total liabilities | | 3,232,226.2 | 2,754,876.3 | 1,676,458.2 |
| EQUITY | 8.19 | | | |
| Share capital | | 163,000.0 | 130,000.0 | 130,000.0 |
| Share premium account | | 290,722.4 | 224,722.4 | 224,722.4 |
| Accumulated other comprehensive income | | -141.9 | 373.3 | 1,436.5 |
| Retained earnings | | 43,257.5 | 26,592.9 | 12,991.7 |
| Total equity | | 496,838.0 | 381,688.6 | 369,150.6 |
| Total liabilities and equity | | 3,729,064.2 | 3,136,564.9 | 2,045,608.8 |
| Carrying value | | 496,838 | 381,689 | 369,151 |
| Number of shares | | 163,000,000 | 130,000,000 | 130,000,000 |
| Book value per share (in PLN) | | 3.048 | 2.936 | 2.840 |

The notes presented on pages from 30 to 40 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 - 30.06.2025 | | | | | | |
| Equity at the beginning of the period | 381,688.6 | 130,000.0 | 224,722.4 | 373.3 | 17,069.7 | 9,523.2 |
| Financial result | 16,664.6 | 0.0 | 0.0 | 0.0 | 16,664.6 | 0.0 |
| Issue of shares | 99,000.0 | 33,000.0 | 66,000.0 | 0.0 | 0.0 | 0.0 |
| measurement of debt instruments at fair value through other comprehensive income | -515.3 | 0.0 | 0.0 | -515.3 | 0.0 | 0.0 |
| actuarial gains / losses | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Transfer between capital items | 0.0 | 0.0 | 0.0 | 0.0 | -17,069.7 | 17,069.7 |
| Equity at the end of the period | 496,838.0 | 163,000.0 | 290,722.4 | -141.9 | 16,664.6 | 26,592.9 |

| PLN thousand | Total Equity | Share capital | Supplementary capital | Accumulated other comprehensive income | Retained earnings | |
|--|-----------------|---------------|--------------------------|---|---------------------------|---------------|
| | | | | | result brought forward | other capital |
| 01.01 - 30.06.2024 | | | | | | |
| Equity at the beginning of the period | 245,264.10 | 90,000.00 | 144,722.40 | 1,018.50 | 9,523.20 | 0.00 |
| Financial result | 3,468.50 | 0.0 | 0.0 | 0.0 | 3,468.50 | 0.00 |
| Issue of shares | 120,000.00 | 40,000.00 | 80,000.00 | 0.0 | 0.0 | 0.0 |
| measurement of debt instruments at fair value through other comprehensive income | 418.0 | 0.0 | 0.0 | 418.0 | 0.0 | 0.0 |
| actuarial gains / losses | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Transfer between capital items | 0.0 | 0.0 | 0.0 | 0.0 | -9,523.20 | 9,523.20 |
| Equity at the end of the period | 369,150.6 | 130,000.0 | 224,722.4 | 1,436.5 | 3,468.5 | 9,523.2 |

4. Statement of cash flows

| <i>PLN thousand</i> | 01.01 - 30.06.2025 | 01.01 - 30.06.2024 |
|---|--------------------|--------------------|
| Profit (loss) after tax | 16,664.6 | 3,468.5 |
| Total adjustments: | -585,302.8 | -676,966.2 |
| Accrued interest | -31,027.2 | -13,641.9 |
| Interest received | 126,761.9 | 55,430.4 |
| Interest paid | -91,510.3 | -39,820.9 |
| Depreciation and amortization | 358.6 | 360.2 |
| FX gains/losses | 0.0 | 0.0 |
| Change in provisions | 43.0 | 43.0 |
| Change in loans and borrowings to customers | -518,274.9 | -652,226.9 |
| Change in liabilities to banks | -73,734.9 | -19,290.9 |
| Change in income tax settlements | 2,162.9 | 880.8 |
| Change in other assets and liabilities | -82.0 | -8,700.2 |
| Net cash from operating activities | -568,638.1 | -673,497.7 |
| Proceeds from investing activities | 5,000.0 | 0.0 |
| Sale of intangible assets and components of property, plant and equipment | 0.0 | 0.0 |
| Sale of investment financial assets | 5,000.0 | 0.0 |
| Expenditures for investing activities | -43,232.5 | -29,239.5 |
| Purchase of intangible assets and components of property, plant and equipment | 0.0 | -81.6 |
| Purchase of investment financial assets | -43,232.5 | -29,157.8 |
| Net cash from investing activities | -38,232.5 | -29,239.5 |
| Proceeds from financing activities | 1,559,000.0 | 1,077,000.0 |
| Drawdown of long-term loans | 660,000.0 | 657,000.0 |
| Issue of debt securities | 800,000.0 | 300,000.0 |
| Proceeds from issue of treasury shares and capital contributions | 99,000.0 | 120,000.0 |
| Expenditures for financing activities | -911,364.6 | -340,000.0 |
| Repayment of long-term loans | -910,000.0 | -340,000.0 |
| Issue expenses | -1,364.6 | 0.0 |
| Net cash from financing activities | 647,635.4 | 737,000.0 |
| CHANGE IN NET CASH | 40,764.7 | 34,262.8 |
| - of which on account of FX differences | 0.9 | 0.9 |
| CASH AT THE BEGINNING OF THE PERIOD | 101,696.5 | 104,720.6 |
| CASH AT THE END OF THE PERIOD | 142,461.2 | 138,983.4 |

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 8 April 2025, which was registered in the Register of Commercial Undertakings of the National Court Register on 9 May 2025 - currently amounts to PLN 163,000,000.

The share capital was fully covered by Bank Millennium S.A. with a cash contribution. 163,000,000 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 30 June 2025:

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 Jędryś - Supervisory Board Member,
6. Marta Penczar - Supervisory Board Member,
7. Aleksandra Przegalińska - Supervisory Board Member.

Composition of the Bank's Management Board as at 30 June 2025:

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, these condensed interim financial statements of the Bank for H1 2025 have been prepared in accordance with the requirements of International Accounting Standard 34 "Interim Financial Reporting" as approved by the European Union. They have been prepared in a condensed version and do not include all the disclosures required by IFRS for full financial statements and should be read in conjunction with the financial statements of Millennium Bank Hipoteczny S.A. for the financial year ended 31 December 2024, prepared in accordance with International Financial Reporting Standards as approved by the European Union.

Pursuant to the Regulation of the Minister of Finance dated 6 June 2025 on 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 (Journal of Laws of 2025, item 755), the Bank is required to publish financial data for the six-month period ended 30 June 2025. These financial statements fulfill the disclosure obligations set forth in the Regulation of the Council of Ministers of 6 June 2025 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 condensed interim financial statements, subject to review by an independent auditor, were approved for publication by the Bank's Management Board on 24 July 2025.

6.2. ADOPTED ACCOUNTING PRINCIPLES

Bases for drawing up the financial statements

The condensed interim financial statements of Millennium Bank Hipoteczny S.A. have been prepared for the six-month period ended 30 June 2025, 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 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 Management Board. 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.

The Bank did not introduce any new material accounting estimates in H1 2025.

7. Risk management

7.1. RISK MANAGEMENT REVIEW

The mission of risk management in the Bank, in accordance with the approach applied in the Bank Millennium Group, is to ensure that all types of risk are identified, managed, monitored and controlled in accordance with the adopted risk profile and the nature and scale of the Bank's operations.

The objectives of risk management are achieved through the implementation of the following activities:

- development of risk management strategies, credit policy, processes and procedures defining the rules for accepting the acceptable level of individual types of risk,
- use of IT tools for risk identification, control and measurement,
- building awareness among employees of responsibility for proper risk management at every level of the Bank's organisational structure.

Risk management at the Bank takes into account the need to achieve the assumed profitability as well as to maintain an appropriate risk-capital ratio, in the context of having an appropriate level of capital to cover the risk. A wide range of methods is used in risk management - both qualitative and quantitative.

When defining business objectives, the Bank takes into account the defined risk framework (risk appetite) in order to ensure that the structure and development directions correspond to the assumed risk profile characterised by a number of parameters, such as:

- increase in the volume of transferred loans,
- structure of the loan portfolio,
- portfolio quality indicators,
- criteria for keeping a covered bond collateral register,
- cost of risk,
- the level of capital/internal capital requirements,
- the required liquidity size and structure,
- the development of limits specific to mortgage banks.

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

- ensuring comprehensive quantification and parameterisation of various types of risk in terms of optimizing the structure of the Bank's balance sheet and off-balance sheet items, taking into account the assumed level of profitability of the Bank's operations; the main areas of analysis include: credit risk, liquidity risk, market risk and operational risk,
- all types of risk are monitored and controlled in relation to the profitability of the business and the level of capital necessary to ensure the security 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 in the field of risk creation, management and control.

The risk management process at the Bank is presented in the following scheme:



The division of responsibilities in the field of risk management is as follows:

- *The Supervisory Board* is responsible for supervising 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 process of estimating internal capital and reviewing the process of estimating and maintaining internal capital, capital management and planning, and the internal control system,
- *The Assets and Liabilities Committee* is responsible for optimising the structure of the Bank's balance sheet and day-to-day management of various types of banking risk, in particular market risk, interest rate risk in the Banking Book and liquidity risk, within the model established by the Management Board,
- *The Risk Department* is responsible for risk management, including identification, measurement, analysis, monitoring and reporting of individual types of risk at the Bank; the Risk Department also prepares risk management rules and appropriate procedures, as well as presents information and proposes courses of action necessary for the Assets and Liabilities Committee and the Bank's Management Board to make decisions on risk management,
- *The Treasury Department* manages liquidity and market risk on an ongoing basis,
- *The Credit Decisions Department* is responsible for making credit decisions, preparing draft credit decisions for individual decision-making levels and making credit decisions within specified limits, monitoring repayments and the process of recovering overdue receivables from the Bank's customers,
- *The Compliance Department* is responsible for ensuring compliance with the law and regulatory principles, related regulatory standards, market principles and standards, and the Bank's internal regulations, including the code of ethics,
- *The Legal Office* is responsible for handling the Bank's disputes, if necessary with the support of external law firms and legal experts.

