

**Information about the implemented
tax strategy
Bank Millennium S.A.
for 2024**

Warsaw, 18 June 2025

This information has been prepared pursuant to § 16 section 5 of the Tax Policy of Bank Millennium S.A. approved by way of Resolution No. 129/2021 of the Bank's Management Board of 18 August 2021 in order to implement the requirements under Article 27c of the Corporate Income Tax Act of 15 February 1992 and the international standard of tax transparency GRI 207: Tax 2019 issued by the *Global Sustainability Standards Board* (<https://www.globalreporting.org/>).

1. Preliminary Remarks / GRI 207: Disclosure 207-4

Bank Millennium S.A. (hereinafter referred to as the Bank) is a domestic bank within the meaning of the Banking Law with its registered office in Warsaw, Stanisława Żaryna 2A, 02-593 Warsaw, entered under the KRS number 0000010186 into the Register of Entrepreneurs of the National Court Register, kept by the District Court for the m.st of Warsaw, XIII Commercial Division of the National Court Register, with tax identification number (NIP) - 526-021-29-31 and fully paid-up share capital in the amount of PLN 1,213,116,777.00. The Bank is a public company listed on the Warsaw Stock Exchange since 1992 (PLBIG0000016).

Bank Millennium S.A. is a nationwide universal bank performing banking activities under Articles 5-6 of the Banking Law (mainly maintaining bank accounts, issuing payment cards, granting credits and loans, intermediation in the sale of investment products and insurance), as well as brokerage activities, for individual clients (consumers) and entrepreneurs through a network of branches (606 at the end of 2024) and electronic banking. The Bank's capital group employs approx. 6700 employees and is the 7th largest commercial bank in Poland in terms of assets - more about the Bank at <https://www.bankmillennium.pl/o-banku/kim-jestesmy>.

The business strategy Millennium 2024 *Inspired by people* executed in 2024 is available on the Bank's website - tab: *About the Bank / Investor Relations / Presentations and webcasts*

The Bank is the parent company of the Bank Millennium Group, which also includes: Millennium Leasing Sp. z o.o. (leasing activities), Millennium Consulting S.A. (advisory activities), Millennium Towarzystwo Funduszy Inwestycyjnych S.A. (investment fund management), Bank Millennium Foundation (non-profit activities), Millennium Goodie Sp. z o.o. (smartshopping platform and goodie.pl mobile application management), Millennium Service Sp. z o.o. (management real estate, insurance brokerage), Millennium Consulting S.A. (advisory services), Millennium Telecommunication Services Sp. z o.o. (telecommunications services), Millennium Bank Hipoteczny S.A. (obtaining long-term financing through the issue of covered bonds), Piast Expert Sp. z o.o. in liquidation (the company is in the process of liquidation). The Bank holds, directly or indirectly, 100% of shares in these companies. All of the above-mentioned companies have their registered office in Poland (including for tax purposes).

The Bank does not have branches or subsidiaries outside the Republic of Poland. The majority shareholder of the Bank (50.1%) is Banco Comercial Portugues S.A. (BCP) - the largest commercial bank in Portugal.

The balance sheet total of the Bank's assets at the end of 2024 amounted to PLN 137.7 billion, of which property, plant and equipment amounted to PLN 0.6 billion - item 3 of the Bank's separate financial statements for 2024 is presented below.

