



**Annual Financial Report
of the Bank Millennium S.A.
for the 12-month period
ending 31st December 2025**

This document is not the official version of the Annual Financial Report of the Bank Millennium S.A. for the 12-month period ending 31st December 2025.

Official Annual Financial Report of the Bank Millennium S.A. for the 12-month period ending 31st December 2025 was prepared in accordance with the ESEF requirements.

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

Financial Highlights

	Amount '000 PLN		Amount '000 EUR	
	1.01.2025 - 31.12.2025	1.01.2024 - 31.12.2024	1.01.2025 - 31.12.2025	1.01.2024 - 31.12.2024
Interest income and other of similar nature	8 849 034	8 658 943	2 088 415	2 011 743
Fee and commission income	915 424	917 834	216 045	213 241
Profit (loss) before income tax	1 506 637	770 548	355 574	179 022
Profit (loss) after taxes	1 117 313	643 103	263 691	149 413
Total comprehensive income of the period	1 567 427	671 150	369 920	155 929
Net cash flows from operating activities	15 376 840	11 059 441	3 629 010	2 569 453
Net cash flows from investing activities	(13 786 611)	(13 839 790)	(3 253 708)	(3 215 415)
Net cash flows from financing activities	(784 523)	1 443 385	(185 151)	335 343
Net cash flows, total	805 706	(1 336 964)	190 151	(310 619)
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
Total Assets	152 544 160	137 412 697	36 090 605	32 158 366
Liabilities to banks and other monetary institutions	105 702	210 931	25 008	49 364
Liabilities to customers	131 199 422	117 642 600	31 040 628	27 531 617
Equity	8 763 347	7 195 920	2 073 331	1 684 044
Share capital	1 213 117	1 213 117	287 013	283 903
Number of shares (pcs.)	1 213 116 777	1 213 116 777	1 213 116 777	1 213 116 777
Book value per share (in PLN/EUR)	7,22	5.93	1.71	1.39
Diluted book value per share (in PLN/EUR)	7,22	5.93	1.71	1.39
Total Capital Ratio (TCR)	16.04%	17.96%	16.04%	17.96%
Pledged or paid dividend per share (in PLN/EUR)	-	-	-	-

Exchange rates accepted to convert selected financial data into EUR

for items as at the balance sheet date	-	-	4.2267	4.2730
for items for the period covered by the report (exchange rate calculated as the average of exchange rates at the end of individual months of the period)	-	-	4.2372	4.3042

Financial information - quarterly
STATEMENT OF PROFIT AND LOSS

Amount '000 PLN	1.01.2025 - 31.12.2025	1.10.2025 - 31.12.2025*	1.01.2024 - 31.12.2024 restated data	1.10.2024 - 31.12.2024* restated data
Net interest income	5 611 667	1 397 444	5 420 645	1 467 184
Interest income and other of similar nature	8 849 034	2 194 966	8 658 943	2 278 000
Income calculated using the effective interest method	8 731 781	2 166 582	8 513 609	2 247 582
Interest income from Financial assets at amortised cost, of which:	6 375 710	1 583 665	6 380 835	1 773 307
- the impact of the adjustment to the gross carrying amount of loans due to credit holidays	0	0	(106 788)	38 558
Interest income from Financial assets at fair value through other comprehensive income	2 356 071	582 917	2 132 774	474 275
Result of similar nature to interest from Financial assets at fair value through profit or loss	117 253	28 384	145 334	30 418
Interest expenses	(3 237 367)	(797 522)	(3 238 298)	(810 816)
Net fee and commission income	653 828	165 477	668 157	160 215
Fee and commission income	915 424	238 263	917 834	221 206
Fee and commission expenses	(261 596)	(72 786)	(249 677)	(60 991)
Dividend income	41 156	5 395	38 741	3 687
Result on derecognition of financial assets and liabilities not measured at fair value through profit or loss	(518)	(4 921)	(10 753)	(11 072)
Results on financial assets and liabilities held for trading	24 187	6 299	(6 566)	(2 445)
Result on non-trading financial assets mandatorily at fair value through profit or loss	92 492	37 569	18 125	13 152
Result on hedge accounting	289	(2 560)	1 544	1 343
Result on exchange differences	220 292	54 278	224 004	55 049
Other operating income	365 122	82 793	318 501	76 994
Other operating expenses	(295 351)	(38 998)	(364 899)	(115 535)
Administrative expenses	(2 252 591)	(579 557)	(1 954 321)	(516 707)
Impairment losses on financial assets	(201 149)	(49 261)	(270 866)	6 731
Impairment losses on non-financial assets	(18 821)	(6 718)	(4 274)	79
Legal risk expenses connected with FX mortgage loans, of which:	(2 104 218)	(534 222)	(2 850 230)	(719 707)
Provisions for legal risk	(2 037 431)	(534 222)	(2 179 070)	(522 680)
Result on modification	(3 139)	(396)	(2 179)	(296)
Depreciation	(221 322)	(56 717)	(222 662)	(58 310)
Banking tax	(405 287)	(104 675)	(232 419)	(98 907)
Profit before income taxes	1 506 637	371 230	770 548	261 455
Corporate income tax	(389 324)	(59 829)	(127 445)	(126 496)
Profit after taxes	1 117 313	311 401	643 103	134 959

* quarterly financial information has not been audited by an independent auditor

STATEMENT OF TOTAL COMPREHENSIVE INCOME

Amount '000 PLN	1.01.2025 - 31.12.2025	1.10.2025 - 31.12.2025*	1.01.2024 - 31.12.2024	1.10.2024 - 31.12.2024*
Profit after taxes	1 117 313	311 401	643 103	134 959
Other comprehensive income items that may be (or were) reclassified to profit or loss	601 511	259 749	25 448	(73 434)
Result on debt securities at fair value through other comprehensive income	306 041	99 603	156 112	(69 426)
Result on credit portfolio at fair value through other comprehensive income	273 398	154 858	(160 097)	(7 717)
Hedge accounting	22 072	5 288	29 433	3 709
Other comprehensive income items that will not be reclassified to profit or loss	(13 738)	(13 738)	9 178	9 178
Actuarial gains (losses)	(17 771)	(17 771)	1 331	1 331
Result on equity instruments at fair value through other comprehensive income	4 033	4 033	7 847	7 847
Total comprehensive income items before taxes	587 773	246 011	34 626	(64 256)
Corporate income tax on other comprehensive income items that may be (or were) reclassified to profit or loss	(139 380)	(74 445)	(4 835)	13 952
Corporate income tax on other comprehensive income items that will not be reclassified to profit or loss	1 721	1 721	(1 744)	(1 744)
Total comprehensive income items after taxes	450 114	173 287	28 047	(52 047)
Total comprehensive income for the period	1 567 427	484 688	671 150	82 912

* quarterly financial information has not been audited by an independent auditor

ANNUAL FINANCIAL STATEMENTS OF THE BANK MILLENNIUM S.A. FOR THE 12-MONTH PERIOD ENDING 31ST DECEMBER 2025

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1. Profit and Loss Account

<i>Amount '000 PLN</i>	<i>Note</i>	1.01.2025 - 31.12.2025	1.10.2024 - 31.12.2024 restated data
Net interest income		5 611 667	5 420 645
Interest income and other of similar nature	1	8 849 034	8 658 943
Income calculated using the effective interest method		8 731 781	8 513 609
Interest income from Financial assets at amortised cost, of which:		6 375 710	6 380 835
- the impact of the adjustment to the gross carrying amount of loans due to credit holidays		0	(106 788)
Interest income from Financial assets at fair value through other comprehensive income		2 356 071	2 132 774
Result of similar nature to interest from Financial assets at fair value through profit or loss		117 253	145 334
Interest expenses	2	(3 237 367)	(3 238 298)
Net fee and commission income		653 828	668 157
Fee and commission income	3	915 424	917 834
Fee and commission expenses	3	(261 596)	(249 677)
Dividend income	4	41 156	38 741
Result on derecognition of financial assets and liabilities not measured at fair value through profit or loss	5	(518)	(10 753)
Results on financial assets and liabilities held for trading	6	24 187	(6 566)
Result on non-trading financial assets mandatorily at fair value through profit or loss	7	92 492	18 125
Result on hedge accounting	8	289	1 544
Result on exchange differences		220 292	224 004
Other operating income	9	365 122	318 501
Other operating expenses	10	(295 351)	(364 899)
Administrative expenses	11	(2 252 591)	(1 954 321)
Impairment losses on financial assets	12	(201 149)	(270 866)
Impairment losses on non-financial assets	13	(18 821)	(4 274)
Legal risk expenses connected with FX mortgage loans, of which:	14	(2 104 218)	(2 850 230)
Provisions for legal risk		(2 037 431)	(2 179 070)
Result on modification		(3 139)	(2 179)
Depreciation	15	(221 322)	(222 662)
Banking tax		(405 287)	(232 419)
Profit before income taxes		1 506 637	770 548
Corporate income tax	16	(389 324)	(127 445)
Profit after taxes		1 117 313	643 103

Notes on pages 14-188 are integral part of these financial statements.

2. Statement of Total Comprehensive Income

<i>Amount '000 PLN</i>	1.01.2025 - 31.12.2025	1.01.2024 - 31.12.2024
Profit after taxes	1 117 313	643 103
Other comprehensive income items that may be (or were) reclassified to profit or loss	601 511	25 448
Result on debt securities at fair value through other comprehensive income	306 041	156 112
Result on credit portfolio at fair value through other comprehensive income	273 398	(160 097)
Hedge accounting	22 072	29 433
Other comprehensive income items that will not be reclassified to profit or loss	(13 738)	9 178
Actuarial gains (losses)	(17 771)	1 331
Result on equity instruments at fair value through other comprehensive income	4 033	7 847
Other comprehensive income items before taxes	587 773	34 626
Corporate income tax on other comprehensive income items that may be (or were) reclassified to profit or loss	(139 380)	(4 835)
Corporate income tax on other comprehensive income items that will not be reclassified to profit or loss	1 721	(1 744)
Other comprehensive income items after taxes	450 114	28 047
Total comprehensive income for the period	1 567 427	671 150

Notes on pages 14-188 are integral part of these financial statements.

3. Statement of Financial Position

ASSETS

<i>Amount '000 PLN</i>	<i>Note</i>	<i>31.12.2025</i>	<i>31.12.2024 restated data</i>	<i>01.01.2024 restated data</i>
Cash, cash balances at central banks	18	4 360 464	5 178 984	5 094 984
Financial assets held for trading	19	1 020 936	1 006 791	620 814
Derivatives		156 827	257 094	498 577
Equity instruments		252	115	121
Debt securities, of which:		824 911	555 364	110 554
Debt instruments serving as collateral for repurchase transactions		0	194 088	0
Repurchase agreements		38 946	194 218	11 562
Non-trading financial assets mandatorily at fair value through profit or loss, other than Loans and advances to customers	20	176 307	118 399	147 623
Equity instruments		155 652	66 609	66 609
Debt securities		20 655	51 790	81 014
Financial assets at fair value through other comprehensive income	21	42 267 387	29 023 647	21 924 652
Equity instruments		40 939	36 708	28 789
Debt securities		42 226 448	28 986 939	21 895 863
Loans and advances to customers	22	71 902 435	71 820 327	72 266 997
Mandatorily at fair value through profit or loss		745	1 825	19 349
Valued at fair value through other comprehensive income		9 438 459	11 135 416	11 799 748
Valued at amortised cost		62 463 231	60 683 086	60 447 900
Financial assets at amortised cost other than Loans and advances to customers	23	28 800 580	26 438 453	21 458 148
Debt securities		26 659 465	24 059 861	18 439 780
Deposits, loans and advances to banks and other monetary institutions		2 081 137	2 378 592	1 866 688
Repurchase agreements		59 978	0	1 151 680
Derivatives – Hedge accounting	24	0	0	15 069
Investments in subsidiaries, joint ventures and associates	25	626 996	517 214	399 223
Tangible fixed assets	26	548 561	518 145	517 333
Intangible fixed assets	27	610 643	537 425	464 922
Income tax assets		377 145	632 371	389 271
Current income tax assets		18 953	0	0
Deferred income tax assets	28	358 192	632 371	389 271
Other assets	29	1 852 706	1 620 941	1 360 160
Non-current assets and disposal groups classified as held for sale	30	0	0	0
Total assets		152 544 160	137 412 697	124 659 196

LIABILITIES AND EQUITY

Amount '000 PLN	Note	31.12.2025	31.12.2024 restated data	01.01.2024 restated data
LIABILITIES				
Financial liabilities held for trading	31	246 428	417 518	579 331
Derivatives		208 640	226 749	576 611
Liabilities from short sale of securities		37 788	190 769	2 720
Financial liabilities measured at amortised cost		137 665 763	124 640 250	112 604 873
Liabilities to banks and other monetary institutions	32	105 702	210 931	506 240
Liabilities to customers	33	131 199 422	117 642 600	107 505 636
Repurchase agreements	34	0	194 223	0
Debt securities issued	35	4 802 952	5 030 166	3 027 952
Subordinated debt	36	1 557 687	1 562 330	1 565 045
Derivatives – Hedge accounting	24	24 735	101 539	165 700
Provisions	37	3 742 558	2 947 927	1 489 400
Legal issues		3 566 379	2 846 010	1 401 798
Commitments and guarantees given		105 528	53 605	42 375
Retirement benefits		70 651	48 312	45 227
Income tax liabilities		0	215 590	460 456
Current income tax liabilities		0	215 590	460 456
Deferred income tax liabilities		0	0	0
Other liabilities	38	2 101 329	1 893 953	2 834 666
Total Liabilities		143 780 813	130 216 777	118 134 426
EQUITY				
Share capital	39	1 213 117	1 213 117	1 213 117
Own shares		(21)	(21)	(21)
Share premium		1 147 241	1 147 241	1 147 241
Accumulated other comprehensive income	39	338 819	(111 295)	(139 342)
Retained earnings, including:	39	6 064 191	4 946 878	4 303 775
- current net result		1 117 313	643 103	510 259
- other		4 946 878	4 303 775	3 793 516
Total equity		8 763 347	7 195 920	6 524 770
Total equity and total liabilities		152 544 160	137 412 697	124 659 196

Notes on pages 14-188 are integral part of these financial statements.

4. Statement of Changes in Equity

Amount '000 PLN	Total equity	Share capital	Own shares	Share premium	Accumulated other comprehensive income	Retained earnings	
						Unappropriated result	Other reserves
01.01.2025 – 31.12.2025							
Equity at the beginning of the period	7 195 920	1 213 117	(21)	1 147 241	(111 295)	553 610	4 393 268
Total comprehensive income for 2025 (net)	1 567 427	0	0	0	450 114	1 117 313	0
current profit /loss	1 117 313	0	0	0	0	1 117 313	0
other comprehensive income items after taxes	450 114	0	0	0	450 114	0	0
Appropriation of profit	0	0	0	0	0	(643 103)	643 103
Equity at the end of the period	8 763 347	1 213 117	(21)	1 147 241	338 819	1 027 820	5 036 371

Amount '000 PLN	Total equity	Share capital	Own shares	Share premium	Accumulated other comprehensive income	Retained earnings	
						Unappropriated result	Other reserves
01.01.2024 – 31.12.2024							
Equity at 31.12.2023	6 614 263	1 213 117	(21)	1 147 241	(139 342)	510 259	3 883 009
opening balance adjustment	(89 493)	0	0	0	0	(89 493)	0
Adjusted Equity as at 01.01.2024	6 524 770	1 213 117	(21)	1 147 241	(139 342)	420 766	3 883 009
Total comprehensive income for 2024 (net)	671 150	0	0	0	28 047	643 103	0
current profit /loss	643 103	0	0	0	0	643 103	0
other comprehensive income items after taxes	28 047	0	0	0	28 047	0	0
Appropriation of profit	0	0	0	0	0	(510 259)	510 259
Equity at the end of the period	7 195 920	1 213 117	(21)	1 147 241	(111 295)	553 610	4 393 268

Detailed information concerning changes in different equity items are presented in the **note (39)**.

5. Cash Flow Statement

A. Cash flows from operating activities

<i>Amount '000 PLN</i>	1.01.2025 - 31.12.2025	1.01.2024 - 31.12.2024 restated data
Profit (loss) after taxes	1 117 313	643 103
Total adjustments:	14 259 527	10 416 338
Interest income/expense result (from the Profit and loss statement)	(5 611 667)	(5 420 645)
Interest received	8 515 125	8 467 334
Interest paid	(2 764 514)	(2 772 057)
Depreciation and amortization	221 322	222 662
Foreign exchange (gains)/ losses	(44 680)	(32 701)
Dividends	(41 156)	(38 741)
Changes in provisions	776 860	1 459 858
Result on sale and liquidation of investing activity assets	(31 174)	(3 843)
Change in financial assets held for trading	(200 747)	(125 630)
Change in loans and advances to banks	225 792	(836 892)
Change in loans and advances to customers	178 861	359 499
Change in receivables from securities bought with sell-back clause (loans and advances)	95 294	969 024
Change in financial liabilities valued at fair value through profit and loss (held for trading)	(247 894)	(225 974)
Change in deposits from banks	(104 827)	(293 935)
Change in deposits from customers	13 625 108	10 176 162
Change in liabilities from securities sold with buy-back clause	(194 222)	194 224
Change in debt securities issued	(33 455)	3 158
Income tax (from the Profit and loss statement)	389 324	127 445
Income tax paid	(487 347)	(621 990)
Change in other assets and liabilities	(6 475)	(1 190 620)
Net cash flows from operating activities	15 376 840	11 059 441

B. Cash flows from investing activities

Amount '000 PLN	1.01.2025 - 31.12.2025	1.01.2024 - 31.12.2024 restated data
Inflows:	591 030 606	556 431 334
Proceeds from sale of property, plant and equipment and intangible assets	46 147	7 722
Proceeds from sale of shares in related entities	5 737	1 000
Proceeds from sale/redemption of investment financial assets	590 937 566	556 383 871
Other	41 156	38 741
Outflows:	(604 817 217)	(570 271 124)
Acquisition of property, plant and equipment and intangible assets	(270 310)	(217 336)
Acquisition of shares in related entities	(112 500)	(120 000)
Acquisition of investment financial assets	(604 434 407)	(569 933 788)
Other	0	0
Net cash flows from investing activities	(13 786 611)	(13 839 790)

C. Cash flows from financing activities

Amount '000 PLN	1.01.2025 - 30.09.2025	1.01.2024 - 30.09.2024 restated data
Inflows from financing activities:	0	2 131 700
Long-term bank loans	0	0
Issue of debt securities	0	2 131 700
Increase in subordinated debt	0	0
Net proceeds from issues of shares and additional capital paid-in	0	0
Other inflows from financing activities	0	0
Outflows from financing activities:	(784 523)	(688 315)
Repayment of long-term bank loans	0	0
Redemption of debt securities	(144 000)	(128 731)
Decrease in subordinated debt	0	0
Issue of shares expenses	0	0
Redemption of shares	0	0
Dividends paid and other payments to owners	0	0
Payments of lease liabilities	(89 260)	(92 530)
Other outflows from financing activities	(551 263)	(467 054)
Net cash flows from financing activities	(784 523)	1 443 385
D. Net cash flows. Total (A + B + C)	805 706	(1 336 964)
- of which change resulting from FX differences	3 261	(343)
E. Cash and cash equivalents at the beginning of the reporting period	14 064 629	15 401 593
F. Cash and cash equivalents at the end of the reporting period (D + E)	14 870 335	14 064 629

Additional information regarding cash flows statement is presented in **point 5) of chapter 14. "Supplementary information"**. Information on liabilities classified as financing activities is presented in **points 32), 35), 36) of chapter 13. "Notes to the Financial Statements"**.

NOTES TO THE FINANCIAL STATEMENTS

6. General Information about Issuer

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

The Bank, entered under the number KRS 0000010186 in the National Court Register kept by the Local Court for the Capital City of Warsaw (Poland), 13th Business Department of the National Court Register, with its registered office in Warsaw, ul. Stanisława Żaryna 2A, 02-593 Warsaw, Poland.

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

The Bank is a parent company of a Bank Millennium Capital Group (the Group) with over 6,900 employees with core business comprising banking, leasing, factoring, brokerage, capital operations, investment fund management, web portals activity and insurance activity.

Supervisory Board and Management Board of Bank Millennium S.A. as at 31 December 2025

Composition of the Supervisory Board as at 31 December 2025 was as follows:

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

Composition of the Management Board as at 31 December 2025 was as follows:

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

7. Accounting Policy

7.1. STATEMENT OF COMPLIANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS

These financial statements of the Bank have been prepared in accordance with International Financial Reporting Standards ('IFRS'), as adopted by the European Union and with respect to matters not regulated by the above standards, in accordance with the accounting principles as set out in the Accounting Act dated 29 September 1994 (unified text - Official Journal from 2023, item 120) and the respective bylaws and regulations and the requirements for issuers of securities admitted or sought to be admitted to trading on an official stock-exchange listing market. These financial statements meet the reporting requirements described in the Regulation of the Minister of Finance of March 29, 2018 regarding current and periodic information published by issuers of securities and conditions for recognizing as equivalent information required by the laws of a non-member state (Journal of Laws of 2018, item 757).

This financial report was approved for publication by the Management Board on 27 February 2026.

7.2. OPENING BALANCE ADJUSTMENT AND CHANGE IN THE PRESENTATION OF DATA IMPLEMENTED IN 2025 AND THE RESTATEMENT OF COMPARATIVE DATA

Change in the approach to effective interest rate calculation algorithm

In the financial year ended 31 December 2025, the Bank introduced a change in the approach to calculating the effective interest rate (EIR) applied to the valuation of mortgage loans with periodically fixed interest rates.

In 2021, the Bank started to offer mortgage loans with a periodically fixed interest rate (5 years). In accordance with the agreement, after this period the loan is converted into a variable-rate loan or in case of client decision can be prolonged at a new fixed rate for next period.

IFRS do not specify in detail the method of calculating EIR for variable rate loans. Before making the change, Bank when calculating interest income was using effective interest rate based on expected cash flows (CF) from the loan including CF during temporary fixed rate period and CF after this period - calculating interest based on current WIBOR plus margin.

In the fourth quarter of 2025, the Bank changed its approach to determining the EIR – after the change, the EIR is calculated solely on the basis of the currently applicable interest rate.

The purpose of the introduced change was to ensure a better reflection of the economic substance of the transactions and to enhance consistency between the accounting approach and the interest rate risk management framework, as well as the methodologies applied within the BCP Group.

Impact of the change the effective interest rate calculation algorithm

In accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, any changes requiring retrospective application should be reflected through full retrospective restatement of comparative information, to the extent that such application is practicable.

Accordingly, the Bank performed the recalculations of historical and carried out a retrospective restatement of the comparative information, including an adjustment to the opening balance sheet as at 1 January 2024 (i.e., the opening balance sheet for 2024 determined as at 31 December 2023). Due to the immaterial impact of the change, no adjustment was made to the 2024 income statement.

The change has been presented in tabular form as amendment 2(a) to the Statement of Financial Position

Changes in the presentation of data

In this annual financial statement for the year 2025, compared to the annual financial statement for 2024, the Bank has introduced below presented changes in the presentation of selected financial data in order to enhance the transparency of disclosures, better reflect the economic substance of the transactions concluded, and align with observed changes in market practice. The changes introduced had no impact on the net result for the 12-month periods ended December 31, 2024, nor on the value of equity as of December 31, 2024.

Restatement of comparative data

The changes in the presentation of data and the adjustment of the opening balance resulting from the change in the approach to calculating the effective interest rate are described below and presented in tabular form as amendment 2(a) to the Statement of Financial Position.

1) Changes to the Income Statement:

- a) A dedicated line item "Legal risk costs related to foreign currency mortgage loans" has been introduced. This item includes not only the costs of provisions previously presented under 'Provisions for legal risk related to foreign currency mortgage loans' and included amounts related to the recognized adjustment of the gross carrying amount of foreign currency loans as well as amounts recorded under the 'Provisions' line item, but also period costs related to settlements concluded on the Bank's terms (previously included in 'Net trading income'), costs of settlements concluded under KNF terms (previously presented as 'Modification result'), as well as legal representation costs and statutory interest (previously included in 'Other operating expenses');
- b) The modification result related to non-significant modifications of exposures with recognized impairment has been reclassified to 'Impairment losses on financial assets', previously, this result was presented under 'Modification result';
- c) Interest related to the receivables from repurchase agreement transactions, for which a change in presentation was made to trading assets (as described in Note 2f), was transferred from the item 'Interest income from Financial assets at amortised cost' to the item 'Result of similar nature to interest from Financial assets at fair value through profit or loss'.

2) Changes to the Statement of Financial Position:

- a) Change in the approach to calculating the effective interest rate (adjustment of the opening balance described above);
- b) Within individual portfolios of financial assets, a separate line item 'Assets pledged as collateral' has been introduced. This item presents assets that may be pledged or sold by the collateral taker. This new item includes debt securities sold with a repurchase agreement clause under repo or sell-buy-back transactions;
- c) Provisions for retirement benefits have been reclassified from "Other liabilities" to a separate line within the 'Provisions' section;
- d) The values of variation margin deposits securing derivative transactions concluded via clearing houses have been offset against the valuation of derivatives;
- e) Items 'Property, plant and equipment' and 'Intangible assets' were reduced by the amount of future expenditures, with a corresponding entry under 'Other liabilities' – costs payable;
- f) A change in presentation was made for a part of receivables from repurchase transactions involving debt securities from the trading portfolio, from assets measured at amortised cost to financial assets held for trading.

3) Changes to the Statement of Cash Flows:

- a) The definition of cash equivalents has been revised in the case of securities issued by the State Treasury or the Central Bank. Previously, all such securities with a maturity of up to 3 months as at the balance sheet date were classified as cash equivalents. Now, only those securities that had a maturity of up to 3 months at the time of acquisition and were acquired for the purpose of covering short-term financial liabilities, are included;
- b) A separate line item "Interest income/expense result (from the Profit and loss statement)" has been introduced in the Cash flows from operating activities section. Previously, interest accrued during the reporting period was presented within changes in individual balance sheet items;
- c) A separate line item 'Income tax (from the Profit and loss statement)' has been introduced and the amount presented under the line item 'Income tax paid' was adjusted accordingly;
- d) Payments related to lease liabilities (principal portion) were presented under the line item 'Lease liability payments' in the Cash Flows from Financing Activities section; previously, these cash flows were presented under 'Change in amounts due to customers' in the Cash Flows from Operating Activities section;
- e) Cash flows related to the issuance and repayment/redemption of financial liabilities arising from the issuance of debt securities were presented under Cash Flows from Financing Activities; previously, these cash flows were presented under Cash Flows from Operating Activities in the line item 'Change in liabilities from the issuance of debt securities'.

Comparative data presented in this Bank's financial statement have been restated, as shown below in tabular form.

Changes to the Statement of Profit or Loss:

Amount '000 PLN	01.01.2024 - 31.12.2024 data previously published	Change 1a)	Change 1b)	Change 1c)	01.01.2024 - 31.12.2024 restated data
Net interest income	5 420 645	0	0	0	5 420 645
Interest income and other of similar nature	8 658 943	0	0	0	8 658 943
Income calculated using the effective interest method	8 557 972	0	0	(44 363)	8 513 609
Interest income from Financial assets at amortised cost, of which:	6 425 198	0	0	(44 363)	6 380 835
- the impact of the adjustment to the gross carrying amount of loans due to credit holidays	(106 788)	0	0	0	(106 788)
Interest income from Financial assets at fair value through other comprehensive income	2 132 774	0	0	0	2 132 774
Result of similar nature to interest from Financial assets at fair value through profit or loss	100 971	0	0	44 363	145 334
Interest expenses	(3 238 298)	0	0	0	(3 238 298)
Net fee and commission income	668 157	0	0	0	668 157
Fee and commission income	917 834	0	0	0	917 834
Fee and commission expenses	(249 677)	0	0	0	(249 677)
Dividend income	38 741	0	0	0	38 741
Result on derecognition of financial assets and liabilities not measured at fair value through profit or loss	(10 753)	0	0	0	(10 753)
Results on financial assets and liabilities held for trading	(6 566)	0	0	0	(6 566)
Result on non-trading financial assets mandatorily at fair value through profit or loss	18 125	0	0	0	18 125
Result on hedge accounting	1 544	0	0	0	1 544
Result on exchange differences	(179 401)	403 405	0	0	224 004
Other operating income	318 501	0	0	0	318 501
Other operating expenses	(486 039)	121 140	0	0	(364 899)
Administrative expenses	(1 954 321)	0	0	0	(1 954 321)
Impairment losses on financial assets	(237 422)	0	(33 444)	0	(270 866)
Impairment losses on non-financial assets	(4 274)	0	0	0	(4 274)
Legal risk expenses connected with FX mortgage loans, of which:	(2 179 070)	(671 160)	0	0	(2 850 230)
Provisions for legal risk	(2 179 070)	0	0	0	(2 179 070)
Result on modification	(182 238)	146 615	33 444	0	(2 179)
Depreciation	(222 662)	0	0	0	(222 662)
Banking tax	(232 419)	0	0	0	(232 419)
Profit before income taxes	770 548	0	0	0	770 548
Corporate income tax	(127 445)	0	0	0	(127 445)
Profit after taxes	643 103	0	0	0	643 103

Changes to the Statement of Financial Position:

ASSETS

Amount '000 PLN	2024-12-31 data previously published	Change 2a)	Change 2b)	Change 2c)	Change 2d)	Change 2e)	Change 2f)	2024-12-31 restated data
Cash, cash balances at central banks	5 178 984	0	0	0	0	0	0	5 178 984
Financial assets held for trading	812 573	0	0	0	0	0	194 218	1 006 791
Derivatives	257 094	0	0	0	0	0	0	257 094
Equity instruments	115	0	0	0	0	0	0	115
Debt securities, of which:	555 364	0	0	0	0	0	0	555 364
Debt instruments serving as collateral for repurchase transactions	0	0	194 088	0	0	0	0	194 088
Repurchase agreements	0	0	0	0	0	0	194 218	194 218
Non-trading financial assets mandatorily at fair value through profit or loss, other than Loans and advances to customers	118 399	0	0	0	0	0	0	118 399
Equity instruments	66 609	0	0	0	0	0	0	66 609
Debt securities	51 790	0	0	0	0	0	0	51 790
Financial assets at fair value through other comprehensive income	29 023 647	0	0	0	0	0	0	29 023 647
Equity instruments	36 708	0	0	0	0	0	0	36 708
Debt securities	28 986 939	0	0	0	0	0	0	28 986 939
Loans and advances to customers	71 936 712	(110 485)	0	0	(5 900)	0	0	71 820 327
Mandatorily at fair value through profit or loss	1 825	0	0	0	0	0	0	1 825
Valued at fair value through other comprehensive income	11 135 416	0	0	0	0	0	0	11 135 416
Valued at amortised cost	60 799 471	(110 485)	0	0	(5 900)	0	0	60 683 086
Financial assets at amortised cost other than Loans and advances to customers	26 632 671	0	0	0	0	0	(194 218)	26 438 453
Debt securities	24 059 861	0	0	0	0	0	0	24 059 861
Deposits, loans and advances to banks and other monetary institutions	2 378 592	0	0	0	0	0	0	2 378 592
Repurchase agreements	194 218	0	0	0	0	0	(194 218)	0
Derivatives – Hedge accounting	112 365	0	0	0	(112 365)	0	0	0
Investments in subsidiaries, joint ventures and associates	517 214	0	0	0	0	0	0	517 214
Tangible fixed assets	574 660	0	0	0	0	(56 515)	0	518 145
Intangible fixed assets	560 317	0	0	0	0	(22 892)	0	537 425
Income tax assets	611 379	20 992	0	0	0	0	0	632 371
Current income tax assets	0	0	0	0	0	0	0	0
Deferred income tax assets	611 379	20 992	0	0	0	0	0	632 371
Other assets	1 620 941	0	0	0	0	0	0	1 620 941
Total assets	137 699 862	(89 493)	0	0	(118 265)	(79 407)	0	137 412 697

LIABILITIES AND EQUITY

<i>Amount '000 PLN</i>	2024-12-31 data previously published	Change 2a)	Change 2b)	Change 2c)	Change 2d)	Change 2e)	Change 2f)	2024-12-31 restated data
LIABILITIES								
Financial liabilities held for trading	417 518	0	0	0	0	0	0	417 518
Derivatives	226 749	0	0	0	0	0	0	226 749
Liabilities from short sale of securities	190 769	0	0	0	0	0	0	190 769
Financial liabilities measured at amortised cost	124 752 615	0	0	0	(112 365)	0	0	124 640 250
Liabilities to banks and other monetary institutions	323 296	0	0	0	(112 365)	0	0	210 931
Liabilities to customers	117 642 600	0	0	0	0	0	0	117 642 600
Repurchase agreements	194 223	0	0	0	0	0	0	194 223
Debt securities issued	5 030 166	0	0	0	0	0	0	5 030 166
Subordinated debt	1 562 330	0	0	0	0	0	0	1 562 330
Derivatives – Hedge accounting	107 439	0	0	0	(5 900)	0	0	101 539
Provisions	2 899 615	0	0	48 312	0	0	0	2 947 927
Pending legal issues	2 846 010	0	0	0	0	0	0	2 846 010
Commitments and guarantees given	53 605	0	0	0	0	0	0	53 605
Retirement benefits	0	0	0	48 312	0	0	0	48 312
Income tax liabilities	215 590	0	0	0	0	0	0	215 590
Current income tax liabilities	215 590	0	0	0	0	0	0	215 590
Deferred income tax liabilities	0	0	0	0	0	0	0	0
Other liabilities	2 021 672	0	0	(48 312)	0	(79 407)	0	1 893 953
Total Liabilities	130 414 449	0	0	0	(118 265)	(79 407)	0	130 216 777
EQUITY								
Share capital	1 213 117	0	0	0	0	0	0	1 213 117
Own shares	(21)	0	0	0	0	0	0	(21)
Share premium	1 147 241	0	0	0	0	0	0	1 147 241
Accumulated other comprehensive income	(111 295)	0	0	0	0	0	0	(111 295)
Retained earnings	5 036 371	(89 493)	0	0	0	0	0	4 946 878
Total equity	7 285 413	(89 493)	0	0	0	0	0	7 195 920
Total equity and total liabilities	137 699 862	(89 493)	0	0	(118 265)	(79 407)	0	137 412 697

ASSETS

<i>Amount '000 PLN</i>	<i>2023-12-31 data previously published</i>	<i>Change 2a)</i>	<i>Change 2b)</i>	<i>Change 2c)</i>	<i>Change 2d)</i>	<i>Change 2e)</i>	<i>Change 2f)</i>	<i>2023-12-31 restated data</i>
Cash, cash balances at central banks	5 094 984	0	0	0	0	0	0	5 094 984
Financial assets held for trading	609 252	0	0	0	0	0	11 562	620 814
Derivatives	498 577	0	0	0	0	0	0	498 577
Equity instruments	121	0	0	0	0	0	0	121
Debt securities, of which:	110 554	0	0	0	0	0	0	110 554
Debt instruments serving as collateral for repurchase transactions	0	0	0	0	0	0	0	0
Repurchase agreements	0	0	0	0	0	0	11 562	11 562
Non-trading financial assets mandatorily at fair value through profit or loss, other than Loans and advances to customers	147 623	0	0	0	0	0	0	147 623
Equity instruments	66 609	0	0	0	0	0	0	66 609
Debt securities	81 014	0	0	0	0	0	0	81 014
Financial assets at fair value through other comprehensive income	21 924 652	0	0	0	0	0	0	21 924 652
Equity instruments	28 789	0	0	0	0	0	0	28 789
Debt securities	21 895 863	0	0	0	0	0	0	21 895 863
Loans and advances to customers	72 405 446	(110 485)	0	0	(27 964)	0	0	72 266 997
Mandatorily at fair value through profit or loss	19 349	0	0	0	0	0	0	19 349
Valued at fair value through other comprehensive income	11 799 748	0	0	0	0	0	0	11 799 748
Valued at amortised cost	60 586 349	(110 485)	0	0	(27 964)	0	0	60 447 900
Financial assets at amortised cost other than Loans and advances to customers	21 469 710	0	0	0	0	0	(11 562)	21 458 148
Debt securities	18 439 780	0	0	0	0	0	0	18 439 780
Deposits, loans and advances to banks and other monetary institutions	1 866 688	0	0	0	0	0	0	1 866 688
Repurchase agreements	1 163 242	0	0	0	0	0	(11 562)	1 151 680
Derivatives – Hedge accounting	74 213	0	0	0	(59 144)	0	0	15 069
Investments in subsidiaries, joint ventures and associates	399 223	0	0	0	0	0	0	399 223
Tangible fixed assets	553 087	0	0	0	0	(35 754)	0	517 333
Intangible fixed assets	481 128	0	0	0	0	(16 206)	0	464 922
Income tax assets	368 279	20 992	0	0	0	0	0	389 271
Current income tax assets	0	0	0	0	0	0	0	0
Deferred income tax assets	368 279	20 992	0	0	0	0	0	389 271
Other assets	1 360 160	0	0	0	0	0	0	1 360 160
Total assets	124 887 757	(89 493)	0	0	(87 108)	(51 960)	0	124 659 196

LIABILITIES AND EQUITY

<i>Amount '000 PLN</i>	2023-12-31 data previously published	Change 2a)	Change 2b)	Change 2c)	Change 2d)	Change 2e)	Change 2f)	2023-12-31 restated data
LIABILITIES								
Financial liabilities held for trading	579 331	0	0	0	0	0	0	579 331
Derivatives	576 611	0	0	0	0	0	0	576 611
Liabilities from short sale of securities	2 720	0	0	0	0	0	0	2 720
Financial liabilities measured at amortised cost	112 664 017	0	0	0	(59 144)	0	0	112 604 873
Liabilities to banks and other monetary institutions	565 384	0	0	0	(59 144)	0	0	506 240
Liabilities to customers	107 505 636	0	0	0	0	0	0	107 505 636
Repurchase agreements	0	0	0	0	0	0	0	0
Debt securities issued	3 027 952	0	0	0	0	0	0	3 027 952
Subordinated debt	1 565 045	0	0	0	0	0	0	1 565 045
Derivatives – Hedge accounting	193 664	0	0	0	(27 964)	0	0	165 700
Provisions	1 444 173	0	0	45 227	0	0	0	1 489 400
Pending legal issues	1 401 798	0	0	0	0	0	0	1 401 798
Commitments and guarantees given	42 375	0	0	0	0	0	0	42 375
Retirement benefits	0	0	0	45 227	0	0	0	45 227
Income tax liabilities	460 456	0	0	0	0	0	0	460 456
Current income tax liabilities	460 456	0	0	0	0	0	0	460 456
Deferred income tax liabilities	0	0	0	0	0	0	0	0
Other liabilities	2 931 853	0	0	(45 227)	0	(51 960)	0	2 834 666
Total Liabilities	118 273 494	0	0	0	(87 108)	(51 960)	0	118 134 426
EQUITY								
Share capital	1 213 117	0	0	0	0	0	0	1 213 117
Own shares	(21)	0	0	0	0	0	0	(21)
Share premium	1 147 241	0	0	0	0	0	0	1 147 241
Accumulated other comprehensive income	(139 342)	0	0	0	0	0	0	(139 342)
Retained earnings	4 393 268	(89 493)	0	0	0	0	0	4 303 775
Total equity	6 614 263	(89 493)	0	0	0	0	0	6 524 770
Total equity and total liabilities	124 887 757	(89 493)	0	0	(87 108)	(51 960)	0	124 659 196

Changes to the Statement of Cash Flows
A. CASH FLOWS FROM OPERATING ACTIVITIES

Amount '000 PLN	1.01.2024 - 31.12.2024 data previously published	Change 3a)	Change 3b)	Change 3c)	Change 3d)	Change 3e)	Adjustments resulting from changes in the statement of financial position	1.01.2024 - 31.12.2024 restated data
Profit (loss) after taxes	643 103	0	0	0	0	0	0	643 103
Total adjustments:	12 543 951	2 790	(2 324 217)	0	92 530	128 731	(27 447)	10 416 338
Interest income/expense result (from the Profit and loss statement)	0	0	(5 420 645)	0	0	0	0	(5 420 645)
Interest received	8 244 034	0	223 300	0	0	0	0	8 467 334
Interest paid	(2 772 057)	0	0	0	0	0	0	(2 772 057)
Depreciation and amortization	222 662	0	0	0	0	0	0	222 662
Foreign exchange (gains)/ losses	0	0	0	0	0	(32 701)	0	(32 701)
Dividends	(38 741)	0	0	0	0	0	0	(38 741)
Changes in provisions	1 455 442	0	0	0	0	0	4 416	1 459 858
Result on sale and liquidation of investing activity assets	(3 843)	0	0	0	0	0	0	(3 843)
Change in financial assets held for trading	(265 642)	2 790	84 001	0	0	0	53 221	(125 630)
Change in loans and advances to banks	(950 688)	0	113 796	0	0	0	0	(836 892)
Change in loans and advances to customers	(5 474 017)	0	5 855 580	0	0	0	(22 064)	359 499
Change in receivables from securities bought with sell-back clause (loans and advances)	924 661	0	44 363	0	0	0	0	969 024
Change in financial liabilities valued at fair value through profit and loss (held for trading)	(248 038)	0	0	0	0	0	22 064	(225 974)
Change in deposits from banks	(226 321)	0	(14 393)	0	0	0	(53 221)	(293 935)
Change in deposits from customers	12 855 742	0	(2 679 580)	0	0	0	0	10 176 162
Change in liabilities from securities sold with buy-back clause	231 736	0	(37 512)	0	0	0	0	194 224
Change in debt securities issued	209 296	0	(367 570)	0	0	161 432	0	3 158
Change in the balance of income tax-related receivables and payables	(275 220)	0	0	275 220	0	0	0	0
Income tax (from the Profit and loss statement)	0	0	0	127 445	0	0	0	127 445
Income tax paid	(219 325)	0	0	(402 665)	0	0	0	(621 990)
Change in the balance of other assets and liabilities	(1 252 277)	0	0	990	92 530	0	(31 863)	(1 190 620)
Change in other items	126 547	0	(125 557)	(990)	0	0	0	0
Net cash flows from operating activities	13 187 054	2 790	(2 324 217)	0	92 530	128 731	(27 447)	11 059 441

B. CASH FLOWS FROM INVESTING ACTIVITIES

Amount '000 PLN	1.01.2024 - 31.12.2024 data previously published	Change 3a)	Change 3b)	Change 3c)	Change 3d)	Change 3e)	Adjustments resulting from changes in the statement of financial position	1.01.2024 - 31.12.2024 restated data
Inflows:	556 431 334	0	0	0	0	0	0	556 431 334
Proceeds from sale of property, plant and equipment and intangible assets	7 722	0	0	0	0	0	0	7 722
Proceeds from sale of shares in related entities	1 000	0	0	0	0	0	0	1 000
Proceeds from sale of investment financial assets	556 383 871	0	0	0	0	0	0	556 383 871
Other	38 741	0	0	0	0	0	0	38 741
Outflows:	(575 614 818)	2 992 030	2 324 217	0	0	0	27 447	(570 271 124)
Acquisition of property, plant and equipment and intangible assets	(244 783)	0	0	0	0	0	27 447	(217 336)
Acquisition of shares in related entities	(120 000)	0	0	0	0	0	0	(120 000)
Acquisition of investment financial assets	(575 250 035)	2 992 030	2 324 217	0	0	0	0	(569 933 788)
Other	0	0	0	0	0	0	0	0
Net cash flows from investing activities	(19 183 484)	2 992 030	2 324 217	0	0	0	27 447	(13 839 790)

C. CASH FLOWS FROM FINANCING ACTIVITIES

<i>Amount '000 PLN</i>	1.01.2024 - 31.12.2024 data previously published	Change 3a)	Change 3b)	Change 3c)	Change 3d)	Change 3e)	Adjustments resulting from changes in the statement of financial position	1.01.2024 - 31.12.2024 restated data
Inflows from financing activities:	2 131 700	0	0	0	0	0	0	2 131 700
Long-term bank loans	0	0	0	0	0	0	0	0
Issue of debt securities	2 131 700	0	0	0	0	0	0	2 131 700
Increase in subordinated debt	0	0	0	0	0	0	0	0
Net proceeds from issues of shares and additional capital paid-in	0	0	0	0	0	0	0	0
Other inflows from financing activities	0	0	0	0	0	0	0	0
Outflows from financing activities:	(467 054)	0	0	0	(92 530)	(128 731)	0	(688 315)
Repayment of long-term bank loans	0	0	0	0	0	0	0	0
Redemption of debt securities	0	0	0	0	0	(128 731)	0	(128 731)
Decrease in subordinated debt	0	0	0	0	0	0	0	0
Issue of shares expenses	0	0	0	0	0	0	0	0
Redemption of shares	0	0	0	0	0	0	0	0
Dividends paid and other payments to owners	0	0	0	0	0	0	0	0
Payments of lease liabilities	0	0	0	0	(92 530)	0	0	(92 530)
Other outflows from financing activities	(467 054)	0	0	0	0	0	0	(467 054)
Net cash flows from financing activities	1 664 646	0	0	0	(92 530)	(128 731)	0	1 443 385
D. Net cash flows. Total (A + B + C)	(4 331 784)	2 994 820	0	0	0	0	0	(1 336 964)
- of which change resulting from FX differences	(343)	0	0	0	0	0	0	(343)
E. Cash and cash equivalents at the beginning of the reporting period	18 396 413	(2 994 820)	0	0	0	0	0	15 401 593
F. Cash and cash equivalents at the end of the reporting period (D + E)	14 064 629	(0)	0	0	0	0	0	14 064 629

7.3. STANDARDS AND INTERPRETATIONS APPLIED IN 2025 AND THOSE NOT BINDING AT THE BALANCE SHEET DATE

In these solo financial statements, the Bank has applied the following amendments to standards and interpretations that were endorsed by the European Union with an effective date for annual periods beginning on 1 January 2025:

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

The following standards have been endorsed by the European Union with an effective date for annual periods beginning on 1 January 2026:

change	impact on the Bank's financial statements
Contracts Referencing Nature-dependent Electricity: Amendments to IFRS 9 and IFRS 7	The Bank estimates that the amendment will not have a material impact on the financial statements.
Amendments to the Classification and Measurement of Financial Instruments: Amendments to IFRS 9 and IFRS 7	The Bank estimates that the amendment will not have a material impact on the financial statements.
Annual Improvements – Volume 11; technical amendments to IFRS 1, 7, 9, 10 and IAS 7	The Bank estimates that the amendment will not have a material impact on the financial statements.

The following standards have been issued for application from 1 January 2027 but have not yet been endorsed by the European Union as at the date of preparation of the financial statements:

change	impact on the Bank's financial statements
IFRS 19 – Subsidiaries without Public Accountability; simplified disclosures for subsidiaries	The Bank estimates that the amendment will not have a material impact on the financial statements.
IFRS 18 – Presentation and Disclosure; a new structure of the statement of profit or loss	The Bank has not yet assessed the impact of the standard on the financial statements
MSSF 21 – The Effects of Changes in Foreign Exchange Rates; translation of financial statements into the presentation currency of a hyperinflationary economy	The Bank estimates that the amendment will not have a material impact on the financial statements.
MSSF 19 – Subsidiaries without Public Accountability; reduced disclosure requirements for selected standards and amendments issued between February 2021 and May 2024	The Bank has not yet assessed the impact of the standard on the financial statements

7.4. ADOPTED ACCOUNTING PRINCIPLES

Going concern

These financial statements have been prepared on the assumption that the Group will continue as a going concern in the foreseeable future, i.e., for at least 12 months after the balance sheet date.

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

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

As of 31 December 2025, the Tier 1 ratio was 459 bps (Bank) and 390 bps (Group) above the minimum requirement, and the Total Capital Ratio (TCR) was 416 bps (Bank) and 333 bps (Group) above the minimum requirement.

