



**Annual Consolidated  
Financial Report  
of the Bank Millennium S.A.  
Capital Group  
for the 12-month period  
ending 31<sup>st</sup> December 2025**

*This document is not the official version of the Annual Consolidated Financial Report of the Bank Millennium S.A. Capital Group for the 12-month period ending 31<sup>st</sup> December 2025.*

*Official Annual Consolidated Financial Report of the Bank Millennium S.A. Capital Group for the 12-month period ending 31<sup>st</sup> 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	9 120 235	8 823 127	2 152 420	2 049 888
Fee and commission income	1 078 772	1 058 319	254 595	245 881
Profit (loss) before income tax	1 619 764	875 024	382 272	203 295
Profit (loss) after taxes	1 201 789	719 209	283 628	167 095
Total comprehensive income of the period	1 443 473	876 737	340 667	203 693
Net cash flows from operating activities	13 625 999	10 282 113	3 215 803	2 388 856
Net cash flows from investing activities	(13 717 011)	(13 812 323)	(3 237 282)	(3 209 034)
Net cash flows from financing activities	821 739	2 185 281	193 934	507 709
Net cash flows, total	730 727	(1 344 929)	172 455	(312 469)
Earnings (losses) per ordinary share (in PLN/EUR)	0.99	0.59	0.23	0.14
Diluted earnings (losses) per ordinary share	0.99	0.59	0.23	0.14
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
Total Assets	155 673 331	138 864 367	36 830 939	32 498 097
Liabilities to banks and other monetary institutions	103 113	204 459	24 396	47 849
Liabilities to customers	130 807 491	117 257 213	30 947 900	27 441 426
Equity	9 125 614	7 682 141	2 159 040	1 797 833
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)	7.52	6.33	1.78	1.48
Diluted book value per share (in PLN/EUR)	7.52	6.33	1.78	1.48
Total Capital Ratio (TCR)	15.11%	17.24%	15.11%	17.24%
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**
**CONSOLIDATED STATEMENT OF PROFIT AND LOSS**

<b>Amount '000 PLN</b>	<b>1.01.2025 - 31.12.2025</b>	<b>1.10.2025 - 31.12.2025*</b>	<b>1.01.2024 - 31.12.2024 Restated data</b>	<b>1.10.2024 - 31.12.2024* Restated data</b>
Net interest income	5 755 599	1 438 084	5 529 944	1 505 045
Interest income and other of similar nature	9 120 235	2 272 306	8 823 127	2 335 332
Income calculated using the effective interest method	9 002 944	2 243 978	8 677 377	2 304 781
Interest income from Financial assets at amortised cost, of which:	7 215 545	1 742 910	7 326 377	1 949 227
- the impact of the adjustment to the gross carrying amount of loans due to credit holidays	0	0	(112 709)	44 597
Interest income from Financial assets at fair value through other comprehensive income	1 787 399	501 068	1 351 000	355 554
Result of similar nature to interest from Financial assets at fair value through profit or loss	117 291	28 328	145 750	30 551
Interest expenses	(3 364 636)	(834 222)	(3 293 183)	(830 287)
Net fee and commission income	775 043	200 065	776 698	187 943
Fee and commission income	1 078 772	283 612	1 058 319	259 077
Fee and commission expenses	(303 729)	(83 547)	(281 621)	(71 134)
Dividend income	4 306	40	3 626	87
Result on derecognition of financial assets and liabilities not measured at fair value through profit or loss	(4 448)	(1 189)	(1 982)	(849)
Results on financial assets and liabilities held for trading	24 270	6 340	(7 206)	(2 439)
Result on non-trading financial assets mandatorily at fair value through profit or loss	89 472	34 549	19 134	9 263
Result on hedge accounting	289	(2 560)	1 544	1 343
Result on exchange differences	221 264	54 618	224 537	55 168
Other operating income	401 412	85 994	374 196	98 238
Other operating expenses	(330 209)	(44 881)	(399 185)	(126 769)
Administrative expenses	(2 332 023)	(601 932)	(2 026 444)	(537 051)
Impairment losses on financial assets	(228 917)	(49 778)	(304 526)	(673)
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	(3 164)	(423)	(2 198)	(304)
Depreciation	(224 378)	(57 467)	(226 191)	(59 190)
Banking tax	(405 713)	(105 101)	(232 419)	(98 907)
Profit before income taxes	1 619 764	415 419	875 024	311 277
Corporate income tax	(417 975)	(68 882)	(155 815)	(138 763)
Profit after taxes	1 201 789	346 537	719 209	172 514
Attributable to:				
Owners of the parent	1 201 789	346 537	719 209	172 514
Non-controlling interests	0	0	0	0
Weighted average number of outstanding ordinary shares (pcs.)	1 213 116 777	1 213 116 777	1 213 116 777	1 213 116 777
Profit (ordinary/diluted) per ordinary share (in PLN)	0.99	0.29	0.59	0.14

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

**CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME**

<i>Amount '000 PLN</i>	<b>1.01.2025 - 31.12.2025</b>	<b>1.10.2025 - 31.12.2025*</b>	<b>1.01.2024 - 31.12.2024 restated data</b>	<b>1.10.2024 - 31.12.2024* restated data</b>
Result after taxes	<b>1 201 789</b>	<b>346 537</b>	<b>719 209</b>	<b>172 514</b>
Other comprehensive income items that may be (or were) reclassified to profit or loss	327 973	104 458	184 704	(66 589)
Result on debt securities at fair value through other comprehensive income	305 901	99 170	155 271	(70 298)
Hedge accounting	22 072	5 288	29 433	3 709
Other comprehensive income items that will not be reclassified to profit or loss	<b>(14 362)</b>	<b>(14 362)</b>	<b>9 775</b>	<b>9 775</b>
Actuarial gains (losses)	<b>(18 395)</b>	<b>(18 395)</b>	1 928	1 928
Result on equity instruments at fair value through other comprehensive income	4 033	4 033	7 847	7 847
<b>Total comprehensive income items before taxes</b>	<b>313 611</b>	<b>90 096</b>	<b>194 479</b>	<b>(56 814)</b>
Corporate income tax on other comprehensive income items that may be (or were) reclassified to profit or loss	<b>(73 774)</b>	<b>(31 306)</b>	<b>(35 094)</b>	12 652
Corporate income tax on other comprehensive income items that will not be reclassified to profit or loss	1 847	1 847	<b>(1 857)</b>	<b>(1 857)</b>
<b>Total comprehensive income items after taxes</b>	<b>241 684</b>	<b>60 637</b>	<b>157 528</b>	<b>(46 019)</b>
<b>Total comprehensive income for the period</b>	<b>1 443 473</b>	<b>407 174</b>	<b>876 737</b>	<b>126 495</b>
Attributable to:				
Owners of the parent	1 443 473	407 174	876 737	126 495
Non-controlling interests	0	0	0	0

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

# ANNUAL CONSOLIDATED FINANCIAL STATEMENTS OF THE BANK MILLENNIUM S.A. CAPITAL GROUP FOR THE 12-MONTH PERIOD ENDING 31<sup>ST</sup> DECEMBER 2025

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# 1. Consolidated Profit and Loss Account

<i>Amount '000 PLN</i>	<i>Note</i>	<b>1.01.2025 - 31.12.2025</b>	<b>1.01.2024 - 31.12.2024 restated data</b>
Net interest income		5 755 599	5 529 944
Interest income and other of similar nature	1	9 120 235	8 823 127
Income calculated using the effective interest method		9 002 944	8 677 377
Interest income from Financial assets at amortised cost, of which:		7 215 545	7 326 377
- the impact of the adjustment to the gross carrying amount of loans due to credit holidays		0	(112 709)
Interest income from Financial assets at fair value through other comprehensive income		1 787 399	1 351 000
Result of similar nature to interest from Financial assets at fair value through profit or loss		117 291	145 750
Interest expenses	2	(3 364 636)	(3 293 183)
Net fee and commission income		775 043	776 698
Fee and commission income	3	1 078 772	1 058 319
Fee and commission expenses	3	(303 729)	(281 621)
Dividend income	4	4 306	3 626
Result on derecognition of financial assets and liabilities not measured at fair value through profit or loss	5	(4 448)	(1 982)
Results on financial assets and liabilities held for trading	6	24 270	(7 206)
Result on non-trading financial assets mandatorily at fair value through profit or loss	7	89 472	19 134
Result on hedge accounting	8	289	1 544
Result on exchange differences		221 264	224 537
Other operating income	9	401 412	374 196
Other operating expenses	10	(330 209)	(399 185)
Administrative expenses	11	(2 332 023)	(2 026 444)
Impairment losses on financial assets	12	(228 917)	(304 526)
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		(3 164)	(2 198)
Depreciation	15	(224 378)	(226 191)
Banking tax		(405 713)	(232 419)
Profit before income taxes		1 619 764	875 024
Corporate income tax	16	(417 975)	(155 815)
Profit after taxes		1 201 789	719 209
Attributable to:			
Owners of the parent		1 201 789	719 209
Non-controlling interests		0	0
Weighted average number of outstanding ordinary shares (pcs.)		1 213 116 777	1 213 116 777
Profit (ordinary/diluted) per ordinary share (in PLN)		0.99	0.59

Notes on pages 14-190 are integral part of these consolidated financial statements.

## 2. Consolidated Statement of Total Comprehensive Income

<i>Amount '000 PLN</i>	<b>1.01.2025 - 31.12.2025</b>	<b>1.01.2024 - 31.12.2024 restated data</b>
Profit after taxes	1 201 789	719 209
Other comprehensive income items that may be (or were) reclassified to profit or loss	327 973	184 704
Result on debt securities at fair value through other comprehensive income	305 901	155 271
Hedge accounting	22 072	29 433
Other comprehensive income items that will not be reclassified to profit or loss	(14 362)	9 775
Actuarial gains (losses)	(18 395)	1 928
Result on equity instruments at fair value through other comprehensive income	4 033	7 847
<b>Other comprehensive income items before taxes</b>	<b>313 611</b>	<b>194 479</b>
Corporate income tax on other comprehensive income items that may be (or were) reclassified to profit or loss	(73 774)	(35 094)
Corporate income tax on other comprehensive income items that will not be reclassified to profit or loss	1 847	(1 857)
<b>Other comprehensive income items after taxes</b>	<b>241 684</b>	<b>157 528</b>
<b>Total comprehensive income for the period</b>	<b>1 443 473</b>	<b>876 737</b>
Attributable to:		
Owners of the parent	1 443 473	876 737
Non-controlling interests	0	0

Notes on pages 14-190 are integral part of these consolidated financial statements.



### 3. Consolidated Statement of Financial Position

#### ASSETS

<i>Amount '000 PLN</i>	<i>Note</i>	<b>31.12.2025</b>	<b>31.12.2024 restated data</b>	<b>01.01.2024 restated data</b>
Cash, cash balances at central banks	18	4 360 464	5 178 984	5 094 984
Financial assets held for trading	19	1 019 418	1 005 542	620 486
Derivatives		155 309	255 845	498 249
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	42 512 088	29 255 449	22 096 200
Equity instruments		40 942	36 712	28 793
Debt securities		42 471 146	29 218 737	22 067 407
Loans and advances to customers	22	76 415 921	74 864 830	73 504 611
Mandatorily at fair value through profit or loss		745	1 825	19 349
Valued at amortised cost		76 415 176	74 863 005	73 485 262
Financial assets at amortised cost other than Loans and advances to customers	23	27 316 092	24 816 002	20 695 023
Debt securities		26 905 373	24 381 485	18 749 907
Deposits, loans and advances to banks and other monetary institutions		350 741	434 517	793 436
Repurchase agreements		59 978	0	1 151 680
Derivatives – Hedge accounting	24	0	0	15 069
Investments in subsidiaries, joint ventures and associates	25	38 657	44 012	52 509
Tangible fixed assets	26	557 034	532 226	529 876
Intangible fixed assets	27	609 981	534 417	465 425
Income tax assets		568 559	734 769	507 795
Current income tax assets		19 093	343	1 810
Deferred income tax assets	28	549 466	734 426	505 985
Other assets	29	2 082 093	1 765 188	1 544 328
Non-current assets and disposal groups classified as held for sale	30	16 717	14 549	17 514
<b>Total assets</b>		<b>155 673 331</b>	<b>138 864 367</b>	<b>125 291 443</b>

**LIABILITIES AND EQUITY**

<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>
<b>LIABILITIES</b>				
Financial liabilities held for trading	31	246 359	417 073	579 553
Derivatives		208 571	226 304	576 833
Liabilities from short sale of securities		37 788	190 769	2 720
Financial liabilities measured at amortised cost		140 109 103	125 343 000	112 633 690
Liabilities to banks and other monetary institutions	32	103 113	204 459	504 368
Liabilities to customers	33	130 807 491	117 257 213	107 246 428
Repurchase agreements	34	0	194 223	0
Debt securities issued	35	7 640 812	6 124 775	3 317 849
Subordinated debt	36	1 557 687	1 562 330	1 565 045
Derivatives – Hedge accounting	24	24 735	101 539	165 700
Provisions	37	3 746 520	2 951 752	1 493 800
Legal issues		3 566 628	2 847 003	1 403 105
Commitments and guarantees given		105 358	53 583	42 367
Retirement benefits		74 534	51 166	48 328
Income tax liabilities		17 549	223 767	461 457
Current income tax liabilities		16 525	220 659	461 217
Deferred income tax liabilities		1 024	3 108	240
Other liabilities	38	2 403 451	2 145 095	3 151 839
<b>Total Liabilities</b>		<b>146 547 717</b>	<b>131 182 226</b>	<b>118 486 039</b>
<b>EQUITY</b>				
Share capital	39	1 213 117	1 213 117	1 213 117
Own shares		(21)	(21)	(21)
Share premium		1 147 502	1 147 502	1 147 502
Accumulated other comprehensive income	39	181 700	(59 984)	(217 512)
Retained earnings included:	39	6 583 316	5 381 527	4 662 318
- current net result		1 201 789	719 209	575 717
- other		5 381 527	4 662 318	4 086 601
<b>Total equity</b>		<b>9 125 614</b>	<b>7 682 141</b>	<b>6 805 404</b>
<b>Total equity and total liabilities</b>		<b>155 673 331</b>	<b>138 864 367</b>	<b>125 291 443</b>

Notes on pages 14-190 are integral part of these financial statements.

## 4. Consolidated Statement of Changes in Equity

Amount '000 PLN	Total consolidated equity	Share capital	Own shares	Share premium	Accumulated other comprehensive income	Retained earnings	
						Unappropriated result	Other reserves
01.01.2025 – 31.12.2025							
Equity at the beginning of the period	7 682 141	1 213 117	(21)	1 147 502	(59 984)	864 404	4 517 123
Total comprehensive income for 2025 (net)	1 443 473	0	0	0	241 684	1 201 789	0
current profit /loss	1 201 789	0	0	0	0	1 201 789	0
other comprehensive income items after taxes	241 684	0	0	0	241 684	0	0
Purchase and transfer of own shares to employees	0	0	0	0	0	0	0
Appropriation of profit	0	0	0	0	0	(660 989)	660 989
Equity at the end of the period	9 125 614	1 213 117	(21)	1 147 502	181 700	1 405 204	5 178 112

Amount '000 PLN	Total consolidated equity	Share capital	Own shares	Share premium	Accumulated other comprehensive income	Retained earnings	
						Unappropriated result	Other reserves
01.01.2024 – 31.12.2024							
Equity at 31.12.2023	6 894 897	1 213 117	(21)	1 147 502	(217 512)	792 278	3 959 533
opening balance adjustment	(89 493)	0	0	0	0	(89 493)	0
Adjusted Equity as at 01.01.2024	6 805 404	1 213 117	(21)	1 147 502	(217 512)	702 785	3 959 533
Total comprehensive income for 2024 (net)	876 737	0	0	0	157 528	719 209	0
current profit /loss	719 209	0	0	0	0	719 209	0
other comprehensive income items after taxes	157 528	0	0	0	157 528	0	0
Appropriation of profit	0	0	0	0	0	(557 590)	557 590
Equity at the end of the period	7 682 141	1 213 117	(21)	1 147 502	(59 984)	864 404	4 517 123

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

## 5. Consolidated Statement of Cash Flow

### A. CASH FLOWS FROM OPERATING ACTIVITIES

<i>Amount '000 PLN</i>	<b>1.01.2025 - 31.12.2025</b>	<b>1.01.2024 - 31.12.2024 restated data</b>
Profit (loss) after taxes	1 201 789	719 209
Total adjustments:	12 424 210	9 562 904
Interest income/expense result (from the Profit and loss statement)	(5 755 600)	(5 529 945)
Interest received	8 794 770	8 626 356
Interest paid	(2 750 454)	(2 761 412)
Depreciation and amortization	224 378	226 191
Foreign exchange (gains)/ losses	(47 868)	(34 238)
Dividends	(4 306)	(3 626)
Changes in provisions	776 373	1 459 881
Result on sale and liquidation of investing activity assets	(40 524)	(21 685)
Change in financial assets held for trading	(200 479)	(124 710)
Change in loans and advances to banks	11 165	33 774
Change in loans and advances to customers	(1 572 056)	(1 280 135)
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)	(247 518)	(226 641)
Change in deposits from banks	(100 943)	(298 535)
Change in deposits from customers	13 619 035	10 050 596
Change in liabilities from securities sold with buy-back clause	(194 223)	194 224
Change in debt securities issued	(33 455)	3 158
Income tax (from the Profit and loss statement)	417 975	155 815
Income tax paid	(529 910)	(657 430)
Change in other assets and liabilities	(37 444)	(1 217 758)
Net cash flows from operating activities	<b>13 625 999</b>	<b>10 282 113</b>

## B. CASH FLOWS FROM INVESTING ACTIVITIES

<i>Amount '000 PLN</i>	<b>1.01.2025 - 31.12.2025</b>	<b>1.01.2024 - 31.12.2024 restated data</b>
<b>Inflows:</b>	<b>596 556 007</b>	<b>562 020 923</b>
Proceeds from sale of property, plant and equipment and intangible assets	64 606	35 067
Proceeds from sale of shares in related entities	0	0
Proceeds from sale of investment financial assets	596 487 095	561 982 230
Other	4 306	3 626
<b>Outflows:</b>	<b>(610 273 018)</b>	<b>(575 833 246)</b>
Acquisition of property, plant and equipment and intangible assets	(275 653)	(221 668)
Acquisition of shares in related entities	0	0
Acquisition of investment financial assets	(609 997 365)	(575 611 578)
Other	0	0
<b>Net cash flows from investing activities</b>	<b>(13 717 011)</b>	<b>(13 812 323)</b>

## C. CASH FLOWS FROM FINANCING ACTIVITIES

<i>Amount '000 PLN</i>	<b>1.01.2025 - 31.12.2025</b>	<b>1.01.2024 - 31.12.2024 restated data</b>
<b>Inflows from financing activities:</b>	<b>1 800 000</b>	<b>2 931 700</b>
Long-term bank loans	0	0
Issue of debt securities	1 800 000	2 931 700
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
<b>Outflows from financing activities:</b>	<b>(978 261)</b>	<b>(746 419)</b>
Repayment of long-term bank loans	0	0
Redemption of debt securities	(205 000)	(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	(87 637)	(90 752)
Other outflows from financing activities	(685 624)	(526 936)
<b>Net cash flows from financing activities</b>	<b>821 739</b>	<b>2 185 281</b>
<b>D. Net cash flows. Total (A + B + C)</b>	<b>730 727</b>	<b>(1 344 929)</b>
- of which change resulting from FX differences	3 261	(343)
<b>E. Cash and cash equivalents at the beginning of the reporting period</b>	<b>14 159 599</b>	<b>15 504 527</b>
<b>F. Cash and cash equivalents at the end of the reporting period (D + E)</b>	<b>14 890 326</b>	<b>14 159 598</b>

Additional information regarding cash flows statement is presented in **point 5) of chapter 15. "Supplementary information"**. Information on liabilities classified as financing activities is presented in **points 32), 35), 36) of chapter 14. "Notes to the Consolidated Financial Statements"**.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 6. General Information about Issuer and the Issuer's Capital Group

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 centres, individual advisors and mobile and electronic banking.

The Bank, entered under the number KRS 0000010186 in the National Court Register kept by the Local Court for the Capital City of Warsaw (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.

## Capital Group of Bank Millennium S.A.

The Group's parent entity is Bank Millennium S.A. while the ultimate parent entity of the Bank Millennium S.A. is the Banco Comercial Portugues - company listed on the stock exchange in Lisbon. The companies that belong to the Capital Group as at 31 December 2025, are presented by the table below:

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

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

In the third quarter of 2025, the liquidation of Piast Expert Sp. z o.o. was completed, and as a result, the company ceased to be consolidated.



## 7. Accounting Policy

### 7.1. STATEMENT OF COMPLIANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS

These financial statements of the Group 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 data 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 Group has introduced below presented changes in the presentation of selected financial data in order to enhance the transparency of disclosures, better reflect the economic substance of the transactions concluded, and align with observed changes in market practice. The changes introduced had no impact on the net result for the 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 Group's financial statement have been restated, as shown below in tabular form.