3. Statement of Financial Position

ASSETS

Amount '000 PLN	Note	31.12.2024	31.12.2023
Cash, cash balances at central banks	18	5 178 984	5 094 984
Financial assets held for trading	19	812 573	609 252
Derivatives		257 094	498 577
Equity instruments		115	121
Debt securities		555 364	110 554
Non-trading financial assets mandatorily at fair value through profit or loss, other than Loans and advances to customers	20	118 399	147 623
Equity instruments		66 609	66 609
Debt securities		51 790	81 014
Financial assets at fair value through other comprehensive income	21	29 023 647	21 924 652
Equity instruments		36 708	28 789
Debt securities		28 986 939	21 895 863
Loans and advances to customers	22	71 936 712	72 405 446
Mandatorily at fair value through profit or loss		1 825	19 349
Fair valued through other comprehensive income		11 135 416	11 799 748
Valued at amortised cost		60 799 471	60 586 349
Financial assets at amortised cost other than Loans and advances to customers	23	26 632 671	21 469 710
Debt securities		24 059 861	18 439 780
Deposits, loans and advances to banks and other monetary institutions		2 378 592	1 866 688
Reverse sale and repurchase agreements		194 218	1 163 242
Derivatives - Hedge accounting	24	112 365	74 213
Investments in subsidiaries, joint ventures and associates	25	517 214	399 223
Tangible fixed assets	26	574 660	553 087
Intangible fixed assets	27	560 317	481 128
Income tax assets		611 379	368 279
Current income tax assets		0	0
Deferred income tax assets	28	611 379	368 279
Other assets	29	1 620 941	1 360 160
Non-current assets and disposal groups classified as held for sale	30	0	0
Total assets		137 699 862	124 887 757

The Bank's net profit for 2024 amounted to PLN 643.1 million. The profit and loss account from item 1 of the Bank's separate financial statements for 2024 is presented below.

1. Statement of Profit and Loss

Amount '000 PLN	Note	1.01.2024 - 31.12.2024	1.01.2023 - 31.12.2023
Net interest income		5 420 645	5 134 504
Interest income and other of similar nature	1	8 658 943	8 300 383
Income calculated using the effective interest method		8 557 972	8 191 912
Interest income from Financial assets at amortised cost, including:		6 425 198	6 385 562
- the impact of the adjustment to the gross carrying amount of loans due to credit holidays		(106 788)	(11 404)
Interest income from Financial assets at fair value through other comprehensive income		2 132 774	1 806 350
Result of similar nature to interest from Financial assets at fair value through profit or loss		100 971	108 471
Interest expenses	2	(3 238 298)	(3 165 879)
Net fee and commission income		668 157	683 726
Fee and commission income	3	917 834	912 357
Fee and commission expenses	3	(249 677)	(228 631)
Dividend income	4	38 741	32 137
Result on derecognition of financial assets and liabilities not measured at fair value through profit or loss	5	(10 753)	541 425
Results on financial assets and liabilities held for trading	6	(6 566)	47 982
Result on non-trading financial assets mandatorily at fair value through profit or loss	7	18 125	12 359
Result on hedge accounting	8	1 544	1 160
Result on exchange differences, including:		(179 401)	(76 838)
- costs of settlements on foreign currency mortgage loans	14	(403 405)	(273 791)
Other operating income	9	318 501	405 347
Other operating expenses	10	(486 039)	(260 264)
Administrative expenses	11	(1 954 321)	(1 713 662)
Impairment losses on financial assets	12	(237 422)	(222 266)
Impairment losses on non-financial assets	13	(4 274)	(84)
Provisions for legal risk connected with FX mortgage loans	14	(2 179 070)	(3 065 380)
Result on modification, including:		(182 238)	(88 184)
- costs of settlements on foreign currency mortgage loans	14	(146 599)	(52 227)
Depreciation	15	(222 662)	(207 189)
Share of the profit of investments in subsidiaries		0	0
Banking tax		(232 419)	0
Profit before income taxes		770 548	1 224 773
Corporate income tax	16	(127 445)	(714 514)
Profit after taxes		643 103	510 259

Revenues, like expenses, from transactions with related parties from the BCP Group with its registered office abroad for 2024 were intangible. Summary from note 9 to the Bank's separate financial statements:

PROFIT AND LOSS ON TRANSACTIONS WITH RELATED PARTIES (DATA IN '000 PLN) FOR THE PERIOD OF 1.01-31.12.2024

	With subsidiaries	With parent company	With other entities from parent group
Income from:			
Interest	461 443	5 398	0
Commissions	30 632	209	0
Financial instruments valued at fair value through other comprehensive income	689	1 224	0
Dividends	26 618	0	0
Other net operating	27 788	0	0
Expense from:			
Interest	11 910	46	0
Commissions	4	0	0
Financial assets and liabilities not measured at fair value through profit or loss	8 771	0	0
Financial instruments valued at fair value through profit and loss	0	0	0
Other net operating	0	0	0
General and administrative expenses	14 449	185	6

Financial and non-financial statements (ESG Report), as well as current and periodic reports of the Bank sent to the stock exchange in 2024 are published on the <https://www.bankmillennium.pl/o-banku/relacje-inwestorskie> website, as well as on the website of the Warsaw Stock Exchange and in the eKRS system of the Ministry of Justice.