The Bank has developed and implemented a comprehensive risk management strategy at the Bank (Risk Strategy) including a definition of the risk profile expressed in terms of the amount or type of risk to which it may be exposed and the risk appetite, constituting the maximum level or type of risk that it will be able to accept to achieve the financial and strategic objective. This document is reviewed and updated annually. It is adopted by the Management Board and approved by the Bank's Supervisory Board. Risk Strategy is inextricably linked to other strategic documents, such as: budget, liquidity plan, capital plan.

The Risk Strategy is based on the basic concepts defined by the Bank:

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, in line with risk appetite,
2. risk appetite: the maximum level or type of risk that the Bank is able to accept and tolerate in order to achieve its financial and strategic objectives. To this end, three tolerance zones have been defined, defining warning levels and requiring action.

The Risk Strategy is one of the key elements determining the Bank's risk profile.

When defining business profitability goals, it is necessary to establish a risk tolerance level to ensure that the structure of the business and growth take into account the future risk profile, which is reflected in indicators grouped in several areas such as:

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

The Bank's risk management is defined mainly by the principles and objectives set out in the Risk Strategy and additionally supplemented by the principles and guidelines presented in a number of internal regulations.

The Bank has defined tolerance zones for risk appetite measures (built on the principle of "traffic lights"). For the tolerance zones, the following are defined:

- risk appetite status - the green zone means that the measure is within the risk appetite, the orange zone means an increased risk of exceeding the risk appetite, the red zone means that the risk appetite is exceeded,
- the process of escalation of actions or decisions taken - organisational units or bodies of the Bank responsible for decisions and implementation of actions in individual zones,
- risk appetite monitoring procedures.

The Bank did not make any significant changes in the objectives, policy and processes of risk management, 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 the requirements set out in external legislation (regulatory capital adequacy) and to ensure solvency under normal and stressed conditions (economic capital adequacy/internal capital). In pursuing these objectives, the Bank strives to achieve internal long-term capital limits (targets) specified in the Risk Strategy.

The purpose of capital allocation is to create value for the owner by maximizing the return on risky activities, taking into account the established risk appetite.

As part of capital management, the capital planning process is also carried out. The purpose of this process is to determine own funds (capital base determining the ability to take risks) and the use of capital (regulatory capital and economic capital requirements) in such a way as to ensure that the capital limits (targets) are met, assuming the implementation of the anticipated business strategy and risk profile - under normal and shock economic conditions.

Regulatory capital adequacy

The Bank is required by law to meet the minimum requirements for own funds set out 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 Regulation). At the same time, when determining the capital limits/targets, in addition to the basic requirements for capital ratios in accordance with Article 92 of the CRR Regulation, the following levels, recommendations and buffers were taken into account:

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

The table below presents these figures as of 30 June 2025.

| Minimum levels of capital ratios | |
|---|---------------|
| Common Equity Tier 1 Capital Ratio (CET1 Ratio) | |
| Minimum | 4,50% |
| <i>Capital preservation buffer</i> | 2,50% |
| <i>Other systemically important institution (OSII) buffer</i> | 0,00% |
| <i>Systemic risk buffer</i> | 0,00% |
| <i>Countercyclical buffer</i> | 0,00% |
| Combined buffer requirement | 2,50% |
| Total CET1 Capital Requirements | 7,00% |
| Tier 1 Capital Ratio (T1 Ratio) | |
| Minimum | 6,00% |
| <i>Capital preservation buffer</i> | 2,50% |
| <i>Other systemically important institution (OSII) buffer</i> | 0,00% |
| <i>Systemic risk buffer</i> | 0,00% |
| <i>Countercyclical buffer</i> | 0,00% |
| Combined buffer requirement | 2,50% |
| Total capital requirements T1 | 8,50% |
| Total capital ratio (TCR) | |
| Minimum | 8,00% |
| <i>Capital preservation buffer</i> | 2,50% |
| <i>Other systemically important institution (OSII) buffer</i> | 0,00% |
| <i>Systemic risk buffer</i> | 0,00% |
| <i>Countercyclical buffer</i> | 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 risk in the Bank's operations by maintaining own funds to cover an additional capital charge in order to absorb potential losses resulting from the occurrence of stress conditions (**P2G mark-up**). The requirement was set at **4.50 p.p.** over the value of the total capital ratio referred to in Article 92(1)(c) of CRR Regulation, increased by an additional requirement for own funds referred to in Article 138(2)(2) of the Banking Law and by the combined buffer requirement referred to in Article 55(4) of the Act on macroprudential supervision. The additional add-on should consist entirely of Common Equity Tier 1 capital. The minimum levels of capital ratios, taking into account regulatory requirements and the P2G supervisory mark-up, are as follows: CET1 ratio - 11.5%, T1 ratio - 13%; TCR - 15%.

Capital risk expressed by the above objectives and capital limits is regularly measured and monitored. For all capital targets, certain minimum ranges have been set. Capital ratios in a given range determine the need to make appropriate decisions or management actions. Regular monitoring of capital risk is based on the classification of capital ratios into appropriate ranges, and then an assessment of trends and factors affecting the level of capital adequacy is carried out.

Internal capital

The Bank defines internal capital in accordance with the Banking Law as the amount necessary to cover all identified, material 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 the process of calculating internal (economic) capital. For this purpose, mathematical and statistical methods are used for measurable types of risk.

Maintaining economic capital adequacy means covering (hedging) internal capital (aggregate risk measure) by available financial resources (own funds). The obligation to hedge the risk in this way results directly from the Banking Law, which is reflected in the Bank's capital objectives/limits - the economic capital buffer and the economic capital buffer under stress.

Capital adequacy assessment

Capital adequacy for the Bank is presented in the table below:

| Capital adequacy (PLN thousand) | 30.06.2025 | 31.12.2024 |
|---|----------------|----------------|
| Risk-weighted assets | 1 332 896 | 1 572 115 |
| Own funds requirements, including: | 106 632 | 125 769 |
| - credit and counterparty risk | 102 866 | 121 241 |
| - for market risk | 0 | 0 |
| - for operational risk | 3 766 | 4 528 |
| Own funds, including: | 479 528 | 363 850 |
| - Common Equity Tier 1 capital | 479 528 | 363 850 |
| - Tier 2 capital | 0 | 0 |
| Total capital ratio (TCR) | 35,98% | 23,14% |
| Minimum Level Required (OCR) | 10,50% | 10,50% |
| Surplus(+) / Shortfall(-) of capital adequacy TCR (p.p.) | +25,48 | +12,64 |
| Minimum recommended level (OCR + P2G) | 15,00% | 15,00% |
| Surplus(+) / Shortfall(-) against recommended TCR (p.p.) | +20,98 | +8,14 |
| Tier 1 capital ratio | 35,98% | 23,14% |
| Minimum Level Required (OCR) | 8,50% | 8,50% |
| Surplus(+) / Shortfall(-) of capital adequacy T1 (p.p.) | +27,48 | +14,64 |
| Minimum recommended level (OCR + P2G) | 13,00% | 13,00% |
| Surplus(+) / Shortfall(-) against recommended T1 level (p.p.) | +22,98 | +10,14 |
| Common Equity Tier 1 Capital Ratio (CET1) | 35,98% | 23,14% |
| Minimum Level Required (OCR) | 7,00% | 7,00% |
| Surplus(+) / Shortfall (-) of CET1 capital adequacy (p.p.) | +28,98 | +16,14 |
| Minimum recommended level (OCR + P2G) | 11,50% | 11,50% |
| Surplus(+) / Shortfall(-) against the recommended CET1 level (p.p.) | +24,48 | +11,64 |
| Leverage ratio | 12,86% | 11,60% |
| Minimum level required | 3,00% | 3,00% |
| Surplus(+) / Shortfall (-) of leverage (p.p.) | +9,86 | +8.60 |

As at 30 June 2025, the Bank's capital adequacy remained at a safe level. The total capital ratio (TCR) amounted to 35.98% and was equal to the Common Equity Tier 1 and CET1 capital ratio. Therefore, the minimum capital ratios for the Bank were achieved with a surplus, also taking into account the additional capital charge to absorb potential losses resulting from the occurrence of stress conditions (P2G). Compared to the end of 2024, the total risk exposure decreased (mainly due to the entry into force of CRR3), and the level of own funds increased as part of the recapitalisation from the parent company and the qualification of profit for 2024. As a result, the values of capital ratios increased.

The leverage ratio stands at a safe level of 12.86% and is well above the minimum regulatory level of 3%.

In 2025, the Bank did not make any significant changes in its capital management objectives, policy and processes compared to the previous year.

From January 2025, the Bank calculates the own funds requirement, taking into account the changes resulting from CRR3. The impact of CRR3 on the level of the capital requirement in 2025 results from the change in the risk weights for mortgage loans in the calculation of the credit risk requirement and from the implementation of a new standardised approach for calculating the operational risk requirement.

7.3. CREDIT RISK

Credit risk means uncertainty regarding the customer's performance of the agreements concluded with the Bank for its financing, i.e. repayment of principal and interest within a specified period, which may result in a financial loss for the Bank.

The objective of credit risk management at the Bank is to ensure high quality of the loan portfolio by controlling and mitigating the risk of credit exposures at risk of impairment. The overarching task of the credit risk management process is to support the implementation of business plans while maintaining a certain level of risk appetite.