In terms of MRELTrea and MRELtem requirements, the Group presents a surplus compared to the minimum required levels (including the Combined Buffer Requirement) as of 31 December 2025 (MRELTrea surplus was 542 bps and MRELtem surplus 236 bps). Assuming no extraordinary factors, the Group plans to maintain both MREL ratios above the minimum required levels with a safe surplus.

The liquidity position of Bank Millennium Group remained strong in 4Q 2025; LCR ratio reached the level of 402% at the end of December 2025, loan-to-deposit ratio remained low at 58% and the share of liquid debt securities in the Group's total assets remains significant at 45%.

The Bank monitors, on the current basis, the financial situation in particular, the Bank is aware of the risks associated with further possible negative developments regarding the legal risk of FX mortgage loans that could imply the need to increase the level of provisions for such risk beyond the provisions that were recognized based on the best estimates as at the end of 2025. In the Bank's assessment, the materialisation of these events would have a negative impact on the Bank's/Group's results in subsequent years, but would not pose a threat to its ability to continue as a going concern nor to its capacity to execute its strategy and generate results that would mitigate the effects of such events.

Taking the above factors into account, and based on the information available regarding future profitability, capital requirements and sources of funding, the Management Board of the Group/Bank considered it appropriate to prepare the financial statements on a going concern basis.

Basis of Financial Statements Preparation

Financial statements of the Bank are prepared for the financial year from 1 January 2025 to 31 December 2025.

The financial statements have been prepared in PLN, and all values, unless otherwise indicated, are given in PLN rounded to one thousand.

The financial statements, have been prepared based on the fair value principle for financial assets and liabilities recognised at FVTPL including derivative instruments, and financial assets classified as FVTOCI. Other items of financial assets and liabilities (including loans and advances) are presented at amortized cost with effective interest rate applied less impairment charges (except loans which failed SPPI test), or at their purchase price less impairment charges.

The preparation of financial statements in accordance with IFRS, as adopted by the EU, requires from the management the use of estimates and assumptions that affect applied accounting principles and the amounts (assets, liabilities, incomes and costs) reported in the financial statements and notes thereto. The respective unit of the Bank is responsible for selection, application, development, and verification of adopted estimations; the assumptions are then subject to approval by the Bank's management.

Estimations and assumptions applied to the presentation of value of assets, liabilities, revenues and costs, are made on basis of historical data available and other factors considered to be relevant in given circumstances. Applied assumptions related to the future and available data sources are the base for making estimations regarding carrying value of assets and liabilities, which cannot be determined explicitly on basis of other sources. The actual results may differ from those estimates.

The conformity between actual results and adopted estimations and assumptions is verified on regular basis. Adjustments to estimates are recognized in the period when the estimation was changed, provided that the adjustment applies to this period alone, or in the period when the estimation was changed and in the following periods, should the adjustment impact both the current and future periods.

The below-presented accounting principles have been applied to all reporting periods presented in the financial statements.

Functional currency and presentation currency

Functional currency and presentation currency

The items contained in the financial statements of the Bank are presented in the currency of their basic economic environment, in which a given entity operates ('the functional currency'). The financial statements are presented in Polish zlotys, being the functional currency and the presentation currency for the Bank.

Transactions and balances

Transactions expressed in foreign currency are translated into the functional currency by applying the exchange rate at the date of the transaction. Exchange rate profits and losses due to settlements of these transactions and to the balance sheet valuation of assets and monetary commitments expressed in foreign currency are accounted for in the profit and loss account.

Exchange rate differences on monetary items, both those valued at fair value through the profit and loss account or valued at fair value through other comprehensive income are disclosed in the profit and loss account.

Exchange rate differences on non-monetary items valued at fair value through the profit and loss, are accounted in the profit and loss account. Exchange rate differences due to items, such as equity instruments valued at fair value through other comprehensive income, are included in Other comprehensive income.

Mergers under joint control

In the case of mergers of the Capital Group companies (transaction under joint control), the Bank adopts the accounting principle consisting in the application of the "predecessor accounting" method. In the separate financial statements, the Bank recognizes the carrying amounts of the assets and liabilities of the acquiree that is a subsidiary according to the values included in the consolidated financial statements of the Capital Group in relation to this subsidiary, including also goodwill arising on the acquisition of this subsidiary.

A possible difference between the carrying amount of the net assets acquired after the adjustments referred to above and the value of investments in a subsidiary disclosed in the separate financial statements of the Bank is recognized in equity as "Retained earnings".

The net financial result achieved by the company being acquired up to the day preceding the date of merger is disclosed in the Bank's financial statements under equity as "Retained earnings".

Application of estimates in connection with Accounting Policies

The preparation of financial statements in accordance with IFRS requires from the Bank the use of estimates and assumptions that affect the amounts reported in the financial statements.

The estimates and assumptions, revised by the Bank management on a regular basis, are made on basis of historical experience and other factors, including expectations concerning future events, considered being relevant in given circumstances.

Despite the fact, that such estimates are based on best knowledge about current conditions and activities undertaken by the Bank, the actual results may differ from the estimates. The major areas for which the Bank makes estimates are presented below:

- Impairment of loans and advances

Impairment estimation model within the Bank has been based on the concept of "expected credit loss", (hereinafter: ECL). In result impairment charges are calculated based on expected credit losses and forecasts of expected future economic conditions have to be taken into account when conducting evaluation of credit risk of an exposure.

The methodology and assumptions adopted for determining credit impairments are regularly reviewed in order to reduce discrepancies between the estimated and actual losses. In order to assess the adequacy of the impairment determined both in individual analysis and collective analysis a historical verification (backtesting) is conducted from time to time (at least once a year), which results will be taken into account in order to improve the quality of the process.

Further details are presented in **Chapter 8. "Financial Risk Management"**.

- Fair value of financial instruments

Fair value of financial instruments not quoted on active markets is determined with use of measurement techniques. With respect to non-option derivatives and debt securities use is made of models based on discounted cash flows. Option pricing models are applied to option instruments. All models are approved prior to use and also calibrated to ensure that attained results reflect the actual fair value of the measured instruments. If possible, only observable data from the active market are used in the models.

In case of lack of measurement parameters coming from the active market, fair value is determined on the basis of application of measurement techniques using estimated input parameters.

The Bank measures financial instruments using the measurement methods below in the following hierarchical order:

- Prices quoted on the active market for identical instruments for following financial instruments:
Treasury fixed-coupon, zero-coupon debt securities and floating interest debt securities;
- Techniques of measurement based on parameters coming from the market for following financial instruments:
Treasury floating interest debt securities,
Derivatives:
 - FRA, IRS, CIRS,
 - FX Swap, FX Forward,
 - Embedded derivatives,*Bills issued by the Central Bank;*

- Techniques of measurement with use of significant parameters not coming from the market:
Debt securities of other issuers (e.g. municipalities),
Shares of VISA Incorporation,
Loans and advances mandatorily at fair value through profit or loss,
Derivatives:

- FX Options acquired by the Bank,
- Indexes options acquired/placed by the Bank.

In order to determine the fair value of VISA preferred shares, the time value of money and the time line for conversion of preferred stock in common stock of VISA were taken into account.

To estimate the fair value of loans, due to the lack of availability of the market value, an internal valuation model was used, taking into account the assumption that at the time of granting the loan the fair value is equal to transaction price.

The fair value of loans without recognized impairment is equal to the sum of future expected cash flows discounted at the balance sheet date. The discounting rate is the sum of: the cost of risk, the cost of financing, the value of the expected return.

The fair value of impaired loans is equal to the sum of future expected recoveries discounted using the effective interest rate, recognizing that the average expected recoveries fully take into account the element of credit risk.

For derivative financial instruments valuation the Bank applies the component of credit risk taking into account both: counterparty risk (credit value adjustment – CVA) and own Bank's risk (debit value adjustment - DVA). The Bank assesses that unobservable inputs related to applying this component used for fair value measurement are not significant.

- Impairment of other non-current assets

The Bank assesses the existence of any indications that a non-current asset may be impaired at each balance sheet date. If such indications exist, the Bank performs an estimation of recoverable amount. The recoverable amount of a fixed asset is the higher of its fair value less costs of disposal and its value in use – that is, the present value of the future cash flows expected to arise from the continued use of the asset and from its disposal at the end of its useful life. Estimation of value-in-use of a non-current asset (or cash generating units) requires assumptions to be adopted, regarding, among others, amounts and timing of future cash flows, which the Bank may obtain from the given non-current asset (or cash generating unit). The Bank performs an estimation of the fair value less costs to sell on the basis of available market data regarding this subject or estimations made by external parties.

- Impact of legal risk connected with FX mortgage loans

The Bank estimated the impact of legal risk on the recoverability of the expected cash flows resulting from concluded contracts for the active portfolio of mortgage loans in CHF, adjusting, in accordance with point B5.4.6 of IFRS 9, the gross carrying amount of the portfolio by reducing the expected cash flows from mortgage loan contracts denominated or indexed to CHF, and recognized a provision in accordance with International Accounting Standard 37 Provisions, Contingent Liabilities and Contingent Assets ("IAS 37") for fully repaid loans, statutory interest costs and in a situation where the gross carrying amount of the loan was lower than the value of the assessed risk.

A detailed description of the adopted valuation methodology is presented in **Chapter 12** "Legal risk related to foreign currency mortgage loans".

- Adjustment due to credit holidays

The way the impact of credit holidays has been recognised is presented later in this Chapter.

- Valuation of the portfolio of loans dedicated to pooling to Mortgage Bank

In the case of the portfolio of mortgage loans in PLN, which will be subject to sale (pooling) to Mortgage Bank in the future, it is measured at fair value through other comprehensive income.

The fair value of the loans is calculated as the sum of discounted cash flows from principal repayments and interest payments on individual accounts.

Key assumptions:

- i) for loans, the starting point for determining the projected cash flows (interest and principal installments) are the schedules of principal and interest
- ii) the calculation of the discount rate adopted to estimate the value of cash flows takes into account: the WIBOR reference rate, the calibration margin determined on the basis of the latest production of the mortgage loan portfolio analogous to the valued portfolio, the cost of risk of the valued portfolio and the percentage of prepayment adjustment.
- Provisions for potential returns of costs associated with loans in case of early repayment

Taking into consideration The Court of Justice of the European Union verdict, in which it stated that consumer has rights to demand the reduction of the total loan cost corresponding to interest and costs for the remaining term of the agreement in case of early repayment of loan, Bank creates a provision for potential returns to the clients. The provision is estimated based on the maximum amount of potential returns and the probability of payment being made.

- **Other Estimate Values**

Retirement provision is calculated using an actuarial method by an independent actuary as the present value of future liabilities of the Bank due to employees based on headcount and remuneration as of the date of the update. The estimation of the provision is made on the basis of several assumptions, regarding macroeconomic conditions and employee turnover, mortality risk and other.

With regard to employee benefits, such as bonuses granted to directors and key management personnel, bonuses for employees, the Management Board makes assumptions and estimates regarding the amount of benefits as at the balance sheet date. The final amount of bonuses granted is established by Personnel Committee of the Management Board or Personnel Committee of the Supervisory Board.

Financial assets and liabilities

Classification

In accordance with the IFRS 9 requirements financial assets are classified at the moment of their initial recognition into one of three categories:

- 1) Financial assets valued at amortised cost (herein from „AC” – Amortised Cost),
- 2) Financial assets valued at fair value through profit & loss (herein from „FVTPL”),
- 3) Financial assets valued at fair value through other comprehensive income (herein from „FVTOCI”).

The classification of financial instruments into one of the above categories is performed based on:

- 1) The business model of managing financial assets,
The assessment of the business model is aimed at determining whether the financial asset is held:
 - to collect contractual cash flows resulting from the contract,
 - both in order to collect contractual cash flows arising from the contract and the sale of a financial asset or
 - for other business purposes.
- 2) Test of contractual cash flow characteristics connected with financial assets (herein from „SPPI test”).
The purpose of the SPPI test (Solely Payment of Principal and Interest) is to assess the characteristics of contract cash flows in order to verify if:
 - The contractual terms trigger, at specific dates, certain cash flows which constitute solely a payment of principal and interest on such principal,
 - The principal constitutes the fair value of a loan at the moment of its recognition,

- The interest reflects the value of money over time and credit risk, liquidity risk, the Bank's margin and other administrative costs connected with the value of the principal outstanding at any given moment.

Financial instruments are classified at the moment of recognition or significant modification of the instrument. A change in the classification of financial assets is caused by a change in the business model. Reclassification is made prospectively, i.e. it does not affect fair value measurements, write-downs or accrued interests recorded to the date of reclassification.

Business Models of the Bank

In accordance with IFRS 9 the manner of assets management may be assigned to the following models:

- 1) Held To Collect (herein from „HTC”),
- 2) Both Held to Collect and for Sale (herein from “HTC&FS”),
- 3) Other models, e.g. trading activity, management of assets based on fair value fluctuations, maximising cash flows through sales.

Held To Collect Model (HTC)

Model characteristics:

- 1) The objective of the model is to hold financial assets in order to collect their contractual cash flows,
- 2) Sales are infrequent,
- 3) In principle, lower levels of sales compared to other models (in terms of frequency and volume).

Conditions allowing sale in the HTC model:

- 1) Low frequency,
- 2) Low volume,
- 3) Sale connected with credit risk (sale caused by the deterioration of the credit quality of a given financial asset to a level at which it no longer meets the investment policy requirements).

A sale having at least one of the above features does not preclude qualifying a group of assets in the HTC module.

Impact on classification and valuation:

Instruments assigned to the HTC model are classified as valued at amortised cost (AC) on condition that the criteria of the SPPI Test are met. The value of instruments is calculated based on effective interest rate which is applied to determine interest income and then adjusted for impairment allowances reflecting expected credit losses. Consequently, subject to valuation at amortised cost is the Bank's credit portfolio (except loans not meeting the SPPI test) and debt securities issued by local government units (municipal bonds portfolio), because these instruments in principle are held by the Bank in order to collect contract cash flows, while sales transactions occur infrequently.

Both Held to Collect and for Sale Model (HTC&FS)

Model characteristics:

- 1) The integral objectives of the business model are both to collect contractual cash flows and sell assets (in particular the model meets the assumptions of HTC&FS, if its objective is to manage current liquidity needs, maintaining the assumed profitability profile, and/or matching the duration of financial assets and liabilities),
- 2) The levels of sales are usually higher than in the HTC model.

Impact on classification and valuation:

In accordance with IFRS 9 instruments assigned to the HTC&FS model are classified as valued at fair value through other comprehensive income (FVTOCI) on condition that the contractual terms of these instruments trigger at particular moments cash flows constituting solely a payment of principal and interest on such principal (the SPPI test is met). These instruments are measured at fair value net of impairment allowances, the fair value result is recognised in other comprehensive income until financial assets is derecognised.

The HTC&FS model is applied mainly to the portfolio of debt government securities and money bills of the National Bank of Poland in particular the liquidity and investment portfolio as well as to the portfolio of mortgage loans dedicated to pooling to Bank Hipoteczny.

Equity instruments (with the exception of related entities) are classified as valued at fair value through profit & loss (FVTPL), provided that entities which manage them do not intend to hold them as a strategic investment, or at fair value through other comprehensive income (FVTOCI) for instruments which are not held for trading purposes. The decision to use the option to value capital instruments at fair value through other comprehensive income is taken by the Bank on the day of the initial recognition of the instrument and constitute an irrevocable designation (even at the moment of selling, the profit/loss on the transaction shall not be recognised in the Profit and Loss Account).

Other models

Model characteristics:

- 1) The business model does not meet the assumptions of the HTC and HTC&FS models.
- 2) The collecting of cash flows on interest and principal is not the main objective of the business model (the SPPI test is not satisfied),

This category should include in particular:

- 1) Portfolios managed in order to collect cash flows from the sale of assets, in particular „held for trading”,
- 2) Portfolios whose management results are evaluated at fair value.

A financial asset should be considered as held for trading, if:

- 1) It was purchased mainly for the purpose of selling in a very short term,
- 2) At the moment of initial recognition it is part of a portfolio of financial instruments managed jointly for which there is evidence confirming a regularity that they have recently actually generated short-term profits, or
- 3) Is a derivative instrument, with the exclusion of derivative instruments included in hedge accounting and being effective hedging instruments.

The term “trading” means active and frequent purchases and sales of instruments. However, these features do not constitute a necessary condition in order to classify a financial instrument as held for trading.

Impact on classification and valuation:

Financial assets kept under models other than HTC or HTC&FS are valued at fair value through profit & loss (FVTPL).

A business model other than HTC or HTC&FS shall apply to portfolios of the following financial assets:

- 1) Derivative instruments,
- 2) Debt securities held for trading,
- 3) Capital instruments not appointed to be a strategic investment,
- 4) Financial assets irrevocably designated at initial recognition to be valued at fair value through profit & loss (even in case the asset does not meet criteria to be FVTPL) in order to eliminate or significantly mitigate accounting mismatch if would appear in case such designation is not made.

Test of characteristics of contractual cash flows (SPPI test)

The evaluation of the fulfilment of the SPPI Test is carried out in the following cases:

- granting a debt instrument;
- purchase of debt instrument;
- renegotiation of contractual terms.

The subject of the SPPI Test are the contractual terms of debt instruments recognised in the balance sheet, whereas the off-balance sheet products are not analyzed.

The SPPI test is carried out at the design stage of the product/loan agreement, which allows making approvals with taking into account the future method of exposure valuation.

As part of the SPPI Test, the impact of the modified element on the cash flows resulting from the concluded contract is assessed. Contract characteristics introducing volatility or cash flow risk not directly related to interest and capital interest payments may be assessed as having no impact on the classification (fulfilment of SPPI criteria) if they are defined as having negligible classification impact (existence of a "de minimis" characteristic) or such impact is not negligible (no "de minimis" character) but can only occur in extremely rare cases (existence of the "not genuine" attribute).

In cases where there is a modification of the time value of money, eg in case where a period of interest rate mismatch with the base rate tenor, in order to verify the fulfilment of the SPPI Test, the Bank performs an assessment based on the Benchmark Test, ie a comparison of the instrument resulting from the contract with the base instrument (which has the same contractual features as the instrument under analysis, with the exception of the time value of money element).

Non-recourse assets (products for which the Bank's claim is limited to certain debtor's assets or cash flows from specific assets), in particular "project finance" and "object finance" products (products in which the borrower, most often a special purpose vehicle is characterized by the minimum level of equity, and the only component of its assets is the credited asset), are assessed by comparing the value of the collateral in relation to the principal amount of the loan. Identification of the appropriate buffer to cover the risk of changes in the value of the collateral satisfies the SPPI Test conditions.

The negative result of the SPPI Test implies the valuation of the debt at FVTPL, causing a departure from the valuation at amortized cost or FVTOCI.

Modifications to the terms of the loan agreement

Modifications to the terms of the loan agreement during the loan period include:

- changing the dates of repayment of all or part of the receivables,
- changes in the amount of the repayment instalments,
- changing the interest or stop charging interest,
- capitalization of arrears or current interest,
- currency conversion (unless such a possibility results from the original contract),
- establishing, amending or abolishing the existing security for receivables.

Any mentioned above modification may result in the need to exclude from the balance sheet and re-classify the financial asset taking into account the SPPI test.

If the contractual terms of the loan are modified, the Bank performs a qualitative and quantitative assessment to determine whether a given modification should be considered significant and, consequently, derecognize the original financial asset from the balance sheet and recognize it as a new (modified) asset at fair value. A significant modification takes place if the following conditions are met:

- quantitative criteria:
 - increase in the debtor's exposure, understood as an increase in the capital of each single credit exposure above 10% compared to the capital before the increase. If the quantitative criterion exceeds 10%, the modification is considered significant, while the occurrence of the quantitative criterion up to 10% results in the modification being considered insignificant.

- extending the financing period, understood as extending the maturity date of the current agreement. The modification is considered significant if the financing period is extended by: 8 years for mortgage loans, 5 years for other credit exposures in the retail segment, 3 years for exposures in the corporate segment.
- qualitative criteria: conversion of the exposure to another currency (unless the possibility of conversion was included in the original agreement), change of SPPI test result, change of debtor, change of legal form or type of financial instrument. The occurrence of a qualitative criterion results in recognizing the modification as significant.

If the cash flows resulting from the agreement are subject to modification, which does not lead to derecognition of a given asset (so called "insignificant modification"), the Bank adjusts the gross carrying amount of the financial asset and recognizes the profit or loss due to insignificant modification in the financial result (in a separate item of the Loss Profit Statement – "result on modification"). The adjustment of the gross carrying amount of a financial asset is the difference between the discounted cash flows before and after the contract modification. All costs and fees incurred adjust the carrying amount of the modified financial asset and are depreciated in the period remaining until the maturity date of the modified financial asset.

Credit Holidays

Following the signing by the President of the Republic of Poland and the announcement in the Journal of Laws of the Republic of Poland of the Act of April 12, 2024 amending the Act on support for borrowers who have taken out a mortgage loan and are in a difficult financial situation and the Act on crowdfunding for business ventures and aid borrowers which, among other things, extends the possibility for borrowers to suspend the repayment of a mortgage loan granted in Polish currency for a period of up to four months (suspension of repayments up to 4 monthly installments), during the year, the Bank recognized an adjustment due to credit holidays, which in the final settlement (the program is already over) charged the Bank's financial result for 2024 by PLN 106.8 million. The credit holidays in 2024 were used by customers holding a total of around 16% of the balance of the PLN mortgage loan portfolio concluded before June 30, 2022 with an original loan amount not exceeding PLN 1.2 million, measured based on the capital balance as at May 31, 2024.

The adjustment was calculated and recognized in accordance with IFRS 9, as a reduction of interest income on assets measured at amortized cost and, on the other hand, reducing the gross value of mortgage loans in PLN.

Pursuant to the concluded agreement, in the event of the entry into force of regulations enabling customers to take advantage of subsequent credit holidays (not mentioned above), Bank Millennium undertakes to return to Millennium Mortgage Bank the equivalent of benefits in the form of lost interest income in connection with the suspension of repayment of loans constituting an element of proceeds from sold mortgage loan portfolios (applies to proceeds from the portfolio that was sold by Bank Millennium to Millennium Mortgage Bank in November 2023 and tranches sold later).

POCI assets

POCI assets ("purchased or originated credit-impaired") are financial assets that, upon initial recognition, have an identified impairment. Financial assets that were classified as POCI at the time of initial recognition are treated by the Bank as POCI in all subsequent periods until they are derecognized from balance sheet, and expected credit loss is estimated based on ECL covering the remaining life time of the financial asset, regardless of future changes in estimates of cash flows generated by them (possible improvement of assets quality).

POCI assets can be created in 3 different ways, i.e.:

- 1) through the acquisition of a contract that meets the definition of POCI (e.g. as a result of the purchase of the "bad credit" portfolio),
- 2) by entering into a contract that is POCI at the time of original granting (e.g. granting a loan to a client in bad financial condition with the hope of improving it in the future)
- 3) through a significant modification of the contract included in stage 3 leading to derecognition of the contract from the balance sheet, and then to its further recognition in the balance sheet as a contract meeting the definition of POCI.

Receivables and liabilities from lease contracts

The Bank is a party to lease contracts, on the basis of which it grants for paid use or benefit of non-current assets or intangible assets for an agreed period of time.

In the case of lease contracts, which result in transferring substantially all risks and rewards incidental to ownership of the asset under lease, the subject of the lease is derecognized. A receivable amount is recognized instead, however, in an amount equal to the present value of minimum lease payments. Lease payments are accounted for (apportioned between the financial income and the reduction of the balance of receivables) to reach constant periodic rate of return from the outstanding receivables.

Lease payments for contracts, which do not fulfil qualifications of a finance lease, are recognized as income in the profit and loss, using the straight-line method, throughout the period of the lease.

The Bank is also a party to lease contracts, under which it takes for paid use or drawing benefits another party's non-current assets or intangible assets for an agreed period. These are mainly rental agreements. In case of these contracts the financial report shows, both assets under the right of use and liabilities under the lease, in separate items of the explanatory notes to the lines "Tangible fixed assets" and "Other liabilities" respectively. On the start date of the lease, lease payments contained in the valuation of the lease liability shall comprise following payments for the right to use the underlying asset during the lease period, which remain due on that date:

- fixed lease payments less any and all due lease incentives,
- variable lease payments, which depend on the index or rate, initially valued with use of this index or this rate in accordance with their value on start date,
- amounts expected to be paid by the lessee under the guaranteed final value,
- the buy option strike price if it can be assumed with sufficient certainty that the lessee will exercise this option,
- monetary penalties for lease termination if it is sufficiently probable that the lessee will exercise the lease termination option.

A right to use asset comprises:

- amount of initial valuation of the lease liability,
- any and all lease payments paid on the start date or before it, less any and all lease incentives received.

Financial result reflects following items:

- depreciation of right to use,
- interest on lease liabilities,
- VAT on rent invoices reported in cost of rent.

The Bank has adopted the following assumptions, based on which lease agreements are carried in financial statements:

- calculation of liabilities and assets will use net values (VAT is excluded) of future cash flows,
- in case of agreements denominated in currency the liabilities will be carried in the original currency of the contract while assets in Polish zloty converted at the rate from date of signing the contract,
- the right to use the asset will be depreciated according to the lease period,
- the Bank uses the option of not recognizing leasing in the case of short-term contracts for space lease and car leasing contracts,

- the Bank also uses the option of not recognizing leasing in the case of leasing assets with a low initial value, such as renting small areas, e.g. for garbage arbors, ramps, ATMs and devices such as coffee machines, water dispensers, audiomarketing and aromatamarketing devices,
- new contracts will be discounted according to the SWAP rate on the day of signing the contract / annex to the contract appropriate for the duration of the contract and applicable for the currency, increased by the margin determined and updated in relation to the risk premium for the financial liabilities incurred by the Bank.

Financial liabilities

Upon initial recognition a financial liability shall be classified as:

- 1) a financial liability measured at fair value through profit loss, or
- 2) other financial liability (measured at AC).

Additionally, financial liabilities shall not be reclassified subsequent to their initial recognition.

Recognition of financial instruments in the balance sheet

The Bank recognizes financial assets or liabilities on the balance sheet, when it becomes a party to the contractual provisions of the instrument. Standardized purchase and sale transactions of financial assets are recognized at the trade date.

All financial instruments at their initial recognition are valued at fair value adjusted, in the case of a financial instrument not valued at fair value through profit or loss, by transaction costs that are directly attributable to the acquisition or issue of the financial asset/liability.

De-recognition of financial instruments from the balance sheet

The Bank derecognizes a financial asset when: the contractual rights to the cash flows from the financial asset expire, or the Bank transfers the financial asset to third party. The transfer takes place when the Bank:

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

On transferring a financial asset, the Bank evaluates the extent to which it retains the risks and rewards of ownership of the financial asset. Accordingly, where the Bank:

- transfers substantially all the risks and rewards of ownership of the financial asset, it derecognises the financial asset from the balance sheet;
- retains substantially all the risks and rewards of ownership of the financial asset, it continues to recognise the financial asset in the balance sheet;
- neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, it determines whether it has retained control of the financial asset. In this case if the Bank has retained control, it continues to recognise the financial asset in the balance sheet to the extent of its continuing involvement in the financial asset, and if the Bank has not retained control, it derecognises the financial asset accordingly.

The Bank removes a financial liability (or a part of a financial liability) from its balance sheet when the obligation specified in the contract is discharged or cancelled or expired.

Hedge Accounting and Derivatives

Valuation at fair value

Derivative instruments are reported at fair value starting from the day of conclusion of the transaction. Fair value is determined on the basis of quotations of instruments on active markets, including pricing of recently concluded transactions. A market is considered as active when the quoted instrument prices are regularly available and result from actual transactions on the market and represent a level, at which the Bank could conclude such transactions. If the market for the instruments is not active the Bank determines fair value with use of measurement techniques, including models based on discounted cash flows and options measurement models. The measurement techniques used by the Bank are based on maximum use of input data coming from the active market, such as interest rates, FX rates and implied volatilities. In case of lack of input data from the active market the Bank makes use in the measurement techniques of proprietary estimates of measurement parameters, based on best knowledge and experience.

An additional element of the valuation of derivatives is a component of credit risk including both the risk of the counterparty (credit value adjustment - CVA) and own Bank's risk (debit value adjustment - DVA).

Recognition of derivative instruments embedded in liabilities

The Bank distinguishes and records in the balance sheet the derivatives which are a component of hybrid instruments. A hybrid agreement contains an underlying (host) contract classified into financial liabilities (not being a derivative) and an embedded derivative which on the basis of a specific interest rate, price of financial instrument, price of a commodity, rate of a currency, index of prices or rates or another variable modifies part or the total of the cash flows resulting from the underlying contract.

Embedded derivative instruments are treated as stand-alone derivative instruments provided they meet conditions presented below. Embedded derivative instruments are valued at fair value, and their changes are recognized in the profit and loss. Embedded derivative instruments are recognized and valued separately from the host contract if, and only if:

- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract,
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- the hybrid (combined) financial instrument is not measured at fair value with changes in fair value recognized in profit or loss.

The method of recognizing the resulting fair value gain or loss depends on whether the given derivative instrument is designated as a hedging instrument, and if it is, it also depends on the nature of the hedging relationship and the hedged item.

Derivative instruments designated as hedging instruments – hedge accounting

The Bank uses derivative instruments in order to hedge against interest rate risk and FX risk arising from operating, financing and investing activities of the Bank. Some derivative instruments are designated as a hedging instrument of:

- cash flows hedges of recognized asset or liability or highly probable forecasted transaction (cash flow hedges), or:
- fair value hedges of recognized asset or liability or firm commitment (fair value hedges).

The Bank applies IAS 39 requirements for hedge accounting.

Hedge accounting criteria

The Bank uses hedge accounting, based on IAS 39, if the following conditions are met:

- At the inception of the hedge there is formal designation and documentation of the hedging relationship and the Bank's risk management objective and strategy for undertaking the hedge. That documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged. It documents also, at the inception of the hedge and through the period of hedge relationship, the assessment of the hedging instrument's effectiveness in offsetting the exposure to changes in fair value or cash flows of the hedged item;
- The hedge is expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk, consistently with the originally documented risk management strategy for that particular hedging relationship (prospective effectiveness test);
- For cash flow hedges, a forecast transaction that is the subject of the hedge must be highly probable and must present an exposure to variations in cash flows that could ultimately affect profit or loss (high probability test);
- The effectiveness of the hedge can be reliably measured, i.e. the fair value or cash flows of the hedged item that are attributable to the hedged risk and the fair value of the hedging instrument can be reliably measured;
- The hedge is assessed on an ongoing basis and determined actually to have been highly effective throughout the financial reporting periods for which the hedge was designated (backward-looking effectiveness test).

Cash flow hedge

Cash flow hedge: a hedge of the exposure to variability in cash flows that (i) is attributable to a particular risk associated with a recognised asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction and (ii) could affect profit or loss.

A cash flow hedge is accounted for as follows: the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in equity through the other comprehensive income; and the ineffective portion of the gain or loss on the hedging instrument is recognised in Result on hedge accounting.

The associated gains or losses that were recognised in other comprehensive income (effective hedge), at the moment of recognition of a financial asset and liability being a result of planned hedged future transaction, are transferred into profit or loss in the same period or periods during which the asset acquired or liability assumed affects the profit or loss.

In case of a hedge of non-financial asset or a non-financial liability, the associated gains and losses recognised in other comprehensive income as an effective hedge, are transferred successively into the profit or loss account in the same period or periods during which the asset acquired or liability assumed affects the profit or loss account directly from equity or are transferred from equity to initial purchase price in the balance sheet and recognized successfully in the periods, in which non – financial asset or liability has impact on profit and loss account.

Fair value hedge

Fair value hedge: a hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect the profit or loss.

Changes in the fair value of derivative instruments classified and eligible as fair value hedges are recognised in the Profit and Loss along with their corresponding changes of the hedged asset or liability relating to the risk hedged by the Bank.

It means that any gains or losses resulting from re-measuring the hedging instrument at fair value (for a derivative hedging instrument) are recognised in profit or loss and the gains or losses on the hedged item attributable to the hedged risk adjust the carrying amount of the hedged item and are recognised in profit or loss. This applies if the hedged item is otherwise measured at cost. Recognition of the gain or loss attributable to the hedged risk in profit or loss applies if the hedged item is an FVOCI asset. The valuation of hedged financial assets classified as FVOCI, resulting from factors other than risk hedged, is recognized in other comprehensive income till the date of sale or maturity of this financial asset.

Termination of hedge accounting

If the fair value hedge no longer meets the criteria for applying hedge accounting, the carrying value adjustment of the hedged instrument valued at amortized cost and effective interest rate, is linearly amortized through profit and loss account over the period ending on the maturity date. The value of hedged financial assets classified as FVOCI resulting from factors other than hedged risks is recognized in the revaluation reserve till the date of sale or maturity of this financial asset.

If the cash flow hedge no longer meets the criteria for hedge accounting, the valuation of hedging instrument recognized in other comprehensive income at the date of the last effectiveness test remains in equity until the realization of cash flow resulting from the hedged item. Then the amount is transferred into profit and loss account in the periods, in which the hedged transaction influences the profit and loss account.

Derivative instruments not qualifying as hedging instruments

Derivative instruments that are not subject to hedge accounting principles are classified as instruments held for trading, and valued at fair value. The changes in fair value of derivative instruments held for trading are recognized in the profit and loss in item "Results on financial assets and liabilities held for trading"/"Result on exchange differences", which was described below.

The Bank uses the following principles of recognition of gains and losses resulting from the valuation of derivative instruments:

- FX forward

Forward transactions are valued at fair value on discounted future cash flows basis, taking into account the credit risk of the counterparty (and the Bank). Any changes in fair value of FX forward transactions are recorded in "Result on exchange differences" of the Profit and Loss Account.

Moreover the Bank designated selected FX forward transactions as hedging instruments. The method of capturing and valuating hedging financial instruments was described in the part on hedge accounting.

- FX SWAP

FX SWAP transactions are measured at fair value based on the discounted future cash-flow method with use of interest rate curves based on spread reflecting current market conditions and with taking into account the credit risk of the counterparty (and the Bank). Changes of fair value of FX SWAP transactions are reported in "Results on financial assets and liabilities held for trading" in the Profit and Loss Account.

- Interest Rate SWAP (IRS)

IRS transactions are valued at fair value on discounted future cash flows basis, taking into account the credit risk of the counterparty (and the Bank). Any changes in fair value of IRS transactions are recorded in "Results on financial assets and liabilities held for trading" of the Profit and Loss Account.

Moreover the Bank designated selected IRS transactions as hedging instruments. The method of capturing and valuating hedging financial instruments was described in the part on hedge accounting.

- **Cross – Currency Swap (CCS)**

CCS transactions are measured at fair value based on the discounted future cash-flows method with use of interest rate curves adjusted with market spread reflecting its term structure and with taking into account the credit risk of the counterparty (and the Bank). Changes of fair value of CCS transactions are reported in “Results on financial assets and liabilities held for trading”.

Moreover the Bank designated selected CCS transactions as hedging instruments. The method of recognition and measurement of hedging instruments was described in the part devoted to hedge accounting.

- **IRS transactions with embedded options**

The transactions are valued at fair value: the swap component is valued with use of the future cash flows discounting method taking into account the credit risk of the counterparty (and the Bank), while the option component is valued with use of the option valuation models. Any changes in fair value of the above transactions are recorded in “Results on financial assets and liabilities held for trading” of the Profit and Loss Account. The option component hedges options embedded in securities or deposits offered by the Bank.

- **FX and Index options**

Option transactions are measured at fair value with use of option measurement models. In case of options issued by the Bank’s counterparties, the model measurement is supplemented with impact on fair value of the estimated credit risk parameter. Changes of fair value of options are reported in “Results on financial assets and liabilities held for trading” line of the Profit and Loss Account.

- **Forward Rate Agreement (FRA)**

FRA transactions are valued at fair value on discounted future cash flows basis and with taking into account the credit risk of the counterparty (and the Bank). Any changes in fair value of FRA transactions are recorded in “Results on financial assets and liabilities held for trading” of the Profit and Loss Account.

- **Commodity futures**

Commodity futures are measured at fair value based on the discounted future cash flow methodology, using reference prices set at the LME reference market (London Metal Exchange), whereas the Bank does not keep own positions on the commodity market. Changes of fair value are reported in “Results on financial assets and liabilities held for trading” of the Profit and Loss Account.

- **Commodity options**

Commodity options are measured at fair value with use of option valuation models as well as reference prices set at the LME reference market (London Metal Exchange), whereas the Bank does not keep own positions on the commodity market. Changes of fair value are reported in “Results on financial assets and liabilities held for trading” of the Profit and Loss Account.

Impairment of financial assets

General assumptions of the model

The impairment estimation model is based on the concept of *expected credit loss* (ECL). The impairment allowances calculated in line with this concept also incorporate forecasts and expectations regarding future economic conditions that may affect the credit risk level of an exposure. The implemented impairment model applies to financial assets classified under IFRS 9 as financial assets measured at amortised cost or at fair value through other comprehensive income (excluding equity instruments), as well as off-balance-sheet liabilities.

Credit exposures are classified into the following categories:

- **Stage 1** – exposures without impairment, for which the expected credit loss is estimated over a 12-month horizon,
- **Stage 2** – exposures without impairment, for which a significant increase in credit risk has been identified, and for which the expected credit loss is calculated over the lifetime of the financial asset,
- **Stage 3** – exposures with identified evidence of impairment, for which the expected credit loss is calculated over the lifetime of the financial asset.

In addition, a separate category **POCI** (purchased or originated credit-impaired) is distinguished. These are assets recognised on initial recognition as credit-impaired, and the expected credit loss is calculated on a lifetime ECL basis.

Identification of Significant Increase in Credit Risk

Assets for which a significant increase in credit risk has been identified compared to the moment of initial recognition are classified into Stage 2. A significant increase in credit risk is identified based on qualitative and quantitative criteria.

Qualitative criteria include:

- payment delays exceeding 30 days (without a materiality threshold for the amount of delay),
- exposures with granted forbearance measures where no impairment triggers are identified,
- use of the Borrower Support Fund for retail clients,
- attachments on current accounts resulting from enforcement titles,
- procedural rating reflecting initial payment delays,
- decisions limiting credit risk under the early warning system for corporate clients,
- listing a corporate client on the Watch List.

The quantitative criterion consists in comparing the lifetime probability of default (PD) determined at the moment of the initial recognition of the financial asset in the balance sheet with the PD value as at the current reporting date. If the relative change in PD exceeds the threshold defined for a given exposure category, the exposure is transferred to Stage 2. Corporate exposures are additionally subject to an assessment of the absolute change in lifetime PD. Detailed information on the applicable thresholds is presented in **chapter 8.3 “Credit risk,”** in the subsection “Policy on impairment and allowance recognition.”.

Incorporation of Forward-Looking Information (FLI)

In the ECL calculation process, the Group uses forward-looking information regarding future macroeconomic events. The Macroeconomic Analysis Office prepares three scenarios (baseline, optimistic and a mild recession) and assigns probabilities to each. These forecasts directly or indirectly affect the estimated parameter values and exposure amounts. The forecasts are used to calibrate the models applied in the calculation of expected credit losses within the so-called FLI component. Detailed data on the scenarios and their assigned weights have been presented in **chapter 8.3 ‘Credit Risk’**, in the subsection ‘Incorporation of macroeconomic forecasts into impairment estimation models’.

Harmonisation of the Default Definition Across the Group

The Group has adopted a unified definition of default for both capital requirement calculations and impairment estimation. The Group follows the EBA guidelines (EBA/GL/2016/07) – the so-called *New Definition of Default*.

The harmonised default definition includes:

- payment delay exceeding 90 days, considering materiality thresholds: PLN 400 for retail exposures, PLN 2,000 for corporate exposures, and a relative threshold of 1% of the client's total exposure,
- restructuring of an exposure (forbearance),
- terminated agreements and exposures under collection processes,
- consumer bankruptcy,
- indicators of corporate insolvency, such as:
 - filing for arrangement approval,
 - court order approving an arrangement,
 - announcement of simplified restructuring proceedings,
 - filing for / court opening of accelerated arrangement proceedings, arrangement proceedings or rehabilitation proceedings,
 - filing for / court opening of bankruptcy proceedings,
- credit fraud,
- qualitative impairment triggers identified through individual analysis for corporate clients (the list of indicators is provided in **chapter 8.3 'Credit Risk'**, in the subsection 'Impairment assessment under the individual analysis approach').

The Bank applies the *cross-default* principle to all segments.

PD Model

The PD model used to calculate expected credit losses is based on empirical data on 12-month default rates. These are then used, through statistical and econometric methods, to estimate lifetime PD values (including macroeconomic FLI forecasts).

LGD Models

For retail portfolios, the main LGD model components include: cure rate, recovery rate estimated from discounted cash flows, and recoveries from collateral realisation. The model reflects the current economic environment (point-in-time concept) and incorporates macroeconomic forecasts (FLI).

For corporate portfolios, the LGD model is based on recoveries from key collateral types and factors reflecting other collateral types, including self-repayments. All parameters are based on historical discounted cash flow data obtained by the corporate debt recovery unit.

EaD Model

The EaD model covers calculation of parameters such as: credit conversion factor, prepayment rate, and expected lifetime of exposures for products without repayment schedules. Segmentation is based on client type (retail, corporate) and product type (with/without schedule). The model incorporates FLI macroeconomic forecasts.

The forecasts of the macroeconomic variables used in the models are presented in **chapter 8.3 'Credit Risk'**, in the subsection 'Incorporation of macroeconomic forecasts into impairment estimation models', while information on the variables used for model segmentation is provided in the subsection 'Collective analysis of the loan portfolio'.

Write-offs

The Bank directly reduces the gross carrying amount of a financial asset if there are no reasonable grounds to recover a given financial asset in whole or partially. As a result of write-off, a financial asset component ceases, in whole or partially, to be recognized in the financial statements. The indicators of uncollectibility of receivables and the amounts of receivables written off from the balance sheet are described in **chapter 8.3 'Credit Risk'**, in the subsection 'Write-off policy'.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Transactions with sell/buy-back clauses

Repo and sell-buy back transactions as well as reverse-repo and buy-sell back transactions, are transactions of sale and purchase of securities for which a commitment has been made to repurchase or resell them at a contractual date and for specified contractual price.

The Bank presents financial assets sold with the repurchase clauses (repo, sell buy-back) in its balance sheet, by simultaneously recognizing a financial liability resulting from the repurchase clause, provided that risks and rewards relating to this asset are retained by the Bank after the transfer.

When the Bank purchases securities with a sell back clause (reverse repo, buy-sell-back), the financial assets are presented as receivables arising from sell back clause.

Repurchase transactions are classified as held for trading or measured at amortised cost (depending on the portfolio classification of the security underlying the transaction). Securities, which are the subjects of transactions with buy-back clause, are not removed from the balance sheet and are measured in accordance with principles applicable for particular securities portfolio. The difference between sale and repurchase price is treated as interest cost/ income, and is accrued over the period of the agreement by application of an effective interest rate.

Property, plant and equipment and Intangible Assets

Own property, plant and equipment

Tangible fixed assets are the controlled fixed assets and outlays made to build such assets. Tangible fixed assets include fixed assets with an expected period of use above one year, maintained to be used to serve the Bank's needs or to be transferred to other entities, based on the lease contract or for administrative purposes.

Tangible fixed assets are reported at historical cost less depreciation and impairment presented under 'Impairment losses on non-financial assets' in the Statement of Profit or Loss.

Fixed assets under construction are disclosed at purchase price or production costs and are not subject to depreciation.

The Bank recognizes as a part of the asset's carrying value, the replacement costs as incurred, only when it is probable that future economic benefits associated with these items will flow to the Bank, and the cost of the item can be reliably measured. Other outlays are recognised in profit and loss when incurred.

Costs of repairs and maintenance of property, plant and equipment are charged to the profit and loss in the reporting period in which they were incurred.

All tangible fixed assets are subject to periodic review in order to verify whether there were triggers indicating possible loss of values, which would require a test for the loss of values and an impairment recognition.

Intangible Assets

An intangible asset is an identifiable non-pecuniary asset which does not have physical form and will generate economic benefits for the Bank in the future.

The main components of intangible assets are licenses for computer software.

Purchased licenses for computer software are capitalized at the cost of acquisition and preparation for use, taking into account impairment losses presented under 'Impairment losses on non-financial assets' in the Statement of Profit or Loss.

Expenditures related to the enhancement or maintenance of computer software are recognized as expenses when incurred.

Other intangibles purchased by the Bank are recognized at cost less accumulated amortization and accumulated impairment.

Subsequent costs incurred after initial recognition of acquired intangible assets are recognized only when it is probable that future economic benefits will flow to the Bank. In the other cases, costs are charged to the profit and loss in the reporting period in which they were incurred.

All intangible assets are subject to periodic review in order to verify whether there were triggers indicating possible loss of values, which would require a test for the loss of values and an impairment recognition.

Depreciation and amortization charges

The depreciation charge of tangible and intangible assets is accounted for on a straight line basis with the use of defined depreciation rates throughout the period of their useful lives. The depreciable amount is the cost of an asset, or other amount substituted for cost, less its residual value. The useful life, amortization/ depreciation rates and residual values of tangible and intangible assets are reviewed annually. Conclusions of the review may lead to a change of depreciation periods recognized prospectively from the date of application.

Land, an intangible asset with an unspecified useful life, outlays for tangible assets and intangible assets are not depreciated. At each balance sheet date intangible assets with indefinite useful life are regularly tested for impairment.

The following depreciation rates are applied to basic categories of tangible and intangible assets and for investment property:

Selected categories of property, plant and equipment:

- Bank buildings: 2.5%
- Lease holding improvements: usually for 10 years
- Computer hardware: 20%
- Network devices: 20%
- Vehicles as standard: 25%
- Telecommunication equipment: in the range 10%-20%
- Intangibles (software): expected useful life
- Main applications (systems): expected useful life

Depreciation and amortization charges are recognized as operating expenses in the profit and loss account.

Non-current assets held for sale

The Bank classifies a non-current asset as held for sale, if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and its sale is highly probable. The sale is highly probable if the appropriate level of management is committed to a plan to sell the asset (or disposal group), and an active programme to locate a buyer and complete the plan has been initiated. Further, the asset is actively marketed for sale at a price that is reasonable in relation to its current fair value. In addition, the sale is expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets held for sale are measured at the lower of: its carrying amount or fair value less cost to sell. Assets classified in this category are not depreciated.

When criteria for classification to non-current assets held for sale are not met, the Bank ceases to classify the assets as held for sale and makes reclassification to other assets category. The Bank measures a non-current asset that ceases to be classified as held for sale at the lower of:

- its carrying amount before the asset (or disposal group) was classified as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset (or disposal group) not been classified as held for sale, and
- its recoverable amount at the date of the subsequent decision not to sell.

Impairment of non-financial non-current assets

The Bank assesses the existence of any indications that a non-current asset may be impaired at each balance sheet date. If such indications exist, the Bank estimates the recoverable amount of the asset and if the recoverable amount of an asset is less than its carrying amount, the Bank recognizes impairment charge in the profit and loss (under the 'Impairment losses on non-financial assets' line item).

The impairment loss is the difference between the carrying amount and the recoverable amount of the asset. Recoverable amount is the higher of an asset's fair value less cost to sell and its value in use. Value in use is established for particular assets, if a given asset generates cash flows substantially independent of those generated by other assets or groups of assets.

If such indications exist, the Bank performs an estimation of recoverable value. If, and only if, the recoverable value of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable value.

If pursuant to IAS 36, paragraph 21 there is no reason to believe that an asset's value in use materially exceeds its fair value less costs to sell, the asset's fair value less costs to sell may be used as its recoverable amount. This will be particularly the case of an asset that is held for disposal.

An impairment loss can be reversed only to the amount, where the book value of impaired asset does not exceed its book value, which decreased by depreciation charge, would be established, if any impairment loss would not be recognized.