**Changes to the Statement of Profit or Loss:**

<i>Amount '000 PLN</i>	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	5 529 944	0	0	0	5 529 944
Interest income and other of similar nature	8 823 127	0	0	0	8 823 127
Income calculated using the effective interest method	8 721 740	0	0	(44 363)	8 677 377
Interest income from Financial assets at amortised cost, of which:	7 370 740	0	0	(44 363)	7 326 377
- the impact of the adjustment to the gross carrying amount of loans due to credit holidays	(112 709)	0	0	0	(112 709)
Interest income from Financial assets at fair value through other comprehensive income	1 351 000	0	0	0	1 351 000
Result of similar nature to interest from Financial assets at fair value through profit or loss	101 387	0	0	44 363	145 750
Interest expenses	(3 293 183)	0	0	0	(3 293 183)
Net fee and commission income	776 698	0	0	0	776 698
Fee and commission income	1 058 319	0	0	0	1 058 319
Fee and commission expenses	(281 621)	0	0	0	(281 621)
Dividend income	3 626	0	0	0	3 626
Result on derecognition of financial assets and liabilities not measured at fair value through profit or loss	(1 982)	0	0	0	(1 982)
Results on financial assets and liabilities held for trading	(7 206)	0	0	0	(7 206)
Result on non-trading financial assets mandatorily at fair value through profit or loss	19 134	0	0	0	19 134
Result on hedge accounting	1 544	0	0	0	1 544
Result on exchange differences	(178 868)	403 405	0	0	224 537
Other operating income	374 196	0	0	0	374 196
Other operating expenses	(520 325)	121 140	0	0	(399 185)
Administrative expenses	(2 026 444)	0	0	0	(2 026 444)
Impairment losses on financial assets	(271 082)	0	(33 444)	0	(304 526)
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	(182 257)	146 615	33 444	0	(2 198)
Depreciation	(226 191)	0	0	0	(226 191)
Share of the profit of investments in subsidiaries	0	0	0	0	0
Banking tax	(232 419)	0	0	0	(232 419)
Profit before income taxes	875 024	0	0	0	875 024
Corporate income tax	(155 815)	0	0	0	(155 815)
Profit after taxes	719 209	0	0	0	719 209

**Changes to the Statement of Financial Position:**
**ASSETS**

<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
Cash, cash balances at central banks	5 178 984	0	0	0	0	0	0	5 178 984
Financial assets held for trading	811 324	0	0	0	0	0	194 218	1 005 542
Derivatives	255 845	0	0	0	0	0	0	255 845
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	29 255 449	0	0	0	0	0	0	29 255 449
Equity instruments	36 712	0	0	0	0	0	0	36 712
Debt securities	29 218 737	0	0	0	0	0	0	29 218 737
Loans and advances to customers	74 981 215	(110 485)	0	0	(5 900)	0	0	74 864 830
Mandatorily at fair value through profit or loss	1 825	0	0	0	0	0	0	1 825
Valued at amortised cost	74 979 390	(110 485)	0	0	(5 900)	0	0	74 863 005
Financial assets at amortised cost other than Loans and advances to customers	25 010 220	0	0	0	0	0	(194 218)	24 816 002
Debt securities	24 381 485	0	0	0	0	0	0	24 381 485
Deposits, loans and advances to banks and other monetary institutions	434 517	0	0	0	0	0	0	434 517
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	44 012	0	0	0	0	0	0	44 012
Tangible fixed assets	588 741	0	0	0	0	(56 515)	0	532 226
Intangible fixed assets	557 309	0	0	0	0	(22 892)	0	534 417
Income tax assets	713 777	20 992	0	0	0	0	0	734 769
Current income tax assets	343	0	0	0	0	0	0	343
Deferred income tax assets	713 434	20 992	0	0	0	0	0	734 426
Other assets	1 765 188	0	0	0	0	0	0	1 765 188
Non-current assets and disposal groups classified as held for sale	14 549	0	0	0	0	0	0	14 549
<b>Total assets</b>	<b>139 151 532</b>	<b>(89 493)</b>	<b>0</b>	<b>0</b>	<b>(118 265)</b>	<b>(79 407)</b>	<b>0</b>	<b>138 864 367</b>

## LIABILITIES AND EQUITY

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
<b>LIABILITIES</b>								
Financial liabilities held for trading	417 073	0	0	0	0	0	0	417 073
Derivatives	226 304	0	0	0	0	0	0	226 304
Liabilities from short sale of securities	190 769	0	0	0	0	0	0	190 769
Financial liabilities measured at amortised cost	125 455 365	0	0	0	(112 365)	0	0	125 343 000
Liabilities to banks and other monetary institutions	316 824	0	0	0	(112 365)	0	0	204 459
Liabilities to customers	117 257 213	0	0	0	0	0	0	117 257 213
Repurchase agreements	194 223	0	0	0	0	0	0	194 223
Debt securities issued	6 124 775	0	0	0	0	0	0	6 124 775
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	2 900 586	0	0	51 166	0	0	0	2 951 752
Legal issues	2 847 003	0	0	0	0	0	0	2 847 003
Commitments and guarantees given	53 583	0	0	0	0	0	0	53 583
Retirement benefits	0	0	0	51 166	0	0	0	51 166
Income tax liabilities	223 767	0	0	0	0	0	0	223 767
Current income tax liabilities	220 659	0	0	0	0	0	0	220 659
Deferred income tax liabilities	3 108	0	0	0	0	0	0	3 108
Other liabilities	2 275 668	0	0	(51 166)	0	(79 407)	0	2 145 095
<b>Total Liabilities</b>	<b>131 379 898</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(118 265)</b>	<b>(79 407)</b>	<b>0</b>	<b>131 182 226</b>
<b>EQUITY</b>								
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	1 147 502	0	0	0	0	0	0	1 147 502
Accumulated other comprehensive income	(59 984)	0	0	0	0	0	0	(59 984)
Retained earnings	5 471 020	(89 493)	0	0	0	0	0	5 381 527
Total equity	7 771 634	(89 493)	0	0	0	0	0	7 682 141
<b>Total equity and total liabilities</b>	<b>139 151 532</b>	<b>(89 493)</b>	<b>0</b>	<b>0</b>	<b>(118 265)</b>	<b>(79 407)</b>	<b>0</b>	<b>138 864 367</b>

**ASSETS**

<i>Amount '000 PLN</i>	<b>2023-12-31 data previously published</b>	<b>Change 2a)</b>	<b>Change 2b)</b>	<b>Change 2c)</b>	<b>Change 2d)</b>	<b>Change 2e)</b>	<b>Change 2f)</b>	<b>2023-12-31 restated data</b>
Cash, cash balances at central banks	5 094 984	0	0	0	0	0	0	5 094 984
Financial assets held for trading	608 924	0	0	0	0	0	11 562	620 486
Derivatives	498 249	0	0	0	0	0	0	498 249
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
Reverse sale and 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	22 096 199	0	0	0	0	0	0	22 096 199
Equity instruments	28 793	0	0	0	0	0	0	28 793
Debt securities	22 067 407	0	0	0	0	0	0	22 067 407
Loans and advances to customers	73 643 060	(110 485)	0	0	(27 964)	0	0	73 504 611
Mandatorily at fair value through profit or loss	19 349	0	0	0	0	0	0	19 349
Valued at amortised cost	73 623 711	(110 485)	0	0	(27 964)	0	0	73 485 262
Financial assets at amortised cost other than Loans and advances to customers	20 706 586	0	0	0	0	0	(11 562)	20 695 024
Debt securities	18 749 907	0	0	0	0	0	0	18 749 907
Deposits, loans and advances to banks and other monetary institutions	793 436	0	0	0	0	0	0	793 436
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	52 509	0	0	0	0	0	0	52 509
Tangible fixed assets	565 630	0	0	0	0	(35 754)	0	529 876
Intangible fixed assets	481 631	0	0	0	0	(16 206)	0	465 425
Income tax assets	486 803	20 992	0	0	0	0	0	507 795
Current income tax assets	1 810	0	0	0	0	0	0	1 810
Deferred income tax assets	484 993	20 992	0	0	0	0	0	505 985
Other assets	1 544 328	0	0	0	0	0	0	1 544 328
Non-current assets and disposal groups classified as held for sale	17 514	0	0	0	0	0	0	17 514
<b>Total assets</b>	<b>125 520 004</b>	<b>(89 493)</b>	<b>0</b>	<b>0</b>	<b>(87 108)</b>	<b>(51 960)</b>	<b>0</b>	<b>125 291 443</b>



**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
<b>LIABILITIES</b>								
Financial liabilities held for trading	579 553	0	0	0	0	0	0	579 553
Derivatives	576 833	0	0	0	0	0	0	576 833
Liabilities from short sale of securities	2 720	0	0	0	0	0	0	2 720
Financial liabilities measured at amortised cost	112 692 833	0	0	0	(59 144)	0	0	112 633 689
Liabilities to banks and other monetary institutions	563 512	0	0	0	(59 144)	0	0	504 368
Liabilities to customers	107 246 428	0	0	0	0	0	0	107 246 428
Repurchase agreements	0	0	0	0	0	0	0	0
Debt securities issued	3 317 849	0	0	0	0	0	0	3 317 849
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	1 445 471	0	0	48 328	0	0	0	1 493 799
Legal issues	1 403 105	0	0	0	0	0	0	1 403 105
Commitments and guarantees given	42 367	0	0	0	0	0	0	42 367
Retirement benefits		0	0	48 328	0	0	0	48 328
Income tax liabilities	461 456	0	0	0	0	0	0	461 456
Current income tax liabilities	461 217	0	0	0	0	0	0	461 217
Deferred income tax liabilities	240	0	0	0	0	0	0	240
Other liabilities	3 252 131	0	0	(48 328)	0	(51 960)	0	3 151 843
<b>Total Liabilities</b>	<b>118 625 109</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(87 108)</b>	<b>(51 960)</b>	<b>0</b>	<b>118 486 041</b>
<b>EQUITY</b>								
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	1 147 502	0	0	0	0	0	0	1 147 502
Accumulated other comprehensive income	(217 512)	0	0	0	0	0	0	(217 512)
Retained earnings	4 751 809	(89 493)	0	0	0	0	0	4 662 316
Total equity	6 894 895	(89 493)	0	0	0	0	0	6 805 402
Total equity and total liabilities	<b>125 520 004</b>	<b>(89 493)</b>	<b>0</b>	<b>0</b>	<b>(87 108)</b>	<b>(51 960)</b>	<b>0</b>	<b>125 291 443</b>

## 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	719 209	0	0	0	0	0	0	719 209
Total adjustments:	11 692 670	2 790	(2 324 592)	0	90 752	128 731	(27 447)	9 562 904
Interest income/expense result (from the Profit and loss statement)	0	0	(5 529 945)	0	0	0	0	(5 529 945)
Interest received	8 403 056	0	223 300	0	0	0	0	8 626 356
Interest paid	(2 761 412)	0	0	0	0	0	0	(2 761 412)
Depreciation and amortization	226 191	0	0	0	0	0	0	226 191
Foreign exchange (gains)/ losses	0	0	0	0	0	(34 238)	0	(34 238)
Dividends	(3 626)	0	0	0	0	0	0	(3 626)
Changes in provisions	1 455 115	0	0	0	0	0	4 766	1 459 881
Result on sale and liquidation of investing activity assets	(21 685)	0	0	0	0	0	0	(21 685)
Change in financial assets held for trading	(265 138)	2 790	84 417	0	0	0	53 221	(124 710)
Change in loans and advances to banks	7 341	0	26 433	0	0	0	0	33 774
Change in loans and advances to customers	(7 335 779)	0	6 077 708	0	0	0	(22 064)	(1 280 135)
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)	(248 705)	0	0	0	0	0	22 064	(226 641)
Change in deposits from banks	(231 194)	0	(14 120)	0	0	0	(53 221)	(298 535)
Change in deposits from customers	12 719 191	0	(2 668 595)	0	0	0	0	10 050 596
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	273 901	0	(433 712)	0	0	162 969	0	3 158
Change in the balance of income tax-related receivables and payables	(245 215)	0	0	245 215	0	0	0	0
Income tax (from the Profit and loss statement)	0	0	0	155 815	0	0	0	155 815
Income tax paid	(256 400)	0	0	(401 030)	0	0	0	(657 430)
Change in the balance of other assets and liabilities	(1 278 212)	0	0	1 915	90 752	0	(32 213)	(1 217 758)
Change in other items	98 844	0	(96 929)	(1 915)	0	0	0	0
Net cash flows from operating activities	12 411 879	2 790	(2 324 592)	0	90 752	128 731	(27 447)	10 282 113

**B. CASH FLOWS FROM  
INVESTING 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:	562 020 923	0	0	0	0	0	0	562 020 923
Proceeds from sale of property, plant and equipment and intangible assets	35 067	0	0	0	0	0	0	35 067
Proceeds from sale of shares in related entities	0	0	0	0	0	0	0	0
Proceeds from sale of investment financial assets	561 982 230	0	0	0	0	0	0	561 982 230
Other	3 626	0	0	0	0	0	0	3 626
Outflows:	(581 200 791)	2 986 878	2 353 220	0	0	0	27 447	(575 833 246)
Acquisition of property, plant and equipment and intangible assets	(249 115)	0	0	0	0	0	27 447	(221 668)
Acquisition of shares in related entities	0	0	0	0	0	0	0	0
Acquisition of investment financial assets	(580 951 676)	2 986 878	2 353 220	0	0	0	0	(575 611 578)
Other	0	0	0	0	0	0	0	0
Net cash flows from investing activities	(19 179 868)	2 986 878	2 353 220	0	0	0	27 447	(13 812 323)

**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 3e)	Change 3f)	Adjustments resulting from changes in the statement of financial position	1.01.2024 - 31.12.2024 restated data
Inflows from financing activities:	2 931 700	0	0	0	0	0	0	2 931 700
Long-term bank loans	0	0	0	0	0	0	0	0
Issue of debt securities	2 931 700	0	0	0	0	0	0	2 931 700
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:	(498 308)	0	(28 628)	0	(90 752)	(128 731)	0	(746 419)
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	(90 752)	0	0	(90 752)
Other outflows from financing activities	(498 308)	0	(28 628)	0	0	0	0	(526 936)
Net cash flows from financing activities	2 433 392	0	(28 628)	0	(90 752)	(128 731)	0	2 185 281
D. Net cash flows. Total (A + B + C) - of which change resulting from FX differences	(4 334 597) (343)	2 989 668 0	0 0	0 0	0 0	0 0	0 0	(1 344 929) (343)
E. Cash and cash equivalents at the beginning of the reporting period	18 499 347	(2 994 820)	0	0	0	0	0	15 504 527
F. Cash and cash equivalents at the end of the reporting period (D + E)	14 164 750	(5 152)	0	0	0	0	0	14 159 598

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

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

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

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

change	impact on the Group's financial statements
IFRS 19 – Subsidiaries without Public Accountability; simplified disclosures for subsidiaries	The Group 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 Group 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 Group 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 Group has not yet assessed the impact of the standard on the financial statements

## 7.4. ADOPTED ACCOUNTING PRINCIPLES

### Going concern

These consolidated 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 consolidated financial statements on a going concern basis.

### Basis of Financial Statements Preparation

Consolidated financial statements of the Group prepared for the financial year from 1 January 2025 to 31 December 2025 include financial data of the Bank and its subsidiaries forming the Group.

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 Group is responsible for selection, application, development, and verification of adopted estimations; the assumptions are then subject to approval by the Group'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 consolidated financial statements.

All the entities subject to consolidation prepare their financial statements in accordance with the same accounting standards applied by the whole Capital Group which is IFRS as adopted by the EU, at the same balance sheet date.

## **Basis of Consolidation**

### *Merger method*

The merger method is used to account for business combination in which the Group acts as an acquirer. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange excluding acquisition related costs such as advisory, legal, valuation and similar professional services.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interests. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of combination is lower than the Group's interest in net fair value of identifiable assets, liabilities, contingent liabilities of the acquired subsidiary, the Group reassesses identification and measures again the identifiable assets, liabilities and contingent liabilities of the entity being acquired as well as measurement of the cost of the combination. Any surplus remaining after the reassessment is immediately recognised in the Profit and Loss Account.

### *Subsidiaries*

Subsidiaries are those investees, including structured entities, that the Group controls because the Group (i) has power to direct relevant activities of the investees that significantly affect their returns, (ii) has exposure, or rights, to variable returns from its involvement with the investees, and (iii) has the ability to use its power over the investees to affect the amount of investor's returns. The existence and effect of substantive rights, including substantive potential voting rights, are considered when assessing whether the Group has power over another entity. For a right to be substantive, the holder must have practical ability to exercise that right when decisions about the direction of the relevant activities of the investee need to be made.

Subsidiaries are subject to consolidation from the date of taking over control by the Group until the date on which the parent ceases to control the subsidiary.

Transactions, settlements and unrealized profits resulting from transactions among Group's entities are eliminated. The unrealised losses are also subject to elimination, as long as the transaction does not provide evidence that the transferred asset is impaired.

#### *Associates*

Associates are any entities over which the Group has significant influence but do not control them, generally accompanying a shareholding between 20% and 50% of the voting rights. Investments in associates are initially accounted at purchase price and then accounted for by using the equity method. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The share of the Group in the profits (losses) of associates since the date of acquisition is recognised in the profit and loss, whereas its share in changes in other reserves since the date of acquisition – in other reserves. The carrying amount of the investment is adjusted by the total changes of different items of equity after the date of their acquisition. When the share of the Group in the losses of an associate becomes equal or greater than the share of the Group in that associate, the Group discontinues the recognition of any further losses or creates provision only to such amount, it has assumed obligations or has settled payments on behalf of the respective associate.

Any unrealised profits on transactions between the Group and its associates shall be eliminated in proportion to the Group's shareholding in the associates. Also unrealised losses are subject to elimination, as long as the transaction does not deliver evidence that the transferred asset is impaired.

### **Functional currency and presentation currency**

#### *Functional currency and presentation currency*

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

#### *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.



## Application of estimates in connection with Accounting Policies

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

The estimates and assumptions, revised by the Group 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 Group, the actual results may differ from the estimates. The major areas for which the Group makes estimates are presented below:

- Impairment of loans and advances

Impairment estimation model within the Group 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 Group 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 Group,
  - Indexes options acquired/placed by the Group.

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

- Impairment of other non-current assets

The Group assesses the existence of any indications that a non-current asset may be impaired at each balance sheet date. If such indications exist, the Group 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 Group may obtain from the given non-current asset (or cash generating unit). The Group 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 13 "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.

- 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 Group 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 Group'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 Group*

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 Group'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 Group 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.

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 Group 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 analysed.

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, e.g. 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 Group performs an assessment based on the Benchmark Test, i.e. 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 Group'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 instrument 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 Group 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 Group 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 Group recognized an adjustment due to credit holidays, which in the final settlement (the program is already over) charged the Group's financial result for 2024 by PLN 112.7 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.

### *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 Group as POCI in all subsequent periods until they are derecognized from balance sheet, and expected credit loss is estimated based on ECL covering 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 Group 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 Group 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 Group 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 Group uses the option of not recognizing leasing in the case of short-term contracts for space lease,
- the Group 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 aromata marketing 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 Group.

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

- 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 Group.

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

- 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 Group 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 Group has not retained control, it derecognises the financial asset accordingly.

The Group 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 Group could conclude such transactions. If the market for the instruments is not active the Group 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 Group 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 Group 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 Group's risk (debit value adjustment - DVA).

### *Recognition of derivative instruments embedded in liabilities*

The Group 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 Group uses derivative instruments in order to hedge against interest rate risk and FX risk arising from operating, financing and investing activities of the Group. 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 Group applies IAS 39 requirements for hedge accounting.

### *Hedge accounting criteria*

The Group 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 Group'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 Group.

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 Group 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 Group). Any changes in fair value of FX forward transactions are recorded in 'Result on exchange differences' of the Profit and Loss Account. Moreover the Group 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 Group). 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 Group). 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 Group 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 Group). Changes of fair value of CCS transactions are reported in 'Results on financial assets and liabilities held for trading'. Moreover the Group 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 Group) 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 Group.

- FX and Index options  
Option transactions are measured at fair value with use of option measurement models. In case of options issued by the Group'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 Group). 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 Group 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 Group 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.

In the leasing portfolio, the LGD model includes the coverage factor (realisation value vs. valuation), cure rate, and recovery rate. The model reflects the current economic situation (point in time) and incorporates macroeconomic forecasts (FLI).

### *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. There is no EaD model applied to the leasing portfolio.

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 Group 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 Group 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 Group after the transfer.



When the Group 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 Fixed 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 Group'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 Group 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 Group, 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 Fixed Assets*

An intangible asset is an identifiable non-pecuniary asset which does not have physical form and will generate economic benefits for the Group 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 Group are recognized at cost less accumulated amortization and accumulated impairment allowances.