The credit risk management process and methods are regulated in the Risk Strategy and procedures approved by the Management Board and the Supervisory Board. The procedures are adequate to the scale of the Bank's operations and will be continuously improved by adapting to the factors that significantly increase the risk identified on an ongoing basis.

The credit policy implemented at the Bank is based on a set of the following principles:

- use of models based on data from the Bank, Bank Millennium Group and from the domestic market (if applicable) in order to properly assess the customer's creditworthiness,
- functional separation of business activities, credit policy, credit decisions and credit monitoring in order to avoid conflicts of interest,
- use of IT tools (workflows) to support the credit process at all stages,
- regular monitoring of the loan portfolio,
- using the structure of credit exposure limits and sublimits in order to avoid risk concentration and promote the effect of diversification of the loan portfolio,
- the decision levels are determined depending on the total exposure amount and the client's rating;
- every customer should have a rating assigned before making any credit decision.

Elements determining credit decisions regarding changes in the terms of the loan agreement:

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

The risk acceptance thresholds for the loan portfolio have been defined to ensure a positive outcome on this portfolio after taking into account the expected cost of risk and capital.

The Bank strives to diversify its loan portfolio in such a way as to avoid excessive concentration towards a single customer or in a uniform group of customers.

Monitoring the loan portfolio is a key element in the early detection of potential losses. As part of credit risk management, stress tests are carried out to quantify the potential impact of adverse changes in the Bank's environment on its financial position.

Impairment measurement

The Bank applies the Group's standards in the process of estimating impairment for credit exposures. Impairment is measured in accordance with the principles of IFRS 9, based on the concept of expected credit loss, taking into account forecasts and expected future economic conditions in the context of the assessment of the credit risk of the exposure.

Due to the specific nature of the Bank's operations, the process of estimating the impairment of exposures is carried out only in the collective analysis mode. The bank has a homogeneous portfolio of PLN mortgage loans secured by residential real estate.

The Bank recognises exposures to the State Treasury, the Central Bank and Bank Millennium S.A. as instruments with low *credit risk* (LCR).

Taking into account forward looking information (FLI)

In the process of calculating the expected credit loss, the Bank uses information on future macroeconomic events, both in the PD (*Probability of Default*), LGD (*Loss Given Default*), EAD (*Exposure at Default*) estimation, as well as in the process of identifying a significant increase in credit risk (SICR) and allocating exposures to Stage 2 (transfer logic). The Bank uses only forecasts prepared by the Macroeconomic Analysis Office of Bank Millennium, which prepares three macroeconomic scenarios (baseline, optimistic and pessimistic) and determines the probability of their occurrence. Projections translate directly and indirectly into the values of the 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 about macroeconomic variables

Key assumptions used for the estimation of ECL as at 30 June 2025:

| | Scenario | 2025 | 2026 | 2027 |
|------------------------|-------------|-------|-------|-------|
| Gross Domestic Product | Base | 103,5 | 103,1 | 103,0 |
| | Optimistic | 103,9 | 104,4 | 104,3 |
| | Pessimistic | 102,2 | 101,3 | 101,7 |
| Retail | Base | 103,7 | 104,5 | 104,4 |
| | Optimistic | 104,4 | 106,4 | 106,3 |
| | Pessimistic | 102,5 | 102,5 | 103,0 |
| Unemployment | Base | 5,1 | 5,1 | 5,1 |
| | Optimistic | 5,0 | 4,8 | 4,6 |
| | Pessimistic | 5,6 | 6,6 | 6,8 |

The weights assigned to each of the macroeconomic scenarios as at 30 June 2025 were as follows:

| | Baseline | Optimistic | Pessimistic |
|-------------|----------|------------|-------------|
| Weight used | 60% | 10% | 30% |

Maximum exposure to credit risk

| (PLN thousand) | 30.06.2025 | 31.12.2024 |
|--|------------------|------------------|
| Exposures to credit risk related to on-balance sheet assets: | 3 724 914 | 3 130 465 |
| Deposits, loans and advances to banks and other monetary institutions | 4 602 | 6 803 |
| Loans and advances to customers: | 3 407 553 | 2 891 864 |
| Measured at amortised cost: | 3 407 553 | 2 891 864 |
| Loans for individual clients | 3 407 553 | 2 891 864 |
| Mortgages | 3 407 553 | 2 891 864 |
| Debt securities measured at fair value by other comprehensive income (FVOCI) (Treasury bonds) | 174 880 | 136 829 |
| Other financial assets (NBP bills) | 137 879 | 94 970 |
| Credit risk related to off-balance sheet items: | 0 | 0 |
| TOTAL | 3 724 914 | 3 130 465 |

The table above presents the structure of the Bank's credit risk exposure as at 30 June 2025 and 31 December 2024. For balance sheet assets, the exposures presented above are based on the net amounts presented in the balance sheet.

Credit quality of financial assets

| (PLN thousand) as of 30 June 2025 | Stage 1 (12-month loss) | Stage 2 (lifetime loss) | Stage 3 (lifetime loss) | POCI | Amount |
|---|----------------------------|----------------------------|----------------------------|------|-----------|
| Balance sheet exposures to credit risk | 3 647 805 | 77 255 | 5 152 | 0 | 3 730 212 |
| Balance sheet provision | 2 899 | 1 291 | 1 107 | 0 | 5 297 |
| Loans and advances to banks | 4 602 | 0 | 0 | 0 | 4 602 |
| Loans and advances to individuals (according to the Master Scale) | 3 330 444 | 77 255 | 5 152 | 0 | 3 412 850 |
| ▪ 1-3 Top Quality | 2 977 558 | 15 110 | 0 | 0 | 2 992 668 |
| ▪ 4-6 Good Quality | 262 340 | 42 825 | 0 | 0 | 305 165 |
| ▪ 7-9 Medium Quality | 78 910 | 17 112 | 0 | 0 | 96 021 |
| ▪ 10-12 Low Quality | 11 636 | 1 788 | 0 | 0 | 13 425 |
| ▪ 13-14 Watch | 0 | 420 | 0 | 0 | 420 |
| ▪ 15 Default | 0 | 0 | 5 152 | 0 | 5 152 |
| Impairment | 2 899 | 1 291 | 1 107 | 0 | 5 297 |
| HTC & FS debt securities (Treasury bonds) | 174 880 | 0 | 0 | 0 | 174 880 |
| HTC debt securities (NBP bills) | 137 879 | 0 | 0 | 0 | 137 879 |

The table above presents the breakdown of financial assets into stages to which individual credit exposures have been classified in accordance with IFRS 9 and the default probability assessment granted based on an internal rating model. At the end of June 2025, the share of stage 3 exposures to the total gross loan portfolio was 0.15%. The coverage of the stage of 3 with impairment write-offs was 21.5%, and taking into account the total sum of impairment write-offs, it is 103%.

| Gross carrying amount PLN'000 | | | | |
|--|-----------|---------|---------|-----------|
| Individuals: | Stage 1 | Stage 2 | Stage 3 | Total |
| as of 31.12.2024 | 2 817 061 | 77 695 | 2 080 | 2 896 837 |
| Increase on acquisition | 751 088 | 0 | 0 | 751 088 |
| Repaid loans | -229 998 | -5 053 | -24 | -235 075 |
| Transfers between stages | -7 708 | 4 613 | 3 096 | 0 |
| As of 30.06.2025 | 3 330 444 | 77 255 | 5 152 | 3 412 850 |
| Balance sheet write-off PLN'000 | | | | |
| as of 31.12.2024x | 2 898 | 1 560 | 515 | 4 973 |
| Increase on acquisition | 660 | 0 | 0 | 660 |
| Repaid loans | -210 | -89 | -6 | -306 |
| Transfers between stages/change in credit risk | -449 | -180 | 599 | -30 |
| As of 30.06.2025 | 2 899 | 1 291 | 1 107 | 5 297 |

Economic sectors

| (PLN thousand) as of 30.06.2025 | Financial intermediation | Industry & Construction | Wholesale and retail trade | Transport and communication | Public sector | Mortgages | Consumer loans* | Other industries | Total |
|---|-----------------------------|----------------------------|-------------------------------|--------------------------------|----------------|------------------|--------------------|---------------------|------------------|
| Loans and advances to banks | 4 602 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4 602 |
| Loans and advances to customers (amortised cost) | 0 | 0 | 0 | 0 | 0 | 3 407 553 | 0 | 0 | 3 407 553 |
| Instruments measured at amortised cost | 0 | 0 | 0 | 0 | 137 879 | 0 | 0 | 0 | 137 879 |
| Instruments measured at fair value through other comprehensive income | 0 | 0 | 0 | 0 | 174 880 | 0 | 0 | 0 | 174 880 |
| Total Net Worth | 4 602 | 0 | 0 | 0 | 312 759 | 3 407 553 | 0 | 0 | 3 724 914 |

The table above presents a breakdown of the main categories of the Bank's credit exposures, into component factors, by sectors of the economy (categories of customers).

Main parameters of the loan portfolio

As at 30 June 2025, the volume-weighted average maturity of loans in the Bank's portfolio is 19 years and 6 months, while the volume-weighted average value of the current loan-to-collateral (LTV) ratio at market valuation is 39.6%.