Other Assets

Other assets are presented at nominal value, taking into account impairment losses, except for receivables due from Société Générale S.A. under an "CHF Portfolio Indemnity and Guarantee Agreement", which are recorded in the amount of the legal risk reserve, taking into account the credit risk component of Société Générale S.A. (apart from settlements resulting from the realization of the reserve, which correspond to the costs incurred). The methodology for creating provisions for legal risk related to the mortgage loan portfolio, including, among others, the former Euro Bank denominated in CHF or denominated in PLN but indexed to CHF, is described in **Chapter 12 "Legal risk related to foreign currency mortgage loans"**, while information on the genesis of these receivables is included under **Note 29 Other Assets in Chapter 13 "Additional Explanatory Notes"**.

For financial assets presented under 'Other assets', impairment allowances are recognised using the simplified approach, which means that upon identifying an expected credit loss, the entire lifetime expected loss is measured and recognised immediately.

Deferred costs (assets) refer to those expenses that will be charged to the profit and loss account over time in future reporting periods.

Receivables are recognised when the performance obligations have been satisfied, in the amount of the remuneration (or the relevant portion thereof) due, as a receivable of the Bank and as income in the Statement of Profit or Loss.

Accruals and Deferred Income

Accruals are liabilities for costs arising from services provided to the Group, which will be payable over future periods. The accruals are recognized in the caption "Other Liabilities" in the balance sheet. Deferred income comprises among others received amounts of future services and other types of income received in advance to be settled against in the profit and loss in future reporting periods. They are presented in the caption "Other Liabilities" in the balance sheet.

Provisions

Provisions are established when (1) the Bank has an obligation (legal or constructive) as a result of past events, and (2) it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and (3) a reliable estimate can be made of the amount of the obligation. If the effect is material, the amount of provision is measured by discounted, expected cash flows using pre-tax rate that reflects current market assessments of the time value of money and those risks specific to the liability.

A provision for restructuring costs is recognised only when the general criteria for provisions recognition as well as specific criteria for restructuring provision recognition specified in IAS 37 are met. In particular, the constructive obligation to restructure arises only when the Bank has a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it would carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A detailed formal plan for the restructuring identifies at least: the business or part of a business concerned; the principal locations affected; the location, function, and approximate number of employees who will be compensated for terminating their services; the expenditures that will be undertaken; and when the plan will be implemented.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both: (a) necessarily entailed by the restructuring; and (b) not associated with the ongoing activities of the entity. The restructuring provision does not cover future operating expenses.

Employee Benefits

Short-term employee benefits

Short-term employee benefits of the Bank (other than termination benefits due wholly within 12 months after work is completed) comprises of wages, salaries, bonuses and paid annual leave and social security contributions.

The Bank recognizes the anticipated, undiscounted value of short-term employee benefits as an expense of an accounting period when an employee has rendered service (regardless of payment date) in correspondence with other on-balance liabilities.

The amount of short-term employee benefits on the unused holidays to which Bank employees are entitled is calculated as the sum of unused holidays to which particular Bank employees are entitled.

Long-term employee benefits

The Bank's liabilities on long-term employee benefits are equal to the amount of future benefits, which the employee will receive in return for providing his services in the current and earlier periods, which are not fully due within 12 months from carrying out the work. In accordance with the Employees Remuneration By-laws and the Labour Code employees having worked a specific number of years and attained the required age are entitled to receive a pension severance payment. Retirement pension severance payments provision is calculated using an actuarial method by an independent actuary as the present value of the Bank's future liabilities due to employees according to the headcount and wages as at the date of revaluation. Valuation is done using the projected unit credit method. Under this method, each period of service gives power to an additional unit of benefit entitlement and each unit of benefit is calculated separately. Computation takes into account that the base salary of each employee will vary over time according to certain assumptions. The provision is updated on an annual basis. The parameters that have a significant impact on the amount of current liabilities are: the rate of mobility (rotation), the discount rate, the rate of wage growth. The nominal discount rate for the calculation for year 2025 was set at 5.0% (compared with 5.61% for 2024). The calculation of the commitments is made for employees currently employed and do not apply to persons who will start working in the future.

In 2012, as subsequently amended, the Bank implemented a policy defining the remuneration rules (including variable remuneration components) for individuals who have a material impact on the Bank Millennium's risk profile.

The components of share-based payments under the incentive program for eligible participants, which are to be settled in shares, are recognized as expenses over the vesting period based on their fair value.

The details of the Policy are presented **in point 7), Chapter 14** of these financial statements.

Provisions for short-term and long-term employee benefits (excluding provisions for retirement severance payments) are recognised under the 'Other liabilities' line of the balance sheet, with a corresponding entry in staff costs in the Statement of Profit or Loss.

The provision for retirement severance payments is recognised under the 'Provisions' line in the Bank's balance sheet, with a corresponding entry in staff costs in the Statement of Profit or Loss.

The Bank fulfils a programme of post – employment benefits called defined contribution plan. Under this plan the Bank pays fixed contributions into the state pension fund. Post – employment benefits are paid to an employee from the proceeds of the fund including the return on the invested contributions. Consequently, the Bank does not have a legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service.

Bank's Equity

Equity consists of capital and funds established in compliance with the respective provisions of the law, i.e., the appropriate legislative acts, the Company by-laws, or the Articles of Association.

Equity is comprised of the share capital, share premium, revaluation reserve and retained earnings. All balances of capital and funds are presented at nominal value.

Share Capital

Share capital is presented at nominal value, in accordance with the Articles of Association and the entry in the Register of Companies.

If the entity acquires its own shares, then the paid amount together with the costs directly attributed to such purchase is treated as a change in the Equity. Acquired own shares are treated as own shares and disclosed as reduction of the Equity until the time they are cancelled.

Dividends for the financial year, which have been approved by the General Shareholders' Meeting, but not distributed as of the balance sheet day, are disclosed in the caption „Other Liabilities” in the balance sheet.

Share Premium

Share premium is formed from agio obtained from the issue of shares reduced by the attached direct costs incurred with that issue.

Accumulated other comprehensive income

Accumulated other comprehensive income consists of: the valuation of financial assets measured at fair value through other comprehensive income, the result of cash flow hedge valuation and actuarial gains (losses) regarding provisions for retirement benefits with deferred income tax effect applied. Accumulated other comprehensive income is not subject to distribution.

Retained Earnings

Retained earnings are created with charges against profit and are allocated for purposes specified in the Articles of Association or other legal regulations (the remaining part of supplementary capital, additional reserve capital, including general banking risk fund) or constitute previous years' profit/loss or year-to-date net financial result.

The General Banking Risk Fund at Bank Millennium SA is created from profit after tax in accordance with the Banking Act dated 29 August 1997 as later amended.

Net profit of the current year represents net profit adjusted by corporate income tax. Losses attributed to non-controlling interests and exceeding the value of equity attributed to them are charged to the Bank's equity.

Financial guarantee

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

The financial guarantees granted are valued at the higher of the following values:

- amounts of write-offs for expected credit losses,
- the amount initially recognized less the cumulative amount of income recognized in accordance with IFRS 15.

Interest income and other of similar nature

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

The effective interest rate method is a method of calculating the amortized cost of a financial asset or financial liability and the allocation of interest cost or interest income and certain commissions (constituting an integral part of the interest rate) to the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash flows (in the period until the financial instrument expires) up to the gross carrying amount of the asset / amortised cost of the liability. When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of a given financial instrument, without taking into account possible future losses due to unpaid loans. This calculation includes all fees paid or received between parties to the contract, which are an integral part of the effective interest rate, and transaction costs and all other differences due to the premium or discount.

Interest income includes interest and commissions (received or due) included in the calculation of the effective interest rate on: loans, interbank deposits and debt securities not classified into held for trading category. Interest income also includes costs directly related to the conclusion of a loan agreement borne by the Group (mainly commissions paid to external and own agents for concluding a mortgage agreement and related property valuation costs related to this type of contract) that are a component of the effective interest rate and are settled in time.

Upon recognizing the impairment of a financial instrument measured at amortized cost and financial assets measured at fair value through other comprehensive income, interest income is recognized in the Profit and Loss Account but is calculated on the newly established carrying amount of the financial instrument (that is, less impairment).

Interest income also includes net interest income on derivative instruments designated and being effective hedging instruments in hedge accounting (a detailed description of the existing hedging relationships is included in **note (24)**).

Interest income and costs on derivatives classified as held for trading as well as interest income and the settlement of a discount or premium on debt financial instruments classified as held for trading are recognized under the item "Result of similar nature to interest from financial assets at fair value through profit and loss" of the Profit and Loss Account. This item also includes interest income arising from assets that are measured at fair value through profit and loss.

Interest costs

Interest costs include in particular interest resulting from financial instruments measured at amortized cost using the effective interest rate method described above.

Fee and commission Income/ Fee and commission Costs

Fee and commission income and expenses charged on a monthly basis, arising from account and payment card operations and brokerage activities, are recognised on a cash basis. All other fees and commissions are accrued over time.

The basic types of commissions related to credit operations in the Bank include among others: loan origination fees and commissions, and commitment fees.

Fees and commissions (both income and expense) directly attributable to initial recognition of financial assets with established repayment schedules are recognized in profit and loss account as effective interest rate component and are part of interest income. Other, attributed to initial recognition of financial assets without established repayment schedules are amortized on a straight-line basis through the expected life of the financial instrument as commissions income. Fees and commissions on pledge to grant a loan, which is probable to be drawn, are deferred and since initial recognition of financial assets are amortized as component of effective interest rate or on a straight-line basis based on above mentioned criteria. In the case of loans and advances with undetermined instalment payments and changes in interest, e.g. overdraft facilities and credit cards commissions are settled over the duration of the card or overdraft limit by the straight-line method and included in commission income.

In connection with the Bank's bancassurance activity (selling insurance services), based on the criterion how the income from aforementioned activity is recorded, two groups of products can be identified.

The first group consists of insurance products without direct links with the financial instrument - in this case the Bank's remuneration is recognised as income after performance of a significant act, i.e. in a date of commencement or renewal of insurance policies, taking into account provisions for thinkable returns.

In the second group (where there is a direct link to a financial instrument, particularly when the insurance product is offered to the customer only with credit product, i.e. there is not possibility to buy from the bank separately, without a credit product, the same insurance product in terms of form, legal and economic conditions) two sub-groups can be identified:

- a) In the case of insurance for which the insurance premium is collected monthly, the remuneration is recognised in the profit and loss account as commission income at the time the remuneration is received.
- b) In insurance for which the insurance premium is charged once for an insurance period longer than one month, the Bank allocate the total value of remuneration for combined transaction due to their respect for the individual elements of the transaction, after deducting by provision on the part of the remuneration to be reimbursed, for example as a result of the cancellation by the customer with insurance, prepayments or other titles. Provision estimate is based on an analysis of historical information about the real returns in the past and predictions as to the trend returns in the future.

Allocation of remuneration referred to above is based on the methodology of "relative fair value" involving division of the total remuneration pro rata to, respectively, fair value of remuneration with respect to financial instrument and fair value of intermediation service. Determination of the above fair values is based on market data including, in particular, for:

- Intermediation services – upon market approach involving the use of prices and other market data for similar market transactions,
- Remuneration relative to financial instrument – upon income approach based on conversion of future amounts into present value using information on interest rates and other charges applicable to identical or similar financial instruments offered separately from the insurance product.

Individual, separated elements of a given transaction or several transactions considered jointly are subject to the following income recognition principles:

- Fees charged by insurance agencies – partially including fee for performance of a significant act, recognised in revenue on the day of commencement or renewal of insurance policy.
- Fees/charges constituting an integral part of effective interest rate accruing on financial instrument – treated as adjustment of effective interest rate and recognised under interest income.

The above provision applies to historically collected commissions, which are still settled according to these rules.

Currently, the Bank's offer does not include any insurance for which the premium is charged once in advance for an insurance period longer than one month.

Remaining fees and commissions connected with financial services offered by the Bank, such as:

- Asset management services;
- Services connected with cash management;
- Brokerage services;

are recognised in the Profit and Loss Account on an one-off basis.

Dividend Income

Dividend income is recognized in the profit and loss when the shareholders' right to receive payment is established.

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

The result on derecognition of financial assets and liabilities not measured at fair value through profit or loss includes gains and losses arising from the sale of debt financial instruments classified to the portfolio measured at fair value through comprehensive income and other gains and losses resulting from investing activities.

Result on financial assets and liabilities held for trading

The result on financial assets and financial liabilities held for trading contains gains and losses on disposal of financial instruments classified as financial assets / liabilities measured held for trading and the effect of valuation of these instruments at fair value (incl. debt, equity and derivative instruments intended for trading).

Result on non-trading financial assets mandatorily at fair value through profit or loss

The result on non-trading financial assets mandatorily at fair value through profit or loss includes gains and losses on disposal and the effect of the measurement of financial instruments classified to this category of assets.

Result on hedge accounting

The result on hedge accounting includes in particular: changes in the fair value of the hedging instrument (including discontinuation), changes in the fair value of the hedged item resulting from the hedged risk and inefficiencies resulting from cash flow hedges recognized in profit or loss.

Result on exchange differences

Foreign exchange differences include: i) realized result and result from the valuation of FX spot and FX Forward transactions ii) positive and negative exchange rate differences, both realized and unrealized, resulting from the daily valuation of foreign currency assets and liabilities, valid as at the balance sheet day average NBP exchange rate and affecting income or expenses from the exchange position.

Other Operating Income and Expenses

Other operating income and expenses include expenses and incomes not associated directly with the banking activity. In particular, this is result on sale and liquidation of fixed assets, income from sale of other services, received and paid damages, penalties and fines and provisions for litigations issues.

Franchise fees

Franchise is a model of cooperation between the Bank and independent entrepreneurs who, based on concluded agreements of the nature of agency agreements, defined by law, perform agency activities in the sale of products and services from the Bank's offer to the Bank's clients and potential clients. The cooperating franchisees use the Bank's trademarks and know-how when performing the agreement, and franchise outlets are almost as functional for customers as Bank's own outlets (excluding investment products). For cooperation, the Bank charges a franchise fee for the use of trademarks and fees for renting IT equipment from the Bank necessary to perform activities in a given branch and pays franchisees commissions on banking products and services sold. The Bank recognizes fees received from or paid to franchisees in Other operating income or expenses, respectively.

Banking tax

The tax on certain financial institutions ("banking tax") is the tax presented in the Income Statement under "Banking tax" levied on bank's assets (it is not an income tax). In accordance with the Polish Act of January 15, 2016 on the tax on certain financial institutions (consolidated text - Journal of Laws 2023, item 623), domestic banks are the taxpayers and the tax base is defined as a surplus of the total value of the bank's assets resulting from the trial balance, determined as at the last day of the month, based on entries in the general ledger accounts, over the amount of PLN 4 billion. The banking tax is 0.0366% of the tax base per month (in 2027 the tax rate will decrease to 0.0329%, and from 2028 to 0.0293% of the tax base). As a result of the implementation of the Recovery Plan from July 2022, Bank Millennium S.A. benefited from the exemption from the banking tax starting from that month until May 2024.

Other taxes and fees

The Bank is also taxpayer of the following taxes:

- 1) value added tax (VAT) performing activities both taxable (e.g. leasing, factoring services) and exempt from VAT (e.g. banking services, brokerage);
- 2) real estate tax;
- 3) tax on means of transport;
- 4) other taxes occasionally charged to them (e.g. tax on civil law transactions, excise duty, foreign withholding tax not subject to deduction).

In addition, the Bank is required to pay various fees (e.g. stamp duty,). Costs related to these taxes and fees are presented in the Administrative Expenses Note under "Taxes and fees".

Revenues, costs and assets are recognized in the amount less VAT, tax on civil law transactions and other sales taxes, except when the sales tax paid on the purchase of goods and services is not recoverable from tax authorities; then VAT is recognized as an expense or as part of the cost of acquiring an asset, respectively. The amount of tax recoverable or payable to the tax authorities is presented in the financial statement as part of receivables or liabilities.

Income Tax

Corporate income tax comprises current and deferred tax.

Current income tax is calculated on profit before tax, established in accordance with appropriate accounting regulations adjusted by non-taxable income and non-tax deductible expenses, with usage of binding tax rate. Moreover, for tax purposes, the gross profit is adjusted by previous years' income and expenses realised for tax purposes in a given reporting period and deductions from income arising from e.g. donations.

Deferred income tax is recognized in profit and loss, except for when it is recognized in other comprehensive income or directly in equity because it relates to transactions that are also recognized in other comprehensive income or directly in equity.

Provision for deferred income tax is recognized in liabilities in the caption "Deferred income tax liabilities". Deferred income tax asset is recognized in assets as "Deferred income tax assets". The Bank offsets deferred tax assets and deferred tax liabilities, because it has a legally enforceable right for such netting and the deferred tax assets and the deferred tax liabilities relate to income taxes (levied by the same taxation authority).

Deferred income tax provision is recognised using the balance sheet method for all positive temporary differences except when it arises from the amortization of goodwill or initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transactions affects neither accounting profit nor taxable profit (tax loss).

Deferred income tax assets are recognised using the balance sheet method with respect to tax loss carry forwards and all negative temporary differences as at the balance sheet date between carrying amount of an asset or liability in the balance sheet and its tax value only to the extent that it is probable that future taxable profit will be available against which the deductions can be utilised.

Deferred income tax assets are not recognised for negative temporary differences arising from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transactions affects neither accounting profit nor taxable profit (tax loss).

An asset or a liability arising from temporary differences associated with investments in subsidiaries and associates are not included in calculation of deferred income tax assets or liabilities, unless the Bank is able to control the timing of the reversal of the temporary differences and it is probable that the temporary difference will reverse in the foreseeable future.

The amount of calculated deferred tax is based on expected degree of realisation of balance-sheet values of assets and liabilities with use of tax rates, which are expected to be in force when the asset is realised or provision eliminated, assuming the tax rates (and tax legislation) legally or factually in force as of the balance sheet date.

8. Financial Risk Management

The management of risk is one of the key tasks of the Management Board in the process of effective management of the Bank. It defines the framework for business development, profitability, and stability, by creating rules ensuring the Bank's compliance with best internal control practices and legal requirements and coordination of the strategy for managing all risks.

8.1. RISK MANAGEMENT

The mission of risk management in the Bank Millennium is to ensure that all types of risks are managed, monitored, and controlled as required for the risk profile (risk appetite), nature and scale of the Bank's operations. Important principle of risk management is the optimization of the risk and profitability trade-off – the Bank pays special attention to ensure that its business decisions balance risk and profitability adequately.

The goals of the risk management mission are achieved through implementation of the following actions:

- Development of risk management strategies, credit policy, processes and procedures defining the principles for acceptance of the allowable level of types of risk,
- Increasingly wider implementation of the IT tools for risks identification, control, and measurement,
- Increasing awareness of employees as regards their responsibility for proper risk management at every level of the Bank's organizational structure.

Risk management is centralized for the Bank and considers the need to obtain the assumed profitability and to maintain proper risk-capital relationship, in the context of having proper level of capital to cover the risk. Within risk management system, a broad range of methods is used, both qualitative and quantitative, including advanced mathematical and statistical tools supported by adequate IT systems.

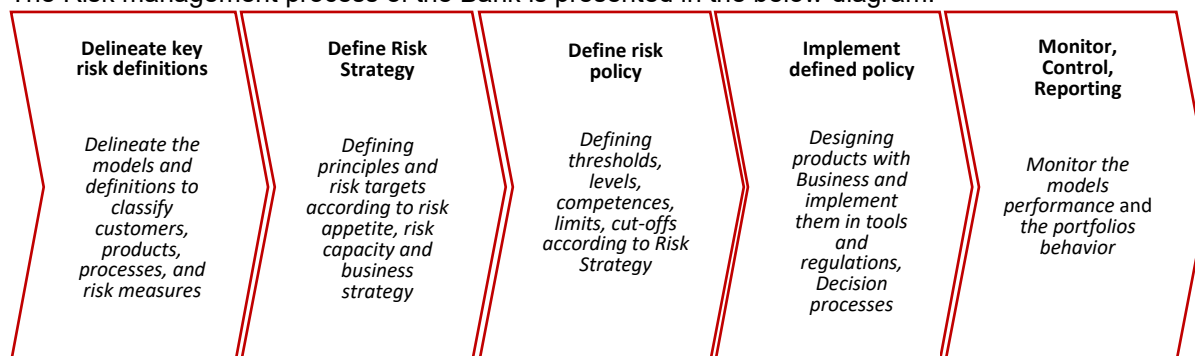
When defining the business and profitability targets, the Bank considers the specified risk framework (Risk Appetite) to ensure that business structure and growth will respect the risk profile that is targeted and that will be reflected in several indicators such as:

- Loan growth in specific products / segments
- Structure of the loan portfolio
- Asset quality indicators
- Cost of risk
- Capital requirements / Economic capital
- Amount and structure of liquidity needed.

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

- ensuring the full-scope quantification and parameterization of distinct types of risks in the perspective of optimizing balance sheet and off-balance sheet items to the assumed level of profitability of business activity. The primary areas of analysis encompass credit risk, market risk, liquidity risk and operational risk; legal, compliance and litigation risks also are subject to specific attention,
- all types of risks are monitored and controlled in reference to the profitability of operations and the level of capital necessary to ensure the safety of operations from the point of view of capital adequacy. The results of risk measuring are regularly reported as part of the management information system,
- the segregation of duties between risk origination, risk management and risk control.

The Risk management process of the Bank is presented in the below diagram:



The split of competence in the field of risk management is as follows:

- The Supervisory Board is responsible for overseeing the compliance of the Bank's risk-taking policy with the Bank's strategy and its financial plan. Within the Supervisory Board acts the Committee for Risk Matters, which supports it in realization of those tasks, among others, issuing opinion on the Bank's Risk Strategy, including the Bank's Risk Appetite.
- The Management Board is responsible for the effectiveness of the risk management system, internal capital estimation process, for reviewing the internal capital calculation and maintenance process and the internal control systems.
- The Credit Committee, the Capital, Assets and Liabilities Committee, and the Liabilities at Risk Committee are responsible for current management of different areas of banking risk, within the framework determined by the Management Board.
- The Risk Committee and the Processes and Operational Risk Committee are responsible for defining the policy and for monitoring and control of different areas of banking risk, within the framework determined by the Management Board
 Within the Risk Committee, the Liquidity Crisis Subcommittee operates — responsible for coordinating actions in the event of an extraordinary situation in the Bank, namely the occurrence of a liquidity crisis. The Subcommittee is responsible for activating and coordinating emergency and communication procedures under the Liquidity Contingency Plan at Bank Millennium S.A.
 Within the Processes and Operational Risk Committee, the following bodies operate:
 - ICT Security Subcommittee (Information and Communication Technologies) – responsible for conducting specialized oversight of the Bank's information security management system, ensuring effective supervision over the implementation of continuous improvements in IT security, as well as ongoing monitoring of the ICT environment's security, focused on ensuring timely implementation of effective control mechanisms and reporting completed tasks to the Committee.
 - Data Process Management Subcommittee – responsible for overseeing data process management in the Bank (Data Governance).
 - Subcommittee for Management in the Planning and Execution of Resolution and Orderly Liquidation – responsible for coordinating the planning and execution of mandatory resolution and orderly liquidation.
- The Products Committee reviews proposals for the implementation and withdrawal of products and services from the bank's offering.
- IT Steering Committee – responsible for ensuring the alignment of the IT strategy with the Bank's overall strategy, including its business objectives, and for consistently achieving, through IT deliverables, the appropriate levels across all dimensions of information technology.
- The AML Committee is responsible for supervision of anti-money laundering and terrorism financing in the Bank and cooperation in the area of combating financial crime.
- The Validation Committee is responsible for confirmation of risk models' validation results and follow-up in the implementation of the measures defined by the Models Validation Office.

- The Sustainability Committee is responsible for making key decisions regarding sustainable development in the Bank Millennium S.A. Group, in relation to environmental, social and governance factors.
- The Sub-Committee for Court Cases is responsible for expressing opinions and taking decisions in matters regarding court proceedings, for the cases when value of the dispute or direct effect for assets value as a consequence of court verdict exceeds 1 mln PLN or as result of multiple cases with the same nature, excluding cases belonging to the restructuring and recovery portfolio of Bank's receivables managed by the Corporate Recovery Department and Retail Restructuring and Debt Collection Department. The Sub-Committee for Court Cases is also competent for disputes in the portfolio of the Retail Restructuring and Debt Collection Department, which the nature of the dispute corresponds to the nature of court disputes supervised by the Court Cases Risk Sub-committee referred to in the first sentence above and matters relating to the determination of terms of settlement as to the effects of legal relationships at the pre-trial stage or in circumstances indicating a significant likelihood of litigation (such as in the process of FX mortgage negotiations and amicable settlements with borrowers), and if materialized, would fall within the competence of the Court Cases Risk Sub-committee, excluding cases managed by Corporate Recovery Department.
- The Risk Department is responsible for risk management, including identifying, measuring, analysing, monitoring, and reporting on risk within the Bank. The Risk Department also prepares risk management policies and procedures as well as provides information and proposes courses of action necessary for the Capital, Assets and Liabilities Committee, Risk Committee, and the Management Board to make decisions with respect to risk management.
- The Rating Department is responsible for risk rating assignment for Corporate clients (based on the evaluation of clients' creditworthiness) as well as for rating monitoring and potential revision during the period of its validity. Rating assignment process is independent from credit decision process.
- The Corporate Credit Underwriting Department, Mortgage Credit Underwriting Department and Consumer Finance Credit Underwriting Department have responsibility, within the Corporate Customer segment and Retail Customer segment, respectively, for the credit decision process, including analysing customers' financial situation, preparing credit proposals for the decision-making levels, and making credit decisions within specified limits.
- The Retail Liabilities Monitoring and Collection Department and Retail Liabilities Restructuring and Recovery Department have responsibility for monitoring repayment of overdue debts by retail customers and their collection.
- The Corporate Recovery Department develops specific strategies with respect to each debtor from recovery portfolio, which aims to maximize timely collection of the outstanding debt and minimize the risk incurred by the Group. This approach is constantly revised to reflect updated information, and the best practices and experiences regarding collection of overdue debts.
- The Consumer Dispute Resolution Department – which supports and enhances the activities of those Bank areas for which there is a high likelihood of entering into disputes with clients, potentially resulting in financial consequences and reputational risk for the Bank.
- The Treasury Control and Analyses Office has responsibility for monitoring the use of part of the Group's limits, including counterparty and stop-loss limits, the Group's FX position, results of active trading and control of operations of the treasury segment.
- The Models Validation Office has responsibility for qualitative and quantitative models' analysis and validation, independent from the function of models' development; development of the models' validation and monitoring tools; activities connected with issuing opinions on the adequacy of the models for the segment, for which they were developed; preparing reports for the Validation Committee needs.
- The purpose of the Sustainability Department is to supervise and coordinate the process of implementing the principles of sustainable development in the Bank and the Group.

- The Anti-fraud Sub-unit has responsibility for implementation and monitoring Bank policy execution in the scope of fraud risk management in cooperation with others Bank units. The Sub-unit constitutes a competence centre for anti-fraud process.
- The Compliance Department has the responsibility to ensure compliance with legal regulations, related regulatory standards, market principles and standards as well as internal organization regulations and codes of conduct, and in anti-money laundering process.
- The Legal Department has responsibility for handling the litigation cases of the Bank, with support of external legal offices and legal experts whenever necessary.

The Bank has prepared a comprehensive guideline document for the risk management policy/strategy: "Risk Strategy for 2026-2029". The document takes a 4-year perspective and is reviewed and updated annually. It is approved by the Bank's Management Board and Supervisory Board. The risk strategy is inextricably linked to other strategic documents, such as: Budget, Liquidity Plan, and Capital Plan.

The Risk Strategy bases on the two concepts defined by the Group:

1. Risk profile – current risk profile in amount or type of risk the Bank is currently exposed. The Bank should also have a forward-looking view how their risk profile may change under both expected and stress economic scenarios in accordance with risk tolerance,
2. Risk appetite – the maximum amount or type of risk the Bank is prepared to accept/tolerate to achieve its financial and strategic objective. Three zones are defined in accordance with warning/action required level.

Risk appetite must ensure that business structure and growth will respect the forward risk profile. Risk appetite was reflected through defined indicators in several key areas, such as:

- Solvency
- Liquidity and funding
- Earnings volatility and Business mix
- Operational activity and reputation.

The Bank has a clear risk strategy, covering retail credit, corporate credit, markets activity and liquidity, operational and capital management, legal and ICT risks. For each risk type and overall, the Bank clearly define the risk appetite.

The Risk Management is mainly defined through the principles and targets defined in Risk Strategy and complemented in more detail by the principles and qualitative guidelines defined in the following documents:

- Capital Management and Planning Framework
- Risk management and control principles
- Credit Principles and Guidelines
- Rules on Concentration Risk Management
- Principles and Rules for Liquidity Risk Management
- Principles and Rules on Market Risk Management for Financial Markets Activity
- Principles and Rules for Market Risk Management in Banking Book
- Investment Policy
- Principles and Guidelines for Management of Operational Risk
- Policy, Rules, and Principles of the Model Risk Management
- Stress tests policy
- Sustainability Policy
- Bye-laws of Bank Millennium SA - Program of counteracting Anti-Money Laundering and financing terrorism.

Within risk appetite, the Bank has defined tolerance zones for its measures (build up based on the “traffic lights” principle). As for all tolerance zones for risk appetite, it has been set:

- Risk appetite status – green zone means a measure within risk appetite, yellow zone means an increased risk of risk appetite breach, red zone means risk appetite breach.
- Escalation process of actions/decisions taken - bodies/organizational entities responsible for decisions and actions in a particular zone.
- Risk appetite monitoring process.

The Bank pays particular emphasis on continuous improvement of the risk management process. One tangible result of this is obtaining approval to use the Internal Rating-Based (IRB) approach more broadly in the process of calculating capital requirements.

8.2. CAPITAL MANAGEMENT

Capital management and planning

Capital management relates to two areas: capital adequacy management and capital allocation. For both areas, management goals were set.

The goal of capital adequacy management is: (a) meeting the requirements specified in external regulations (regulatory capital adequacy) and (b) ensuring the solvency in normal and stressed conditions (economic capital adequacy/internal capital). Completing that goal, Bank strives to achieve internal long-term capital limits (targets), defined in Risk Strategy.

Capital allocation purpose is to create value for shareholders by maximizing the return on risk in business activity, considering established risk appetite.

In a scope of capital management process, there is also a capital planning process. The goal of capital planning is to designate the own funds (capital base that is risk-taking capacity) and capital usage (regulatory capital requirements and economic capital) in a way to ensure that capital targets/limits shall be met, given forecasted business strategy and risk profile – in normal and stressed macroeconomic conditions.

Regulatory capital adequacy

The Bank is obliged by law to meet minimum own funds requirements, set in art. 92 of Regulation (EU) No 2024/1623 of 31 May 2024 amending Regulation (EU) No 575/2012 as regards requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor (CRR 3). At the same time, the following buffers were included in capital targets/limits:

- Pillar II FX mortgage loans buffer (P2R buffer) - in accordance with the joint decision which, among other, covers capital and liquidity at local level for the European entities of the BCP (Banco Comercial Portugues) Group, there was no additional capital or liquidity requirements imposed on the Bank.
- Combined buffer – defined in Act on macro prudential supervision over the financial system and crisis management – that consists of:
 - Capital conservation buffer at the level of 2.5%;
 - Other systemically important institution buffer (OSII) – at the level of 0.25%, and the value is set by PFSA each year¹;

¹ In November 2020 PFSA issued the decision on identification the Bank as other systemically important institution and imposing OSII Buffer of 0.25%

- Systemic risk buffer at the level of 0% in force from March 2020, in line with Regulation of Ministry of Development and Finance;
- Countercyclical buffer at the 1% level from 25 September 2025; It will be raise to 2% on 25 September 2026.

In accordance with binding legal requirements and recommendations of PFSA, the Bank defined regulatory minimum levels of capital ratios, being at the same time the base of defining capital limits.

The below table presents these levels as of 31 December 2025. The Bank will inform on each change of required capital levels in accordance with regulations.

Capital ratio	31.12.2025		31.12.2024	
CET1 ratio	Bank	Group	Bank	Group
Minimum	4.50%	4.50%	4.50%	4.50%
P2R Buffer	0.00%	0.00%	0.82%	0.82%
TSCR CET1 (Total SREP Capital Requirements)	4.50%	4.50%	5.32%	5.32%
Capital Conservation Buffer	2.50%	2.50%	2.50%	2.50%
OSII Buffer	0.25%	0.25%	0.25%	0.25%
Systemic risk buffer	0.00%	0.00%	0.00%	0.00%
Countercyclical capital buffer	1.00%	1.00%	0.00%	0.00%
Combined buffer	3.75%	3.75%	2.75%	2.75%
OCR CET1 (Overall Capital Requirements CET1)	8.25%	8.25%	8.07%	8.07%
T1 ratio	Bank	Group	Bank	Group
Minimum	6.00%	6.00%	6.00%	6.00%
P2R Buffer	0.00%	0.00%	1.10%	1.10%
TSCR T1 (Total SREP Capital Requirements)	6.00%	6.00%	7.10%	7.10%
Capital Conservation Buffer	2.50%	2.50%	2.50%	2.50%
OSII Buffer	0.25%	0.25%	0.25%	0.25%
Systemic risk buffer	0.00%	0.00%	0.00%	0.00%
Countercyclical capital buffer	1.00%	1.00%	0.00%	0.00%
Combined buffer	3.75%	3.75%	2.75%	2.75%
OCR T1 (Overall Capital Requirements T1)	9.75%	9.75%	9.85%	9.85%
TCR ratio	Bank	Group	Bank	Group
Minimum	8.00%	8.00%	8.00%	8.00%
P2R Buffer	0.00%	0.00%	1.47%	1.46%
TSCR TCR (Total SREP Capital Requirements)	8.00%	8.00%	9.47%	9.46%
Capital Conservation Buffer	2.50%	2.50%	2.50%	2.50%
OSII Buffer	0.25%	0.25%	0.25%	0.25%
Systemic risk buffer	0.00%	0.00%	0.00%	0.00%
Countercyclical capital buffer	1.00%	1.00%	0.00%	0.00%
Combined buffer	3.75%	3.75%	2.75%	2.75%
OCR TCR (Overall Capital Requirements TCR)	11.75%	11.75%	12.22%	12.21%

In November 2025 the Bank has received a recommendation according to which the PFSA is imposing an additional capital surcharge to absorb potential losses resulting from extreme conditions (P2G).

In particular, on the basis of the 2025 supervisory stress tests carried out by the PFSA, the PFSA set the P2G capital add-ons, before the offsetting of the capital conservation buffer, at 2.63pp at the stand-alone level and 2.53pp at the consolidated level. The total capital charges recommended under Pillar II offset by the capital buffer requirement are 0.13pp at the stand-alone level and 0.03pp at the consolidated level.

The Bank calculates its own funds requirements using standard methodologies and is implementing at the same time a project of an implementation of internal ratings-based method (IRB) for calculation of own funds requirements for credit risk and obtaining of approval decisions from Regulatory Authorities on that matter.

The Bank has the approval of Banco de Portugal (consolidating Regulator) granted with cooperation of PFSA on the use of IRB approach as to following loan portfolios: (i) Retail exposures to individual persons secured by residential real estate collateral (RRE), (ii) Qualifying revolving retail exposures (QRRE).

Internal capital

The Bank defines internal capital according to Polish Banking Act, as the estimated amount needed to cover all identified, material risks found in the Bank's activity and changes in economic environment, considering the anticipated level of risk in the future.

Internal capital is used in capital management in following processes: economic capital adequacy management and capital allocation. The Bank defined an internal (economic) capital estimation process. To this end, as for measurable risk types, mathematic and statistic models and methods are used.

Maintaining economic capital adequacy means a coverage (provision) of internal capital (that is an aggregated risk measure) by available financial resources (own funds). An obligation to banks to have in place that sort of risk coverage stems from Banking Act. It was mirrored in the Group's capital targets/limits: economic capital buffer and economic capital buffer in stressed conditions.

At the same time internal capital is utilized in capital allocation process, to assign an internal capital to products/business lines, calculating risk-adjusted performance measures, setting risk limits and internal capital reallocation.

Capital ratios and capital adequacy

Capital ratios of the Bank over the last three years was as follows²:

	31.12.2025	31.12.2024	31.12.2023
Risk-weighted assets	49 783.1	40 928.3	37 960.4
Own Funds requirements, including:	3 982.6	3 274.2	3 036.8
- Credit risk and counterparty credit risk	2 977.4	2 773.8	2 589.0
- Market risk	23.2	19.8	15.4
- Operational risk	966.6	478.0	427.0
- Credit Valuation Adjustment CVA	15.4	2.6	5.4
Own Funds, including:	7 983.8	7 352.5	7 228.3
Common Equity Tier 1 Capital	7 201.6	6 264.6	5 847.4
Tier 2 Capital	782.2	1 087.9	1 380.9
Total Capital Ratio (TCR)	16.04%	17.96%	19.04%
Tier 1 Capital ratio (T1)	14.47%	15.31%	15.40%
Common Equity Tier 1 Capital ratio (CET1)	14.47%	15.31%	15.40%
Leverage ratio	4.81%	4.68%	4.77%

² Bank uses transitional arrangements for IFRS 9 and considers a temporary treatment of unrealized gains and losses on bonds measured by fair value through other comprehensive income (FVOCI) in accordance with Art. 468 of the CRR. As at 31.12.2024, if IFRS 9 transitional arrangements and temporary treatment according to Art. 468 of the CRR had not been applied, capital ratios were as follows:

- TCR: 17.83%
- T1: 15.18%
- CET1: 15.18%
- Leverage ratio: 4.65%

Capital adequacy showed as surpluses/deficits on required or recommended levels (as of 31 December 2025) are presented in the below table.

Capital adequacy	31.12.2025	31.12.2024	31.12.2023
Total Capital Ratio (TCR)	16.04%	17.96%	19.04%
Minimum required level (OCR)	11.75%	12.22%	12.22%
Surplus (+) / Deficit (-) of TCR capital adequacy (p.p.)	4.29	5.74	6.82
Minimum recommended level TCR (OCR+P2G)	11.88%	12.22%	13.81%
Surplus (+) / Deficit (-) on recommended level (p.p.)	4.16	5.74	5.23
Tier 1 Capital ratio (T1)	14.47%	15.31%	15.40%
Minimum required level (OCR)	9.75%	9.85%	9.85%
Surplus (+) / Deficit (-) of T1 capital adequacy (p.p.)	4.72	5.46	5.55
Minimum recommended level T1 (OCR+P2G)	9.88%	9.85%	11.44%
Surplus (+) / Deficit (-) on recommended level (p.p.)	4.59	5.46	3.96
Common Equity Tier 1 Capital ratio (CET1)	14.47%	15.31%	15.40%
Minimum required level (OCR)	8.25%	8.07%	8.07%
Minimum recommended level CET1 (OCR+P2G)	8.38%	8.07%	9.66%
Surplus (+) / Deficit (-) on recommended level (p.p.)	6.09	7.24	5.74
Leverage ratio	4.81%	4.68%	4.77%
Minimum required level	3.00%	3.00%	3.00%
Surplus (+) / Deficit (-) of Leverage ratio (p.p.)	1.81	1.68	1.77

In January 2026, the Bank issued Additional Tier 1 Eurobonds with a nominal value of PLN 1.5 billion. Upon obtaining approval from the Polish Financial Supervision Authority (KNF), the proceeds from the issue will be included in the Bank's T1 capital. Including the issue in T1 capital as of December 31, 2025, would increase the Bank's T1 capital and TCR ratios by approximately 272 basis points, and the leverage ratio by approximately 88 basis points.

Simultaneously, including the net profit generated in the second half of 2025 in its own funds would increase the capital ratios by another 126 basis points and the leverage ratio by 42 basis points.

The minimum values of capital ratios required by the KNF in terms of the combined buffer requirement (OCR) are achieved with a large surplus at the end of 2025. Also, in terms of the levels expected by the KNF, they were achieved for all capital ratios with a clear surplus

Minimum requirement for own funds and eligible liabilities (MREL)

The Bank manages MREL requirements ratios in a manner analogous to capital adequacy ratios.

The Bank received a joint decision of the resolution authorities in May 2025, requiring it to meet the MREL requirements. The updated minimum requirements are 15.36% (consolidated MREL_{trea}) and 5.91% (consolidated MREL_{tem}). Additionally, with respect to the above decisions, the Bank should also meet the MREL requirement taking into account the Combined Buffer Requirement (currently 3.75%).

MREL	31.12.2025	31.12.2024
MREL_{trea} ratio (consolidated)	24.53%	28.06%
Minimum required level MREL _{trea}	15.36%	18.03%
Surplus (+) / Deficit (-) of MREL _{trea} (pp)	9.17	10.03
Minimum required level including Combined Buffer requirement (CBR)	19.11%	20.78%
Surplus (+) / Deficit (-) of MREL _{trea} +CBR (pp)	5.42	7.28
MREL_{tem} (consolidated)	8.27%	8.71%
Minimum required level of MREL _{tem}	5.91%	5.91%
Surplus (+) / Deficit (-) of MREL _{tem} (pp)	2.36	2.80

In terms of the MREL_{trea} and MREL_{tem} requirements, the Group presents a surplus compared to the minimum required levels as of December 31, 2025, and also meets the MREL_{trea} Requirement after the inclusion of the Combined Buffer Requirement.

8.3. CREDIT RISK

The credit risk is one of the most important risk types for the Bank Millennium SA and therefore considerable attention is given to management of credit risk-bearing exposures. Credit risk relates to balance-sheet credit exposures as well as off-balance sheet financial instruments, such as granted and unutilized credit lines, guarantees and letters of credit, as well as limits for transactions in financial instruments.

The credit policy is subject to periodic reviews and verification process considering the prevailing market conditions and changes in the Bank's regulatory environment.

The Bank uses several rating systems to manage credit risk depending on the type of exposure and the customer segment involved. A rating system is a set of methods (models), processes, controls, data collection procedures and IT systems that identify and measure credit risk, sort levels of exposure by grades or pools (granting of credit rating) and quantify probability of default and expected loss estimates for specific types of exposure.

In 2025, in the corporate segment, the Bank carried out initiatives aimed at improving, automating, and digitizing credit processes, including decision-making processes. In the retail segment, the Bank concentrated on adjusting its credit policy to the changing macroeconomic environment and evolving external regulatory framework. In particular, development efforts continued with the aim of optimizing and digitizing the credit process.

(3a) Measurement of Credit Risk

Loans and advances

Measurement of credit risk, for the purpose of the credit portfolio management, on the level of individual customers and transactions, on account of granted loans is done with the consideration of three base parameters:

- (i) Probability of Default (PD) of a customer or counterparty as regards their liability;
 - (ii) amount of Exposure at Default (EAD) and
 - (iii) the ratio of Loss Given Default (LGD) regarding the customer's liability.
- (i) The Bank assesses the probability of default (PD) of individual counterparties, using internal rating models adapted to various categories of customers and transactions. The Bank's customers are divided into 15 rating classes, which for the purposes of this Report have been grouped into 6 main brackets. Moody's short-term ratings correspond to the individual risk class ranges. The Bank's Master Ratings Scale, presented below, also contains the scale of probabilities of non-compliance with the liabilities specified for a given class/rating group. Rating models are subject to regular reviews and whenever necessary to relevant modification. Modifications of models are confirmed by Validation Committee.

The Bank regularly analyses and assesses rating results and their predictive power with respect to cases of default. The process of assigning ratings to clients (for Corporates performed by Rating Department independently from credit decision process and transactions) is supported by IT systems, obtaining, and analysing information from internal and external databases.

The Bank's internal rating scale:

Master scale	Description of rating	Moody's rating
1-3	Highest quality	Aaa-A2
4-6	Good quality	A3-Baa2
7-9	Medium quality	Baa3-Ba2
10-12	Low quality	Ba3-B3
13-14	Watched/Procedural	Caa1-Caa3
15	Default	C

- (ii) EAD – amount of exposure at default – concerns amount which according to the Bank's predictions will be the Bank's receivables at the time of default against liabilities. Liabilities are understood by the Bank to mean every amount disbursed plus further amounts, which may be disbursed until default, if such occurs.
- (iii) LGD – loss given default is what the Bank expects will be its losses resulting from actual cases of default.

Unification of the default definition in the Bank

The Bank has adopted a unified definition of default, both in the calculation of capital requirements and for the purposes of estimating impairment. The Bank uses the definition of default in line with the EBA Guidelines, the so-called New Definition of Default.

Unified Default definition includes following triggers:

- DPD>90 days considering materiality thresholds for due amount:
 - absolute PLN 400 for retail and PLN 2000 for corporates,
 - relative threshold of 1% in relation to total exposure,
- Restructured loans (forbearance measure),
- Terminated contracts and loans in debt collection process,
- Consumer bankruptcy,
- Indications of the insolvency of a corporate client, such as:
 - filing an application for approval of an arrangement,
 - an issued court decision approving an arrangement,
 - an announcement of the opening of simplified restructuring proceedings,
 - an application for/issuance of a court decision to open expedited arrangement proceedings, an application to open arrangement proceedings, or an application to open remedial proceedings,
 - an application for/issuance of a court decision to open bankruptcy proceedings,
- Qualitative triggers identified in the individual analysis for corporate clients,
- Credit frauds.

The Bank is using cross-default approach for all segments. Default status includes all exposures classified to Stage 3, as well as those POCI (Purchased Originated Credit Impaired) exposures for which indicators of default still exist.

Debt Securities

Debt securities from Polish State Treasury and from the Polish Central Bank are monitored based on Polish rating. Whereas the economic and financial situation of issuers of municipal debt securities is monitored on a quarterly basis based on their financial reporting. Debt securities from other European Union member states and supranational institutions are monitored based on their respective ratings.

Derivatives

The Bank maintains strict control over the limits of net open derivative positions both with respect to amounts and transaction maturities. Credit risk exposures resulting from derivatives are managed as part of total credit limits defined for individual customers calculated based on verification of natural exposure and analysis of customer's financial situation, and as part of counterparties' limits.

The Bank offers Treasury products for FX risk or interest rate risk only for hedging purposes and under Treasury limits assigned to clients or secured by collateral - deposit.

Most of the Bank's agreements include the possibility of calling the client to replenish the margin deposit (if the valuation of the client's open position exceeds treasury limit) and if the client does not supplement the deposit, the Bank has the right to close the position.

Credit risk-based off-balance sheet liabilities

Credit risk-based off-balance sheet liabilities include granted guarantees and letters of credit, granted and unused limits (credit, factoring, guarantees and letters of credit and cards) as well as granted and unpaid tranches of non-renewable loans. This category also includes credit decisions already made by the Bank regarding mortgage financing, in which the client has received a positive credit decision, but the loan agreement has not yet been concluded. The primary purpose of these instruments is to enable the customer to manage in a specific manner the funds allocated by the Bank.

Granted guarantees and letters of credit granted are unconditional and irrevocable - after the receipt of a claim compliant with the terms of the guarantee or letter of credit, the Bank must make a payment. Typically, guarantees and letters of credit are related to commercial transactions.

In the case of most of the granted and unused limits, the Bank has the option of refusing to execute the client's instruction regarding the use of funds from these limits - either unconditionally or upon meeting the conditions set out in the documents and by-laws applicable to a given limit.

In the case of granted and undisbursed tranches of non-revolving loans, their disbursement depends on the fulfilment of the conditions set out in the documents and by-laws applicable to a given non-revolving loan.

(3b) Limits control and risk mitigation policy

The Bank measures, monitors and controls large credit exposures and high credit risk concentrations, wherever they are identified. Concentration risk management process encompasses single-name exposures with respect to an individual borrower or group of connected borrowers (with material capital, organizational or significant economic relations) and sectoral concentration – to economic industries, geographical regions, countries, and the real estate financing portfolio, portfolio in foreign currencies and other. Above types of sectoral exposures are subject to internal limits system. Information about the utilization of limits is presented at the Supervisory Board, the Committee for Risk Matters, and the Risk Committee.