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 Group. 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 Group 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 Group ceases to classify the assets as held for sale and makes reclassification to other assets category. The Group 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 Group assesses the existence of any indications that a non-current asset may be impaired at each balance sheet date. If such indications exist, the Group estimates the recoverable amount of the asset and if the recoverable amount of an asset is less than its carrying amount, the Group recognizes impairment charge in the profit and loss.

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 Group 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 "Notes to the Financial Statements".

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 Group 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 Group 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 Group (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 Group 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 Group employees are entitled is calculated as the sum of unused holidays to which particular Group employees are entitled.

### *Long-term employee benefits*

The Group'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 Group'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 Group implemented a policy defining the remuneration rules (including variable remuneration components) for individuals who have a material impact on the Group 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 15** 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 Group fulfils a programme of post – employment benefits called defined contribution plan. Under this plan the Group 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 Group 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.

## **Group'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 S.A. 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 Group'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 Group 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, finance lease, 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 Group 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 Group'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 Group'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 Group 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 Group, 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 Group's banking and brokerage 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 Consolidated 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. In case of Millennium Bank Hipoteczny S.A. in 2024 assets did not exceed PLN 4 billion but in 2025 the bank's assets exceeded PLN 4 billion in 2025, which resulted in a bank tax liability arising for this bank as well.

**Other taxes and fees**

The Bank and its subsidiaries are also taxpayers 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, insurance brokerage and investment fund distribution);
- 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 and its subsidiaries are 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 Group offsets deferred tax assets and deferred tax liabilities within each individual companies of the Group, 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 Group 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 Group. It defines the framework for business development, profitability, and stability, by creating rules ensuring the Group'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 Group 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 Group's operations. Important principle of risk management is the optimization of the risk and profitability trade-off – the Group 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 Group's organizational structure.

Risk management is centralized for the Group 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.

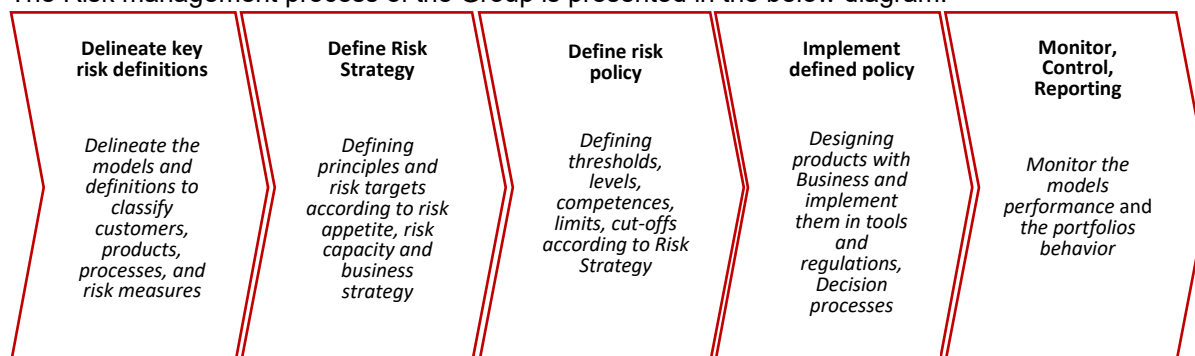
When defining the business and profitability targets, the Group considers the specified risk framework (Risk Appetite) to ensure that business structure and growth will respect the risk profile that is targeted and that will be reflected in several indicators such as:

- 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 Group'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 main 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 Group 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 Group's risk-taking policy with the Group'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 Group's Risk Strategy, including the Group'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 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 Group. 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 Underwriting Department, are responsible 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 Group 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 Group is currently exposed. The Group should also have a forward-looking view how their risk profile may change under both expected and stress economic scenarios in accordance with risk appetite,
2. Risk appetite – the maximum amount or type of risk the Group 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 Group 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 Group 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
- Regulations of Bank Millennium S.A. - Program of counteracting Anti-Money Laundering and financing terrorism.

Within risk appetite, the Group 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 Group 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, the Group strives to achieve internal long-term capital limits (targets), defined in Risk Strategy.

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

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

### 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 575/2013 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. The Bank reported this in Current Report No. 36/2025 dated 18 December 2025.
- 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 year<sup>1</sup>;
  - 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 raised 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.

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

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.

<b>Capital ratio</b>	<b>31.12.2025</b>		<b>31.12.2024</b>	
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 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 Group 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 Group over the last three years were as follows:

	31.12.2025	31.12.2024	31.12.2023
Risk-weighted assets	54 878.7	45 116.2	41 354.50
Own Funds requirements, including:	4 390.3	3 609.3	3 308.40
- Credit risk and counterparty credit risk	3 373.2	3 086.6	2 841.20
- Market risk	23.2	19.8	15.4
- Operational risk	979.4	500.4	446.4
- Credit Valuation Adjustment CVA	14.5	2.5	5.4
Own Funds, including:	8 290.1	7 776.4	7 470.60
Common Equity Tier 1 Capital	7 508.0	6 688.4	6 089.70
Tier 2 Capital	782.2	1 087.90	1 380.90
<b>Total Capital Ratio (TCR)</b>	<b>15.11%</b>	<b>17.24%</b>	<b>18.06%</b>
<b>Tier 1 Capital ratio (T1)</b>	<b>13.68%</b>	<b>14.82%</b>	<b>14.73%</b>
<b>Common Equity Tier 1 Capital ratio (CET1)</b>	<b>13.68%</b>	<b>14.82%</b>	<b>14.73%</b>
<b>Leverage ratio</b>	<b>4.64%</b>	<b>4.64%</b>	<b>4.66%</b>

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

<b>Capital adequacy</b>	<b>31.12.2025</b>	<b>31.12.2024</b>	<b>31.12.2023</b>
<b>Total Capital Ratio (TCR)</b>	<b>15.11%</b>	<b>17.24%</b>	<b>18.06%</b>
Minimum required level (OCR)	11.75%	12.21%	12.21%
Surplus (+) / Deficit (-) of TCR capital adequacy (p.p.)	3.36	5.03	5.85
Minimum recommended level TCR (OCR+P2G)	11.78%	12.21%	13.81%
Surplus (+) / Deficit (-) on recommended level (p.p.)	3.33	5.03	4.25
<b>Tier 1 Capital ratio (T1)</b>	<b>13.68%</b>	<b>14.82%</b>	<b>14.73%</b>
Minimum required level (OCR)	9.75%	9.85%	9.85%
Surplus (+) / Deficit (-) of T1 capital adequacy (p.p.)	3.93	4.97	4.88
Minimum recommended level T1 (OCR+P2G)	9.78%	9.85%	11.45%
Surplus (+) / Deficit (-) on recommended level (p.p.)	3.90	4.97	3.28
<b>Common Equity Tier 1 Capital ratio (CET1)</b>	<b>13.68%</b>	<b>14.82%</b>	<b>14.73%</b>
Minimum required level (OCR)	8.25%	8.07%	8.07%
Minimum recommended level CET1 (OCR+P2G)	8.28%	8.07%	9.67%
Surplus (+) / Deficit (-) on recommended level (p.p.)	5.40	6.75	5.06
<b>Leverage ratio</b>	<b>4.64%</b>	<b>4.64%</b>	<b>4.66%</b>
Minimum required level	3.00%	3.00%	3.00%
Surplus (+) / Deficit (-) of Leverage ratio (p.p.)	1.64	1.64	1.66

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 PFSA 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 PFSA, they were achieved for all capital ratios with a clear surplus

### Minimum requirement for own funds and eligible liabilities (MREL)

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

In May 2025, the Bank received a joint decision of the resolution authorities requiring it to meet the MREL requirements. The updated minimum requirements are 15.36% (consolidated MREL<sub>trea</sub>) and 5.91% (consolidated MREL<sub>tem</sub>). Additionally, in relation 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
<b>MREL<sub>trea</sub> ratio (consolidated)</b>	<b>24.53%</b>	<b>28.06%</b>
Minimum required level MREL <sub>trea</sub>	15.36%	18.03%
Surplus (+) / Deficit (-) of MREL <sub>trea</sub> (pp)	9.17	10.03
Minimum required level including Combined Buffer requirement (CBR)	19.11%	20.78%
Surplus (+) / Deficit (-) of MREL <sub>trea</sub> +CBR (pp)	5.42	7.28
<b>MREL<sub>tem</sub> (consolidated)</b>	<b>8.27%</b>	<b>8.71%</b>
Minimum required level of MREL <sub>tem</sub>	5.91%	5.91%
Surplus (+) / Deficit (-) of MREL <sub>tem</sub> (pp)	2.36	2.80

In terms of the MREL<sub>trea</sub> and MREL<sub>tem</sub> requirements, the Group presents a surplus compared to the minimum required levels as of 31 December 2025 and also meets the MREL<sub>trea</sub> Requirement after including the Combined Buffer Requirement.

## 8.3. CREDIT RISK

The credit risk is one of the most important risk types for the Group 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 Group's regulatory environment.

The Group 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 Group 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 Group assesses the probability of default (PD) of individual counterparties, using internal rating models adapted to various categories of customers and transactions. The Group'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 Group'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 Group 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 Group'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 Group's predictions will be the Group's receivables at the time of default against liabilities. Liabilities are understood by the Group 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 Group expects will be its losses resulting from actual cases of default.

#### Unification of the default definition across the Group

The Group adopted a unified definition of default, both in the calculation of capital requirements and for the purposes of estimating impairment. The Group 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 Group 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 Group 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 Group offers Treasury products for FX risk or interest rate risk only for hedging purposes and under Treasury limits assigned to clients or secured by specific collateral - deposit.

Most of the Group'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 Group 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 Group.

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 Group 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 Group 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 Group 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 (mentioned above) limits 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 Group from the point of view of punctual repayment of their principal and interest liabilities.

#### **Collateral**

The Group 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 Group, 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 Group as well as more detailed requirements that are to ensure the probability of selling collateral of respective types in the context of the Group's recovery experiences.

The Group 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 Group 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 Group 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 Group 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 Group 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 Group stipulates the possibility of taking additional collateral for the transaction.

### **(3c) Impairment and provisioning policy**

#### **Organization 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.

Supervision over the process of estimating impairment charges and provisions is exercised at the Group 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. Similarly organized is the impairment process at Millennium Leasing.

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 Group'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 Group in finance, risk, and management information.



## **Expected credit loss measurement**

Impairment estimation model within the Group 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 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. For leasing customers, the relative threshold is at least 1.91, 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. For leasing customers, the relative threshold was at least 2.52.

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 Group'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 Group 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 reorganizing 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 different enterprise reorganization.

- 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 Group 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 realization. The Group 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 realizing 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 Group 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:

- Group'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 Group 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 realization 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 Group 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 (credit, leasing) separate principles have been specified for portfolio types: business, restructuring-recovery, and leasing portfolio. 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 recognized impairment triggers because of an individual analysis.

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.
- In the LGD model for leasing portfolio the main components are: the coverage factor, cure rate, and recovery rate. The model reflects the current economic conditions (Point-in-Time concept) and uses macroeconomic forecasts (FLI).
- 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 Group 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 Group 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
Leasing	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)	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)	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
Leasing	-1 106	1 766
<b>Total</b>	<b>-4 715</b>	<b>8 076</b>

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
Leasing	-613	1 079
<b>Total</b>	<b>-5 075</b>	<b>13 041</b>

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
Leasing	39 313	34 755
<b>Total</b>	<b>873 527</b>	<b>628 643</b>

## 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 Group 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 Group applied management overlays for the following risks:

- Risk of reduced demand for the purchase of non-performing loans (NPL) by specialized 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
Impact of the implementation of the rating model for leasing receivables	0	-15 100	15 100
<b>Suma</b>	<b>176 546</b>	<b>-10 595</b>	<b>187 141</b>

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. Conversely, the adjustment attributable to the impact of the implementation of the rating model for leasing receivables was released immediately upon the model's implementation in that year.

### 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 Group executed a sale of NPL exposures, with a total gross carrying amount of PLN 446 million.

Sold in 2025.

PLN'000	Gross Carrying Amount	Provisions
Other retail	441 831	359 207
Companies	321	209
Leasing	4 237	2 242
<b>Total</b>	<b>446 390</b>	<b>361 658</b>

*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
Leasing	6 938	6 755
<b>Total</b>	<b>285 917</b>	<b>257 851</b>

*The total sales result is presented in Note 12*

### (3d) Maximum exposure to credit risk

	31.12.2025	31.12.2024
<b>Exposures exposed to credit risk connected with balance sheet assets</b>	<b>149 027 640</b>	<b>131 512 033</b>
Deposits, loans and advances to banks and other monetary institutions	350 741	434 517
Loans and advances to customers:	76 415 922	74 864 830
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 and public sector	87	70
Valued at amortized cost:	76 415 177	74 863 005
Loans to private individuals:	54 743 949	56 823 171
Receivables on account of payment cards	1 258 057	1 177 820
Cash loans and other loans to private individuals	17 839 484	17 121 238
Mortgage loans	35 646 408	38 524 113
Loans to companies	21 608 542	17 984 645
Loans to public entities	62 686	55 189
Financial derivatives (trading and hedging)	155 309	255 845
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	42 471 146	29 218 737
Debt instruments at amortised cost	26 905 373	24 381 485
Repurchase agreements held for trading	38 946	194 218
Repurchase agreements valued at amortised cost	59 978	0
Other financial assets	1 784 659	1 555 247
<b>Credit risk connected with off-balance sheet items</b>	<b>16 749 818</b>	<b>13 441 259</b>
Financial guarantees	2 076 330	1 686 880
Credit commitments	14 673 488	11 754 379

The table above presents the structure of the Group'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
<b>Balance exposures exposed to credit risk</b>	<b>140 113 515</b>	<b>6 490 823</b>	<b>2 928 923</b>	<b>67 725</b>	<b>149 600 987</b>
<b>Expected Credit Losses</b>	<b>341 694</b>	<b>382 247</b>	<b>1 611 442</b>	<b>23 202</b>	<b>2 358 586</b>
Loans and advances to banks (external rating Fitch: from BBB to AAA; Moody's: from B3 to Aaa; S&P: from B+ to AAA)	350 819	0	0	0	350 819
Loans and advances to private individuals (according to Master Scale):	50 190 881	4 247 314	2 060 981	44 161	56 543 338
▪ 1-3 Highest quality	31 149 778	367 638	0	2 567	31 519 983
▪ 4-6 Good quality	9 895 431	882 934	0	2 323	10 780 688
▪ 7-9 Medium quality	7 250 546	1 426 708	0	1 605	8 678 859
▪ 10-12 Low quality	1 895 067	1 072 344	0	255	2 967 667
▪ 13-14 Watched	59	487 818	0	466	488 343
▪ 15 Default	0	0	2 060 981	36 945	2 097 926
▪ Without rating *	0	9 871	0	0	9 871
Expected Credit Losses	180 988	296 375	1 292 796	29 230	1 799 389
Loans and advances to companies (according to Master Scale):	9 861 500	1 299 859	530 926	6 234	11 698 520
▪ 1-3 Highest quality	240 091	32 053	0	0	272 143
▪ 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	530 560	6 234	536 794
▪ Without rating *	1 789 133	447 003	366	0	2 236 502
Expected Credit Losses	96 100	47 892	214 538	-5 998	352 532
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
Leasing (according to Master Scale):	6 271 546	771 597	316 263	0	7 359 405
▪ 1-3 Highest quality	359 322	9 919	0	0	369 241
▪ 4-6 Good quality	1 498 933	53 694	0	0	1 552 627
▪ 7-9 Medium quality	3 531 008	176 383	0	0	3 707 391
▪ 10-12 Low quality	882 282	467 364	0	0	1 349 646
▪ 13-14 Watched	0	64 237	0	0	64 237
▪ 15 Default	0	0	316 263	0	316 263
▪ Without rating *	0	0	0	0	0
Expected Credit Losses	36 831	30 972	91 256	0	159 059

PLN'000, as of the end of 2025	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)	POCI	Total
Debt securities valued at amortised cost	26 905 373	0	0	0	26 905 373
Derivatives (according to Master Scale) ***:	155 309	0	0	0	155 309
▪ 1-3 Highest quality	97 645	0	0	0	97 645
▪ 4-6 Good quality	3 663	0	0	0	3 663
▪ 7-9 Medium quality	30 038	0	0	0	30 038
▪ 10-12 Low quality	1 989	0	0	0	1 989
▪ 13-14 Watched	6 956	0	0	0	6 956
▪ 15 Default	0	0	0	0	0
▪ Without rating	15 019	0	0	0	15 019
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	42 471 146	0	0	0	42 471 146
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
<b>Balance exposures exposed to credit risk</b>	<b>122 794 743</b>	<b>6 221 408</b>	<b>3 366 015</b>	<b>82 228</b>	<b>132 464 394</b>
<b>Expected Credit Losses</b>	<b>337 560</b>	<b>338 668</b>	<b>1 793 605</b>	<b>33 613</b>	<b>2 503 446</b>
Loans and advances to banks (external rating Fitch: from BBB to AAA; Moody's: from B3 to Aaa; S&P: from B+ to AAA)	434 534	0	0	0	434 534
Loans and advances to private individuals (according to Master Scale):	51 562 592	4 747 957	2 441 024	69 669	58 821 242
▪ 1-3 Highest quality	31 794 233	399 680	0	2 875	32 196 788
▪ 4-6 Good quality	9 973 964	1 149 779	0	2 397	11 126 139
▪ 7-9 Medium quality	7 615 414	1 590 482	0	1 880	9 207 776
▪ 10-12 Low quality	2 065 029	1 109 851	0	1 993	3 176 873
▪ 13-14 Watched	424	498 044	0	113	498 581
▪ 15 Default	0	0	2 441 024	60 412	2 501 436
▪ Without rating *	113 528	121	0	0	113 648
Expected Credit Losses	194 702	282 628	1 487 996	32 745	1 998 072
Loans and advances to companies (according to Master Scale):	7 397 389	789 547	499 331	12 559	8 698 826
▪ 1-3 Highest quality	403 094	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	499 070	12 530	511 600
▪ Without rating *	842 072	18	261	29	842 380
Expected Credit Losses	69 832	29 465	205 541	868	305 706

PLN'000, as of the end of 2024	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)	POCI	Total
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
Leasing (according to Master Scale):	6 160 971	589 526	344 690	0	7 095 187
▪ 1-3 Highest quality	250 961	1 112	31	0	252 105
▪ 4-6 Good quality	440 761	7 395	0	0	448 156
▪ 7-9 Medium quality	1 191 820	57 727	0	0	1 249 547
▪ 10-12 Low quality	409 721	60 700	228	0	470 649
▪ 13-14 Watched	0	3 270	0	0	3 270
▪ 15 Default	0	0	322 009	0	322 009
▪ Without rating *	3 867 707	459 322	22 422	0	4 349 451
Expected Credit Losses	45 955	23 998	77 019	0	146 972
Debt securities valued at amortised cost	24 381 485	0	0	0	24 381 485
Derivatives (according to Master Scale)***:	255 845	0	0	0	255 845
▪ 1-3 Highest quality	198 253	0	0	0	198 253
▪ 4-6 Good quality	18 597	0	0	0	18 597
▪ 7-9 Medium quality	5 403	0	0	0	5 403
▪ 10-12 Low quality	989	0	0	0	989
▪ 13-14 Watched	0	0	0	0	0
▪ 15 Default	0	0	0	0	0
▪ Without rating	32 603	0	0	0	32 603
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	29 218 737	0	0	0	29 218 737
Receivables from securities bought with sell-back clause at amortized 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 and some leasing clients;

\*\* 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
<b>Off-Balance exposures exposed to credit risk</b>	<b>14 779 713</b>	<b>1 947 135</b>	<b>22 202</b>	<b>767</b>	<b>16 749 818</b>
<b>Expected Credit Losses</b>	<b>59 129</b>	<b>38 676</b>	<b>7 553</b>	<b>0</b>	<b>105 358</b>
To banks (external rating Fitch: from BBB to AAA; Moody's: from B3 to Aaa; S&P: from B+ to AAA)	0	0	0	0	0
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
<b>Expected Credit Losses</b>	<b>3 266</b>	<b>25 591</b>	<b>5 392</b>	<b>0</b>	<b>34 249</b>
To companies (according to Master Scale):	7 493 344	1 296 017	11 947	0	8 801 309
▪ 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 *	467 267	712 695	0	0	1 179 962
<b>Expected Credit Losses</b>	<b>40 824</b>	<b>11 451</b>	<b>1 639</b>	<b>0</b>	<b>53 913</b>
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
<b>Expected Credit Losses</b>	<b>1 331</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>1 337</b>
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
<b>Expected Credit Losses</b>	<b>13 708</b>	<b>1 629</b>	<b>522</b>	<b>0</b>	<b>15 859</b>

PLN'000, as of the end of 2024	Stage 1 (12-month ECL)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)	POCI	Total
<b>Off-Balance exposures exposed to credit risk</b>	<b>12 628 811</b>	<b>749 251</b>	<b>58 768</b>	<b>4 429</b>	<b>13 441 259</b>
<b>Expected Credit Losses</b>	<b>30 343</b>	<b>16 591</b>	<b>6 648</b>	<b>0</b>	<b>53 583</b>
To banks (external rating Fitch: from BBB to AAA; Moody's: from B3 to Aaa; S&P: from B+ to AAA)	0	0	0	0	0
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):	6 275 066	346 904	6 227	3 592	6 631 788
▪ 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 *	882 237	55	0	0	882 291
Expected Credit Losses	24 083	3 129	1 809	0	29 021
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	475 920	79 840	1 439	0	557 200
Collective analysis	415 221	660 491	1 356 156	0	2 431 868
Total	891 141	740 332	1 357 595	0	2 989 067

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	532 864	106 815	2 802	0	642 481
Collective analysis	404 396	791 382	1 600 438	0	2 796 216
Total	937 260	898 197	1 603 240	0	3 438 697

#### 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	363 328	65.2%	31.2%	386 137	60.1%	28.1%
CHF	3 651	0.7%	15.8%	16 738	2.6%	14.1%
EUR	187 393	33.6%	43.4%	239 602	37.3%	42.6%
USD	2 827	0.5%	46.8%	4	0.0%	60.1%
<b>Total (Case by Case impaired)</b>	<b>557 200</b>	<b>100.0%</b>	<b>35.3%</b>	<b>642 481</b>	<b>100.0%</b>	<b>33.1%</b>

At the end of 2025, the financial impact from the established collaterals securing the Group's receivables with impairment recognized under individual analysis (Case by Case) amounted to PLN 273.5 million (at the end of 2024 respectively PLN 320.3 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 Group 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 Group is exposed in connection with client transactions giving rise to the Group's off-balance sheet receivables or liabilities.