The structure of the loan portfolio by LTV as at 30 June 2025 is as follows:

| LTV according to mortgage value | Structure % |
|---------------------------------|---------------|
| up to 50% | 27,5% |
| 50%-60% | 22,8% |
| 60%-70% | 23,0% |
| 70%-80% | 15,7% |
| 80%-100% | 11,0% |
| Amount | 100,0% |

| LTV at market valuation | Structure % |
|-------------------------|---------------|
| up to 30% | 21,4% |
| 30%-40% | 28,3% |
| 40%-50% | 29,8% |
| 50%-60% | 18,2% |
| 60%-70% | 2,3% |
| 70%-100% | 0,0% |
| Total | 100,0% |

Security

The collateral accepted at the Bank is used to mitigate credit risk and its main role is to minimise the loss in the event of the customer's failure to repay the loan transaction in the agreed amount and date, by providing an alternative source of coverage of due receivables. It is accepted in accordance with the principles of the credit policy. It defines the types, kinds and legal forms of collateral accepted by the Bank. Residential real estate is accepted as the main collateral in a mortgage bank. The value of mortgage collateral is determined on the basis of the mortgage value expertise (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 Mortgage Value of Properties in Millennium Bank Hipoteczny S.A., approved by the PFSA. The Bank monitors the collateral in terms of its compliance with contractual conditions, including the legally binding establishment of the final security for the transaction, as well as the renewal of assigned insurance policies. The value of the collateral is also monitored during the loan transaction.

The value of collateral (according to mortgage value) for the Bank's loan portfolio as at 30.06.2025 amounted to PLN 6,370.7 million.

7.4. MARKET AND INTEREST RATE RISK IN THE BANKING BOOK (IRRBB)

Market risk includes the current and potential impact on the financial result or equity 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 procedures in force at the Bank. The implemented system of limits mitigating market risk is updated at least once a year, taking into account, among other things, changes in the size of own funds, the current and expected balance sheet structure, as well as the market situation. All possible breaches of internal market risk limits are reported, documented and ratified at the appropriate level of competence.

In the reporting period, the limits for market risk and IRRBB applicable at the Bank were not exceeded.

Interest rate risk in the Banking Book

Interest rate risk in the Banking 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, underlying risk and client option risk.

Fluctuations in market interest rates have an impact on 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 mitigate potential losses due to changes in market interest rates by selecting the appropriate risk profile, as well as appropriate shaping of the structure of balance sheet and off-balance sheet items

Interest rate risk is measured in the Banking Book in particular by monitoring the volatility of profitability (NII) and the economic value of the Bank's equity (EVE). In addition to the NII and EVE measures, the Bank uses the BPV measure, the interest rate gap and stress tests to measure interest rate risk.

The interest rate gap represents the difference between the value of cash flows resulting from asset items and liabilities sensitive to interest rate risk, subject to revaluation in a given time period.

| Interest rate gap PLN million 30.06.2025 | up to 1 month | 1-3 months | 3-6 months | 6-12 months | 1-3 years | above 3 years | Total |
|---|------------------|---------------|---------------|-------------|--------------|------------------|----------|
| Assets | 1,116.7 | 1,976.5 | 180.7 | 45.2 | 444.5 | 3.7 | 3,767.2 |
| Liabilities | -1,628.3 | -1,624.5 | - | - | - | - | -3,252.8 |
| Interest rate gap | -511.6 | 352.0 | 180.7 | 45.2 | 444.5 | 3.7 | 514.5 |

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

The sensitivity of NII and EVE in the event of a parallel 100 bps shift of interest rates up and down is presented below.

| Change as a result of a change in interest rates +/- 100 bps in PLN thousand (*) | 30.06.2025 | 31.12.2024 |
|---|------------|------------|
| Net interest income (NII) | -961 | -620 |
| Economic Value of Capital (EVE) | -9 926 | -7 716 |

*) more unfavourable of the above scenarios

Currency risk

Currency risk, as a component of market risk, has been defined as the risk of loss caused by changes in exchange rates.

Currency risk is measured and assessed by limiting the currency positions taken by the Bank. The currency risk limits have been set in such a way that the risk is non-material.

The Bank regularly monitors and reports the level of currency risk measures, the degree of utilisation of internal limits, as well as exposure to currency risk in stressed conditions. As at 30 June 2025, the currency position resulted from the interest held in another entity.

| Currency position expressed in PLN thousand | 30.06.2025 | 31.12.2024 |
|---|------------|------------|
| EUR | 3.2 | 3.2 |

The sensitivity test of the impact on the profit and loss account of the currency position due to arbitrary changes in the exchange rate is presented below:

| Change in the value of a currency position in PLN thousand | 30.06.2025 |
|---|------------|
| Increase in the EUR/PLN exchange rate by 10% | 0.3 |
| Decrease in the EUR/PLN exchange rate by 10% | -0.3 |

A decrease in the exchange rates causes the same change as an increase, only with the opposite sign. A negative amount in the table reflects a potential downside in the income statement, while a positive amount reflects a potential increase.

7.5. LIQUIDITY RISK

Financial liquidity in the Bank means the ability to finance the growth of assets and the payment of the Bank's financial liabilities on their due dates, and to take advantage of business opportunities (financing without incurring unacceptable losses). Liquidity risk has been defined as the threat of losing the ability to effectively settle both expected and unexpected current and future cash flows and hedging 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 funding structure and that supervisory requirements for quantitative liquidity measures are met.

The Bank regularly measures, monitors and reports liquidity risk using both measures defined by supervisory authorities and internal ratios for which limits have been set.

The measurement is complemented by stress tests to assess the liquidity risk profile and the ability to meet obligations in stress situations. Stress tests include sensitivity analysis, reverse testing and stress scenarios (idiosyncratic, systemic and a combination of these)

In the reporting period, the liquidity risk limits applicable at the Bank were not exceeded.

The Bank applies the policy of investing excess liquidity mainly in the portfolio of liquid assets, in particular in Polish securities denominated in PLN with low risk (Treasury securities, Treasury bills, NBP cash bills and securities guaranteed by the State Treasury or NBP) and deposits in Bank

Millennium. The portfolio of liquid assets and deposits are treated as a liquidity buffer for the Bank, which will allow it to survive possible crisis situations.

The Bank's main source of financing at the current stage of its operations is financing from Bank Millennium, while the Bank's long-term goal is a financing structure in which the main source of financing is the issue of covered bonds. The table below presents the financing structure.

| Source of financing | 30.06.2025 | 31.12.2024 |
|----------------------------|-------------|-------------|
| Funds from Bank Millennium | 43.5% | 62.1% |
| Covered bond issues | 43.0% | 25.5% |
| Equity | 13.3% | 12.2% |
| Other | 0.2% | 0.2% |
| Total | 100% | 100% |

In accordance with the CRR Regulation, the Bank determines the liquidity coverage ratio (LCR) and the net stable funding ratio (NSFR) on a daily basis. In the reporting period, the ratios were well above the supervisory minimum of 100%.

The values of liquidity ratios as at 30 June 2025 are presented in the table below:

| | LCR (%) | NSFR (%) |
|------------------|---------|----------|
| Indicator level | 9,717% | 136% |
| Regulatory Limit | 100% | 100% |

In addition, the Bank applies an internal structural liquidity analysis based on accumulated adjusted liquidity gaps (i.e. assuming the probability of cash flow).

The cumulative results of the adjusted liquidity gap as at 30 June 2025 are presented in the table below:

| Adjusted liquidity gap (PLN million) 30.06.2025 | up to 1 month | 1 - 3 months | 3 - 6 months | 6 - 12 months | 1 - 2 years | 2 - 5 years | Above 5 years |
|--|------------------|--------------|--------------|------------------|-----------------|----------------|------------------|
| Adjusted balance sheet assets | 266.1 | 249.8 | 196.0 | 383.4 | 731.7 | 1,903.5 | 1,200.0 |
| Adjusted balance sheet liabilities | 8.3 | 36.4 | 48.8 | 96.6 | 2,097.9 | 1,510.4 | 501.9 |
| Total gap | 257.8 | 213.4 | 147.2 | 286.9 | -1,366.2 | 393.1 | 698.1 |
| Total cumulative gap | 257.8 | 471.2 | 618.4 | 905.3 | -460.9 | -67.7 | 630.3 |

The Bank also has emergency procedures for situations of increased liquidity risk in the form of a Liquidity Contingency Plan, which sets out the concepts, priorities, responsibilities and specific measures to be taken in the event of a liquidity crisis. The Liquidity Contingency Plan is reviewed and tested at least annually.

7.6. OPERATIONAL RISK

The main objective of operational risk management is to optimise the Bank's operational efficiency by reducing the level of operating losses and increasing the adequacy and speed of the Bank's response to external events.

Operational risk management at the Bank is based on the process structure implemented in the Group, overlapping with the traditional organisational structure. The operational risk management system uses a process-based approach to management, which is based on a dynamic process management structure defined for all activities of the Bank.

The operational risk management system is adapted to the scale and profile of the Bank's operations. It is consistent with the operational risk management system adopted at the level of the Bank Millennium Group. As part of the system, the Bank applies in particular the following operational risk management tools: operational event database, key risk indicator, risk self assessment and scenario analysis.

The operational risk management process at the Bank includes identification, measurement, mitigation, including control and monitoring, as well as reporting on various types of risk that fall within the scope of operational risk. In the management and control of operational risk, the Bank applies clear principles, practices and control mechanisms that ensure the appropriate division of functions and define the limits of tolerance of exposure to this risk.

The Risk Department, the organisational unit responsible for risk management at the Bank, performs the operational risk management function, which supports the Management Board in developing and promoting a sound operational risk culture, as well as is responsible for creating, proposing, enforcing and controlling the implementation of tools and methodologies to ensure proper risk exposure assessment. Within this organisational unit, the function for fraud prevention is performed.

7.7. MODEL RISK MANAGEMENT

The Bank defines model risk as a potential loss that it may incur as a result of decisions that could generally be based on data obtained using models, due to errors in the development, implementation or application of such models. The model risk management process at the Bank 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 materiality of the model,
- risk mitigation assessment - this is an assessment of the controls, mitigations and other risk management activities applied to the model.

Model risk assessment aims to determine the scale of threats associated with the occurrence of model risk. The assessment is made at the level of a single model, as well as in aggregate at the level of the Bank. The objective of model risk control is to actively manage and effectively mitigate model risk so that the aggregated level of model risk does not exceed the applicable tolerance level.

