Consolidated report of the Bank Millennium S.A. Capital Group for 1st quarter of 2025

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.

Consolidated Financial Highlights

	Amount '000 PLN		Amount '000 EUR	
	1.01.2025 – 31.03.2025	1.01.2024 – 31.03.2024	1.01.2025 – 31.03.2025	1.01.2024 – 31.03.2024
Interest income and other of similar nature	2 268 053	2 169 427	541 974	502 054
Fee and commission income	249 475	262 422	59 615	60 730
Profit (loss) before income tax	317 703	129 293	75 918	29 921
Profit (loss) after taxes	179 269	128 426	42 838	29 721
Total comprehensive income of the period	237 681	187 245	56 796	43 333
Net cash flows from operating activities	4 369 211	6 656 138	1 044 067	1 540 380
Net cash flows from investing activities	3 261 672	(5 345 614)	779 409	(1 237 096)
Net cash flows from financing activities	(34 185)	(37 406)	(8 169)	(8 657)
Net cash flows, total	7 596 698	1 273 118	1 815 307	294 628
Earnings (losses) per ordinary share (in PLN/EUR)	0.15	0.11	0.04	0.02
Diluted earnings (losses) per ordinary share	0.15	0.11	0.04	0.02
	31.03.2025	31.12.2024	31.03.2025	31.12.2024
Total Assets	142 763 893	139 151 532	34 122 205	32 565 301
Liabilities to banks and other monetary institutions	365 274	316 824	87 305	74 146
Liabilities to customers	119 435 816	117 257 213	28 546 527	27 441 426
Equity	8 009 315	7 771 634	1 914 318	1 818 777
Share capital	1 213 117	1 213 117	289 949	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)	6.60	6.41	1.58	1.50
Diluted book value per share (in PLN/EUR)	6.60	6.41	1.58	1.50
Total Capital Ratio (TCR)	17.34%	17.24%	17.34%	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	-	-	4.1839	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)	-	-	4.1848	4,3211

BANK MILLENNIUM GROUP IN 1Q25

Key financial indicators

NET PROFIT	COST-TO-INCOME	TOTAL ASSETS	CAPITAL RATIOS
PLN179mn	41.1% (reported) 34.5% (adjusted)	PLN143bn +8% y/y	T1 15.2% TCR 17.3%

Key operating statistics

OUR CLIENTS	OUR EMPLOYEES	ONLINE USERS	TRANSACTIONS
3.2mn active retail clients 38k active corpo/SME clients	6,726 FTEs	3.0mn active digital users	**Digital share:** 84% in cash loans 95% in term deposits

Basic facts for investors

MARKET CAP.	SHARE PRICE	INDICES	RATINGS
PLN17.2bn (EUR4.1bn) (@31.03.2025)	PLN14.14 +59% ytd +37% y/y	WIG mWIG40 WIG Banks	**Moody's: Baa2** (adjusted BCA: ba1) Positive outlook **Fitch: BB+** (VR: bb+) Positive outlook **MSCI: A** (average ESG rating)

INFORMATION ABOUT ACTIVITY OF BANK MILLENNIUM AND CAPITAL GROUP OF BANK MILLENNIUM S.A. IN 1Q25

FINANCIAL RESULTS – KEY POINTS

Bank Millennium S.A. Capital Group's ('BM Group', 'Group') reported net profit of PLN179 million in 1Q25 (up 40% y/y) translating into annualised 9.1% ROE in the quarter (12.3% with BFG resolution fund fee charge distributed equally through the year). This solid quarterly result was achieved despite continued (albeit lower) elevated costs related to FX-mortgage portfolio (PLN539 million after tax) and a high cost of BFG fees (PLN94 million, up PLN33 million y/y).

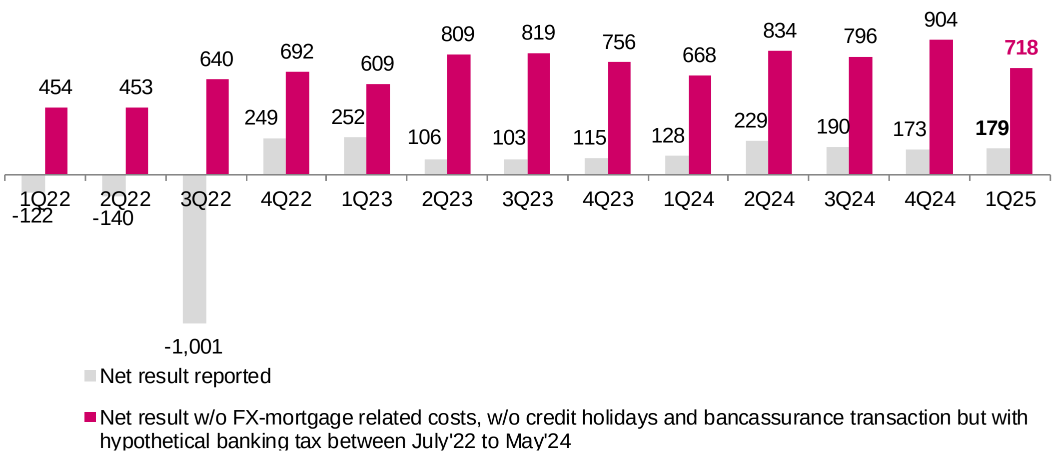
1Q25 was another quarter of solid performance from the operating perspective. Loan growth remained moderate (impact of fast contracting FX-mortgage portfolio) but corporate book showed early signs of recovery (+2% q/q, + 4% y/y) while origination of consumer loans reached a second best level with market share increasing to a record 13%. Liquidity surplus increased further (deposits up 2% q/q and up 6% y/y while L/D ratio reached a new low of 62%). Number of active retail clients remained in a steady uptrend (3.188 million, up 5% y/y) while volume of investment products grew 8% q/q to PLN12.0 billion.

On the FX-mortgage front, steady risk reduction continued. Quarterly number of new settlements with FX-mortgage borrowers continued to exceed the number of newly filed claims against the Bank. To date, settlements totalled nearly 26,000, an equivalent of 44% of the number of loan agreements active at moment of the full roll-out of amicable settlements effort. Inflow of new FX-mortgage court cases against the Bank continued to slow (<1,100 in 1Q25 against 2024 quarterly average of 1,461), the number of active claims against the Bank continued to decline while the ratio of legal risk provisions to gross active book crossed the level of 130%.

Capital ratios improved in the quarter despite the CRR3 entry into force. The surplus of T1/TCR ratios remained well above 6 percentage points each. MREL ratios surpluses over minimum requirements remained comfortable at nearly 7 percentage points for MRELtrea and nearly 3 percentage points for MREL tem respectively. In 1Q25 the regulator withdrew the P2R buffer, while in December 2024 it issued a decision on non-imposing of P2G buffer.

1Q25 net profit without FX-mortgage related costs would amount to PLN718 million (up 7% y/y).

Quarterly net results: reported and adjusted (PLNmn)



Profit & Loss in brief *(PLN million)*	**1Q25**	**1Q24**	**y/y**	**4Q24**	**q/q**
Net interest income	1 423	1 354	5%	1 505	-5%
Net commission income	183	200	-9%	188	-3%
Core income	1 606	1 554	3%	1 693	-5%
Other non-interest income	20	(137)	-	(98)	-
Total operating income	**1 626**	**1 417**	**15%**	**1 595**	2%
Personnel costs	(322)	(289)	11%	(310)	4%
Other administrative costs	(346)	(309)	12%	(287)	21%
Total operating costs	**(668)**	**(598)**	**12%**	**(596)**	12%
Impairment provisions and other cost of risk *	(87)	(120)	-28%	3	-
Other modification	(10)	(21)	-50%	(58)	-82%
FX legal risk related provision	(445)	(549)	-19%	(523)	-15%
Banking tax	(99)	0	-	(99)	0%
Pre-income tax profit	318	129	146%	322	-1%
Income tax	(138)	(1)	-	(139)	0%
Net profit – reported	**179**	**128**	**40%**	**173**	4%
Net profit – adjusted **	**718**	**668**	**7%**	**904**	-21%

NIM	4.23%	4.36%	-0.13 p.p.	4.37%	-0.14 p.p.
Cost/income reported	41.1%	42.2%	-1.2 p.p.	37.4%	3.7 p.p.
Cost/income *adjusted* ***	34.5%	31.8%	2.7 p.p.	31.5%	3.0 p.p.
Cost of risk (bp)	45	63	-18 b.p.	1	44 b.p.
ROE	9.1%	7.4%	1.7 p.p.	9.0%	0.1 p.p.

(*) Impairment provisions for financial and non-financial assets including also fair value adjustment (PLN0.2mn in 1Q25 and PLN3.7mn in 1Q24) and loans modification effect not related to amicable settlements with FX mortgage borrowers (PLN7.1mn in 1Q25 and PLN10.6mn in 1Q24); (**) Without extraordinary items, i.e. FX mortgage loan related costs/incomes (in legal risk provisions, FX results, operating cost and other operating income/cost including indemnity from Societe Generale and tax effects) and hypothetical banking tax until the end of May 2024 and impact of credit holidays – cost and reversal (PLN45mn in 4Q24); (***) Without extraordinary income or cost and with linear distribution of BFG resolution fund fee throughout the year

Key Balance Sheet indicators *(PLN million)*	**31.03.2025**	**31.03.2024**	**y/y**	**31.12.2024**	**q/q**
Loans to households	56 190	56 271	0%	56 935	-1%
Loans to companies and public sector	18 351	17 640	4%	18 046	2%
Total net loans to clients	**74 541**	**73 911**	1%	**74 981**	-1%
Total assets	**142 764**	**132 138**	8%	**139 152**	3%
Deposits of individuals	90 348	81 060	11%	87 567	3%
Deposits of companies and public sector	29 088	32 124	-9%	29 690	-2%
Total deposits	119 436	113 184	6%	117 257	2%

Impaired loan ratio *	4.5%	4.6%	-0.1%	4.5%	0.0 p.p.
CET1 = T1	15.2%	14.9%	0.3%	14.8%	0.4 p.p.
TCR	17.4%	18.0%	-0.6%	17.2%	0.2 p.p.

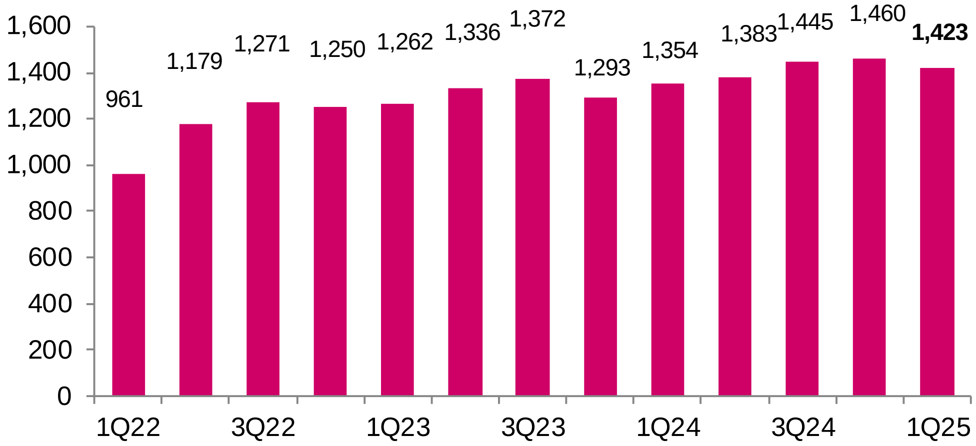
(*) Impaired loan ratio = credit risk provisions / impaired loans

Key developments in the period

The key developments in 1Q25 were as follows:

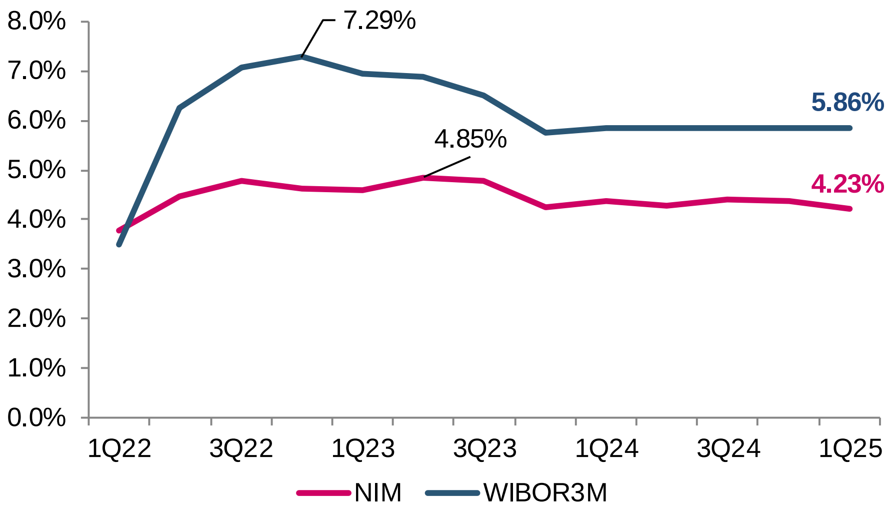
- **1Q25 NII grew 5% y/y on a reported basis and dropped 5% q/q (down 3% q/q excluding positive impact on credit holidays cost reversal in 4Q24);** the y/y growth was driven by higher income which in turn was an outcome of higher interest earning assets (IEAs), improving profitability of the bond portfolio and lower cost of deposits; the q/q drop of NII was largely an outcome of lower number of calendar days, a high base effect (PLN45mn credit holiday cost reversal in 4Q24) and cost of securitisation transaction concluded in December'24;

NII excluding cost of credit holidays (PLNmn)



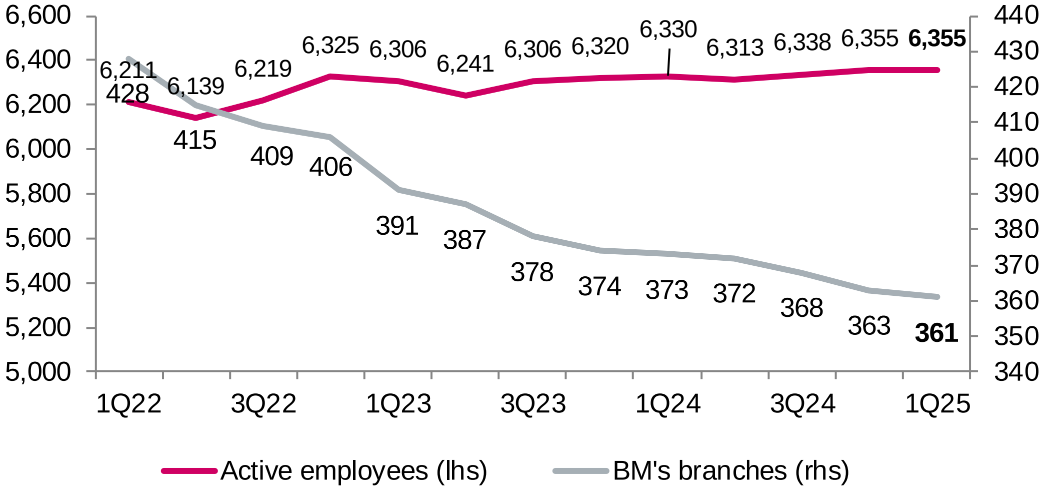
- **quarterly NIM contracted somewhat (423bp vs. from 437bp in the preceding quarter)** with the above mentioned impact of the lower number of calendar days, higher IEAs (up 3% q/q) and changing asset mix having the most pronounced impact; interest yield on loans contracted slightly, yield on bond portfolio ticked up as did the cost of deposits;

Net interest margin (NIM)