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

Recovery of retail receivables is a fully centralized 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 Group. 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 specialized 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 Group 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 recognized impairment managed by the Group's organizational units responsible for loan restructuring.

Gross exposure in '000 PLN	31.12.2025	31.12.2024
Loans and advances to private individuals	950 811	1 272 883
0 days	316 440	493 269
from 1 to 30 days	175 820	279 722
from 31 to 90 days	116 261	147 016
over 90 days	342 290	352 875
Loans and advances to companies	161 037	199 999
0 days	70 927	110 153
from 1 to 30 days	7 586	4 908
from 31 to 90 days	3 061	1 577
over 90 days	79 464	83 361
Total	1 111 848	1 472 882

### (3f) Collateral transferred to the Group

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").

At the same time, a subsidiary of Bank - Millennium Leasing, takes control over some of assets leased and leads active measures aimed at their disposal. Data about the value of these assets and their changes during the reporting period are shown in **note (30) "Non-current assets held for sale"** of the consolidated balance sheet.

### (3g) Policy for writing off receivables

Credit exposures for which the Group 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 Group 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	49 850	9 634	51 433	0	110 918

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	30 394	487	121 496	0	152 377

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

#### Economy sectors

The table below presents the Group'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	350 820	0	0	0	0	0	0	0	350 820
Loans and advances to customers (Amortized cost)	374 642	6 098 775	6 237 155	3 006 142	25 352	36 141 032	20 402 305	6 488 359	78 773 762
Loans and advances to customers (FAIR VALUE)	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	24 989 824	0	0	0	26 905 422
Instruments mandatorily at fair value through P&L	176 307	0	0	0	0	0	0	0	176 307
Financial derivatives (trading and hedging)	110 913	15 977	2 208	1 335	0	0	0	24 877	155 310
Instruments at fair value through other comprehensive income	40 616	4 996	0	282	42 471 156	0	0	35	42 517 085
Repurchase agreements	98 924	0	0	0	0	0	0	0	98 924
<b>Total</b>	<b>3 067 904</b>	<b>6 119 905</b>	<b>6 239 366</b>	<b>3 007 852</b>	<b>68 311 244</b>	<b>36 141 032</b>	<b>20 402 963</b>	<b>6 513 274</b>	<b>149 803 540</b>

\* 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	434 535	0	0	0	0	0	0	0	434 535
Loans and advances to customers (Amortized cost)	357 849	5 431 159	5 625 030	2 864 318	28 245 39	125 251	19 695 991	4 238 608	77 366 451
Loans and advances to customers (FAIR VALUE)	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	22 076 302	0	0	0	24 381 493
Instruments mandatorily at fair value through P&L	118 399	0	0	0	0	0	0	0	118 399
Financial derivatives (trading and hedging)	243 594	6 006	1 627	2 073	0	0	0	2 545	255 845
Instruments at fair value through other comprehensive income	472 632	4 996	0	285	28 782 497	0	0	35	29 260 445
Repurchase agreements	194 218	0	0	0	0	0	0	0	194 218
<b>Total</b>	<b>4 126 451</b>	<b>5 442 236</b>	<b>5 626 660</b>	<b>2 866 747</b>	<b>51 442 409</b>	<b>39 125 251</b>	<b>19 697 746</b>	<b>4 241 190</b>	<b>132 568 690</b>

\* 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 Group defines internal concentration limits in accordance with the risk tolerance allowing it to keep well diversified loan portfolio.

Sector name	2025	Share (%)	2024	Share (%)
	Balance Exposure (PLN million)		Balance Exposure (PLN million)	
<b>Credits for individual persons</b>	<b>56 543.3</b>	<b>71.8%</b>	<b>58 821.2</b>	<b>76.0%</b>
Mortgage	36 141.0	45.9%	39 125.2	50.6%
Cash loan	17 906.5	22.7%	17 216.6	22.2%
Credit cards and other	2 495.8	3.2%	2 479.4	3.2%
<b>Credit for companies*</b>	<b>22 230.4</b>	<b>28.2%</b>	<b>18 545.2</b>	<b>24.0%</b>
Wholesale and retail trade; repair	6 237.2	7.9%	5 625.0	7.3%
Manufacturing	4 502.9	5.7%	4 045.7	5.2%
Construction	1 595.9	2.0%	1 385.4	1.8%
Transportation and storage	3 006.2	3.8%	2 864.4	3.7%
Public administration and defence	25.4	0.0%	28.2	0.0%
Information and communication	1 112.0	1.4%	872.4	1.1%
Other Services	1 337.8	1.7%	1 018.5	1.3%
Financial and insurance activities	374.6	0.5%	363.7	0.5%
Real estate activities	1 574.9	2.0%	829.8	1.1%
Professional, scientific, and technical services	757.1	1.0%	444.0	0.6%
Mining and quarrying	69.5	0.1%	88.4	0.1%
Water supply, sewage, and waste	305.5	0.4%	238.2	0.3%
Electricity, gas, water	541.1	0.7%	81.8	0.1%
Accommodation and food service activities	274.4	0.3%	247.8	0.3%
Education	115.4	0.1%	99.0	0.1%
Agriculture, forestry, and fishing	91.8	0.1%	90.4	0.1%
Human health and social work activities	249.2	0.3%	168.8	0.2%
Culture, recreation, and entertainment	59.7	0.1%	53.7	0.1%
<b>Total (gross)</b>	<b>78 773.8</b>	<b>100.0%</b>	<b>77 366.5</b>	<b>100.0%</b>

\* incl. Microbusiness, annual turnover below PLN 5 million

Concentration ratio of the 20 largest customers in the Group's loan portfolio (considering groups of connected entities) at the end of 2025 equals 7.4% comparing with 5.8% 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 5.4%.

The average LTV for the retail mortgage portfolio amounted to 44.5% at the end of 2025 compared to 45.4% 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	Share (%)	2024	Share (%)
	Balance Exposure (in '000 PLN)		Balance Exposure (in '000 PLN)	
0-50%	21 886 825	60.6%	23 321 231	59.4%
50-80%	12 836 751	35.5%	14 092 659	35.9%
80-100%	1 283 591	3.6%	1 643 979	4.2%
>100%	133 697	0.4%	177 750	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 Group'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 Group'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).

The framework of market risk and interest rate risk management and its control 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.

### Market risk

The Group'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 Group. The equity risk assumed to be irrelevant since the Group's engagement in equity instruments is immaterial.

Each market risk type is measured individually using an appropriate risk model 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 Group 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 Group (VaR) is calculated considering the holding period of ten 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 accurately 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 several types of risk, which enables the Group 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 Group.

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 overall Group 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 Group continued to operate in a prudent manner. In 2025 the VaR indicators for the Group 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 Group'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 Group ('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 Group. According to the Risk Strategy approved in the Group, the FX open position is allowed, however should be kept at low levels. For this purpose, the Group has introduced a system of 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 total FX open position remained on average at the level of PLN 15.8 million with maximum of PLN 61.6 million. In 2025, the total FX 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 Group. 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 rate 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
<b>TOTAL</b>	<b>-327 721</b>	<b>-179 585</b>

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 Group's priority remained the stabilization of net interest income in the medium- and long-term perspective. In this context, the Group continued its strategy of gradually increasing both the volume and the share of 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 31<sup>st</sup> 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 31<sup>st</sup> December 2025 (for example, the NBP Reference rate was at 4.00%, versus 5.75% as of 31<sup>st</sup> 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 100 bps in the yield curve up and down is an additional shock to all market interest rates levels as of 31<sup>st</sup> 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 Group'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 Group's obligations.

There were no exposures to liquidity risk at a subsidiary level because the Bank manages liquidity risk centrally. 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 Group'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 Group 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 Group's Loan-to-Deposit ratio decreased and was equalled to 58% at the end of December 2025 (comparing to level of 64% as of end of December 2024).

The liquid assets portfolio is treated by the Group'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 debt securities portfolio amounted to 99.9% and allowed to reach the level of approx. PLN 70.1 billion (45% of total assets), whereas at the end of December 2024 was at the level of approx. PLN 53.9 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 Group. At the end of 2025 total Clients' deposits of the Group reached the level of PLN 130.8 billion (PLN 117.3 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. 75.2% at the end of December 2025 (74.7% at the end of December 2024). The high share of funds from individuals had a positive impact on the Group'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 2025 amounted respectively to 1.6% and 4.3% (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 Group 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 and leasing portfolios.

In 2025 year, Millennium Mortgage Bank issued additional covered bonds (0.8 billion in March and 1 billion in November) and at the end of December 2025 total nominal of issued covered bonds by the Group reached the level of PLN 2.6 billion (PLN 0.8 billion at the end of December 2024).

The total Credit Linked Notes issued by the Group amounts to PLN 677.8 million at the end of 2025 year (PLN 882.8 million at the end of 2024). The Group has no medium-term loans from financial institutions at the end of 2025 (the same as at the end of 2024).

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

### **Liquidity risk evaluation measures**

The estimation of the Group'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 Group'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 Group 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 Group 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 Group. LCR reached the level of 402% at the end of December 2025 (371% 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 Group. NSFR is monitored and reported monthly. In 2025, the NSFR was above the supervisory minimum of 100%. NSFR reached the level of 203% at the end of December 2025 (196% as of the end of December 2024). Moreover, in line with Recommendation WFD (issued in July 2024), the Group is calculating monthly Long Term Funding Ratio (LTFR/WFD), which in December 2025 reached 33% (28% in December 2024).

**Current Liquidity indicators PLN million**

31.12.2025					
	Immediate liquidity ratio (%)*	Quarterly liquidity ratio (%)*	Central Bank Collateral / Total Deposits (%)**	Liquid assets Portfolio (m PLN)***	LCR (%)
Indicator	45%	47%	42%	70 354	402%
31.12.2024					
	Immediate liquidity ratio (%)*	Quarterly liquidity ratio (%)*	Central Bank Collateral / Total Deposits (%)**	Liquid assets Portfolio (m PLN)***	LCR (%)
Indicator	39%	39%	35%	53 646	371%

\* - 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 Group monitors liquidity based on internal liquidity measures, considering the impact of FX rates on the liquidity situation.

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

In December 2025, liquidity gaps were maintained positive. The results of cumulative, behaviour liquidity gaps (normal conditions) are presented in tables below.

Adjusted Liquidity Gap (PLN mln)	2025-12-31			
	Up to 6M	Up to 1Y	Up to 2Y	Up to 5Y
Counterbalancing capacity	68 303	68 303	68 303	68 303
Outflows	11 490	3 678	6 322	14 549
Outflows Cumulated	11 490	15 168	21 490	36 039
Inflows	12 437	7 725	11 362	27 073
Inflows Cumulated	12 437	20 162	31 524	58 597
Liquidity Gap	69 250	4 047	5 040	12 524
Liquidity Gap Cumulated	69 250	73 297	78 337	90 860

Adjusted Liquidity Gap (PLN mln)	2024-12-31			
	Up to 6M	Up to 1Y	Up to 2Y	Up to 5Y
Counterbalancing capacity	52 165	52 165	52 165	52 165
Outflows	10 984	2 148	3 164	15 068
Outflows Cumulated	10 984	13 132	16 296	31 364
Inflows	10 077	4 539	8 012	17 049
Inflows Cumulated	10 077	14 616	22 628	39 678
Liquidity Gap	51 258	2 391	4 848	1 981
Liquidity Gap Cumulated	51 258	53 650	58 498	60 479

The Group 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 of 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 Group's liquidity-risk profile, to ensure that the Group 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 Group'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 Group has also emergency procedures for situations of increased liquidity risk – the Liquidity Contingency Plan (contingency plan in case the Group’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 Group 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 processes' 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. Operational Segments

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

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

### **Retail Customer Segment**

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

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

### **Corporate Customer Segment**

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

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

### **Treasury, ALM (assets and liabilities management) and Other**

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

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



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

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

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

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

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

**Income statement 1.01.2025 – 31.12.2025**

<i>In '000 PLN</i>	<b>Retail Banking</b>	<b>Corporate Banking</b>	<b>Treasury. ALM &amp; Other</b>	<b>FX mortgage</b>	<b>TOTAL</b>
Net interest income	4 557 357	808 911	391 506	(2 175)	5 755 599
Net fee and commission income	565 270	204 641	1 732	3 400	775 043
Dividends, other income from financial operations and foreign exchange profit	101 446	107 384	30 597	6 254	245 681
Result on non-trading financial assets mandatorily at fair value through profit or loss	581	0	88 891	0	89 472
Other operating income and cost	(28 173)	5 583	(26 388)	120 181	71 203
Operating income	5 196 481	1 126 519	486 338	127 660	6 936 998
Staff costs	(1 057 448)	(263 970)	(34 994)	0	(1 356 412)
Administrative costs, including:	(654 026)	(111 788)	(114 441)	(95 356)	(975 611)
- BGF costs	(71 764)	(1 781)	(76 007)	0	(149 552)
Depreciation and amortization	(190 032)	(30 095)	(4 251)	0	(224 378)
Operating expenses	(1 901 506)	(405 853)	(153 686)	(95 356)	(2 556 401)
Impairment losses on assets	(107 706)	(126 884)	(19 968)	6 820	(247 738)
Results on modification	(40)	(3 124)	0	0	(3 164)
Costs of legal risk connected with FX mortgage loans	0	0	0	(2 104 218)	(2 104 218)
<b>Total operating result</b>	<b>3 187 229</b>	<b>590 658</b>	<b>312 684</b>	<b>(2 065 094)</b>	<b>2 025 477</b>
Banking tax					(405 713)
<b>Profit / (loss) before income tax</b>					<b>1 619 764</b>
Income taxes					(417 975)
<b>Profit / (loss) after taxes</b>					<b>1 201 789</b>

**Balance sheet items as at 31.12.2025**

<i>In '000 PLN</i>	<b>Retail Banking</b>	<b>Corporate Banking</b>	<b>Treasury. ALM &amp; Other</b>	<b>FX mortgage</b>	<b>TOTAL</b>
Loans and advances to customers	57 744 252	17 958 170	0	713 499	76 415 921
Debt securities (AC and HTCFS portfolios)	0	0	69 376 518	0	69 376 518
Liabilities to customers	102 341 660	28 465 831	0	0	130 807 491

## Income statement 1.01.2024 – 31.12.2024

<i>In '000 PLN</i>	<b>Retail Banking</b>	<b>Corporate Banking</b>	<b>Treasury. ALM &amp; Other</b>	<b>FX mortgage</b>	<b>TOTAL</b>
Net interest income	4 675 191	871 625	(9 570)	(7 302)	5 529 944
Net fee and commission income	563 291	204 350	2 924	6 133	776 698
Dividends, other income from financial operations and foreign exchange profit	118 535	103 280	(6 795)	5 499	220 519
Result on non-trading financial assets mandatorily at fair value through profit or loss	745	0	18 389	0	19 134
Other operating income and cost	(9 013)	3 502	66 681	(86 159)	(24 989)
Operating income	5 348 749	1 182 757	71 629	(81 829)	6 521 306
Staff costs	(962 758)	(204 828)	(29 306)	0	(1 196 892)
Administrative costs, including:	(503 974)	(94 712)	(92 997)	(137 869)	(829 552)
- BGF costs	(9)	0	(60 841)	0	(60 850)
Depreciation and amortization	(194 753)	(27 293)	(4 145)	0	(226 191)
Operating expenses	(1 661 485)	(326 833)	(126 448)	(137 869)	(2 252 635)
Impairment losses on assets	(263 106)	(100 822)	(4 274)	59 402	(308 800)
Results on modification	43	(2 241)	0	0	(2 198)
Costs of legal risk connected with FX mortgage loans	0	0	0	(2 850 230)	(2 850 230)
<b>Total operating result</b>	<b>3 424 201</b>	<b>752 861</b>	<b>(59 093)</b>	<b>(3 010 526)</b>	<b>1 107 443</b>
Banking tax					(232 419)
<b>Profit / (loss) before income tax</b>					<b>875 024</b>
Income taxes					(155 815)
<b>Profit / (loss) after taxes</b>					<b>719 209</b>

## Balance sheet items as at 31.12.2024

<i>In '000 PLN</i>	<b>Retail Banking</b>	<b>Corporate Banking</b>	<b>Treasury. ALM &amp; Other</b>	<b>FX mortgage</b>	<b>TOTAL</b>
Loans and advances to customers	58 486 584	15 064 253	0	1 313 993	74 864 830
Debt securities (AC and HTCFS portfolios)	0	0	53 600 222	0	53 600 222
Liabilities to customers	91 029 506	26 227 707	0	0	117 257 213

## 10. Transactions with Related Entities

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

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

### 10.1. DESCRIPTION OF THE TRANSACTIONS WITH THE PARENT GROUP

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

	With parent company		With other entities from parent group	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
<b>ASSETS</b>				
Loans and advances to banks – accounts and deposits	2 593	1 788	0	0
Financial assets held for trading	0	0	0	0
Hedging derivatives	0	0	0	0
Other assets	0	0	0	0
<b>LIABILITIES</b>				
Loans and deposits from banks	129	121	0	0
Debt securities	0	0	0	0
Financial liabilities held for trading	0	0	0	0
Hedging derivatives	0	0	0	0
Other liabilities	420	234	0	14

	With parent company		With other entities from parent group	
	2025	2024	2025	2024
Income from:				
Interest	2 383	5 398	0	0
Commissions	292	209	0	0
Financial assets and liabilities held for trading	0	1 224	0	0
Expense from:				
Interest	945	46	0	0
Commissions	0	0	0	0
Financial assets and liabilities held for trading	0	0	0	0
Other net operating	0	0	0	0
Administrative expenses	186	185	34	6

	With parent company		With other entities from parent group	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
Conditional commitments	34 816	24 680	0	0
granted	0	0	0	0
obtained	34 816	24 680	0	0
Derivatives (par value)	0	0	0	0

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

## 10.2. TRANSACTIONS WITH THE MANAGING AND SUPERVISING PERSONS

Information on total exposure towards the 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 Group 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 Group'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

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

Salaries (including the balance of created and reversed provisions for payments of bonuses) and benefits of managing persons recognized in Profit and loss account of the Group were as follows (data in thousand PLN):

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 remuneration and benefits
2025	2 250.9
2024	2 125.5

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.

## 11. Fair Value

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

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

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

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 Group are as follows:

#### *Receivables and liabilities with respect to banks*

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

#### *Loans and advances granted to customers valued at amortised cost*

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

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



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

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

#### *Debt securities valued at amortised cost*

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

#### *Liabilities to customers*

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

The fair value of instruments with a maturity of more than 30 days has been determined by discounting future principal and interest cash flows at current rates (based on current average margins by major currencies and time bands) using contractual dates, with cash flows established based on original average margins by major currencies and time bands.