1.1. Bank as a taxpayer

The bank is a taxpayer of the following types of taxes:

- corporate income tax (CIT);
- value added tax (VAT);
- tax on certain financial institutions (PNIF);
- property tax (PoN).

In rare cases, the Bank is also a taxpayer of other types of taxes, e.g. tax on civil law transactions.

The amounts of the above-mentioned taxes paid for 2024 are as follows:

Tax type	(PLN million)
CIT	339,4
PNIF	232,4*
VAT	65,2**
Real-estate tax	0,8
TOGETHER:	637,8

*- from July 2022 to May 2024 (inclusive), the Bank benefited from the PNIF exemption under Article 11(2)(1) of the PNIF Act in connection with the recovery plan implemented at that time.

** - the amount shows the payment of the VAT liability to the tax office; as regards the actual VAT burden, it should be taken into account that the Bank provides financial services exempt from VAT in principle, and therefore does not deduct the entire input VAT on purchases of goods and services (the amount of non-deducted VAT in 2024 amounted to approx. PLN 161.3 million).

The reconciliation of the effective tax rate is included in the notes to the separate financial statements of the Bank - note 16b below:

16b. Effective tax rate

	01.01.2024 - 31.12.2024	01.01.2023 - 31.12.2023
Profit before tax / (loss)	770 548	1 224 773
Statutory tax rate	19,00%	19%
Income tax according to obligatory income tax rate of 19%	(146 404)	(232 707)
Impact of permanent differences on tax charges:	(5 571)	(488 299)
Non-taxable income	100 332	54 668
Dividend income	7 257	5 986
Release of other provisions	40 929	48 570
Adjustment of income from cancellations of CHF loans	50 845	0
Other	1 301	112
Cost which is not a tax cost	(105 903)	(542 967)
PFRON fee	(1 705)	(1 533)
Fees for Banking Guarantee Fund	(11 560)	(11 406)
Banking tax	(44 160)	(604)
Receivables written off	(24 614)	(14 945)
Costs of litigations and claims	(204 234)	(512 055)
Asset from future cancellations of loans in CHF	186 862	0
Other	(6 492)	(2 424)
Deduction of the tax paid abroad	96	112
Other differences between gross financial result and taxable income with income tax (including R&D relief)	24 434	6 380
Total income tax reported in income statement	(127 445)	(714 514)
Effective tax rate	16.54%	58.34%

The significantly lower effective tax rate for 2024 (16.5%) compared to 2023 (58.3%) is due to the start of the Bank's recognition of the judicial effects of invalidations of mortgage loans indexed to the Swiss franc and loans in this currency (CHF loans) in current tax (CIT) and deferred tax. This resulted in a one-off reduction of the Bank's effective tax rate for 2024 by more than 30%.

In accordance with the judgment of the Supreme Administrative Court (NSA) of 6 December 2023 issued in the Bank's case, the tax consequences of the cancellation of CHF loans should be recognized by adjusting the previously CIT taxable revenues from the above-mentioned CHF loans (positive exchange rate differences, interest, commissions and fees), taking into account the statute of limitations for tax liabilities. Until the above judgment was issued, the remaining interpretation issues were clarified and the calculation methodology was developed, the Bank, prudently, due to doubts as to the detailed rules of revenue adjustment and the lack of possibility of reliable estimation, did not recognize losses due to the cancellation of CHF loans for CIT and deferred tax purposes. After receiving the above-

mentioned judgment and developing the calculation methodology, the Bank recognizes the effects of cancellations of CHF loans in current tax CIT and deferred tax from 2024.