7.8. CONCENTRATION RISK

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

At the Bank, the 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 the highest possible diversification of assets in such a way as to prevent a high level of concentration risk, which may result in a significant reduction of the Bank's own funds or financial result.

The Bank's loan portfolio consists exclusively of retail loans, which allows for its high diversification. As at 30 June 2025, the share of 20 clients with the largest credit exposure in the entire portfolio was 0.5%. At the same time, the portfolio is well diversified geographically. The share of individual voivodeships, with a breakdown of the capital city of Warsaw, by the location of the real estate securing the loan as at 30 June 2025 is presented in the table below:

| Location | Share in the loan portfolio (by value) |
|---------------------------------|---|
| Pomeranian Voivodeship | 15,6% |
| Capital City of Warsaw | 13,3% |
| Masovian Voivodeship | 12,9% |
| Lower Silesian Voivodeship | 12,3% |
| Greater Poland Voivodeship | 10,6% |
| Lesser Poland Voivodeship | 6,0% |
| Silesian Voivodeship | 5,8% |
| Kuyavian-Pomeranian Voivodeship | 5,2% |
| Warmian-Masurian Voivodeship | 3,9% |
| West Pomeranian Voivodeship | 3,6% |
| Lodz Voivodeship | 3,6% |
| Lubuskie Voivodeship | 1,7% |
| Lublin Voivodeship | 1,6% |
| Opole Voivodeship | 1,2% |
| Podlaskie Voivodeship | 1,3% |
| Świętokrzyskie Voivodeship | 0,8% |
| Subcarpathian Voivodeship | 0,7% |

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 - 30.06.2025 | 01.01 - 30.06.2024 |
|--|---------------------------|---------------------------|
| Interest income on assets measured at fair value through other comprehensive income | 4,970.9 | 2,734.3 |
| Debt instruments | 4,970.9 | 2,734.3 |
| Interest income on assets measured at amortized cost | 119,604.8 | 51,894.5 |
| Funds in the Central Bank | 0.0 | 0.0 |
| Loans and borrowings to customers | 116,380.9 | 48,803.8 |
| Debt instruments | 2,838.7 | 2,961.8 |
| Deposits and loans and borrowings to banks and other monetary institutions | 385.2 | 129.0 |
| Total interest income | 124,575.6 | 54,628.8 |
| Interest expense on financial liabilities measured at amortized cost: | -93,548.4 | -40,986.9 |
| Liabilities to banks and other monetary institutions | -51,449.4 | -39,878.9 |
| Lease liabilities | -89.0 | -106.1 |
| Debt securities in issue | -42,010.1 | -1,002.0 |
| Total interest expenses | -93,548.4 | -40,986.9 |
| Net interest income | 31,027.2 | 13,641.9 |
| Impact of credit holidays on interest income | | |
| Interest income, in PLN | 01.01 - 30.06.2025 | 01.01 - 30.06.2024 |
| Accrued from customers | 120,704.5 | 53,152.0 |
| Settled by adjusting the effective rate | -4,323.6 | -362.2 |
| Cost of credit holidays | 0.0 | -3,986.0 |
| Loans and borrowings to customers | 116,380.9 | 48,803.8 |
| Net interest income - excluding the cost of credit holidays | 31,027.2 | 17,627.9 |

8.2. FEE AND COMMISSION INCOME AND EXPENSE

| | 01.01 - 30.06.2025 | 01.01 - 30.06.2024 |
|---|--------------------|--------------------|
| Fee and commission income | 64.8 | 28.2 |
| Other commission | 64.8 | 28.2 |
| Total | 64.8 | 28.2 |
| Fee and commission expense | -153.0 | -49.9 |
| Account commissions | -2.0 | -2.0 |
| Commissions on loans and borrowings received | -20.8 | -30.4 |
| Commissions from brokerage and custody activities | -130.2 | -17.4 |
| Total | -153.0 | -49.9 |
| Total income and costs | -88.3 | -21.7 |

8.3. ADMINISTRATIVE EXPENSES

| | 01.01 - 30.06.2025 | 01.01 - 30.06.2024 |
|--|--------------------|--------------------|
| Employee expenses | -5,318.2 | -4,384.5 |
| Employee compensation | -4,253.2 | -3,484.8 |
| Obligatory burdens on compensation | -862.2 | -678.4 |
| Employee benefits, including | -202.7 | -221.3 |
| Provisions for retirement benefits | -43.0 | -43.0 |
| Provision for unused holiday leaves | 0.0 | 0.0 |
| Other | -159.7 | -178.3 |
| Non-personnel administrative expenses | -4,398.8 | -3,124.4 |
| IT and communications costs | -616.4 | -565.4 |
| Rental costs | -192.1 | -180.4 |
| Building and equipment maintenance costs | -63.0 | -56.5 |
| Costs of consulting, auditing and legal services | -416.6 | -442.7 |
| Miscellaneous taxes and fees | -299.1 | -260.3 |
| PFRON costs | -41.8 | -35.5 |
| BGF costs | -23.8 | -8.9 |
| Financial Supervision costs | -96.5 | -57.4 |
| Other administrative expenses: | -2,649.4 | -1,517.4 |
| Intra-group services | -2,448.6 | -1,442.5 |
| Other | -200.7 | -74.9 |
| Total | -9,716.9 | -7,508.9 |

Information on rights of use:

| | 01.01 - 30.06.2025 | 01.01 - 30.06.2024 |
|--|--------------------|--------------------|
| Total cash outflow from leases | -286.3 | -280.8 |
| Costs associated with short-term leases | 0.0 | 0.0 |
| Costs associated with low-value asset leases | -32.4 | -31.7 |

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 - 30.06.2025 | 01.01 - 30.06.2024 |
|--|--------------------|--------------------|
| On account of charges for loans and borrowings to customers | -301.4 | -1,414.7 |
| Recognition of charges for loans and borrowings to customers | -3,643.6 | -3,209.4 |
| Reversal of charges for loans and borrowings to customers | 3,342.2 | 1,794.7 |
| On account of charges for securities | 0.0 | 0.0 |
| Total | -301.4 | -1,414.7 |

8.5. DEPRECIATION AND AMORTIZATION

| | 01.01 - 30.06.2025 | 01.01 - 30.06.2024 |
|-------------------------------|--------------------|--------------------|
| Property, plant and equipment | -152.8 | -150.2 |
| Intangible assets | -205.9 | -210.0 |
| Total | -358.6 | -360.2 |

8.6. INCOME TAX

Income tax recognized in the profit and loss account

| | 01.01 - 30.06.2025 | 01.01 - 30.06.2024 |
|--|--------------------|--------------------|
| Current tax | -720.3 | 0.0 |
| Current year | -720.3 | 0.0 |
| Deferred tax: | -3,253.5 | -880.8 |
| Non-taxable income | -139.3 | -69.0 |
| Interest accrued to be received | -53.9 | 1,896.9 |
| Revenues and expenses accounted for at the effective interest rate | -85.4 | -1,965.9 |
| Costs not classified as tax-deductible expenses | -3,392.8 | -949.8 |
| Provisions for personnel costs | 0.5 | -24.6 |
| Provisions for tangible expenses | -161.3 | -166.9 |
| Rights of use | 3.0 | 6.9 |

| | | |
|---|-----------------|---------------|
| Charges for loans to customers | 61.7 | 272.0 |
| Other | -253.1 | -14.4 |
| Tax loss | -3,043.6 | -1,022.7 |
| Total tax expense in the profit and loss account | -3,973.9 | -880.8 |

Effective tax rate

| | 01.01 - 30.06.2025 | 01.01 - 30.06.2024 |
|---|--------------------|--------------------|
| Gross financial result | 20,638.5 | 4,349.4 |
| Statutory tax rate | 19% | 19% |
| Income tax at the applicable tax rate of 19% | -3,921.3 | -826.4 |
| Impact of permanent differences on tax burden: | -52.6 | -54.5 |
| Tax on civil law transactions | -31.3 | -38.0 |
| PFRON contribution | -7.9 | -6.8 |
| Bank Guarantee Fund contributions | -4.5 | -1.7 |
| Other | -8.7 | -8.0 |
| Total tax expense in the profit and loss account | -3,973.9 | -880.8 |
| Effective tax rate | 19.25% | 20.25% |

Deferred tax recognized directly in equity

| | 30.06.2025 | 31.12.2024 | 30.06.2024 |
|--|-------------|--------------|---------------|
| Measurement of securities at fair value through other comprehensive income | -100.8 | 535.3 | 1,892.0 |
| Actuarial gains / (losses) | -74.4 | -74.4 | -118.5 |
| Deferred tax recognized directly in capital | 33.3 | -87.6 | -337.0 |

8.7. EARNINGS PER SHARE

| | 01.01 - 30.06.2025 | 01.01 - 30.06.2024 |
|--|--------------------|--------------------|
| Profit/Loss after tax | 16,664.6 | 3,468.5 |
| Weighted average number of treasury shares during the period | 143,674,033 | 112,637,363 |
| Earnings per share - basic and diluted (PLN) | 0.1160 | 0.0308 |

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

| | 30.06.2025 | 31.12.2024 | 30.06.2024 |
|---|------------------|------------------|-----------------|
| Debt securities | | | |
| State Treasury securities | 174,880.2 | 136,828.5 | 98,719.5 |
| a) bills | 0.0 | 0.0 | 0.0 |
| b) bonds | 174,880.2 | 136,828.5 | 98,719.5 |
| Central bank securities | 0.0 | 0.0 | 0.0 |
| a) bills | 0.0 | 0.0 | 0.0 |
| b) bonds | 0.0 | 0.0 | 0.0 |
| Ownership interest and shares in other entities | 3.2 | 3.2 | 3.2 |
| Other financial instruments | | | |
| Total | 174,883.3 | 136,831.7 | 98,722.7 |
| Including: | | | |
| Instruments listed on an active market | 174,880.2 | 136,828.5 | 98,719.5 |
| Instruments not listed on an active market | 3.2 | 3.2 | 3.2 |