#### *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 results of the above-described analyses as at 31.12.2025 (data in PLN thousand):

	Note	Balance sheet value	Fair value
<b>ASSETS MEASURED AT AMORTISED COST</b>			
Debt securities	23	26 905 373	27 403 322
Deposits, loans and advances to banks and other monetary institutions	23	350 741	350 869
Loans and advances to customers	22	76 415 176	75 888 080
<b>LIABILITIES MEASURED AT AMORTISED COST</b>			
Liabilities to banks and other monetary institutions	32	103 113	103 113
Liabilities to customers	33	130 807 491	130 832 782
Debt securities issued	35	7 640 812	7 641 674
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 26,874,258 thous. as at 31.12.2025 and PLN 24,343,749 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 Group'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 Group 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
<b>ASSETS MEASURED AT AMORTISED COST</b>			
Debt securities	23	24 381 485	24 490 907
Deposits, loans and advances to banks and other monetary institutions	23	434 517	434 304
Loans and advances to customers	22	74 863 005	74 287 705
<b>LIABILITIES MEASURED AT AMORTISED COST</b>			
Liabilities to banks and other monetary institutions	32	204 459	204 459
Liabilities to customers	33	117 257 213	117 251 765
Debt securities issued	35	6 124 775	6 127 207
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
<b>ASSETS</b>				
Financial assets held for trading	19			
Valuation of derivatives		0	59 194	96 115
Equity instruments		252	0	0
Debt securities		824 911	0	0
Repurchase agreements		38 946	0	0
Non-trading financial assets mandatorily at fair value through profit or loss	20			
Equity instruments		0	0	155 652
Debt securities		0	0	20 655
Loans and advances	22	0	0	745
Financial assets at fair value through other comprehensive income	21			
Equity instruments		684	0	40 258
Debt securities		32 155 728	10 315 417	0
Derivatives – Hedge accounting	24	0	0	0
<b>LIABILITIES</b>				
Financial liabilities held for trading	31			
Valuation of derivatives		0	111 590	96 984
Short positions		37 788	0	0
Derivatives – Hedge accounting	24	0	24 735	0

Data in '000 PLN, as at 31.12.2024

	Note	Quoted market prices Level 1	Valuation techniques - observable inputs Level 2	Valuation techniques - significant unobservable inputs Level 3
<b>ASSETS</b>				
Financial assets held for trading	19			
Valuation of derivatives		0	73 321	182 524
Equity instruments		115	0	0
Debt securities		555 364	0	0
Repurchase agreements		194 218	0	0
Non-trading financial assets mandatorily at fair value through profit or loss	20			
Equity instruments		0	0	66 609
Debt securities		0	0	51 790
Loans and advances	22	0	0	1 825
Financial assets at fair value through other comprehensive income	21			
Equity instruments		481	0	36 231
Debt securities		20 526 513	8 692 224	0
Derivatives – Hedge accounting	24	0	0	0
<b>LIABILITIES</b>				
Financial liabilities held for trading	31			
Valuation of derivatives		0	40 312	185 991
Short positions		190 769	0	0
Derivatives – Hedge accounting	24	0	101 539	0

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

- credit exposures with a leverage / multiplier feature inbuilt in the definition of interest rate (these are credit card exposures and overdraft limits for which the interest rate is based on a multiplier: 4 times the lombard rate);
- index options, option transactions are measured at fair value with use of option measurement models, the model measurement is supplemented with impact on fair value of the estimated credit risk parameter;
- VISA Inc. engagement shares; the method of fair value calculation of this instrument considers the time value of money and the time line for conversion of preferred stock in common stock of VISA.
- other equity instruments measured at fair value (unquoted on an active market). In particular, the 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 Group did not make transfers of financial instruments between the techniques of fair value measurement.

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

	Indexes options	Options embedded in securities issued and deposits	Shares	Debt securities	Loans and advances
<b>Balance on 31.12.2024</b>	<b>178 195</b>	<b>(181 662)</b>	<b>102 836</b>	<b>51 790</b>	<b>1 825</b>
Settlement/sell/purchase	(86 701)	83 705	(34 004)	0	(2 725)
Change of valuation recognized in equity	0	0	4 033	0	0
Interest income and other of similar nature	0	0	0	0	1 064
Results on financial assets and liabilities held for trading	2 781	2 813	0	0	0
Result on non-trading financial assets mandatorily at fair value through profit or loss	0	0	123 045	(31 135)	581
Result on exchange differences	0	0	0	0	0
<b>Balance on 31.12.2025</b>	<b>94 275</b>	<b>(95 144)</b>	<b>195 910</b>	<b>20 655</b>	<b>745</b>

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

Accordingly Group'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
<b>Balance on 31.12.2023</b>	<b>405 612</b>	<b>(414 200)</b>	<b>95 154</b>	<b>81 014</b>	<b>19 349</b>
Settlement/sell/purchase	(248 040)	251 045	(46 959)	0	(21 554)
Change of valuation recognized in equity	0	0	7 847	0	0
Interest income and other of similar nature	0	0	0	0	3 285
Results on financial assets and liabilities held for trading	20 623	(18 507)	0	0	0
Result on non-trading financial assets mandatorily at fair value through profit or loss	0	0	46 803	(29 224)	745
Result on exchange differences	0	0	(5)	0	0
<b>Balance on 31.12.2024</b>	<b>178 195</b>	<b>(181 662)</b>	<b>102 840</b>	<b>51 790</b>	<b>1 825</b>

## 12. Contingent liabilities and assets

### 12.1. LAWSUITS AND SIGNIFICANT PROCEEDINGS

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

#### **Court cases brought up by the Group**

Value of the court litigations, as at 31.12.2025, in which entities of the Group were a plaintiff, totaled PLN 3,540.6 million (PLN 4,166.8 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 Group**

As at 31.12.2025, the most important proceedings, in the group of the court cases in which entities of the Group were defendant, were following:

- The Bank is a defendant in two court proceedings, in which the subject of the dispute is the amount of the interchange fee. The total value of claims reported in these cases is PLN 729.2 million. The procedure with the highest value of the reported claim is the case 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 Group's companies appeared as defendant, stood at PLN 5,060.6 million (PLN 6,186.4 million as at 31.12.2024) excluding the class actions described in the **Chapter 13**. 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 13**. "Legal risk related to foreign currency mortgage loans".

## 12.2. OFF – BALANCE ITEMS

Amount '000 PLN	31.12.2025	31.12.2024
Commitments granted:	16 749 818	13 441 260
loan commitments	14 673 488	11 754 380
guarantee	2 076 330	1 686 880
Commitments received:	2 819 055	2 730 692
financial	1	346
guarantee	2 819 054	2 730 346

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 Group 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 Group, should the customers default on their obligations. The Group 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 Group 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, reported in off-balance sheet items is presented in the table below:

<b>Customer – sector, Amount '000 PLN</b>	<b>31.12. 2025</b>	<b>31.12. 2024</b>
financial sector	156 580	122 080
non-financial sector (companies)	1 919 750	1 564 785
public sector	0	15
<b>Total</b>	<b>2 076 330</b>	<b>1 686 880</b>

### Guarantees and sureties granted to Clients

<b>Commitments granted, Amount '000 PLN</b>	<b>31.12. 2025</b>	<b>31.12.2024</b>
Active guarantees and sureties	1 087 703	1 025 597
Lines for guarantees and sureties	993 029	664 855
<b>Total</b>	<b>2 080 731</b>	<b>1 690 452</b>
Provisions created	(4 402)	(3 572)
<b>Commitments granted – guarantee after provisions</b>	<b>2 076 330</b>	<b>1 686 880</b>

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

<b>By currency</b>	<b>31.12. 2025</b>	<b>31.12.2024</b>
PLN	805 371	750 189
Other currencies	282 333	275 408
<b>Total:</b>	<b>1 087 704</b>	<b>1 025 597</b>

<b>By type of commitment</b>	<b>31.12.2025</b>		<b>31.12.2024</b>	
	<b>Number</b>	<b>Amount</b>	<b>Number</b>	<b>Amount</b>
Guarantee	3 323	1 051 284	3 238	1 006 219
Surety	0	0	0	0
Re-guarantee	91	36 420	77	19 378
<b>Total:</b>	<b>3 414</b>	<b>1 087 704</b>	<b>3 315</b>	<b>1 025 597</b>

<b>By object of the commitment</b>	<b>31.12.2025</b>			<b>31.12.2024</b>		
	<b>Number</b>	<b>Amount</b>	<b>% share</b>	<b>Number</b>	<b>Amount</b>	<b>% share</b>
good performance of contract	2 823	557 842	51.28%	2 745	542 008	52.85%
punctual payment for goods or services	194	291 887	26.84%	223	257 016	25.06%
bid bond	82	23 224	2.14%	92	21 484	2.09%
rent payment	147	85 756	7.88%	151	87 388	8.53%
advance return	65	72 509	6.67%	43	60 039	5.85%
customs	68	25 502	2.34%	23	17 731	1.73%
other	16	7 597	0.70%	25	32 915	3.21%
payment of bank loan	19	23 387	2.15%	13	7 017	0.68%
<b>Total:</b>	<b>3 414</b>	<b>1 087 704</b>	<b>100.00%</b>	<b>3 315</b>	<b>1 025 597</b>	<b>100.00%</b>



## 13. 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.

## 14. 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	1 787 399	1 351 000
Debt securities	1 787 399	1 351 000
Interest income from Financial assets at amortised cost	7 215 544	7 326 377
Balances with the Central Bank	215 090	223 301
Loans and advances to customers, including	5 791 337	6 074 423
- the impact of the adjustment to the gross carrying amount of loans due to credit holidays	0	(112 709)
Debt securities	1 156 468	1 002 220
Deposits, loans and advances to banks	21 136	26 433
Hedging derivatives	31 513	0
Income of similar nature to interest, including:	117 292	145 750
Loans and advances to customers mandatorily at fair value through profit or loss	1 064	3 285
Financial assets held for trading - derivatives	39 380	82 139
Financial assets held for trading - debt securities	26 198	15 963
Financial assets held for trading – repurchase agreements	50 650	44 363
<b>Total</b>	<b>9 120 235</b>	<b>8 823 127</b>

Interest income for the year 2025 contains interest accrued on impaired loans in the amount of PLN 208,008 thous. (for corresponding data in the year 2024 the amount of such interest stood at PLN 193,477 thous.).

Interest income from instruments measured at amortized cost for 2024 includes an adjustment for credit holidays (reducing income) in the amount of PLN 112.7 million (for corresponding data in the year 2023 the amount of adjustment stood at PLN 9.2 million), more information on this subject is presented in **Chapter 7.3 Adopted accounting principles**.

In the line “Hedging derivatives”, the Group 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 Group 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	(3 364 636)	(3 293 183)
Liabilities to banks and other monetary institutions	(15 014)	(14 120)
Liabilities to customers	(2 625 161)	(2 657 076)
Transactions with repurchase agreement	(27 071)	(37 513)
Debt securities issued	(566 597)	(433 712)
Subordinated debt	(116 744)	(125 557)
Liabilities due to leasing agreements	(14 049)	(11 520)
Hedging derivatives	0	(13 685)
<b>Total</b>	<b>(3 364 636)</b>	<b>(3 293 183)</b>

### 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	113 554	112 750
Resulting from money transfers, cash payments and withdrawals and other payment transactions	108 288	102 097
Resulting from loans granted	199 971	202 855
Resulting from guarantees and sureties granted	14 024	13 698
Resulting from payment and credit cards	339 565	317 104
Resulting from sale of insurance products	79 357	128 757
Resulting from distribution of investment funds units and other savings products	30 791	28 251
Resulting from brokerage and custody service	14 882	13 375
Resulting from investment funds managed by the Group	124 222	89 769
Other	54 118	49 663
<b>Total</b>	<b>1 078 772</b>	<b>1 058 319</b>

In the above note, the Group presents commission income not subject to recognition under the effective interest rate method, recognized in accordance with IFRS 9 in the amount of PLN 213,995 thous. for 2025 (and PLN 216,553 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 864,777 thous. for 2025 (and PLN 841,766 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)	(45 665)
Resulting from money transfers, cash payments and withdrawals and other payment transactions	(4 451)	(4 548)
Resulting from loans granted	(57 590)	(35 574)
Resulting from payment and credit cards	(102 222)	(117 815)
Resulting from brokerage and custody service	(3 190)	(2 595)
Resulting from investment funds managed by the Group	(16 983)	(13 435)
Resulting from insurance activity	(7 848)	(8 280)
Other	(57 475)	(53 709)
<b>Total</b>	<b>(303 729)</b>	<b>(281 621)</b>



#### 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	280	545
Financial assets at fair value through other comprehensive income	4 026	3 081
<b>Total</b>	<b>4 306</b>	<b>3 626</b>

#### 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
Costs of financial operations	(3 156)	(2 125)
<b>Total</b>	<b>(4 448)</b>	<b>(1 982)</b>

#### 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	13 050	(1 475)
Result on derivatives	11 119	(5 731)
Result on other financial operations	101	0
<b>Total</b>	<b>24 270</b>	<b>(7 206)</b>

#### 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	120 026	47 614
Result on debt instruments	(31 135)	(29 225)
<b>Total</b>	<b>89 472</b>	<b>19 134</b>

## 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)
<b>Total</b>	<b>289</b>	<b>1 544</b>

## 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	58 867	41 811
Indemnifications, penalties and fines received	3 077	6 967
Income from sale of other services	50 026	42 371
Income from collection service	16 712	26 014
Income from leasing business	7 975	9 373
Income from write-back of provisions for disputed claims	8 283	4 547
Valuation of the Société Générale S.A. guarantee and indemnity agreement*	230 744	223 086
Other	25 728	20 027
<b>Total</b>	<b>401 412</b>	<b>374 196</b>

\* 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	(11 695)	(11 771)
Indemnifications, penalties and fines paid	(32 187)	(28 130)
Costs of provisions for disputed claims	(93 133)	(8 914)
Costs of 'Cashback' operations	(22 324)	(17 770)
Costs of leasing business	(1 614)	(4 950)
Donations made	(1 033)	(2 039)
Costs of collection service	(145 004)	(299 527)
Costs of legal representation	(6 361)	(14 017)
Other	(16 858)	(12 067)
<b>Total</b>	<b>(330 209)</b>	<b>(399 185)</b>

## 11. ADMINISTRATIVE EXPENSES

	01.01.2025 - 31.12.2025	01.01.2024 - 31.12.2024
Staff costs:	(1 356 412)	(1 196 892)
Salaries	(1 111 236)	(979 160)
Surcharges on pay	(189 738)	(169 286)
Employee benefits, including:	(55 438)	(48 446)
provisions for retirement benefits	(6 631)	(6 227)
provisions for unused employee holiday	(6 236)	(2 461)
other	(42 571)	(39 758)
Other administrative expenses:	(975 611)	(829 552)
Costs of advertising, promotion and representation	(93 278)	(78 304)
IT and communications costs	(231 117)	(171 333)
Costs of renting	(55 589)	(57 330)
Costs of buildings maintenance, equipment and materials	(55 777)	(55 001)
ATM and cash maintenance costs	(34 718)	(35 407)
Costs of consultancy, audit and legal advisory and translation	(142 524)	(181 031)
Taxes and fees	(52 391)	(45 207)
KIR - clearing charges	(16 031)	(14 814)
PFRON costs	(10 269)	(9 512)
Banking Guarantee Fund costs	(149 552)	(60 850)
Financial Supervision costs	(19 619)	(16 591)
Other	(114 746)	(104 172)
<b>Total</b>	<b>(2 332 023)</b>	<b>(2 026 444)</b>

## 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	(176 915)	(293 228)
Impairment charges on loans and advances to customers	(1 372 764)	(1 566 942)
Reversal of impairment charges on loans and advances to customers	1 002 640	1 123 323
Amounts recovered from loans written off	34 081	64 451
Sale of receivables	167 916	119 388
Other directly recognised in profit and loss	(8 788)	(33 448)
Impairment losses on securities	(41)	(2)
Impairment charges on securities	(41)	(2)
Impairment losses on off-balance sheet liabilities	(51 961)	(11 296)
Impairment charges on off-balance sheet liabilities	(112 268)	(52 289)
Reversal of impairment charges on off-balance sheet liabilities	60 307	40 993
<b>Total</b>	<b>(228 917)</b>	<b>(304 526)</b>

### 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)
<b>Total</b>	<b>(18 821)</b>	<b>(4 274)</b>

### 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)
<b>Total</b>	<b>(2 104 218)</b>	<b>(2 850 230)</b>

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 of 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	(158 504)	(161 190)
Intangible assets	(65 874)	(65 001)
Total	(224 378)	(226 191)

## 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	(307 026)	(418 340)
Current year	(318 553)	(426 077)
Adjustment to previous years	11 527	7 736
Deferred tax:	(110 949)	262 526
Recognition and reversal of temporary differences	(110 949)	262 526
<b>Total income tax reported in income statement</b>	<b>(417 975)</b>	<b>(155 815)</b>

The effective tax rate (ETR) for 2025 was 25.80% (the ETR for 2024 was 17.81%). 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	1 619 764	875 024
Statutory tax rate	19.00%	19.00%
Income tax according to obligatory income tax rate of 19%	(307 755)	(166 255)
<b>Impact of permanent differences on tax charges:</b>	<b>(230 950)</b>	<b>5 994</b>
- Non-taxable income	134 853	115 975
Dividend income	1 782	2 200
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	70	5
- Cost which is not a tax cost	(365 803)	(109 980)
PFRON fee	(1 951)	(1 807)
Fees for Banking Guarantee Fund	(28 415)	(11 562)
Banking tax	(77 085)	(44 160)
Receivables written off	(14 920)	(25 129)
Costs of litigations and claims	(21 181)	(3 345)
Legal risk costs related to foreign-currency mortgage loan	(210 254)	(14 028)
Other	(11 996)	(9 950)
Tax reliefs	12 155	4 445
Revaluation of assets due to changes in tax rates	108 575	0
<b>Total income tax reported in income statement</b>	<b>(417 975)</b>	<b>(155 815)</b>
Effective tax rate	25.80%	17.81%

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	(62 458)	9 760
Valuation of cash flow hedging instruments	806	4 704
Actuarial gains (losses)	3 792	(396)
Deferred tax reported directly in equity	(57 860)	14 068

Changes in deferred tax recognized directly in equity are presented in **Note (39b)**.

## 17. EARNINGS PER SHARE

	01.01.2025 - 31.12.2025	01.01.2024 - 31.12.2024
Profit/loss after taxes	1 201 789	719 209
Weighted average number of shares in the period	1 213 116 777	1 213 116 777
Profit/loss per share – basic and diluted	0.99	0.59

Earnings per share have been calculated by dividing net profit for the period by the weighted average number of shares. At the same time due to the nature of the issue it was not necessary to make a separate calculation of diluted Earnings per Share (the calculation methodology in case of absence of diluting instruments is the same as in case of Earnings per Share; as a result diluted Earnings per Share equals basic Earnings Per Share).

## 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
<b>Total</b>	<b>4 360 464</b>	<b>5 178 984</b>

## 19. FINANCIAL ASSETS HELD FOR TRADING

### 19a. Financial assets held for trading

	31.12.2025	31.12.2024
<b>Debt securities</b>	<b>824 911</b>	<b>555 364</b>
Issued by State Treasury	824 911	555 364
a) bonds	824 911	555 364
<b>Equity instruments</b>	<b>252</b>	<b>115</b>
Quoted on the active market	252	115
a) financial institutions	86	35
b) non-financial institutions	166	80
Positive valuation of derivatives	155 309	255 845
Repurchase agreements	38 946	194 218
<b>Total</b>	<b>1 019 418</b>	<b>1 005 542</b>

Information on financial assets securing liabilities is presented in **point 2) of chapter 15**.