1.2. Bank as a payer

At the same time, the Bank acts as a payer of personal and corporate income tax. In 2024. The Bank collected the following amounts of taxes as a tax remitter:

<i>Name of the declaration / main taxes included in them</i>	<i>(PLN million)</i>
CIT-10Z declaration (tax on interest, intangible services and royalties paid to foreign legal entities)	0,8
CIT-6R declarations (tax on dividends of domestic legal entities)	2,7
PIT-4R declaration (PIT advances on employees' salaries, foreign pensions transfers on clients acct)	99,6
PIT-8AR declaration (tax on interest paid to individuals)	394,8

1.3. Reporting obligations of the Bank

The Bank also performs numerous reporting obligations provided for in the provisions of the tax law, in addition to submitting tax returns related to the above-mentioned taxes (CIT, PIT, VAT, PNIF) as a taxpayer and remitter, it is obliged to submit:

- IFT-1/1R and IFT-2/2R information,
- IKE-1 and IKZE-1 information,
- CRS-1 information on reportable accounts,
- FAT-1 information on reportable accounts,
- information to the STIR system on the accounts of eligible entities and transactions on them,
- TPR-C information,
- PSP-IP information on cross-border payments,
- declarations related to fees and contributions that the Bank is obliged to pay.

2. Information on the processes and procedures in place to manage the performance of obligations under tax law and to ensure their proper performance / GRI 207: Disclosures 207-2,-3,-4

The Bank has a tax strategy ("Tax Policy of Bank Millennium S.A.") approved in the form of Resolution No. 129/2021 of the Bank's Management Board of 18 August 2021 and published on the Bank's website: <https://www.bankmillennium.pl/o-banku/wladze-banku-i-lad-korporacyjny>. This document is superior in the tax area and defines the principles of managing the risk of non-compliance with tax law as well as the principles of tax governance, including the Bank's vision and tax objectives. "Tax policy of Bank Millennium S.A." also contains the rules for preparing this information on the implemented tax strategy.

Individual tax processes, as well as the roles and obligations of the entities, are regulated in dedicated intra-bank files (instructions, process cards and internal communications). Each tax process is formally regulated in order to determine the entities involved in the process, data flow, and deadlines for performing individual duties. Employees performing reporting obligations in the tax area perform their tasks taking into account the 4 eyes principle and participate in training aimed at improving their knowledge and competences. The correctness of the implementation of processes is the subject of internal controls.

The structure of the Bank's Head Office includes the Tax Department (DPD), which, in accordance with the Organizational Regulations, performs most of the duties in the tax area and supervises the Bank's tax compliance risk. All material tax issues and risks are addressed by the Head of DPD to the relevant member of the Bank's Management Board supervising the financial area and to the Processes and Operational Risk Committee. The reports of the Head of DPD contain a description of the raised issues/risks along with a recommendation as to risk mitigations or solutions to be implemented. The Head of DPD organizes regular meetings of persons involved in the implementation of tax processes in the Bank and its subsidiaries in order to discuss the most important tax issues in the Bank Millennium Group, in particular the status of implementation of changes in tax regulations concerning the Bank and/or its subsidiaries, identified tax risks, correctness of processes in the field of performance of tax obligations, audits and tax disputes.

The Bank also uses the support of external tax advisors in cases requiring an additional legal and tax opinion or a review of a given process (the review usually ends with a report or memorandum containing the advisor's assessment along with the identification of identified irregularities or significant risks).

On its website (section *About the Bank/Who we are/Taxes - Questions and Answers*), the Bank also publishes information for Clients in the form of FAQs on the principles of taxation of basic banking products, as well as reporting obligations under tax regulations, including FATCA and CRS.

3. Information on voluntary forms of cooperation with the National Tax Administration (hereinafter: KAS) / GRI 207: Disclosure 207-3

The Bank is not currently a party to the cooperation agreement with the Head of the National Revenue Administration (KAS) referred to in Article 20s § 1 of the Act of 29 August 1997 - Tax Ordinance (hereinafter referred to as the Tax Ordinance).

In its relations with the tax administration, the Bank maintains the standards of the highest diligence, which is expressed in timely and comprehensive response to requests and other letters addressed to the Bank by the KAS, including as part of tax, customs and fiscal inspections and tax proceedings. The rules of correspondence with the KAS and the handling of inspections/proceedings in tax matters are regulated in the internal bank procedures.