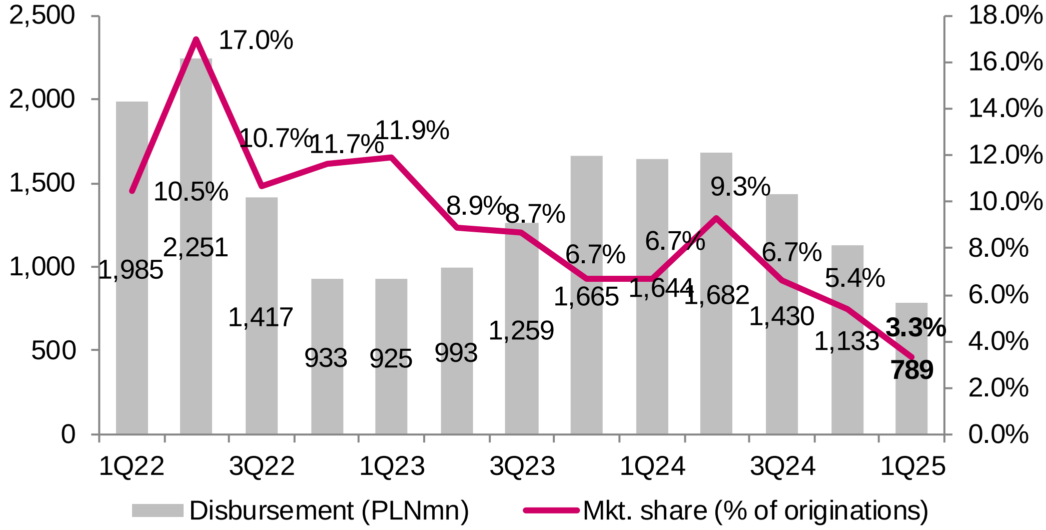
- **cost growth** showed signs of deceleration, although still growing double digit in 1Q25 (reported opex up 12% q/q and up 12% y/y) with higher BFG charges (up PLN31mn y/y or up 50% y/y) and higher wages (salary increases) behind the y/y growth; w/o regulatory charges opex would be up 7% y/y; headcount remained broadly stable (number of active employees up 25 in the last twelve months), optimisation of the physical distribution network continued (own branches down by 12 units or 3% in the last twelve months) complementing the increasing share of digital services (digital customers: 2.95mn, up 6% y/y, number of active mobile customers: 2.72mn, up 7% y/y);

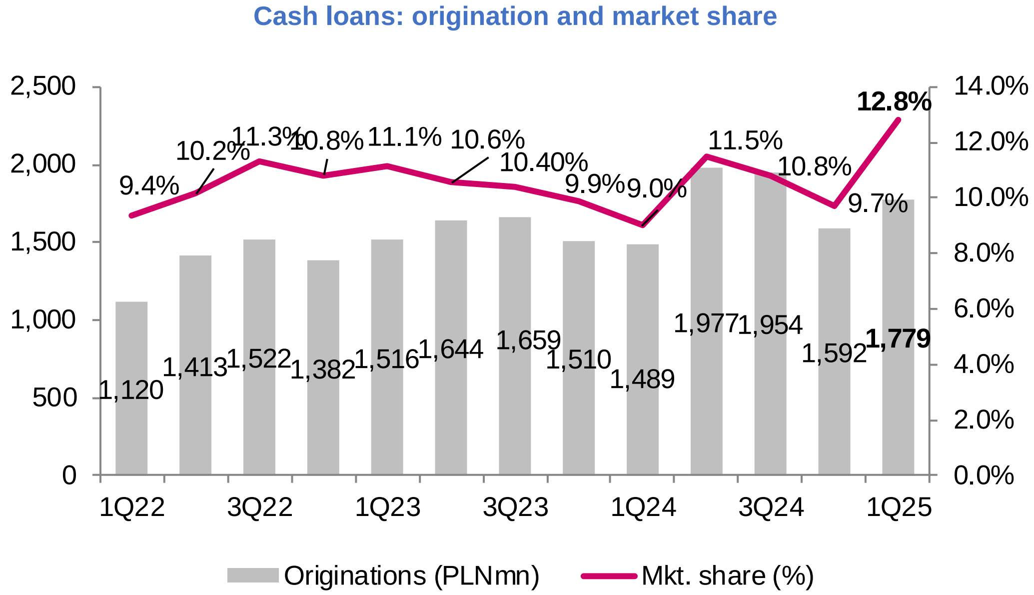
Staff and own branches (#)



- **loan portfolio marginally decreased in the quarter, while in y/y terms net/gross loans were up 1%**; downward trend in FX-mortgage portfolio remained the key decisive factor as net/gross loan book w/o FX-mortgages was flat in the period and +3% y/y; FX-mortgages continued to shrink fast (on a reported basis down 9% q/q and down 51% y/y) on a combination of FX movements, repayments, provisioning (in line with IFRS9 part of legal risk provisions are booked against gross value of loans under court proceedings), write-downs and amicable settlements; as a result, the share of all FX-mortgages in total gross loans decreased to 1.6% (BM originated only: 1.4%) from 3.3% (2.9%) in the same period last year;
- **non-FX mortgage portfolio was flat q/q and up 3% y/y** with non-mortgage retail loans flat q/q and up 7% y/y; origination of cash loans at PLN1.8bn in the period (up 12% q/q and up 19% y/y) was second highest on record and contributed the most; BM's market share in origination of cash loans in 1Q25 stood at 12.8%, well above the 9.0% in 1Q24; origination (disbursements) of PLN mortgages decreased q/q and y/y to PLN0.8bn (market share of 3.3%);

Mortgages: disbursement and market share in originations





- **loan book quality barely changed in 1Q25** with total NPL ratio at 4.5% reflecting small improvement of the NPL ratio in the corporate segment (to 4.4% from 4.7% at the end of December'24) while the retail one saw a marginal increase of the ratio (4.5% vs. 4.4% respectively); consumer loans saw marginal increase of its NPL ratio, while this of the mortgage segment was unchanged; NPL coverage ratio marginally increased to 74% (73% at YE24); quarterly cost of risk was 45bps (no NPL sale) with 44bps credit risk cost in the retail segment and 50bps in the corporate one;

- **customer deposits were up 2% in the quarter and up 6% y/y** with retail deposits up 3% q/q and corporate ones down 2% q/q (chiefly due to drop in current accounts as term deposits were marginally up); the share of total term deposits was unchanged at 35%; the liquidity of the Bank remained very comfortable with L/D ratio decreasing to a new low of 62%;

- **AuM of Millennium TFI and third-party funds combined again grew at a healthy rate (8% q/q)** with y/y growth rate of 32% taking total AuM to nearly PLN12.0bn;

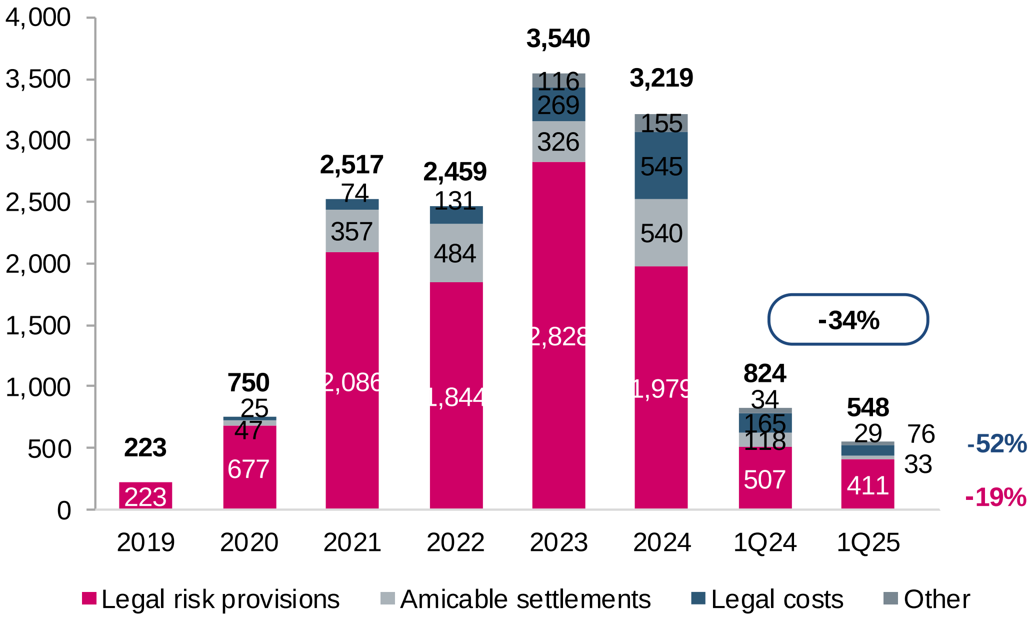
- **capital ratios marginally improved despite the initially estimated impact of CRR3 entry into force** (Group TCR: 17.3%/T1:15.2% vs. 17.2%/14.8% respectively at the end of December'24) with the surpluses over the required minimum T1 and TCR ratios remaining comfortably above 6.0 p.p. each; the initial CRR3 impact was equivalent to 73bps on Group T1 ratio and 86bps on TCR and it was more than offset by the incorporation of the 2H24 net profit into regulatory capital (T1/TCR: 80bps), recognition of impact of securitisation transaction concluded in December 2024 (23bps impact on T1 ratio), lower negative adjustment for DTA, and finally lower negative valuation of the bond portfolio;

- **MREL ratios surpluses over minimum requirements remained comfortable** at nearly 7 percentage points for MREL trea and nearly 3 percentage points for MREL tem respectively; **Long-term Funding Ratio (LTFR ratio) stood at 33% at the end of March'25** (28% at YE24) and as stated earlier the Group intends to close the gap to the 40% level recommended as of December 31, 2026 largely through issuance of covered bonds by its mortgage subsidiary Millennium Bank Hipoteczny ("MBH"); following PLN800mn worth of covered bond issues in 2024, in 2025 MBH already placed PLN800mn issue on the market.

FX-mortgage portfolio and related costs

All-in quarterly P&L costs related to FX-mortgage portfolio originated by BM (legal risk provisions, costs of amicable settlements as well as legal and court costs) decreased 36% q/q and 34% y/y to PLN548 million pre-tax (PLN539 million after tax, down 26% q/q and flat y/y owing to DTA effect last year) and again remained a material drag on the core business of the Group. All items (see comment on settlement costs further in the report) were visibly lower than in the same period last year with pre-tax cost of legal provisions down 19% y/y and combined amount of other cost elements down 52% y/y.

FX-mortgage related costs (PLNmn pre-tax)



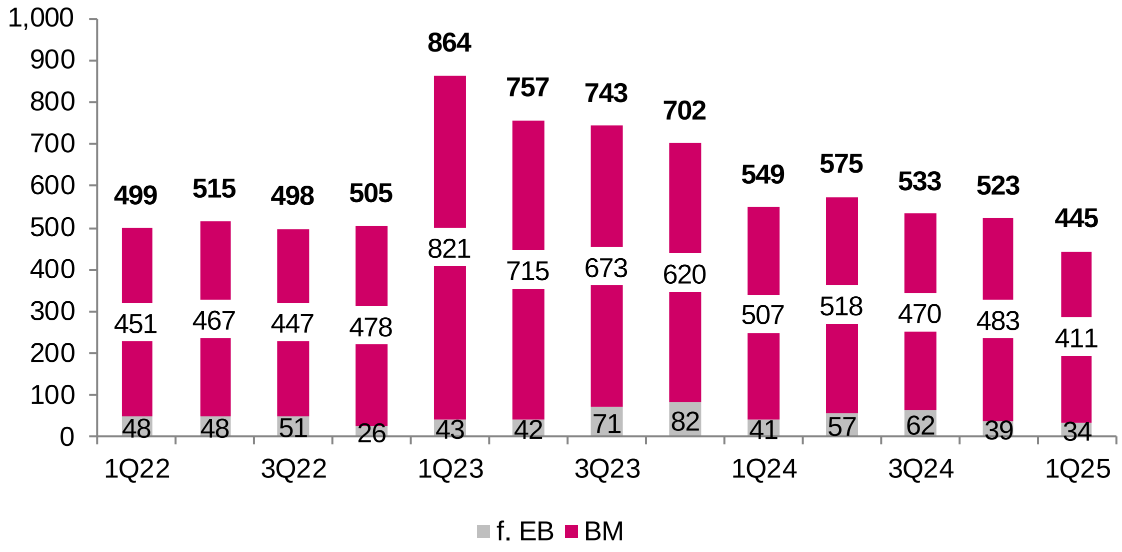
(*) without legal risk costs related to FX-mortgages originated by former Euro Bank

Legal risk provisions

Total cost of provisions against legal risk related to FX-mortgage portfolio (‘FX-mortgage provisions’) amounted to PLN445 million pre-tax in 1Q25 with PLN411 million (down 19% y/y) attributable to FX-mortgages originated by Bank Millennium. Post-tax cost of FX-mortgage related provisions attributable to portfolio originated by Bank Millennium totalled PLN427 million in 1Q25 vs. PLN383 million in 1Q24 with the y/y growth attributable to the recognition of the DTA in 1Q24.

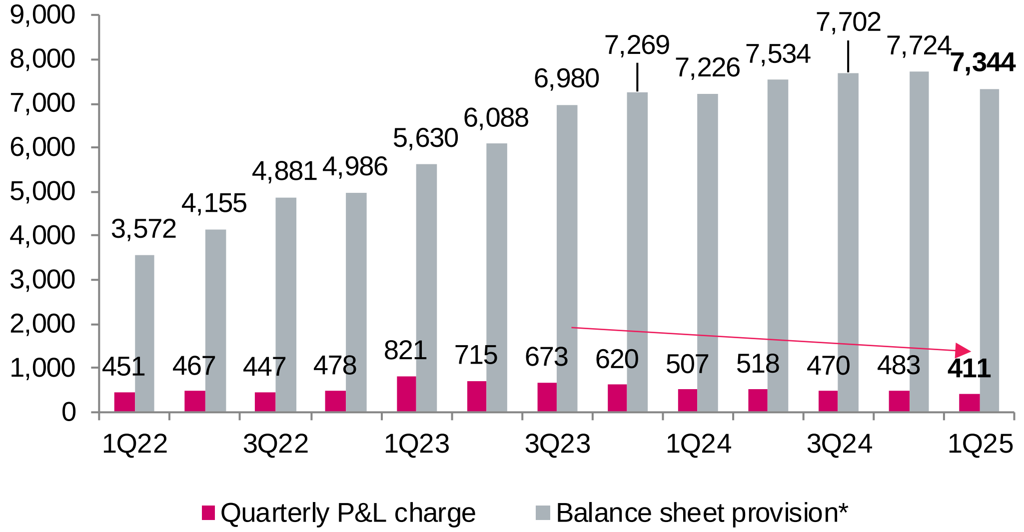
In 1Q25 further provisioning was driven by updated inputs into the Bank’s provisioning methodology, reflecting chiefly (~90%) factors not related to the inflow of court claims, namely additional costs incurred upon invalidation verdicts of the loan agreements.

Quarterly provisions against legal risk of FX-mortgage book (PLNmn)



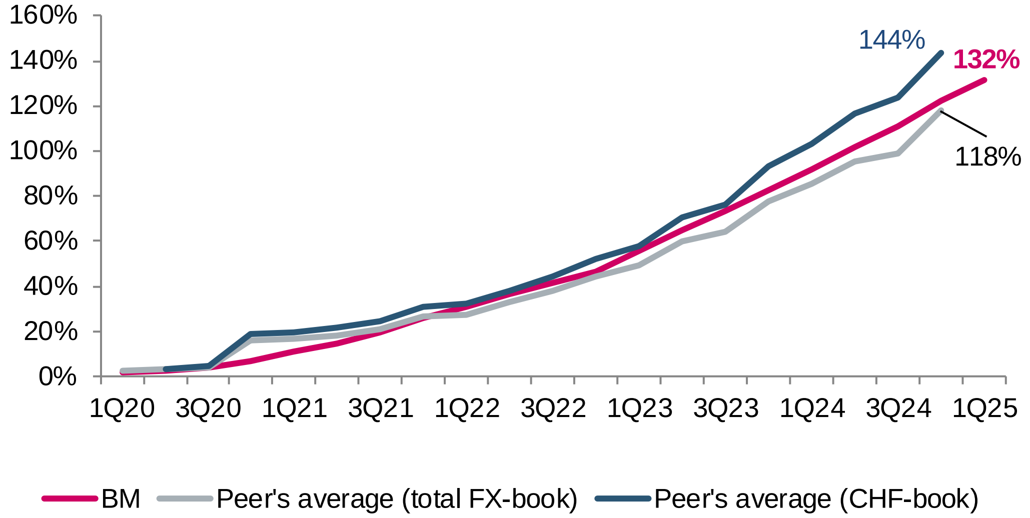
At the end of March’25, the balance sheet value of provisions for the portfolio originated by Bank Millennium was at the level of PLN7,344 million (an equivalent of 132% of the grossed-up active FX-mortgage book) and at PLN748 million for the portfolio originated by former Euro Bank. The y/y growth of PLN455 million of balance of provisions for loans originated by Bank Millennium was much lower than the respective12-month P&L charge of PLN1,883 million. This was mainly due to the much increased use of these provisions (PLN1,723 million in the last 12-months). Allocated provisions, i.e. decreasing gross balance sheet value of the respective loan books, stood at PLN4,512 million for portfolio originated by Bank Millennium and PLN467 million for portfolio originated by former Euro Bank.