### 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
<b>Total</b>	<b>824 911</b>	<b>555 364</b>

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	78 353	80 937
<b>Total</b>	<b>824 911</b>	<b>555 364</b>

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 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)
<b>Balance at the end of the period</b>	<b>825 163</b>	<b>555 479</b>

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
<b>1. Interest rate derivatives</b>	696 728	2 560 069	10 447 350	1 545 598	9 229	3 370
Interest rate swaps (IRS)	477 395	2 045 360	9 334 453	1 545 598	7 927	2 068
Other interest rate contracts: options	219 333	514 709	1 112 897	0	1 302	1 302
<b>2. FX derivatives*</b>	6 889 617	6 518 115	956 121	0	49 965	108 218
FX contracts	1 232 204	784 673	84 136	0	6 661	9 081
FX swaps	5 657 413	5 733 442	21 015	0	37 651	94 419
Other FX contracts (CIRS)	0	0	850 970	0	5 653	4 718
<b>3. Embedded instruments</b>	168 940	520 109	351 002	0	0	95 143
Options embedded in deposits	168 940	520 109	351 002	0	0	95 143
<b>4. Indexes options</b>	181 319	543 346	359 448	0	96 115	1 840
<b>Total</b>	<b>7 936 604</b>	<b>10 141 639</b>	<b>12 113 921</b>	<b>1 545 598</b>	<b>155 309</b>	<b>208 571</b>
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	9 088 667	516 687	9 971	13 446
Interest rate swaps (IRS)	899 208	1 137 324	8 447 889	516 687	2 909	6 384
Other interest rate contracts: options	0	235 498	640 778	0	7 062	7 062
2. FX derivatives*	8 298 159	1 816 443	979 954	0	63 350	26 867
FX contracts	1 288 858	980 304	92 927	0	2 061	16 983
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
<b>Total</b>	<b>9 835 884</b>	<b>4 284 986</b>	<b>11 482 362</b>	<b>516 687</b>	<b>255 845</b>	<b>226 304</b>
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
<b>Total</b>	<b>176 307</b>	<b>118 399</b>

## 21. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

21a. Financial assets at fair value through other comprehensive income (split by category)

	31.12.2025	31.12.2024
<b>Debt securities</b>	<b>42 471 146</b>	<b>29 218 737</b>
Issued by State Treasury	31 871 072	20 090 261
a) bills	3 198 663	0
b) bonds	28 672 409	20 090 261
Issued by Central Bank	10 315 417	8 692 224
a) bills	10 315 417	8 692 224
Other securities	284 657	436 252
a) listed	284 657	436 252
Shares and interests in other entities	40 942	36 712
<b>Total financial assets at fair value through other comprehensive income</b>	<b>42 512 088</b>	<b>29 255 449</b>
Including		
Instrument listed on active market	32 156 413	20 526 994
Instrument not listed on active market	10 355 675	8 728 455

21b. Debt securities at fair value through other comprehensive income (split by interest rate applied)

	31.12.2025	31.12.2024
with fixed interest rate	30 796 090	19 407 135
with variable interest rate	11 675 056	9 811 602
<b>Total</b>	<b>42 471 146</b>	<b>29 218 737</b>

21c. Debt securities at fair value through other comprehensive income by maturity

	31.12.2025	31.12.2024
to 1 month	11 786 776	8 692 224
above 1 month to 3 months	2 003 358	0
above 3 months to 1 year	6 073 329	5 681 089
above 1 year to 5 years	20 676 031	13 278 341
above 5 years	1 931 652	1 567 083
<b>Total</b>	<b>42 471 146</b>	<b>29 218 737</b>

## 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	29 255 449	22 096 200
Increases (purchase and accrual of interest and discount)	597 278 691	559 812 810
Reductions (sale and redemption)	(584 332 185)	(552 816 751)
Difference from measurement at fair value	310 136	163 196
Other	(3)	(6)
Balance at the end of the period	42 512 088	29 255 449

## 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 valued at amortised cost

31.12.2025	Companies	Individuals	Public sector	TOTAL
Gross balance sheet value - Stage 1	19 033 273	50 190 380	62 917	69 286 570
Gross balance sheet value - Stage 2	2 243 454	4 247 457	0	6 490 911
Gross balance sheet value - Stage 3	867 216	2 061 341	0	2 928 557
Gross balance sheet value - POCI	23 564	44 160	0	67 724
Gross balance sheet value - TOTAL	22 167 507	56 543 338	62 917	78 773 762
Impairment allowances - Stage 1	(160 806)	(180 848)	(231)	(341 885)
Impairment allowances - Stage 2	(85 872)	(296 376)	0	(382 248)
Impairment allowances - Stage 3	(318 330)	(1 292 922)	0	(1 611 252)
Impairment allowances - POCI	6 042	(29 242)	0	(23 201)
Impairment allowances - TOTAL	(558 966)	(1 799 389)	(231)	(2 358 586)
Net balance sheet value	21 608 541	54 743 949	62 686	76 415 176

31.12.2024	Companies	Individuals	Public sector	TOTAL
Gross balance sheet value - Stage 1	16 079 106	51 562 469	55 485	<b>67 697 060</b>
Gross balance sheet value - Stage 2	1 473 389	4 748 018	1	<b>6 221 408</b>
Gross balance sheet value - Stage 3	924 662	2 441 087	0	<b>3 365 749</b>
Gross balance sheet value - POCI	12 566	69 669	0	<b>82 234</b>
Gross balance sheet value - TOTAL	18 489 723	58 821 243	55 486	<b>77 366 451</b>
Impairment allowances - Stage 1	(142 967)	(194 544)	(297)	<b>(337 808)</b>
Impairment allowances - Stage 2	(56 039)	(282 629)	0	<b>(338 668)</b>
Impairment allowances - Stage 3	(305 203)	(1 488 142)	0	<b>(1 793 344)</b>
Impairment allowances - POCI	(868)	(32 758)	0	<b>(33 626)</b>
Impairment allowances - TOTAL	(505 077)	(1 998 072)	(297)	<b>(2 503 446)</b>
<b>Net balance sheet value</b>	<b>17 984 646</b>	<b>56 823 171</b>	<b>55 189</b>	<b>74 863 005</b>

## 22c. Loans and advances to customers

	31.12.2025		31.12.2024	
	Valued at amortised cost	Mandatorily at fair value through profit or loss	Valued at amortised cost	Mandatorily at fair value through profit or loss
Loans and advances	69 054 756	0	68 029 024	0
▪ to companies	14 617 441	0	11 190 253	0
▪ to private individuals	54 381 909	0	56 793 419	0
▪ to public sector	55 406	0	45 352	0
Receivables on account of payment cards	1 370 009	745	1 281 389	1 825
▪ due from companies	12 193	87	12 911	70
▪ due from private individuals	1 357 816	658	1 268 478	1 755
Purchased receivables	117 032		148 514	
▪ from companies	117 032		148 514	
Guarantees and sureties realised	0		321	
Financial leasing receivables	7 359 405		7 095 187	
Other	183 374		104 033	
Interest	689 186		707 983	
<b>Total:</b>	<b>78 773 762</b>	<b>745</b>	<b>77 366 451</b>	<b>1 825</b>
Impairment allowances	(2 358 586)	-	(2 503 446)	-
<b>Total balance sheet value:</b>	<b>76 415 176</b>	<b>745</b>	<b>74 863 005</b>	<b>1 825</b>

## 22d. Quality of loans and advances to customers portfolio valued at amortised cost

	31.12.2025	31.12.2024
Loans and advances to customers (gross)	78 773 762	77 366 451
impaired	2 989 065	3 438 697
not impaired	75 784 697	73 927 754
Impairment write-offs	(2 358 586)	(2 503 446)
for impaired exposures	(1 658 273)	(1 859 971)
for not impaired exposures	(700 313)	(643 475)
<b>Loans and advances to customers (net)</b>	<b>76 415 176</b>	<b>74 863 005</b>

## 22e. 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)	78 773 762	77 366 451
case by case analysis	557 199	642 481
collective analysis	78 216 563	76 723 970
Impairment allowances	(2 358 586)	(2 503 446)
on the basis of case by case analysis	(196 453)	(212 925)
on the basis of collective analysis	(2 162 133)	(2 290 521)
<b>Loans and advances to customers (net)</b>	<b>76 415 176</b>	<b>74 863 005</b>

## 22f. Loans and advances to customers portfolio valued at amortised cost by customers

	31.12.2025	31.12.2024
Loans and advances to customers (gross)	78 773 762	77 366 451
corporate customers	22 230 424	18 545 209
individuals	56 543 338	58 821 242
Impairment allowances	(2 358 586)	(2 503 446)
for receivables from corporate customers	(559 197)	(505 374)
for receivables from private individuals	(1 799 389)	(1 998 072)
<b>Loans and advances to customers (net)</b>	<b>76 415 176</b>	<b>74 863 005</b>



## 22g. 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	2 503 446	2 496 554
Change in value of provisions:	(144 860)	6 892
Impairment allowances created in the period	1 372 574	1 566 924
Amounts written off	(174 150)	(247 871)
Impairment allowances released in the period	(1 002 511)	(1 123 163)
Sale of receivables	(361 593)	(255 131)
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	(2 027)	(5 662)
Other	(15 891)	2 436
<b>Balance at the end of the period</b>	<b>2 358 586</b>	<b>2 503 446</b>

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

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

The value of POCI assets is as follows:

	Gross balance sheet value	Accumulated impairment	Net balance sheet value
<b>31.12.2025</b>			
- Companies	23 564	6 042	29 606
- Individuals	44 160	(29 242)	14 917
- Public sector	0	0	0
<b>31.12.2024</b>			
- Companies	12 566	(868)	11 698
- Individuals	69 669	(32 758)	36 911
- Public sector	0	0	0

## 22h. Changes in impairment allowances and gross carrying amount of loans and advances valued at amortised cost divided into stages and classes:

<b>Companies: impairment allowances, 2025</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>POCI</b>	<b>Total</b>
Balance at the beginning of the period	142 967	56 040	305 203	868	505 077
Transfers between stages	521	(32 181)	6 146	25 514	0
Increase due to granting or purchase	88 950	0	0	0	88 950
Changes in credit risk	(56 735)	68 532	97 897	(12 946)	96 748
Decrease due to derecognition (except exposures sold and written off)	(16 695)	(6 393)	(27 121)	0	(50 209)
Sale of loans and advances	0	0	(15 210)	0	(15 210)
Loans and advances written off	0	0	(54 082)	0	(54 082)
KOIM	0	0	6 914	0	6 914
Allocation of the impairment to reduce the gross value	0	0	0	(19 337)	(19 337)
Other (including FX differences)	1 799	(125)	(1 417)	(141)	115
Balance at the end of the period	160 806	85 872	318 330	(6 042)	558 966

<b>Companies: impairment allowances, 2024</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>POCI</b>	<b>Total</b>
Balance at the beginning of the period	103 386	42 805	246 392	(1 199)	391 384
Transfers between stages	812	(29 278)	28 465	0	0
Increase due to granting or purchase	81 118	0	0	0	81 118
Changes in credit risk	(32 387)	45 719	103 668	2 557	119 556
Decrease due to derecognition (except exposures sold and written off)	(10 742)	(3 056)	(28 881)	(52)	(42 731)
Sale of loans and advances	0	0	(15 649)	0	(15 649)
Loans and advances written off	0	0	(33 081)	0	(33 081)
KOIM	0	0	5 627	25	5 652
Other (including FX differences)	780	(151)	(1 339)	(463)	(1 173)
Balance at the end of the period	142 967	56 040	305 203	868	505 077

<b>Companies: loans and advances balance sheet value, gross, 2025</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>POCI</b>	<b>Total</b>
Balance at the beginning of the period	16 079 106	1 473 389	924 662	12 566	18 489 723
Transfers between stages	(1 696 050)	1 386 501	269 113	40 436	0
Granted or purchased loans and advances	12 046 475	0	0	0	12 046 475
Repaid loans and advances	(7 546 520)	(612 817)	(256 940)	(29 716)	(8 445 993)
Loans and advances sold	0	0	(16 803)	0	(16 803)
Loans and advances written off	0	0	(54 082)	0	(54 082)
Other (including FX differences)	150 263	(3 619)	1 265	279	148 188
Balance at the end of the period	19 033 273	2 243 454	867 216	23 564	22 167 507

<b>Companies: loans and advances balance sheet value, gross, 2024</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>POCI</b>	<b>Total</b>
Balance at the beginning of the period	15 425 306	1 303 056	707 728	23 106	17 459 196
Transfers between stages	(1 060 033)	614 225	445 808	0	0
Granted or purchased loans and advances	6 958 991	0	0	0	6 958 991
Repaid loans and advances	(5 119 698)	(439 911)	(279 170)	(9 807)	(5 848 586)
Loans and advances sold	0	0	(17 417)	0	(17 417)
Loans and advances written off	0	0	(33 080)	0	(33 080)
Other (including FX differences)	(125 460)	(3 981)	100 794	(734)	(29 381)
Balance at the end of the period	16 079 106	1 473 389	924 663	12 565	18 489 723

<b>Individuals: impairment allowances, 2025</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>POCI</b>	<b>Total</b>
Balance at the beginning of the period	194 544	282 628	1 488 142	32 758	1 998 072
Transfers between stages	264 516	(348 619)	84 103	0	(0)
Increase due to granting or purchase	119 082	0	0	0	119 082
Changes in credit risk	(330 956)	387 463	260 134	26 554	343 196
Decrease due to derecognition (except exposures sold and written off)	(66 460)	(25 106)	(124 028)	(12 048)	(227 642)
Sale of loans and advances	0	0	(337 901)	(8 481)	(346 383)
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)	121	9	1 083	94	1 308
Balance at the end of the period	180 848	296 376	1 292 922	29 242	1 799 388

<b>Individuals: impairment allowances, 2024</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>POCI</b>	<b>Total</b>
Balance at the beginning of the period	322 601	321 598	1 434 404	25 136	2 103 739
Transfers between stages	273 347	(424 040)	150 693	0	0
Increase due to granting or purchase	186 922	0	0	0	186 922
Changes in credit risk	(516 116)	412 288	406 306	33 021	335 500
Decrease due to derecognition (except exposures sold and written off)	(71 537)	(27 901)	(128 807)	(7 242)	(235 488)
Sale of loans and advances	0	0	(229 466)	(10 016)	(239 482)
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)	(673)	684	(2 010)	(35)	(2 035)
Balance at the end of the period	194 544	282 628	1 488 142	32 758	1 998 072

<b>Individuals: loans and advances balance sheet value, gross, 2025</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>POCI</b>	<b>Total</b>
Balance at the beginning of the period	51 562 468	4 748 018	2 441 086	69 669	58 821 241
Transfers between stages	(626 295)	309 152	317 143	0	0
Granted or purchased loans and advances	12 304 594	0	0	0	12 304 594
Repaid loans and advances	(15 053 078)	(899 614)	(307 132)	(26 488)	(16 286 312)
Reversal of Credit Holidays adjustment	0	0	0	0	0
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)	147 252	436	107 986	1 055	256 730
Balance at the end of the period	50 190 380	4 247 457	2 061 341	44 160	56 543 338

<b>Individuals: loans and advances balance sheet value, gross, 2024</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>POCI</b>	<b>Total</b>
Balance at the beginning of the period	50 884 255	4 736 329	2 645 545	93 690	58 359 819
Transfers between stages	(1 181 324)	797 478	383 846	0	0
Granted or purchased loans and advances	13 318 479	0	0	0	13 318 479
Repaid loans and advances	(11 786 651)	(814 393)	(338 442)	(26 277)	(12 965 763)
Reversal of Credit Holidays adjustment	0	0	0	0	0
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)	(475 727)	16 606	193 913	2 521	(262 687)
Balance at the end of the period	51 562 468	4 748 017	2 441 085	69 669	58 821 241

<b>Public sector: impairment allowances, 2025</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>POCI</b>	<b>Total</b>
Balance at the beginning of the period	297	0	0	0	297
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)	(151)	0	0	0	(151)
Other (including FX differences)	(5)	0	0	0	(5)
Balance at the end of the period	231	0	0	0	231

<b>Public sector: impairment allowances, 2024</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>POCI</b>	<b>Total</b>
Balance at the beginning of the period	1 431	0	0	0	1 431
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)	(1 166)	0	0	0	(1 166)
Other (including FX differences)	(19)	0	0	0	(19)
Balance at the end of the period	297	0	0	0	297

<b>Public sector: loans and advances balance sheet value, gross, 2025</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>POCI</b>	<b>Total</b>
Balance at the beginning of the period	55 485	1	0	0	55 486
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	(16 547)	(1)	0	0	(16 548)
Other (including FX differences)	0	(0)	0	0	0
Balance at the end of the period	62 917	0	0	0	62 917

<b>Public sector: loans and advances balance sheet value, gross, 2024</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>POCI</b>	<b>Total</b>
Balance at the beginning of the period	162 797	4	0	0	162 801
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	(116 196)	(3)	0	0	(116 198)
Other (including FX differences)	0	0	0	0	0
Balance at the end of the period	55 485	1	0	0	55 486

## 22i. Loans and advances to customers portfolio valued at amortised cost by maturity

	<b>31.12.2025</b>	<b>31.12.2024</b>
Current accounts	3 958 763	3 676 289
to 1 month	2 596 912	2 391 578
above 1 month to 3 months	1 835 146	2 681 221
above 3 months to 1 year	8 442 271	8 076 902
above 1 year to 5 years	27 826 946	24 704 570
above 5 years	31 615 294	33 215 856
past due	1 809 244	1 912 052
Interest	689 186	707 983
<b>Total gross</b>	<b>78 773 762</b>	<b>77 366 451</b>

## 22j. Loans and advances to customers portfolio valued at amortised cost by currency

	<b>31.12.2025</b>			<b>31.12.2024</b>		
	<b>Balance sheet value, gross</b>	<b>Impairment allowances</b>	<b>Balance sheet value</b>	<b>Balance sheet value, gross</b>	<b>Impairment allowances</b>	<b>Balance sheet value</b>
in Polish currency	72 832 464	(2 173 587)	70 658 877	71 782 656	(2 286 964)	69 495 692
in foreign currencies (after conversion to PLN)	5 941 299	(185 000)	5 756 300	5 583 795	(216 482)	5 367 313
currency: USD	74 625	(2 010)	72 615	61 794	(629)	61 165
currency: EUR	5 099 134	(154 161)	4 944 973	4 137 732	(161 589)	3 976 143
currency: CHF*	736 230	(28 471)	707 759	1 360 546	(53 852)	1 306 694
currency: GBP	31 309	(357)	30 952	23 723	(412)	23 311
<b>Total</b>	<b>78 773 763</b>	<b>(2 358 586)</b>	<b>76 415 176</b>	<b>77 366 451</b>	<b>(2 503 446)</b>	<b>74 863 005</b>

\* 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.

## 22k. Financial leasing receivables

	31.12.2025	31.12.2024
Financial leasing receivables (gross)	8 126 104	8 010 864
Unrealised financial income	(766 699)	(915 677)
Financial leasing receivables (net)	7 359 405	7 095 187
Financial leasing receivables (gross) by maturity		
Under 1 year	2 981 828	2 930 958
From 1 year to 2 years	2 158 655	2 155 715
From 2 year to 3 years	1 486 027	1 440 469
From 3 year to 4 years	788 065	819 131
From 4 year to 5 years	389 677	365 283
Above 5 years	321 853	299 309
Total	8 126 104	8 010 865
Financial leasing receivables (net) by maturity		
Under 1 year	2 643 802	2 536 687
From 1 year to 2 years	1 950 261	1 906 512
From 2 year to 3 years	1 371 977	1 303 172
From 3 year to 4 years	732 425	752 011
From 4 year to 5 years	364 095	334 949
Above 5 years	296 845	261 856
Total	7 359 405	7 095 187

The main groups of items financed through leasing are the means of transport (tractors, trailers, trucks, vans, cars, etc.), machinery and equipment, computers as well as industrial and commercial real estate. The leasing portfolio of the Group includes contracts in which fees are set in PLN or in EUR, based on floating or fixed interest rates. Agreements with customers are concluded for term from 1 year to 10 years. Offered lease agreements provide a diverse client's own contribution and the residual value of the object, as well as a diverse amount of lease payments, e.g., depending on seasonality. After the end of the lease, a customer is obliged to buy the item at a final price specified at the time of the conclusion of the agreement. The object during the entire lease term is owned by the Group and constitutes a major collateral of lease payments.