The internal limits (mentioned above) are monitored quarterly. Limits are subject to annual or more frequent review, when deemed appropriate. The limits are approved by the Supervisory Board or the Risk Committee.

Management of credit risk exposure is also performed through regular monitoring of customers' economic and financial situation and/or track record of their relationship with the Bank from the point of view of punctual repayment of their principal and interest liabilities.

Collateral

The Bank accepts collateral to mitigate its credit risk exposure; the key role of collateral is to minimize loss in the event of customers' default in repayment of credit facilities in contractual amounts and on contractual dates by ensuring an alternative source of repayment of due and payable amounts.

Collateral is accepted in accordance with the credit policy principles defined for each customer segment. The key principle is that collateral for credit transaction should correspond to the credit risk incurred by the Bank, considering the specific nature of the transaction (i.e., its type, amount, repayment period and the customer's rating).

The credit policy defines the types, kinds and legal forms of collateral accepted in the Bank as well as more detailed requirements that are to ensure the probability of selling collateral of respective types in the context of the Bank's recovery experiences.

The Bank pays special attention to the correct determination of collateral value. It defined the rules for preparing and verifying collateral valuation and does its utmost to ensure that such valuations are objective, conservative and reflect the true value of the collateral. To ensure effective establishment of collateral, the Bank has developed appropriate forms of collateral agreements, applications, powers-of-attorney, and representations.

In the retail segment, accepted collateral consists mainly of residential real property (mortgage loans) and financial assets. In the case of the corporate segment, all types of real estate (residential, commercial, land) are accepted, as well as assignments of receivables under contracts.

Temporary collateral is also accepted in the period before the final collateral is established. Additionally, the Bank uses various forms of instruments supplementing the collateral, which facilitate enforcement or increase probability of effective repayment of debt from a specific collateral. Those instruments include statement of submitting to enforcement in the form of a notarial deed, blank promissory note, power-of-attorney to a bank account, assignment of rights under an insurance agreement.

The Bank monitors the collateral to ensure that it satisfies the terms of the agreement, i.e., that the final collateral of the transaction has been established in a legally effective manner or that the insurance policies are renewed. The value of the collateral is also monitored during the term of the credit transaction.

In accordance with credit policy adopted in the Bank it is also allowed to grant a transaction without collateral, but this takes place according to principles, which are different depending on the client's segment. However, in the case of the deterioration of the debtor's economic and financial situation, in documents signed with the client the Bank stipulates the possibility of taking additional collateral for the transaction.

(3c) Impairment and provisioning policy

Organisation of the Process

The process of impairment identification and measurement with respect to loan exposures is regulated in the internal instruction introduced with IFRS9 application. The document defines in detail the mode and principles of individual and collective analysis, including algorithms for calculating parameters.

The methodology and assumptions adopted for determining credit impairments are regularly reviewed to reduce discrepancies between the estimated and actual losses. To assess the adequacy of the impairment determined both in individual analysis and collective analysis a historical verification (back testing) is conducted periodically (at least once a quarter), which results will be considered to improve the quality of the process.

The Supervision over the process of estimating impairment charges and provisions is exercised at the Bank by the Risk Department (DMR), which also has direct responsibility for individual analysis in the business portfolio at the Bank, as well as collective analysis. In addition to DMR, the process also involves recovery and restructuring units. These are the Corporate Recovery Department – DNG (individual analysis for the recovery-restructuring portfolio for corporate customers) and the Retail Liabilities Restructuring and Recovery Department - DRW (individual analysis of individually significant retail impairments, mainly mortgages). DMR is a unit not connected with the process of underwriting; it is supervised by the Management Board Member responsible for risk management.

The Management Board of the Bank plays an active role in the process of determining impairment charges and provisions. The results of credit portfolio valuation are submitted to the Management Board for acceptance in a monthly cycle with a detailed explanation of the most significant changes with an impact on the overall level of impairment charges and provisions, in the period covered by the analysis. Methodological changes resulting from the validation process and methodological improvements are presented at the Validation Committee, and subsequently at the Risk Committee which includes all the Management Board Members.

In monthly periods detailed reports are prepared presenting information about the Bank's portfolio in various cross-sections, including the level of impairment charges and provisions, their dynamics and structure. The recipients of these reports are Members of the Management Board, supervising the activity of the Bank in finance, risk, and management information.

Expected credit loss measurement

Impairment estimation model within the Bank is based on the concept of “expected credit loss,” (hereinafter: ECL). As a direct result of using this approach, impairment charges now must be calculated based on expected credit losses and forecasts of expected future economic conditions must be considered when conducting evaluation of credit risk of an exposure.

The implemented impairment model applies to financial assets classified in accordance with IFRS 9 as financial assets measured at amortized cost or at fair value through other comprehensive income including off-balance exposures, except for equity instruments.

According to IFRS 9, credit exposures are classified in the following categories:

- Stage 1 – non-impaired exposures, for which expected credit loss is estimated for the 12-month period,
- Stage 2 – non-impaired exposures, for which a significant increase in risk has been identified (SICR) and for which expected credit loss is estimated for the remaining lifetime of the financial asset,
- Stage 3 – credit impaired exposures, for which expected credit loss is estimated for the remaining lifetime of the financial asset.

Additionally, a separate category is created for POCI (purchased or originated credit impaired) exposures, which at the moment of initial recognition were impaired in the balance sheet. The expected credit loss for these assets is determined over the entire remaining life of the exposure.

Identification of a significant increase in credit risk (SICR)

Assets, for which there has been identified a significant increase in credit risk compared to the initial recognition in the balance sheet, are classified in Stage 2. The significant increase in credit risk is recognized based on qualitative and quantitative criteria. The qualitative criteria include:

- repayment delays of more than 30 days,
- forbore exposures in non-default status, for which no impairment triggers are identified
- using the support from Banking Support Fund for retail customers,
- occurrence of seizures on current accounts resulting from execution titles,
- procedural ratings, which is reflect early delays in payments,
- taking a risk-mitigating decision for corporate clients, triggered by the early warning system,
- events leading to a corporate client being added to the Watch List

For retail customers, the quantitative criterion consists of analysing the relative change in lifetime PD, i.e. comparing the lifetime PD determined at initial recognition with the lifetime PD determined as at the current reporting date. If the relative change in the PD value exceeds the relative threshold, the exposure is automatically classified to Stage 2.

For corporate customers, the quantitative criterion consists of analysing both the relative and absolute change in lifetime PD. If the determined relative and absolute changes simultaneously exceed the relative and absolute thresholds, respectively, the exposure is automatically classified to Stage 2.

The threshold values used in the quantitative criterion depend on the exposure recognition date. As of December 31, 2025, the relative threshold is at least 1.44 for the retail portfolio and at least 3.47 for the mortgage portfolio. For the corporate portfolio, the relative threshold is at least 2.28, and the absolute threshold is at most 0.0015. As of December 31, 2024, the relative threshold was at least 1.44 for the retail portfolio and at least 3.47 for the mortgage portfolio. For the corporate portfolio, the relative threshold was at least 2.28.

The quantitative criterion does not apply to portfolios with low credit risk (LCR), including receivables from local government units, public administration entities, State companies or subsidiaries.

Individual analysis of impairment for credit receivables

Individual analysis includes customers identified as significant to both the business and recovery portfolios. Credit exposures are selected for individual analysis based on materiality criteria which ensure that case-by case analysis covers at least 50% of the Bank's business corporate portfolio and 80% of the portfolio managed by entities responsible for the recovery and restructuring of corporate receivables.

Principal elements of the process of individual analysis:

- 1) Identification of events classifying corporate customers on the Watch List being one of qualitative triggers of Significant Increase of Credit Risk (SICR).

A catalogue of events has been defined, the detection of which results in placing the client on the Watch List and indicates a significant increase in credit risk (SICR), resulting in the classification of all exposures of the examined client to Stage 2.

This process covers biggest business corporate customers, for whom financial-economic situation is analysed on a quarterly basis based on latest financial statement, events connected with company activities, information concerning related entities and economic environment, expectation about future changes, etc.

2) Identification of impairment triggers.

The Bank defined impairment triggers for individual analysis and adjusted them to its operational profile. The catalogue of triggers contains among others following elements:

- The economic and financial situation pointing to the Customer's considerable financial problems,
- Breach of the contract, e.g., significant delays in payments of principal or interest
- Stating the customer's unreliability in communicating information about his economic and financial situation,
- Permanent lack of possibility of establishing contact with the customer in the case of violating the terms of the agreement,
- High probability of bankruptcy or a different type of reorganising the Customer's enterprise/business,
- Declaring bankruptcy or opening a recovery plan with respect to the Customer,
- Granting the Customer who has financial difficulties, facilities concerning financing conditions (restructuring).

Internal regulations allow discovering above-mentioned triggers by indicating specific cases and situations corresponding to them, with respect to triggers resulting from the Customer's considerable financial problems, violating the critical terms of the agreement and high probability of a bankruptcy or a different enterprise reorganisation.

3) Scenario approach in calculation of impairment allowances for individually analysed customers.

If at least one of impairment triggers has been identified during the individual analysis, all exposures of given customer are classified in Stage 3 and then detailed analysis of forecasted cash-flows should be performed. Since introducing IFRS9 the Bank is using scenario approach. It means that analyst should define at least two recovery scenarios which reflect described and approved recovery strategies: the main and alternative ones with assigned probabilities of realisation. The Bank has defined guidelines regarding the weights used for individual scenarios. Scenarios can be based on restructuring or debt collection strategy; mixed solutions are also used.

Every scenario contains two general types of recoveries: direct cash-flows from customers and recovered amounts from collateral.

4) Estimating expected cash-flows.

One element of the impairment calculation process is the estimation of the probability of cash flows included in the timetable, pertaining to the following items: principal, interest, and other cash flows. The probability of realising cash flows included in the timetable results from the conducted assessment of the customer's economic and financial situation (indication of the sources of potential repayments) must be justified and assessed based on current documentation and knowledge (universally understood) of his situation with the inclusion of financial projections. This information is gathered by an analyst prior to the actual analysis in accordance with the guidelines specified in appropriate Bank regulations.

In the event of estimating the probability of cash flows for customers in the portfolio managed by restructuring-recovery departments analysts will consider the individual nature of each transaction pointing among others to the following elements which may have an impact on the value of potential cash flows:

- Bank's operational strategy regarding the customer,
- Results of negotiations with the customer and his attitude, i.e., willingness to settle his arrears,
- Improvement/deterioration of his economic and financial situation.

The Bank also uses the formal terms of setting and justifying the amount of probability and amount of the payment by the Bank of funds under the extended off-balance sheet credit exposure such as guarantees and letters of credit.

- 5) Estimation of the fair value of collateral, specifying the expected date of sale and estimation of expected revenues from the sale after deduction of the direct costs of the recovery process.

The inclusion of cash flows from realisation of collateral must be preceded by an analysis of how realistically it can be sold and estimation of its fair value after recovery costs.

To ensure the fairness of the principles of establishing collateral recoveries, the Bank prepared guidelines for corporate segment with respect to the recommended parameters of the recovery rate and recovery period for selected collateral groups. Depending on the place of the exposure in the Bank's structure (business portfolio, restructuring-recovery portfolio) and type of exposure separate principles have been specified for portfolio types: business and restructuring-recovery. The recommended recovery rates and period of collateral recovery are verified in annual periods.

Collective analysis of the credit portfolio

Subject to collective analysis are the following receivables from the group of credit exposures:

- Individually insignificant exposures,
- Individually significant exposures for which there has not been recognised impairment triggers because of an individual analysis.

For the purposes of collective analysis, the Bank has defined homogenous portfolios consisting of exposures with a similar credit risk profile. These portfolios have been created based on segmentation into business lines, types of credit products, number of days of default, type of collateral etc. The division into homogenous portfolios is verified from time to time for their uniformity.

The expected credit loss in a collective analysis is calculated using Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD) parameters, which are the outcome of the following models:

- The PD model is based on empirical data concerning 12-month default rates, which are used using appropriate statistical and econometric methods to estimate the PD value over lifetime horizon of a financial asset (taking into account information about future events – Forward Looking Information - FLI).
- LGD models for retail portfolios include the following components: cure rate, recovery rate estimated based on discounted cash flows (including those arising from the sale of receivables to specialized external entities) and recoveries from collateral realization (in case of mortgage loans). The model reflects the current economic situation (point-in-time concept) and uses macroeconomic forecasts (FLI).
- For the corporate portfolio, the LGD model is based on a component reflecting recoveries for key collateral types and a factor based on other collateral types, also taking into account own repayments. All components were calculated using historical data, including discounted cash flows obtained by the corporate recovery unit.
- The main components of the EAD model are: credit conversion rate, prepayment rate, and expected exposure life for products without a repayment schedule. Segmentation is based on customer type (retail, corporate) and product type (with/without a repayment schedule). The model takes macroeconomic forecasts (FLI) into account.

The results of models employed in collective analysis are subject to periodical verification. The parameters and models are also covered by the process of models' management governed by the document „Principles of Managing Credit Risk Models”, which specifies, among others, the principles of creating, approving, monitoring and validation, and historical verification of models.

Each of the aforementioned IFRS 9 models has defined homogeneous portfolios, which vary depending on the model. In the PD model, segmentation is hierarchical and based on client type, product mix, and loan currency. In the corporate portfolio, it depends on turnover. In the retail LGD model, the segmentation depends on product and currency. In the EAD model, exposures are classified into individual homogeneous portfolios based on currency, the existence of a schedule, and a common calculation method for this parameter. In the quantitative criterion of significant risk increase, segmentation is based on client or product type.

Forward-looking information incorporated in the ECL models

In the process of calculation of expected credit losses, the Bank uses forward-looking information (FLI) about future macroeconomic events. FLI is used in PD, LGD, and EAD as well as in the process of determination of SICR and allocation of exposures to Stage 2 (Transfer Logic). The Macroeconomic Analysis Office prepares three macroeconomic scenarios (baseline, optimistic and mild recession) and determines the probability of their occurrence. Forecasts translate directly or indirectly into the values of estimated parameters and exposures and their impact vary by model, product type, rating-class etc. The Bank uses macroeconomic forecasts prepared only internally. Forecasts are provided on a quarterly basis for a 3-year time horizon.

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected.

The table below presents the use of FLI as of 31 December 2025 and 31 December 2024 in ECL models, considering exposure type:

Segment	Usage of FLI
Mortgage FX	YES
Mortgage PLN	YES
Cash Loans	YES
Other Retail	YES
Corporate	YES

Economic variable assumptions

The most significant period-end assumptions used for the ECL estimate as of 31 December 2025 are set out below.

Macroeconomic variable	Scenario	2026	2027	2028
Gross Domestic Product (annual average, % y/y)	Base	+3,7	+2,9	+2,9
	Optimistic	+4,9	+4,5	+4,2
	Mild recession	+1,6	+1,6	+2,3
Retail Sales (annual average, % y/y)	Base	+4,7	+4,5	+4,1
	Optimistic	+7,1	+7,2	+6,5
	Mild recession	+2,7	+3,0	+3,5
Unemployment rate (at the end of given year)	Base	5,5	5,4	5,3
	Optimistic	4,7	4,6	4,6
	Mild recession	6,9	7,1	6,8

For comparison, the assumptions regarding macroeconomic variables adopted for estimating the ECL as of 31 December 2024 are presented below

Macroeconomic variable	Scenario	2025	2026	2027
Gross Domestic Product (annual average)	Base	+3,6	+3,1	+3,0
	Optimistic	+4,6	+4,3	+3,9
	Mild recession	+1,9	+2,1	+2,6
Retail Sales (annual average)	Base	+4,7	+4,5	+4,3
	Optimistic	+5,4	+5,4	+5,1
	Mild recession	+3,2	+3,3	+3,9
Unemployment rate (at the end of given year)	Base	5,1	5,2	5,2
	Optimistic	4,7	4,7	4,8
	Mild recession	6,2	7,0	6,6

The weightings assigned to each economic scenario on 31 December 2025 were as follows:

	Base	Optimistic	Mild recession
Applied weighting	65%	10%	25%

For comparison, the weightings assigned to each economic scenario on 31 December 2024 were as follows:

	Base	Optimistic	Mild recession
Applied weighting	60%	10%	30%

ECL sensitivity to macroeconomic scenarios

The table below shows how the optimistic and mild recession scenarios affect the ECL compared to the baseline scenario.

Impact of the optimistic and mild recession scenarios as of 31 December 2025:

Provisions change in '000 PLN	Optimistic	Mild recession
Mortgages	-1 216	1 997
Other retail	-1 752	2 891
Companies	-642	1 422
Total	-3 610	6 310

For comparison, the impact of scenarios as of 31 December 2024 was the following:

Provisions change in '000 PLN	Optimistic	Mild recession
Mortgages	-1 156	3 618
Other retail	-2 620	6 906
Companies	-686	1 438
Total	-4 462	11 962

Additionally, in order to assess the sensitivity of the ECL to adverse macroeconomic factors, the theoretical impact of reclassifying all exposures from Stage 1 to Stage 2 was estimated. The details are presented in the table below.

Impact of reclassifying all Stage 1 loans to Stage 2:

Provisions change in '000 PLN	31.12.2025	31.12.2024
Mortgages	137 071	157 714
Other retail	443 514	405 641
Companies	253 629	30 533
Total	834 214	593 888

Management adjustments

The contemporary economic environment is characterised by heightened volatility and uncertainty, which significantly affects the quality of the credit portfolio and the effectiveness of predictive models applied. Rapidly changing market conditions and a dynamic macroeconomic environment limit the ability of models to accurately forecast losses, particularly in the context of identifying and measuring credit risk. In response to these challenges and in order to reduce model risk, the Bank has implemented a procedure for creating additional management overlays. These overlays are intended to supplement current credit loss estimation models with elements not captured by standard modelling solutions. The developed methodology makes it possible to distinguish the overlays resulting from model deficiency adjustments, overlays associated with model redevelopment, as well as overlays relating to temporary risks and uncertainties not addressed by existing models. This approach enables an adequate and flexible response to the dynamically changing market realities and ensures compliance with prevailing supervisory standards and best risk management practices.

At the end of 2025, the Bank applied management overlays for the following risks:

- Risk of reduced demand for the purchase of non-performing loans (NPL) by specialised external entities, as well as the risk of lower transaction prices offered for such assets. This adjustment was introduced due to the Bank's policy of systematically selling NPL portfolios as a key element in the management of non-performing exposures,
- Risk of a potential decline in property prices serving as collateral for mortgage receivables from individual clients.
- Increase in default rate for enterprises classified within "High-Risk" sectors. The Bank, at intervals not shorter than one year, assesses the credit risk of business sectors and, based on this assessment, categorises them into appropriate risk categories. The "High-Risk" category covers sectors with unfavourable economic outlooks. Qualitative factors such as growth potential, competition, legal and political risks, as well as socio-demographic factors, negatively affect the credit risk assessment. This category also includes sectors with high ESG risk.
- Increase in the LGD parameter for mortgage loans due to deficiencies in the model's estimates identified during historical back-testing.

Impact of management overlays on the level of provisions ('000 PLN):

Addressed type of risk	31.12.2025	Change	31.12.2024
Decline in demand for the purchase of non-performing loans (NPL)	77 397	22 397	55 000
Decrease in real estate prices	20 829	-7 170	27 999
Increase in the insolvency rate of companies classified in High-Risk industries	49 194	19 547	29 647
Increase in the LGD parameter for mortgage loans due to deficiencies in the model's estimates identified during historical back-testing.	29 126	-2 986	32 112
Reduction in recoveries for FX mortgage loans following the initiation of legal proceedings	0	-27 283	27 283
Suma	176 546	4 505	172 041

The adjustment related to the reduction in recoveries for FX mortgage loans following the initiation of legal proceedings was in 2025 allocated to the provisions for legal risk associated with CHF mortgage loans.

Reversal of impairment

Impairment Instruction being core document of Internal regulations provides a detailed definition of the principle of reversing impairment losses. In principle, reversing a loss and elimination of a revaluation charge is possible in the case of cessation of the impairment triggers, including the repayment of arrears or in the case of selling receivables. Reclassification to the Non-Impaired category is possible only when the customer has successfully passed the “quarantine” period, during which he will not show delay in the repayment of principal or interest above 30 days. The quarantine period only starts counting after any eventual grace period that may be granted on the restructuring.

Sale of receivables

In 2025, the Bank executed a sale of NPL exposures, with a total gross carrying amount of PLN 442 million.

Sold in 2025.

PLN'000	Gross Carrying Amount	Provisions
Other retail	441 831	359 207
Companies	321	209
Total	442 153	359 416

The total sales result is presented in Note 12

Sold in 2024.

PLN'000	Gross Carrying Amount	Provisions
Other retail	278 979	251 096
Companies	0	0
Total	278 979	251 096

The total sales result is presented in Note 12

(3d) Maximum exposure to credit risk

	31.12.2025	31.12.2024
Exposures exposed to credit risk connected with balance sheet assets	145 722 144	129 835 359
Deposits, loans and advances to banks and other monetary institutions	2 081 137	2 378 592
Loans and advances to customers:	71 902 435	71 820 328
Mandatorily at fair value through profit or loss:	745	1 825
Loans to private individuals:	658	1 755
Receivables on account of payment cards	658	1 755
Credit in current account	0	0
Loans to companies	87	70
Valued at fair value through other comprehensive income	9 438 459	11 135 416
Valued at amortised cost:	62 463 231	60 683 087
Loans to private individuals:	40 895 376	42 727 672
Receivables on account of payment cards	1 258 091	1 177 834
Cash loans and other loans to private individuals	17 839 450	17 120 347
Mortgage loans	21 797 835	24 429 491
Loans to companies and public sector	21 512 301	17 910 093
Loans to public entities	55 554	45 322
Financial derivatives (trading and hedging)	156 827	257 094
Debt instruments held for trading	824 911	555 364
Debt instruments mandatorily at fair value through profit or loss	20 655	51 790
Debt instruments at fair value through other comprehensive income	42 226 448	28 986 939
Debt instruments at amortised cost	26 659 465	24 059 861
Repurchase agreements held for trading	38 946	194 218
Repurchase agreements valued at amortised cost	59 978	0
Other financial assets	1 751 342	1 531 173
Credit risk connected with off-balance sheet items	20 028 264	14 869 414
Financial guarantees	2 100 159	1 713 693
Credit commitments	17 928 105	13 155 721

The table above presents the structure of the Bank's exposures to credit risk as of 31 December 2025 and 31 December 2024, not considering risk-mitigating instruments. As regards balance-sheet assets, the exposures presented above are based on net amounts presented in the balance sheet.

Loans and advances to customers mandatorily at fair value through profit or loss

	31.12.2025	31.12.2024
Mandatorily at fair value through profit or loss *	745	1 825
▪ Companies	87	70
▪ Individuals	658	1 755
▪ Public sector	0	0
* The above data includes the fair value adjustment, in the amount of:	(4 674)	(10 940)

The credit quality of financial assets

PLN'000, as of the end of 2025	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)	POCI	Total
Balance exposures exposed to credit risk	129 145 970	4 954 541	2 515 667	67 725	136 683 903
Expected Credit Losses	315 772	335 258	1 477 860	23 202	2 152 092
Loans and advances to banks (external rating Fitch: from BBB to AAA; Moody's: from B3 to Aaa; S&P: from B+ to AAA)	2 081 216	0	0	0	2 081 216
Loans and advances to private individuals (according to Master Scale):	37 140 563	3 482 626	1 963 812	44 161	42 631 162
▪ 1-3 Highest quality	20 376 234	230 043	0	2 567	20 608 844
▪ 4-6 Good quality	8 222 393	669 582	0	2 323	8 894 297
▪ 7-9 Medium quality	6 740 401	1 153 624	0	1 605	7 895 630
▪ 10-12 Low quality	1 801 476	951 865	0	255	2 753 597
▪ 13-14 Watched	59	467 641	0	466	468 166
▪ 15 Default	0	0	1 963 812	36 945	2 000 757
▪ Without rating (*)	0	9 871	0	0	9 871
Expected Credit Losses	174 772	280 358	1 250 731	29 230	1 735 091
Loans and advances to companies (according to Master Scale):	11 094 187	1 299 862	531 102	6 234	12 931 385
▪ 1-3 Highest quality	240 092	32 053	0	0	272 144
▪ 4-6 Good quality	2 198 080	76 180	0	0	2 274 260
▪ 7-9 Medium quality	4 240 764	162 875	0	0	4 403 639
▪ 10-12 Low quality	1 393 432	532 326	0	0	1 925 758
▪ 13-14 Watched	0	49 424	0	0	49 424
▪ 15 Default	0	0	530 736	6 234	536 970
▪ Without rating (*)	3 021 818	447 005	366	0	3 469 190
Expected Credit Losses	99 251	47 892	214 276	-5 998	355 420
Loans and advances to public entities (according to Master Scale):	55 750	0	0	0	55 750
▪ 1-3 Highest quality	0	0	0	0	0
▪ 4-6 Good quality	13 777	0	0	0	13 777
▪ 7-9 Medium quality	0	0	0	0	0
▪ 10-12 Low quality	0	0	0	0	0
▪ 13-14 Watched	0	0	0	0	0
▪ 15 Default	0	0	0	0	0
▪ Without rating (*)	41 972	0	0	0	41 973
Expected Credit Losses	196	0	0	0	196
Factoring (according to Master Scale):	2 906 703	172 053	20 753	17 330	3 116 838
▪ 1-3 Highest quality	54 773	0	0	0	54 773
▪ 4-6 Good quality	775 065	4 022	0	0	779 087
▪ 7-9 Medium quality	1 554 020	30 150	0	0	1 584 171
▪ 10-12 Low quality	522 844	74 640	0	0	597 485
▪ 13-14 Watched	0	0	0	0	0
▪ 15 Default	0	0	20 753	17 330	38 083
▪ Without rating (*)	0	63 240	0	0	63 240
Expected Credit Losses	27 580	7 008	12 852	-29	47 411

PLN'000, as of the end of 2025	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)	POCI	Total
Repurchased receivables from Millennium Leasing (according to Master Scale):	5 880 276	0	0	0	5 880 276
▪ 1-3 Highest quality	0	0	0	0	0
▪ 4-6 Good quality	5 880 276	0	0	0	5 880 276
▪ 7-9 Medium quality	0	0	0	0	0
▪ 10-12 Low quality	0	0	0	0	0
▪ 13-14 Watched	0	0	0	0	0
▪ 15 Default	0	0	0	0	0
▪ Without rating (*)	0	0	0	0	0
Expected Credit Losses	13 974	0	0	0	13 974
Debt securities valued at amortised cost	26 659 513	0	0	0	26 659 513
Derivatives (according to Master Scale) ***:	156 827	0	0	0	156 827
▪ 1-3 Highest quality	97 645	0	0	0	97 645
▪ 4-6 Good quality	2 777	0	0	0	2 777
▪ 7-9 Medium quality	30 837	0	0	0	30 837
▪ 10-12 Low quality	2 074	0	0	0	2 074
▪ 13-14 Watched	0	0	0	0	0
▪ 15 Default	0	0	0	0	0
▪ Without rating	23 493	0	0	0	23 493
Trading debt securities (State Treasury** bonds)***	824 911	0	0	0	824 911
Receivables from securities bought with sell-back clause – held for trading***	38 946	0	0	0	38 946
Debt securities mandatorily at fair value through profit or loss***	20 655	0	0	0	20 655
Investment debt securities (State Treasury**, Central Bank**, Local Government, EIB) at fair value through other comprehensive income	42 226 448	0	0	0	42 226 448
Receivables from securities bought with sell-back clause – at amortised cost	59 978	0	0	0	59 978

* The group of clients without an internal rating includes, among others, exposures related to loans to local government units as well as investment projects.

** rating for Poland in 2025 A- (S&P), A2 (Moody's), A- (Fitch).

*** is not subject to staging.

PLN'000, as of the end of 2024	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)	POCI	Total
Balance exposures exposed to credit risk	111 654 562	4 798 116	2 936 353	82 228	119 471 259
Expected Credit Losses	286 589	296 505	1 681 620	33 613	2 298 327
Loans and advances to banks (external rating Fitch: from BBB to AAA; Moody's: from B3 to Aaa; S&P: from B+ to AAA)	2 378 610	0	0	0	2 378 610
Loans and advances to private individuals (according to Master Scale):	38 338 090	3 914 189	2 356 084	69 669	44 678 032
▪ 1-3 Highest quality	20 687 372	266 832	0	2 875	20 957 079
▪ 4-6 Good quality	8 376 846	848 297	0	2 397	9 227 540
▪ 7-9 Medium quality	7 174 869	1 309 947	0	1 880	8 486 696
▪ 10-12 Low quality	1 985 051	1 013 711	0	1 993	3 000 755
▪ 13-14 Watched	424	475 281	0	113	475 818
▪ 15 Default	0	0	2 356 084	60 412	2 416 496
▪ Without rating (*)	113 528	121	0	0	113 648
Expected Credit Losses	188 235	264 464	1 453 030	32 745	1 938 474
Loans and advances to companies (according to Master Scale):	8 516 516	789 549	499 299	12 559	9 817 922
▪ 1-3 Highest quality	403 095	391	0	0	403 485
▪ 4-6 Good quality	1 375 095	36 417	0	0	1 411 512
▪ 7-9 Medium quality	3 227 254	231 851	0	0	3 459 104
▪ 10-12 Low quality	1 549 874	474 979	0	0	2 024 853
▪ 13-14 Watched	0	45 893	0	0	45 893
▪ 15 Default	0	0	499 038	12 530	511 568
▪ Without rating (*)	1 961 198	19	261	29	1 961 507
Expected Credit Losses	70 105	29 465	205 541	868	305 979
Loans and advances to public entities (according to Master Scale):	45 449	1	0	0	45 450
▪ 1-3 Highest quality	0	0	0	0	0
▪ 4-6 Good quality	352	0	0	0	352
▪ 7-9 Medium quality	392	0	0	0	392
▪ 10-12 Low quality	0	0	0	0	0
▪ 13-14 Watched	0	0	0	0	0
▪ 15 Default	0	0	0	0	0
▪ Without rating (*)	44 705	1	0	0	44 706
Expected Credit Losses	129	0	0	0	129
Factoring (according to Master Scale):	2 536 369	94 377	80 970	0	2 711 716
▪ 1-3 Highest quality	46 004	0	0	0	46 004
▪ 4-6 Good quality	805 613	455	0	0	806 069
▪ 7-9 Medium quality	900 426	696	0	0	901 122
▪ 10-12 Low quality	716 568	93 211	0	0	809 779
▪ 13-14 Watched	0	0	0	0	0
▪ 15 Default	0	0	80 970	0	80 970
▪ Without rating (*)	67 758	15	0	0	67 772
Expected Credit Losses	26 942	2 577	23 049	0	52 568

PLN'000, as of the end of 2024	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)	POCI	Total
Repurchased receivables from Millennium Leasing (according to Master Scale):	5 734 263	0	0	0	5 734 263
▪ 1-3 Highest quality	0	0	0	0	0
▪ 4-6 Good quality	0	0	0	0	0
▪ 7-9 Medium quality	0	0	0	0	0
▪ 10-12 Low quality	0	0	0	0	0
▪ 13-14 Watched	0	0	0	0	0
▪ 15 Default	0	0	0	0	0
▪ Without rating (*)	5 734 263	0	0	0	5 734 263
Expected Credit Losses	1 178	0	0	0	1 178
Debt securities valued at amortised cost	24 059 861	0	0	0	24 059 861
Derivatives (according to Master Scale) ***:	257 094	0	0	0	257 094
▪ 1-3 Highest quality	198 702	0	0	0	198 702
▪ 4-6 Good quality	18 660	0	0	0	18 660
▪ 7-9 Medium quality	5 695	0	0	0	5 695
▪ 10-12 Low quality	1 001	0	0	0	1 001
▪ 13-14 Watched	0	0	0	0	0
▪ 15 Default	0	0	0	0	0
▪ Without rating	33 036	0	0	0	33 036
Trading debt securities (State Treasury** bonds)***	555 364	0	0	0	555 364
Receivables from securities bought with sell-back clause – held for trading***	194 218	0	0	0	194 218
Debt securities mandatorily at fair value through profit or loss***	51 790	0	0	0	51 790
Investment debt securities (State Treasury**, Central Bank**, Local Government, EIB) at fair value through other comprehensive income	28 986 939	0	0	0	28 986 939
Receivables from securities bought with sell-back clause – at amortised cost	0	0	0	0	0

* The group of clients without an internal rating includes, among others, exposures related to loans to local government units as well as investment projects.

** rating for Poland in 2024 A- (S&P), A2 (Moody's), A- (Fitch).

*** is not subject to staging.

Credit risk related to off-balance sheet exposures (financial guarantees and loan commitments):

PLN'000, as of the end of 2025	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)	POCI	Total
Off-Balance exposures exposed to credit risk	18 058 159	1 947 135	22 202	767	20 028 264
Expected Credit Losses	59 299	38 676	7 553	0	105 528
To banks (external rating Fitch: from BBB to AAA; Moody's: from B3 to Aaa; S&P: from B+ to AAA)	2 971 015	0	0	0	2 971 015
To private individuals (according to Master Scale):	4 055 674	473 897	7 216	767	4 537 554
▪ 1-3 Highest quality	3 311 651	78 046	0	299	3 389 997
▪ 4-6 Good quality	508 413	104 680	0	152	613 245
▪ 7-9 Medium quality	203 350	64 990	0	53	268 393
▪ 10-12 Low quality	32 259	22 962	0	42	55 263
▪ 13-14 Watched	0	3 396	0	1	3 398
▪ 15 Default	0	0	7 216	183	7 399
▪ Without rating *	0	199 822	0	38	199 860
Expected Credit Losses	3 266	25 591	5 392	0	34 249
To companies (according to Master Scale):	7 800 775	1 296 017	11 947	0	9 108 740
▪ 1-3 Highest quality	783 650	32 604	0	0	816 254
▪ 4-6 Good quality	2 528 627	200 770	0	0	2 729 397
▪ 7-9 Medium quality	3 111 555	192 256	0	0	3 303 812
▪ 10-12 Low quality	602 245	157 586	0	0	759 830
▪ 13-14 Watched	0	106	0	0	106
▪ 15 Default	0	0	11 947	0	11 947
▪ Without rating *	774 698	712 695	0	0	1 487 393
Expected Credit Losses	40 994	11 451	1 639	0	54 084
Public entities (according to Master Scale):	476 435	1 600	0	0	478 035
▪ 1-3 Highest quality	1	0	0	0	1
▪ 4-6 Good quality	19 290	0	0	0	19 290
▪ 7-9 Medium quality	0	0	0	0	0
▪ 10-12 Low quality	0	0	0	0	0
▪ 13-14 Watched	0	0	0	0	0
▪ 15 Default	0	0	0	0	0
▪ Without rating *	457 144	1 600	0	0	458 744
Expected Credit Losses	1 331	6	0	0	1 337
Factoring (according to Master Scale):	2 754 261	175 620	3 039	0	2 932 920
▪ 1-3 Highest quality	74 467	1 000	0	0	75 467
▪ 4-6 Good quality	868 577	3 001	0	0	871 578
▪ 7-9 Medium quality	1 339 297	91 723	0	0	1 431 020
▪ 10-12 Low quality	471 919	66 056	0	0	537 975
▪ 13-14 Watched	0	0	0	0	0
▪ 15 Default	0	0	3 039	0	3 039
▪ Without rating *	0	13 840	0	0	13 840
Expected Credit Losses	13 708	1 629	522	0	15 859

PLN'000, as of the end of 2024	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)	POCI	Total
Off-Balance exposures exposed to credit risk	14 056 966	749 251	58 768	4 429	14 869 414
Expected Credit Losses	30 365	16 591	6 648	0	53 605
To banks (external rating Fitch: from BBB to AAA; Moody's: from B3 to Aaa; S&P: from B+ to AAA)	980 015	0	0	0	980 015
To private individuals (according to Master Scale):	4 104 088	300 285	7 080	836	4 412 290
▪ 1-3 Highest quality	3 286 931	75 559	0	264	3 362 754
▪ 4-6 Good quality	537 950	118 811	0	201	656 963
▪ 7-9 Medium quality	222 927	73 838	0	102	296 868
▪ 10-12 Low quality	30 302	27 091	0	16	57 409
▪ 13-14 Watched	0	3 442	0	5	3 447
▪ 15 Default	0	0	7 080	220	7 301
▪ Without rating *	25 977	1 543	0	28	27 548
Expected Credit Losses	4 396	13 331	4 839	0	22 566
To companies (according to Master Scale):	6 723 206	346 904	6 227	3 592	7 079 928
▪ 1-3 Highest quality	982 781	1 021	0	0	983 802
▪ 4-6 Good quality	1 939 793	48 071	0	0	1 987 864
▪ 7-9 Medium quality	1 948 909	126 092	0	0	2 075 001
▪ 10-12 Low quality	521 346	171 109	0	0	692 455
▪ 13-14 Watched	0	557	0	0	557
▪ 15 Default	0	0	6 227	3 592	9 819
▪ Without rating *	1 330 377	55	0	0	1 330 431
Expected Credit Losses	24 105	3 129	1 809	0	29 043
Public entities (according to Master Scale):	340 793	0	0	0	340 793
▪ 1-3 Highest quality	0	0	0	0	0
▪ 4-6 Good quality	21 400	0	0	0	21 400
▪ 7-9 Medium quality	8	0	0	0	8
▪ 10-12 Low quality	0	0	0	0	0
▪ 13-14 Watched	0	0	0	0	0
▪ 15 Default	0	0	0	0	0
▪ Without rating *	319 385	0	0	0	319 385
Expected Credit Losses	827	0	0	0	827
Factoring (according to Master Scale):	1 908 864	102 062	45 461	0	2 056 388
▪ 1-3 Highest quality	106 634	0	0	0	106 634
▪ 4-6 Good quality	476 674	16 800	0	0	493 474
▪ 7-9 Medium quality	833 280	4 635	0	0	837 916
▪ 10-12 Low quality	456 317	80 627	0	0	536 944
▪ 13-14 Watched	0	0	0	0	0
▪ 15 Default	0	0	45 461	0	45 461
▪ Without rating *	35 959	0	0	0	35 959
Expected Credit Losses	1 038	132	0	0	1 169

(3e) Loans

Impaired loans and advances

The gross amount of impaired loans and advances broken down into customer segments is as follows:

Gross exposure in '000 PLN	31.12.2025				Total
	Loans and advances to customers			Loans and advances to banks	
	Companies	Mortgages	Other retail		
By type of analysis					
Case by case analysis	353 636	72 054,30	1 439	0	427 129
Collective analysis	221 418	571 107,50	1 356 156	0	2 148 682
Total	575 054	643 162	1 357 595	0	2 575 811

Gross exposure in '000 PLN	31.12.2024				Total
	Loans and advances to customers			Loans and advances to banks	
	Companies	Mortgages	Other retail		
By type of analysis					
Case by case analysis	409 499	99 499	2 802	0	511 799
Collective analysis	183 040	713 757	1 600 438	0	2 497 235
Total	592 538	813 256	1 603 240	0	3 009 034

Loans and advances covered by case-by-case analysis

The quantification of the value of the portfolio subjected to case-by-case analysis as well as of the value of created charges, split between impaired receivables (and respectively charges) is presented in financial notes.

The tables below present the structure of the impaired portfolio subjected to case-by-case analysis.

Case by Case loans and advances to customers - by currency

	31.12.2025			31.12.2024		
	Amount in '000 PLN	Share %	Coverage by impairment provisions	Amount in '000 PLN	Share %	Coverage by impairment provisions
PLN	297 929	69.8%	33.3%	292 179	57.1%	31.9%
CHF	3 651	0.9%	15.8%	16 738	3.3%	14.1%
EUR	122 722	28.7%	50.3%	202 879	39.6%	48.6%
USD	2 827	0.7%	46.8%	4	0.0%	60.1%
Total (Case by Case impaired)	427 129	100.0%	38.1%	511 799	100.0%	37.9%

At the end of 2025, the financial impact from the established collaterals securing the Bank's receivables with impairment recognised under individual analysis (Case by Case) amounted to PLN 207.7 million (at the end of 2024 respectively PLN 262.4 million). It is the amount, by which the level of required provisions assigned to relevant portfolio would be higher if flows from collaterals were not to be considered in individual analysis.

Restructured loans and advances

The restructuring of receivables is done by dedicated units (separately for corporate and retail receivables).

The restructuring of both corporate and retail receivables allows the Bank to take effective action towards the customers, the purpose of which is to minimize losses and mitigate, as quickly as possible, any risks to which the Bank is exposed in connection with client transactions giving rise to the Bank's off-balance sheet receivables or liabilities.

The restructuring process applies to the receivables which, based on the principles in place in the Bank, are transferred to restructuring and recovery portfolios and includes setting new terms of transactions which are acceptable for the Bank (including the terms of their repayment and their collateral and possibly obtaining additional collateral).

Recovery of retail receivables is a fully centralised process implemented in two stages:

- monitoring and amicable debt collection proceedings - conducted by Retail Liabilities Monitoring and Collection Department,
- restructuring and execution proceedings – implemented by Retail Liabilities Restructuring and Recovery Department.

Process performed by Retail Liabilities Monitoring and Collection Department involves direct telephone contacts with Customers and obtaining repayment of receivables due to the Bank. In case of failure to receive repayment or in case the Customer applies for debt restructuring, the case is taken over by the Retail Liabilities Restructuring and Recovery Department and involves all restructuring and execution activities.

Recovery process is supported by specialised IT system covering the entire Customer portfolio, fully automated at the stage of portfolio monitoring and supporting actions undertaken in later restructuring and recovery phases. The behavioural scoring model constitutes an integral component of the system, used at the warning stage. The system is used for retail liabilities collection process applicable to all retail Customer segments.

The scoring model is based on internal calculations including, inter alia, Customer's business segment type of credit risk-based product (applicable, primarily, to mortgage products) and history of cooperation with the Customer relative to previous restructuring and execution activities. Late receivables from retail customers are sent to the IT system automatically no later than 4 days after the date of the receivable becoming due and payable.

The restructuring and recovery process applicable to corporate receivables (i.e., balance and off-balance receivables due from corporate and SME customers) is centralized and performed by the Corporate Recovery Department. Recovery of corporate receivables aims to maximize the recovery amounts and to mitigate risk incurred by the Bank in the shortest possible periods of time by carrying out the accepted restructuring and recovery strategies towards:

- the customer,
- corporate receivables,
- collateral ensuring their repayment.

The actions performed as part of those strategies include, among others: setting the terms and conditions of Customer financing, terms and conditions of restructuring corporate receivables (also within court restructuring proceedings), including the terms on which they will be repaid and secured, obtaining valuable and liquid collateral, achieving amicable repayment, recovery of due and payable receivables (also by court executive officer), also from collateral, actions performed within debtors' bankruptcy proceedings, conducting required legal actions.

Corporate Recovery Department manages the corporate receivable restructuring and recovery process by using IT applications supporting the decision-making process and monitoring. They provide instantaneous information on receivables, collateral, approach used and key actions and dates.

All restructured exposures are classified directly after signing sufficient annex/agreement to Stage 3. In terms of regular payments such exposure can be cured when fulfil internally defined quarantine rules in accordance with EBA Guidelines concerning New Definition of Default. Cured restructured cases are classified to Stage 2 for at least following 2 years after cure in accordance with EBA technical standards for forbore exposures.

The table below presents the loan portfolio with recognised impairment managed by the Bank's organisational units responsible for loan restructuring.

Gross exposure in '000 PLN	31.12.2025	31.12.2024
Loans and advances to private individuals	886 554	1 212 462
<i>0 days</i>	<i>271 524</i>	<i>449 482</i>
<i>from 1 to 30 days</i>	<i>167 359</i>	<i>273 661</i>
<i>from 31 to 90 days</i>	<i>112 434</i>	<i>140 376</i>
<i>over 90 days</i>	<i>335 237</i>	<i>348 943</i>
Loans and advances to companies	161 035	199 632
<i>0 days</i>	<i>70 925</i>	<i>110 043</i>
<i>from 1 to 30 days</i>	<i>7 586</i>	<i>4 908</i>
<i>from 31 to 90 days</i>	<i>3 061</i>	<i>1 577</i>
<i>over 90 days</i>	<i>79 464</i>	<i>83 104</i>
Total	1 047 589	1 412 094

(3f) Collateral transferred to the Bank

In 2025 there were no major seizures by the Bank or sale of fixed assets constituting loan collateral. The above situation was caused by the implementation of other more cost-effective paths of satisfying oneself from lien or transfers of title (more effective in terms of time and money with the limitation of costs), i.e., leading to the sale of the object of collateral under the Bank's supervision and with the allocation of obtained sources for repayment. A variety of such action is concluding agreements with official receivers based on which the receiver for an agreed fee secures and stores objects of collateral and in agreement with the Bank puts them up for sale and sells them (also as part of selling organized parts or the debtor's whole enterprise). Funds obtained in such a way are allocated directly for repayment of the Bank's receivables (such debt-collection procedure is implemented without recording transferred collateral on the so-called "Fixed Assets for Sale").

(3g) Policy for writing off receivables

Credit exposures for which the Bank does not expect any cash flows to be recovered, and for which an impairment allowance or a fair value adjustment for receivables arising from matured transactions has been recognised that fully covers the outstanding balance, are removed from the balance sheet and transferred to off-balance-sheet records. This operation does not cause the debt to be cancelled, i.e. it does not release the debtor from the obligation nor does it discontinue the legally required and economically justified legal and recovery actions aimed at enforcing payment. After removal from the balance sheet, collection activities continue to be carried out.

Most often, the Bank writes off impaired receivables in the event of the receivable being deemed uncollectible, i.e., among others:

- obtaining a decision on ineffectiveness of execution proceedings;
- death of a debtor;
- confirmation that there are no chances to satisfy claims from the estate in bankruptcy;
- exhaustion of all opportunities to carry out execution due to the lack of assets of the main debtor and other obligors (e.g., collateral providers).

Gross exposure receivables removed from the balance sheet in '000 PLN	In 2025				Total
	Loans and advances to customers			Loans and advances to banks	
	Companies	Mortgages	Other retail		
Removed from the balance sheet	18 099	9 634	51 433	0	79 167

Gross exposure receivables removed from the balance sheet in '000 PLN	In 2024				Total
	Loans and advances to customers			Loans and advances to banks	
	Companies	Mortgages	Other retail		
Removed from the balance sheet	1 029	487	121 496	0	123 012

(3h) Concentration of risks of financial assets with exposure to credit risk

Economy sectors

The table below presents the Bank's main categories of credit exposure broken down into components, according to category of customers.