Provisions against legal risk of FX-mortgage book (BM portfolio, PLNmn)



(*) actual outstanding B/S provisions not equal to the sum of P&L charges

Legal risk provision/active gross FX-mortgage loans



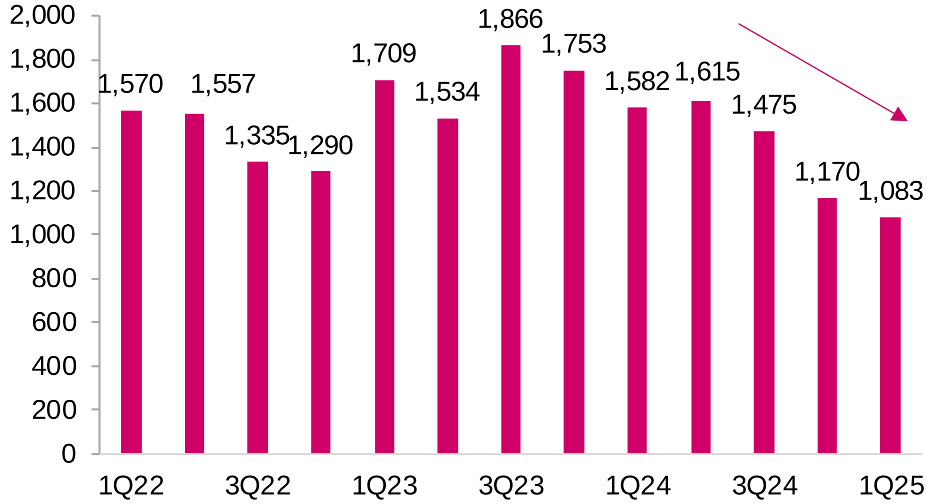
Note: legal risk provisions/active gross FX mortgage book (post IFRS9 adjustments where necessary); excl. f. Euro Bank portfolio in case of BM

Claims against the Bank/Group

On March 31, 2025, the Bank had 21,092 loan agreements and additionally 2,271 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 court. A relatively small proportion of these (~18.0%) had been filed by borrowers who had repaid their FX-mortgages entirely or converted them into PLN mortgages at the date of submitting the court case (~22% according to their current status), although they represent a higher share of recently filed cases.

1Q25 was another quarter when the number of active claims against the Bank dropped q/q, reflecting slowing inflow of new cases, higher number of final verdicts and last but not least impact of amicable settlements of cases who were already during dispute in court. It is also worth noting that the number of new claims against the Bank in 1Q25 – 1,083 cases - averaged below the quarterly average of 1,500 in 2024 and well below the 1,700+ quarterly in 2023. Moreover, since 3Q23 (quarterly peak with nearly 1,900 claims filed) the number of newly filed claims has been in a steady decline, similarly to trends observed on the market overall and among some peer banks. However, more time is required to confirm the trend.

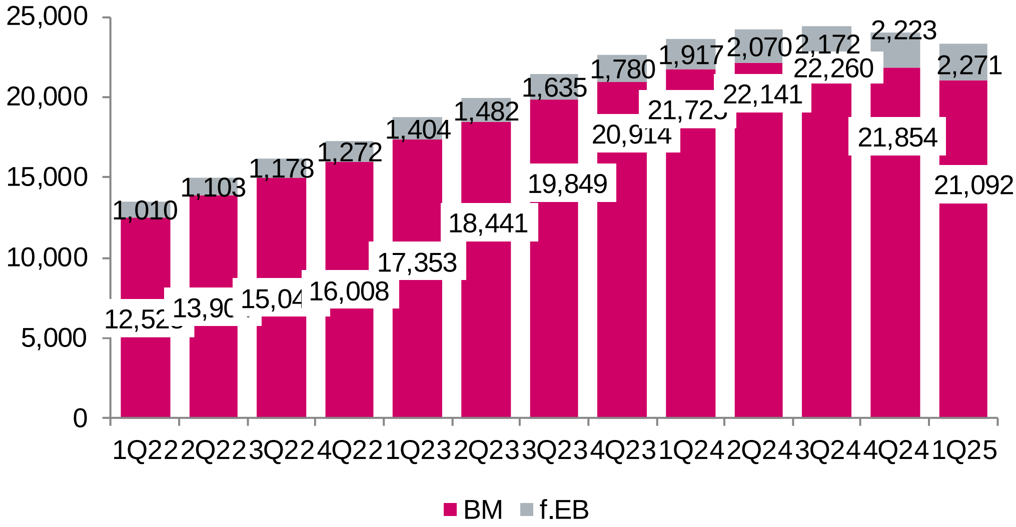
New lawsuits against Bank Millennium* (#)



(*) without claims related to FX-mortgages originated by former Euro Bank

Note: Number of claims may differ from the previously presented due to reclassification of c.150 cases.

Outstanding individual lawsuits against BM Group (FX-mortgages)

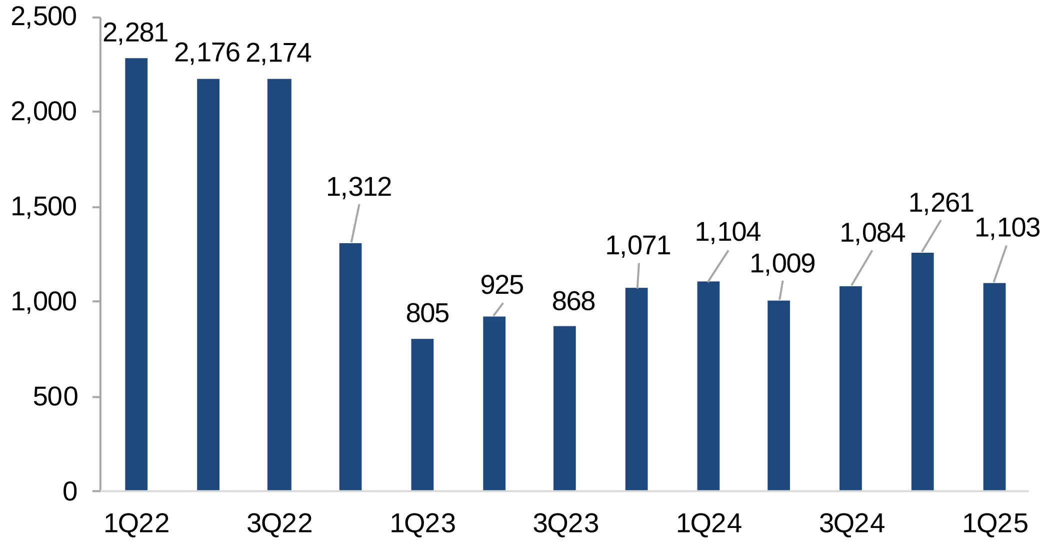


Settlements with borrowers

The Bank is highly focused on reduction of its FX-mortgage portfolio and the related risk and therefore continues to actively offer its customers amicable solutions (i.a. conversions to Polish zloty, pre-payments, early repayments or collectively ‘settlements’) regarding FX-mortgages on negotiated terms. The number of settlements reached 1,103 in 1Q25 (1Q24: 1,104, 2024 overall: 4,458), a broadly similar level to this in the preceding quarter and 1Q24, and again exceeding the number of new cases filed against the Bank. Nearly 27,000 settlements were reached since early 2020 when a more intensive effort started. These represent nearly 44% of the number of active FX-mortgage agreements at the start of the effort. As a result of these negotiations, final court verdicts and other natural drivers, in 1Q25 the number of active FX-mortgage loans decreased by 2,072 to 22,501, following the 2,134 drop in 4Q24 and 7,852 in 2024 overall.

The number and share of in-court settlements remained high. In 1Q25, 515 such settlements were achieved (47% of all settlements in the period), compared to 603 in 4Q24 (48%) and 1,566 (35%) in 2024 overall.

Settlements (in- and out-of-court) (#)



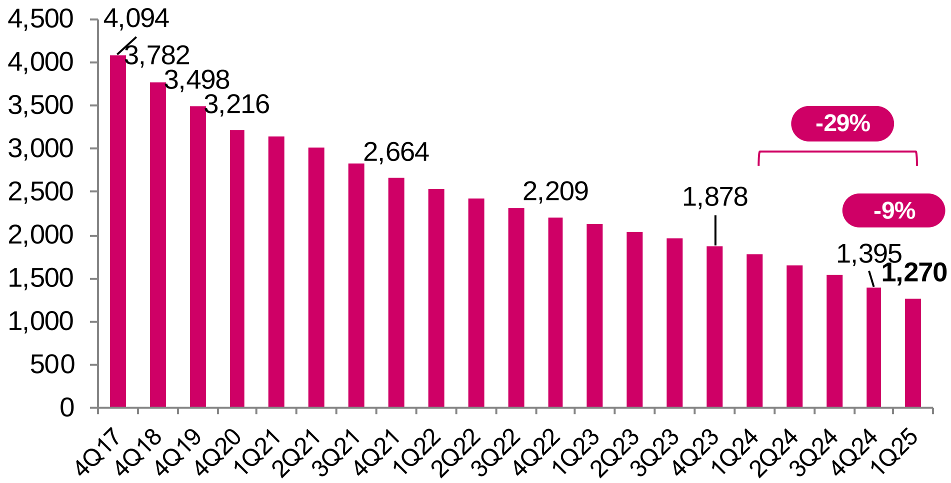
Note: values may differ from these previously presented

In 1Q25, P&L costs related to out of court settlements amounted to PLN33 million (2024: PLN540 million) pre-tax and were booked in the FX-result and in the result on modifications. The P&L cost of the settlements was lower, both in total and per case, than in previous quarters, due to a partial use of the earlier created provisions for these costs (PLN80 million). Total cost of negotiations in court and out-of-court in 1Q25 reached 248million (PLN169 million in 1Q24) of which PLN215 million were covered by existing provisions (1Q24: PLN50 million).

FX-mortgage portfolio

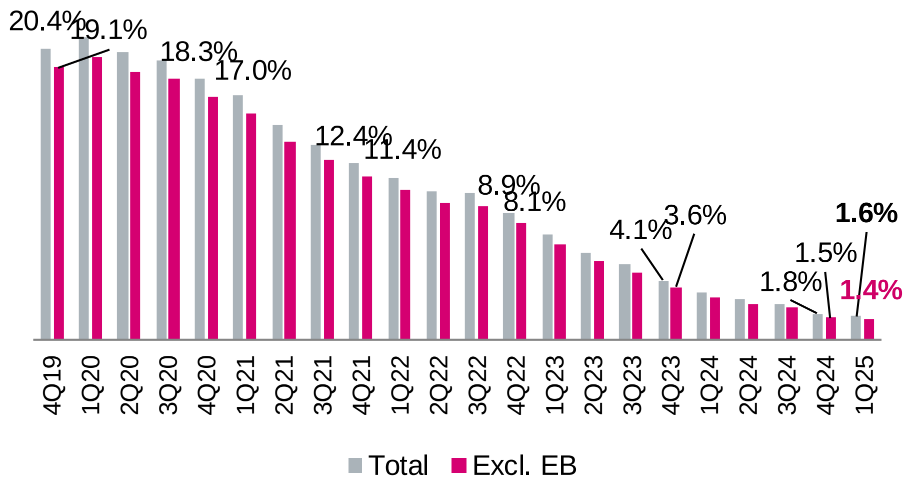
As a result of these trends, the pace of BM's FX-mortgage portfolio's contraction remained high with q/q decrease rate at 9% and the y/y one at 29% (in CHF terms, gross, w/o impact of allocated legal risk provisions). The share of total FX-mortgage book (gross loans less allocated legal risk provisions) in total Group's gross loans dropped to 1.6% at the end of March'25, while the share of FX-mortgage loans originated by BM dropped to 1.4%.

CHF mortgage portfolio (CHFmn) pre-provision*



(*) Originated by Bank Millennium and without the deduction of allocated legal risk provision

FX mortgage book as % of total consolidated gross loans



Legal and court costs

Legal and court costs, booked in admin costs and other operating costs totalled PLN76 million this quarter and were significantly lower than the PLN166 million cost in 4Q24 (high number of counterclaims filed by the Bank) and PLN165 million in 1Q24.

Results adjusted for FX-mortgage related costs

Summing it all up, excluding all FX-mortgage related costs in 1Q25 (PLN548 million pre-tax/ PLN539 million after tax) the BM Group would post, 1Q25 net profit of PLN718 million. This compares against adjusted 4Q24 net profit of PLN941 million and 1Q24 adjusted net profit of PLN668 million.

More information about the risk related to the FX mortgage portfolio is presented in further in the report in the “Legal risk related to foreign currency mortgage loans” section.

FINANCIAL RESULTS IN DETAIL

Group P&L

Group's operating income *(PLNmn)*	1Q25	1Q24	Change y/y	4Q24	Change q/q
Net interest income	1 423	1 354	5%	1 505	-5%
Net commission income	183	200	-9%	188	-3%
Core income	1 606	1 554	3%	1 693	-5%
Other non-interest income	20	(137)	-	(98)	-
Total operating income	**1 626**	**1 417**	**15%**	**1 595**	**2%**
Total operating income adjusted **	***1 691***	***1 640***	***3%***	***1 776***	***-5%***

(*) Without fair value adjustment of credit portfolio (PLN0.2mn in 1Q25 and PLN3.7mn in 1Q24), which is included in the cost of risk line

(**) Without extraordinary items, i.e. FX mortgage loan related costs/incomes (in FX results and other operating income/cost including indemnity from Societe Generale) and impact of credit holidays – cost and reversal (PLN45mn in 4Q24)

Net interest income (NII) in 1Q25 reached PLN1,423mn on a reported basis and grew 5% y/y. In quarterly comparison NII dropped 5% but without adjustments in credit holidays for some mortgage loans borrowers in 4Q24 the decrease would be lower: 3% q/q. The annual growth of NII was supported by the higher income from debt securities and lower cost of clients' deposits. The factors with negative impact on interest costs were cost of MREL issued bonds (EUR500mn issue in September'23 and EUR500mn in September'24) and cost of asset securitisations.

Net interest margin (over average interest earning assets) (NIM) averaged 4.23% in 1Q25, i.e. 13 bps lower vs. the corresponding quarter of the previous year. The above mentioned factors (cost of MREL bonds and asset securitisation) as well as growing share of bonds in assets had an adverse impact on NIM whereas decreasing cost of deposits by 16 bps during 12 months to 2.24% in 1Q25 (from 2.40% in 1Q24) and some improvement in bonds yields had both a positive impact.

Net commission income in 1Q25 amounted to PLN183mn and decreased by 9% y/y (down by 3% q/q), mostly as a result of falling income from bancassurance activities after the Bank sold the majority share in its bancassurance business to an external partner in 1Q23. Commissions from loans recorded a considerable decline too. On the other hand commissions from payment cards (up 14% y/y) as well as commissions from brokerage and custody, funds management and distribution of mutual funds and other investment products (up 32% y/y) increased strongly, offsetting part of the previously mentioned declines.

Reported core income, defined as a combination of net interest and net commission income, reached PLN1,606mn in 1Q25 and grew 3% y/y.

Other non-interest income, which comprises FX result, results on financial assets and liabilities (without fair value adjustment on credit portfolio) and net other operating income and costs, stood at PLN20mn in 1Q25 while it was negative in every quarter of the previous year. Costs of settlements negotiated with FX mortgage borrowers and legal costs related to FX mortgage loans (PLN71mn presented in FX result and other operating costs) continued to negatively impact this line, although they were much lower than in the previous quarter. The abovementioned factors make the analysis of the annual changes of this income line difficult.

Total operating income of the Group reached PLN1,626mn in 1Q25 and increased 15% y/y (up 2% q/q) due to higher net interest income and improvement in other non-interest income. Without the extraordinary income and costs mentioned above, the adjusted operating income would amount to PLN1,691mn, up 3% y/y.

Total costs amounted to PLN668mn in 1Q25, translating into an increase by 12% y/y.