## 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 allowances			Balance sheet value, net
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
Debt securities	26 905 421	0	0	(48)	0	0	26 905 373
Deposits, loans and advances to banks and other monetary institutions	350 820	0	0	(79)	0	0	350 741
Repurchase agreements	59 978	0	0	0	0	0	59 978

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

23b. Debt securities

	31.12.2025	31.12.2024
Banks and other financial institutions	1 915 598	2 305 192
European Union	1 594 833	1 703 876
Public sector - securities issued by governments of:	23 363 827	20 334 681
Poland	16 658 081	13 348 939
Other UE countries	6 705 746	6 985 742
Public sector – local governments	31 114	37 736
<b>Total</b>	<b>26 905 372</b>	<b>24 381 485</b>

23c. Deposits, loans and advances to banks and other monetary institutions

	31.12.2025	31.12.2024
Current accounts	215 131	278 629
Deposits	133 110	154 662
Interest	2 579	1 244
Total (gross) deposits, loans and advances	350 820	434 535
Impairment allowances	(79)	(18)
<b>Total (net) deposits, loans and advances</b>	<b>350 741</b>	<b>434 517</b>



### 23d. Deposits, loans and advances to banks and other monetary institutions by maturity date

	31.12.2025	31.12.2024
Current accounts	215 131	278 629
to 1 month	78 110	144 662
above 1 month to 3 months	0	10 000
above 3 months to 1 year	55 000	0
above 1 year to 5 years	0	0
above 5 years	0	0
past due	0	0
Interest	2 579	1 244
<b>Total (gross) deposits, loans and advances</b>	<b>350 820</b>	<b>434 535</b>

### 23e. Deposits, loans and advances to banks and other monetary institutions by currency

	31.12.2025	31.12.2024
in Polish currency	58 084	11 580
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: GBP	28 885	21 944
currency: CHF	6 208	22 450
currency: JPY	2 707	4 307
other currencies	55 112	93 400
<b>Total</b>	<b>350 820</b>	<b>434 535</b>

### 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
<b>Balance at the end of the period</b>	<b>(79)</b>	<b>(18)</b>

## 23g. Repurchase agreements

	31.12.2025	31.12.2024
Customers	59 964	0
Interests	14	0
Total	59 978	0

## 24. DERIVATIVES – HEDGE ACCOUNTING

The Risk Strategy approved in the Group 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 Group 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 Group 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 Group 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 Group 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 Group 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 Group, items designated as hedged and hedging and presentation of the result (as at 31.12.2025) is shown in a table below:

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

	Hedging the fair value of cash flows from issued fixed-rate liabilities denominated in foreign currencies	Hedging the fair value of the risk profile assigned to a portfolio of homogeneous, non-interest-bearing current accounts in PLN (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 Group hedges part of the interest rate risk related to changes in the fair value of cash flows from issued fixed-rate liabilities denominated in foreign currencies, resulting from the volatility of market interest rates.	The Group hedges part of the interest rate risk related to the change in the fair value of the risk profile assigned to the portfolios of homogeneous, non-interest-bearing current accounts in PLN and separately foreign currencies, resulting from the volatility of market interest rates.	The Group hedges part of the interest rate risk related to the change in the fair value of the risk profile assigned to the portfolios of homogeneous, non-interest-bearing current accounts, separately in PLN and in foreign currencies, and risk related to the change in the fair value of a fixed-rate debt instrument denominated in foreign currencies measured through other comprehensive income, resulting from the volatility of market interest rates.
Hedged items	Cash flows from issued fixed-rate liabilities denominated in foreign currencies	Risk profile assigned to a portfolios of homogeneous, non-interest-bearing current accounts in PLN.	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	23 015
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	24 735

\* 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
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
<b>Total</b>		<b>(29 433)</b>	<b>(24 760)</b>	<b>0</b>

#### 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
<b>Razem</b>	<b>22 073</b>	<b>26</b>	<b>29 212</b>	<b>(221)</b>

#### 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)
<b>Total</b>		<b>134 256</b>	<b>(16 558)</b>

#### 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
<b>Total</b>	<b>(133 994)</b>	<b>263</b>	<b>18 323</b>	<b>1 765</b>

## 25. INVESTMENTS IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

### 25a. Investments in related entities

	31.12.2025	31.12.2024
Investments in associates	38 657	44 012

### 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	44 012	52 509
Decrease in value of shares due to dividends received	(5 355)	(8 497)
Balance at the end of the period	38 657	44 012

## 26. TANGIBLE FIXED ASSETS

### 26a. Property, plant and equipment

	31.12.2025	31.12.2024
Land	2 351	2 339
Buildings and premises	114 608	106 039
Machines and equipment	95 982	99 465
Vehicles	22 290	24 331
Other fixed assets	20 985	22 632
Fixed assets under construction	80 873	35 182
Rights to use office space	219 945	242 238
<b>Total</b>	<b>557 034</b>	<b>532 226</b>



**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	2 339	354 293	340 495	49 992	98 917	35 182	627 100	1 508 318
b) increases (on account of)	12	26 948	35 333	10 193	10 053	123 942	71 050	277 531
purchase	0	0	0	8 706	0	123 942	0	132 648
transfer from fixed assets under construction	12	26 948	35 333	1 473	10 053	0	0	73 819
recognition of the right-of-use asset over the period	0	0	0	0	0	0	70 997	70 997
other	0	0	0	14	0	0	53	67
c) reductions (on account of)	0	14 561	32 380	6 376	14 206	78 251	33 891	179 665
sale	0	11 261	22 434	6 322	7 965	0	0	47 982
liquidation	0	3 300	9 919	0	6 241	0	33 891	53 351
settlement of fixed assets under construction	0	0	0	0	0	73 819	0	73 819
other	0	0	27	54	0	4 432	0	4 513
d) gross value of property, plant and equipment at the end of the period	2 351	366 680	343 448	53 809	94 764	80 873	664 259	1 606 184
e) cumulated depreciation (amortization) at the beginning of the period	0	247 776	241 030	25 661	76 284	0	384 862	975 613
f) depreciation over the period (on account of)	0	3 960	6 436	5 858	(2 506)	0	59 452	73 200
current write-off (P&L)	0	15 027	36 077	11 086	7 490	0	88 824	158 504
reductions on account of sale	0	(8 191)	(20 002)	(5 188)	(5 091)	0	0	(38 472)
reductions on account of liquidation	0	(3 018)	(9 612)	0	(4 905)	0	(29 425)	(46 960)
other	0	142	(27)	(40)	0	0	53	128
g) cumulated depreciation (amortization) at the end of the period	0	251 736	247 466	31 519	73 778	0	444 314	1 048 813
h) impairment allowances at the beginning of the period	0	478	0	0	1	0	0	479
release of allowances	0	(142)	0	0	0	0	0	(142)
i) impairment allowances at the end of the period	0	336	0	0	1	0	0	337
j) net value of property, plant and equipment at the end of the period	2 351	114 608	95 982	22 290	20 985	80 873	219 945	557 034

**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	2 339	332 536	310 398	50 587	93 333	30 574	569 763	1 389 530
b) increases (on account of)	0	24 649	36 701	10 736	7 834	74 099	82 879	236 898
purchase	0	0	85	10 736	0	74 099	0	84 920
transfer from fixed assets under construction	0	24 649	36 616	0	7 834	0	0	69 099
recognition of rights to use	0	0	0	0	0	0	82 879	82 879
c) reductions (on account of)	0	2 892	6 604	11 331	2 250	69 491	25 542	118 110
sale	0	339	257	11 331	470	0	0	12 397
liquidation	0	2 553	6 347	0	1 780	0	25 542	36 222
settlement of fixed assets under construction	0	0	0	0	0	69 099	0	69 099
other	0	0	0	0	0	392	0	392
d) gross value of property, plant and equipment at the end of the period	2 339	354 293	340 495	49 992	98 917	35 182	627 100	1 508 318
e) cumulated depreciation (amortization) at the beginning of the period	0	236 509	211 633	24 736	70 211	0	315 749	858 838
f) depreciation over the period (on account of)	0	11 267	29 397	925	6 073	0	69 113	116 775
current write-off (P&L)	0	13 926	35 624	10 678	8 274	0	92 688	161 190
reductions on account of sale	0	(339)	(240)	(9 756)	(468)	0	0	(10 803)
reductions on account of liquidation	0	(2 320)	(5 987)	0	(1 733)	0	(23 575)	(33 615)
other	0	0	0	3	0	0	0	3
g) cumulated depreciation (amortization) at the end of the period	0	247 776	241 030	25 661	76 284	0	384 862	975 613
h) impairment allowances at the beginning of the period	0	815	0	0	1	0	0	816
release of allowances	0	(337)	0	0	0	0	0	(337)
i) impairment allowances at the end of the period	0	478	0	0	1	0	0	479
j) net value of property, plant and equipment at the end of the period	2 339	106 039	99 465	24 331	22 632	35 182	242 238	532 226

## 27. INTANGIBLE FIXED ASSETS

### 27a. Intangible fixed assets

	31.12.2025	31.12.2024
Goodwill due to merger with Euro Bank	192 126	192 126
Other intangible fixed assets:	417 855	342 291
concessions, patents, licenses, know-how and similar assets	79 663	68 226
computer software	62 492	68 746
other	4 201	5 576
advances for intangible assets	271 499	199 743
<b>Total</b>	<b>609 981</b>	<b>534 417</b>

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	175 721	386 165	27 126	199 743	788 755
b) increases (on account of)	43 340	27 210	0	138 460	209 010
expenditures on intangible assets	738	3 808	0	138 460	143 006
takeover from investments and advances	42 602	23 402	0	0	66 004
c) reductions (on account of)	4 046	243	0	66 704	70 993
liquidation	4 046	243	0	0	4 289
settlement of advances	0	0	0	66 004	66 004
other	0	0	0	700	700
<b>d) gross value of intangible fixed assets at the end of the period</b>	<b>215 015</b>	<b>413 132</b>	<b>27 126</b>	<b>271 499</b>	<b>926 772</b>
e) cumulated depreciation at the beginning of the period	107 495	313 423	21 550	0	442 468
f) depreciation over the period (on account of)	27 857	33 221	1 375	0	62 453
current write-off (P&L)	31 114	33 385	1 375	0	65 874
liquidation	(3 257)	(164)	0	0	(3 421)
<b>g) cumulated depreciation at the end of the period</b>	<b>135 352</b>	<b>346 644</b>	<b>22 925</b>	<b>0</b>	<b>504 921</b>
h) impairment allowances at the beginning of the period	0	3 996	0	0	3 996
j) impairment allowances at the end of the period	0	3 996	0	0	3 996
<b>j) net value of intangible fixed assets at the end of the period</b>	<b>79 663</b>	<b>62 492</b>	<b>4 201</b>	<b>271 499</b>	<b>417 855</b>

**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	102 863	362 324	27 126	178 655	670 968
b) increases (on account of)	72 858	25 981	0	121 804	220 643
expenditures on intangible assets	0	0	0	121 804	121 804
takeover from investments and advances	72 858	25 981	0	0	98 839
c) reductions (on account of)	0	2 140	0	100 716	102 856
liquidation	0	2 140	0	1	2 141
settlement of advances	0	0	0	98 839	98 839
other	0	0	0	1 876	1 876
<b>d) gross value of intangible fixed assets at the end of the period</b>	<b>175 721</b>	<b>386 165</b>	<b>27 126</b>	<b>199 743</b>	<b>788 755</b>
e) cumulated depreciation at the beginning of the period	78 706	278 931	19 830	0	377 467
f) depreciation over the period (on account of)	28 789	34 492	1 720	0	65 001
current write-off (P&L)	28 789	34 492	1 720	0	65 001
liquidation	0	0	0	0	0
<b>g) cumulated depreciation at the end of the period</b>	<b>107 495</b>	<b>313 423</b>	<b>21 550</b>	<b>0</b>	<b>442 468</b>
h) impairment allowances at the beginning of the period	0	3 996	0	0	3 996
j) impairment allowances at the end of the period	0	3 996	0	0	3 996
<b>j) net value of intangible fixed assets at the end of the period</b>	<b>68 226</b>	<b>68 746</b>	<b>5 576</b>	<b>199 743</b>	<b>342 291</b>

## 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	68 409	(14 177)	54 233	38 031	(19 336)	18 695
Balance sheet valuation of financial instruments	74 857	(56 679)	18 178	37 287	(48 155)	(10 868)
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	100 894	(581 228)	(480 334)	87 284	(330 105)	(242 821)
Interest and discount on loans and receivables	0	(205 589)	(205 589)	0	(134 756)	(134 756)
Income and cost settled at effective interest rate	0	(102 865)	(102 865)	0	(16 155)	(16 155)
Impairment of loans presented as temporary differences	655 957	0	655 957	529 605	0	529 605
Employee benefits	49 925	0	49 925	28 399	0	28 399
Rights to use	5 510	0	5 510	4 291	(5)	4 286
Provisions for future costs	52 006	0	52 006	24 171	0	24 171
Provisions for legal risk costs related to foreign-currency mortgage loans	616 119		616 119	545 073	0	545 073
Valuation of investment assets, cash flows hedge and actuarial gains (losses) recognized in other comprehensive income	59 107	(116 888)	(57 780)	21 632	(7 521)	14 111
Shares valuation	2 010	(46 063)	(44 053)	1 273	(27 556)	(26 283)
Tax losses carried forward	500	0	500	16 319	0	16 319
Other	(3 759)	(3 288)	(7 047)	(3 229)	(4 441)	(7 670)
<b>Net deferred income tax asset</b>	<b>1 799 928</b>	<b>(1 250 462)</b>	<b>549 466</b>	<b>1 385 635</b>	<b>(651 209)</b>	<b>734 426</b>
including long-term net deferred income tax asset			298 560			234 403
	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
The difference between tax and balance sheet depreciation	(6)	0	(6)	(22)	0	(22)
Interest payable/receivable on deposits and securities	5 473	(311)	5 162	(111)	0	(111)
Interest and discount on loans and receivables	0	(4 645)	(4 645)	0	0	0
Income and expenses settled at the effective interest rate	0	(5 087)	(5 087)	0	(1 679)	(1 679)
Impairment of loans presented as temporary differences	1 497	0	1 497	0	0	0
Employee benefits	720	0	720	246	0	246
Rights to use	87	0	87	38	0	38
Provisions for future costs	1 522	0	1 522	(1 518)	0	(1 518)
Valuation of investment assets, cash flows hedge and actuarial gains (losses) recognized in other comprehensive income	44	(123)	(79)	1	(44)	(43)
Tax losses carried forward	369	0	369	0	0	0
Other	9	(574)	(565)	10	(29)	(19)
<b>Net deferred income tax provision</b>	<b>9 716</b>	<b>(10 740)</b>	<b>(1 024)</b>	<b>(1 356)</b>	<b>(1 752)</b>	<b>(3 108)</b>

Based on the provisions of IAS 12, the Group entities have offset deferred tax assets against deferred tax liabilities.

## 28b. Change of net temporary differences

	31.12.2024	Changes to financial result	Changes to equity	31.12.2025
Difference between tax and balance sheet depreciation	18 673	35 554	0	54 227
Balance sheet valuation of financial instruments	(10 867)	29 045	0	18 178
Unrealised receivables/ liabilities on account of derivatives	(7 680)	2 388	0	(5 292)
Interest on deposits and securities to be paid/ received	(242 931)	(232 241)	0	(475 172)
Interest and discount on loans and receivables	(134 756)	(75 479)	0	(210 235)
Income and cost settled at EIR	(17 834)	(90 118)	0	(107 952)
Impairment of loans presented as temporary differences	529 605	127 850	0	657 455
Employee benefits	28 644	22 000	0	50 644
Rights to use	4 324	1 273	0	5 597
Provisions for future costs	22 653	30 875	0	53 528
Provisions for legal risk costs related to foreign-currency mortgage loans	545 073	71 046	0	616 119
Valuation of investment assets, cash flows hedge and actuarial gains (losses) recognized in other comprehensive income	14 068	0	(71 927)	(57 859)
Shares valuation	(26 283)	(17 770)	0	(44 053)
Tax losses carried forward	16 319	(15 450)	0	869
Other	(7 690)	78	0	(7 612)
<b>Total</b>	<b>731 318</b>	<b>(110 949)</b>	<b>(71 927)</b>	<b>548 442</b>

## 28c. Change of net temporary differences

	31.12.2023	Changes to financial result	Changes to equity	31.12.2024
Difference between tax and balance sheet depreciation	9 167	9 506	0	18 673
Balance sheet valuation of financial instruments	(53 103)	42 236	0	(10 867)
Unrealised receivables/ liabilities on account of derivatives	(573)	(7 107)	0	(7 680)
Interest on deposits and securities to be paid/ received	(196 316)	(46 616)	0	(242 932)
Interest and discount on loans and receivables	(113 818)	(20 938)	0	(134 756)
Income and cost settled at EIR	79 233	(97 067)	0	(17 834)
Impairment of loans presented as temporary differences	547 553	(17 948)	0	529 605
Employee benefits	23 268	5 377	0	28 645
Rights to use	4 204	119	0	4 323
Provisions for future costs	142 935	(120 282)	0	22 653
Provisions for legal risk costs related to foreign-currency mortgage loans	0	545 073	0	545 073
Valuation of investment assets, cash flows hedge and actuarial gains (losses) recognized in other comprehensive income	51 021	0	(36 953)	14 068
Shares valuation	(32 027)	5 745	0	(26 282)
Tax losses carried forward	45 805	(29 486)	0	16 319
Other	(1 604)	(6 086)	0	(7 690)
Accounting policy adjustment related to the effective interest rate	0	20 992	0	20 992
<b>Total</b>	<b>505 745</b>	<b>262 526</b>	<b>(36 953)</b>	<b>731 318</b>



## 29. OTHER ASSETS

	31.12.2025	31.12.2024
Expenses to be settled	101 146	86 825
Income to be received	31 794	61 298
Interbank settlements	924	6 924
Settlements of financial instruments transactions	35 532	19 881
Receivables from sundry debtors, including:	1 732 460	1 476 018
- 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
Settlements with the State Treasury	25 406	16 284
Settlements of brokerage activities	27 960	17 168
Other	170 882	106 831
<b>Total other assets (gross)</b>	<b>2 126 104</b>	<b>1 791 229</b>
Impairment allowances	(44 011)	(26 041)
<b>Total other assets (net)</b>	<b>2 082 093</b>	<b>1 765 188</b>
including other financial assets**	1 784 659	1 555 248
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 Settlements with the State Treasury and Other items

### 30. NON-CURRENT ASSETS AND DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE

30a. Change of balance of non-current assets held for sale in the period 01.01.2025 – 31.12.2025

	land	buildings, premises, civil and hydro- engineering structures	machines and equipment	vehicles	other fixed assets	TOTAL
a) value at the beginning of the period	0	0	0	0	14 549	14 549
b) impairment allowances at the beginning of the period	0	0	0	0	0	0
c) net value of non-current assets held for sale at the beginning of the period	0	0	0	0	14 549	14 549
d) change of value in the period, including:	0	0	0	0	2 169	2 169
- sale of non-current assets held for sale	0	0	0	0	0	0
e) value at the end of the period	0	0	0	0	16 717	16 717
f) change of impairment allowances in the period, including:	0	0	0	0	0	0
- sale of non-current assets held for sale	0	0	0	0	0	0
g) impairment allowances at the end of the period	0	0	0	0	0	0
<b>h) net value of non-current assets held for sale at the end of the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>16 717</b>	<b>16 717</b>

30b. Change of balance of non-current assets held for sale in the period 01.01.2024 – 31.12.2024

	land	buildings, premises, civil and hydro- engineering structures	machines and equipment	vehicles	other fixed assets	TOTAL
a) value at the beginning of the period	0	0	0	0	17 514	17 514
b) impairment allowances at the beginning of the period	0	0	0	0	0	0
c) net value of non-current assets held for sale at the beginning of the period	0	0	0	0	17 514	17 514
d) change of value in the period, including:	0	0	0	0	(2 966)	(2 966)
- sale of non-current assets held for sale	0	0	0	0	0	0
e) value at the end of the period	0	0	0	0	14 549	14 549
f) change of impairment allowances in the period, including:	0	0	0	0	0	0
- sale of non-current assets held for sale	0	0	0	0	0	0
g) impairment allowances at the end of the period	0	0	0	0	0	0
<b>h) net value of non-current assets held for sale at the end of the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>14 549</b>	<b>14 549</b>

## 31. FINANCIAL LIABILITIES HELD FOR TRADING

	31.12.2025	31.12.2024
Valuation of derivatives	208 571	226 304
Short sale of securities	37 788	190 769
Financial liabilities valued at fair value through profit and loss	246 359	417 073

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	28 196	31 840
Term deposits	74 758	172 057
Interest	159	562
<b>Total</b>	<b>103 113</b>	<b>204 459</b>

### 32b. Liabilities to banks and other monetary institutions by maturity

	31.12.2025	31.12.2024
Current accounts	28 196	31 840
to 1 month	68 916	169 465
above 1 month to 3 months	4 220	2 592
above 3 months to 1 year	1 622	0
above 1 year to 5 years	0	0
above 5 years	0	0
Interest	159	562
<b>Total</b>	<b>103 113</b>	<b>204 459</b>

### 32c. Liabilities to banks and other monetary institutions by currency

	31.12.2025	31.12.2024
in Polish currency	58 347	58 251
in foreign currencies (after conversion to PLN)	44 766	146 208
currency: USD	1 807	2 997
currency: EUR	42 959	143 211
<b>Total</b>	<b>103 113</b>	<b>204 459</b>

### 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	29 476 767	29 463 221
Other	323 321	293 855
Accrued interest	213 908	268 832
Amounts due to companies	25 791 769	24 967 949
Balances on current accounts	16 063 240	14 896 746
Term deposits	9 363 004	9 725 173
Other	335 907	301 393
Accrued interest	29 618	44 637
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
<b>Total</b>	<b>130 807 491</b>	<b>117 257 213</b>

#### 33b. Liabilities to customers by maturity

	31.12.2025	31.12.2024
Current accounts	90 448 045	76 719 445
to 1 month	15 768 678	14 732 871
above 1 month to 3 months	15 954 115	14 661 027
above 3 months to 1 year	7 638 890	9 530 615
above 1 year to 5 years	651 492	1 246 980
above 5 years	97 397	48 645
Interest	248 874	317 630
<b>Total</b>	<b>130 807 491</b>	<b>117 257 213</b>

#### 33c. Liabilities to customers by currency

	31.12.2025	31.12.2024
in Polish currency	119 121 516	106 405 468
in foreign currencies (after conversion to PLN)	11 685 975	10 851 745
currency: USD	2 679 879	2 498 267
currency: EUR	8 276 120	7 618 804
currency: GBP	424 240	383 020
currency: CHF	252 676	231 448
other currencies	53 060	120 206
<b>Total</b>	<b>130 807 491</b>	<b>117 257 213</b>

## 34. REPURCHASE AGREEMENTS

Liabilities from securities sold with buy-back clause

	31.12.2025	31.12.2024
b) to banks	0	194 162
d) interest	0	61
<b>Total</b>	<b>0</b>	<b>194 223</b>

## 35. DEBT SECURITIES ISSUED

35a. Liabilities from debt securities

	31.12.2025	31.12.2024
Bonds	4 903 699	5 153 379
Mortgage bonds	2 595 948	798 461
Valuation of the Bank's bonds designated to fair value hedging	19 008	52 463
Interest	122 157	120 472
<b>Total</b>	<b>7 640 812</b>	<b>6 124 775</b>

35b. Liabilities from debt securities by final legal maturity

	31.12.2025	31.12.2024
to 1 month	30 000	0
above 1 month to 3 months	0	0
above 3 months to 1 year	69 000	52 463
above 1 year to 5 years	6 958 386	5 069 071
above 5 years	461 269	882 769
Interest	122 157	120 472
<b>Total</b>	<b>7 640 812</b>	<b>6 124 775</b>