31.12.2025	Financial intermediation	Industry and constructions	Wholesale and retail business	Transport and communication	Public sector	Mortgage loans	Consumer loans*	Other sectors	Total
Loans and advances to banks	2 081 216	0	0	0	0	0	0	0	2 081 216
Loans and advances to customers (Amortized cost)	7 367 334	3 967 085	5 186 704	704 344	25 185	22 228 857	20 402 218	4 733 596	64 615 323
Loans and advances to customers (Fair value through OCI)	0	0	0	0	0	9 438 459	0	0	9 438 459
Loans and advances to customers (Fair value through P&L)	0	0	3	84	0	0	658	0	745
Trading securities	84	157	0	9	824 912	0	0	3	825 165
Instruments valued at amortised cost	1 915 598	0	0	0	24 743 916	0	0	0	26 659 514
Instruments mandatorily at fair value through P&L	176 307	0	0	0	0	0	0	0	176 307
Financial derivatives (trading and hedging)	112 431	15 977	2 208	1 335	0	0	0	24 877	156 828
Instruments at fair value through other comprehensive income	325 273	4 996	0	282	41 941 801	0	0	32	42 272 383
Repurchase agreements	98 924	0	0	0	0	0	0	0	98 924
Total	12 077 167	3 988 215	5 188 915	706 054	67 535 814	31 667 316	20 402 876	4 758 508	146 324 864

* including: credit cards, cash loans, current accounts overdrafts

31.12.2024	Financial intermediation	Industry and constructions	Wholesale and retail business	Transport and communication	Public sector	Mortgage loans	Consumer loans*	Other sectors	Total
Loans and advances to banks	2 378 610	0	0	0	0	0	0	0	2 378 610
Loans and advances to customers (Amortized cost)	7 102 892	3 377 257	4 562 098	620 643	28 075	24 971 031	19 706 931	2 612 486	62 981 413
Loans and advances to customers (Fair value through OCI)	0	0	0	0	0	11 135 416	0	0	11 135 416
Loans and advances to customers (Fair value through P&L)	0	0	3	67	0	0	1 755	0	1 825
Trading securities	33	75	0	4	555 365	0	0	2	555 479
Instruments valued at amortised cost	2 305 191	0	0	0	21 754 678	0	0	0	24 059 869
Instruments mandatorily at fair value through P&L	118 399	0	0	0	0	0	0	0	118 399
Financial derivatives (trading and hedging)	244 843	6 006	1 627	2 073	0	0	0	2 545	257 094
Instruments at fair value through other comprehensive income	472 631	4 996	0	285	28 550 699	0	0	32	29 028 643
Repurchase agreements	194 218	0	0	0	0	0	0	0	194 218
Total	12 816 817	3 388 334	4 563 728	623 072	50 888 817	36 106 447	19 708 686	2 615 065	130 710 966

* including: credit cards, cash loans, current accounts overdrafts

Loans and advances to customers by economy sectors and segment

Taking into consideration segments and activity sectors concentration risk, the Bank defines internal concentration limits in accordance with the risk tolerance allowing it to keep well diversified loan portfolio.

Sector name	2025 Balance Exposure (PLN million)	Share (%)	2024 Balance Exposure (PLN million)	Share (%)
Credits for individual persons	51 918.1	70.3%	55 940.1	75.3%
Mortgage	31 510.4	42.6%	36 231.4	48.9%
Cash loan	17 906.5	24.2%	17 216.6	23.2%
Credit cards and other	2 501.1	3.4%	2 492.1	3.4%
Credit for companies*	21 984.2	29.7%	18 309.4	24.7%
Wholesale and retail trade; repair	5 186.7	7.0%	4 562.1	6.1%
Manufacturing	3 042.7	4.1%	2 590.3	3.5%
Construction	924.4	1.3%	786.9	1.1%
Transportation and storage	704.3	1.0%	620.6	0.8%
Public administration and defence	25.2	0.0%	28.1	0.0%
Information and communication	1 018.8	1.4%	793.4	1.1%
Other Services	623.1	0.8%	325.7	0.4%
Financial and insurance activities	7 367.3	10.0%	7 108.8	9.6%
Real estate activities	1 398.1	1.9%	642.5	0.9%
Professional, scientific, and technical services	516.0	0.7%	252.1	0.3%
Mining and quarrying	9.9	0.0%	16.2	0.0%
Water supply, sewage, and waste	133.4	0.2%	102.2	0.1%
Electricity, gas, water	526.5	0.7%	65.4	0.1%
Accommodation and food service activities	204.0	0.3%	187.6	0.3%
Education	85.6	0.1%	76.1	0.1%
Agriculture, forestry, and fishing	14.7	0.0%	15.3	0.0%
Human health and social work activities	165.3	0.2%	99.4	0.1%
Culture, recreation, and entertainment	38.4	0.1%	36.7	0.0%
Total (gross)	73 902.3	100.0%	74 249.5	100.0%

* incl. Microbusiness, annual turnover below PLN 5 million

Concentration ratio of the 20 largest customers in the Bank's loan portfolio (considering groups of connected entities) at the end of 2025 equals 7.5% comparing with 5.5% at the end of 2024. Concentration ratio for the 10 largest customers increased during 2025, from 4.2% at the end of the previous year to 5.5%.

The average LTV for the retail mortgage portfolio amounted to 44.8% at the end of 2025 compared to 45.8% at the end of 2024. The table below presents the distribution of on-balance-sheet exposures for retail mortgage loans by levels of the current loan-to-value (LTV) ratio.

LTV Bucket	2025 Balance Exposure (in '000 PLN)	Share (%)	2024 Balance Exposure (in '000 PLN)	Share (%)
0-50%	18 735 862	51.8%	21 022 543	53.6%
50-80%	11 357 124	31.4%	13 497 810	34.4%
80-100%	1 283 591	3.6%	1 643 979	4.2%
>100%	133 697	0.4%	177 409	0.5%

8.4. MARKET RISK AND INTEREST RATE RISK

The market risk encompasses current and prospective impact on earnings or capital, arising from changes in the value of the Bank's portfolio due to adverse movement in interest rates, foreign exchange rates or prices of bonds, equities, or commodities.

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

Market risk

The Bank's market risk measurement allows monitoring of all the risk types, which are generic risk (including interest rate risk, foreign exchange risk and equity risk), non-linear risk, specific risk, and commodity risk. In 2025 the non-linear and commodities risk did not exist in the Bank. The equity risk assumed to be irrelevant since the Bank's engagement in equity instruments is immaterial.

Each market risk type is measured individually using appropriate risk models and then integrated measurement of total market risk is built from those assessments without considering any type of diversification between the four risk types (the worst-case scenario).

The main measure used by the Bank to evaluate market risks (interest rate risk, foreign exchange risk, equity risk) is the parametric VaR (Value at Risk) model – an expected loss that may arise on the portfolio over a specified period (holding period) and with specified probability (confidence level) from an adverse market movement.

The Value at Risk in the Bank (VaR) is calculated considering the holding period of 10 working days and a 99% confidence level (one tail). In line with regulatory requirements of CRD V/CRR III, the volatility associated with each market risk vertex considered in the VaR model (and respective correlation between them) has been estimated by the equally weighted changes of market parameters using the effective observation period of historical data of last year. The EWMA method (exponentially weighted moving average method) with effectively shorter observation period is only justified by a significant upsurge in price volatility.

To monitor and limit the positions in instruments, for which it is not possible to properly assess market risk with the use of the VaR model (non-linear risk, commodity risk and specific risk), the appropriate assessment rules were defined. The non-linear risk is measured according to internally developed methodology which is in line with the VaR methodology – the same time horizon and significant level is used. Specific and commodities' risks are measured through standard approach defined in supervisory regulations, with a corresponding change of the time horizon considered.

The market risk measurement is carried out daily (intra-day and end-of-day), both on an individual basis for each of the areas responsible for risk taking and risk management, and in consolidated terms for Global Bank, Trading and Banking Book considering the effect of the diversification that exists between the portfolios. In addition, each Book is divided into the risk management areas.

To ensure that the VaR model adopted is appropriate for the evaluation of the risks involved in the open positions, a back-testing process has been instituted and is carried out daily.

All reported excesses are documented. This includes an explanation of their causes and their incorporation in one of the three classes of excess explanation: adequacy of the model, insufficient model accuracy or unanticipated market movements.

Parallel to the VaR calculation the portfolios are subject to a set of sensitivity analysis and stress scenarios, to:

- Estimate the potential economic loss resulting from extreme variations in market risk factors,
- Identify the market risk movements, possibly not captured by VaR, to which the portfolios are more sensitive,
- Identify the actions that can be taken to reduce the impact of extreme variations in the risk factors.

The following types of market scenarios are being applied:

- Parallel shifts of the yield curves;
- More steep or flat shape of the yield curves;
- Variations of the exchange rates;
- Historical adverse scenarios;
- Customized scenarios based on observed, adverse changes of market risk parameters.

The global VaR limit is expressed in million PLN. The limit is divided into the books, risk management areas and various types of risk, which enables the Bank for full measurement, monitoring, and control of market risk. The market risk exposure (VaR) together with the limit utilization is reported daily to all areas responsible for management and control of market risk in the Bank.

The market risk limits are revised at least once a year and to consider, inter alia, the change of the consolidated Own Funds, current and projected balance sheet structure as well as the market environment. The market risk limits valid for 2025 reflected the assumptions and risk appetite defined under Risk Strategy 2025-2028. The applicable limits, introduced as of 30 September 2024, remained in 2025 at levels not exceeding PLN 574.5 million for the Bank in total and PLN 20.8 million for Trading Book. In December 2025, the Risk Committee conducted a review of the market limits and confirmed their maintenance at the current level.

In 2025, the VaR limits were not breached for Global Bank and also for Trading and Banking Book.

It should be noted that the value at risk in Banking Book is only complementary risk measurement tool as positions are expected to be held to maturity and are normally not marked to market (see next section - Interest rate risk in Banking Book, IRRBB). All excesses of market risk limits are always reported, documented, and ratified at the proper competence level.

Within the current market environment, the Bank continued to operate in a prudent manner. In 2025 the VaR indicators for the Bank remained on average at the level of PLN 204,2million (36% of the limit) and PLN 161,4 million (28% of the limit) as of the end of December 2025. The diversification effect applies to the generic risk and reflects correlation between its constituents. The low level of diversification effect relates to the fact that the Bank's market risk is mainly the interest rate risk. The figures in the Table below also include the exposures to market risk generated in subordinated companies, as the Bank manages market risk at central level.

The market risk in terms of VaR for the Bank ('000 PLN):

VaR measures for market risk ('000 PLN)	VaR (2025)				
	31.12.2024	Average	Maximum	Minimum	31.12.2025
Total risk	223 391	204 231	299 142	92 413	161 358
Generic risk	134 159	159 664	231 481	78 340	148 255
Interest Rate Risk	134 158	159 662	231 474	78 343	148 257
FX Risk	46	67	842	11	45
Equity Risk	13	14	27	4	19
Diversification Effect	0.0%				0.0%
Specific risk	89 233	44 568	89 235	13 104	13 104

The corresponding exposures as of 2024 respectively amounted to ('000 PLN):

VaR measures for market risk ('000 PLN)	VaR (2024)				
	31.12.2023	Average	Maximum	Minimum	31.12.2024
Total risk	269 971	263 193	298 165	192 017	223 391
Generic risk	199 442	179 983	213 965	102 075	134 159
Interest Rate Risk	199 439	179 992	213 969	102 072	134 158
FX Risk	22	81	851	16	46
Equity Risk	13	16	36	7	13
Diversification Effect	0.0%				0.0%
Specific risk	70 529	83 210	91 456	70 203	89 233

The market risk exposure divided into Trading Book and Banking Book together with risk type division is presented in the table below ('000 PLN):

Banking Book:

VaR measures for market risk ('000 PLN)	VaR (2025)				
	31.12.2024	Average	Maximum	Minimum	31.12.2025
Total risk	223 121	202 205	295 250	91 794	160 128
Generic risk	133 892	157 640	227 389	77 724	147 028
Interest Rate Risk	133 892	157 640	227 389	77 724	147 028
FX Risk	0	0	0	0	0
Equity Risk	0	0	15	0	0
Diversification Effect	0,0%				0,0%
Specific risk	89 229	44 564	89 231	13 100	13 100

VaR measures for market risk ('000 PLN)	VaR (2024)				
	31.12.2023	Average	Maximum	Minimum	31.12.2024
Total risk	269 052	261 853	297 344	191 331	223 121
Generic risk	198 527	178 647	211 281	101 393	133 892
Interest Rate Risk	198 527	178 647	211 281	101 393	133 892
FX Risk	0	0	0	0	0
Equity Risk	0	0	0	0	0
Diversification Effect	0.0%				0.0%
Specific risk	70 525	83 205	91 453	70 200	89 229

Trading Book:

VaR measures for market risk ('000 PLN)	VaR (2025)				
	31.12.2024	Average	Maximum	Minimum	31.12.2025
Total risk	784	2 384	4 991	452	1 556
Generic risk	780	2 381	4 988	448	1 552
Interest Rate Risk	780	2 379	4 984	446	1 556
FX Risk	44	67	830	11	41
Equity Risk	13	14	27	4	19
Diversification Effect	7.3%				4.1%
Specific risk	4	3	23	2	4

VaR measures for market risk ('000 PLN)	VaR (2024)				
	31.12.2023	Average	Maximum	Minimum	31.12.2024
Total risk	1 078	2 365	7 512	269	784
Generic risk	1 075	2 361	7 509	264	780
Interest Rate Risk	1 071	2 348	7 516	263	780
FX Risk	24	82	850	16	44
Equity Risk	13	16	36	7	13
Diversification Effect	3.1%				7.3%
Specific risk	3	5	37	2	4

Open positions mostly included interest-rate instruments and FX risk instruments. The FX risk covers all the foreign exchange exposures of the Bank. According to the Risk Strategy, the FX open position is allowed, however should be kept at low levels. For this purpose, the Bank has introduced a system of conservative limits for FX open positions (both Intraday and Overnight limits) and allows keeping FX open positions only in Trading Book.

In 2025, as a rule FX position generated in the Banking Book was fully transferred to the Trading Book where it was managed daily. During 2025 the FX open position remained on average at the level of PLN15.8 million with maximum of PLN 61.6 million. In 2025, the FX Total open position (Intraday as well as Overnight) remained below 2% of Own Funds and well below the maximum limits in place.

Evolution of the total FX open position (Overnight) in Trading Portfolio (PLN thousand):

Total FX position *	Period Average	Period Minimum	Period Maximum	The Last Day of Period
2025	15 830	4 744	61 556	21 672
2024	13 956	4 080	50 167	12 591

* Total foreign exchange position – the sum of negative (short) or the sum of positive (long) individual currency positions across currencies, whichever of these sums is greater in absolute value.

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

VaR assessment is supplemented by monitoring the market risk sensitivity to the above-mentioned stress tests scenarios of portfolios carrying market risk.

The results of market risk sensitivity and customized stress tests were regularly reported to the Capital, Assets and Liabilities Committee.

Interest rate risk in Banking Book (IRRBB)

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

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

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

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

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

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

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

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

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

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

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

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

The results of the sensitivity of the Banking Book to changes of interest rates in terms of BPVx100 and EVE under supervisory stress tests are presented in Table below.

Sensitivity of the Banking Book to changes of interest rates was as follows ('000 PLN):

	31.12.2025	31.12.2024
	BPVx100	BPVx100
PLN	-396 768	-246 989
CHF	-56 861	-9 080
EUR	84 986	45 108
USD	31 469	21 878
Other	9 456	9 497
TOTAL	-327 721	-179 585

Sensitivity to changes of interest rates	31.12.2025	31.12.2024
Supervisory outlier test EVE (the most severe scenario, % CET1)	-12.40%	-11.89%

In 2025 the Bank's priority remained the stabilization of net interest income in the medium- and long-term perspective. In this context, the Bank continued its strategy of gradually increasing both the volume and the share of the fixed rate loans and fixed-coupon bond portfolio, aiming to achieve an optimal balance between the risk resulting from extending duration, reflected in the SOT EVE measure, and the risk of volatility in the current net interest income captured in the SOT NII measure.

As of the reporting date, the main net interest income's sensitivity measure - calculated under a scenario of parallel shift of interest rates by 100 basis points over a 12-month horizon following 31 December 2025 (with the most adverse scenario being a decrease in interest rates) - stood at 2.18%. The corresponding values are presented in the table below.

Sensitivity of NII for position in all major currencies:

- 100 bps change of interest rates	31.12.2025	31.12.2024
PLN million	-125	-27
% of net interest income over the last 12 months	-2.18%	-0.49%

The above results of internal metrics for sensitivity of NII for the next 12 months after 31st December 2025 in Banking Book are conducted under the following assumptions:

- static balance sheet structure as of that reference date (no change during the following 12 months),
- reference level of net interest income if all assets and liabilities with variable interest rate already reflect market interest rates levels as of 31st December 2025 (for example, the NBP Reference rate was at 4.00%, versus 5.75% on 31st December 2024, i.e. reflecting a cumulative cut of 175 bps in 2025, of which 75 bps in 4Q 2025),
- application of a parallel move of 100bps in the yield curve up and down is an additional shock to all market interest rates levels as of 31st December 2025 and is set at the repricing date of the assets and liabilities that happens during the 12 following months.

Apart from reference date for the analysis, which is set in the context of a significantly lower interest rate environment in Poland – following cumulative monetary easing of 175 basis points in 2025 as decided by the Monetary Policy Council the increase of the NII sensitivity metric observed in December 2025 compared to the one published for the end of 2024 is also due to a revision of methodology for non-maturity products. As part of this process, the sensitivity of non-maturing deposits (NMD) to interest rate cuts specifically was reassessed resulting in a more limited scope of adjustment in case of interest rate cut shocks. It means that smaller part of the decrease in interest rate shock is expected to be reflected in lowering of the cost of funding. This adjustment for NMD was applied only for internal NII measures (+/- 100 bps shock) and aims to provide a more conservative representation of interest rate risk in the banking book, in line with Bank's pricing policy as well as prevailing market practices. The Bank has already taken a set of measures aimed at protecting its net interest income. These include, in particular, the investment in fixed-rate Sovereign and Supranational debt securities and limiting the volume of NBP money bills, held in the Banking Book.

8.5. LIQUIDITY RISK

The objective of liquidity risk management is to ensure and maintain the Bank's ability to meet both current, as well as future funding requirements considering costs of funding.

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

Both the financing requirements and any liquidity surplus of subsidiaries are managed by transactions with the Bank unless specific market transactions are previously decided and agreed. The Treasury Department is responsible for the day-to-day management of the Bank's liquidity position in accordance with the adopted rules and procedures considering goals defined by the Management Board and the Capital, Assets and Liabilities Committee.

In 2025, all the supervisory and internal liquidity indicators of the Bank remained above minimum limits in place. In accordance with internal regulations all potential breaches of internal liquidity risk limits are in each time reported, documented and ratified at the proper competence level.

In 2025, in consequences of the increase of the deposits from Customers at the faster pace than loans, the Bank's Loan-to-Deposit ratio decreased and was equalled to 55% at the end of December 2025 (comparing to level of 61% as of end of December 2024). The liquidity assets portfolio is treated by the Bank's as liquidity reserve, which will overcome crisis situations. The liquidity assets portfolio consists of liquid debt securities issued or guaranteed by Polish government, other EU's sovereigns, European Union, and multilateral development banks. It is additionally supplemented by the cash and exposures to the National Bank of Poland. At the end of 2025, the share of above-mentioned liquid debt securities (including NBP Bills) in total securities portfolio amounted to 99.9% and allowed to reach the level of approx. PLN 69.9 billion (46% of total assets), whereas at the end of December 2024 PLN 53.7 billion (39% of total assets).

Consequently, the large, diversified, and stable funding from retail, corporate and public sector Clients remains the main source of financing of the Bank. At the end of 2025 total Clients' deposits of the Bank reached the level of PLN 131.2 billion (PLN 117.6 billion at the end of December 2024). The deposit base constituted mainly funds of individuals Clients, of which the share in total Client's deposits equalled to approx. 75.0% at the end of December 2025 (74.4% at the end of December 2024). The high share of funds from individuals had a positive impact on the Bank's liquidity and supported the compliance of the supervisory liquidity measures.

Concentration of the deposits base, based on the share of top 5 and top 20 depositors, at the end of 2024 amounted respectively to 1.4% and 3.8% (in December 2024 it was respectively 1.4% and 3.8%). The level of deposit concentration is regularly monitored and did not have any negative impact on the stability of the deposit base in 2025. In case of significant increase of the share of the largest depositors, the additional funds from the depositors are not treated as stable. Despite of that, to prevent deposit base fluctuations, the Bank maintains the reserves of liquid assets in the form of securities portfolio.

The deposit base is supplemented by medium – long term funding: at the end of 2025, the source of medium-term funding included subordinated debt, own EUR bonds issue, covered bonds issued by Millennium Mortgage Bank, and securitization of loan portfolio.

The total Credit Linked Notes issued by the Bank amounts to PLN 458.8 million at the end of 2025 year in comparison to PLN 602.8 million at the end of 2024. The Bank has no medium-term loans from financial institutions at the end of 2025, the same as at the end of 2024.

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

Liquidity risk evaluation measures

The estimation of the Bank's liquidity risk is carried out with the use of both measures defined by the supervisory authorities and internally, for which exposure limits were established.

The evolution of the Bank's liquidity position in short-term horizons is tested daily based on liquid asset portfolio, Central Bank's eligible collateral for standard monetary operation and two internally defined indicators: immediate liquidity and quarterly liquidity. The last two indicators measure the maximum borrowing requirement, which could arise on a particular day, taking into consideration the cash-flow projections for spot date and period of 3 months, respectively. Additionally, the liquid asset portfolio is calculated on the daily basis.

These figures are compared with the exposure limits in force and reported daily to the areas responsible for the management and control of the liquidity risk in the Bank as well as presented in monthly and/or quarterly basis to the Bank's Management Board and Supervisory Board.

The liquidity risk limits are revised at least once a year to consider, inter alia, the change of the size of the consolidated own funds, current and expected balance sheet structure, historical limits' consumption, as well as current market conditions and supervisory requirements. According to rules in place, all eventual excesses of internal liquidity risk limits are always reported, documented, and ratified at the proper competence level.

According to the provisions of CRD/CRR package, the Bank is calculating the liquidity coverage requirement (LCR) and the net stable funding ratio (NSFR). The regulatory minimum of 100% for both LCR and NSFR was met by the Bank. LCR reached the level of 361% at the end of December 2025 (342% as of the end of December 2024). The increase was mainly connected with significant increase of deposits from retail Clients, which was invested in liquid assets portfolio. The measure is calculated daily and has been reported on the monthly basis to NBP since March 2014. Internally, the LCR is estimated daily and reported to the areas responsible for the management and control of the liquidity risk in the Bank. NSFR is monitored and reported monthly. In 2025, the NSFR was above the supervisory minimum of 100%. NSFR reached the level of 207% at the end of December 2025 (196% as of the end of December 2024). Moreover, in line with PFSA Recommendation WFD (issued in July 2024), the Bank is calculating at the Group level monthly Long Term Funding Ratio (LTFR/WFD), which in December 2025 reached 33% (28% in December 2024).

Current Liquidity indicators

31.12.2025					
	Immediate liquidity ratio (%) *	Quarterly liquidity ratio (%)*	Central Bank Collateral / Total Deposits (%)**	Liquid assets Portfolio (m PLN)***	LCR (%)
Indicator	45%	47%	42%	70 285	361%

31.12.2024					
	Immediate liquidity ratio (%)*	Quarterly liquidity ratio (%)*	Central Bank Collateral / Total Deposits (%)**	Liquid assets Portfolio (m PLN)***	LCR (%)
Indicator	39%	39%	35%	53 473	342%

* - Immediate and Quarterly Liquidity Indicator: Ratio between value of the liquidity buffer available for discount with the Central Bank (NBP) minus the net outflows projected for the next 3 working days for Immediate Liquidity Indicator and for the next 3 months for Quarterly Liquidity Indicator in all convertible currencies and the total deposits. The liquidity buffer is determined as the difference between the sum of the portfolio of unencumbered central bank (NBP) eligible assets after haircuts, mobilized or not to the respective monetary policy pool, and by cash and deposits held in the NBP in the part available for withdrawal, and the gross funding with NBP and accrued interest

** - Central Bank Collateral / Total Deposits: Ratio between the value after haircuts of the eligible collateral for NBP, plus the cash and deposits in the Central Bank (NBP) deducted of the minimum reserve requirements and the total customers' deposits

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

The Bank monitors liquidity based on internal liquidity measures, considering the impact of FX rates on the liquidity situation.

Additionally, the Bank employs an internal structural liquidity analysis based on cumulative, behaviour liquidity gaps calculated. The safe level adopted by the Bank for the ratio of liquidity shortfall is established for each time bucket below 5 years.

In December 2024, liquidity gaps were maintained positive and still at safe levels. The results of cumulative, behaviour liquidity gaps (normal conditions) are presented in tables below.

Adjusted Liquidity Gap (PLN mln)	31.12.2025			
	Up to 6M	Up to 1Y	Up to 2Y	Up to 5Y
Counterbalancing capacity	68 236	68 236	68 236	68 236
Outflows	11 680	3 630	5 894	11 961
Outflows Cumulated	11 680	15 309	21 204	33 165
Inflows	13 702	7 026	13 866	22 635
Inflows Cumulated	13 702	20 727	34 594	57 229
Liquidity Gap	70 258	3 396	7 972	10 674
Liquidity Gap Cumulated	70 258	73 654	81 626	92 300

Adjusted Liquidity Gap (PLN mln)	31.12.2024			
	Up to 6M	Up to 1Y	Up to 2Y	Up to 5Y
Counterbalancing capacity	51 995	51 995	51 995	51 995
Outflows	11 004	2 078	3 035	14 117
Outflows Cumulated	11 004	13 082	16 117	30 234
Inflows	10 524	4 516	7 747	17 663
Inflows Cumulated	10 524	15 040	22 788	40 451
Liquidity Gap	51 516	2 437	4 713	3 546
Liquidity Gap Cumulated	51 516	53 953	58 666	62 212

The Bank structural liquidity risk management tool covers sensitivity analysis and stress scenarios (idiosyncratic, systemic and combination of both). For stress tests, liquidity gaps are calculated on a real basis assuming a conservative approach to the assessment of probability of cash flow occurrence among others considering increased deposits outflows, decreased or delayed loans repayment inflows, deteriorated liquidity of the secondary securities market, the highest cost of funding - the assumption of the worst observed margins on deposits in the Bank, parallel shift of the yield curve and PLN depreciation.

Stress tests are performed at least quarterly, to determine the Bank's liquidity-risk profile, to ensure that the Bank can fulfil its obligations in the event of a liquidity crisis and to update the liquidity contingency plan and management decisions. Additionally, stress test results are used for setting thresholds for early warning signals, which aim is to identify upcoming liquidity problems and to indicate to the Management Board the eventual necessity of launching Liquidity Contingency Plan.

The assumptions for both internal structural liquidity analysis and stress tests are annually revised. The last revision was carried out in December 2025. The approach is based on additional liquidity monitoring metrics' maturity ladder for supervisory liquidity reporting, however, includes internal adjustments according to behavioural assumptions on balance and off-balance outflows and inflows. As the maturity ladder is a contractual liquidity gap that assumes static balance sheet, the internal assumptions regarding roll-over of funding and future interests cash flows were aligned and eliminated. In December 2025 cumulative liquidity gap was positive and better than in December 2024, mainly due to increase on deposits from retail Clients, which was reflected in liquid assets portfolio (counterbalancing capacity). The internally defined limit of 12% total assets was not breached and the liquidity position was confirmed as solid. As of December 2025, also the results of the stress test analysis demonstrated that liquidity position is not threatened as even in the most severe scenario the survival period is still above the limit of 3 months.

The information regarding the liquidity risk management, including the utilization of the established limits for internal and supervisory measures, is reported monthly to the Capital, Assets and Liabilities Committee and quarterly to the Management Board and Supervisory Board.

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

The Bank has also emergency procedures for situations of increased liquidity risk – the Liquidity Contingency Plan (contingency plan in case the Bank's financial liquidity deteriorates). The Liquidity Contingency Plan establishes the concepts, priorities, responsibilities, and specific measures to be taken in the event of a liquidity crisis. The Liquidity Contingency Plan is revised at least once a year. In 2025 the Liquidity Contingency Plan was tested and revised to guarantee that it is operationally robust. The Plan also confirmed warning thresholds for early warning indicators, considering scenarios and stress test results. The revised Plan was approved by the Supervisory Board in November 2025.

8.6. OPERATIONAL RISK

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people, and systems, or from external events, including legal risk and excluding strategic and reputational risk (last two are treated as separate categories). Operational risk is demonstrated in every aspect of activity of the organization and constitutes its intrinsic part.

In the year 2025 there could be observed a continuous use of standards implemented for the purpose of management of operational risk, which are in line with the best practice of national and international financial institutions. The adopted risk management structure describes the various management levels and scopes of their duties and responsibilities.

Owners of defined business and support processes play a key role in the day-to-day operation of the Bank. Process owner, basing on thorough knowledge about the process, accurately identifies and mitigates recognized risks, thus constituting the first line of defence. The second line of defence is the level of specialized units dealing with the organization of the management and control of an acceptable level of risk, with consideration of the areas such as: compliance, anti-money laundering, antifraud, security and business continuity as well as insurance and outsourcing. The third line of defence is the independent internal audit unit.

Every decision regarding optimizing operational risk is preceded by cost-benefit analysis.

A higher risk management level is the Processes and Operational Risk Committee, which focuses on threats identified in more than one process. All and any activities concerning operational risk are coordinated and supervised by the Risk Committee, the Management Board, and the Supervisory Board.

In keeping with the adopted model, risk management is a process of continuous improvement as regards identification, assessment, monitoring, mitigating, and reporting by:

- Gathering operational risk events,
- Self-assessment of operational risk in individual processes,
- Analysis and monitoring of risk indicators.

The Bank gathers operational risk events in an IT tool. The tool supports management of operational risk. Such events are being afterwards analysed in what concerns the source of event and possibility of mitigating the effects and apply appropriate preventive actions. In the IT tool, events are being ascribed to a certain risk category and proper process type, which is later used as a part of reporting and risk self-assessment validation. The internal database of risk events additionally meets qualitative and quantitative requirements for following the advanced approach in calculating capital requirements on account of operational risk.

The risk self-assessment was being realized together with the processes review. It relied on assessment of adopted solutions' effectiveness in fulfilling expectations of Clients and business partners in the scope of both, services quality, and costs optimization. Approved operational risk and control methodology allowed assessment of risk level in each process, considering existing controls and basing on accepted scenarios. Mitigation actions were proposed implemented and are monitored for purposes of assessment of risk levels above the accepted tolerance threshold.

During the risk and control self-assessment exercise an analysis of performance indicators was made, including risk indicators defined for each process. Key persons - responsible for creating and implementation activities in given processes - have defined and adjusted the indicators thus to make them the best forecasts of future risks. On-going monitoring of indicators serves the purpose of increasing effectiveness and productivity of processes as well as effective control of risk on the level of individual actions within processes.

Information about operational risk in processes is included in the top-level dashboards consolidating information about the process's performance.

Considering the degree of development of operational risk management and the scale and profile of its activity, the Bank calculates its capital requirement due to the operational risk using the new Standardised Approach, according to CRR3.

8.7. ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) RISK FACTORS

ESG risk—arising from environmental (including climate related), social, and governance factors—is not considered a separate risk category but rather a source of risk that materializes through traditional risk categories, such as credit risk, liquidity risk, market risk, operational risk, and reputational risk. This materialization occurs through transmission channels, which are cause and effect relationships explaining how ESG factors affect the Group through its counterparties and invested assets. At the current stage of methodological and market practice development, the Group focuses on analysing the impact of environmental factors, particularly those related to climate change. The identification and assessment of these risks are carried out as part of the periodic materiality assessment of environmental and climate risk factors for the traditional risk categories in the Bank's operations. The materiality analysis covers physical risk and transition risk factors, as well as sensitivity analyses using climate scenarios.

The rules related to managing and controlling the ESG area (including ESG risk management and control) at the level of the entire Bank Millennium Group are regulated by the document *ESG – Management and Control Principles*, adopted by the Management Board. The purpose of implementing this document is to provide the Bank Millennium Group with a solid framework for ESG management and control, fully aligned with legal requirements, applicable internal regulations, and best market practices. As part of ESG risk management, the Group adheres to the *Environmental Policy of the Bank Millennium Group* and the *Principles of Responsible Financing*. The Group incorporates environmental and social risks into customer assessment processes, credit and project financing decisions, and the offering of investment products (including those of Millennium TFI), taking into account risks associated with the sectors in which clients operate as well as their individual exposure to such risks.

ESG risk management also includes the execution of climate stress tests. In 2025, the Bank carried out such tests in the most significant area—credit risk. Based on the analyses conducted, the Bank currently considers its ESG risk management methods that do not require the recognition of provisions in the financial statements to be adequate. More information on ESG risk management is presented in the Sustainability Reporting section of the Management Board Report (*Management Board Report on the Operations of Bank Millennium S.A. and the Bank Millennium S.A. Capital Group for 2025*).

9. Transactions with Related Entities

9.1. TRANSACTIONS WITH THE SUBSIDIARIES AND PARENT'S GROUP

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

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

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

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

ASSETS AND LIABILITIES FROM TRANSACTIONS WITH RELATED PARTIES (DATA IN '000 PLN)
AS AT 31.12.2025

	With subsidiaries	With parent company	With other entities from parent group
ASSETS			
Loans and advances to banks – accounts and deposits	1 730 396	2 593	0
Loans and advances to customers	7 096 973	0	0
Investments in associates	572 476	0	0
Financial assets valued at fair value through profit and loss (held for trading)	1 518	0	0
Hedging derivatives	0	0	0
Other assets	18 439	0	0
LIABILITIES			
Deposits from banks	2 919	129	0
Deposits from customers	391 931	0	0
Liabilities from securities sold with buy-back clause	0	0	0
Liabilities arising from debt securities	0	0	0
Financial liabilities valued at fair value through profit and loss (held for trading)	67	0	0
Subordinated debt	0	0	0
Other liabilities, including:	32 811	420	0
financial leasing liabilities	23 653	0	0

**ASSETS AND LIABILITIES FROM TRANSACTIONS WITH RELATED PARTIES (DATA IN '000 PLN)
AS AT 31.12.2024**

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

**PROFIT AND LOSS ON TRANSACTIONS WITH RELATED PARTIES (DATA IN '000 PLN) FOR THE
PERIOD OF 1.01-31.12.2025**

	With subsidiaries	With parent company	With other entities from parent group
Income from:			
Interest	466 350	2 383	0
Commissions	40 440	292	0
Financial assets and liabilities not measured at fair value through profit or loss	3 930	0	0
Financial instruments valued at fair value through other comprehensive income	851	0	0
Dividends	31 495	0	0
Other net operating	45 633	0	0
Expense from:			
Interest	14 823	945	0
Commissions	2	0	0
Financial instruments held for trading	0	0	0
Other net operating	0	0	0
General and administrative expenses	17 653	186	34

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 held for trading	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 held for trading	0	0	0
Other net operating	0	0	0
General and administrative expenses	14 449	185	6

OFF-BALANCE TRANSACTIONS WITH RELATED PARTIES (DATA IN '000 PLN) AS AT 31.12.2025

	With subsidiaries	With parent company	With other entities from parent group
Conditional commitments	3 597 470	34 816	0
granted	3 278 446	0	0
obtained	319 024	34 816	0
Derivatives (par value)	209 002	0	0

OFF-BALANCE TRANSACTIONS WITH RELATED PARTIES (DATA IN '000 PLN) AS AT 31.12.2024

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

The Bank receives counter-guarantees from the parent entity as collateral for locally issued guarantees.

9.2. TRANSACTIONS WITH THE MANAGING AND SUPERVISING PERSONS

Information on total exposure towards the Bank's managing and supervising persons as at 31.12.2025 (in '000 PLN):

	The managing persons	The supervising persons
Total debt limit	189	20
including an unutilized limit	163	18

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

Information on total exposure towards the managing and supervising persons as at 31.12.2024 (in '000 PLN):

	The managing persons	The supervising persons
Total debt limit	261	108
including an unutilized limit	179	73

9.3. INFORMATION ON COMPENSATIONS AND BENEFITS OF THE PERSONS SUPERVISING AND MANAGING THE BANK

The Bank's Profit and Loss Account was charged with costs of remuneration and benefits for management personnel, as presented in the table below (in PLN thousand):

Year	Remuneration	Benefits	Total
2025	14 259	2 725	16 984
2024	12 075	2 345	14 420

The benefits are mainly the costs of medical care, PPK contributions, and cost of an accommodation of the foreign members of the Management Board. The values presented in the table above include items classified to the category of short-term benefits. Additionally, in 2025 the Bank's costs were charged with provisions for variable components of remuneration (bonuses, awards) created in the amount of PLN 27,036 thousand (for 2024, respectively PLN 12,000 thousand).

In 2025, current and former Management Board members were paid bonuses for 2021, 2022, and 2023 in the amount of PLN 5,617 thous. after a one-year retention period in phantom shares.

Additionally, in 2025, current and former Management Board members, serving until March 27, 2025, were paid bonuses for 2021, 2022, 2023, and 2024 in the amount of PLN 9,534 thous. including PLN 5,330 thous. in treasury shares with a one-year retention period.

In 2025 and 2024, the Members of the Management Board did not receive any salaries or any fringe benefits from Subsidiaries.

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

Year	Short term salaries and benefits
2025	2 859
2024	2 251

None of the members of the Bank's Supervisory Board holding office as at 31 December 2025 received remuneration from Subsidiaries. In 2024 the Members of the Bank's Supervisory Board received remuneration for performing their functions in subsidiaries in the amount of PLN 140.0 thousand.

10. Fair Value

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

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

Level 1 - valuation based on the data fully observable (active market quotations);

Level 2 - valuation models using the information not constituting the data from level 1, but observable, either directly or indirectly;

Level 3 - valuation models using unobservable data (not derived from an active market).

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

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

The Bank recognizes transfers between valuation levels at the end of the reporting period.

Financial instruments not recognized at fair value in the balance sheet

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

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

Receivables and liabilities with respect to banks

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

Loans and advances granted to customers valued at amortised cost

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

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

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

Debt securities valued at amortised cost

The fair value of debt securities measured at amortized cost (mainly treasury bonds issued by domestic and foreign governments, classified in the Held to Collect portfolio) was calculated on the basis of market quotations.

Liabilities to customers

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

The fair value of instruments with a maturity of more than 30 days was determined by discounting future principal and interest cash flows (including the original average margins by major currencies and time buckets) at current interest rates (including current average margins by major currencies and time buckets) over the contractual terms.

Subordinated liabilities, debt securities issued and medium-term loans

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

The table below presents data as at 31.12.2025 (data in PLN thousand):

	Note	Balance sheet value	Fair value
ASSETS MEASURED AT AMORTISED COST			
Debt securities	23	26 659 465	27 157 044
Deposits, loans and advances to banks and other monetary institutions	23	2 081 137	2 081 265
Loans and advances to customers	22	62 463 231	61 719 933
LIABILITIES MEASURED AT AMORTISED COST			
Liabilities to banks and other monetary institutions	32	105 702	105 702
Liabilities to customers	33	131 199 422	131 224 713
Debt securities issued	35	4 802 952	4 805 810
Subordinated debt	36	1 557 687	1 557 086

The fair value of debt securities measured at amortized cost for which market quotations are available is determined based on them and, as a result, these assets are classified in the first valuation category (with a carrying amount of PLN 26,628,350 thous. as at 31.12.2025 and PLN 24,022,125 thous. as at 31.12.2024). The models used to determine the fair value of the other financial instruments listed in the above table that are not recognized at fair value in the Bank's balance sheet use valuation techniques based on parameters that are not derived from the market. Therefore, they are classified in the third valuation category.

The Bank also has assets measured at amortized cost, the carrying amount of which corresponds to fair value, in particular these are components of "Other assets" classified as other financial assets.

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

	Note	Balance sheet value	Fair value
ASSETS MEASURED AT AMORTISED COST			
Debt securities	23	24 059 861	24 169 924
Deposits, loans and advances to banks and other monetary institutions	23	2 378 592	2 378 379
Loans and advances to customers	22	60 683 086	60 151 860
LIABILITIES MEASURED AT AMORTISED COST			
Liabilities to banks and other monetary institutions	32	210 931	210 931
Liabilities to customers	33	117 642 600	117 637 152
Debt securities issued	35	5 030 166	5 035 868
Subordinated debt	36	1 562 330	1 563 653

Financial instruments recognized at fair value in the balance sheet

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

Data in PLN'000, as at 31.12.2025

	Note	Quoted market prices Level 1	Valuation techniques - observable inputs Level 2	Valuation techniques - significant unobservable inputs Level 3
ASSETS				
Financial assets held for trading	19			
Valuation of derivatives			60 712	96 115
Equity instruments		252		
Debt securities		824 911		
Transactions with repurchase agreements		38 946		
Non-trading financial assets mandatorily at fair value through profit or loss	20			
Equity instruments				155 652
Debt securities				20 655
Loans and advances	22			745
Financial assets at fair value through other comprehensive income	21			
Equity instruments		684		40 255
Debt securities		31 931 022	10 295 426	
Loans and advances	22			9 438 459
Derivatives – Hedge accounting	24		0	
LIABILITIES				
Financial liabilities held for trading	31			
Valuation of derivatives			111 656	96 984
Short positions		37 788		
Derivatives – Hedge accounting	24		24 735	

Data in '000 PLN, as at 31.12.2024

	Note	Quoted market prices	Valuation techniques - observable inputs	Valuation techniques - significant unobservable inputs
		Level 1	Level 2	Level 3
ASSETS				
Financial assets held for trading	19			
Valuation of derivatives			74 570	182 524
Equity instruments		115		
Debt securities		555 364		
Transactions with repurchase agreements		194 218		
Non-trading financial assets mandatorily at fair value through profit or loss	20			
Equity instruments				66 609
Debt securities				51 790
Loans and advances	22			1 825
Financial assets at fair value through other comprehensive income	21			
Equity instruments		481		36 227
Debt securities		20 389 685	8 597 254	
Loans and advances				11 135 416
Derivatives – Hedge accounting	24		112 365	
LIABILITIES				
Financial liabilities held for trading	31			
Valuation of derivatives			40 758	185 991
Short positions		190 769		
Derivatives – Hedge accounting	24		107 439	

Using the criterion of valuation techniques as at 31.12.2025 Bank classified into the third category following financial instruments:

- The portfolio of PLN-denominated mortgage loans that will be subject to future sale (pooling) to the Mortgage Bank (measured at fair value through other comprehensive income). The fair value of a loan is calculated as the sum of discounted cash flows arising from principal and interest payments: i) for loans, the starting point for determining the forecasted cash flows (interest and principal instalments) is the contractual repayment schedule of principal and interest ii) the calculation of the discount rate used to estimate the value of the cash flows takes into account: the WIBOR reference rate, a calibration margin determined on the basis of the most recent production of a mortgage loan portfolio comparable to the portfolio being valued, the credit risk cost of the valued portfolio, and the percentage prepayment adjustment factor.
- credit exposures with a leverage / multiplier feature inbuilt in the definition of interest rate (these are credit card exposures and overdraft limits for which the interest rate is based on a multiplier: 4 times the lombard rate).

- index options, option transactions are measured at fair value with use of option measurement models, the model measurement is supplemented with impact on fair value of the estimated credit risk parameter;
- VISA Inc. engagement shares; the method of fair value calculation of this instrument considers the time value of money and the time line for conversion of preferred stock in common stock of VISA.
- other equity instruments measured at fair value (unquoted on an active market). In particular, the Bank holds a block of shares in an entity classified in the category "measured at fair value through profit or loss." for which in 2025 the Bank changed the valuation technique and applied the valuation based on a combination of several fair value measurement techniques, including the discounted cash flow (DCF) method, the market comparison method, and an approach based on implied market multiples using P/E and P/BV variants. Given that these shares are not traded on an active market and do not provide the ability to exercise control over the entity, the valuation model incorporates an appropriate discount reflecting the limited capacity to influence the entity and the lower liquidity. This discount is characterized by significant sensitivity to the parameters and assumptions applied. The valuation effect recognized in the 2025 Profit or Loss Statement amounted to PLN 89 million. Due to the use of significant unobservable inputs and the nature of the applied techniques, the valuation has been classified within Level 3 of the fair value hierarchy.

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

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

	Indexes options	Options embedded in securities issued and deposits	Shares	Debt securities	Loans and advances FVP&L	Loans and advances FVOCI
Balance as at 31.12.2024	178 195	(181 662)	102 836	51 790	1 825	11 135 416
Settlement/sell/purchase/transfer	(86 701)	83 705	(34 004)	0	(2 725)	(2 555 570)
Change of valuation recognized in equity	0	0	4 033	0	0	273 399
Interest income and other of similar nature	0	0	0	0	1 064	585 214
Results on financial assets and liabilities held for trading	2 781	2 813	0	0	0	0
Result on non-trading financial assets mandatorily at fair value through profit or loss	0	0	123 045	(31 135)	581	0
Result on exchange differences	0	0	(3)	0	0	0
Balance as at 31.12.2025	94 275	(95 144)	195 907	20 655	745	9 438 459

For options on indexes concluded on an inactive market, and FX options the Bank concludes back-to-back transactions on the interbank market, in result estimated credit risk component has no impact on the financial result.

Accordingly Bank's estimation impact of adjustments for counterparty credit risk was not significant from the point of view of individual derivative transactions concluded by the Bank. Consequently, the Bank does not consider the impact of unobservable inputs used in the valuation of derivative transactions for significant and in accordance with the provisions of IFRS 13.73 does not classify such transactions for level 3 fair value measurements.

	Indexes options	Options embedded in securities issued and deposits	Shares	Debt securities	Loans and advances FVP&L	Loans and advances FVOCI
Balance as at 31.12.2023	405 612	(414 200)	95 151	81 014	19 349	11 799 748
Settlement/sell/purchase/transfer	(248 040)	251 045	(46 959)	0	(21 554)	(1 298 422)
Change of valuation recognized in equity	0	0	7 847	0	0	(160 097)
Interest income and other of similar nature	0	0	0	0	3 285	794 187
Results on financial assets and liabilities held for trading	20 623	(18 507)	0	0	0	0
Result on non-trading financial assets mandatorily at fair value through profit or loss	0	0	46 803	(29 224)	745	0
Result on exchange differences	0	0	(6)	0	0	0
Balance as at 31.12.2024	178 195	(181 662)	102 836	51 790	1 825	11 135 416

11. Contingent Liabilities and Assets

11.1. LAWSUITS AND SIGNIFICANT PROCEEDINGS

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

Court cases brought up by the Bank

Value of the court litigations, as at 31.12.2025, in which the Bank was a plaintiff, totaled PLN 3,489.0 million (PLN 4,112.4 million as at 31.12.2024).

Proceedings on infringement of collective consumer interests

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

- 1) send information on the UOKiK's decision to the said 78 clients,
- 2) place the information on decision and the decision itself on the website and on Twitter,
- 3) to pay a fine amounting to PLN 20.7 mln.

The Bank lodged an appeal within the statutory time limit.

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

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

The second instance court, in its judgment of February 24, 2022, completely revoked the decision of the OPCC Chairman. On August 31, 2022, the OPCC Chairman lodged a cassation appeal to the Supreme Court. On July 3, 2024, the Supreme Court issued a decision accepting the cassation appeal for consideration.

The Bank believes that the prognosis regarding the litigation chances of winning the case before the Supreme Court is positive and therefore no provision has been recognized.

Proceedings on competition-restricting practice

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

In connection with the judgment of the Supreme Court and the judgment of the Court of Appeal in Warsaw of November 23, 2020, the case is currently pending before the court of first instance - the Court of Competition and Consumer Protection.

The Bank has created a provision in the amount equal to the imposed penalty.

Court cases against the Bank

As at 31.12.2025, the most important proceedings, in the group of the court cases where the Bank was defendant, were following:

- The Bank is a defendant in two court proceedings, in which the subject of the dispute is the amount of the interchange fee. The total value of claims reported in these cases is PLN 729.2 million. The procedure with the highest value of the reported claim is the case brought by PKN Orlen SA, the plaintiff demands payment of PLN 635.7 million. The plaintiff in this proceeding alleges that the banks acted under an agreement restricting competition on the acquiring services market by jointly setting the level of the national interchange fee in the years 2006-2014. In this case, the Bank was sued jointly with another bank and card organizations. On 19 December 2025, the District Court in Warsaw dismissed in full the claims of PKN Orlen S.A. The judgment is not final. In the case brought by LPP S.A. the allegations are similar to those raised in the case brought by PKN Orlen SA, while the period of the alleged agreement is indicated as 2008-2014. In this case, the Bank is sued jointly and severally with another bank. The case was resolved positively for the Bank by the courts of both instances, and is currently at the stage of a cassation appeal filed by LPP S.A. The Supreme Court did not issue a decision regarding the acceptance of the cassation appeal for consideration. According to current estimates of the risk of losing a dispute in these matters, the Bank did not create a provision. In addition, we point out that the Bank participates as a side intervener in three other proceedings regarding the interchange fee. Other banks are the defendant. Plaintiffs in these cases also accuse banks of acting as part of an agreement restricting competition on the acquiring services market by jointly setting the level of the national interchange fee in the years 2008-2014.