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

| | 30.06.2025 | 31.12.2024 | 30.06.2024 |
|-------------------------------|------------------|------------------|-----------------|
| with a fixed interest rate | 0.0 | 0.0 | 0.0 |
| with a variable interest rate | 174,880.2 | 136,828.5 | 98,719.5 |
| Total | 174,880.2 | 136,828.5 | 98,719.5 |

Debt securities measured at fair value through other comprehensive income

| | 30.06.2025 | 31.12.2024 | 30.06.2024 |
|--------------------------|------------------|------------------|-----------------|
| up to 1 month | 0.0 | 0.0 | 0.0 |
| from 1 month to 3 months | 0.0 | 0.0 | 0.0 |
| from 3 months to 1 year | 5,149.3 | 5,043.7 | 5,069.0 |
| from 1 year to 5 years | 78,889.1 | 54,604.6 | 39,962.6 |
| over 5 years | 90,841.8 | 77,180.2 | 53,688.0 |
| Total | 174,880.2 | 136,828.5 | 98,719.5 |

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

| | 01.01 - 30.06.2025 | 01.01 - 30.06.2024 |
|---|--------------------|--------------------|
| Opening balance | 136,828.5 | 68,609.5 |
| Increases (purchase and accrual of interest and discount) | 43,687.8 | 29,593.9 |
| Decreases (sales and redemption) | -5,000.0 | 0.0 |
| Differences from fair value measurement | -636.1 | 516.1 |
| Impairment charges | 0.0 | 0.0 |
| Closing balance | 174,880.2 | 98,719.5 |

8.9. LOANS AND BORROWINGS TO CUSTOMERS

Quality of the portfolio of loans and borrowings to customers

| | 30.06.2025 | 31.12.2024 | 30.06.2024 |
|--|--------------------|--------------------|--------------------|
| Loans and borrowings to customers (gross) | 3,412,850.4 | 2,896,837.0 | 1,795,306.8 |
| - with recognized impairment | 5,151.8 | 2,080.4 | 2,045.4 |
| - without impairment | 3,407,698.6 | 2,894,756.6 | 1,793,261.5 |
| Impairment charge | 5,297.5 | 4,973.0 | 4,487.6 |
| - for exposures with recognized impairment | 1,107.2 | 515.0 | 595.3 |
| - for exposures without recognized impairment | 4,190.3 | 4,458.0 | 3,892.3 |
| Loans and borrowings to customers (net) | 3,407,552.9 | 2,891,864.0 | 1,790,819.3 |

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

| | 30.06.2025 | 31.12.2024 | 30.06.2024 |
|--|--------------------|--------------------|--------------------|
| Loans and borrowings to customers (gross) | 3,412,850.4 | 2,896,837.0 | 1,795,306.8 |
| - measured individually | 0.0 | 0.0 | 0.0 |
| - measured on a portfolio basis | 3,412,850.4 | 2,896,837.0 | 1,795,306.8 |
| Impairment charge | 5,297.5 | 4,973.0 | 4,487.6 |
| - recognized on the basis of individual analysis | 0.0 | 0.0 | 0.0 |
| - recognized on the basis of collective analysis | 5,297.5 | 4,973.0 | 4,487.6 |
| Loans and borrowings to customers (net) | 3,407,552.9 | 2,891,864.0 | 1,790,819.3 |

Portfolio of loans and borrowings to customers by type of customer

| | 30.06.2025 | 31.12.2024 | 30.06.2024 |
|--|--------------------|--------------------|--------------------|
| Loans and borrowings to customers (gross) | 3,412,850.4 | 2,896,837.0 | 1,795,306.8 |
| - corporate customers | 0.0 | 0.0 | 0.0 |
| - individual customers | 3,412,850.4 | 2,896,837.0 | 1,795,306.8 |
| Impairment charge | 5,297.5 | 4,973.0 | 4,487.6 |
| - recognized for receivables from corporate customers | 0.0 | 0.0 | 0.0 |
| - recognized for receivables from individual customers | 5,297.5 | 4,973.0 | 4,487.6 |
| Loans and borrowings to customers (net) | 3,407,552.9 | 2,891,864.0 | 1,790,819.3 |

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

| | 30.06.2025 | 31.12.2024 | 30.06.2024 |
|--------------------------------|----------------|----------------|----------------|
| Current accounts | 4,563.2 | 6,802.6 | 1,137.5 |
| Deposits | 38.8 | 0.0 | 37.8 |
| Interest | 0.0 | 0.0 | 0.0 |
| Total gross receivables | 4,602.0 | 6,802.6 | 1,175.4 |
| Impairment charge | 0.0 | 0.0 | 0.0 |
| Total net receivables | 4,602.0 | 6,802.6 | 1,175.4 |

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

| | 30.06.2025 | 31.12.2024 | 30.06.2024 |
|-----------------------------------|------------------|-----------------|------------------|
| Central bank securities - bills * | 137,879.3 | 94,969.7 | 137,911.9 |
| Total | 137,879.3 | 94,969.7 | 137,911.9 |

*) 7-day NBP money bills

Change in debt instruments measured at amortized cost

| | 01.01 - 30.06.2025 |
|---|--------------------|
| Opening balance | 94,969.7 |
| Increases (purchase and accrual of interest and discount) | 2,735,909.7 |
| Decreases (sales and redemption) | -2,693,000.0 |
| Differences from fair value measurement | 0.0 |
| Impairment charges | 0.0 |
| Closing balance | 137,879.3 |

8.11. PROPERTY, PLANT AND EQUIPMENT

| | 30.06.2025 | 31.12.2024 | 30.06.2024 |
|-----------------------------------|----------------|----------------|----------------|
| Right of use - means of transport | 121.9 | 150.9 | 197.0 |
| Right of use - office space | 1,037.3 | 1,144.6 | 1,252.0 |
| Total | 1,159.2 | 1,295.6 | 1,449.0 |

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

| for the period 01.01-30.06.2025 | right of use - means of transport | right of use - office space | TOTAL |
|---|---|--------------------------------|----------------|
| a) gross value of property, plant and equipment at the beginning of the period | 352.6 | 1,573.9 | 1,926.5 |
| b) increases (by virtue of) | 16.4 | 0.0 | 16.4 |
| lease acceptance | 16.4 | 0.0 | 16.4 |
| 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 | 369.0 | 1,573.9 | 1,942.9 |
| e) accumulated depreciation at the beginning of the period | 201.6 | 429.2 | 630.9 |
| f) depreciation for the period (by virtue of) | 45.5 | 107.3 | 152.8 |
| current impairment charge (P&L account) | 45.5 | 107.3 | 152.8 |
| g) accumulated depreciation at the end of the period | 247.1 | 536.6 | 783.7 |
| 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 | 121.9 | 1,037.3 | 1,159.2 |
| including: property, plant and equipment used under lease agreements | 121.9 | 1,037.3 | 1,159.2 |

8.12. INTANGIBLE ASSETS

| | 30.06.2025 | 31.12.2024 | 30.06.2024 |
|--|--------------|--------------|--------------|
| Goodwill | 0.0 | 0.0 | 0.0 |
| Other intangible assets: | 536.8 | 742.7 | 954.9 |
| copyrights, patents and similar values | 0.0 | 0.0 | 0.0 |
| Computer software | 476.6 | 630.9 | 791.5 |
| computer software - right of use | 60.2 | 111.8 | 163.4 |
| advances for intangible assets | 0.0 | 0.0 | 0.0 |
| Total | 536.8 | 742.7 | 954.9 |

Change in intangible assets (by type group)

| for the period 01.01-30.06.2025 | computer software (licenses) | right of use - computer software | advance payments towards intangible assets | TOTAL |
|--|------------------------------|----------------------------------|--|---------|
| a) gross value of intangible assets at the beginning of the period | 1,521.8 | 511.7 | 0.0 | 2,033.5 |
| b) increases (by virtue of) | 0.0 | 0.0 | 0.0 | 0.0 |
| c) decreases (by virtue of) | 0.0 | 0.0 | 0.0 | 0.0 |
| d) gross value of intangible assets 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 | 890.9 | 399.9 | 0.0 | 1,290.8 |
| f) depreciation for the period (by virtue of) | 154.3 | 51.6 | 0.0 | 205.9 |
| current impairment charge (P&L account) | 154.3 | 51.6 | 0.0 | 205.9 |
| g) accumulated depreciation at the end of the period | 1,045.1 | 451.5 | 0.0 | 1,496.7 |
| i) impairment charges at the end of the period | 0.0 | 0.0 | 0.0 | 0.0 |
| j) net value of intangible assets at the end of the period | 476.6 | 60.2 | 0.0 | 536.8 |
| including: intangible assets used under lease agreements | | 60.2 | | 60.2 |

8.13. OTHER ASSETS

| | 30.06.2025 | 31.12.2024 | 30.06.2024 |
|---|------------|------------|------------|
| Costs to be settled over time | 1,352.0 | 1,526.4 | 1,951.9 |
| Receivables from sundry debtors | 8.0 | 6.0 | 2.0 |
| Revenues to be received - reimbursement of the costs of credit holidays | 0.0 | 837.6 | 7,974.0 |
| Prepayments | 0.0 | 0.0 | 0.0 |
| Total other assets, gross | 1,360.0 | 2,370.1 | 9,927.9 |
| Impairment charges | 0.0 | 0.0 | 0.0 |
| Total other assets, net | 1,360.0 | 2,370.1 | 9,927.9 |