Operating costs *(PLNmn)*	1Q25	1Q24	Change y/y	4Q24	Change q/q
Personnel costs	(322)	(289)	11%	(310)	4%
Other administrative costs	(346)	(309)	12%	(287)	21%
of which Banking Guarantee Fund (BFG) fees	*(94)*	*(61)*	*55%*	*0*	*-*
Total operating costs	(668)	(598)	12%	(596)	12%
Total costs without BFG	*(574)*	*(537)*	*7%*	*(596)*	*-4%*
Cost/income – reported	41.1%	42.2%	-1.2 p.p.	37.4%	3.7 p.p.
*Cost/income – adjusted **	*34.5%*	*31.8%*	*2.7 p.p.*	*31.5%*	*3.0 p.p.*

(*) without extraordinary income or cost

Personnel costs amounted to PLN322mn in 1Q25 and increased 11% y/y (up 4% q/q), mainly as a result of wage inflation feeding through higher base salaries and variable compensation, however the growing trend decelerates. The Group continued to adjust the number of its branches and personnel to its needs, reflecting ongoing digitalisation of banking business and the growing importance of online channels while simultaneously keeping strong geographical presence through *brick-and-mortar* outlets. At the end of March 2025, the total number of outlets stood at 605 and their number was reduced by 6 units vs. the end of March 2024. The number of Group's employees amounted to 6,726 FTEs at the end of March 2025 and was on similar level as at the end of March 2024 and the end of the previous quarter. Without employees absent due to long leaves ('active FTEs'), the headcount was lower at 6,355 staff.

Employment *(FTEs)*	31.03.2025	31.03.2024	Change y/y	31.12.2024	Change q/q
Bank Millennium S.A.	6 457	6 440	0%	6 450	0%
Subsidiaries	270	291	-7%	264	2%
Total Bank Millennium Group	6 726	6 731	0%	6 714	0%
Total BM Group (active* FTEs)	6 355	6 330	0%	6 355	0%

(*) active FTEs denote employees not on long-term leaves

Other administrative costs (including depreciation) reached PLN346mn in 1Q25 and increased by 12% y/y (up 24% q/q). The key reason for higher growth of this cost group was higher costs connected with contribution to Banking Guarantee Fund (BFG). At the beginning of the year the contribution to the Deposit Guarantee Fund (suspended since second half of 2022) were reapplied, which amounted to PLN18mn. Moreover the contribution to Banks Resolution Fund in 1Q25 was higher by PLN15mn than in 1Q24 and amounted to PLN76mn. The growth of other administrative costs without BFG would be 1% y/y. Among the key groups of costs the higher annual increase could be witnessed in IT and telecommunication costs.

Legal and advisory costs were still a material item within other administrative costs. Legal costs resulting from negotiations and litigations with FX mortgage borrowers were a significant burden here (PLN27mn in the reporting period) although they were much lower than in the previous quarter (PLN51mn) due to lower cost of counterclaims against FX mortgage borrowers suing the Bank in courts.

Cost-to-income ratio for 1Q25 amounted to 41.1% and was lower by 1.2 percentage points vs. the level in 1Q24 (42.2%), which was supported by higher annual growth of operating income than operating cost. Cost-to-income ratio without extraordinary items mentioned above (mainly the legal costs and FX losses related to litigations/settlements with FX mortgage borrowers), reached a relatively low level of 34.5% in 1Q25 and was higher by 2.7 percentage points than in 1Q24 and by 3 percentage points than in 4Q24 due to mentioned impact of reapplied contribution to Deposit Guarantee Fund.

Net profit *(PLNmn)*	**1Q25**	**1Q24**	**Change y/y**	**4Q24**	**Change q/q**
Operating income	1 626	1 417	15%	1 595	2%
Operating costs	(668)	(598)	12%	(596)	12%
Impairment provisions and other cost of risk*	(87)	(120)	-28%	3	-
Other modifications**	(10)	(21)	-50%	(58)	-82%
FX legal risk related provision	(445)	(549)	-19%	(523)	-15%
Banking tax	(99)	0	-	(99)	0%
Pre-tax profit	318	129	146%	322	-1%
Income tax	(138)	(1)	-	(139)	0%
Net profit – reported	179	128	40%	173	4%
Net profit – adjusted* ***	718	668	7%	904	-21%

(*) Impairment provisions for financial and non-financial assets including also fair value adjustment (PLN0.2mn in 1Q25 and PLN3.7mn in 1Q24) and loans modification effect not related to amicable settlements with FX mortgage borrowers (PLN7.1mn in 1Q25 and PLN10.6mn in 1Q24)

(**) The value of modification booked in given period resulting from amicable settlements with FX mortgage borrowers and referring to a specific group of such agreements.

(***) Without extraordinary items, i.e. FX mortgage loan related costs/incomes (in legal risk provisions, FX position, operating cost and other operating income/cost including indemnity from Societe Generale and tax effects) and hypothetical banking tax until the end of May 2024 and impact of credit holidays – cost and reversal (PLN45mn in 4Q24)

Total cost of risk, which comprises net impairment provisions, fair value adjustment related to specified loan portfolios and a part of result on modifications (excluding the part related to settlements with FX mortgage borrowers), bore by the Group amounted to PLN87mn in 1Q25 and was 28% lower versus the comparable period of the previous year due to much higher provisions for retail loans in 1Q24. Risk charges for retail segment (including FX mortgage) were the main component of risk cost and amounted to PLN66mn in 1Q25. Risk charge for corporate and other segments amounted to PLN20mn. In relative terms, the cost of risk (i.e. net charges to average gross loans) for 1Q25 reached 45 basis points (annualised) and was 23 basis points lower than in 1Q24 (67 basis points).

In 1Q25, the Group booked in modifications line a part of costs related to settlements with FX mortgage borrowers in the amount of PLN10mn, i.e. 50% lower than in the corresponding period of the previous year.

In 1Q25, the Bank continued to create **provisions for legal risk related to FX-mortgage portfolio**, which remained a significant item in the P&L statement and reached PLN445mn (PLN411mn excluding loans generated by former Euro Bank as they are subject to indemnity clauses and guarantees from Societe Generale). The provisions were lower by 19% than these created in 1Q24 and lower by 15% vs 4Q24. At the end of March 2025, provisions for the portfolio originated by Bank Millennium were at the level of PLN7,344mn (an equivalent of 132% of the grossed-up FX-mortgage book) and at PLN748mn for the portfolio originated by the former Euro Bank.

Pre-income tax profit in 1Q25 amounted to PLN318mn and was significantly higher (by 146%) vs the level of 1Q24 due to higher income before provisions and lower provisions for credit risk and legal risk in 1Q25, even though the Bank was obliged to banking tax in the analysed period (PLN99mn vs. no such tax due in 1Q24). The Bank was not due to pay banking tax since July 15, 2022, the date of the Bank's decision to launch the Recovery Plan. On 19 June 2024 the Bank took a decision to complete the implementation of the Recovery Plan and started to pay the banking tax since June 24.

In 1Q25 the Group reported **net profit** of PLN176mn, which was strongly higher (by 40%) than the profit of 1Q24 despite above mentioned banking tax and much higher corporate income tax . The low level of income tax in 1Q24 resulted from the impact of DTA and CIT adjustments relating to interest income and FX differences on some FX mortgage loans declared invalid by courts' verdicts. Adjusted for the abovementioned extraordinary items (i.a. FX-mortgage related costs and associated tax impacts) the Group would achieve the net profit of PLN718mn in 1Q25, i.e. 7% above the adjusted net profit of PLN668mn for 1Q24 .

Loans and advances to clients

The structure and evolution of loans to clients of the Group is presented in the table below:

Loans and advances to clients *(PLNmn)*	**31.03.2025**	**31.03.2024**	**Change y/y**	**31.12.2024**	**Change q/q**
Loans to households	56 190	56 271	*0%*	56 935	*-1%*
- *PLN mortgage loans*	*36 700*	*36 766*	*0%*	*37 321*	*-2%*
- *FX mortgage loans*	*1 194*	*2 417*	*-51%*	*1 314*	*-9%*
- *of which Bank Millennium loans*	*1 023*	*2 138*	*-52%*	*1 127*	*-9%*
- *of which ex-Euro Bank loans*	*171*	*279*	*-39%*	*187*	*-8%*
- *consumer loans*	*18 296*	*17 088*	*7%*	*18 301*	*0%*
Loans to companies and public sector	18 351	17 640	*4%*	18 046	*2%*
- *leasing*	*6 922*	*6 687*	*4%*	*6 948*	*0%*
- *other loans to companies and factoring*	*11 429*	*10 952*	*4%*	*11 098*	*3%*
Net loans & advances to clients	**74 541**	**73 911**	***1%***	**74 981**	***-1%***
Net loans and advances to clients excluding FX mortgage loans	*73 347*	*71 494*	*3%*	*73 667*	*0%*
Impairment write-offs	2 564	2 593	*-1%*	2 514	*2%*
Gross* loans and advances to clients	**77 105**	**76 504**	***1%***	**77 496**	***-1%***

(*) Including, besides provisions for credit risk, also fair value adjustment of loan portfolio presented in fair value as well as modification. Gross loan portfolio in this case presents value of loans and advances before mentioned provisions and adjustments but after allocating legal risk provisions related to FX mortgage loans.

Total net loans of Bank Millennium Group reached PLN74,541mn as at 31 March 2025 and increased slightly 1% y/y (down by 1% q/q). Loans without FX-mortgage portfolio increased by 3% y/y. FX mortgage loans net of provisions decreased materially during the last twelve months (down 51%) and the share of FX mortgage loans (excluding these taken over with Euro Bank) in total gross loans has dropped materially during one year period to 1.4% from 2.9% a year ago. This was partly due to the fact that most of legal risk provisions lower the gross value of the loans apart from regular amortisation, earlier repayments, conversions to PLN and execution of court verdicts.

The net value of loans to households amounted to PLN56,190mn as at 31 March 2025, showing no growth year-on-year although stagnant trend results first of all from shrinking book value of FX mortgage portfolio. Within loans to households line, PLN mortgages reached PLN36,700mn and were flat y/y (dropped by 3% q/q), with deceleration in new loans origination: disbursements of those loans in 1Q25 reached PLN0.8bn and fell by 52% y/y. The lower origination of mortgage loans by the Bank is in line with general market trend after withdrawal of state subsidised program supporting affordable loan for new houses, although BM is less focused on further mortgage book expansion, in the context of several uncertainties and risks involved (including benchmark reform and legal risk) as well as already high share of mortgage book in the total loans and the need to fulfil the new required long term funding ratio by 31 December 2026. Another component of retail portfolio, consumer loans, presented a very good performance. The net value of consumer loans reached PLN18,296mn at the end of March 2025 and increased by 7% y/y. The cash loans origination in 1Q25 reached PLN1.8bn, which implies 19% increase compared to the corresponding quarter of the previous year.

Net value of loans to companies amounted to PLN18,351mn as 31 March 2025 and increased by 4% y/y. The increase of companies' portfolio was visible in leasing portfolio, as well as in other loans.

Customers' deposits

The evolution of clients deposits is presented in the table below:

Customer deposits *(PLN million)*	**31.03.2025**	**31.03.2024**	**Change y/y**	**31.12.2024**	**Change q/q**
Deposits of individuals	90 348	81 060	11%	87 567	3%
Deposits of companies and public sector	29 088	32 124	-9%	29 690	-2%
Total deposits	119 436	113 184	6%	117 257	2%

Total customer deposits amounted to PLN119,436mn on 31 March 2025 and grew by 6% y/y. Deposits of individuals reached PLN90,348mn as at 31 March 2025 and posted strong growth of 11% y/y. Term deposits from retail clients grew by 8% y/y whereas current and saving accounts of individuals grew by 13% y/y.

Deposits of companies and public sector, which reached PLN29,088mn on 31 March 2025, fell by 9% y/y (down 2% q/q) due to strong decline in term deposits from companies caused by the tighter price management, whereas current account deposits grew visibly (by 10% y/y).

LIQUIDITY, ASSET QUALITY AND SOLVENCY

The liquidity position of Bank Millennium Group remained very strong in 1Q25. LCR ratio reached the level of 418% at the end of March 2025, well above the supervisory minimum of 100%. Loan-to-deposit ratio remained at secure level of 62% and the share of liquid debt securities (mainly bonds issued by the sovereigns, European Union, multilateral development banks and NBP bills) in the Group's total assets remains significant at 41%.

Group loans quality and liquidity indicators *(PLNm)*	**1Q25**	**1Q24**	**Change y/y**	**4Q24**	**Change q/q**
Total impaired loans	3 466	3 542	-76	3 450	16
Impairment provisions	2 556	2 579	-23	2 503	53
FV adjustment	8	14	-7	11	-3
Total impairment provisions and FV adjustment	2 564	2 593	-29	2 514	49
Impaired over total loans ratio (%)	4.5%	4.6%	-0.14pp	4.5%	0.04pp
Loans past-due over 90 days /total loans (%)	2.2%	2.2%	0.04pp	2.2%	0.04pp
Coverage ratio (Total provisions + FV adjustment/impaired loans) (%)	74.0%	73.2%	0.77pp	72.9%	1.09pp
Total provisions and FV adjustment/loans past-due (>90d) (%)	148.8%	154.8%	-5.95pp	147.9%	0.93pp
Liquidity Coverage Ratio (LCR) for Group	418%	334%	84pp	371%	47pp

The Group continued to exhibit a very good asset quality: the share of impaired loans in total loan portfolio remained at the low level of 4.49%. The share of loans past-due more than 90 days in total portfolio slightly increased y/y from 2.19% to 2.23% at the end of March 2025.

Coverage ratio of impaired loans increased y/y from 73.21% to 73.98%. Coverage of loans past-due by more than 90 days decreased during the year from 154.79% to 148.84%.

The impaired loan ratio in Mortgage portfolio decreased y/y from 2.37% to 2.33% at the end of March 2025, in other retail from 9.70% to 8.29%, while in the leasing portfolio increased from 4.56% to 4.89%. In corporate portfolio the ratio worsened from 3.15% to 4.08%.

Solvency

The Bank and the Group are obliged by law to meet minimum own funds and leverage ratio requirements, set in art. 92 of the Regulation (EU) 575/2013 of the European Parliament and of the Council as of 26 June 2013 on prudential requirements for credit institutions and amending Regulation (EU) No 648/2012 (CRR III).

Main capital indicators *(PLNm)*	1Q25	1Q24	Change y/y	4Q24	Change q/q
Risk-weighted assets (RWA) for Group	46 390	42 519	3 871	45 116	1 274
Risk-weighted assets (RWA) for Bank	42 169	39 173	2 996	40 928	
Own funds requirements for Group	3 711	3 402	309	3 609	102
Own funds requirements for Bank	3 374	3 134	240	3 274	
Own funds for Group	8 042	7 659	383	7 776	266
Own funds for Bank	7 713	7 301	412	7 353	
Total Capital Ratio (TCR) for Group	**17.34%**	**18.01%**	**-0.67pp**	**17.24%**	**0.10pp**
Minimum required level TCR	10.75%	12.21%	-1.46pp	11.75%	-1.00pp
Total Capital Ratio (TCR) for Bank	18.29%	18.64%	-0.35pp	17.96%	0.33pp
Tier 1 ratio for Group	**15.15%**	**14.91%**	**0.24pp**	**14.82%**	**0.33pp**
Minimum required level T1	8.75%	9.85%	-1.10pp	9.50%	-0.75pp
Tier 1 ratio for Bank	15.89%	15.27%	0.62pp	15.31%	0.58pp
Common Equity Tier 1 (=T1) ratio for Group	**15.15%**	**14.91%**	**0.24pp**	**14.82%**	**0.33pp**
Minimum required level CET1	7.25%	8.07%	-0.82pp	7.81%	-0.56pp
Common Equity Tier 1 (=T1) ratio for Bank	15.89%	15.27%	0.62pp	15.31%	0.58pp
Leverage Ratio (LR) for Group	**4.77%**	**4.64%**	**0.13pp**	**4.63%**	**0.13pp**

In 1Q2025, capital ratios improved - Tier 1 capital ratio (equal to Common Equity Tier 1 capital ratio) increased by 33bps, and total capital ratio by 10bps. T1 capital (CET1) increased by PLN 341 million (by 5.1%), which resulted primarily from the inclusion of net profit for the second half of 2024. At the same time, risk-weighted assets (RWA) increased by PLN 1,274 million (by 2.82%), which resulted from the increase in the scale of operations, but also from the implementation of CRR3. This change was the main factor in the increase in risk-weighted assets for operational risk by PLN 2,586 million. Total own funds increased by PLN 265 million (by 3.4%).