The Bank believes that the prognosis regarding the litigation chances of winning the case is positive and therefore no provision has been recognized.

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

On May 6, 2024, the Bank's representative submitted a response to the appeal, requesting that it be dismissed in its entirety as unfounded. On December 17, 2024, the Court of Appeal in Warsaw issued a judgment favorable to the Bank, dismissing the Plaintiff's appeal. The judgment is final. The Bank has been served with the Plaintiff's cassation complaint and has submitted a formal response. On 19 December 2025, the cassation appeal was admitted for consideration..

The Bank believes that the prognosis regarding the litigation chances of winning the case is positive and therefore no provision has been recognized.

The class action related to the LTV insurance :

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

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

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

The Bank has recognized a provision for this case in the amount resulting from the expected cash outflow - PLN 4.4 million.

As at 31 December 2025, there were also 66 individual court cases regarding LTV insurance (cases in which only a claim for the reimbursement of the commission or LTV insurance fee is presented).

For cases in which, in the Bank's assessment, the probability of losing the dispute is higher than that of winning it, provisions are created in an amount resulting from the expected cash outflows.

Lawsuits filed by Financial Ombudsman for discontinuation of unfair market practices

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

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

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

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

The case is being examined by the court of first instance.

The Bank believes that the prognosis regarding the litigation chances of winning the case is positive and therefore no provision has been recognized.

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

By December 31, 2025, the Bank received 2,355 lawsuits in which the plaintiffs (both clients and companies purchasing claims), alleging violation of the information obligations and demanding reimbursement of interest and other costs incurred in connection with taking out a loan.

As of December 31, 2025, 373 cases have been legally concluded, in 332 cases the Bank won the dispute and lost in 41 cases. Disputes in the above respect are subject to constant observation and analysis. In the cases in question, the Bank makes an individual assessment of the litigation chances in each of the court cases, which is justified by the lack of a uniform line of jurisprudence. For cases in which, in the Bank's assessment, the probability of losing the dispute is higher than that of winning it, provisions are created in an amount resulting from the expected cash outflow.

The case-law of the Court of Justice of the European Union, which interprets the provisions relating to the objections raised in national judicial proceedings, plays an important role in shaping the line of jurisprudence.

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

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

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

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

Following the judgment of the Tribunal, it is still up to the domestic courts to assess the possibility of crediting non-interest costs of the loan and to assess compliance with the information obligation regarding the possibility of changing fees. The CJEU also noted that the right to benefit from the free loan sanction is updated only if a potential breach of the bank may undermine the consumer's ability to assess the scope of his liability.

On 9 October 2025, the Court of Justice of the European Union, in case registered under reference C-80/24, following a request submitted by the District Court for Warsaw – Śródmieście in Warsaw, while interpreting the provisions of Directive 2008/48/EC of the European Parliament and of the Council of 23 April 2008 on credit agreements for consumers and repealing Council Directive 87/102/EEC, as well as Council Directive 93/13/EEC of 5 April 1993 on unfair terms in consumer contracts, held that:

(i) Article 22(2) of Directive 2008/48/EC of the European Parliament and of the Council of 23 April 2008 on credit agreements for consumers and repealing Council Directive 87/102/EEC must be interpreted as meaning that it does not preclude national legislation allowing a consumer to assign to a third party, who is not a consumer, a claim based on the infringement of a right granted to him under national provisions implementing that Directive.

(ii) Articles 6(1) and 7(1) of Council Directive 93/13/EEC of 5 April 1993 on unfair terms in consumer contracts must be interpreted as meaning that a national court is not required to examine of its own motion the unfair nature of a term in an assignment agreement concluded by a consumer, where the dispute pending before that court between the assignee company and the trader does not concern that assignment agreement but rather the consumer's claim against that trader.

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

On 19 September 2025, the Financial Stability Committee convened. In the communiqué issued following the meeting, the Committee stated:

'in the context of SKD-related risk, the Committee concluded that the draft Consumer Credit Act presented for public consultation did not adequately reflect the FSC's position on the risks associated with the application of the free credit sanction. The Committee notes that no regulatory measures have been introduced that sufficiently restrict the scope and possibility of applying this sanction. The Committee continues to identify areas that may facilitate the misuse of legal provisions intended to protect consumers.'

Court cases regarding mortgage loans in PLN

By December 31, 2025, the Bank recorded the receipt of 241 lawsuits by borrowers of mortgage loans in PLN for reimbursement of benefits provided under the loan agreement. Seven final and favourable rulings for the Bank were issued. The borrowers' allegations focus on the WIBOR ratio as an incomprehensible, unverifiable element affecting the consumer's liability, as well as the issue of insufficient information on the effects of variable interest rates provided to the consumer by the bank before the conclusion of the contract.

On 12 February 2026, the Court of Justice of the European Union issued a judgment in case C-471/24, which may have great significance for the manner in which national courts examine disputes in the relevant scope. It appears that this ruling will be invoked by banks in order to strengthen their argumentation against the allegations formulated against the durability of contractual obligations.

The Court stated that:

1. Article 1(2) of Directive 93/13/EEC of 5 April 1993 on unfair terms in consumer contracts (*that is that: contract terms reflecting mandatory statutory or regulatory provisions and the provisions or principles of international conventions to which the Member States or the Community are parties, in particular in the field of transport, shall not be subject to the provisions of this Directive*), must be interpreted as meaning that: the exception provided therein does not cover a term of a mortgage loan agreement providing for a variable interest rate based on a reference index within the meaning of 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, and on a fixed margin, if the statutory or regulatory provisions applicable to such a term establish only a general framework for determining the interest rate of such agreements while simultaneously leaving the trader the possibility of determining the contractual reference index or the fixed margin which may be added to the value of that index.
2. Article 4(2) of Directive 93/13/EEC of 5 April 1993 on unfair terms in consumer contracts must be interpreted as meaning that where a mortgage loan agreement relating to residential property contains a term providing for a variable interest rate based on a reference index within the meaning of Regulation 2016/1011, the transparency requirement resulting from that provision does not impose on the lender specific information obligations relating to the methodology of that index. The circumstance that the lender fulfilled all information obligations imposed on it by Directive 2014/17/EU of the European Parliament and of the Council of 4 February 2014 on credit agreements for consumers relating to residential immovable property and amending Directives 2008/48/EC and 2013/36/EU and Regulation (EU) No 1093/2010, as amended by Regulation 2016/1011, in relation to such a term, and, in the case of providing additional information, did not present indications that would give a distorted picture of the said index, may indicate that the lender fulfilled this transparency requirement with regard to that term.
3. Article 3(1) of Directive 93/13/EEC of 5 April 1993 on unfair terms in consumer contracts must be interpreted as meaning that where a term of a mortgage loan agreement specifies a variable interest rate based on a reference index within the meaning of Regulation 2016/1011, the following cannot render that term unfair: first, the lack of informing the consumer of certain specific features of the contractual reference index, in particular that the methodology of that index provides for the use of input data not necessarily corresponding to actual transactions, and that the lender is one of the banks providing data used to determine that index, and second, those specific features themselves, provided that the said index could be regarded as compliant with that Regulation at the time of conclusion of that agreement.

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

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

For cases in which, in the Bank's assessment, the probability of losing the dispute is higher than that of winning it, provisions are created in an amount resulting from the expected cash outflows.

Handling of unauthorised transactions

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

In the course of the proceedings, the Bank provided appropriate explanations and also substantively referred to the allegations formulated by the President of the Office of Competition and Consumer Protection. The proceedings have been extended until the end of June 2026.

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

In connection with the proceedings, the Bank recognized a provision as at the end of December 2025 in the amount of PLN 82 million based on estimated outflow of funds.

As of December 31, 2025, the Bank was a party to 352 court proceedings in which customers questioned the fact of their authorization of a transaction. In the cases in question, the Bank makes an individual assessment of the litigation chances in each of the court cases. In cases where, in the Bank's opinion, there is a greater probability of losing the dispute than winning it, provisions in the amount resulting from the potential loss of the Bank are created.

Proceedings regarding modification clauses

The Bank is a party to proceedings initiated by the President of UOKiK regarding the recognition of certain provisions of a contract template as abusive. The proceedings concern modification clauses indicating the circumstances in which the Bank is entitled to amend the terms and conditions and the fees and commissions price lists. According to UOKiK, these clauses grant the Bank unlimited discretion in shaping the content of the contract, which may violate good practice and grossly infringe the interests of consumers. The Bank challenged the validity of these allegations, indicating that the provisions are precise and clearly define the conditions for their application. The President of UOKiK extended the proceedings until 25 June 2026.

The Bank is also a party to proceedings initiated by the President of UOKiK regarding the modification clauses used by Euro Bank S.A., for which Bank Millennium S.A. is the legal successor. The President of UOKiK extended these proceedings until 31 August 2026.

As at 31.12.2025, the total value of the subjects of the other litigations in which the Bank appeared as defendant, stood at PLN 5,058.5 million (PLN 6,186.0 million as at 31.12.2024) excluding the class actions described in the **Chapter 12**). In this group the most important category are cases related with FX loans mortgage portfolio.

FX mortgage loans legal risk

FX mortgage loans legal risk is described in the **Chapter 12**. "Legal risk related to foreign currency mortgage loans".

11.2. OFF-BALANCE ITEMS

Amount '000 PLN	31.12.2025	31.12.2024
Commitments granted:	20 028 264	14 869 414
Loan commitments	17 928 105	13 155 721
guarantee	2 100 159	1 713 693
Commitments received:	3 138 078	3 047 096
financial	1	346
guarantee	3 138 078	3 046 750

The granted conditional commitments presented in the table above comprise commitments to grant credit (such as: unutilised credit card limits, unutilised current account overdraft facilities, unutilised tranches of investment loans) and issued guarantees and Letters of Credit (securing performance by customers of the Bank of their obligations to third parties). The value of above-presented guarantee commitments presents the maximum value of a loss, which may be incurred by the Bank, should the customers default on their obligations. The Bank creates provisions for impaired irrevocable conditional commitments, reported in the "provisions" item under liabilities in the balance-sheet. The provision value is determined as the difference between the estimated amount of utilised conditional exposure and the present value of expected future cash flows under this credit exposure. In this context, the Bank considers that the values presented in the above table are similar to the fair value of contingent liabilities.

The breakdown by entity of all net guarantee liabilities granted, reported in off-balance sheet items is presented in the table below:

Customer – sector, amount '000 PLN	31.12.2025	31.12.2024
financial sector	176 580	142 080
non-financial sector (companies)	1 923 579	1 571 598
public sector	0	15
Total	2 100 159	1 713 693

As the parent company, the Bank granted subsidiaries lines for guarantees with a total value of PLN 23.4 million as at December 31, 2025. In addition, the Bank provided guarantees and sureties to external entities on behalf of Group's companies. The total value of guarantee obligations from the above titles is presented in the table:

Subordinated company, amount '000 PLN	31.12.2025	31.12.2024
Millennium Leasing Sp. z o.o.	20 000	20 000
Millennium Service Sp. z o.o.	830	1 813
Millennium Goodie Sp. z o.o.	3 000	5 000
Total	23 830	26 813

Guarantees and sureties granted to Clients

Commitments granted – guarantee, amount '000 PLN	31.12.2025	31.12.2024
Active guarantees and sureties	1 088 154	1 026 288
Lines for guarantees and sureties	1 016 407	690 978
Total	2 104 561	1 717 266
Provisions created	(4 402)	(3 572)
Commitments granted – guarantee after provisions	2 100 159	1 713 693

The structure of liabilities under active guarantees and sureties divided by particular criteria are presented by the tables below (PLN'000):

By currency	31.12.2025	31.12.2024
PLN	805 370	750 333
Other currencies	282 784	275 955
Total:	1 088 154	1 026 288

By type of commitment	31.12.2025		31.12.2024	
	Number	Amount	Number	Amount
Guarantee	3 325	1 051 734	3 242	1 006 910
Surety	0	0	0	0
Re-guarantee	91	36 420	77	19 378
Total:	3 416	1 088 154	3 319	1 026 288

By object of the commitment	31.12.2025			31.12.2024		
	Number	Amount	% share	Number	Amount	% share
good performance of contract	2 824	558 041	51.28%	2 747	542 308	52.84%
punctual payment for goods or services	194	291 887	26.84%	223	257 016	25.05%
bid bond	82	23 224	2.13%	92	21 484	2.09%
rent payment	148	86 008	7.90%	153	87 778	8.55%
advance return	65	72 509	6.66%	43	60 039	5.85%
customs	68	25 502	2.34%	23	17 731	1.73%
payment of bank loan	16	7 597	0.70%	13	7 017	0.68%
other	19	23 386	2.15%	25	32 915	3.21%
Total:	3 416	1 088 154	100.00%	3 319	1 026 288	100.00%

12. Legal risk related to foreign currency mortgage loans

On December 31, 2025, the Bank had 16,653 loan agreements and additionally 2,285 loan agreements from former Euro Bank under individual ongoing litigations (excluding claims submitted by the Bank against clients i.e. debt collection cases) concerning indexation clauses of FX mortgage loans submitted to the courts (43% loans agreements before the courts of first instance and 57% loans agreements before the courts of second instance) with the total value of claims filed by the plaintiffs amounting to PLN 3,551.2 million and CHF 293.2 million (Bank Millennium portfolio: PLN 3,057.8 million and CHF 281.4 million and former Euro Bank portfolio: PLN 493.4 million and CHF 11.8 million). The original value of the portfolio of CHF agreements granted (the sum of tranches paid to customers), taking into account the exchange rate as at the date of disbursement of loan tranches, amounted to PLN 19.4 billion for 109.0 thousand loan agreements (Bank Millennium portfolio: PLN 18.3 billion for 103.8 thousand loan agreements and former Euro Bank portfolio: PLN 1.1 billion for 5.2 thousand loan agreements). Out of 16,653 BM loan agreements in ongoing individual cases 426 are also part of class action. From the total number of individual litigations against the Bank approximately 4,380 or 26% were submitted by borrowers that did not have any active loans with a CHF balance at the moment of submission. Approximately another 1,170 cases correspond to loans that were fully repaid during the proceedings (as court proceedings are lengthy).

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

In addition, the Bank is a party to the group proceedings (class action) subject matter of which is to determine the Bank's liability towards the group members based on unjust enrichment (undue benefit) ground in connection with the foreign currency mortgage loans concluded. It is not a payment dispute. The judgment in these proceedings will not directly grant any amounts to the group members. The number of credit agreements currently covered by these proceedings is 1,389. Out of 1,389 loan agreements in class action 426 are also part of ongoing individual cases, 27 concluded settlements and 15 received final verdicts (invalidation of loan agreement). On 24 May 2022 the court issued a judgment on the merits, dismissing the claim in full. On 13 December 2022 the claimant filed an appeal against the judgment of 24 May 2022. On 25 June 2024 an appeal hearing was held, at which the Bank filed a motion to amend the composition of the group and exclude those group members who had entered into an amicable settlement. The court required the plaintiffs' attorneys to take a written position on the current composition of the group. On January 31, 2025, and then on: March 25, 2025, May 8, 2025, June 6, 2025, July 30, 2025, September 1, 2025, October 6, 2025, November 24, 2025, December 15, 2025 and January 13, 2026, the court issued orders setting aside the judgment and discontinuing the proceedings from the persons who entered into amicable settlements. On January 19, 2026, another appellate hearing took place, during which the Court obliged both the claimant and the Bank to further specify the composition of the group. The next hearing date will be scheduled ex officio. Based on these orders, the number of credit agreements covered by the class action dropped from 3,273 to 1,389.

Until the end of 2019, 1,980 individual claims were filed against the Bank (in addition, 235 against former Euro Bank), in 2020 3,002 (265), in 2021 6,151 (421), in 2022 5,754 (407), in 2023 6,864 (645), in 2024 5,838 (655) in 2025 3,712 (427).

As far as Bank Millennium (incl. former Euro Bank portfolio) is concerned, from 2015 until the end of 2025, 17,730 cases were finally resolved (17,593 in claims submitted by clients against the Bank and 137 in claims submitted by the Bank against clients i.e. debt collection cases) out of which 5,488 were settlements, 136 were remissions, 89 rulings were favourable for the Bank and 12,017 were unfavourable including both invalidation of loan agreements as well as conversions into PLN+LIBOR (currently Saron). The Bank undertakes proper legal actions in order to secure repayment of initially disbursed capital of the loan.

The methodology developed by the Bank of calculating provisions for legal risk involved with indexed loans is based on the following main parameters:

- (i) the number of ongoing cases (including class action agreements);
- (ii) the number of potential future court cases: the Bank monitors customer behaviors, analyzes their willingness to sue the Bank, including due to economic factors and applies the following assumptions:
 - a. regarding active loans (i.e., loans with an outstanding balance), the Bank estimates that approximately 18% of them will neither sign an out-of-court settlement nor decide to file a lawsuit;
 - b. regarding loans already fully repaid or converted to polish zloty, the Bank anticipates that approximately 4,7 thousand repaid loans — those which were not previously subject to a settlement — may result in future litigation initiated by the borrowers.
- The impact on the level of provisions of a change by 100 clients (assuming recent inflow structure) would be around PLN 14,4 million.
- (iii) the amount of the Bank's potential loss in the event of a specific court judgment (including statutory interest estimation significantly dependent on the period for which they are awarded);
- (iv) estimates involved with amicable settlements with clients, concluded in court or out of court.

As a result of negotiations, the number of active FX mortgage loans originated by Bank Millennium decreased by 30,369. As of the end of 2025, the Bank had 14,741 active FX mortgage loans.

The costs of provisions created for legal risk related to foreign-currency mortgage loans are presented in **Note 14 in the section Additional explanatory notes**, while the legal risk of the former Euro Bank portfolio is fully covered by Indemnity Agreement with Société Générale S.A. (see **Note 9 in the section Additional explanatory notes**).

Over the past years, the Court of Justice of the European Union (CJEU) has interpreted a number of legal issues concerning disputes in the area of foreign currency housing loan agreements. As a result of these actions, the legal assessments of national courts regarding claims submitted by borrowers have been significantly unified. The established line of case law is generally favorable to consumers, and the legal arguments put forward by banks, including those referring to principles of fairness, are taken into account only to a limited extent.

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

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

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

On October 2, 2025 The Council of Ministers adopted a draft act on special solutions for the examination of cases concerning loan agreements denominated or indexed to the Swiss franc and referred it to the Parliament. The first reading of the draft act took place on October 16, 2025. The draft was referred for further parliamentary work.

The bill aims to create new regulations enabling courts to consider Swiss franc cases faster and more effectively. Its primary task is to relieve the judiciary, by accelerating the examination of Swiss franc cases.

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

Selected theses and decisions of the CJEU and the Supreme Court that have shaped the line of jurisprudence.

Case law of the Court of Justice of the European Union

On 3 October 2019, in case C 260/18, the CJEU ruled that a national court may annul a credit agreement if the removal of unfair terms identified in that agreement would alter the nature of the main subject matter of the contract, and that it is excluded to fill the gaps in the agreement caused by the removal of unfair terms solely on the basis of national legislation of a general nature or on the basis of accepted customs. The Court also found that the consumer, if he or she so wishes, may maintain the agreement in force.

On 10 June 2021, the CJEU found that the protection provided for in Directive 93/13/EEC applies to every consumer, and not only to one who may be regarded as a "reasonably well informed, observant and circumspect average consumer".

With regard to the definition of a consumer, on 8 June 2023, in case C 570/21, the CJEU ruled that the notion of "consumer" within the meaning of Directive 93/13 also includes a person who concluded a credit agreement for use partly related to his or her business or professional activity.

On 15 June 2023, in case C 520/21, the CJEU, referring to the issue of settlements between the bank and the consumer as a consequence of the annulment of a credit agreement, explained that the provisions of Directive 93/13 preclude a judicial interpretation of national law under which a credit institution has the right to demand from the consumer compensation exceeding the return of the capital disbursed under the performance of that agreement, as well as exceeding statutory default interest from the date of the demand for payment.

On 21 September 2023, in case C 139/22, the Court ruled that it is possible to consider a contractual term unfair solely because its content is equivalent to the content of a clause included in the national register of unfair terms. Moreover, the CJEU held that a contractual term found to be unfair cannot lose that character because of another provision of the same agreement that provides the consumer with the possibility of performing obligations under different conditions. Furthermore, the trader is obliged to inform the concerned consumer about the essential features of the agreement concluded with him or her, as well as about the risks connected with that agreement, even if that consumer is the trader's employee and has relevant knowledge in the field of that agreement.

On 7 December 2023, in case C 140/22, the Court ruled that the exercise of a consumer's rights cannot be made conditional upon the consumer submitting to the court, in particular, a statement declaring that he or she agrees to the recognition of the agreement as null and void.

On 14 December 2023, in case C 28/22, the Court ruled that the limitation period for the trader's claims arising from the invalidity of the agreement cannot begin later than the limitation period for the consumer's claims arising from the invalidity of that agreement. The Court also indicated, among other things, that the trader cannot rely on the right of retention that would allow him to make the return of the benefits received from the consumer conditional upon the consumer offering to return the benefits he or she received, if the exercise of this right of retention would cause the consumer to lose the right to obtain default interest.

The Court of Justice of the European Union on 19 June 2025 issued a judgment in case C 396/24. The Court stated in particular that a trader, in the case of the invalidity of the agreement, may not demand from the consumer the return of the entire nominal amount of the credit granted, regardless of the amount of repayments made by the consumer under that agreement and regardless of the amount remaining to be repaid.

In its judgment of 27 November 2025, in case C 746/24, the CJEU addressed the possibility of charging the consumer with the costs of legal proceedings lost by the consumer concerning the repayment of the capital disbursed by the bank. The Court found that it is not permissible to charge the consumer with costs that significantly exceed the costs that the consumer would have had to bear had he or she lost the case in proceedings initiated to challenge the unfairness of the credit agreement terms.

On 11 December 2025, in case C 767/24, the CJEU held that in the event of the invalidity of a credit agreement, the submission by the consumer of a statement on the set off of his or her claim with the bank's claim does not entail an implied waiver of the statute of limitations defense.

On 22 January 2026 in case C 902/24, the CJEU stated that the provisions of Directive 93/13 do not preclude a judicial interpretation of national law that, within proceedings initiated by a consumer for the purpose of establishing the invalidity of a mortgage loan agreement, allows the trader, while maintaining as the main argument that the agreement is valid, to raise alternatively a set off defense based on a claim corresponding to the amount of that mortgage loan, provided that, first, that latter claim is not considered due before the competent court establishes the invalidity of the agreement itself, and second, that the acceptance of such a defense does not lead to a decision on costs that could discourage the consumer from exercising the rights granted to him or her under that Directive.

Jurisprudence of the Polish Supreme Court

The case law of the Supreme Court remains consistent with the guidance of the Court of Justice of the European Union.

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

- (i) an abusive contractual clause (art. 385(1) § 1 of the Civil Code), by force of the law itself, is ineffective to the benefit of the consumer who may consequently give conscious and free consent to this clause and thus restore its effectiveness retroactively;
- (ii) if without the ineffective clause the loan agreement cannot bind, the consumer and the lender shall be eligible for separate claims for return of monetary performances made in exercising this agreement (art. 410 § 1 in relation to art. 405 of the Civil Code). The lender may demand return of the performance from the moment the loan agreement becomes permanently ineffective.

On April 28, 2022 the Supreme Court issued a resolution (III CZP 40/22) in which it indicated that in disputes with consumers, the provision of Article 358(1) of the Civil Code is a special provision to Article 353(1) of the Civil Code, which means that if the prerequisites for the application of both provisions exist, the court should apply the special provision and declare the contractual provision permanently ineffective, rather than invalid.

The effect of the Supreme Court's resolution of 7 May 2021 is that the bank is entitled to a refund of the cash benefit provided by the bank in performance of a permanently ineffective contract. Taking into account the uncertainty as to the starting point of the limitation period for the bank's claims, the Bank, in order to protect its interests, files lawsuits for payment against borrowers in a court dispute with the Bank and in other circumstances where such risk may exist. The Bank's demand consists of a claim for return of the capital made available to the borrower under the contract. By 31 December 2025 the Bank filed 18,191 lawsuits against the borrowers.

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

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

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

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

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

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

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

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

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

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

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

13. Additional Explanatory Notes

Amounts presented in the notes below are expressed in PLN thousands.

1. INTEREST INCOME AND OTHER OF SIMILAR NATURE

	01.01.2025 - 31.12.2025	01.01.2024 - 31.12.2024
Interest income from Financial assets at fair value through other comprehensive income	2 356 071	2 132 774
Debt securities	1 770 857	1 338 587
Loans and advances	585 214	794 187
Interest income from Financial assets at amortised cost	6 375 710	6 380 835
Balances with the Central Bank	215 090	223 301
Loans and advances to customers, including:	4 856 438	5 058 108
- the impact of the adjustment to the gross carrying amount of loans due to credit holidays	0	(106 788)
Debt securities	1 142 355	985 630
Deposits, loans and advances to banks	130 314	113 796
Hedging derivatives	31 513	0
Result of similar nature to interest, including:	117 253	145 334
Loans and advances to customers mandatorily at fair value through profit or loss	1 064	3 285
Financial assets held for trading - derivatives	39 341	81 723
Financial assets held for trading - debt securities	26 198	15 963
Financial assets held for trading - Repurchase agreements	50 650	44 363
Total	8 849 034	8 658 943

Interest income for the year 2025 contains interest accrued on impaired loans in the amount of PLN 193,798 thous. (for corresponding data in the year 2024 the amount of such interest stood at PLN 177,985 thous.).

Interest income from instruments measured at amortized cost for 2024 includes an adjustment for credit holidays (reducing income) in the amount of PLN 106.8 million (more information on this subject is presented in **Chapter 7.3 Adopted accounting principles**).

In the line "Hedging derivatives", the Bank presents the interest result from derivative instruments designated as, and effectively functioning as, hedging instruments in cash flow hedge and fair value hedge relationships. A detailed description of the hedge relationships applied by the Bank is provided in **Note (24)**.

2. INTEREST EXPENSE

	01.01.2025 - 31.12.2025	01.01.2024 - 31.12.2024
Interest expense from Financial liabilities measured at amortised cost	(3 237 367)	(3 238 298)
Liabilities to banks and other monetary institutions	(15 697)	(14 393)
Liabilities to customers	(2 639 027)	(2 668 228)
Transactions with repurchase agreement	(27 070)	(37 513)
Debt securities issued	(424 797)	(367 570)
Subordinated debt	(116 744)	(125 557)
Leasing liabilities	(14 032)	(11 352)
Hedging derivatives	0	(13 685)
Total	(3 237 367)	(3 238 298)

3. FEE AND COMMISSION INCOME AND EXPENSE

3a. Fee and commission income

	01.01.2025 - 31.12.2025	01.01.2024 - 31.12.2024
Resulting from accounts service	113 892	113 298
Resulting from money transfers, cash payments and withdrawals and other payment transactions	108 288	102 097
Resulting from loans granted	157 789	161 707
Resulting from guarantees and sureties granted	14 032	13 711
Resulting from payment and credit cards	338 658	317 104
Resulting from sale of insurance products	43 110	88 680
Resulting from distribution of investment funds units and other savings products	64 050	52 861
Resulting from brokerage and custody service	17 103	14 574
Other	58 502	53 802
Total	915 424	917 834

In the above note, the Bank presents commission income not subject to recognition under the effective interest rate method, recognized in accordance with IFRS 9 in the amount of PLN 171,821 thous. for 2025 (and PLN 175,418 thous. for 2024, respectively), related to financial instruments not measured at fair value through profit or loss, as well as income recognized in accordance with IFRS 15 in the amount of PLN 743,603 thous. for 2025 (and PLN 742,416 thous. for 2024, respectively) arising from the provision of services to customers.

3b. Fee and commission expense

	01.01.2025 - 31.12.2025	01.01.2024 - 31.12.2024
Resulting from accounts service	(53 970)	(44 419)
Resulting from money transfers, cash payments and withdrawals and other payment transactions	(4 451)	(4 548)
Resulting from loans granted	(34 677)	(18 822)
Resulting from payment and credit cards	(102 222)	(117 815)
Resulting from brokerage and fiduciary services	(3 063)	(2 586)
Resulting from selling insurance products	(7 848)	(8 280)
Other	(55 365)	(53 207)
Total	(261 596)	(249 677)

4. DIVIDEND INCOME

	01.01.2025 - 31.12.2025	01.01.2024 - 31.12.2024
Non-trading financial assets mandatorily at fair value through profit or loss	281	544
Financial assets at fair value through other comprehensive income	3 402	3 082
Investments in subordinated companies	32 119	26 618
Investments in associated companies	5 354	8 497
Total	41 156	38 741

5. RESULT ON DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES NOT MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	01.01.2025 - 31.12.2025	01.01.2024 - 31.12.2024
Operations on debt instruments	(1 292)	143
Sale of the FVTOCI portfolio	3 930	(8 771)
Costs of financial operations	(3 156)	(2 125)
Total	(518)	(10 753)

6. RESULTS ON FINANCIAL ASSETS AND LIABILITIES HELD FOR TRADING

	01.01.2025 - 31.12.2025	01.01.2024 - 31.12.2024
Result on debt instruments	13 051	(1 475)
Result on derivatives	11 035	(5 091)
Result on other financial operations	101	0
Total	24 187	(6 566)

7. RESULTS ON NON-TRADING FINANCIAL ASSETS MANDATORILY AT FAIR VALUE THROUGH PROFIT OR LOSS

	01.01.2025 - 31.12.2025	01.01.2024 - 31.12.2024
Loans and advances to customers	581	745
Result on equity instruments	123 045	46 605
Result on debt instruments	(31 134)	(29 225)
Total	92 492	18 125

8. RESULT ON HEDGE ACCOUNTING

	01.01.2025 - 31.12.2025	01.01.2024 - 31.12.2024
Changes in the fair value of the hedging instrument (including abandonment)	(133 993)	18 323
Changes in the fair value of the hedged item resulting from the hedged risk	134 256	(16 558)
Inefficiency in cash flow hedges	26	(221)
Total	289	1 544

9. OTHER OPERATING INCOME

	01.01.2025 - 31.12.2025	01.01.2024 - 31.12.2024
Gain on sale and liquidation of property, plant and equipment, intangible assets	31 792	5 630
Income from sale of other services	17 683	13 607
Income from collection service	16 701	26 014
Income from write-back of provisions for disputed claims	7 458	4 233
Valuation of the Société Générale S.A. guarantee and indemnity agreement*	230 744	223 086
Other	60 744	45 931
Total	365 122	318 501

* In implementing the Euro Bank share purchase agreement, which ultimately led to the Purchase of Euro Bank by Bank Millennium and subsequent Legal Merger, in order to limit the risk associated with the Euro Bank's portfolio of mortgage loans denominated in CHF or denominated in PLN but indexed to CHF, Euro Bank and Société Générale S.A. concluded on 31 May 2019 a "CHF Portfolio Indemnity and Guarantee Agreement" under which the losses resulting from legal risk are covered by Société Générale S.A.

10. OTHER OPERATING EXPENSE

	01.01.2025 - 31.12.2025	01.01.2024 - 31.12.2024
Loss on sale and liquidation of property, plant and equipment, intangible assets	(2 345)	(920)
Indemnifications, penalties and fines paid	(28 934)	(22 758)
Costs of provisions for disputed claims	(93 051)	(8 915)
Costs related with providing other services	(6 412)	(2 631)
Donations made	(1 033)	(2 039)
Costs of collection service	(140 850)	(295 321)
Costs of legal representation	(6 361)	(14 017)
Other	(16 365)	(18 298)
Total	(295 351)	(364 899)

11. ADMINISTRATIVE EXPENSES

	01.01.2025 - 31.12.2025	01.01.2024 - 31.12.2024
Staff costs:	(1 290 211)	(1 138 045)
Salaries	(1 057 399)	(930 982)
Surcharges on pay	(180 234)	(160 910)
Employee benefits, including:	(52 578)	(46 153)
- provisions for retirement benefits	(6 225)	(5 816)
- provisions for unused employee holiday	(5 971)	(2 303)
- other	(40 382)	(38 034)
Other administrative expenses:	(962 380)	(816 276)
Costs of advertising, promotion and representation	(90 984)	(76 659)
IT and communications costs	(223 699)	(165 054)
Costs of renting	(52 644)	(54 388)
Costs of buildings maintenance, equipment and materials	(55 376)	(54 774)
ATM and cash maintenance costs	(34 897)	(35 639)
Costs of consultancy, audit and legal advisory and translation	(139 430)	(177 811)
Taxes and fees	(50 510)	(43 705)
KIR - clearing charges	(15 984)	(14 814)
PFRON costs	(9 663)	(8 973)
Banking Guarantee Fund costs	(149 528)	(60 841)
Financial Supervision costs	(19 426)	(16 475)
Other	(120 239)	(107 143)
Total	(2 252 591)	(1 954 321)

12. IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	01.01.2025 - 31.12.2025	01.01.2024 - 31.12.2024
Impairment losses on loans and advances to customers	(148 998)	(259 555)
Impairment charges on loans and advances to customers	(1 080 972)	(1 318 147)
Reversal of impairment charges on loans and advances to customers	744 353	916 884
Amounts recovered from loans written off	30 550	60 227
Sale of receivables	165 859	114 926
Other directly recognised in profit and loss	(8 788)	(33 445)
Impairment losses on securities	(41)	(2)
Impairment charges on securities	(41)	(2)
Impairment losses on off-balance sheet liabilities	(52 110)	(11 309)
Impairment charges on off-balance sheet liabilities	(112 417)	(52 302)
Reversal of impairment charges on off-balance sheet liabilities	60 307	40 993
Total	(201 149)	(270 866)

13. IMPAIRMENT LOSSES ON NON-FINANCIAL ASSETS

	01.01.2025 - 31.12.2025	01.01.2024 - 31.12.2024
Other assets	(18 821)	(4 274)
Total	(18 821)	(4 274)

14. PROVISIONS FOR LEGAL RISK CONNECTED WITH FX MORTGAGE LOANS

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

As regards following:

- (i) repaid foreign currency mortgage loans;
- (ii) active loans, for which the loss due to legal risk exceeds the current carrying amount (for that excess);
- (iii) for the expected outflow of cash that does not represent a return of contractual cash flows, the provisions of IAS 37 are applied, according to which the Bank creates a provision for court cases, recognizing it in the balance sheet as a component of provisions for claims.

Legal risk costs related to foreign currency mortgage loans

	1.01.2025 - 31.12.2025	1.01.2024 - 31.12.2024
Costs of provisions for legal risk related with FX mortgage loans	(2 037 431)	(2 179 070)
Other costs	(66 787)	(671 160)
Total	(2 104 218)	(2 850 230)

In the first half of 2025, the Bank introduced changes to the presentation of financial data, among others in the area of legal risk costs related to foreign currency mortgage loans. Details of these changes are presented in Chapter 7. INTRODUCTION AND ACCOUNTING POLICIES – Opening balance adjustment and change in the presentation of data implemented in 2025 and the restatement of comparative data, item 1) a.

Costs of provisions for legal risk related with FX mortgage loans

01.01.2025 – 31.12.2025	TOTAL	Decreasing gross value of credit portfolio	Provisions for legal issues
Balance at the beginning of the period	8 463 696	5 665 224	2 798 472
Utilization of provisions during the period	(3 418 380)	(2 006 430)	(1 411 950)
Costs of provisions for legal risk connected with FX mortgage loans	2 037 431	(18 937)	2 056 368
Allocation from impairment allowances	24 678	24 678	0
Change of provisions due to FX rates differences	6 048	6 048	0
Balance at the end of the period	7 113 473	3 670 583	3 442 890

01.01.2024 – 31.12.2024	TOTAL	Decreasing gross value of credit portfolio	Provisions for legal issues
Balance at the beginning of the period	7 871 789	6 516 460	1 355 329
Utilization of provisions during the period	(1 386 008)	(972 009)	(413 999)
Costs of provisions for legal risk connected with FX mortgage loans	2 179 070	321 928	1 857 142
Change of provisions due to FX rates differences	(201 155)	(201 155)	0
Balance at the end of the period	8 463 696	5 665 224	2 798 472

15. DEPRECIATION AND AMORTIZATION

	01.01.2025 - 31.12.2025	01.01.2024 - 31.12.2024
Property, plant and equipment	(156 134)	(159 032)
Intangible assets	(65 187)	(63 630)
Total	(221 321)	(222 662)

16. CORPORATE INCOME TAX

16a. Income tax reported in income statement

	01.01.2025 - 31.12.2025	01.01.2024 - 31.12.2024
Current tax	(252 804)	(377 124)
Current year	(252 804)	(384 860)
Adjustment to prior periods	0	7 736
Deferred tax:	(136 520)	249 679
Recognition and reversal of temporary differences	(136 520)	249 679
Total income tax reported in income statement	(389 324)	(127 445)

The effective tax rate (ETR) for 2025 was 25,84% (the ETR for 2024 was 16,54%). The biggest negative impact on the ETR were the cost of legal risk related to CHF mortgage loans, the banking tax, and the contributions to the Bank Guarantee Fund. The biggest positive impact on the income tax burden for year 2025 was the revaluation of the deferred tax asset and liability in connection with the entry into force from 1 January 2026 of the Act of 6 November 2025 amending the Corporate Income Tax Act and the Act on the Tax on Certain Financial Institutions (Journal of Laws of 2025, item 1658), which increases the CIT rate for banks from 19% to 30% in 2026 (in year 2027 the CIT rate will be reduced to 26% and from 2028 it will be 23%). This positive effect of the revaluation was one-off and resulted from the excess of the assets over the liabilities in deferred tax.

The year-on-year difference in the ETR also results from the recognition in 2024 of a deferred tax asset related to future cancellations of CHF loans in the amount of PLN 186.8 million as a consequence of the judgment of the Supreme Administrative Court of 6 December 2023 on the rules for recognizing in CIT the effects of annulments of CHF loans adjudicated by common courts which significantly lowered the ETR for 2024.

16b. Effective tax rate

	01.01.2025 - 31.12.2025	01.01.2024 - 31.12.2024
Profit before tax / (loss)	1 506 638	770 548
Statutory tax rate	19%	19%
Income tax according to obligatory income tax rate of 19%	(286 261)	(146 404)
Impact of permanent differences on tax charges:	(223 770)	14 514
Non-taxable income	140 718	121 027
Dividend income	7 766	7 257
Release of other provisions	47 445	44 726
Adjustment of revenue related to CHF loan annulments and settlements involving cash payments	85 556	69 043
Other	(49)	1
Cost which is not a tax cost	(364 489)	(106 514)
PFRON fee	(1 836)	(1 705)
Fees for Banking Guarantee Fund	(28 410)	(11 560)
Banking tax	(77 004)	(44 160)
Receivables written off	(14 742)	(24 614)
Costs of litigations and claims	(21 181)	(3 345)
Legal risk costs related to foreign-currency mortgage loan	(210 254)	(14 028)
Other	(11 061)	(7 102)
Tax reliefs	12 155	4 445
Revaluation of assets due to changes in tax rates	108 553	0
Total income tax reported in income statement	(389 324)	(127 445)
Effective tax rate	25.84%	16.54%

In the note with the effective tax rate reconciliation, the Bank has separated an item related to mortgage loans indexed to the CHF and foreign currency loans in this currency (CHF Loans) – "Costs of legal risk associated with foreign currency mortgage loans". This item refers to provisions and costs related to the cancellation of CHF loans by courts and the costs of settlements concluded with borrowers. In the financial statements for the previous year, these data were included in Note 16 separately in two items: "Costs of court proceedings and litigation" (including costs of other litigations) and "Assets from future cancellations of loans in CHF" in order to present a positive financial effect of PLN 186.8 million resulting from the judgment of the Supreme Administrative Court of 6 December 2023 on the principles of recognizing in CIT the effects of cancellations of CHF loans adjudicated by common courts. The year-on-year difference in the item "Costs of legal risk related to FX mortgage loans" results from the Bank's recognition in 2024 of such deferred tax assets for the costs of future cancellations of CHF loans in connection with the aforementioned judgment.

16c. Deferred tax reported in equity

	31.12.2025	31.12.2024
Valuation of investment assets at fair value through other comprehensive income	(61 771)	10 447
Valuation of credit portfolio at fair value through other comprehensive income	(54 531)	11 074
Valuation of cash flow hedging instruments	806	4 704
Actuarial gains (losses)	3 941	(119)
Deferred tax reported directly in equity	(111 555)	26 106

Changes in deferred tax recognized directly in equity are presented in **Note (39b)**.

17. EARNINGS PER SHARE

In accordance with the requirements of IAS 33, the Bank calculates earnings per share based on consolidated data and presents it accordingly in the consolidated financial statements.

18. CASH, BALANCES AT THE CENTRAL BANK

18a. Cash, balances at the central bank

	31.12.2025	31.12.2024
Cash	1 046 063	1 065 998
Cash in Central Bank	3 314 401	4 112 986
Total	4 360 464	5 178 984

In the period from 8 December 2025 to 11 January 2026 the Bank was obliged to keep on its current account with NBP (the central bank) an average balance of PLN 4,485,265 thousand (arithmetic average of balances on the NBP current account on all days of the deposit-holding period).

18b. Cash, balances at the Central Bank – by currency

	31.12.2025	31.12.2024
in Polish currency	3 752 084	4 309 067
in foreign currencies (after conversion to PLN)	608 380	869 917
▪ currency: USD	58 767	78 400
▪ currency: EUR	507 762	745 984
▪ currency: CHF	13 662	16 063
▪ currency: GBP	21 088	22 372
▪ other currencies	7 101	7 098
Total	4 360 464	5 178 984

19. FINANCIAL ASSETS HELD FOR TRADING

19a. Financial assets held for trading

	31.12.2025	31.12.2024
Debt securities	824 911	555 364
Issued by State Treasury	824 911	555 364
a) bonds	824 911	555 364
Equity instruments	252	115
Positive valuation of derivatives	156 827	257 094
Repurchase agreements	38 946	194 218
Total	1 020 936	1 006 791

Information on financial assets securing liabilities is presented in **point 2) of Chapter 14**.