The bank also tries to proactively present and discuss various tax issues with the guardian and management of the relevant tax office. Representatives of the Bank's Tax Department also actively participate in the work of tax experts at the Polish Bank Association and the Lewiatan Confederation, including issuing opinions on draft amendments to the tax law and meetings with representatives of the Ministry of Finance.

Information on material disputes with the KAS is included in the Bank's periodic financial reports published to the public.

4. Information on the taxpayer's performance of tax obligations in the territory of the Republic of Poland, together with information on the number of information on tax schemes referred to in Article 86a § 1 item 10 of the Tax Ordinance submitted to the Head of the National Revenue Administration, broken down by the taxes to which they relate.

In 2024, the Bank sent two MDR-3 information and one MDR-2 notification.

The MDR-3 information concerned two schemes described in detail in the information on the implementation of the tax strategy for 2020 with NSP numbers: MDR3652228/19 (personal income tax) and MDR1870230/19 (corporate income tax).

The MDR-2 notification, in turn, was related to the recognition of another specific hallmark under Article 86a § 1 item 1 of the Tax Ordinance.

5. Information on transactions with related parties within the meaning of Article 11a(1)(4) of the CIT Act, the value of which exceeds 5% of the balance sheet total of assets within the meaning of the accounting regulations, determined on the basis of the company's latest approved financial statements, including entities that are not tax residents of the Republic of Poland

The Bank's largest transaction in terms of value is the financing of Millennium Leasing Sp. z o.o. (ML) through the purchase of lease receivables, loans and bond issues. The sale of lease receivables to the Bank is the main source of financing for ML's operating activities. Debt financing is the basic and natural way of financing by leasing companies both on the Polish market and in the world.

At the end of 2024, the value of ML lease receivables sold to the Bank amounted to approx. PLN 5.7 billion, and the value of loans granted to ML by the Bank amounted to approx. PLN 1.1 billion. The carrying amount of the Bank's total assets as at 31.12.2024 amounted to PLN 137.7 billion.

6. Information on restructuring activities planned or undertaken by the taxpayer that may affect the amount of tax liabilities of the taxpayer or related entities within the meaning of Article 11a(1)(4) of the CIT Act.

In 2024, it did not and is not planning to undertake such restructuring activities.

7. Information on applications for tax interpretations submitted by the taxpayer

In 2024, the Bank received 5 individual interpretations of tax law provisions referred to in Article 14b of the Tax Ordinance:

Date of issuance of the ruling, reference number	Subject of interpretation
01.07.2024, 0111-KDIB1-3.4016.10.2024.1.MBD	The right to deduct from the PNIF tax base of government bonds of EU countries other than Poland
21.08.2024, 0114-KDIP2-2.4010.313.2024.1.AP	The right to recognize payments made under settlements concerning CHF loans as tax-deductible costs
04.10.2024, 0114-KDIP4-3.4012.422.2024.2.IK	VAT taxation of certificates and opinions issued by the Bank for clients
14.10.2024, 0114-KDIP2-2.4010.424.2024.1.ASK	The right to recognize as tax-deductible costs payments made under settlements concerning FX derivatives
30.12.2024, 0113-KDIPT2-2.4011.775.2024.2.KR	Issuing PIT-11 information in the case of cash loan settlements

The content of the above interpretations is publicly available on the website <https://eureka.mf.gov.pl> (Customs and Tax Information System EUREKA).

In 2024, the Bank did not apply for the issuance of:

- a) general tax interpretation referred to in Article 14a § 1 of the Tax Ordinance,
- b) binding rate information referred to in Article 42a of the Value Added Tax Act,
- c) binding excise duty information referred to in Article 7d(1) of the Excise Duty Act of 6 December 2008.

8. Information on the taxpayer's tax settlements in the territories or countries applying harmful tax competition indicated in the executive acts issued on the basis of Article 11j(2) of the CIT Act and on the basis of Article 23v(2) of the PIT Act and in the announcement of the minister competent for public finances issued on the basis of Article 86a § 10 of the Tax Ordinance

The Bank did not make tax settlements in territories or countries applying harmful tax competition ("tax havens"). The bank also does not have subsidiaries in such locations.

If you have any additional questions or concerns, please contact: podatki@bankmillennium.pl