The leverage ratio increased in 1Q2025 by 14bps from 4.63% to 4.77%, which was mainly due to an increase in the T1 capital measure (by 5.1%), while the exposure measure increased by 2.3%. The excess over the regulatory minimum of 3% amounts to 177bps.

Minimum required level of capital includes:

- Pillar II RRE FX buffer - in accordance with KNF decisions from January and February 2025 P2R is 0.0%;
- 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 KNF every year,
  - Systemic risk buffer at the level of 0%, reduced from 3% in March 2020,
  - Countercyclical buffer at the 0% level. According to the Regulation of the Minister of Finance, a countercyclical buffer of 1% will be introduced from 25 September 2025 and will be increased to 2% from 25 September 2026.

In December 2024, the Bank received a letter from the Polish Financial Supervision Authority (KNF) not to impose an additional capital charge (P2G).

The minimum capital ratios required by the KNF in terms of the combined buffer requirement (OCR) and together with the additional P2G surcharge, are achieved with a significant surplus at the end of 1Q2025.

MREL REQUIREMENTS

In terms of MRELtrea and MRELtem requirements, the Group is in excess of the minimum required levels as of 31 March 2025, and is also in compliance with the MRELtrea Requirement after including the Combined Buffer Requirement.

MRELtrea decreased slightly to 27.70% (28.7% at end-December 2024), with a large excess above the required level (20.78% including CBR). MRELtem increased to 8.75% (8.71% at end-December 2024), also significantly above the required level of 5.91%.

LONG-TERM FUNDING RATIO (LTFR)

According to the recommendation of the Polish Financial Supervision Authority from July 2024, banks will be required to maintain a Long-Term Funding Ratio (LTFR) of at least 40% from December 31, 2026. As of the end of March this year, the LTFR for the Group was 33%. The Group intends to meet the requirements of the aforementioned recommendation through a series of actions, including issuance of mortgage-covered bonds by its the mortgage bank subsidiary - Millennium Bank Hipoteczny (MBH).

In June 2024 year, MBH conducted its first issuance of mortgage-covered bonds. In 2024 year, the total issuance had a total nominal value of PLN800 million directed at institutional investors. In March 2025 MBH conducted next 5-year covered bond, with a total nominal value of PLN800 million, which again was directed at institutional investors. The total demand exceeded PLN1.4 billion. The issuance date of the covered bonds was March 12, 2025, and their maturity date is March 12, 2030. The instruments were priced in the book-building process at 89 basis points above the 3M WIBOR rate.

The bonds were assigned a rating of AAA with a stable outlook by the Fitch rating agency.

STRATEGY IMPLEMENTATION

The Bank started the execution of new strategy **"Millennium 2028 – Value and growth" for years 2025 – 2028.** This strategy clearly defines key business directions and assumed targets. Bank monitors the execution of defined strategic targets from the very beginning.

STRATEGY MILLENNIUM 2028 – VALUE & GROWTH

We embrace innovation, digitally delivering top-quality services, to be the primary bank for individuals and companies in Poland.

BUSINESS GOALS

	RETAIL ACTIVE CLIENTS [mn]	RETAIL PRIMARY CLIENTS [%]	RETAIL DIGITAL ACTIVE CLIENTS [%]	BUSINESS ACTIVE CLIENTS [k]	CORPORATE LOANS VOLUME [PLNbn]	NPS CORPO/ RETAIL [#]
2024	3.13	60.7%	92.9%	38.0	14.6	2 / 1
1Q25	3.16	59.7%	94.0%	38.0	14.7	2 /N/A*
2028 TARGET	>3.7	~70%	>95%	>50	>25	3 / 3

FINANCIAL & RISK GOALS

	NET PROFIT [PLNbn]	RETURN ON EQUITY [%]	COST/ INCOME [%]	NON-PERFORMING LOANS [%]	TIER1 [%]	DIVIDEND PAYMENT [Y/N]	TOP EMPLOYER [Y/N]
2024	0.7	9.8%	37.6%	4.5%	14.8%	2024 NO	2024 ✓
1Q25	0.2**	12.3%**	34.5%**	4.5%	15.2%	2025 NO	2025 ✓
2028 TARGET	~3.0	~18.0%	~37%	<4%	~15%	2028 ✓	2028 ✓

(*) NPS for retail banking segment reported on quarterly basis and for corporate banking segment on annual basis; (**) Financial indicators reported cumulative after each quarter, i.e. year-to-date, versus 2024 full year result.

In the 1Q25 the Bank initiated operationalisation of the strategy, and at the same time delivered first set of business developments, including an implementation of BLIK recurrent payments, a launch of a new offer dedicated to affluent clients within Millennium 360 Prestige Current Account or set up of a new function of Business Analyst within Corporate Banking sales network.

BUSINESS TRENDS AND HIGHLIGHTS

Bank Millennium is committed to building a positive experience for customers at every stage of their interaction with the bank. The quality of experiences is the basic assumption of the bank's new Strategy and the direction in the design of products and services and after-sales service - in all contact channels.

For years, Bank Millennium has consistently strived to ensure that the customer's transition to electronic service supports the quality of the relationship with the bank. We are combining service through a mobile application with access to qualified telephone and branch advisors - across all business lines. The service of remote advisors has increased convenience in accessing the bank's services and products. We are making sure that both customers and employees are prepared for new digital solutions. The bank implemented projects focused on the customer perspective in the areas of education and security.

Bank Millennium uses research and qualitative-quantitative monitoring to support business projects aimed at implementing the adopted Strategy. Key areas for improving customer experience, measured, among other things, by the NPS indicator, are diagnosed, prioritized and submitted for implementation on a continuous basis.

An important source of information in quality measures is the bank's Mystery Shopper survey. In the first quarter of 2025, we conducted 663 audits at our own and franchised branches.

Bank Millennium continued its activities that directly affect customer satisfaction. We analyze the collected voice of the customer and work to eliminate the causes of dissatisfaction to further improve customer experience.

Branch managers work with a field team of CX Leaders who support them in managing the voice of the customer. CX Leaders also work with advisors and pay attention to elements that negatively affect cooperation with the customer.

We change and improve service models that address business and quality goals derived from the bank's Strategy. From the very beginning, we present customers with a full picture of banking opportunities.

Bank Millennium continues to work on simplifying the language of communication and the content of documents. We are changing the texts provided to customers from the moment of opening an account to information on the use of their products.

In the qualitative ranking Institution of the Year, Bank Millennium received awards in several categories:

- the bank is number one in two areas: remote service and the process of opening an account in a branch, and the bank's 30 branches were recognized as the best in Poland,
- the bank took third place in the main category of Best Bank in Poland, the Bank received awards for Best Mortgage Service, Best Bank for SOHO, Best Mobile Application, and honorable mention for Best Internet Banking and Best Branch Service, as well as two additional awards for remote account opening processes - selfie and by logging into another bank, and an individual CX Leader award for quality management

RETAIL BANKING

In 1Q25, the Bank increased its active client base by over 14 thousand. On March 31, 2025 the Bank provided services to over 3.16 million active retail clients.

Sale of current accounts in 1Q25 almost reached the level of 111 thousand - increase by 5% vs. the previous quarter. The key product supporting acquisition of new clients was the Millennium 360° account.

In January 2025, the Bank introduced the Millennium 360 Prestige account - a new product for affluent clients. It has been designed to provide the highest level of comfort in financial management. The added value includes convenient currency payments (without bank's margin) as well as a dedicated insurance package.

1Q25 was another period of stable growth in the volume of retail deposits. Maintained relatively high interest rates on term deposits and savings accounts encouraged customers to take advantage of promotional offers. As a result, the Bank increased the volume of retail customer deposits in 1Q25 by PLN2.5 billion. This translated into a retail deposit balance of PLN93.2 billion at the end of March 2025. The Bank still enhanced its marketing communication regarding the savings offer and continued to acquire new volumes based on the Profit Savings Account (KO Profit) with attractive interest rates for new funds while improving interest spread through price adjustments to market levels.

In 1Q25, Bank Millennium concluded new contracts of mortgage loans with a total value of PLN0.7 billion. The result placed the Bank with a market share in sales of 3.3% (market share for January-March). The offer includes mortgage loans with a periodically fixed interest rate for the first 5 years. The Bank's lending operation was based on the unconditional 0% commission for granting the credit and 0% commission for early repayment.

In 1Q25, the Bank recorded cash loan sales of PLN1.78 billion. This gives higher result compared to the level of the 4Q24. The Bank's sales market share of cash is estimated at 12.2%. The Bank's market share in cash loan balance at the end of 1Q25 was on the level of 8.95%.

86% of contracts in terms of quantity and 78% in terms of value were finished in digital channels, emphasizing the key importance of omnichannel in the lending process. Finalisation in digital channels complements the importance of the network of own and franchise branches and also telemarketing, thanks to which each customer can choose the most convenient path for themselves with or without the participation of advisors.

The Bank maintained the upward trend in the payment card portfolio with the result of 4.05 million cards at the end of March 2025 (+1% vs. 4Q24). The turnover in 1Q25 amounted to PLN 20.343mn on debit cards (+8% vs.1Q24) and PLN 1.883mn on credit cards (+10% vs.1Q24)

Business results was supported by new product solutions, including the implementation of VISA Millennium 360 Prestige. This new debit card for affluent clients, offers attractive FX payments, with preferable conversion rates and no additional fees.

1Q25 was a volatile period on capital markets. The Polish mutual fund market saw positive net inflows supported by improved asset valuation. Capital markets sentiment and initiatives undertaken by the Bank had a positive impact on mutual fund sales and resulted in positive net sales of PLN667 million in 1Q25.

The Bank, especially in the retail customer segment, maintained the focus on developing and promoting regular investment, including, among others, the investment advisory service. This service provides customers with an easy and convenient way to access investment products, especially by investing even small amounts on a regular basis. All these efforts resulted in record 14.0 thousands of new regular fund registers opened in 1Q25 and reaching over 60 thousands. regularly investing clients. The special strategy of rewarding the use of remote channels was also continued, with a reduction to 0% in handling fees for the purchase of selected units through Millenet and the Mobile Application. Bank maintained the offer of structured deposits with guaranteed profit and capital protection.

In 1Q25 Bank Millennium opened 11.3 thousands business current accounts for Sole Traders. Compared to the first quarter of previous year this means 3% increase, and compared to the previous quarter – increase of 13%.

84% of all business current accounts for Sole Traders during this period were opened in digital processes, which means increase by 2 p.p compared to first quarter of the previous year.

In 1Q25, Bank recorded the sales level of business loans for Sole Traders to the level of PLN300 million. Compared to the first quarter of last year this means a 9% increase and increase of 13% compared to the previous quarter.

The market share in sales of loans to the micro segment increased from 5.21 % in 1Q24 to 6.72 % in 1Q25.

CORPORATE BANKING

Credit products

Financing with Bank Gospodarstwa Krajowego guarantee support

In cooperation with Bank Gospodarstwa Krajowego we have provided customers with the new Investmax guarantee, which facilitates access to working capital and investment loans.

The guarantee is designed for entrepreneurs in the SME sector, with a particular focus on micro-entrepreneurs. It secures 80% of the loan principal, up to PLN 6,906,400 in the case of SME support and up to PLN 172,660 in the case of microfinance.

The Investmax guarantee was created through the use of national funds and funds from the InvestEU Programme, in the form of a European Investment Fund (EIF) counter-guarantee. The InvestEU programme, through a budgetary guarantee, supports the European Union's policy objectives by facilitating access to financing innovation, business growth and job creation.

Digitalisation of customer service processes

In Q1 this year, 69% of credit agreements were signed by customers using a qualified electronic signature, 77% of currency exchange transactions were made via the Millennium Forex Trader currency exchange platform, and 85% of guarantees were issued in the form of e-guarantees. We opened as many as 95% of additional accounts and issued about 50% of payment cards on the basis of electronic applications submitted by customers in Millenet for Corporate. The share of open withdrawals ordered in Millenet for Corporate also remains high – 50%. The share of customers using Millennium Leasing's eBOK is also growing – at the end of March it was already 95% of leasing customers, while electronic applications regarding the management of contracts and leased items have accounted since the beginning of the year for 64% of all leasing applications submitted by customers.

Among the largest companies, 35% actively use a mobile app.

Transactional and electronic banking

Automatic importing of files with payments using cloud computing - – Millenet Link Lite service

We have launched the Millenet Link Lite service, which enables integration with financial and accounting systems of clients using the client’s cloud computing resource. The solution does not require the company to install any additional software, the client configures the service in Millenet for Corporate electronic banking, and exchange of files with payments is done online, not in cycles.

Mobile application

We develop and improve our application taking into account the needs of companies of all sizes: small, medium-sized as well as corporations and public administration units.

We have introduced a facilitation in the preparation of recurring transfers, thanks to which users can make a transfer again on a specific completed outgoing transfer of any type.

We have also introduced, among others, changes in the notifications that users receive and regarding viewing the history of transactions. We have also made the application easier for visually impaired customers - high contrast.

In the first quarter, we enriched the application for corporate with the Currency Exchange service for small businesses. With this feature, users can execute currency buy/sell transactions at attractive rates.

Customer Events

We undertake a number of activities that enable us to expand the knowledge of our clients and build a community of entrepreneurs. Our experts provide clients with up-to-date and reliable knowledge about the economy, ESG issues and new solutions that may affect financial management.

We carry out our activities independently and together with our partners, in particular business organisations.

We were a partner of the 2nd Lower Silesian Congress of Family Businesses in Wrocław organised by the Western Chamber of Commerce – Employers and Entrepreneurs together with the Lower Silesian Chamber of Commerce and the meeting "How to ensure safety? Global threats and local responses" from the series [Talks at the Summit], organised by the Employers of Pomerania. The events are attended by entrepreneurs, industry leaders, experts in the field of law, finance and management.

We continue our cooperation with the CFO Club - a development and networking initiative bringing together financial directors, chief accountants, financial controllers, often also members of management boards and business owners. In the first quarter, company representatives were able among others, to participate in a webinar on technological transformation and investments in IT.

In cooperation with the CFO Club we have prepared the "Practical aspects of ESG on the CFO's radar" series of podcasts.

As every year, the Chief Economist met with clients at a webinar and during an on-site event, during which he presented economic forecasts for this year.

Millennium Leasing

Total lease production at the end of March 2025 was 3,808 contracts with a total net value of PLN 870.2 million. This is 1.7% less than in the same period last year. The value of capital employed in active lease agreements amounted to PLN 6.95 billion at the end of March. The value of the portfolio at the end of Q1 2025 is higher by PLN 268 million compared to the end of the corresponding period of 2024, which is an increase of 4%.

A significant portion of leasing production is carried out as part of the so-called vendor cooperation, i.e. with suppliers of leased assets. In Q1 2025, we completed transactions for 1000 clients for a total net value of PLN 284 million. And the base of vendors cooperating with us at the end of March 2025 consisted of over 1500 partners.

As part of our cooperation with brokers, at the end of March 2025, we completed transactions with 143 clients for a total net value of PLN 18.7 million. We currently work with 13 brokers.

In Q1 2025, we signed 361 lease agreements with a de minimis guarantee from BGK for a total net value of PLN 50.70 million. In March 2025, on the basis of an annex to the agreement signed with Bank Gospodarstwa Krajowego, we were given the opportunity to cover lease agreements with a BGK de minimis guarantee for a record total amount of PLN 1.1 billion. Millennium Leasing is a market leader in the performance of lease agreements with a de minimis guarantee from BGK. According to the data, as at the end of February 2025, Millennium Leasing completed 65.7% of all contracts on the market secured with a de minimis BGK guarantee. The BGK de minimis guarantee programme for lessees has been in operation since 2023. So far, over 3900 Millennium Leasing customers have used this form of financing. And the total amount of transactions covered by the guarantees amounted to PLN 970 million.

In Q1 2025, we joined the NaszEauto programme, thanks to which our customers can obtain funding for leasing electric cars.

DIGITAL BANKING

Digital share in sales and acquisition

We ended the first quarter of 2025 with 2.95 million (+6%y/y) active digital channel users. As much as 2.72 million users actively use mobile app. This gives an increase in mobile users of 7%y/y. In the first quarter of the year, as many as 2.07 million customers used BLIK (growth by 13%y/y). At the same time the increase in BLIK transactions was as much as 25%(1Q 2025 vs. 1Q 2024).