19b. Debt securities valued at fair value through profit and loss (held for trading), at balance sheet value

	31.12.2025	31.12.2024
▪ with fixed interest rate	251 978	108 141
▪ with variable interest rate	572 933	447 223
Total	824 911	555 364

19c. Debt securities valued at fair value through profit and loss (held for trading), by maturity

	31.12.2025	31.12.2024
to 1 month	7 187	0
above 1 month to 3 months	0	0
above 3 months to 1 year	354 894	2 372
above 1 year to 5 years	384 476	472 055
above 5 years	78 354	80 937
Total	824 911	555 364

19d. Change of debt securities and equity instruments valued at fair value through profit and loss (held for trading)

	01.01.2025 - 31.12.2025	01.01.2024 - 31.12.2024
Balance at the beginning of the period	555 479	110 675
Increases (purchase, takeover and accrual of interest and discount)	13 359 048	17 003 282
Reductions (sale and redemption)	(13 093 769)	(16 556 021)
Differences from valuation at fair value	4 405	(2 457)
Balance at the end of the period	825 163	555 479

19e. Financial assets and liabilities held for trading - Valuation of derivatives, Adjustment from fair value hedge and Short positions as at:

31.12.2025	Nominal value of instruments with remaining maturity				Fair value	
	below 3 months	from 3 months to 1 year	from 1 year to 5 years	above 5 years	Assets	Liabilities
1. Interest rate derivatives	696 728	2 560 069	10 487 655	1 578 734	10 528	3 427
Interest rate swaps (IRS)	477 395	2 045 360	9 374 758	1 578 734	9 226	2 125
Other interest rate contracts: options	219 333	514 709	1 112 897	0	1 302	1 302
2. FX derivatives*	7 025 179	6 518 115	956 121	0	50 184	108 229
FX contracts	1 367 766	784 673	84 136	0	6 880	9 091
FX swaps	5 657 413	5 733 442	21 015	0	37 651	94 420
Other FX contracts (CIRS)	0	0	850 970	0	5 653	4 718
3. Embedded instruments	168 940	520 109	351 002	0	0	95 144
Options embedded in deposits	168 940	520 109	351 002	0	0	95 144
4. Indexes options	181 319	543 346	359 448	0	96 115	1 840
Total	8 072 166	10 141 639	12 154 226	1 578 734	156 827	208 640
Liabilities from short sale of debt securities					-	37 788

*Notional value for double-currency derivatives constitutes the sum of both transactions expressed in PLN

31.12.2024	Nominal value of instruments with remaining maturity				Fair value	
	below 3 months	from 3 months to 1 year	from 1 year to 5 years	above 5 years	Assets	Liabilities
1. Interest rate derivatives	899 208	1 372 822	9 111 580	555 427	11 026	13 636
Interest rate swaps (IRS)	899 208	1 137 324	8 470 802	555 427	3 964	6 574
Other interest rate contracts: options	0	235 498	640 778	0	7 062	7 062
2. FX derivatives*	8 416 883	1 816 443	979 954	0	63 544	27 122
FX contracts	1 407 582	980 304	92 927	0	2 255	17 238
FX swaps	7 009 301	836 139	31 427	0	59 128	8 906
Other FX contracts (CIRS)	0	0	855 600	0	2 161	978
3. Embedded instruments	307 203	534 393	700 523	0	0	181 662
Options embedded in deposits	307 203	534 393	700 523	0	0	181 662
4. Indexes options	331 314	561 328	713 218	0	182 524	4 329
Total	9 954 608	4 284 986	11 505 275	555 427	257 094	226 749
Liabilities from short sale of debt securities					-	190 769

*Notional value for double-currency derivatives constitutes the sum of both transactions expressed in PLN

20. NON-TRADING FINANCIAL ASSETS MANDATORILY AT FAIR VALUE THROUGH PROFIT OR LOSS, OTHER THAN LOANS AND ADVANCES TO CUSTOMERS

	31.12.2025	31.12.2024
Equity instruments	155 652	66 609
other corporates	155 652	66 609
Debt securities	20 655	51 790
other corporates	20 655	51 790
Total	176 307	118 399

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

21a. Financial assets at fair value through other comprehensive income

	31.12.2025	31.12.2024
Debt securities	42 226 448	28 986 939
Issued by State Treasury	31 646 365	19 953 433
a) bills	3 198 662	0
b) bonds	28 447 703	19 953 433
Issued by Central Bank	10 295 426	8 597 254
a) bills	10 295 426	8 597 254
Other securities	284 657	436 252
a) listed	284 657	436 252
Shares and interests in other entities	40 939	36 708
Total financial assets at fair value through other comprehensive income	42 267 387	29 023 647
Including:		
Instruments listed on the active market	31 931 706	20 390 166
Instruments not listed on the active market	10 335 681	8 633 481

21b. Debt securities at fair value through other comprehensive income

	31.12.2025	31.12.2024
▪ with fixed interest rate	30 776 098	19 312 165
▪ with variable interest rate	11 450 350	9 674 774
Total	42 226 448	28 986 939

21c. Debt securities at fair value through other comprehensive income by maturity

	31.12.2025	31.12.2024
▪ to 1 month	11 766 785	8 597 254
▪ above 1 month to 3 months	1 998 247	0
▪ above 3 months to 1 year	6 073 329	5 676 045
▪ above 1 year to 5 years	20 557 532	13 223 737
▪ above 5 years	1 830 555	1 489 903
Total	42 226 448	28 986 939

21d. Change of financial assets at fair value through other comprehensive income

	01.01.2025 - 31.12.2025	01.01.2024 - 31.12.2024
Balance at the beginning of the period	29 023 647	21 924 652
Increases (purchase and accrual of interest and discount)	591 805 952	554 476 615
Reductions (sale and redemption)	(578 872 485)	(547 541 651)
Difference from measurement at fair value	310 276	164 037
Other	(3)	(6)
Balance at the end of the period	42 267 387	29 023 647

22. LOANS AND ADVANCES TO CUSTOMERS

22a. Loans and advances to customers mandatorily at fair value through profit or loss

Balance sheet value:	31.12.2025	31.12.2024
Mandatorily at fair value through profit or loss	745	1 825
Companies	87	70
Individuals	658	1 755

22b. Loans and advances to customers at fair value through other comprehensive income

Balance sheet value:	31.12.2025	31.12.2024
at fair value through other comprehensive income	9 438 459	11 135 416
▪ Individuals	9 438 459	11 135 416

Balance sheet value - maturity	31.12.2025	31.12.2024
to 1 month	21 417	19 860
above 1 month to 3 months	34 194	33 392
above 3 months to 1 year	164 235	163 478
above 1 year to 5 years	1 040 459	1 151 759
above 5 years	8 178 154	9 766 927
Total	9 438 459	11 135 416

22c. Loans and advances to customers valued at amortised cost

31.12.2025	Companies	Individuals	Public sector	TOTAL
Gross balance sheet value - Stage 1	19 882 731	37 139 241	55 750	57 077 722
Gross balance sheet value - Stage 2	1 471 857	3 482 717	0	4 954 575
Gross balance sheet value - Stage 3	550 953	1 964 350	0	2 515 303
Gross balance sheet value - POCI	23 564	44 160	0	67 724
Gross balance sheet value - TOTAL	21 929 106	42 630 468	55 750	64 615 323
Impairment allowances - Stage 1	(140 872)	(174 634)	(196)	(315 702)
Impairment allowances - Stage 2	(54 900)	(280 358)	0	(335 258)
Impairment allowances - Stage 3	(227 074)	(1 250 857)	0	(1 477 931)
Impairment allowances - POCI	6 042	(29 242)	0	(23 201)
Impairment allowances - TOTAL	(416 805)	(1 735 091)	(196)	(2 152 092)
Net balance sheet value	21 512 301	40 895 376	55 554	62 463 231

31.12.2024	Companies	Individuals	Public sector	TOTAL
Gross balance sheet value - Stage 1	16 793 416	38 326 116	45 449	55 164 982
Gross balance sheet value - Stage 2	883 863	3 914 183	1	4 798 047
Gross balance sheet value - Stage 3	579 973	2 356 178	0	2 936 151
Gross balance sheet value - POCI	12 566	69 669	0	82 234
Gross balance sheet value - TOTAL	18 269 817	44 666 146	45 450	62 981 413
Impairment allowances - Stage 1	(98 632)	(188 077)	(129)	(286 837)
Impairment allowances - Stage 2	(32 041)	(264 464)	0	(296 505)
Impairment allowances - Stage 3	(228 184)	(1 453 175)	0	(1 681 359)
Impairment allowances - POCI	(868)	(32 758)	0	(33 626)
Impairment allowances - TOTAL	(359 725)	(1 938 474)	(129)	(2 298 327)
Net balance sheet value	17 910 093	42 727 672	45 322	60 683 086

22d. Loans and advances to customers

	31.12.2025	31.12.2024
Loans and advances	62 303 531	60 793 370
to companies	21 731 092	18 055 316
to private individuals	40 517 033	42 692 702
to public sector	55 406	45 352
Receivables on account of payment cards	1 370 044	1 281 402
due from companies	12 228	12 924
due from private individuals	1 357 816	1 268 478
Purchased receivables	117 032	148 514
from companies	117 032	148 514
Guarantees and sureties realised	0	321
Other	183 374	104 033
Interest	641 342	653 773
Total:	64 615 323	62 981 413
Impairment allowances	(2 152 092)	(2 298 327)
Total balance sheet value	62 463 231	60 683 086

22e. Quality of loans and advances to customers portfolio valued at amortised cost

	31.12.2025	31.12.2024
Loans and advances to customers (gross)	64 615 323	62 981 413
impaired	2 575 811	3 009 099
not impaired	62 039 512	59 972 314
Impairment allowances	(2 152 092)	(2 298 327)
for impaired exposures	(1 524 952)	(1 747 986)
for not impaired exposures	(627 140)	(550 341)
Loans and advances to customers (net)	62 463 231	60 683 086

22f. Loans and advances to customers portfolio valued at amortised cost by methodology of impairment assessment

	31.12.2025	31.12.2024
Loans and advances to customers (gross)	64 615 323	62 981 413
case by case analysis	427 129	511 799
collective analysis	64 188 194	62 469 614
Impairment allowances	(2 152 092)	(2 298 327)
on the basis of case by case analysis	(162 800)	(194 181)
on the basis of collective analysis	(1 989 292)	(2 104 146)
Loans and advances to customers (net)	62 463 231	60 683 086

22g. Loans and advances to customers portfolio valued at amortised cost by customers

	31.12.2025	31.12.2024
Loans and advances to customers (gross)	64 615 323	62 981 413
corporate customers	21 984 855	18 315 267
individuals	42 630 468	44 666 146
Impairment allowances	(2 152 092)	(2 298 327)
for receivables from corporate customers	(417 001)	(359 853)
for receivables from private individuals	(1 735 091)	(1 938 474)
Loans and advances to customers (net)	62 463 231	60 683 086

22h. Movements in impairment allowances for loans and advances to customers carried at amortised cost

	01.01.2025 - 31.12.2025	01.01.2024 - 31.12.2024
Balance at the beginning of the period	2 298 327	2 299 364
Change in value of provisions:	(146 235)	(1 037)
Impairment allowances created in the period	1 017 358	1 229 349
Amounts written off	(142 399)	(218 506)
Impairment allowances released in the period	(687 988)	(831 022)
Sale of receivables	(354 332)	(247 429)
KOIM created in the period(*)	63 416	69 359
Allocation for coverage of FX mortgage loan risk	(24 678)	0
Changes resulting from FX rates differences	(1 721)	(5 260)
Other	(15 891)	2 472
Balance at the end of the period	2 152 092	2 298 327

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

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

The value of POCI assets is as follows:

	Gross balance sheet value	Accumulated impairment	Net balance sheet value
31.12.2024			
- Companies	23 564	6 042	29 606
- Individuals	44 160	(29 242)	14 918
- Public sector	0	0	0
31.12.2023			
- Companies	12 566	(868)	11 698
- Individuals	69 669	(32 758)	36 911
- Public sector	0	0	0

22i. Changes in impairment allowances and gross carrying amount of loans and advances valued at amortised cost divided into stages and classes:

Companies: impairment allowances, 2025	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at the beginning of the period	98 632	32 041	228 184	868	359 725
Transfers between stages	3 696	(37 458)	8 248	25 514	0
Increase due to granting or purchase	53 678	0	0	0	53 678
Changes in credit risk	(3 000)	65 822	40 765	(12 946)	90 641
Decrease due to derecognition (except exposures sold and written off)	(13 979)	(5 527)	(22 428)	0	(41 934)
Sale of loans and advances	0	0	(10 973)	0	(10 973)
Loans and advances written off	0	0	(22 331)	0	(22 331)
KOIM	0	0	6 914	0	6 914
Allocation of an impairment write-down to reduce the gross carrying amount	0	0	0	(19 337)	(19 337)
Other (including FX differences)	1 846	22	(1 305)	(141)	421
Balance at the end of the period	140 872	54 900	227 074	(6 042)	416 804

Companies: impairment allowances, 2024	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at the beginning of the period	71 384	26 531	157 700	(1 199)	254 416
Transfers between stages	4 645	(33 662)	29 016	0	(0)
Increase due to granting or purchase	45 753	0	0	0	45 753
Changes in credit risk	(15 292)	41 624	72 393	2 557	101 281
Decrease due to derecognition (except exposures sold and written off)	(8 684)	(2 432)	(23 036)	(52)	(34 204)
Sale of loans and advances	0	0	(8 710)	0	(8 710)
Loans and advances written off	0	0	(3 716)	0	(3 716)
KOIM	0	0	5 627	25	5 652
Other (including FX differences)	826	(20)	(1 091)	(463)	(748)
Balance at the end of the period	98 632	32 041	228 184	868	359 725

Companies: loans and advances balance sheet value, gross, 2025	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at the beginning of the period	16 793 416	883 863	579 973	12 566	18 269 817
Transfers between stages	(1 076 683)	911 789	124 458	40 436	0
Granted or purchased loans and advances	9 567 414	0	0	0	9 567 414
Repaid loans and advances	(5 557 866)	(321 929)	(118 680)	(29 716)	(6 028 192)
Loans and advances sold	0	0	(12 803)	0	(12 803)
Loans and advances written off	0	0	(22 331)	0	(22 331)
Other (including FX differences)	156 450	(1 866)	337	279	155 200
Balance at the end of the period	19 882 731	1 471 857	550 953	23 564	21 929 105

Companies: loans and advances balance sheet value, gross, 2024	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at the beginning of the period	16 086 162	720 295	400 457	23 106	17 230 020
Transfers between stages	(682 380)	470 295	212 085	0	0
Granted or purchased loans and advances	4 639 337	0	0	0	4 639 337
Repaid loans and advances	(3 120 652)	(305 794)	(118 680)	(9 807)	(3 554 933)
Loans and advances sold	0	0	(10 481)	0	(10 481)
Loans and advances written off	0	0	(3 716)	0	(3 716)
Other (including FX differences)	(129 051)	(932)	100 307	(734)	(30 410)
Balance at the end of the period	16 793 416	883 864	579 972	12 565	18 269 817

Individuals: impairment allowances, 2025	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at the beginning of the period	188 077	264 464	1 453 175	32 758	1 938 474
Transfers between stages	240 911	(325 765)	84 854	0	(0)
Increase due to granting or purchase	119 082	0	0	0	119 082
Changes in credit risk	(307 723)	365 826	249 260	26 554	333 916
Decrease due to derecognition (except exposures sold and written off)	(65 836)	(24 174)	(124 028)	(12 048)	(226 085)
Sale of loans and advances	0	0	(334 878)	(8 481)	(343 359)
Loans and advances written off	0	0	(110 434)	(9 635)	(120 069)
KOIM	0	0	56 501	0	56 501
Allocation for coverage of FX mortgage loan risk	0	0	(24 678)	0	(24 678)
Other (including FX differences)	123	8	1 083	94	1 309
Balance at the end of the period	174 634	280 358	1 250 857	29 242	1 735 091

Individuals: impairment allowances, 2024	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at the beginning of the period	297 078	302 936	1 419 678	25 136	2 044 828
Transfers between stages	248 566	(398 582)	150 017	0	(0)
Increase due to granting or purchase	186 922	0	0	0	186 922
Changes in credit risk	(473 317)	386 132	385 966	33 021	331 802
Decrease due to derecognition (except exposures sold and written off)	(70 500)	(26 705)	(128 807)	(7 242)	(233 255)
Sale of loans and advances	0	0	(228 703)	(10 016)	(238 719)
Loans and advances written off	0	0	(205 782)	(9 008)	(214 791)
KOIM	0	0	62 804	903	63 707
Other (including FX differences)	(672)	684	(1 997)	(35)	(2 021)
Balance at the end of the period	188 077	264 464	1 453 175	32 758	1 938 474

Individuals: loans and advances balance sheet value, gross, 2025	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at the beginning of the period	38 326 116	3 914 183	2 356 178	69 669	44 666 145
Transfers between stages	(532 571)	275 818	256 753	0	0
Granted or purchased loans and advances	10 013 803	0	0	0	10 013 803
Repaid loans and advances	(12 670 081)	(797 185)	(258 303)	(26 488)	(13 752 056)
Change in provisions for legal risk of the foreign currency-indexed mortgage loan portfolio	1 855 439	89 464	49 737	0	1 994 641
Loans and advances sold	0	0	(427 411)	(76)	(427 487)
Loans and advances written off	0	0	(120 069)	0	(120 069)
Other (including FX differences)	146 534	436	107 465	1 055	255 491
Balance at the end of the period	37 139 241	3 482 717	1 964 350	44 160	42 630 468

Individuals: loans and advances balance sheet value, gross, 2024	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at the beginning of the period	38 823 130	3 968 886	2 579 786	93 690	45 465 492
Transfers between stages	(1 037 575)	680 237	357 339	0	1
Granted or purchased loans and advances	10 466 916	0	0	0	10 466 916
Repaid loans and advances	(10 455 492)	(736 857)	(311 114)	(26 277)	(11 529 740)
Change in provisions for legal risk of the foreign currency-indexed mortgage loan portfolio	803 437	11 997	35 802	0	851 236
Loans and advances sold	0	0	(264 873)	(181)	(265 054)
Loans and advances written off	0	0	(214 706)	(85)	(214 791)
Other (including FX differences)	(274 300)	(10 081)	173 944	2 521	(107 916)
Balance at the end of the period	38 326 116	3 914 182	2 356 178	69 668	44 666 144

Public sector: impairment allowances, 2025	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at the beginning of the period	129	0	0	0	129
Transfers between stages	0	0	0	0	0
Increase due to granting or purchase	28	0	0	0	28
Changes in credit risk	62	0	0	0	62
Decrease due to derecognition (except exposures sold and written off)	(18)	0	0	0	(18)
Other (including FX differences)	(5)	0	0	0	(5)
Balance at the end of the period	196	0	0	0	196

Public sector: impairment allowances, 2024	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at the beginning of the period	120	0	0	0	120
Transfers between stages	0	0	0	0	0
Increase due to granting or purchase	45	0	0	0	45
Changes in credit risk	6	0	0	0	6
Decrease due to derecognition (except exposures sold and written off)	(23)	0	0	0	(23)
Other (including FX differences)	(19)	0	0	0	(19)
Balance at the end of the period	129	0	0	0	129

Public sector: loans and advances balance sheet value, gross, 2025	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at the beginning of the period	45 449	1	0	0	45 450
Transfers between stages	0	0	0	0	0
Granted or purchased loans and advances	23 979	0	0	0	23 979
Repaid loans and advances	(13 678)	(1)	0	0	(13 679)
Loans and advances sold	0	0	0	0	0
Loans and advances written off	0	0	0	0	0
Other (including FX differences)	0	(0)	0	0	0
Balance at the end of the period	55 750	0	0	0	55 750

Public sector: loans and advances balance sheet value, gross, 2024	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at the beginning of the period	51 748	4	0	0	51 752
Transfers between stages	0	0	0	0	0
Granted or purchased loans and advances	8 884	0	0	0	8 884
Repaid loans and advances	(15 182)	(3)	0	0	(15 185)
Loans and advances sold	0	0	0	0	0
Loans and advances written off	0	0	0	0	0
Other (including FX differences)	0	0	0	0	0
Balance at the end of the period	45 449	1	0	0	45 450

22j. Loans and advances to customers portfolio valued at amortised cost by maturity

	31.12.2025	31.12.2024
Current accounts	3 958 764	3 676 289
to 1 month	8 152 203	7 783 439
above 1 month to 3 months	1 325 768	2 208 463
above 3 months to 1 year	6 266 412	6 054 478
above 1 year to 5 years	22 917 982	19 966 083
above 5 years	19 584 486	20 776 798
past due	1 768 366	1 862 090
Interest	641 342	653 773
Total gross	64 615 323	62 981 413

22k. Loans and advances to customers portfolio valued at amortised cost by currency

	31.12.2025			31.12.2024		
	Balance sheet value, gross	Impairment allowances	Balance sheet value	Balance sheet value, gross	Impairment allowances	Balance sheet value
in Polish currency	58 747 759	(2 024 322)	56 723 437	57 468 024	(2 127 147)	55 340 877
in foreign currencies (after conversion to PLN)	5 867 564	(127 771)	5 739 793	5 513 389	(171 180)	5 342 209
currency: USD	74 625	(2 010)	72 615	61 794	(629)	61 165
currency: EUR	5 025 399	(96 932)	4 928 467	4 067 326	(116 287)	3 951 039
currency: CHF*	736 230	(28 471)	707 759	1 360 546	(53 852)	1 306 694
other currencies	31 309	(357)	30 952	23 723	(412)	23 311
Total	64 615 323	(2 152 092)	62 463 231	62 981 413	(2 298 327)	60 683 086

* gross carrying amount of mortgage is decreased by the change in expected cash flows resulting from the issue of legal risk of CHF mortgage loans, the adjustment is presented in **note (14)**.

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

23a. Financial assets at amortised cost other than Loans and advances to customers

31.12.2025	Balance sheet value, gross			Accumulated impairment write-offs			Balance sheet value, net
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
Debt securities	26 659 513	0	0	(48)	0	0	26 659 465
Deposits, loans and advances to banks and other monetary institutions	2 081 215	0	0	(79)	0	0	2 081 137
Repurchase agreements	59 978	0	0	0	0	0	59 978

31.12.2024	Balance sheet value, gross			Accumulated impairment write-offs			Balance sheet value, net
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
Debt securities	24 059 869	0	0	(8)	0	0	24 059 861
Deposits, loans and advances to banks and other monetary institutions	2 378 610	0	0	(18)	0	0	2 378 592
Repurchase agreements	0	0	0	0	0	0	0

23b. Debt securities

	31.12.2025	31.12.2024
Banks and other financial institutions	1 915 599	2 305 191
European Union	1 594 833	1 703 876
Public sector - securities issued by governments of:	23 117 919	20 013 058
Poland	16 412 173	13 027 316
Other UE countries	6 705 746	6 985 742
Public sector – local governments	31 114	37 736
Total	26 659 465	24 059 861

23c. Deposits, loans and advances to banks and other monetary institutions

	31.12.2025	31.12.2024
Current accounts	215 131	278 628
Deposits	133 110	154 662
Loans and advances granted	1 729 108	1 943 735
Interest	3 867	1 585
Total (gross) deposits, loans and advances	2 081 216	2 378 610
Impairment allowances	(79)	(18)
Total (net) deposits, loans and advances	2 081 137	2 378 592

23d. Deposits, loans and advances to banks and other monetary institutions by maturity date

	31.12.2025	31.12.2024
Current accounts	215 131	278 628
to 1 month	78 110	218 397
above 1 month to 3 months	0	10 000
above 3 months to 1 year	55 000	0
above 1 year to 5 years	1 729 108	1 870 000
above 5 years	0	0
past due	0	0
Interest	3 867	1 585
Total (gross) deposits, loans and advances	2 081 216	2 378 610

23e. Deposits, loans and advances to banks and other monetary institutions by currency

	31.12.2025	31.12.2024
in Polish currency	1 788 480	1 955 655
in foreign currencies (after conversion to PLN)	292 736	422 955
▪ currency: USD	52 965	93 834
▪ currency: EUR	100 996	173 372
▪ currency: CNY	45 863	13 648
▪ currency: CHF	6 208	22 450
▪ currency: GBP	28 885	21 944
▪ currency: JPY	2 707	4 307
▪ other currencies	55 112	93 400
Total	2 081 216	2 378 610

23f. Change of impairment allowances for deposits, loans and advances to banks and other monetary institutions

	01.01.2025 - 31.12.2025	01.01.2024 - 31.12.2024
Balance at the beginning of the period	18	160
Impairment allowances created in the period	190	18
Impairment allowances released in the period	(129)	(160)
Balance at the end of the period	79	18

23g. Repurchase agreements

	31.12.2025	31.12.2024
other customers	59 964	0
interest	14	0
Total	59 978	0

24. DERIVATIVES – HEDGE ACCOUNTING

The Risk Strategy approved in the Bank defines a general rules for hedging of market risk generated by its commercial activity. External transactions eligible for hedge accounting are pointed in the Strategy just after the natural economic hedge.

As at 31 December 2025, the Bank continued its cash flow hedging relationships:

- ✓ on PLN denominated financial assets,
- ✓ due to future income and interest costs denominated in foreign currencies,

attributable to interest rate risk and currency risk in the time horizon limited to maturity of hedging instruments, presented in **note (24b)**.

During 2025, the Bank discontinued the application of the cash flow hedge relationship for the variability of cash flows generated by the portfolio of foreign-currency mortgage loans and the PLN-denominated liabilities financing them.

In addition, the Bank continued to apply fair value hedging for:

- a fixed-rate debt instrument,
- the cash flows from fixed-rate issued liabilities denominated in foreign currencies,
- the fair value of the risk profile attributable to homogeneous portfolios of non-interest-bearing PLN current accounts,
- the fair value of the risk profile attributable to homogeneous portfolios of non-interest-bearing current accounts denominated in foreign currencies.

Furthermore, in 2025 the Bank established a new fair value hedge for a fixed-rate debt instrument denominated in foreign currencies.”

The underlying of hedged and hedging items are economically related in a way that they respond in a similar way to the hedged risk, their fair value will offset in response to the market interest and FX rates movements.

The Bank performs the effectiveness tests on a monthly basis, calculates and compares the changes in fair value of hedged and hedging positions. Hedge effectiveness is tested using hypothetical derivative method, hedged items are presented as a hypothetical derivative, for which changes in the fair value are calculated and compared with changes in fair value of hedging instruments. Hedge ineffectiveness can arise from differences in repricing dates of hedged and hedging positions or from designation as hedging item the existing derivative instrument. The Bank designates hedging instruments on their trade date and by this eliminates this source of ineffectiveness.

Detailed information on cash flow hedge relations applied by the Bank, items designated as hedged and hedging and presentation of the result (as at 31.12.2025) is shown in a table below:

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

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

24a. Hedge accounting

31.12.2025	Nominal value of instruments with remaining maturity				Fair values	
	below 3 months	from 3 months to 1 year	from 1 year to 5 years	above 5 years	Assets	Liabilities
1. Derivative instruments constituting cash flow hedges related to interest rate*						
IRS contracts	0	400 000	0	0	0	0
2. Derivatives used as interest rate hedges related to interest rates						
CIRS contracts	0	0	770 376	0	0	23 016
IRS contracts	0	2 483 430	6 098 510	850 000	0	1 720
3. Total hedging derivatives	0	2 883 430	6 868 886	850 000	0	24 736

* Notional value for double-currency derivatives constitutes the sum of both transactions expressed in PLN.

31.12.2024	Nominal value of instruments with remaining maturity				Fair values	
	below 3 months	from 3 months to 1 year	from 1 year to 5 years	above 5 years	Assets	Liabilities
1. Derivative instruments constituting cash flow hedges related to interest rate and/or exchange rate *						
CIRS contracts	802 830	0	0	0	0	100 751
IRS contracts	0	75 000	400 000	0	0	788
FXS contracts	0	0	0	0	0	0
2. Derivatives used as interest rate hedges related to interest rates						
IRS contracts	0	505 060	6 128 180	0	0	0
3. Total hedging derivatives	802 830	580 060	6 528 180	0	0	101 539

* Notional value for double-currency derivatives constitutes the sum of both transactions expressed in PLN.

24b. Hedge accounting for cash flow volatility

Hedge relationship	Maximum date of occurrence of cash flows whose value is hedged
Hedge of volatility of the cash flows generated by PLN denominated financial assets	2026-05-11
Fair value hedge of a fixed interest rate debt instrument	2031-01-25
Cash flow volatility hedge due to future income and interest costs denominated in foreign currencies	2030-09-30
Fair value hedge of cash flows from issued fixed-rate liabilities denominated in foreign currencies	2028-09-25
Hedging the fair value of the risk profile assigned to a portfolio of homogeneous, non-interest-bearing current accounts (portfolio hedging)	2026-07-06
Hedging the fair value of the risk profile assigned to portfolios of homogeneous, non-interest-bearing current accounts in foreign currencies (portfolio hedge) and fixed-rate debt instruments denominated in foreign currencies)	2028-06-26
The inefficient part of the valuation of hedging instruments recognized in the Profit and Loss Account in 2025 amounted to PLN 288 thousand. (in 2024, it was PLN 1,544 thousand, respectively)	

The inefficient part of the valuation of hedging instruments recognized in the Profit and loss account and losses was presented in **note (8)**.

24c. Cash flow hedge – Hedged Instruments

Balance sheet item	Type of contract	Changes in fair value used in the calculation of the ineffectiveness in the 2025	Balance in cash flow hedge reserve for continuing hedges 31.12.2025	Balance in cash flow hedge reserve for discontinued hedges 31.12.2025
Loans and advances to customers	CIRS	(40)	0	0
Debt instruments	IRS	(20 223)	(3 831)	0
Future interest income and costs	FX position resulting from recognized future leasing liabilities	(1 810)	1 143	0
Loans and advances to customers	IRS	0	0	0
Total		(22 073)	(2 688)	0

Balance sheet item	Type of contract	Changes in fair value used in the calculation of the ineffectiveness in the 2024	Balance in cash flow hedge reserve for continuing hedges 31.12.2024	Balance in cash flow hedge reserve for discontinued hedges 31.12.2024
Loans and advances to customers	CIRS	(4 489)	(40)	0
Debt instruments	IRS	(12 350)	(24 054)	0
Future interest income and costs	FX position resulting from recognized future leasing liabilities	(4 312)	(667)	0
Loans and advances to customers	IRS	(8 282)	0	0
Total		(29 433)	(24 760)	0

24d. Cash flow hedge – Hedging instruments

Year:	2025	2025	2024	2024
Type of contract	Changes in fair value used in the calculation of the ineffectiveness in the period	Ineffectiveness recognized in P&L	Changes in fair value used in the calculation of the ineffectiveness in the period	Ineffectiveness recognized in P&L
CIRS	40	26	4 268	(221)
IRS	20 223	0	12 350	0
FX position resulting from recognized future leasing liabilities	1 810	0	4 312	0
IRS	0	0	8 282	0
Razem	22 073	26	29 212	(221)

24e. Fair value hedge – Hedged instruments

Balance sheet item	Type of contract	Changes in the fair value of the hedged instrument used in the calculation of the ineffectiveness in the 2025	Changes in the fair value of the hedged instrument used in the calculation of the ineffectiveness in the 2024
Debt instruments valued in other comprehensive income	IRS	112 083	(9 826)
Issued liabilities	IRS	33 003	(4 009)
Liabilities to clients	IRS	(10 830)	(2 723)
Total		134 256	(16 558)

24f. Fair value hedge – Hedging instruments

Year:	2025	2025	2024	2024
Type of contract	Changes in the fair value of the hedging instrument used in the calculation of the ineffectiveness in the period	Ineffectiveness recognized in P&L	Changes in the fair value of the hedging instrument used in the calculation of the ineffectiveness in the period	Ineffectiveness recognized in P&L
IRS	(111 781)	302	9 466	(359)
IRS	(33 410)	(407)	5 121	1 112
IRS	11 197	368	3 735	1 013
Total	(133 994)	263	18 323	1 765

25. INVESTMENTS IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

25a. Investments in related entities

	31.12.2025	31.12.2024
Investments in subsidiaries and associates	626 996	517 214

25b. Change of investments in related entities

	01.01.2025 - 31.12.2025	01.01.2024 - 31.12.2024
Balance at the beginning of the period	517 214	399 223
Increase of share in Millennium Bank Hipoteczny S.A.	99 000	120 000
Change of additional capital payment of Millennium Goodie Sp. z o.o.	13 500	(1 000)
Valuation of stake in Europa Millennium Financial Services Sp. z o.o.	3 019	(1 009)
Liquidation of Piast Expert Sp. z o.o.	(5 737)	0
Balance at the end of the period	517 214	399 223

25c. Investments in related entities as at 31.12.2025

Name	Activity domain	Head office	% of the Bank's capital share	% of the Bank's voting share
MILLENNIUM BANK HIPOTECZNY S.A.	Mortgage bank	Warszawa	100	100
MILLENNIUM LEASING Sp. z o.o.	leasing services	Warszawa	100	100
MILLENNIUM CONSULTING S.A.*	advisory services	Warszawa	100	100
MILLENNIUM SERVICE Sp. z o.o.	rental and management of real estate, insurance and brokers activity	Warszawa	100	100
MILLENNIUM GOODIE Sp. z o.o.	web portals activity	Warszawa	100	100
MILLENNIUM TELECOMMUNICATION SERVICES Sp. z o.o.	financial operations - equity markets, advisory services	Warszawa	98	98
EUROPA MILLENNIUM FINANCIAL SERVICES Sp. z o.o.	agents' activities and insurance brokers	Wrocław	20	20
LUBUSKIE FABRYKI MEBLI S.A. in liquidation	furniture manufacturer	Świebodzin	50 + 1 share	50 + 1 share

* Millennium Consulting S.A., subsidiary of the Bank, is a 100% holder of Millennium TFI S.A.

Name	Gross value of shares/ interests	Impairment allowances	Additional capital paid in	Assets	Liabilities	Equity	Income	Profit / (Loss)	Relationship
MILLENNIUM BANK HIPOTECZNY S.A.	489 000	0	0	4 868 001	4 349 241	163 000	70 418	38 295	subordinated
MILLENNIUM LEASING Sp. z o.o.	63 942	0	0	7 968 387	7 645 486	48 195	127 675	10 791	subordinated
MILLENNIUM CONSULTING S.A.*	4 340	0	0	105 863	137	4 340	35 328	34 914	subordinated
MILLENNIUM SERVICE Sp. z o.o.	1 000	0	0	58 411	8 658	1 000	27 746	20 073	subordinated
MILLENNIUM GOODIE Sp. z o.o.	597	0	13 500	33 935	17 858	500	9 680	763	subordinated
MILLENNIUM TELECOMMUNICATION SERVICES Sp. z o.o.	98	0	0	644	112	100	1 534	33	subordinated
EUROPA MILLENNIUM FINANCIAL SERVICES Sp. z o.o.**	54 519	0	0	52 547	15 623	100	24 827	16 938	associated
LUBUSKIE FABRYKI MEBLI S.A. in liquidation					company in liquidation				subordinated
TOTAL	613 496	0	13 500						

* Millennium Consulting S.A., subsidiary of the Bank, is a 100% holder of Millennium TFI S.A. shares

** data of Europa Millennium Financial Services sp. z o.o. as of 30.11.2025

25d. Investments in related entities as at 31.12.2024

Name	Activity domain	Head office	% of the Bank's capital share	% of the Bank's voting share
MILLENNIUM BANK HIPOTECZNY S.A.	Mortgage bank	Warszawa	100	100
MILLENNIUM LEASING Sp. z o.o.	leasing services	Warszawa	100	100
MILLENNIUM CONSULTING S.A.*	advisory services	Warszawa	100	100
MILLENNIUM SERVICE Sp. z o.o.	rental and management of real estate, insurance and brokers activity	Warszawa	100	100
MILLENNIUM GOODIE Sp. z o.o.	web portals activity	Warszawa	100	100
MILLENNIUM TELECOMMUNICATION SERVICES Sp. z o.o.	financial operations - equity markets, advisory services	Warszawa	98	98
EUROPA MILLENNIUM FINANCIAL SERVICES Sp. z o.o.	agents' activities and insurance brokers	Wrocław	20	20
PIAST EXPERT Sp. z o.o. in liquidation	marketing services	Warszawa	100	100
LUBUSKIE FABRYKI MEBLI S.A. in liquidation	furniture manufacturer	Świebodzin	50 + 1 share	50 +1 share

* Millennium Consulting S.A., subsidiary of the Bank, is a 100% holder of Millennium TFI S.A. shares

Name	Gross value of shares/ interests	Impairment allowances	Additional capital paid in	Assets	Liabilities	Equity	Income	Profit / (Loss)	Relationship
MILLENNIUM BANK HIPOTECZNY S.A.	390 000	0	0	3 136 565	2 754 876	130 000	39 970	17 070	subordinated
MILLENNIUM LEASING Sp. z o.o.	63 942	0	0	7 724 974	7 412 561	48 195	124 480	17 878	subordinated
MILLENNIUM CONSULTING S.A.*	4 340	0	0	70 933	113	4 340	20 541	20 158	subordinated
MILLENNIUM SERVICE Sp. z o.o.	1 000	0	0	76 036	14 865	1 000	42 683	31 491	subordinated
MILLENNIUM GOODIE Sp. z o.o.	597	0	0	16 353	14 532	500	6 024	220	subordinated
MILLENNIUM TELECOMMUNICATION SERVICES Sp. z o.o.	98	0	0	527	27	100	1 448	31	subordinated
EUROPA MILLENNIUM FINANCIAL SERVICES Sp. z o.o.**	51 500	0	0	110 014	72 565	100	49 630	37 350	associated
PIAST EXPERT Sp. z o.o. in liquidation	5 737	0	0	6 371	5	5 900	531	440	subordinated
LUBUSKIE FABRYKI MEBLI S.A. in liquidation					company in liquidation				subordinated
TOTAL	517 214	0	0						

* Millennium Consulting S.A., subsidiary of the Bank, is a 100% holder of Millennium TFI S.A. shares

** data of Europa Millennium Financial Services sp. z o.o. as of 30.11.2024

26. TANGIBLE FIXED ASSETS

26a. Property, plant and equipment

	31.12.2025	31.12.2024
Land	2 201	2 189
Buildings and premises	114 729	106 006
Machines and equipment	95 961	99 330
Vehicles	17 048	18 636
Other fixed assets	19 617	23 043
Fixed assets under construction	79 602	32 469
Rights to use office space	219 403	236 472
Total	548 561	518 145

26b. Change of balance of property, plant and equipment (by type groups) in the period 01.01.2025 – 31.12.2025

	Land	Buildings and premises	Machines and equipment	Vehicles	Other fixed assets	Fixed assets under construction	Rights to use office space	TOTAL
a) gross value of property, plant and equipment at the beginning of the period	2 189	337 237	309 665	37 564	88 596	32 469	599 046	1 406 766
b) increases (on account of)	12	26 948	35 295	8 272	8 245	122 065	74 657	275 494
purchase	0	0	0	0	0	122 065	0	122 065
transfer from fixed assets under construction	12	26 948	35 295	0	8 245	0	0	70 500
recognition under a finance lease	0	0	0	8 272	0	0	74 657	82 929
c) reductions (on account of)	0	14 540	32 082	2 866	14 188	74 932	22 033	160 641
sale	0	10 889	2 281	0	7 711	0	0	20 881
liquidation	0	3 300	9 919	0	6 240	0	22 033	41 492
settlement of fixed assets under construction	0	0	0	0	0	70 499	0	70 499
financial lease	0	351	19 882	2 866	237	0	0	23 336
other	0	0	0	0	0	4 433	0	4 433
d) gross value of property, plant and equipment at the end of the period	2 201	349 645	312 878	42 970	82 653	79 602	651 670	1 521 619
e) cumulated depreciation (amortization) at the beginning of the period	0	230 771	210 335	18 928	65 553	0	362 573	888 160
f) depreciation over the period (on account of)	0	3 809	6 582	6 994	(2 517)	0	69 694	84 562
current write-off (P&L)	0	14 894	35 926	9 387	7 461	0	88 466	156 134
reductions on account of sale	0	(7 842)	(2 237)	0	(4 851)	0	0	(14 930)
reductions on account of liquidation	0	(3 018)	(9 612)	0	(4 905)	0	(18 772)	(36 307)
financial lease	0	(349)	(17 495)	(2 393)	(222)	0	0	(20 459)
other	0	124	0	0	0	0	0	124
g) cumulated depreciation (amortization) at the end of the period	0	234 580	216 917	25 922	63 036	0	432 267	972 722
h) impairment allowances at the beginning of the period	0	460	0	0	0	0	0	460
release of allowances	0	124	0	0	0	0	0	124
i) impairment allowances at the end of the period	0	336	0	0	0	0	0	336
j) net value of property, plant and equipment at the end of the period	2 201	114 729	95 961	17 048	19 617	79 602	219 403	548 561
including assets used based on leasing agreements	0	256	1 481	17 048	10	0	219 403	238 198

26c. Change of balance of property, plant and equipment (by type groups) in the period 01.01.2024 – 31.12.2024

	Land	Buildings and premises	Machines and equipment	Vehicles	Other fixed assets	Fixed assets under construction	Rights to use office space	TOTAL
a) gross value of property, plant and equipment at the beginning of the period	2 189	315 480	279 520	38 610	83 012	30 472	542 694	1 291 977
b) increases (on account of)	0	24 649	36 616	9 100	7 834	71 488	81 894	231 581
purchase	0	0	0	0	0	71 488	0	71 488
transfer from fixed assets under construction	0	24 649	36 616	0	7 834	0	0	69 099
recognition under a finance lease	0	0	0	9 100	0	0	81 894	90 994
c) reductions (on account of)	0	2 892	6 471	10 146	2 250	69 491	25 542	116 792
sale	0	0	0	0	423	0	0	423
liquidation	0	2 553	6 344	0	1 780	0	25 542	36 219
settlement of fixed assets under construction	0	0	0	0	0	69 099	0	69 099
financial lease	0	339	127	10 146	47	0	0	10 659
other	0	0	0	0	0	392	0	392
d) gross value of property, plant and equipment at the end of the period	2 189	337 237	309 665	37 564	88 596	32 469	599 046	1 406 766
e) cumulated depreciation (amortization) at the beginning of the period	0	219 641	180 986	18 771	59 505	0	294 944	773 847
f) depreciation over the period (on account of)	0	11 130	29 349	157	6 048	0	67 630	114 314
current write-off (P&L)	0	13 791	35 460	9 120	8 248	0	92 413	159 032
reductions on account of sale	0	0	0	0	(422)	0	0	(422)
reductions on account of liquidation	0	(2 322)	(5 984)	0	(1 732)	0	(24 783)	(34 821)
financial lease	0	(339)	(127)	(8 963)	(46)	0	0	(9 475)
g) cumulated depreciation (amortization) at the end of the period	0	230 771	210 335	18 928	65 553	0	362 574	888 161
h) impairment allowances at the beginning of the period	0	797	0	0	0	0	0	797
release of allowances	0	337	0	0	0	0	0	337
i) impairment allowances at the end of the period	0	460	0	0	0	0	0	460
j) net value of property, plant and equipment at the end of the period	2 189	106 006	99 330	18 636	23 043	32 469	236 472	518 145
including assets used based on leasing agreements	0	673	6 388	18 636	28	50	236 472	262 248

27. INTANGIBLE FIXED ASSETS

27a. Intangible fixed assets

	31.12.2025	31.12.2024
Goodwill due to merger with Euro Bank S.A.	192 126	192 126
Other intangible fixed assets:	418 517	345 299
concessions, patents, licenses, know-how and similar assets	78 925	68 226
computer software	62 379	71 754
other	4 201	5 576
advances for intangible assets	273 012	199 743
Total	610 643	537 425

As a result of the purchase by Bank Millennium of 99.787% of shares of Euro Bank S.A. from SG Financial Services Holdings, a 100% subsidiary of Société Générale S.A., and the subsequent merger with the above-mentioned entity in 2019, the difference in the fair value of the acquired assets and liabilities as at the acquisition date to the purchase price was determined and, in accordance with the provisions of IFRS 3.32, was recognized as goodwill in intangible assets (assigned to retail activities). With respect to goodwill, an impairment test is performed at least once a year, regardless of any indication that impairment may have occurred.

The input data for the goodwill test include the result on retail assets and liabilities allocated to Cash Generating Units. To determine the amount of capital, an estimate of risk-weighted assets and a capital adequacy ratio that meets regulatory minimums for the business were used. The test is performed by comparing the present value of cash flows generated by the listed assets with the estimated amount of capital. Cash flow forecasts have been prepared based on management's assumptions about all the conditions that will occur over the remaining useful lives of the assets. They are consistent with the medium-term financial plan adopted by the Bank for 2026-2028 and the Bank's Strategy. Data for subsequent years after 2028 are the result of extrapolation of forecasts assuming continued changes in the balance sheet and income statement and applying a residual value growth rate of 3%. Cash flows were discounted using a cost of capital of approximately 12%, consisting of the market rate plus a risk premium.

The test, executed as at the end of 2025, showed a surplus of the current value of cash flows over the net book value of the cash-generating unit and therefore no impairment was found for this unit.

27b. Change of balance of intangible fixed assets (by type groups) in the period 01.01.2025 – 31.12.2025

	concessions, patents, licenses, know- how and similar assets	computer software	other	advances for intangible assets	TOTAL
a) gross value of intangible fixed assets at the beginning of the period	179 874	345 989	25 021	199 743	750 627
b) increases (on account of)	42 602	23 402	0	139 973	205 977
expenditures on intangible assets	0	0	0	139 973	139 973
settlement of advances	42 602	23 402	0	0	66 004
c) reductions (on account of)	4 046	169	0	66 704	70 919
liquidation	4 046	169	0	0	4 215
settlement of advances	0	0	0	66 004	66 004
other	0	0	0	700	700
d) gross value of intangible fixed assets at the end of the period	218 430	369 222	25 021	273 012	885 685
e) cumulated depreciation at the beginning of the period	111 648	274 235	19 445	0	405 328
f) depreciation over the period (on account of)	27 857	32 608	1 375	0	61 840
current write-off (P&L)	31 114	32 698	1 375	0	65 187
Liquidation and sale	(3 257)	(90)	0	0	(3 347)
g) cumulated depreciation at the end of the period	139 505	306 843	20 820	0	467 168
h) impairment allowances at the beginning of the period	0	0	0	0	0
i) impairment allowances at the end of the period	0	0	0	0	0
j) net value of intangible fixed assets at the end of the period	78 925	62 379	4 201	273 012	418 517

27c. Change of balance of intangible fixed assets (by type groups) in the period 01.01.2024 – 31.12.2024

	concessions, patents, licenses, know- how and similar assets	computer software	other	advances for intangible assets	TOTAL
a) gross value of intangible fixed assets at the beginning of the period	107 016	320 035	25 021	162 422	614 494
b) increases (on account of)	72 858	25 954	0	138 010	236 822
expenditures on intangible assets	0	0	0	138 010	138 010
settlement of advances	72 858	25 954	0	0	98 812
c) reductions (on account of)	0	0	0	100 689	100 689
liquidation	0	0	0	0	0
settlement of advances	0	0	0	98 812	98 812
other	0	0	0	1 877	1 877
d) gross value of intangible fixed assets at the end of the period	179 874	345 989	25 021	199 743	750 627
e) cumulated depreciation at the beginning of the period	82 859	241 114	17 725	0	341 698
f) depreciation over the period (on account of)	28 789	33 121	1 720	0	63 630
current write-off (P&L)	28 789	33 121	1 720	0	63 630
liquidation	0	0	0	0	0
g) cumulated depreciation at the end of the period	111 648	274 235	19 445	0	405 328
h) impairment allowances at the beginning of the period	0	0	0	0	0
i) impairment allowances at the end of the period	0	0	0	0	0
j) net value of intangible fixed assets at the end of the period	68 226	71 754	5 576	199 743	345 299

28. DEFERRED INCOME TAX ASSETS

28a. Deferred income tax assets and liability

	31.12.2025			31.12.2024		
	Deferred income tax asset	Deferred income tax provision	Net deferred income tax asset	Deferred income tax asset	Deferred income tax provision	Net deferred income tax asset
Difference between tax and balance sheet depreciation	77	(1 461)	(1 384)	64	(1 304)	(1 240)
Balance sheet valuation of financial instruments	52 456	(56 679)	(4 223)	11 574	(48 155)	(36 581)
Unrealised receivables/ liabilities on account of derivatives	118 394	(123 686)	(5 292)	55 499	(63 179)	(7 680)
Interest on deposits and securities to be paid/ received	97 281	(581 227)	(483 946)	81 322	(329 891)	(248 569)
Interest and discount on loans and receivables	0	(205 840)	(205 840)	0	(132 090)	(132 090)
Income and cost settled at effective interest rate	0	(102 865)	(102 865)	0	(13 947)	(13 947)
Impairment of loans presented as temporary differences	601 719	0	601 719	478 896	0	478 896
Employee benefits	48 931	0	48 931	27 276	0	27 276
Rights to use	5 488	0	5 488	4 242	0	4 242
Provisions for future costs	48 394	0	48 394	21 130	0	21 130
Provisions for legal risk costs related to foreign-currency mortgage loans	616 119	0	616 119	545 073	0	545 073
Valuation of investment assets, loans, cash flows hedge and actuarial gains (losses) recognized in other comprehensive income	4 749	(116 302)	(111 553)	32 940	(6 834)	26 106
Equity instruments valuation	2 010	(46 063)	(44 053)	1 273	(27 556)	(26 283)
Other	0	(3 303)	(3 303)	1	(3 963)	(3 962)
Total	1 595 618	(1 237 426)	358 192	1 259 290	(626 919)	632 371
including long-term net deferred income tax asset			187 984			205 983

Based on the provisions of IAS 12, the Group entities have offset deferred tax assets against deferred tax liabilities.

28b. Change of temporary differences

	31.12.2024	Changes to financial result	Changes to equity	31.12.2025
Difference between tax and balance sheet depreciation	(1 240)	(143)	0	(1 383)
Balance sheet valuation of financial instruments	(36 580)	32 358	0	(4 223)
Unrealised receivables/ liabilities on account of derivatives	(7 680)	2 388	0	(5 292)
Interest on deposits and securities to be paid/received	(248 568)	(235 377)	0	(483 946)
Interest and discount on loans and receivables	(132 090)	(73 751)	0	(205 840)
Income and cost settled at effective interest rate	(13 947)	(88 918)	0	(102 865)
Impairment of loans presented as temporary differences	478 896	122 823	0	601 719
Employee benefits	27 276	21 655	0	48 931
Rights to use	4 242	1 246	0	5 488
Provisions for future costs	21 129	27 264	0	48 394
Provisions for legal risk costs related to foreign-currency mortgage loans	545 073	71 046	0	616 119
Valuation of investment assets, loans, cash flows hedge and actuarial gains (losses) recognized in other comprehensive income	26 106	0	(137 659)	(111 553)
Equity instruments valuation	(26 283)	(17 770)	0	(44 053)
Other	(3 963)	659	0	(3 304)
Total	632 371	(136 520)	(137 659)	358 192

28c. Change of temporary differences

	31.12.2023	Changes to financial result	Changes to equity	31.12.2024
Difference between tax and balance sheet depreciation	(1 370)	130	0	(1 240)
Balance sheet valuation of financial instruments	(35 144)	(1 436)	0	(36 580)
Unrealised receivables/ liabilities on account of derivatives	(573)	(7 107)	0	(7 680)
Interest on deposits and securities to be paid/received	(200 833)	(47 735)	0	(248 568)
Interest and discount on loans and receivables	(113 015)	(19 075)	0	(132 090)
Income and cost settled at effective interest rate	81 206	(95 153)	0	(13 947)
Impairment of loans presented as temporary differences	494 879	(15 983)	0	478 896
Employee benefits	21 984	5 292	0	27 276
Rights to use	4 128	114	0	4 242
Provisions for future costs	138 929	(117 800)	0	21 129
Provisions for legal risk costs related to foreign-currency mortgage loans	0	545 073	0	545 073
Valuation of investment assets, loans, cash flows hedge and actuarial gains (losses) recognized in other comprehensive income	32 685	0	(6 579)	26 106
Equity instruments valuation	(32 027)	5 744	0	(26 283)
Other	(1 578)	(2 385)	0	(3 963)
Total	389 271	249 679	(6 579)	632 371

29. OTHER ASSETS

	31.12.2025	31.12.2024
Expenses to be settled	88 877	77 397
Income to be received	20 952	53 996
Interbank settlements	924	6 924
Settlements of financial instruments transactions	35 532	19 881
Receivables from sundry debtors, including:	1 737 807	1 476 275
- receivables due from Société Générale S.A. under an "CHF Portfolio Indemnity and Guarantee Agreement"	927 425	797 262
- receivables due to legally invalidated foreign currency mortgage loans	341 367	267 507
Public and legal settlements	12 488	12 372
Total other assets (gross)	1 896 580	1 646 845
Impairment allowances	(43 874)	(25 904)
Total other assets (net)	1 852 706	1 620 941
▪ including other financial assets**	1 751 341	1 531 172
▪ including long-term other assets	0	0

* In implementing the Euro Bank share purchase agreement, which ultimately led to the Purchase of Euro Bank by Bank Millennium and subsequent Legal Merger, in order to limit the risk associated with the Euro Bank's portfolio of mortgage loans denominated in CHF or denominated in PLN but indexed to CHF, Euro Bank and Société Générale S.A. concluded on 31 May 2019 a "CHF Portfolio Indemnity and Guarantee Agreement" under which the losses resulting from legal risk are covered by Société Générale S.A.

** other financial assets includes all of the remaining other net assets excluding the Expenses to be settled and Public and legal settlements

30. NON-CURRENT ASSETS AND DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE

As at December 31, 2025 and December 31, 2024, the Bank did not classify any assets to the Non-current asset held for sale.