8.14. FINANCIAL LIABILITIES MEASURED AT AMORTIZED COST

Liabilities to banks and other monetary institutions

| | 30.06.2025 | 31.12.2024 | 30.06.2024 |
|---------------------------------|--------------------|--------------------|--------------------|
| Loans and borrowings received * | 1,620,000.0 | 1,870,000.0 | 1,324,001.2 |
| Other financial liabilities ** | 0.0 | 73,734.9 | 46,776.7 |
| Interest | 265.9 | 340.7 | 241.2 |
| Total | 1,620,265.9 | 1,944,075.6 | 1,371,019.1 |

*) 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

| | 30.06.2025 | 31.12.2024 | 30.06.2024 |
|--------------------------|--------------------|--------------------|--------------------|
| current accounts | 0.0 | 0.0 | 0.0 |
| up to 1 month | 0.0 | 0.0 | 1.2 |
| from 1 month to 3 months | 0.0 | 0.0 | 0.0 |
| from 3 months to 1 year | 0.0 | 0.0 | 0.0 |
| from 1 year to 5 years | 1,620,000.0 | 1,943,734.9 | 1,370,776.7 |
| over 5 years | 0.0 | 0.0 | 0.0 |
| Interest | 265.9 | 340.7 | 241.2 |
| Total | 1,620,265.9 | 1,944,075.6 | 1,371,019.1 |

8.15. ISSUED COVERED BONDS

By 30 June 2025, the Bank completed three 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 |
| PLMLNBH00030 | 2025-03-12 | 2030-03-12 | 800,000,000.0 | PLN | WIBOR 3M |

Liabilities from the issue of covered bonds with maturities on:

| | 30.06.2025 | 31.12.2024 | 30.06.2024 |
|------------------------|--------------------|------------------|------------------|
| less than 1 year | 0.0 | 0.0 | 0.0 |
| from 1 year to 2 years | 0.0 | 0.0 | 0.0 |
| from 2 year to 3 years | 299,542.5 | 299,434.6 | 299,342.1 |
| from 3 year to 5 years | 1,297,587.8 | 499,026.6 | 0.0 |
| Interest | 8,315.0 | 6,291.0 | 1,002.0 |
| Total | 1,605,445.3 | 804,752.1 | 300,344.1 |

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 30 June 2025:

| Type of asset | Portfolio | Quantity | Nominal value | Carrying value of net assets |
|----------------|------------------|----------|---------------------|------------------------------|
| Mortgage loans | held to maturity | 12,384 | 2,856,639.4 | 2,906,925.9 |
| Treasury bonds | held and sold | 120,000 | 120,000.0 | 117,513.8 |
| TOTAL | | | 2,976,639.41 | 3,024,439.60 |

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 |

8.16. PROVISIONS

| | 30.06.2025 | 31.12.2024 | 30.06.2024 |
|------------------------------------|--------------|--------------|--------------|
| Short-term | 106.9 | 106.9 | 58.0 |
| Provisions for retirement benefits | 106.9 | 106.9 | 58.0 |
| Long-term | 729.1 | 686.1 | 736.1 |
| Provisions for retirement benefits | 729.1 | 686.1 | 736.1 |
| Total | 836.0 | 793.0 | 794.1 |

Change in provisions for retirement benefits

| | 01.01 - 30.06.2025 | 01.01 - 30.06.2024 |
|--------------------------------------|--------------------|--------------------|
| Opening balance | 793.0 | 751.1 |
| Recognition / Reversal of provisions | 43.0 | 43.0 |
| Provisions used | 0.0 | 0.0 |
| Actuarial (gains) / losses | 0.0 | 0.0 |
| Closing balance | 836.0 | 794.1 |

8.17. DEFERRED TAX LIABILITY

| | 30.06.2025 | | |
|--|--------------------|-------------------------------|-----------------------------|
| | Deferred tax asset | Deferred income tax liability | Deferred tax liability, net |
| Tax loss | 233.5 | | 233.5 |
| Interest to be received/paid | 1,987.2 | -2,633.2 | -646.05 |
| Revenues and expenses accounted for at the effective interest rate | 0.0 | -2,121.2 | -2,121.2 |
| Provisions for loans representing temporary differences | 1,006.5 | | 1,006.5 |
| Employee benefits | 99.9 | | 99.9 |
| Retirement benefits | 144.7 | | 144.7 |
| Expense reserve | 329.7 | | 329.7 |
| Rights of use | 33.3 | | 33.3 |
| Measurement of investment assets and actuarial gains/losses recognized in other comprehensive income | 33.3 | 0.0 | 33.3 |
| Prepaid costs | | -557.6 | -557.6 |
| Deferred tax liability, net | 3,868.1 | -5,312.1 | -1,444.0 |
| of which non-current deferred tax liability, net | | | -923.7 |

Changes due to temporary differences

| | 31.12.2024 | Changes charged to profit or loss | Changes charged to capital | 30.06.2025 |
|--|------------|-----------------------------------|----------------------------|------------|
| Tax loss | 3,277.1 | -3,043.6 | | 233.5 |
| Interest to be paid/received | -699.9 | 53.9 | | -646.1 |
| Revenues and expenses accounted for at the effective interest rate | -2,206.6 | 85.4 | | -2,121.2 |
| Provisions for loans representing temporary differences | 944.9 | 61.7 | | 1,006.5 |
| Employee benefits | 244.0 | 0.5 | | 244.6 |
| Rights of use | 30.3 | 3.0 | | 33.3 |
| Allowance for future expenses | 491.0 | -161.3 | | 329.7 |
| Measurement of investment assets and actuarial gains/losses recognized in other comprehensive income | -87.6 | | 120.9 | 33.3 |
| Prepaid costs | -304.6 | -253.1 | | -557.6 |
| Total | 1,688.7 | -3,253.5 | 120.9 | -1,444.0 |

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. In H1 2025, the Bank generated a taxable profit of PLN 19,810 thousand, which made it possible to fully settle the losses from 2020-2022 and partially settle the loss from 2023.

Based on the provisions of IAS 12, the Bank offset deferred tax assets against deferred tax liabilities.

8.18. OTHER LIABILITIES

Other liabilities

| | 30.06.2025 | 31.12.2024 | 30.06.2024 |
|--|----------------|----------------|----------------|
| Short-term | 3,199.4 | 4,077.6 | 2,982.2 |
| Costs to be paid - bonuses, salaries | 465.4 | 565.9 | 397.7 |
| Costs to be paid for the issuance of covered bonds | 0.0 | 0.0 | 657.9 |
| Costs to be paid - other, including: | 2,088.6 | 2,801.7 | 1,384.4 |
| Provision for support services | 1,373.2 | 2,371.9 | 1,072.1 |
| Balance sheet audit reserve | 184.5 | 112.4 | 124.8 |
| Reserve investment outlays | 0.0 | 0.0 | 0.0 |
| Lease liabilities | 299.0 | 277.3 | 263.9 |
| Liabilities to the state budget | 346.5 | 432.8 | 278.3 |
| Long-term | 1,035.7 | 1,178.0 | 1,318.7 |
| Lease liabilities | 1,035.7 | 1,178.0 | 1,318.7 |
| Costs to be paid | 0.0 | 0.0 | 0.0 |
| Total | 4,235.1 | 5,255.6 | 4,300.9 |

Lease liabilities

| | 30.06.2025 | 31.12.2024 | 30.06.2024 |
|---|----------------|----------------|----------------|
| Lease liabilities (gross) | 1,701.4 | 1,903.4 | 2,131.1 |
| Unrealized financial costs | -366.7 | -448.1 | -548.5 |
| Present value of minimum lease payments | 1,334.7 | 1,455.3 | 1,582.6 |
| Lease liabilities (gross) by maturity | | | |
| less than 1 year | 445.2 | 442.7 | 452.8 |
| from 1 year to 5 years | 1,256.2 | 1,355.3 | 1,416.1 |
| over 5 years | 0.0 | 105.4 | 262.2 |
| Total | 1,701.4 | 1,903.4 | 2,131.1 |
| Lease liabilities (net) by maturity | | | |
| less than 1 year | 299.0 | 277.3 | 263.9 |
| from 1 year to 5 years | 1,035.7 | 1,074.7 | 1,068.3 |
| over 5 years | 0.0 | 103.2 | 250.4 |
| Total | 1,334.7 | 1,455.3 | 1,582.6 |

Change in provisions for unused holiday leaves

| | 01.01 - 30.06.2025 | 01.01 - 30.06.2024 |
|------------------------------------|--------------------|--------------------|
| Opening balance | 60.3 | 2.2 |
| Recognition/Reversal of provisions | 0.0 | 0.0 |
| Benefits paid | 0.0 | 0.0 |
| Closing balance | 60.3 | 2.2 |

8.19. EQUITY

| | 30.06.2025 | 31.12.2024 | 30.06.2024 |
|--|------------------|------------------|------------------|
| Share capital | 163,000.0 | 130,000.0 | 130,000.0 |
| Share premium account | 290,722.4 | 224,722.4 | 224,722.4 |
| Accumulated other comprehensive income | -141.9 | 373.3 | 1,436.5 |
| Retained earnings | 43,257.5 | 26,592.9 | 12,991.7 |
| Reserve capital | 26,592.9 | 9,523.2 | 9,523.2 |
| Net result of the current period | 16,664.6 | 17,069.7 | 3,468.5 |
| Total equity | 496,838.0 | 381,688.6 | 369,150.6 |

Bank's share capital - as at 30 June 2025:

| 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 |
| E | registered, common | 33,000,000 | 33,000,000.0 | cash contribution | 2025-04-11 |

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 8 April 2025, which was registered in the Register of Commercial Undertakings of the National Court Register, the Bank's share capital is PLN 163,000,000. The share capital was fully covered by Bank Millennium S.A. with a cash contribution. 163,000,000 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.