Digital share in sales and acquisition

The share of digital channels in sales is stable. The share of digital channels in cash loan sales in 1Q 2025 in the number of loans sold was 84%(+ 3 p.p. compared to the previous quarter). At the same level as a quarter ago, the share of digital channels in the sale of term deposits is at 95%in 1Q 2025. There is an increase in the role of digital channels in the acquisition of current accounts, which in 1Q 2025 amounted to 49%(+8 p.p. compared to the previous quarter). In the case of the children's account, digital channels are responsible for as much as 63%of new accounts (+7 p.p. compared to the previous quarter).

Public benefits applications

On 1 February the new Family 800+ application period started. The bank's customers submitted 277,000 applications for almost 442,000 children through digital channels, giving Bank Millennium 4th place among banks and a market share of 8.93%.

What's new in digital channels

- **BLIK recurring payments**. The new BLIK service became available on 1 April 2025. It is a new payment method for recurring obligations (bills, subscriptions). Bank Millennium now has the widest range of BLIK services on the market.
- **Mortgage loan - new options in the mobile app**. In 1Q 2025 the bank's customers gained additional options for managing their mortgage loan in the app, including early repayment and change the date of the monthly loan instalment.
- **New education sections**. The bank provided a new educational section on cyber security in the mobile app and a section with answers to customers' most common questions.

Goodie application

In 1Q25, the goodie platform recorded a significant increase in the popularity of one of the key services, which is cashback. The number of transactions made using it increased by 26% compared to the same period of last year, reflecting the growing interest of users. At the same time, the value of these transactions increased by 22% y/y.

The increase in the number of active users, which amounted to 28%, is proof of the effectiveness of promotional activities and special offers, implemented in order to activate existing users and acquire new customers. These offers were available both directly on the goodie platform and through the Cashback service offered by Bank Millennium. The integrated approach allowed us to reach a wider group of potential users, which contributed to an increase in the number of transactions and engagement in goodie services.

In addition, in the first quarter of 2025, sales of goodie gift cards increased by over 30% y/y.

ESG ACTIVITIES: ENVIRONMENTAL, SOCIAL, GOVERNANCE

Bank Millennium conducts business in a responsible and ethical manner, with the environment and local communities in mind. Sustainability plays an important role in our strategy and is one of the key success factors, with business and ESG goals forming a cohesive whole.

The Bank supports UN Sustainable Development Goals and is a signatory of the 10 UNGC principles and Diversity Charter.

The most important ESG activities carried out in the first quarter of 2025

Publication of the ESRS Sustainability Report

In the first quarter of this year, Bank Millennium published its first sustainability report in accordance with the new ESRS (European Sustainability Reporting Standards), introduced as part of the EU CSRD (Corporate Sustainability Reporting Directive), implemented in December 2024 into national regulations. This year's Report, in accordance with the new guidelines, has been prepared on the basis of the results of the so-called double materiality assessment, according to which the Group's activities are analysed from two perspectives: external (the impact that the Bank has on its surroundings) and internal (the impact of the surrounding on the Bank's operations). The result of this assessment is the selection of topics included in the Sustainability Report.

In the report, the Bank also published information on the Green Asset Ratio (GAR), which is based on the requirements of the EU Taxonomy.

The sustainability report has been attested by an independent auditing firm.

Since 2025 the Sustainability Report is an integral part of the Management Board's Report on the activities of Bank Millennium and the Bank Millennium Group and is published as part of the consolidated annual report of the Bank Millennium Group. It is available on the Bank's website: www.bankmillennium.pl/documents/d/guest/1_sprawozdanie-zarzadu-millennium_2024.

Providing companies with loans secured by the Investmax guarantee

Bank Millennium customers from the small and medium-sized enterprises segment (including micro-entrepreneurs) can take advantage of the new Investmax guarantee, which facilitates access to working capital and investment loans. This is possible thanks to the extension of cooperation with Bank Gospodarstwa Krajowego (BGK) with an agreement on a portfolio guarantee line under the InvestEU Programme.

By expanding the scope of cooperation with BGK, the Bank enables customers to take advantage of most of the guarantees offered from public funds to companies from the SME sector. Entrepreneurs can use de minimis, BizesmaxPlus and Ekomax guarantees at Bank Millennium, and now also Investmax. They facilitate access to financing for new projects and business development. Thanks to the Investmax guarantee, the Bank does not require other material collateral for the loan. In addition, thanks to this form of collateral, it offers an extended loan period of up to 48 months, compared to the standard offer, in the case of working capital loans and an own contribution of the borrower reduced compared to the standard offer, to 10% in the case of an investment loan.

The Investmax guarantee was created through the use of national funds and funds from the InvestEU Programme, in the form of a European Investment Fund (EIF) counter-guarantee. The InvestEU programme, through a budgetary guarantee, supports the European Union's policy objectives by facilitating access to finance for innovation, business growth and job creation.

"NaszEauto" programme for sole proprietorships at Millennium Leasing

Millennium Leasing has opened the opportunity for customers to participate in the "NaszEauto" programme to subsidise the purchase of electric cars. This is another step that expands Millennium

Leasing's offer with solutions that respond to the current needs of customers and enable companies to replace their cars with zero-emission ones.

The “NaszEauto" programme is implemented by the National Fund for Environmental Protection and Water Management (NFOŚiGW) and the Ministry of Climate and Environment. Thanks to it, customers can obtain funds for leasing electric cars.

The programme is available only to entrepreneurs running a sole proprietorship.

Record limit of BGK's de minimis guarantees in Millennium Leasing

Millennium Leasing has been given the opportunity to cover leasing agreements with de minimis guarantees up to a record total amount of PLN 1.1 billion. On 25 March 2025, the company signed an annex to the agreement with Bank Gospodarstwa Krajowego (BGK). Thanks to the new pool of funds, Millennium Leasing will be able to offer the programme to even more entrepreneurs.

The BGK de minimis guarantee is one of the forms of public aid for entrepreneurs, granted in the form of security for the repayment of liabilities. The guarantee is not a cash subsidy, because it does not involve the transfer of funds to the entrepreneur. Millennium Leasing is a leader in the performance of lease agreements with a de minimis guarantee from BGK. According to the data at the end of February 2025, Millennium Leasing realised 65.7% of all contracts on the market secured by the de minimis guarantee of BGK[1]. The BGK de minimis guarantee programme for lessees has been in operation since 2023. So far, over 3900 Millennium Leasing customers have used this form of financing. The total amount of the transaction covered by the guarantees amounted to PLN 970 million.

By choosing leasing with a de minimis BGK guarantee, customers can gain more favourable conditions, e.g. a higher amount of financing, a longer lease period, the possibility of financing non-standard items. In addition, at Millennium Leasing, customers covered by the BGK guarantee programme can also take advantage of other promotional offers, e.g. 90% lower first 3 lease instalments. At Millennium Leasing, entrepreneurs can also finance unusual, hard-to-sell leased items.

The leasing offer with a de minimis guarantee of BGK can be used by companies from the micro-, small and medium-sized enterprise sector.

Extension of partnership with WWF Poland Foundation

Bank Millennium and the WWF Poland Foundation have announced the extension of their long-standing cooperation. For the next three years, the Bank will financially support the activities of this independent environmental organisation.

Bank Millennium has been supporting WWF Poland since 2008. It issues the WWF Millennium Mastercard credit card. The Bank transfers 50 PLN to WWF Poland for each main card issued. In addition, each year the organisation receives special funds from the Bank for statutory activities supporting the protection of forest ecosystems and the animal species associated with them. The cooperation has been extended for another three years and will cover lynx protection activities, including monitoring of this predator in the forests of north-eastern Poland. The lynx is one of the three largest carnivores in Europe. It is extinct in the western part of the continent and many European populations are still endangered. However, thanks to effective conservation, it is returning to places where it has not been seen for decades or even hundreds of years.

The WWF Poland Foundation has for many years been conducting lynx monitoring activities in areas where reintroduction programmes are carried out, e.g. in the Warmińsko-Mazurskie Voivodeship, and supports such activities in the Zachodniopomorskie Voivodeship. In Podlasie, it monitors natural lynx populations mainly in the Białowieża Forest, Knyszynska Forest and Augustów Forest. It also collects information on the occurrence of lynx in other areas of the region, e.g. in the Biebrza National Park.

[1] Based on BGK's announcement on the number of guarantees granted as at 28.02.2025.

Publication of the Bank Millennium Foundation annual report

Bank Millennium Foundation published the 2024 Annual Report. It summarises the Foundation's key activities in the past year, i.e. financial education of children and the implementation of initiatives for local communities as part of employee volunteering.

The Bank Millennium Foundation, acting under the slogan "We multiply social capital", has been supporting, for 35 years, projects that engage in activities for the benefit of local communities. In its activities, it focuses on three areas of activities: financial education, cultural education and promotion of volunteering.

The Report is available here:
https://www.bankmillennium.pl/documents/d/guest/raport_fundacji_2024_pl

The 14th edition of the Financial ABCs – an educational programme for children

The Bank Millennium Foundation has launched the next edition of the flagship educational programme for pre-school children. The Financial ABCs are carried out in the form of workshops and are aimed at introducing children to the world of finance through play, in a simple and understandable way. In the 14th edition, the Bank Millennium Foundation in cooperation with the Verba Foundation will conduct 200 educational workshops for preschoolers throughout Poland.

The Financial ABCs as a financial education programme is not only about learning about money, but above all about the values that are associated with it: responsibility, respect for work, understanding the value of conscious choices and planning.

The workshops, which the Bank Millennium Foundation has been carrying out for nearly a decade, help the youngest understand how to make their first, simple financial decisions. Over the course of several years of the Financial ABCs, the Foundation, drawing on the experience of previous editions, has been creating a programme tailored to the age and needs of preschoolers. That is why it is very popular.

As part of the Financial ABCs programme, the Bank Millennium Foundation has so far carried out 3,612 educational workshops in kindergartens across Poland, attended by 88,812 children.

"CyberSafe" is an event on cybersecurity at the Faculty of Computer Science of Bialystok University of Technology for students of primary and secondary schools in Podlasie. Michał Kłaput from the Security Department of Bank Millennium took part in it as a speaker, who pointed to practical examples of hackers' activities.

"Challenges on the way to balance. Bank Millennium's macroeconomic forecasts for 2025" is an annual webinar addressed to Corporate Banking customers and to Affluent Customer Banking and Private Banking customers, hosted by Grzegorz Maliszewski, Chief Economist at Bank Millennium. The webinar is very popular among the participants, as evidenced by the high attendance and feedback of the meeting.

Lectures at the Faculty of Management of the University of Warsaw - in the winter academic semester 2024/2025, our team of experts visited the Faculty of Management of the University of Warsaw twice. Both meetings were not only an opportunity to share knowledge and experience and have inspiring conversations with students, but also to build foundations for further cooperation with the university. The lectures include:

- Magdalena Woźniak and Maciej Nowicki gave a lecture to a group of students attending entrepreneurship classes, on corporate governance.
- Przemysław Kondraciuk and Gabriela Snochowska-Kołtun discussed the practical approach, using good practices and new work tools, to project management in our bank.

MACROECONOMIC SITUATION

1Q and the beginning of 2Q25 in the global economy was a time of stronger-than-expected materialization of some of the previously signalled geopolitical risks and persisting much-higher than-usual uncertainty. The newly sworn in President of the United States D. Trump introduced a number of reforms, and the most important one for the global economy and financial markets concerned import tariffs. In Apr'25 a 10% universal import tax rate was introduced for all economies (except for Mexico and Canada, which are subject of separate regulations), and in Mar'25 25% tariffs on cars imported into the United States and on steel and aluminium were announced. Moreover, the U.S. administration declared very high so-called "retaliatory tariffs" for 60 countries, which, with the exception of China, were suspended for 90 days. Regulations in international trade will probably remain a major source of uncertainty for the global economy for some time to come.

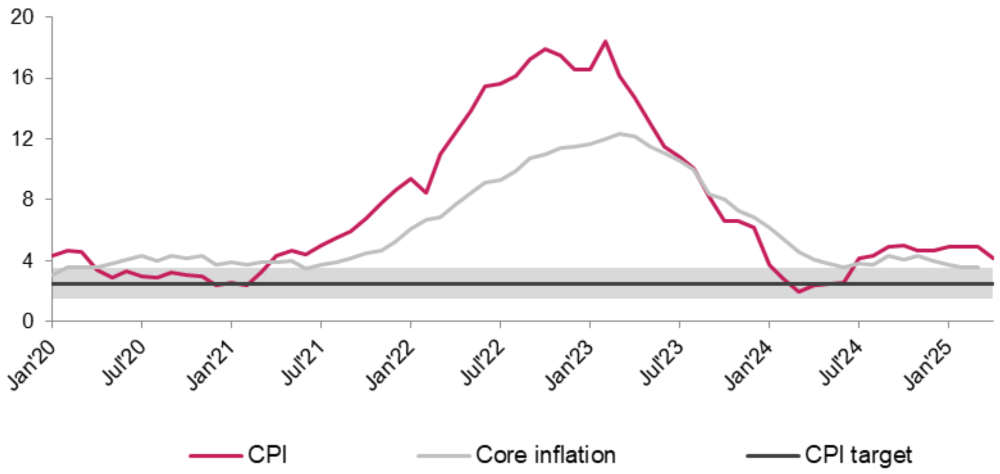
Actions of the American administration, especially changes in customs policy, had begun to have a negative impact on the companies' and consumers' sentiment even before they were implemented. They created uncertainty about the future and influenced expectations of higher inflation. This factor contributed to the slowdown in GDP growth in the United States in 1Q25. The Chinese economy, supported by increased demand before the entry into force of the US trade regulations, continued to grow at a solid pace. According to forecasts, during the same period the eurozone's GDP also grew, albeit only slightly.

Expectations for the global economy are very uncertain. It is not known how long the high U.S. tariffs will be in force and what responses will be taken by other countries. The final results of the ongoing and planned trade negotiations are also unknown. Despite this, it is already highly likely that the growth of the global economy in 2025 will slow down compared to the previous year. According to the United Nations Conference on Trade and Development (UNCTAD), world GDP growth will amount to 2.3% compared to 2.8% in 2024. The effects of changes in American trade policy have global reach, but due to the links in goods' trade, the impact of higher US tariffs on European economies, including Poland, will probably be significantly smaller than, for example, on China, other Asian economies, or Canada and Mexico. Changes in trade policy have affected market expectations regarding the Federal Reserve's monetary policy. Despite the risk factors for higher-than-forecast inflation, a bigger scale of interest rate cuts in 2025 is expected than previously. The forecasts for the European Central Bank's interest rates did not change much in 1Q25. Further monetary policy easing is still expected in the remainder of the year.

The beginning of 2025 was a period of growth of the Polish economy, although it turned out to be slightly slower than expected a quarter ago. According to the Bank's estimates, GDP increased in 1Q25 by 3.2% y/y vs. 3.4% y/y in 4Q24. Private consumption growth rate is expected to go down to ca. 2.6% y/y from 3.5% y/y a quarter earlier, due to slower growing real wages. In addition, in a highly uncertain environment, consumers continued to be cautious in their spending, despite the still strong labour market, with the registered unemployment rate at 5.3% in Mar'25, similar to a year earlier. However, the growth of investment outlays accelerated in 1Q25. Net exports, similarly to the previous quarter, did not help GDP growth.

CPI inflation slightly increased in 1Q25, averaging 4.9% y/y compared to 4.8% y/y in 4Q24. However, in April 2025, it decreased to 4.2% y/y. These data turned out to be significantly lower than the forecasts, mainly due to the revision of weights in CPI index by the Central Statistical Office. Increased inflation was maintained by supply-side factors – a quick increase in energy and food prices. This impact was limited by the decreasing prices of fuels. Against that backdrop, core inflation, excluding the prices of energy, food and fuels, dropped, according to Bank's estimates, to 3.4-3.5 % y/y in Apr'25 from 4.0% y/y in Dec'24, reaching the upper limit of acceptable deviations from the inflation target of the National Bank of Poland. Due to improvement in the inflation outlook and the slowing wage growth in the corporate sector, the Monetary Policy Council significantly softened its stance in Apr'25 and announced the possibility of resuming interest rate cuts as early as in 2Q25, and delivered the first, 50bp cut on the 7th of May. As the Bank had already assumed interest rate cuts this year, the change in the MPC's stance did not significantly affect the forecast of interest rates in Poland for the end of 2025 and 2026. The Bank expects interest rate cuts from the current level of 5.25% to 4.50% at the end of 2025 and 3.50% at the end of 2026.