31. FINANCIAL LIABILITIES HELD FOR TRADING

	31.12.2025	31.12.2024
Valuation of derivatives	208 640	226 749
Adjustment due to fair value hedge	37 788	190 769
Short sale of securities	246 428	417 518
Financial liabilities valued at fair value through profit and loss	208 640	226 749

The division of the negative valuation of derivatives into specific types of instruments is presented in **note (19)**.

32. LIABILITIES TO BANKS AND OTHER MONETARY INSTITUTIONS

32a. Liabilities to banks and other monetary institutions

	31.12.2025	31.12.2024
In current account	31 075	38 643
Term deposits	74 467	171 726
Interest	160	562
Total	105 702	210 931

32b. Liabilities to banks and other monetary institutions by maturity

	31.12.2025	31.12.2024
Current accounts	31 075	38 643
▪ to 1 month	68 625	169 135
▪ above 1 month to 3 months	4 220	2 591
▪ above 3 months to 1 year	1 622	0
▪ above 1 year to 5 years	0	0
▪ above 5 years	0	0
Interest	160	562
Total	105 702	210 931

32c. Liabilities to banks and other monetary institutions by currency

	31.12.2025	31.12.2024
in Polish currency	63 368	64 023
in foreign currencies (after conversion to PLN)	42 334	146 908
▪ currency: USD	1 807	2 997
▪ currency: EUR	40 527	143 911
Total	105 702	210 931

33. LIABILITIES TO CUSTOMERS

33a. Structure of liabilities to customers by type

	31.12.2025	31.12.2024
Amounts due to private individuals	98 378 743	87 566 756
Balances on current accounts	68 364 747	57 540 848
Term deposits	29 476 766	29 463 221
Other	323 321	293 855
Accrued interest	213 909	268 832
Amounts due to companies	26 183 700	25 353 336
Balances on current accounts	16 295 395	15 139 387
Term deposits	9 499 866	9 863 902
Other	357 689	304 749
Accrued interest	30 750	45 298
Amounts due to public sector	6 636 979	4 722 508
Balances on current accounts	6 020 058	4 281 851
Term deposits	609 933	434 813
Other	1 640	1 683
Accrued interest	5 348	4 161
Total	131 199 422	117 642 600

33b. Liabilities to customers by maturity

	31.12.2025	31.12.2024
Current accounts	90 680 200	76 962 086
to 1 month	15 802 822	14 765 403
above 1 month to 3 months	15 984 115	14 711 027
above 3 months to 1 year	7 733 390	9 590 167
above 1 year to 5 years	651 492	1 246 980
above 5 years	97 397	48 645
Interest	250 006	318 292
Total	131 199 422	117 642 600

33c. Liabilities to customers by currency

	31.12.2025	31.12.2024
in Polish currency	119 474 419	106 733 736
in foreign currencies (after conversion to PLN)	11 725 003	10 908 864
▪ currency: USD	2 679 879	2 498 299
▪ currency: EUR	8 315 075	7 675 813
▪ currency: GBP	424 306	383 090
▪ currency: CHF	252 676	231 448
▪ other currencies	53 067	120 214
Total	131 199 422	117 642 600

34. SALE AND REPURCHASE AGREEMENTS

Liabilities from securities sold with buy-back clause

	31.12.2025	31.12.2024
to banks	0	194 162
interest	0	61
Total	0	194 223

35. DEBT SECURITIES ISSUED

35a. Liabilities from debt securities

	31.12.2025	31.12.2024
Bonds	4 684 699	4 873 379
Valuation of Bank's bonds designated to fair value hedge	19 008	52 463
Interest	99 245	104 324
Total	4 802 952	5 030 166

35b. Liabilities from debt securities by final legal maturity

	31.12.2025	31.12.2024
▪ to 1 month	0	0
▪ above 1 month to 3 months	0	0
▪ above 3 months to 1 year	0	52 463
▪ above 1 year to 5 years	4 244 938	4 270 610
▪ above 5 years	458 769	602 769
Interest	99 245	104 324
Total	4 802 952	5 030 166

35c. Change of debt securities

	1.01.2025 - 31.12.2025	1.01.2024 - 31.12.2024
Balance at the beginning of the period	5 030 166	3 027 952
Increases, on account of:	424 797	2 502 429
Issue of bonds	0	2 131 700
valuation of Bank's bonds designated to fair value hedge	0	3 159
interest accrual	424 797	367 570
Reductions, on account of:	(652 011)	(500 215)
repurchase of bonds	(144 000)	(128 731)
valuation of the Bank's bonds within the fair value hedge relationship	(33 455)	0
other changes in carrying amount (including exchange rate differences)	(44 680)	(32 701)
interest payment	(429 876)	(338 783)
Balance at the end of the period	4 802 952	5 030 166

35d. Debt securities by type

As at 31.12.2024	Balance sheet value	Including interests	Final legal maturity	Market
Bank Millennium - BMCN_012040	90 643	2 874	2040-01-25	Vienna MTF
Bank Millennium - BMCN_082036	377 217	6 217	2036-08-25	Vienna MTF
Bank Millennium - MILP-2027/09	2 191 797	60 035	2027-09-18	Luxembourg SE
Bank Millennium - MILP-2029/09	2 143 295	30 119	2029-09-25	Luxembourg SE
Total	4 802 952	99 245		

As at 31.12.2024	Balance sheet value	Including interests	Final legal maturity	Market
Bank Millennium - BMCN_012040	117 955	4 186	2040-01-25	Vienna MTF
Bank Millennium - BMCN_082036	497 997	8 997	2036-08-25	Vienna MTF
Bank Millennium - MILP-2027/09	2 238 911	60 692	2027-09-18	Luxembourg SE
Bank Millennium - MILP-2029/09	2 175 303	30 449	2029-09-25	Luxembourg SE
Total	5 030 166	104 324		

36. SUBORDINATED DEBT

36a. Subordinated debt

	31.12.2025	31.12.2024
Amount of subordinated bonds in PLN - BKMO_071227R	700 000	700 000
Currency	PLN	PLN
Interest rate	6.31%	8.08%
Maturity	2027-12-07	2027-12-07
Interest	2 870	3 719
Amount of subordinated bonds in PLN - BKMO_300129W	830 000	830 000
Currency	PLN	PLN
Interest rate	7.09%	8.17%
Maturity	2029-01-30	2029-01-30
Interest	24 817	28 611
Balance sheet value of subordinated debt	1 557 687	1 562 330

36b. Change of subordinated debt

	1.01.2025 - 31.12.2025	1.01.2024 - 31.12.2024
Balance at the beginning of the period	1 562 330	1 565 045
Increases, on account of:	116 744	125 557
interest accrual	116 744	125 557
Reductions, on account of:	(121 387)	(128 272)
interest payment	(121 387)	(128 272)
Balance at the end of the period	1 557 687	1 562 330

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

37. PROVISIONS

37a. Provisions

	31.12.2025	31.12.2024
Provision for commitments and guarantees given	105 528	53 605
Provisions for retirement benefits	70 651	48 312
Provision for pending legal issues, including:	3 566 379	2 846 010
Provision for legal risk connected with fx mortgage loans	3 442 890	2 798 472
Total	3 742 558	2 947 927

37b. Change of Provision for commitments and guarantees given

01.01.2025 – 31.12.2025	Total	Stage 1	Stage 2	Stage 3
Balance at the beginning of the period	53 605	30 327	16 613	6 665
Charge of provision	112 417	52 907	52 836	6 674
Release of provision	(60 307)	(46 562)	(8 589)	(5 156)
Movement between stages	0	22 730	(22 164)	(566)
FX rates differences	(187)	(112)	(14)	(61)
Balance at the end of the period	105 528	59 290	38 682	7 556

01.01.2024 – 31.12.2024	Total	Stage 1	Stage 2	Stage 3
Balance at the beginning of the period	42 375	21 620	10 127	10 628
Charge of provision	52 303	21 044	26 166	5 093
Release of provision	(40 993)	(27 432)	(5 749)	(7 812)
Movement between stages	0	15 180	(13 933)	(1 247)
FX rates differences	(80)	(85)	2	3
Balance at the end of the period	53 605	30 327	16 613	6 665

37c. Change of Provision for retirement benefits

	01.01.2025 - 31.12.2025	01.01.2024 - 31.12.2024
Balance at the beginning of the period	48 312	45 227
Charge/Release of provision	6 225	5 816
Utilization of provisions	(1 657)	(1 400)
Actuarial gains/losses	17 771	(1 331)
Balance at the end of the period	70 651	48 312

37d. Change of Provision for pending legal issues

	1.01.2025 - 31.12.2025	1.01.2024 - 31.12.2024
Balance at the beginning of the period	2 846 010	1 401 798
Charge of provision	93 051	8 914
Release of provision	(7 458)	(4 233)
Utilisation of provision	(1 424 188)	(420 111)
Creation of provision for legal risk connected with FX mortgage loans*	2 056 368	1 857 142
Reclassification of provisions	2 596	2 500
Balance at the end of the period	3 566 379	2 846 010

* Creation of provisions for legal risk related to foreign currency mortgage loans is described in more detail in **Chapter 12 "Legal risk related to foreign currency mortgage loans"**.

38. OTHER LIABILITIES

38a. Other liabilities

	31.12.2025	31.12.2024
Short-term	1 654 890	1 468 071
Accrued costs - bonuses, salaries	110 877	74 982
Accrued costs - other	188 305	154 188
Provisions for return of insurance fees	26 996	98 921
Interbank settlements	500 476	482 843
Provisions for potential return of fees in the event of early repayment of the loan	64 341	70 600
Other creditors, including:	593 447	413 895
- liabilities due to legally invalidated foreign currency mortgage loans	308 837	244 094
- insurance settlements	70 720	16 342
Liabilities due to leases	91 175	93 915
Liabilities to public sector	45 266	39 461
Deferred income	7 872	19 321
Provisions for unused employee holiday	25 606	19 635
Other	529	310
Long-term	446 439	425 882
Commitment to pay – BGF*	272 251	227 409
Liabilities due to leases	174 188	198 473
Total	2 101 329	1 893 953
including other financial liabilities**	1 684 074	1 437 931

* The Bank uses the option of contributing some of the fees paid to the BGF in the form of a payment obligation, which involves recognizing a commitment to pay and simultaneously recording encumbered assets in the form of debt securities held on a separate account created for this purpose. The settlement date of the above liability is unknown.

** other financial liabilities includes all of the other liabilities excluding the Liabilities to public sector, Deferred income, Provisions for return, Commitment to pay – BGF, and other items

On September 11, 2019, the Court of Justice of the European Union ruled in the case of Lexitor vs. SKOK Stefczyk, Santander Consumer Bank, and mBank (Case C-383/18), stating that the consumer has the right to request a reduction of the total cost of the loan, which includes interest and costs attributable to the remaining term of the agreement, in the event of early repayment of the credit.

Considering this judgment, the Bank recognizes a provision for potential refunds, which as of December 31, 2025 amounted to PLN 64.3 million.

38b. Liabilities from lease

	31.12.2025	31.12.2024
Liabilities from lease (gross)	297 194	324 449
Unrealised financial costs	(31 831)	(32 061)
Current value of minimum lease instalments	265 363	292 388
Liabilities from lease (gross) by maturity		
Under 1 year	106 025	108 308
From 1 year to 5 years	189 479	207 906
Above 5 years	1 690	8 235
Total	297 194	324 449
Liabilities from lease (net) by maturity		
Under 1 year	91 175	93 915
From 1 year to 5 years	172 554	190 422
Above 5 years	1 634	8 051
Total	265 363	292 388

38c. Change of provisions for unused employee holiday

	1.01.2025 - 31.12.2025	1.01.2024 - 31.12.2024
Balance at the beginning of the period	19 635	17 089
Charge of provisions/ reversal of provisions	5 971	2 303
Utilisation of provisions	0	0
Other	0	243
Balance at the end of the period	25 606	19 635

39. EQUITY

39a. Capital

The share capital of the Bank Millennium S.A. is PLN 1,213,116,777 divided into 1,213,116,777 shares of PLN 1 par value each, as presented by the table below.

SHARE CAPITAL

Par value of one share = 1 PLN.

Series/ issue	Share type	Type of preference	Number of shares	Value of series/issue (PLN)	Manner of capital coverage	Registration date	Right to dividend
A	registered founder	x2 as to voting	106 850	106 850	cash	30.06.1989	30.06.1989
B1	registered ordinary		150 000	150 000	cash	13.06.1990	01.01.1990
B2	registered ordinary		150 000	150 000	cash	13.12.1990	01.01.1990
C	bearer ordinary		4 693 150	4 693 150	cash	17.05.1991	01.01.1991
D1	bearer ordinary		1 700 002	1 700 002	cash	31.12.1991	01.01.1992
D2	bearer ordinary		2 611 366	2 611 366	cash	31.01.1992	01.01.1992
D3	bearer ordinary		1 001 500	1 001 500	cash	10.03.1992	01.01.1992
E	bearer ordinary		6 000 000	6 000 000	cash	28.05.1993	01.01.1992
F	bearer ordinary		9 372 721	9 372 721	cash	10.12.1993	01.01.1993
G	bearer ordinary		8 000 000	8 000 000	cash	30.05.1994	01.10.1993
H	bearer ordinary		7 082 129	7 082 129	cash	24.10.1994	01.10.1994
Increasing of par value of shares from 1 to 4 PLN				122 603 154	surplus	24.11.1994	
1:4 split			122 603 154			05.12.1994	
I	bearer ordinary		65 000 000	65 000 000	cash	12.08.1997	01.10.1996
J	bearer ordinary		196 120 000	196 120 000	capitals of Bank Gdański S.A.	12.09.1997	01.10.1996
K	bearer ordinary		424 590 872	424 590 872	cash	31.12.2001	01.01.2001
L	bearer ordinary		363 935 033	363 935 033	cash	26.02.2010	01.01.2009
Total number of shares			1 213 116 777				
Total share capital				1 213 116 777			

Due to earlier conversions of ordinary registered shares into bearer shares (no such conversions were made in the reporting period), the number of registered shares as at 31.12.2025 amounted to 99,480 of which 61,600 are founders' shares, privileged so that one share entitles to two votes at the Annual General Meeting.

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

Shareholder 31.12.2025	Number of shares	% share in share capital	Number of votes	% share in votes at Shareholders' Meeting
Banco Comercial Portugues S.A.	607 771 505	50.10	607 771 505	50.10
Nationale-Nederlanden Otwarty Fundusz Emerytalny	117 925 289	9,72	117 925 289	9,72
Allianz Polska Otwarty Fundusz Emerytalny	98 182 510	8,09	98 182 510	8,09

The data contained in the table has been determined according to the rules described below. With regard to Banco Comercial Portugues S.A. this data collected in connection with the registration of shareholders entitled to participate in the Ordinary General Meeting of Shareholders held on March 27, 2025. In the scope of Nationale-Nederlanden Otwarty Fundusz Emerytalny and Allianz Polska Otwarty Fundusz Emerytalny the number of shares and their participation in the share capital of the Bank were calculated on the basis of the annual structure of assets of the above mentioned Funds as at 31 December 2025 and 31 December 2024 (announced on the websites respectively: www.nn.pl, www.allianz.pl) In terms of the calculations made on the basis of the annual structures of the above mentioned funds, the volume-weighted average price (VWAP) of the Bank's shares was assumed at PLN 8.9290 (for 2024) and PLN 16.6554 zł (for 2025).

Shareholder 31.12.2024	Number of shares	% share in share capital	Number of votes	% share in votes at Shareholders' Meeting
Banco Comercial Portugues S.A.	607 771 505	50.10	607 771 505	50.10
Nationale-Nederlanden Otwarty Fundusz Emerytalny	112 638 286	9.29	112 638 286	9.29
Allianz Polska Otwarty Fundusz Emerytalny	108 832 510	8.97	108 832 510	8.97
Otwarty Fundusz Emerytalny PZU „Złota Jesień”	65 599 757	5.41	65 599 757	5.41

39b. Accumulated other comprehensive income

Other comprehensive income arises on the recognition of:

- effect of valuation (at fair value) of financial assets FVTOCI in the net amount, i.e. after having accounted for deferred tax. These values (related to debt securities and loans) are taken off revaluation reserve at the moment of excluding the valued assets from the books of account - in full or in part or at the moment of recognising impairment (the effect of valuation is then put through the profit and loss account), the effect on capital instruments valuation is not transferred to the profit and loss account.
- effect of valuation (at fair value) of derivatives hedging cash flows in the net amount, i.e. having accounted for deferred tax. Revaluation reserve records such part of profits or losses connected with the derivatives hedging cash flows which is an effective hedge, while the ineffective part of the profits or losses connected with such hedging instrument is recognised in the profit and loss account.
- actuarial gains (losses) at their net value, i.e. after deferred tax. Aforementioned gains or losses result from the discounting of future liabilities arising from a provision created for retirement benefits. Valuation is done using the projected unit cost method. The parameters that have a significant impact on the amount of current liabilities are: the rate of mobility (rotation) of employees, the discount rate, the rate of wage growth. These values are not reclassified to the profit and loss account.

Accumulated other comprehensive income

	31.12.2025	31.12.2024
Effect of valuation (gross)	450 374	(137 400)
Deferred income tax	(111 555)	26 105
Net effect of valuation	338 819	(111 295)

The sources of revaluation reserve are as follows (data in PLN thousand):

Revaluation reserve on FVTOCI assets 1.01.2025 - 31.12.2025

	Gross value	Deferred tax	Total
Revaluation reserve at the beginning of the period	(54 981)	10 447	(44 534)
Transfer to income statement of the period as a result of sale	(32)	6	(26)
Change connected with maturity of securities	0	0	0
Profit/loss on revaluation of FVTOCI debt securities, recognized in equity	306 072	(69 883)	236 189
Profit/loss on revaluation of FVTOCI shares, recognized in equity	4 033	(2 341)	1 692
Revaluation reserve at the end of the period	255 092	(61 771)	193 321

Revaluation reserve on FVTOCI assets 1.01.2024 - 31.12.2024

	Gross value	Deferred tax	Total
Revaluation reserve at the beginning of the period	(218 941)	41 600	(177 341)
Transfer to income statement of the period as a result of sale	(143)	27	(116)
Change connected with maturity of securities	0	0	0
Profit/loss on revaluation of FVTOCI debt securities, recognized in equity	156 256	(29 689)	126 567
Profit/loss on revaluation of FVTOCI shares, recognized in equity	7 847	(1 491)	6 356
Revaluation reserve at the end of the period	(54 981)	10 447	(44 534)

Revaluation reserve on cash flows hedge financial instruments 1.01.2025 - 31.12.2025

	Gross value	Deferred tax	Total
Revaluation reserve at the beginning of the period	(24 761)	4 705	(20 056)
Gains or losses on valuation of financial instruments recognized in equity	22 033	(3 891)	18 142
Transfer to income statement during period	40	(8)	32
Revaluation reserve at the end of the period	(2 688)	806	(1 882)

Revaluation reserve on cash flows hedge financial instruments 1.01.2024 - 31.12.2024

	Gross value	Deferred tax	Total
Revaluation reserve at the beginning of the period	(54 194)	10 297	(43 897)
Gains or losses on valuation of financial instruments recognized in equity	29 212	(5 550)	23 662
Transfer to income statement during period	221	(42)	179
Revaluation reserve at the end of the period	(24 761)	4 705	(20 056)

Revaluation reserve due to actuarial gains (losses) 1.01.2025 - 31.12.2025

	Gross value	Deferred tax	Total
Revaluation reserve at the beginning of the period	629	(121)	508
Change in the obligations arising from the provision for retirement benefits	(17 771)	4 062	(13 709)
Revaluation reserve at the end of the period	(17 142)	3 941	(13 201)

Revaluation reserve due to actuarial gains (losses) 1.01.2024 - 31.12.2024

	Gross value	Deferred tax	Total
Revaluation reserve at the beginning of the period	(702)	132	(570)
Change in the obligations arising from the provision for retirement benefits	1 331	(253)	1 078
Revaluation reserve at the end of the period	629	(121)	508

Revaluation reserve on FVTOCI credit portfolio 1.01.2025 - 31.12.2025

	Gross value	Deferred tax	Total
Revaluation reserve at the beginning of the period	(58 287)	11 074	(47 213)
Gains or losses on valuation of financial instruments recognized in equity	280 587	(66 971)	213 617
Transfer to Profit and loss due to impairment calculation	(7 188)	1 366	(5 823)
Revaluation reserve at the end of the period	215 112	(54 531)	160 581

Revaluation reserve on FVTOCI credit portfolio 1.01.2024 - 31.12.2024

	Gross value	Deferred tax	Total
Revaluation reserve at the beginning of the period	101 810	(19 344)	82 466
Gains or losses on valuation of financial instruments recognized in equity	(157 018)	29 833	(127 185)
Transfer to Profit and loss due to impairment calculation	(3 079)	585	(2 494)
Revaluation reserve at the end of the period	(58 287)	11 074	(47 213)

39c. Retained earnings

	Supplementary capital	Reserve capital	General banking risk fund	Retained earnings	TOTAL
Retained earnings at the beginning of the period	374 957	3 789 409	228 902	553 610	4 946 878
appropriation of profit	0	643 103	0	(643 103)	0
net profit/ (loss) of the period	0	0	0	1 117 313	1 117 313
Retained earnings at the end of the period 31.12.2025	374 957	4 432 512	228 902	1 027 820	6 064 191

	Supplementary capital	Reserve capital	General banking risk fund	Retained earnings	TOTAL
Retained earnings at 31.12.2023	374 957	3 279 150	228 902	510 259	4 393 268
opening balance adjustment	0	0	0	-89 493	-89 493
Adjusted retained earnings at 01.01.2024	374 957	3 279 150	228 902	420 766	4 303 775
appropriation of profit	0	510 259	0	-510 259	0
net profit/ (loss) of the period	0	0	0	643 103	643 103
Retained earnings at the end of the period 31.12.2024	374 957	3 789 409	228 902	553 610	4 946 878

40. FINANCIAL LIABILITIES BY CONTRACTUAL MATURITY

31.12.2025	Below 1 month	from 1 month to 3 months	from 3 months to 1 year	from 1 year to 5 years	above 5 years	TOTAL
Deposits from banks	99 852	4 227	1 622	0	0	105 701
Deposits from customers	106 601 563	16 173 280	7 873 007	655 391	97 397	131 400 638
Liabilities from securities sold with buy-back clause	0	0	0	0	0	0
Debt securities	2 874	6 217	488 491	5 401 891	542 392	6 441 865
Subordinated debt	24 817	0	105 887	1 693 958	0	1 824 662
Liabilities from trading derivatives - notional value	1 963 129	2 329 165	6 105 828	10 765 795	1 578 734	22 742 651
Liabilities from hedging derivatives - notional value	0	0	2 883 430	6 500 047	850 000	10 233 477
Commitments granted - financial	17 928 105	0	0	0	0	17 928 105
Commitments granted - guarantee	2 100 159	0	0	0	0	2 100 159
TOTAL	128 720 499	18 512 889	17 458 265	25 017 082	3 068 523	192 777 258

31.12.2024	Below 1 month	from 1 month to 3 months	from 3 months to 1 year	from 1 year to 5 years	above 5 years	TOTAL
Deposits from banks	208 340	2 591	0	0	0	210 931
Deposits from customers	91 870 954	14 927 597	9 817 405	1 251 544	48 645	117 916 145
Liabilities from securities sold with buy-back clause	194 254	0	0	0	0	194 254
Debt securities	4 186	8 997	579 212	5 538 619	1 301 540	7 432 554
Subordinated debt	0	28 611	128 090	1 018 593	830 000	2 005 294
Liabilities from trading derivatives - notional value	3 589 735	1 426 436	2 104 353	6 051 771	263 740	13 436 035
Liabilities from hedging derivatives - notional value	468 280	1 077 044	192 070	5 856 460	0	7 593 854
Commitments granted - financial	13 155 721	0	0	0	0	13 155 721
Commitments granted - guarantee	1 713 693	0	0	0	0	1 713 693
TOTAL	111 205 163	17 471 276	12 821 130	19 716 987	2 443 925	163 658 481

14. Supplementary Information

14.1. 2024 DIVIDEND

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

14.2. DATA ABOUT ASSETS, WHICH SECURE LIABILITIES

As at 31 December 2025 following assets of the Bank constituted collateral of liabilities (PLN'000):

No.	Type of assets	Portfolio	Secured liability	Par value of assets	Balance sheet value of assets
1.	Treasury Bonds PS0527	Held to maturity	Security of payment obligation to BFG contribution - guarantee fund	155 000	154 611
2.	Treasury Bonds DS0726	Held to maturity	Security of payment obligation to BFG contribution compulsory resolution fund	172 000	170 942
3.	Treasury Bonds DS0727	Held to Collect and for Sale	pledge on the Bank's account related to a securitization transaction	425 000	422 051
4.	Treasury Bonds WZ1129	Held to maturity	pledge on the Bank's account related to a securitization transaction	102 000	100 894
5.	Treasury Bonds PS0527	Held to maturity	financial and registered pledge on the Bank's account in the brokerage house	188 850	188 376
6.	Treasury Bonds PS0527	Held to maturity	financial pledge on the Bank's account in the brokerage house	583 659	582 193
7.	Cash	receivables	initial settlement deposit in KDPW CCP (MAGB)	15 000	15 000
8.	Cash	receivables	ASO guarantee fund (PAGB)	4 245	4 245
9.	Cash	receivables	appropriate security deposit at KDPW CCP (MATS)	328	328
10.	Cash	receivables	Settlement on transactions concluded	164 464	164 689
11.	Deposits placed	Deposits in banks	Settlement on transactions concluded	78 109	78 290
TOTAL				1 888 655	1 881 618

Additionally, as at 31 December 2025, the Bank had not concluded short-term (usually settled within 7 days) sales transactions of Treasury securities with a repurchase agreement.

As at 31 December 2024 following assets of the Bank constituted collateral of liabilities (PLN'000):

No.	Type of assets	Portfolio	Secured liability	Par value of assets	Balance sheet value of assets
1.	Treasury Bonds DS0727	Held to maturity	Securing the Fund for Protection of Funds Guaranteed as part of the Bank Guarantee Fund	267 000	247 461
2.	Treasury Bonds PS0527	Held to maturity	Security of payment obligation to BFG contribution - guarantee fund	142 000	139 128
3.	Treasury Bonds DS0726	Held to maturity	Security of payment obligation to BFG contribution compulsory resolution fund	150 000	144 743
4.	Treasury Bonds PS0425	Held to Collect and for Sale	pledge on the Bank's account related to a securitization transaction	550 000	545 358
5.	Treasury Bonds WZ0525	Held to Collect and for Sale	pledge on the Bank's account related to a securitization transaction	127 000	128 110
6.	Treasury Bonds PS0527	Held to maturity	financial and registered pledge on the Bank's account in the brokerage house	188 850	185 031
7.	Treasury Bonds PS0527	Held to maturity	financial pledge on the Bank's account in the brokerage house	583 659	571 855
8.	Cash	receivables	initial settlement deposit in KDPW CCP (MAGB)	11 000	11 000
9.	Cash	receivables	ASO guarantee fund (PAGB)	795	795
10.	Cash	receivables	appropriate security deposit at KDPW CCP (MATS)	321	321
11.	Cash	receivables	Settlement on transactions concluded	24 657	24 657
12.	Deposits placed	Deposits in banks	Settlement on transactions concluded	144 662	145 063
TOTAL				2 189 944	2 143 522

Additionally, as at 31 December 2024, the Bank had concluded short-term (usually settled within 7 days) sales transactions of Treasury securities with a repurchase agreement, the subject of which were securities with a value of PLN 194,088 thousand.

The Bank is also obliged to maintain the obligatory reserve on the current account with the NBP, the amount of which depends on the average balance of funds of customer deposit accounts and the reserve rate set by the NBP. From the Bank's point of view, the funds held as part of the obligatory reserve constitute restricted assets. The value of the provision maintained at the end of the financial year is presented in **note (18)**.

14.3. SECURITIES COVERED BY TRANSACTIONS WITH A BUY-BACK CLAUSE (SBB)

The following securities (presented in the Bank's balance sheet) were the subject of repurchase transactions (SBB), in PLN thousand:

As at 31.12.2025		
Type of security	Nominal value	Balance sheet value
Treasury bonds	0	0
TOTAL	0	0
As at 31.12.2024		
Type of security	Nominal value	Balance sheet value
Treasury bonds	193 346	194 088
TOTAL	193 346	194 088

As a result of concluding repurchase transactions involving securities presented in the table above, the Bank is exposed to risks similar to those in the case of holding securities with the same characteristics in its own portfolio.

14.4. OFFSETTING OF ASSETS AND LIABILITIES

Offsetting the valuation of derivative instruments concluded through clearing houses

The Bank enters into IRS transactions held for trading or designated as hedging instruments, among others, through clearing houses. Valuations of such instruments are recorded in the Statement of Financial Position at net settlement amounts, taking into account variable margins. The effect of offsetting the related receivables and liabilities with clearing houses is presented in the tables below.

31.12.2025	Fair value	
	Assets	Liabilities
Valuation of derivative instruments for trading, before cpmensation	380 074	446 377
Compensation effect	(223 247)	(237 737)
Valuation of derivative instruments for trading, after cpmensation	156 827	208 640

31.12.2024	Fair value	
	Assets	Liabilities
Valuation of derivative instruments for trading, before cpmensation	401 349	366 517
Compensation effect	(144 255)	(139 768)
Valuation of derivative instruments for trading, after cpmensation	257 094	226 749

31.12.2025	Fair value	
	Assets	Liabilities
Valuation of derivative instruments for trading, before cpmensation	84 134	143 075
Compensation effect	(84 134)	(118 340)
Valuation of derivative instruments for trading, after cpmensation	0	24 735

31.12.2024	Fair value	
	Assets	Liabilities
Valuation of derivative instruments for trading, before cpmensation	127 335	126 896
Compensation effect	(127 335)	(25 357)
Valuation of derivative instruments for trading, after cpmensation	0	101 539

Theoretical offsetting of assets and liabilities on the basis of isda agreements

The part of the Bank's derivatives portfolio arises due to conclusion by the Bank framework ISDA agreements (International Swaps and Derivatives Agreements). Provisions included in the agreements define comprehensive procedures in case of infringement (mainly difficulties in payments), and provide possibility to cancel a deal, making settlements with counterparty base on offset amount of mutual receivables and liabilities. To date, the Bank has not exercised that option, however, in order to meet information requirements as described in IFRS 7 the following table presents the fair values of derivative instruments (both classified as held for trading and dedicated to hedge accounting) as well as cash collaterals under ISDA framework agreements with a theoretical maximum amount resulting from the settlement on the basis of compensation.

<i>PLN'000</i>	<i>Amounts to be received</i>	<i>Amounts to be paid</i>
Valuation of derivatives	58 632	66 555
Amount of cash collaterals accepted/granted	(39 177)	(41 041)
Financial assets and liabilities covered by framework ISDA agreements allowing compensation	19 455	25 514
Theoretical maximum amount of compensation	(19 455)	(19 455)
Financial assets and liabilities covered by framework ISDA agreements allowing compensation taking into account theoretical amount of compensation	0	6 059

14.5. ADDITIONAL EXPLANATIONS TO THE CASH FLOW STATEMENT

For the purpose of the cash flow statement the following financial assets are classified by the Bank as cash or its equivalents:

<i>PLN'000</i>	<i>31.12.2025</i>	<i>31.12.2024</i>
Cash and balances with the Central Bank	4 360 464	5 178 984
Receivables from interbank deposits*	214 445	288 391
Debt securities issued by the State Treasury*	10 295 426	8 597 254
of which FVTOCI and HTC	10 295 426	8 597 254
of which held for trading	0	0
Total	14 870 335	14 064 629

* Financial assets with original maturity below three months

For the purpose of the cash flow statement the following classification of activity types was adopted:

1. Operating activities – cover the basic scope of operations connected with services provided by the Bank's units covering events whose purpose is to earn profit and not being investment or financial activity,
2. Investment activities cover operations connected with the purchasing and selling of fixed assets, in particular financial assets not included in the "for trading" category, shares and shares in subsidiaries, tangible and intangible fixed assets,
3. Financial activities cover activities connected with raising of funds in the form of capital or liabilities, as well as servicing sources of funding.

Reconciliation of changes in balance sheet items with the changes presented in the operating section of the statement of cash flows.

	1.01.2025 - 31.12.2025	1.01.2024 - 31.12.2024
1) Change in the carrying amount of financial assets measured at fair value through profit or loss resulting from balance sheet balances.	(227 325)	(159 028)
- the difference between interest accrued and interest paid (on a cash basis)	4 506	3 965
- hedge accounting valuation recognised in other comprehensive income	22 072	29 433
Change in financial assets measured at fair value through profit or loss, as presented in the cash flow statement	(200 747)	(125 630)
2) Change in the balance of loans and advances granted to other banks resulting from balance sheet balances	297 455	(511 904)
- the difference between interest accrued and interest paid (on a cash basis)	2 283	(912)
- interbank deposits and current accounts classified as cash and cash equivalents	(73 946)	(324 076)
Change in loans and advances to other banks arising from balance sheet movements, presented in the cash flow statement	225 792	(836 892)
3) Change in the balance of loans and advances granted to customers resulting from balance sheet balances	(82 108)	446 670
- the difference between interest accrued and interest paid (on a cash basis)	(12 430)	72 927
- valuation of the loan portfolio recognised in other comprehensive income	273 399	(160 098)
Change in loans and advances to customers as presented in the cash flow statement	178 861	359 499
4) Change in the balance of amounts due to banks resulting from balance sheet balances	(105 229)	(295 309)
- the difference between interest accrued and interest paid (on a cash basis)	402	1 374
Change in liabilities to banks as presented in the cash flow statement	(104 827)	(293 935)
5) Change in the balance of amounts due to customers resulting from balance sheet balances	13 556 822	10 136 964
- the difference between interest accrued and interest paid (on a cash basis)	68 286	39 198
Change in liabilities to customers as presented in the cash flow statement	13 625 108	10 176 162
6) Change in the balance of debt securities issued resulting from balance sheet balances	(227 214)	2 002 214
- the difference between interest accrued and interest paid (on a cash basis)	5 079	(28 787)
- foreign exchange differences presented in a dedicated line within operating activities	44 680	32 701
- issuance of securities recognised within financing activities in the statement of cash flows	0	(2 131 700)
- redemption of securities recognised within financing activities in the statement of cash flows	144 000	128 731
Change in liabilities from the issuance of debt securities as presented in the cash flow statement.	(33 455)	3 159
7) Change in the balance of other assets and liabilities resulting from balance sheet balances	(24 389)	(1 201 494)
- change in the balance of finance lease liabilities	17 914	11 215
- other differences	0	990
Change in other assets and liabilities as presented in the cash flow statement	(6 475)	(1 189 289)

14.6. INFORMATION ON CUSTODY ACTIVITY

As at 31 December 2025, the Bank maintained 12,130 securities accounts and accounts for foreign financial instruments. The value of assets held in Clients' securities accounts under custodial services amounted to PLN 27 billion. In 2025, the Bank also acted as Issuing Agent and Depositary for 21 Investment Funds of the Millennium TFI S.A. Group.

14.7. INCENTIVE PROGRAM BASED ON SHARES FOR RISK TAKERS IN THE BANK MILLENNIUM S.A. GROUP

In accordance with the Group's 'Remuneration Policy for employees having a material impact on the risk profile of the Bank Millennium S.A. Group', employees identified as having a material impact on the Group's risk profile (Risk Takers) may receive variable remuneration, part of which is paid in the form of financial instruments.

Under the rules set out in the Risk Takers Remuneration Policy, to the extent that the bonus is awarded in a non-cash form, it is paid in the form of the Bank's shares. In justified cases, the Bank may introduce payment in other financial instruments. At the same time, where the bonus amount determined for a Risk Taker for a given calendar year does not exceed the equivalent of EUR 50,000 and one-third of the total annual remuneration, the bonus may be paid entirely in cash (in bonus schemes in force since 1 January 2021, financial instruments were awarded only to Risk Takers I – Members of the Management Board of Bank Millennium S.A.).

On the basis of the Bank's applicable three-year incentive programme, bonuses for 2021 were awarded in the form of the Bank's shares. In 2023, due to amendments to the Act on Public Offering and Conditions for Introducing Financial Instruments to an Organised Trading System and on Public Companies, the Personnel Committee of the Supervisory Board decided to convert the Bank's own shares granted to the Members of the Management Board under the programmes for 2021 into phantom shares. Bonuses for 2022 and 2023 were awarded in the form of phantom shares.

In 2025, following a resolution of the General Meeting of Shareholders dated 27 March 2025, a new incentive programme was introduced, constituting a remuneration system for Risk Takers, under which they are granted the opportunity to acquire the Bank's own shares using funds provided by the Bank.

As part of the programme's implementation, at its meeting on 6 May 2025, the Personnel Committee of the Supervisory Board decided to convert the deferred portion of variable remuneration of Members of the Management Board of Bank Millennium for 2021, 2022 and 2023 in the form of phantom shares into the Bank's own shares. The bonus for 2024 was partially awarded in the form of the Bank's own shares.

Variable remuneration in the financial instrument transferred to Risk Takers I in 2025, for the year:				
	2021	2022	2023	2024
Granting date	13.04.2022	03.11.2023	07.05.2024	06.06.2025
Type of transaction under IFRS 2	cash settled	cash settled	cash settled	cash settled
Vesting date	06.05.2025	06.05.2025	06.05.2025	06.06.2025
Vesting conditions	Meeting the employment conditions at the Bank in 2021, the Bank's performance, and individual performance results	Meeting the employment conditions at the Bank in 2022, the Bank's performance, and individual performance results	Meeting the employment conditions at the Bank in 2023, the Bank's performance, and individual performance results	Meeting the employment conditions at the Bank in 2024, the Bank's performance, and individual performance results
Program settlement	after vesting, the participant was granted funds for share purchase			
Program valuation	share price on the last day of the reporting year			

phantom shares of Members of the Management Board of Bank Millennium S.A. for the year:	Status at the end of 2025 Programs for 2021, 2022, 2023 i 2024*	Status at the end of 2024 Programs for 2021, 2022 i 2023
Number of phantom shares at the beginning of the year:	1 124 861	884 081
Number of deferred phantom shares in the year:	59 398	306 172
deferral rate	12,7780	9,5230
Number of phantom shares paid out after the retention period in the year:	401 056	346 055
payout rate	14,0050	8,2100
Number of phantom shares vested in a year:	59 398	401 056
vesting rate	12,7780	9,5230
Number of phantom shares at the end of the year:	59 398	1 124 861
closing rate as of 31.12.2025	16,6300	8,9000
Fair value at closing price on 31.12.2025 (PLN ths.)	988	10 011

* including severance pay for former Management Board Members serving until March 27, 2025

Bank Millennium shares of Members of the Management Board of Bank Millennium S.A. for the year:	Status at the end of 2025 Programs for 2021, 2022, 2023 i 2024*	Status at the end of 2024 Programs for 2021, 2022 i 2023
Number of shares at the beginning of the year:	0	0
Number of deferred shares in the year:	193 386	0
deferral rate	14,5155	
Number of shares paid out after the retention period in the year:	0	0
payout rate	0,0000	
Number of shares vested in a year:	375 025	0
vesting rate **	13,8900 / 14,5155	
Number of shares at the end of the year:	794 950	0
closing rate as of 31.12.2025	16,6300	
Fair value at closing price on 31.12.2025 (PLN ths.)	13 220	0

** rate from two separate meetings of the Personnel Committee of the Supervisory Board

As at the date of publication of the Annual Report, the Personnel Committee of the Supervisory Board had not made a decision regarding the amount of variable remuneration for the Management Board Members for 2025.

14.8. ADDITIONAL INFORMATION AND OTHER ESSENTIAL EVENTS THAT OCCURRED AFTER THE DATE ON WHICH THE FINANCIAL STATEMENTS WERE PREPARED

REFORM OF BENCHMARKS - WIBOR

In May 2022, the Polish government announced that the WIBOR rate would be replaced with another rate as of 1 January 2023. In June 2022, a Working Group was established, comprising commercial banks, GPW Benchmark (the WIBOR Administrator) and the Polish Financial Supervision Authority (KNF).

In July 2022, in connection with the planned reform of reference indices in Poland, the National Working Group on Reference Rate Reform (NGR) was established. The objectives of the NGR include, among others, the introduction of a new interest rate benchmark and replacing the currently used WIBOR index in a safe and BMR-compliant manner, ensuring in particular the credibility, transparency and reliability of the development and application of the new reference index.

The National Working Group is composed of representatives of the Ministry of Finance, the National Bank of Poland, the Polish Financial Supervision Authority, the Bank Guarantee Fund, the Polish Development Fund, the Warsaw Stock Exchange, the Central Securities Depository of Poland, Bank Gospodarstwa Krajowego, GPW Benchmark, as well as representatives of banks, investment fund companies, insurance undertakings, factoring and leasing companies, and issuers of bonds, including corporate and municipal bonds, as well as clearing houses.

The work of the National Working Group is coordinated and supervised by a Steering Committee, composed of representatives of key institutions: the Polish Financial Supervision Authority, the National Bank of Poland, the Ministry of Finance, the Bank Guarantee Fund, GPW Benchmark – the administrator of reference rates, BondSpot S.A. – and the Polish Bank Association.

NGR activities are conducted in a project-based formula with dedicated workstreams, in which representatives of Bank Millennium actively participate.

On 28 March 2025, the Steering Committee of the National Working Group approved an updated Roadmap for the replacement of WIBOR and WIBID reference indices and confirmed the final conversion date at the end of 2027. On 2 June 2025, the official determination of the POLSTR (Polish Short Term Rate) Interest Rate Index and the POLSTR Compounded Index Family commenced.

GPW Benchmark S.A. is the administrator of POLSTR. In September 2025, the NGR Steering Committee published updated recommendations on the standards for applying the new target RFR (risk-free rate) in new banking, leasing and factoring products, as well as financial instruments. Recommendations concerning legacy portfolios remain under consultation.

On 1 September 2025, the first use of the POLSTR interest rate index occurred on the domestic financial market, granting POLSTR the status of a reference index in accordance with BMR requirements.

On 30 September 2025, GPW Benchmark S.A., the administrator of interest rate benchmarks, announced its decision to cease the calculation of the WIBID and WIBOR Reference Rates for the following Fixing Tenors as of the dates indicated below:

- Overnight (O/N) – from 1 October 2026
- Tomorrow/Next (T/N) – from 22 December 2025
- 2 weeks (2W) – from 22 December 2025
- 1 year (1Y):
 - from 22 December 2025 under the current methodology,
 - from 22 December 2026 in connection with the supervisory authority's requirement for the administrator to continue publication of the benchmark under Article 21 of the BMR, following a methodological change for the 1Y WIBOR Fixing Tenor.

The decision to discontinue certain Fixing Tenors aligns with the actions set out in the NGR Roadmap adopted by its Steering Committee, and brings the structure of the Polish money-market curve closer to selected foreign current and historical money-market curves. The decision supports the Roadmap's implementation for those Fixing Tenors for which (as in the case of T/N and 1Y) transaction volumes are relatively low, their usage is limited, and discontinuation facilitates the introduction of the new interest rate benchmark.

On 21 November 2025, the Ministry of Finance conducted the first pilot issuance of POLSTR-based government bonds through a sale auction. Sales amounted to PLN 1,48 billion, with demand reaching PLN 1,9 billion. In the additional sale, investors purchased bonds worth PLN 0,4 billion. From 26 November 2025, the bonds are listed on the Treasury BondSpot Poland (TBSP) market and on the regulated markets of BondSpot and the Warsaw Stock Exchange. The interest rate on the new bonds is based on a compounded rate calculated separately for each business day of the interest period, in line with the recommended standards for applying the index.

For financial institutions, the key activities will include adapting IT systems, operational procedures and legal solutions related to the application of the target POLSTR index. Accordingly, on 24 August 2022, the Management Board of Bank Millennium S.A. established an internal project reporting to the Management Board, aimed at ensuring proper management of the transition from WIBOR to the new index and implementation of tasks in line with the Roadmap. Representatives of numerous organizational units of the Bank participate in this work, in particular those responsible for product areas and risk management, including interest rate risk and operational risk. The project structure is based on workstreams covering products and processes where the WIBOR reference rate is applied, project management by a dedicated project manager, and periodic reporting of status for each workstream.

At the current stage of the project, the Bank continuously monitors the work of the National Working Group and actively participates in activities undertaken in individual workstreams. At the same time, appropriate project decisions are being taken, and all recommendations developed by the NGR are systematically incorporated into initiatives implemented within the Bank.

Bank Millennium applies the WIBOR reference rate in the following products (in PLN million, as at 31 December 2025):

- Mortgage loans: **19 867.29** (23 049.81 as at 31 December 2024) of loans indexed to WIBOR (excluding mortgage loans of PLN **14 785.93** (13 884.02 as at 31 December 2024) currently with periodically fixed interest rates, for which customers may switch to a variable WIBOR-indexed rate after the end of the fixed-rate period);
- Corporate credit, factoring and discount products: **13 122.24** (12 839.86 as at 31 December 2024);

The following data for the debt and derivative instruments portfolio include the Bank's data:

- Debt instruments: **14 954.2** (13 169.30 as at 31 December 2024)
 - Assets: **12 965.5** (11 036.53 as at 31 December 2024)
 - Liabilities: **1 988.8** (2 132.77 as at 31 December 2024)
- Derivative instruments: **17 687.3** incl. **5 065.00** hedging instruments (13 491.95 and 2 364.12 as at 31 December 2024)

The Bank also uses WIBOR-based instruments for hedge accounting. Detailed information on hedge relationships applied by the Group, hedged items and hedging instruments, as well as the presentation of results from these transactions, is provided in Note 24 "Derivative Instruments – Hedge Accounting" in Chapter 13 "Notes to the Consolidated Financial Statements".

Taking into account the changes introduced to IFRS by IASB, the Bank does not assume that continuing active hedging relationships will be impossible due to the implementation of the WIBOR reform, and the occurrence of ineffectiveness should not affect the fulfillment of the effectiveness tests of these relationships.

The notional value of derivative instruments related to fair value hedges of fixed-interest assets denominated in PLN, which use the WIBOR index subject to the interest rate reform, was PLN 3,425.0 million as of December 31, 2025 and includes only items relating to the year 2025. The notional amounts of derivative instruments related to hedging relationships represent a close approximation of the risk exposure managed within those relationships.

During the reporting period, the Bank applied the exceptions resulting from Stage 1 of the WIBOR reform regarding hedge accounting in accordance with IAS 39 for hedging relationships directly affected by uncertainty regarding the WIBOR benchmark. These exceptions included: (i) the assessment of the high probability of future cash flows, (ii) prospective and retrospective effectiveness testing, and (iii) the identification of discrete risk components. The exceptions applied to hedges referencing the WIBOR index within the framework of fair value hedges. In accordance with IFRS requirements, any hedge ineffectiveness was recognized in the income statement. The Bank will discontinue the exceptions at the time of and on the basis of contract modifications.

Between the date on which this financial statement was prepared and the date of its publication, no material events occurred that would affect the financial statements and the Bank's future results, except for the issuance of the Bank's eurobonds described in Chapter 8.2 Capital Management.

Date	Name and surname	Position/Function	Signature
27.02.2026	Joao Bras Jorge	Chairman of the Management Board	Signed by a qualified electronic signature
27.02.2026	Fernando Bicho	Deputy Chairman of the Management Board	Signed by a qualified electronic signature
27.02.2026	Wojciech Haase	Member of the Management Board	Signed by a qualified electronic signature
27.02.2026	Jarosław Hermann	Member of the Management Board	Signed by a qualified electronic signature
27.02.2026	Halina Karpińska	Member of the Management Board	Signed by a qualified electronic signature
27.02.2026	Antonio Pinto Junior	Member of the Management Board	Signed by a qualified electronic signature
27.02.2026	Magdalena Zmitrowicz	Member of the Management Board	Signed by a qualified electronic signature