Accumulated other comprehensive income (revaluation reserve for financial assets measured at fair value through other comprehensive income), as at:

| | 30.06.2025 | 31.12.2024 | 30.06.2024 |
|-----------------------------|---------------|--------------|----------------|
| (Gross) valuation effect | -175.2 | 460.9 | 1,773.5 |
| Deferred tax | 33.3 | -87.6 | -337.0 |
| Net valuation effect | -141.9 | 373.3 | 1,436.5 |

Change in Revaluation reserve for the period:

| 01.01 - 30.06.2025 | Gross value | Deferred tax | Total |
|--|--------------------|---------------------|--------------|
| Revaluation reserve at the beginning of the period | 460.9 | -87.6 | 373.3 |
| Gains/losses on revaluation of debt securities at fair value through other comprehensive income recognized in equity | -636.1 | 120.9 | -515.3 |
| Actuarial gains or (-) losses on provision for retirement benefits | 0.0 | 0.0 | 0.0 |
| Revaluation reserve at the end of the period | -175.2 | 33.3 | -141.9 |

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:

| <i>PLN thousand</i> | 30.06.2025 | 31.12.2024 | 30.06.2024 |
|--------------------------------------|-------------------|-------------------|-------------------|
| Cash in accounts at Bank Millennium | 4,563.2 | 6,802.6 | 1,137.5 |
| Receivables from interbank deposits* | 38.8 | 0.0 | 0.0 |
| NBP money bills** | 137,859.2 | 94,893.9 | 137,845.9 |
| Total | 142,461.2 | 101,696.5 | 138,983.4 |

*) *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 half-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.

Liabilities to banks

Fair value was determined as the amount to be paid. In the case of liabilities for which market conditions do not differ materially from the contractual terms, the fair value does not differ materially from the nominal value and, therefore, the value corresponding to the required amount of payment was disclosed as fair 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.

| 30.06.2025 | Carrying value | measurement method | Fair value | | | Total |
|--|----------------|---------------------------|------------|-------------|-------------|-------------|
| | | | Level 1 | Level 2 | Level 3 | |
| ASSETS | | | | | | |
| Receivables from banks | 4,602.0 | value of required payment | | 4,602.0 | | 4,602.0 |
| Receivables from customers | 3,407,552.9 | discounted cash flows | | | 3,405,254.9 | 3,405,254.9 |
| Debt instruments (from the Central Bank only) | 137,879.3 | value of required payment | | 137,879.3 | | 137,879.3 |
| 30.06.2025 | Carrying value | measurement method | Fair value | | | Total |
| LIABILITIES | | | | | | |
| Liabilities to banks and other monetary institutions | 1,620,265.9 | value of required payment | | 1,620,265.9 | | 1,620,265.9 |
| Issued covered bonds | 1,605,445.3 | discounted cash flows | | 1,598,771.9 | | 1,598,771.9 |

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:

| 30.06.2025 | 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 | | | |
| Financial assets measured at fair value through other comprehensive income | 174,880.2 | 0.0 | 3.2 |
| Equity instruments | 0.0 | 0.0 | 3.2 |
| Debt instruments | 174,880.2 | 0.0 | 0.0 |

Applying the criterion of valuation technique, as at 30.06.2025, 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 31.12.2024 | 3.20 | 0.0 | 0.0 |
| Foreign exchange result | -0.02 | 0.0 | 0.0 |
| As at 30.06.2025 | 3.18 | 0.0 | 0.0 |

9.3. OFF-BALANCE SHEET ITEMS

| | 30.06.2025 | 31.12.2024 | 30.06.2024 |
|---|-------------|------------|-------------|
| Off-balance sheet contingent liabilities granted and received | 2,430,015.0 | 980,015.0 | 1,526,013.8 |
| Liabilities, granted: | 0.0 | 0.0 | 0.0 |
| Liabilities, received: | 2,430,015.0 | 980,015.0 | 1,526,013.8 |
| financial | 2,430,015.0 | 980,015.0 | 1,526,013.8 |

Off-balance sheet liabilities received included, as at 30.06.2025

- unused revolving credit facility of PLN 2,380,000 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 30 June 2025, 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 two.

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 WIBOR BENCHMARKS

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.

The work of the NWG is coordinated and supervised by a Steering Committee, which includes representatives of key institutions: the Ministry of Finance, the Polish Financial Supervision Authority, the National Bank of Poland, the Bank Guarantee Fund, as well as GPW Benchmark (benchmark administrator), BondSpot S.A. and the Polish Bank Association.

Bank Millennium S.A. established an internal project in August 2022 to duly manage the process of transitioning the WIBOR index to a new index and implement the work in accordance with the roadmap for the process ("Roadmap"). The work is performed by representatives from many of the bank's organizational units, including, in particular, those responsible for product areas and risk management issues. The structure of the project includes a division into workstreams covering products and processes with an element of WIBOR benchmark application, project management by a dedicated project manager, and regular status reporting on each workstream. Representatives of Bank Millennium Group subsidiaries, including Millennium Bank Hipoteczny, also participate in the project work.

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 (Polish Short Term Rate). POLSTR is a benchmark based on actual transactions in the wholesale money market, defined as the market for unsecured deposits made by credit institutions and financial institutions.

On 28 March 2025, the NWG Steering Committee approved an updated Roadmap for the process of replacing the WIBOR and WIBID benchmarks, and confirmed the final timing of the conversion at the end of 2027. On 2 June 2025, the official determination of the POLSTR Interest Rate Index and the indices of the POLSTR family of composite indices began. The administrator of POLSTR is GPW Benchmark. Work is currently underway on updating the analytical documents and recommendations developed by the NWG. They will set standards for the use of the POLSTR index in banking products, debt instruments and derivatives, including a recommended catalog of interest conventions for financial instruments and financial contracts (including those already concluded). On the side of financial institutions, the most important activities will include the adaptation of IT systems, operating procedures and legal solutions related to the application of the target POLSTR index.

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,
- c. proposal for 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 8 April 2025, the Bank signed another annex to the Financing Agreement. The agreement was extended until 30 April 2027, and the total debt limit was raised to PLN 4 billion. At the same time, a provision was introduced that the granted debt limit can also be used for working capital loans (up to PLN 2 billion), while the total debt under the revolving loan facility and working capital loans cannot be higher than PLN 4 billion.

In H1 2025, three partial repayments were made on the revolving loan facility for a total of PLN 910 million, including one repayment resulting from the issue of PLN 800 million covered bonds on 12 March.

In addition, in H1 2025 (on 15 April), there was one loan transfer from Bank Millennium for an amount of PLN 754 million.

As at 30 June 2025, the Bank's indebtedness under the credit facility amounted to PLN 1.62 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 H1 2025, the Bank entered into one FX transaction - the purchase of USD 6,715 for PLN 25,584.15.

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 O/N deposits.

In H1 2025, the Bank purchased State Treasury WZ bonds with a total face value of PLN 45 million and increased the value of the portfolio of these securities to PLN 185 million. At the same time, in May this year, the WZ0525 bonds in the amount of PLN 5 million were redeemed. As at 30 June 2025, the Bank had a total of PLN 180 million of WZ bonds in its portfolio, of which PLN 120 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)

| balance as at 30.06.2025 | Bank Millennium S.A. | Millennium Leasing Sp. z o.o. |
|--|-------------------------|----------------------------------|
| ASSETS | | |
| Deposits and loans and borrowings to banks and other monetary institutions | 4,602.0 | 0.0 |
| Property, plant and equipment | 1,037.3 | 121.9 |
| Costs to be settled over time | 37.5 | |
| Revenues to be received - reimbursement of the costs of credit holidays | 0.0 | 0.0 |
| LIABILITIES | | |
| Liabilities to banks and other monetary institutions | 1,620,265.9 | 0.0 |
| Other liabilities | 2,549.6 | 158.3 |
| <i>including finance lease liabilities</i> | 1,176.4 | 158.3 |
| OFF-BALANCE SHEET OPERATIONS | | |
| Off-balance sheet liabilities received | 1,230,015.0 | |

Income and expenses from transactions with affiliates

| for the period 01.01-30.06.2025 | Bank Millennium S.A. | Millennium Leasing Sp. z o.o. |
|---------------------------------|-------------------------|----------------------------------|
| Revenue from: | | |
| Interest | 385.2 | |
| Commissions | | |
| Other net operating income | 0.0 | |
| Costs of: | | |
| Interest | -51,511.9 | -26.5 |
| Commissions | -49.4 | |
| Administrative expenses: | -2,767.3 | -17.1 |
| Depreciation and amortization | -107.3 | -45.5 |
| TOTAL | -54,050.7 | -89.1 |

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 H1 2025, 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 performance 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 H1 2025 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 |
|-------------------------|----------------------|----------|-------|
| <u>01.01-30.06.2024</u> | 698.6 | 25.2 | 723.8 |
| <u>01.01-30.06.2025</u> | 793.5 | 31.9 | 825.4 |
| TOTAL | | | |

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 |
|--------------------------|----------------------------------|
| <u>01.01.-30.06.2024</u> | 151.8 |
| <u>01.01.-30.06.2025</u> | 218.9 |

9.8. EVENTS AFTER THE DATE OF THE FINANCIAL STATEMENTS

No other significant events affecting the Bank's financial statements and future results occurred between the date of preparation of the report and the date of its publication.

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

| Signatures: | | | |
|--------------|-------------------|-----------------------------------|-----------|
| date | full name | position/function | signature |
| 24 July 2025 | Agata Chrzanowska | President of the Management Board | |
| 24 July 2025 | Adam Berent | Management Board Member | |
| 24 July 2025 | Artur Kulesza | Management Board Member | |