CPI and core inflation (% /y

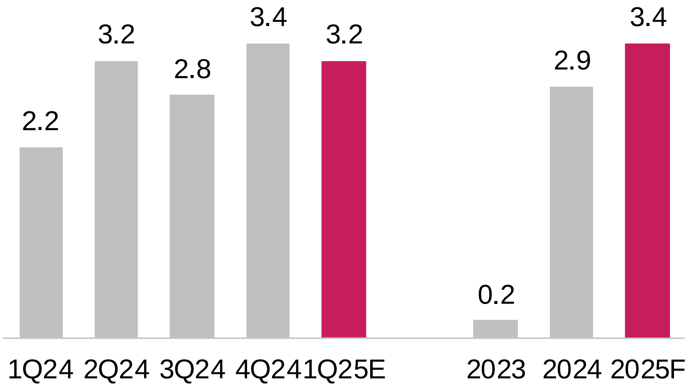


Source: Macrobond, Bank Millennium

High interest rates were conducive in 1Q25 to further rebuilding of household savings. The value of their deposits in the banking sector in Mar'25 was PLN 28.9 bn higher than at the end of 2024. On the other hand, deposits of non-financial corporations decreased by PLN 19.5 bn q/q, which is in line with seasonal changes observed in the past. Despite this decline, the y/y increase in the total value of deposits in the banking sector was still fast. It stood at 10.2% y/y in Mar'25 vs. 8.9% y/y in Dec'24. In the case of loans, in the period Jan-Feb'25, a decrease in the value of new contracts was recorded.

According to the Bank, GDP growth in 2025 will amount to 3.4% vs. 2.9% in 2024, and the main driver should be household consumption supported by rising wages in real terms and accumulated savings. Investments in fixed assets, should also have a positive impact on growth due to project co-financed by the National Recovery Plan and the European Union's cohesion policy. However, the weak recovery in the euro area, as in 2024, is likely to limit the growth potential of the domestic economy. The GDP growth forecast for 2025 is lower than the one presented at the end of 2024, when it was 3.7%. This change is due to a slightly lower forecast of consumption growth in the household sector. That revision results from slower growth of real wages and a more cautious approach to consumer spending than it had previously seemed, especially as uncertainty about the global economic situation significantly increased. In addition, the use of European funds co-financing public and corporate investments is slightly slower than assumed.

GDP and its forecasts (% y/y)



Source: Macrobond, Bank Millennium, E - estimate, F - forecast

The data that came in 1Q25 and at the beginning of 2Q also support a downward revision of the forecast of CPI inflation. According to the Bank's expectations, the CPI will average 4.2% y/y in 2025 compared to the previously expected 4.7% y/y. This change is justified, in addition to the statistical factor of the revision of the consumer basket in the CPI index, by a lower forecast for wages, oil prices and demand in the economy. After stabilization of interest rates in 1Q25, in the later part of 2025 and in 2026, the monetary policy in Poland, will be eased. The coming quarters will continue to be a time of great uncertainty. This will be influenced mostly by various geopolitical factors, such as the rise of protectionism in international trade, changes in fiscal and migration policies around the world, armed conflicts, and political stability issues in some countries.

Uncertainty factors for the economy and the Bank Millennium Group

In the first months of 2025, the uncertainty factor related to protectionism in global trade, indicated a quarter ago, has materialized. The following overview presents the most significant negative risk factors, in the assessment of Bank Millennium, for the Bank Millennium Group concerning the macroeconomic and international situation for the remainder of 2025.

- The escalation of trade wars, the persistence of high import tariffs for a long time and the lack of customs agreements in the world. This would result in high uncertainty hampering economic planning and investment, disruptions in production, bottlenecks in supply chains, a decline in economic efficiency and, consequently, lower economic growth, in Poland and its main trading partners. This would reduce the demand for employees in the economy and deteriorate the results of companies, increasing credit risk and reducing demand for the Bank's offer. Moreover, the escalation of protectionist measures by the largest economies would lead to an increase in risk aversion and a weakening of emerging market currencies, including the Polish zloty. In addition, a long period of trade protectionism and a significant weakening of the global economy's growth would result in lower inflation and larger-than-expected interest rate cuts, conducive to lower results of the Bank.
- Political situation in the world. It includes social unrest, as well as the possibility of escalating hostilities between Russia and Ukraine, escalating tensions in the Middle East and Asia. An exacerbation of the geopolitical situation would potentially result in negative supply shocks, increased uncertainty and risk aversion, bottlenecks in international trade, as well as a possible increase in public and private debt. As a result, consumer and business sentiment would deteriorate, leading to a slowdown in economic growth.

- Increase in political and institutional risk in Poland, which could result in disruptions in the implementation of the government's economic policy, including slower implementation of programs co-financed by the European Union. This could result in a deterioration of the fiscal situation and ratings, an increase in risk premium, a weakening of the zloty, a depreciation of treasury bonds and an increase in volatility on financial markets.

There is also a possibility of better economic results in Poland than in the Bank's baseline scenario, which could result, i.a. from quick tariffs agreements in the world and a decrease in uncertainty related to protectionism in international trade. The economic situation in Poland would also be helped by the cessation of military operations in Ukraine, improved economic sentiment, lower household propensity for saving and faster absorption of funds from the European Union.

INFORMATION ON SHARES AND RATINGS

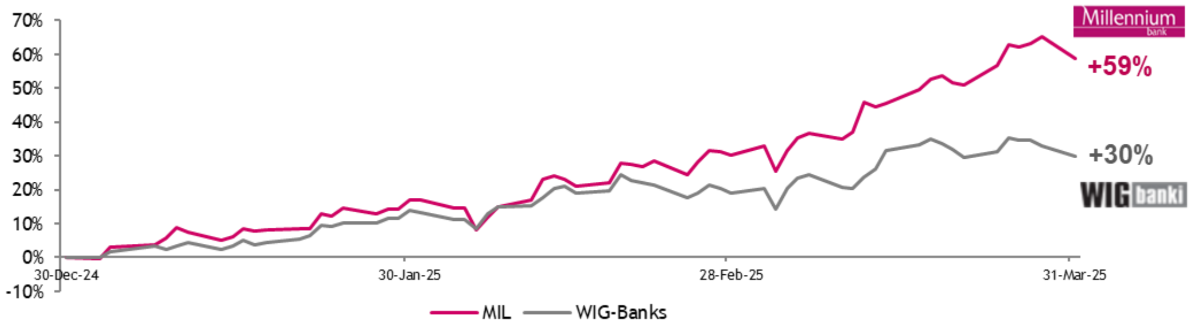
In the first quarter of 2025, global stock markets experienced significant volatility, primarily driven by geopolitical tensions and trade policies. The United States markets faced notable downturns, while European markets showed mixed performance. Poland's market demonstrated resilience amid these global challenges.

On WSE the first quarter of 2025 positively surprised investors. The broad market index WIG grew 21%. One of the drivers of this growth was the banking sector, which in 3M25 grew by 30%. In the same time Bank Millennium's shares outperformed the banking sector and grew by 59%.

One of the main drivers of bank's growth on the WSE was falling inflation and the lack of rapid interest rate cuts.

During the 12 months ending 31 March 2025, WIG broad market index grew 16%, WIG20 index of largest companies 10%, while WIG Banks increased by 19%. In the same period, share price of Bank Millennium grew significantly by 37%.

Bank Millennium: ytd share price performance vs. WIG Banks



In 1Q25 the average daily turnover of Bank Millennium shares was 46% higher compared to the same period last year.

Market ratios	31.03.2025	28.03.2024 (*)	Y/Y Change (%)	30.12.2024 (**)	YTD Change (%)
Number of shares of the Bank (th)	1 213 117	1 213 117	0.00%	1 213 117	0.00%
Daily trading (PLNth, avg. ytd)	13 271	9 102	45.8%	7 725	
Price of the Bank shares (PLN)	14.14	10.32	37.0%	8.9	58.9%
Market cap. (PLNm)	17 153	12 519	37.0%	10 797	58.9%
WIG Banks	16 030	13 525	18.5%	12 346	29.8%
WIG20	2 689	2 436	10.4%	2 192	22.7%
WIG - main index	95 953	82 746	16.0%	79 577	20.6%

(*) the last day of quotation in March 2024, (**) the last day of quotation in December 2024

Bank Millennium shares are constituents of the following WSE indices: WIG, WIG Banks, mWIG 40 and WIG Poland.

Bank Millennium tickers: ISIN PLBIG0000016, Bloomberg MIL PW, Reuters MILP.WA.

Ratings of Bank Millennium

On April 10, 2025 Moody's rating agency ('Moody's') upgraded the Bank's long- and short-term deposit ratings to Baa2/P-2 from Baa3/P-3 and maintained the positive outlook on the long-term deposit ratings.

Additionally, Moody's upgraded the Bank's Baseline Credit Assessment (BCA) to ba2 from ba3, its Adjusted BCA to ba1 from ba2, its junior senior unsecured (also referred to as "senior non-preferred") bond and MTN programme ratings to Ba1 and (P)Ba1 respectively from Ba2/(P)Ba2, its long-term Counterparty Risk Ratings (CRR) to Baa1 from Baa2 and its long-term Counterparty Risk (CR) Assessment to Baa1(cr) from Baa2(cr). The Bank's short-term CRRs and CR Assessment were affirmed at P-2 and P-2(cr).

At the date of publishing this Report, the Bank's corporate ratings, were as follows:

Rating	MOODY'S
Long-term deposit	Baa2
Short-term deposit	Prime-2
Baseline Credit Assessment (BCA)/Adj. BCA	Ba2/ba1
LT Counterparty Risk Assessment (CRA)/ST CRA	Baa1(cr)/Prime-2(cr)
Rating outlook	Positive
SNP MREL bonds	Ba1

Rating	FITCH
Long-term deposit Issuer Default (IDR)	BB+
National Long-term	BBB+ (pol)
Short-term Issuer Default Rating (IDR)	B
Viability (VR)	bb+
Shareholder Support Rating (SSR)	b
Rating Outlook	Positive
SNP MREL bonds	BB+

Date	Name and surname	Position/Function	Signature
9.05.2025	Fernando Bicho	Deputy Chairman of the Management Board	Signed by a qualified electronic signature

CONSOLIDATED REPORT OF THE BANK MILLENNIUM S.A. CAPITAL GROUP FOR 1ST QUARTER OF 2025

CONTENTS

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE BANK MILLENNIUM S.A. CAPITAL GROUP FOR THE 3 MONTHS ENDED 31 MARCH 2025

CONTENTS

1. GENERAL INFORMATION ABOUT ISSUER

Bank Millennium S.A. (the Bank) is a nationwide universal bank, 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, 13th Business Department of the National Court Register, is seated in Warsaw, Stanisława Żaryna 2A.

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 Bank Millennium Capital Group (the Group) with over 6,700 employees with core business comprising banking (including mortgage bank), leasing, factoring, brokerage, capital operations, investment fund management and web portals activity.

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

Composition of the Supervisory Board as at 31 March 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 – Deputy Chairman and 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 at 31 March 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 March 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
Piast Expert Sp. z o.o. in liquidation	marketing services	Warsaw	100	100	full consolidation
LUBUSKIE FABRYKI MEBLI S.A. in liquidation*	furniture manufacturer	Świebodzin	50 (+1 share)	50 (+1 share)	equity method valuation

** Despite having a control over the Lubuskie Fabryki Mebli S.A., due to insignificant nature of this company from the realization of the primary goal of the consolidated financial statements point of view, which is the correct presentation of Group's financial situation, the Group does not consolidate capital involvement in aforementioned enterprise*

2. INTRODUCTION AND ACCOUNTING POLICY

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) IAS 34 Interim Financial Reporting as adopted by European Union. The condensed consolidated interim financial statement do not include all of the information which is presented in full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2024.

Pursuant to 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) the Bank is required to publish financial data for the three months ending March 31, 2025.

Condensed interim consolidated financial statements of the Group prepared for the period from 1 January 2025 to 31 March 2025:

- include financial data of the Bank and its subsidiaries forming the Group, and data of associates accounted under the equity method;
- are prepared on the basis of the assumption of business continuity by the Group, namely scale of business is not to be reduced substantially in a period of not less than one year from the balance sheet date;
- have been prepared in PLN, and all values, unless otherwise indicated, are given in PLN rounded to one thousand.

Between July / August 2022 and May / June 2024 the Bank implemented 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 safe levels, and the Group's profitability and financial results were clearly improved. In the area of capital management, capital ratios have been restored to levels significantly exceeding minimum regulatory requirements and the Bank and the Group also met MREL requirements, including the combined buffer requirements.

As of 31 March 2025, the Tier 1 ratio was 714 bps (Bank) and 640 bps (Group) above the minimum requirement, and the Total Capital Ratio (TCR) was 754 bps (Bank) and 659 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 March 2025 (MRELtrea surplus was 692 pb. and MRELtem surplus 284 pb.). 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 1Q 2025; LCR ratio reached the level of 418% at the end of March 2025, loan-to-deposit ratio remained low at 62% and the share of liquid debt securities in the Group’s total assets remains significant at 41%.

The Bank monitors, on the current basis, the financial situation in particular, the Bank is aware of the risks associated with further 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 recognised as at the balance sheet date and whose amount results from previous trends. In the Bank’s view, these events, if materialized, would adversely affect the results of the Bank/Group in future, and would reduce the organic generation of capital that is envisaged, but would not prevent the Bank/Group from continuing to implement its strategy and the generation of results that would mitigate the impact of such events.

Taking into account the above circumstances and identified risks and uncertainties, the Bank's Management Board based on the analysis of all aspects of the Bank's operations and its current and forecast financial position, concluded that the application of the going concern assumption in the preparation of these financial statements is appropriate.

The Management Board approved these condensed consolidated interim financial statements on 9th May 2025.