35c. Change of debt securities

	01.01.2025 - 31.12.2025	01.01.2024 - 31.12.2024
Balance at the beginning of the period	6 124 775	3 317 849
Increases, on account of:	2 366 597	3 368 571
issue of Banking Securities	0	2 131 700
issue of mortgage bonds by Millennium Bank Hipoteczny	1 800 000	800 000
Valuation of Bank's bonds designated to fair value hedge	0	3 159
interest accrual	566 597	433 712
Reductions, on account of:	(850 560)	(561 645)
repurchase of bonds	(205 000)	(128 731)
valuation of the Bank's bonds within the fair value hedge relationship	(33 455)	0
Other changes including FX differences	(47 868)	(34 240)
interest payment	(564 237)	(398 674)
<b>Balance at the end of the period</b>	<b>7 640 812</b>	<b>6 124 775</b>

### 35d. Debt securities by type

As at 31.12.2025		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		2 191 798	60 035	2027-09-18	Luxembourg SE
Bank Millennium - MILP-2029/09		2 143 295	30 119	2029-09-25	Luxembourg SE
Millennium Bank Hipoteczny - PLMLNBH00014	-	300 458	801	2027-06-11	Warszawa - Catalyst
Millennium Bank Hipoteczny - PLMLNBH00022	-	503 310	4 105	2029-11-05	Warszawa - Catalyst
Millennium Bank Hipoteczny - PLMLNBH00030	-	800 799	2 176	2030-03-12	Warszawa - Catalyst
Millennium Bank Hipoteczny - PLL381300010	-	1 007 062	8 600	2030-11-04	Warszawa - Catalyst
Millennium Leasing - CLN 23-38		226 230	7 230	2038-10-20	Vienna MTF
<b>Total</b>		<b>7 640 812</b>	<b>122 157</b>		

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	60 693	2027-09-18	Luxembourg SE
Bank Millennium - MILP-2029/09		2 175 303	30 449	2029-09-25	Luxembourg SE
Millennium Bank Hipoteczny - PLMLNBH00014	-	300 536	1 101	2027-06-11	Warszawa - Catalyst
Millennium Bank Hipoteczny - PLMLNBH00022	-	504 217	5 190	2029-11-05	Warszawa - Catalyst
Millennium Leasing - CLN 23-38		289 856	9 856	2038-10-20	Vienna MTF
<b>Total</b>		<b>6 124 775</b>	<b>120 472</b>		

## 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 PLN 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

	01.01.2025 - 31.12.2025	01.01.2024 - 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)
<b>Balance at the end of the period</b>	<b>1 557 687</b>	<b>1 562 330</b>

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

Provision for legal risk connected with fx mortgage loans



## 37. PROVISIONS

### 37a. Provisions

	31.12.2025	31.12.2024
Provision for commitments and guarantees given	105 358	53 583
Provisions for retirement benefits	74 534	51 166
Provision for pending legal issues, including:	3 566 628	2 847 003
Provision for legal risk connected with fx mortgage loans	3 442 891	2 798 472
<b>Total</b>	<b>3 746 520</b>	<b>2 951 752</b>

### 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	53 583	30 305	16 613	6 665
Charge of provision	112 268	52 758	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	105 357	59 119	38 682	7 556

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

### 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	51 166	48 328
Charge/Release of provision	6 631	6 227
Utilization of provisions	(1 658)	(1 456)
Actuarial gains/losses	18 395	(1 928)
Inne	0	(5)
Balance at the end of the period	74 534	51 166

### 37d. Change of provision for pending legal issues

	01.01.2025 - 31.12.2025	01.01.2024 - 31.12.2024
Balance at the beginning of the period	2 847 003	1 403 105
Charge of provision	93 133	8 914
Release of provision	(8 283)	(4 547)
Utilisation of provision	(1 424 189)	(420 111)
Creation of provisions 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	3 566 628	2 847 003

\* Creation of provisions for legal risk related to foreign currency mortgage loans is described in more detail in **Chapter 13 “Legal risk related to foreign currency mortgage loans”**.

## 38. OTHER LIABILITIES

### 38a. Other liabilities

	31.12.2025	31.12.2024
Short-term	1 941 440	1 705 278
Accrued costs - bonuses, salaries	113 802	77 425
Accrued costs - other	210 582	166 896
Provisions for return of insurance fees	26 995	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:	712 569	524 413
- liabilities due to legally invalidated foreign currency mortgage loans	308 837	244 094
- payments towards leasing installments	101 903	102 797
- insurance settlements	70 720	16 342
Liabilities to public sector	66 523	42 747
Deferred income	9 514	25 764
Liabilities due to lease	80 904	80 973
Provisions for unused employee holiday	26 324	20 122
Settlement due to brokerage activity	5 794	2 585
Other	123 616	111 989
Long-term	462 011	439 817
Liabilities due to lease	159 521	183 465
Commitment to pay – BGF*	272 251	227 409
Other	30 239	28 943
<b>Total</b>	<b>2 403 451</b>	<b>2 145 095</b>
including other financial liabilities**	1 809 972	1 538 722

\* - 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 due to lease

	31.12.2025	31.12.2024
Liabilities due to lease (gross)	261 216	285 424
Unrealised financial costs	(20 791)	(20 987)
Current value of minimum lease instalments	240 425	264 437
Liabilities due to lease (gross) by maturity		
Under 1 year	90 998	89 931
From 1 year to 5 years	169 660	187 258
Above 5 years	557	8 235
Total	261 215	285 424
Liabilities due to lease (net) by maturity		
Under 1 year	80 904	80 973
From 1 year to 5 years	158 653	175 414
Above 5 years	868	8 051
Total	240 425	264 438

### 38c. Change of provisions for unused employee holiday

	01.01.2024 - 31.12.2024	01.01.2023 - 31.12.2023
Balance at the beginning of the period	20 122	17 445
Charge of provisions/ reversal of provisions	6 236	2 461
Utilisation of provisions	(34)	(26)
Other	0	242
Balance at the end of the period	26 324	20 122

## 39. EQUITY

### 39a. Capital

The share capital of the Bank Millennium S.A. (equal to the Group's share capital) 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

<b>Shareholder 31.12.2025</b>	<b>Number of shares</b>	<b>% share in share capital</b>	<b>Number of votes</b>	<b>% share in votes at Shareholders' Meeting</b>
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](http://www.nn.pl), [www.allianz.pl](http://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).

<b>Shareholder 31.12.2024</b>	<b>Number of shares</b>	<b>% share in share capital</b>	<b>Number of votes</b>	<b>% share in votes at Shareholders' Meeting</b>
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 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)	239 560	(74 052)
Deferred income tax	(57 860)	14 068
Net effect of valuation	181 700	(59 984)

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	(51 377)	9 759	(41 618)
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	305 933	(69 882)	236 051
Profit/loss on revaluation of FVTOCI shares, recognized in equity	4 033	(2 341)	1 692
Revaluation reserve at the end of the period	258 557	(62 458)	196 099

### Revaluation reserve on FVTOCI assets 1.01.2024 - 31.12.2024

	Gross value	Deferred tax	Total
Revaluation reserve at the beginning of the period	(214 495)	40 752	(173 743)
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	155 414	(29 529)	125 885
Profit/loss on revaluation of FVTOCI shares, recognized in equity	7 847	(1 491)	6 356
Revaluation reserve at the end of the period	(51 377)	9 759	(41 618)

### 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	(24 760)	4 705	(20 055)
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	(2 687)	806	(1 881)

### 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	(54 193)	10 297	(43 896)
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	(24 760)	4 705	(20 055)

**Revaluation reserve due to actuarial gains (losses) 1.01.2025 - 31.12.2025**

	<b>Gross value</b>	<b>Deferred tax</b>	<b>Total</b>
Revaluation reserve at the beginning of the period	2 085	(396)	1 689
Change in the obligations arising from the provision for retirement benefits	(18 395)	4 188	(14 207)
Revaluation reserve at the end of the period	(16 310)	3 792	(12 518)

**Revaluation reserve due to actuarial gains (losses) 1.01.2024 - 31.12.2024**

	<b>Gross value</b>	<b>Deferred tax</b>	<b>Total</b>
Revaluation reserve at the beginning of the period	157	(30)	127
Change in the obligations arising from the provision for retirement benefits	1 928	(366)	1 562
Revaluation reserve at the end of the period	2 085	(396)	1 689

**39c. Retained earnings**

	<b>Supplementary capital</b>	<b>Reserve capital</b>	<b>General banking risk fund</b>	<b>Retained earnings</b>	<b>TOTAL</b>
Retained earnings at the beginning of the period 01.01.2025	472 698	3 815 523	228 902	864 404	5 381 527
appropriation of profit		660 989		(660 989)	0
net profit/ (loss) of the period				1 201 789	1 201 789
Retained earnings at the end of the period 31.12.2025	472 698	4 476 512	228 902	1 405 204	6 583 316

	<b>Supplementary capital</b>	<b>Reserve capital</b>	<b>General banking risk fund</b>	<b>Retained earnings</b>	<b>TOTAL</b>
Retained earnings at 31.12.2023	472 698	3 257 933	228 902	792 278	4 751 811
opening balance adjustment	0	0	0	(89 493)	(89 493)
Adjusted retained earnings at 01.01.2024	472 698	3 257 933	228 902	702 785	4 662 318
appropriation of profit		557 590		(557 590)	0
net profit/ (loss) of the period				719 209	719 209
Retained earnings at the end of the period 31.12.2024	472 698	3 815 523	228 902	864 404	5 381 527



## 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	97 263	4 227	1 622	0	0	103 112
Deposits from customers	106 334 132	16 143 280	7 778 507	655 391	97 397	131 008 707
Liabilities from securities sold with buy-back clause	0	0	0	0	0	0
Debt securities	11 861	8 119	560 348	8 587 561	1 048 962	10 216 851
Subordinated debt	24 817	0	105 887	1 693 958	0	1 824 662
Liabilities from trading derivatives - notional value	1 922 542	2 302 029	6 065 523	10 732 659	1 578 734	22 601 487
Liabilities from hedging derivatives - notional value	0	0	2 883 430	6 500 047	850 000	10 233 477
Commitments granted - financial	14 673 488	0	0	0	0	14 673 488
Commitments granted - guarantee	2 076 330	0	0	0	0	2 076 330
<b>TOTAL</b>	<b>125 140 433</b>	<b>18 457 655</b>	<b>17 395 317</b>	<b>28 169 616</b>	<b>3 575 093</b>	<b>192 738 114</b>

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	201 867	2 591	0	0	0	204 458
Deposits from customers	91 601 487	14 877 597	9 757 852	1 251 544	48 645	117 537 125
Liabilities from securities sold with buy-back clause	194 254	0	0	0	0	194 254
Debt securities	16 607	15 288	656 985	6 680 684	2 028 705	9 398 269
Subordinated debt	0	28 611	128 090	1 018 593	830 000	2 005 294
Liabilities from trading derivatives - notional value	3 556 879	1 399 841	2 081 440	6 013 031	263 740	13 314 931
Liabilities from hedging derivatives - notional value	468 280	1 077 044	192 070	5 856 460	0	7 593 854
Commitments granted - financial	11 754 379	0	0	0	0	11 754 379
Commitments granted - guarantee	1 686 880	0	0	0	0	1 686 880
<b>TOTAL</b>	<b>109 480 633</b>	<b>17 400 972</b>	<b>12 816 437</b>	<b>20 820 312</b>	<b>3 171 090</b>	<b>163 689 444</b>

## 15. Supplementary Information

### 15.1. 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.

### 15.2. DATA ABOUT ASSETS, WHICH SECURE LIABILITIES

As at 31 December 2025 following assets of the Group 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
12.	Treasury Bonds WZ0126	Held to maturity	pledge on the account of Millennium Leasing related to the securitization transaction	240 900	245 908
13.	Treasury Bonds WZ0126	Held to Collect and for Sale	mortgage bonds Millennium Bank Hipoteczny	5 000	5 111
14.	Treasury Bonds WZ0330	Held to Collect and for Sale	mortgage bonds Millennium Bank Hipoteczny	30 000	29 636
15.	Treasury Bonds WZ0528	Held to Collect and for Sale	mortgage bonds Millennium Bank Hipoteczny	10 000	9 970
16.	Treasury Bonds WZ1128	Held to Collect and for Sale	mortgage bonds Millennium Bank Hipoteczny	10 000	9 921
17.	Treasury Bonds WZ1127	Held to Collect and for Sale	mortgage bonds Millennium Bank Hipoteczny	15 000	14 995
18.	Treasury Bonds WZ1129	Held to Collect and for Sale	mortgage bonds Millennium Bank Hipoteczny	15 000	14 740
19.	Treasury Bonds WZ0533	Held to Collect and for Sale	mortgage bonds Millennium Bank Hipoteczny	60 000	57 729
20.	Treasury Bonds WZ1131	Held to Collect and for Sale	mortgage bonds Millennium Bank Hipoteczny	35 000	33 731
21.	Mortgage loans	Held to maturity	mortgage bonds Millennium Bank Hipoteczny *	3 803 463	3 879 439
<b>TOTAL</b>				<b>6 113 018</b>	<b>6 182 797</b>

\* the carrying amount of secured liabilities (issued mortgage bonds) amounted to PLN 2,611,630 thousand as at the reporting date.

Additionally, as at 31 December 2025, the Group 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 Group 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.	Treasury Bonds WZ0126	Held to maturity	pledge on the Millennium Leasing account related to a securitization transaction	311 835	321 623
9.	Cash	receivables	initial settlement deposit in KDPW CCP (MAGB)	11 000	11 000
10.	Cash	receivables	ASO guarantee fund (PAGB)	795	795
11.	Cash	receivables	appropriate security deposit at KDPW CCP (MATS)	321	321
12.	Cash	receivables	Settlement on transactions concluded	24 657	24 657
13.	Deposits placed	Deposits in banks	Settlement on transactions concluded	144 662	145 063
14.	Treasury Bonds WZ1127	Held to Collect and for Sale	mortgage bonds Millennium Bank Hipoteczny	15 000	14 960
15.	Treasury Bonds WZ0525	Held to Collect and for Sale	mortgage bonds Millennium Bank Hipoteczny	5 000	5 044
16.	Treasury Bonds WZ1129	Held to Collect and for Sale	mortgage bonds Millennium Bank Hipoteczny	15 000	14 657
17.	Treasury Bonds WZ0126	Held to Collect and for Sale	mortgage bonds Millennium Bank Hipoteczny	5 000	5 152
18.	Treasury Bonds WZ0528	Held to Collect and for Sale	mortgage bonds Millennium Bank Hipoteczny	10 000	9 955
19.	Treasury Bonds WZ1128	Held to Collect and for Sale	mortgage bonds Millennium Bank Hipoteczny	10 000	9 880
20.	Mortgage loans	Held to maturity	mortgage bonds Millennium Bank Hipoteczny *	1 673 857	1 707 557
TOTAL				<b>4 235 636</b>	<b>4 232 351</b>

\* the carrying amount of secured liabilities (issued mortgage bonds) amounted to PLN 804,752 thousand as at the reporting date.

The Group presents, in a separate line item in the Consolidated Statement of Financial Position, the assets serving as collateral for liabilities that may be pledged or sold by the collateral taker. As at 31 December 2024, the Group had concluded short-term repurchase (sell-and-repurchase) transactions involving treasury securities meeting the above criteria, with a carrying amount 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)**.

### 15.3. SECURITIES COVERED BY TRANSACTIONS WITH A BUY-BACK CLAUSE (SBB)

The following securities (presented in the Group's balance sheet) were the subject of repurchase transactions (SBB), in PLN thousand:

As at 31.12.2025 r. Type of security	Nominal value	Balance sheet value
Treasury bonds	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>

As at 31.12.2024 r. Type of security	Nominal value	Balance sheet value
Treasury bonds	193 346	194 088
<b>TOTAL</b>	<b>193 346</b>	<b>194 088</b>

As a result of concluding repurchase transactions involving securities presented in the table above, the Group is exposed to risks similar to those in the case of holding securities with the same characteristics in its own portfolio.

### 15.4. OFFSETTING OF ASSETS AND LIABILITIES

#### Offsetting the valuation of derivative instruments concluded through clearing houses

The Group 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	378 556	446 308
Compensation effect	(223 247)	(237 737)
Valuation of derivative instruments for trading, after cpmensation	155 309	208 571

31.12.2024	Fair value	
	Assets	Liabilities
Valuation of derivative instruments for trading, before cpmensation	400 100	366 072
Compensation effect	(144 255)	(139 768)
Valuation of derivative instruments for trading, after cpmensation	255 845	226 304

31.12.2025	Fair value	
	Assets	Liabilities
Valuation of derivative instruments for trading, before compensation	84 134	143 075
Compensation effect	(84 134)	(118 340)
Valuation of derivative instruments for trading, after compensation	0	24 735

31.12.2024	Fair value	
	Assets	Liabilities
Valuation of derivative instruments for trading, before compensation	127 335	126 896
Compensation effect	(127 335)	(25 357)
Valuation of derivative instruments for trading, after compensation	0	101 539

### Theoretical offsetting of assets and liabilities on the basis of isda agreements

The part of the Group'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.

PLN'000	Amounts to be received	Amounts to be paid
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)
<b>Financial assets and liabilities covered by framework ISDA agreements allowing compensation taking into account theoretical amount of compensation</b>	<b>0</b>	<b>6 059</b>

## 15.5. ADDITIONAL EXPLANATIONS TO THE CASH FLOW STATEMENT

For the purpose of the cash flow statement the following financial assets are classified by the Group as cash or its equivalents (PLN'000):

PLN'000	31.12.2025	31.12.2024
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*	10 315 417	8 692 223
of which FVTOCI and HTC	10 315 417	8 692 223
of which held for trading	0	0
<b>Total</b>	<b>14 890 326</b>	<b>14 159 598</b>

\* 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 Group'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.	(227 056)	(158 107)
- the difference between interest accrued and interest paid (on a cash basis)	4 506	3 964
- hedge accounting valuation recognised in other comprehensive income	22 071	29 433
Change in financial assets measured at fair value through profit or loss, as presented in the cash flow statement	(200 479)	(124 710)
2) Change in the balance of loans and advances granted to other banks resulting from balance sheet balances	83 776	358 919
- the difference between interest accrued and interest paid (on a cash basis)	1 335	(1 069)
- 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	11 165	33 774
3) Change in the balance of loans and advances granted to customers resulting from balance sheet balances	(1 551 091)	(1 360 219)
- the difference between interest accrued and interest paid (on a cash basis)	(18 797)	77 119
- other	(2 168)	2 965
Change in loans and advances to customers as presented in the cash flow statement	(1 572 056)	(1 280 135)
4) Change in the balance of amounts due to banks resulting from balance sheet balances	(101 346)	(299 909)
- the difference between interest accrued and interest paid (on a cash basis)	403	1 374
Change in liabilities to banks as presented in the cash flow statement	(100 943)	(298 535)
5) Change in the balance of amounts due to customers resulting from balance sheet balances	13 550 278	10 010 785
- the difference between interest accrued and interest paid (on a cash basis)	68 757	39 811
Change in liabilities to customers as presented in the cash flow statement	13 619 035	10 050 596
6) Change in the balance of debt securities issued resulting from balance sheet balances	1 516 037	2 806 926
- the difference between interest accrued and interest paid (on a cash basis)	(2 360)	(35 037)
- foreign exchange differences presented in a dedicated line within operating activities	47 868	34 238
- issuance of securities recognised within financing activities in the statement of cash flows	(1 800 000)	(2 931 700)
- redemption of securities recognised within financing activities in the statement of cash flows	205 000	128 731
Change in liabilities from the issuance of debt securities as presented in the cash flow statement.	(33 455)	3 158
7) Change in the balance of other assets and liabilities resulting from balance sheet balances	(58 549)	(1 227 608)
- change in the balance of finance lease liabilities	21 105	9 860
- other differences	0	1 918
Change in other assets and liabilities as presented in the cash flow statement	(37 444)	(1 215 830)

## **15.6. INFORMATION ON CUSTODY ACTIVITY**

As of 31 December 2025, the Bank maintained 12,130 securities accounts and foreign financial instrument accounts. The value of assets held in Clients' securities accounts under custody services amounted to PLN 27 billion. In 2025, the Bank also acted as the Issuing Agent and Depositary for 21 Investment Funds of the Millennium TFI S.A. group.

## **15.7. 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.



<b>Variable remuneration in the financial instrument transferred to Risk Takers I in 2025, for the year:</b>				
	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
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 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			

<b>phantom shares of Members of the Management Board of Bank Millennium S.A. for the year:</b>	<b>Status at the end of 2025 Programs for 2021, 2022, 2023 i 2024*</b>	<b>Status at the end of 2024 Programs for 2021, 2022 i 2023</b>
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

<b>Bank Millennium shares of Members of the Management Board of Bank Millennium S.A. for the year:</b>	<b>Status at the end of 2025 Programs for 2021, 2022, 2023 i 2024*</b>	<b>Status at the end of 2024 Programs for 2021, 2022 i 2023</b>
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.



## 15.8. 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 Group'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