3. CONSOLIDATED FINANCIAL DATA (GROUP)

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

Amount '000 PLN	Note	1.01.2025 - 31.03.2025	1.01.2024 - 31.03.2024
Net interest income		1 423 455	1 354 245
Interest income and other of similar nature	1	2 268 053	2 169 427
Income calculated using the effective interest method		2 256 635	2 140 094
Interest income from Financial assets at amortised cost, including:		1 853 919	1 837 987
- the impact of the adjustment to the gross carrying amount of loans due to credit holidays		0	0
Interest income from Financial assets at fair value through other comprehensive income		402 716	302 107
Result of similar nature to interest from Financial assets at fair value through profit or loss		11 418	29 333
Interest expenses	2	(844 598)	(815 182)
Net fee and commission income		182 547	199 582
Fee and commission income	3	249 475	262 422
Fee and commission expenses	4	(66 928)	(62 840)
Dividend income		85	152
Result on derecognition of financial assets and liabilities not measured at fair value through profit or loss	5	(1 448)	(414)
Results on financial assets and liabilities held for trading	6	12 996	1 355
Result on non-trading financial assets mandatorily at fair value through profit or loss	7	2 502	10 717
Result on hedge accounting		(683)	(1 247)
Result on exchange differences		33 320	(46 617)
Other operating income		62 773	67 831
Other operating expenses		(89 332)	(165 238)
Administrative expenses	8	(611 257)	(544 039)
Impairment losses on financial assets	9	(78 634)	(110 765)
Impairment losses on non-financial assets		(960)	(1 885)
Provisions for legal risk connected with FX mortgage loans	10	(444 790)	(548 810)
Result on modification		(17 507)	(31 283)
Depreciation		(56 695)	(54 291)
Share of the profit of investments in subsidiaries		0	0
Banking tax		(98 669)	0
Profit before income taxes		**317 703**	**129 293**
Corporate income tax	11	(138 434)	(867)
Profit after taxes		**179 269**	**128 426**
Attributable to:			
Owners of the parent		179 269	128 426
Non-controlling interests		0	0
Weighted average number of outstanding ordinary shares (pcs.)		1 213 116 777	1 213 116 777
Profit (loss) per ordinary share (in PLN)		0.15	0.11

CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME

Amount '000 PLN	1.01.2025 - 31.03.2025	1.01.2024 - 31.03.2024
Profit after taxes	179 269	128 426
Other comprehensive income items that may be (or were) reclassified to profit or loss	72 113	**72 616**
Result on debt securities	63 441	60 155
Hedge accounting	8 672	12 461
Other comprehensive income items that will not be reclassified to profit or loss	0	**0**
Actuarial gains (losses)	0	0
Result on equity instruments	0	0
Total comprehensive income items before taxes	**72 113**	**72 616**
Corporate income tax on other comprehensive income items that may be (or were) reclassified to profit or loss	(13 701)	(13 797)
Corporate income tax on other comprehensive income items that will not be reclassified to profit or loss	0	0
Total comprehensive income items after taxes	**58 412**	**58 819**
Total comprehensive income for the period	**237 681**	**187 245**
Attributable to:		
Owners of the parent	237 681	187 245
Non-controlling interests	0	0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

Amount '000 PLN	Note	31.03.2025	31.12.2024	31.03.2024
Cash, cash balances at central banks		4 834 361	5 178 984	4 937 063
Financial assets held for trading	12	767 787	811 324	998 447
Derivatives		209 210	255 845	552 723
Equity instruments		189	115	120
Debt securities		558 388	555 364	445 604
Non-trading financial assets mandatorily at fair value through profit or loss, other than Loans and advances to customers		120 722	118 399	154 635
Equity instruments		66 609	66 609	66 609
Debt securities		54 113	51 790	88 026
Financial assets at fair value through other comprehensive income	13	31 371 557	29 255 449	26 953 826
Equity instruments		36 842	36 712	28 789
Debt securities		31 334 715	29 218 737	26 925 037
Loans and advances to customers	14	74 540 899	74 981 215	73 910 677
Mandatorily at fair value through profit or loss		1 466	1 825	7 226
Valued at amortised cost		74 539 433	74 979 390	73 903 451
Financial assets at amortised cost other than Loans and advances to customers	15	27 435 265	25 010 220	21 647 640
Debt securities		26 356 628	24 381 485	20 789 685
Deposits, loans and advances to banks and other monetary institutions		627 891	434 517	426 841
Reverse sale and repurchase agreements		450 746	194 218	431 114
Derivatives – Hedge accounting	16	145 545	112 365	116 528
Investments in subsidiaries, joint ventures and associates		44 012	44 012	52 509
Tangible fixed assets		560 587	588 741	559 763
Intangible fixed assets		551 047	557 309	480 378
Income tax assets		543 713	713 777	510 433
Current income tax assets		13 643	343	2 227
Deferred income tax assets	18	530 070	713 434	508 206
Other assets		1 837 119	1 765 188	1 796 879
Non-current assets and disposal groups classified as held for sale		11 279	14 549	19 270
Total assets		**142 763 893**	**139 151 532**	**132 138 048**

LIABILITIES AND EQUITY

Amount '000 PLN	Note	31.03.2025	31.12.2024	31.03.2024
LIABILITIES				
Financial liabilities held for trading	12	523 200	417 073	496 924
Derivatives		235 217	226 304	496 924
Liabilities from short sale of securities		287 983	190 769	0
Financial liabilities measured at amortised cost		128 234 140	125 455 365	119 004 963
Liabilities to banks and other monetary institutions	19	365 274	316 824	557 849
Liabilities to customers	20	119 435 816	117 257 213	113 183 861
Sale and repurchase agreements	21	0	194 223	380 430
Debt securities issued	22	6 874 320	6 124 775	3 323 609
Subordinated debt	23	1 558 730	1 562 330	1 559 214
Derivatives – Hedge accounting	16	1 205	107 439	124 155
Provisions	24	3 211 955	2 900 586	1 822 340
Pending legal issues		3 160 127	2 847 003	1 780 304
Commitments and guarantees given		51 828	53 583	42 036
Income tax liabilities		35 370	223 767	33 174
Current income tax liabilities		33 736	220 659	32 734
Deferred income tax liabilities	18	1 634	3 108	440
Other liabilities		2 748 708	2 275 668	3 574 352
Total Liabilities		**134 754 578**	**131 379 898**	**125 055 908**
EQUITY				
Share capital		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		(1 572)	(59 984)	(158 693)
Retained earnings		5 650 289	5 471 020	4 880 235
Total equity		8 009 315	**7 771 634**	**7 082 140**
Total equity and total liabilities		**142 763 893**	**139 151 532**	**132 138 048**

Book value of net assets	8 009 315	7 771 634	7 082 140
Number of shares (pcs.)	1 213 116 777	1 213 116 777	1 213 116 777
Book value per share (in PLN)	6.60	6.41	5.84

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amount '000 PLN	Total consolidated equity	Share capital	Own shares	Share premium	Accumulated other comprehensive income	Retained earnings	
						Unappro-priated result	Other reserves
01.01.2025 – 31.03.2025							
Equity at the beginning of the period	7 771 634	1 213 117	(21)	1 147 502	(59 984)	953 897	4 517 123
Total comprehensive income for period (net)	237 681	0	0	0	58 412	179 269	0
net profit/ (loss) of the period	179 269	0	0	0	0	179 269	0
other comprehensive income items after taxes	58 412	0	0	0	58 412	0	0
Purchase and transfer of own shares to employees	0	0	0	0	0	0	0
Transfer between items of reserves	0	0	0	0	0	(660 989)	660 989
Equity at the end of the period	**8 009 315**	**1 213 117**	**(21)**	**1 147 502**	**(1 572)**	**472 177**	**5 178 112**
01.01.2024 – 31.12.2024							
Equity at the beginning of the period	6 894 897	1 213 117	(21)	1 147 502	(217 512)	792 278	3 959 533
Total comprehensive income for period (net)	876 737	0	0	0	157 528	719 209	0
net profit/ (loss) of the period	719 209	0	0	0	0	719 209	0
other comprehensive income items after taxes	157 528	0	0	0	157 528	0	0
Purchase and transfer of own shares to employees	0	0	0	0	0	0	0
Transfer between items of reserves	0	0	0	0	0	(557 590)	557 590
Equity at the end of the period	**7 771 634**	**1 213 117**	**(21)**	**1 147 502**	**(59 984)**	**953 897**	**4 517 123**
01.01.2024 – 31.03.2024							
Equity at the beginning of the period	6 894 897	1 213 117	(21)	1 147 502	(217 512)	792 278	3 959 533
Total comprehensive income for period (net)	187 245	0	0	0	58 819	128 426	0
net profit/ (loss) of the period	128 426	0	0	0	0	128 426	0
other comprehensive income items after taxes	58 819	0	0	0	58 819	0	0
Purchase and transfer of own shares to employees	0	0	0	0	0	0	0
Transfer between items of reserves	0	0	0	0	0	(553 622)	553 622
Equity at the end of the period	**7 082 142**	**1 213 117**	**(21)**	**1 147 502**	**(158 693)**	**367 082**	**4 513 155**

CONSOLIDATED STATEMENT OF CASH FLOW

A. CASH FLOWS FROM OPERATING ACTIVITIES

Amount '000 PLN	1.01.2025 - 31.03.2025	1.01.2024 - 31.03.2024
Profit (loss) after taxes	179 269	128 426
Total adjustments:	4 189 942	6 527 712
Interest received	1 907 433	1 758 067
Interest paid	(686 755)	(728 086)
Depreciation and amortization	56 695	54 291
Foreign exchange (gains)/ losses	0	0
Dividends	(85)	(152)
Changes in provisions	311 369	376 868
Result on sale and liquidation of investing activity assets	(5 329)	(916)
Change in financial assets held for trading	12 931	(407 629)
Change in loans and advances to banks	46 671	27 985
Change in loans and advances to customers	(1 042 931)	(1 771 973)
Change in receivables from securities bought with sell-back clause (loans and advances)	(269 261)	718 767
Change in financial liabilities valued at fair value through profit and loss (held for trading)	(107)	(152 137)
Change in deposits from banks	52 329	128
Change in deposits from customers	2 849 364	6 607 761
Change in liabilities from securities sold with buy-back clause	(182 108)	389 285
Change in debt securities	749 545	48 872
Change in income tax settlements	138 536	(410 210)
Income tax paid	(170 571)	(55 500)
Change in other assets and liabilities	391 630	40 717
Other	30 585	31 574
Net cash flows from operating activities	**4 369 211**	**6 656 138**

B. CASH FLOWS FROM INVESTING ACTIVITIES

Amount '000 PLN	1.01.2025 - 31.03.2025	1.01.2024 - 31.03.2024
Inflows:	151 472 355	158 921 590
Proceeds from sale of property, plant and equipment and intangible assets	5 140	1 943
Proceeds from sale of shares in related entities	0	0
Proceeds from sale of investment financial assets	151 467 130	158 919 495
Other	85	152
Outflows:	(148 210 683)	(164 267 204)
Acquisition of property, plant and equipment and intangible assets	(13 681)	(19 242)
Acquisition of shares in related entities	0	0
Acquisition of investment financial assets	(148 197 002)	(164 247 962)
Other	0	0
Net cash flows from investing activities	**3 261 672**	**(5 345 614)**

C. CASH FLOWS FROM FINANCING ACTIVITIES

Amount '000 PLN	1.01.2025 - 31.03.2025	1.01.2024 - 31.03.2024
Inflows from financing activities:	0	0
Long-term bank loans	0	0
Issue of debt securities	0	0
Increase in subordinated debt	0	0
Net proceeds from issues of shares and additional capital paid-in	0	0
Other inflows from financing activities	0	0
Outflows from financing activities:	(34 185)	(37 406)
Repayment of long-term bank loans	0	0
Redemption of debt securities	0	0
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
Other outflows from financing activities	(34 185)	(37 406)
Net cash flows from financing activities	**(34 185)**	**(37 406)**

D. Net cash flows. Total (A + B + C)	7 596 698	**1 273 118**
- including change resulting from FX differences	(8 758)	(1 859)
E. Cash and cash equivalents at the beginning of the reporting period	**14 164 750**	**18 499 347**
F. Cash and cash equivalents at the end of the reporting period (D + E)	**21 761 448**	**19 772 465**

4. NOTES TO CONSOLIDATED FINANCIAL DATA

1. INTEREST INCOME AND OTHER OF SIMILAR NATURE

	1.01.2025 - 31.03.2025	1.01.2024 - 31.03.2024
Interest income from Financial assets at fair value through other comprehensive income	402 716	302 107
Debt securities	402 716	302 107
Interest income from Financial assets at amortised cost	1 853 919	1 837 987
Balances with the Central Bank	56 122	52 759
Loans and advances to customers	1 502 653	1 534 391
Debt securities	278 667	229 824
Deposits, loans and advances to banks	3 744	7 651
Transactions with repurchase agreements	12 733	13 362
Hedging derivatives	0	0
Result of similar nature to interest, including:	11 418	29 333
Loans and advances to customers mandatorily at fair value through profit or loss	310	258
Financial assets and liabilities held for trading - derivatives	5 351	26 639
Financial assets held for trading - debt securities	5 757	2 436
Total	**2 268 053**	**2 169 427**

Interest income for the 1 quarter 2025 contains interest accrued on impaired loans in the amount of PLN 39,485 thous. (for corresponding data in the year 2024 the amount of such interest stood at PLN 41,266 thous.).

2. INTEREST EXPENSES AND OTHER OF SIMILAR NATURE

	1.01.2025 - 31.03.2025	1.01.2024 - 31.03.2024
Financial liabilities measured at amortised cost	(844 598)	(815 182)
Liabilities to banks and other monetary institutions	(3 643)	(4 968)
Liabilities to customers	(660 286)	(663 773)
Transactions with repurchase agreement	(12 115)	(8 856)
Debt securities issued	(133 157)	(98 811)
Subordinated debt	(30 585)	(31 575)
Liabilities due to leasing agreements	(3 686)	(2 683)
Hedging derivatives	(1 126)	(4 516)
Other	0	0
Total	**(844 598)**	**(815 182)**

In the line „Hedging derivatives" the Group presents net interest income from derivatives set as and being effective cash flow and fair value hedges. A detailed description of the hedging relations used by the Group is presented in **note (16)**.

3. FEE AND COMMISSION INCOME

	1.01.2025 - 31.03.2025	1.01.2024 - 31.03.2024
Resulting from accounts service	27 981	27 884
Resulting from money transfers, cash payments and withdrawals and other payment transactions	25 825	23 934
Resulting from loans granted	49 787	53 704
Resulting from guarantees and sureties granted	3 401	3 602
Resulting from payment and credit cards	79 004	75 085
Resulting from sale of insurance products	11 143	37 319
Resulting from distribution of investment funds units and other savings products	8 159	6 867
Resulting from brokerage and custody service	4 248	3 367
Resulting from investment funds managed by the Group	26 711	19 248
Other	13 216	11 412
Total	249 475	262 422

4. FEE AND COMMISSION EXPENSE

	1.01.2025 - 31.03.2025	1.01.2024 - 31.03.2024
Resulting from accounts service	(12 481)	(10 461)
Resulting from money transfers. cash payments and withdrawals and other payment transactions	(1 146)	(1 101)
Resulting from loans granted	(8 945)	(7 510)
Resulting from payment and credit cards	(23 341)	(26 390)
Resulting from brokerage and custody service	(957)	(587)
Resulting from investment funds managed by the Group	(4 217)	(3 175)
Resulting from insurance activity	(2 509)	(1 762)
Other	(13 332)	(11 854)
Total	(66 928)	(62 840)

Verdict of Court of Justice of the European Union regarding return of commission in case of early repaid loans

On 11 September 2019 The Court of Justice of the European Union ruled in the case of Lexitor against SKOK Stefczyka, Santander Consumer Bank and mBank (case C 383/18) 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.

Taking into consideration this verdict, the Group as at 31 March 2025 had a provision **in** the amount of PLN 68.7 million which was estimated based on the maximum amount of potential returns and the probability of payment being made.

5. RESULT ON DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES NOT MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	1.01.2025 - 31.03.2025	1.01.2024 - 31.03.2024
Result on bancassurance transaction	0	0
Operations on debt instruments	(1 070)	0
Costs of financial operations	(378)	(414)
Total	(1 448)	(414)

6. RESULTS ON FINANCIAL ASSETS AND LIABILITIES HELD FOR TRADING

	1.01.2025 - 31.03.2025	1.01.2024 - 31.03.2024
Result on debt instruments	3 071	3 353
Result on derivatives	9 916	(2 001)
Result on other financial operations	9	3
Total	12 996	1 355

7. RESULTS NON-TRADING FINANCIAL ASSETS MANDATORILY AT FAIR VALUE THROUGH PROFIT OR LOSS

	1.01.2025 - 31.03.2025	1.01.2024 - 31.03.2024
Loans and advances to customers	179	3 706
Result on equity instruments	0	0
Result on debt instruments	2 323	7 011
Total	2 502	10 717

8. ADMINISTRATIVE EXPENSES

	1.01.2025 - 31.03.2025	1.01.2024 - 31.03.2024
Staff costs:	(321 922)	(289 343)
Salaries	(262 573)	(236 226)
Surcharges on pay	(47 184)	(42 769)
Employee benefits, including:	(12 165)	(10 348)
- provisions for retirement benefits	(1 522)	(1 462)
- provisions for unused employee holiday	(717)	(4)
- other	(9 926)	(8 882)
Other administrative expenses:	(289 335)	(254 696)
Costs of advertising, promotion and representation	(19 448)	(20 092)
IT and communications costs	(45 428)	(38 061)
Costs of renting	(14 477)	(15 441)
Costs of buildings maintenance, equipment and materials	(13 348)	(12 858)
ATM and cash maintenance costs	(9 168)	(9 150)
Costs of consultancy, audit and legal advisory and translation	(33 593)	(40 311)
Taxes and fees	(12 834)	(11 844)
KIR - clearing charges	(4 088)	(3 685)
PFRON costs	(2 488)	(2 323)
Banking Guarantee Fund costs	(94 359)	(60 906)
Financial Supervision costs	(5 934)	(5 129)
Costs of protection scheme	0	0
Other	(34 170)	(34 896)
Total	**(611 257)**	**(544 039)**

9. IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	1.01.2025 - 31.03.2025	1.01.2024 - 31.03.2024
Impairment losses on loans and advances to customers	(80 256)	(111 071)
Impairment charges on loans and advances to customers	(423 097)	(513 832)
Reversal of impairment charges on loans and advances to customers	334 350	390 872
Amounts recovered from loans written off	8 492	11 889
Sale of receivables	0	0
Other directly recognised in profit and loss	(1)	0
Impairment losses on securities	0	1
Impairment charges on securities	0	0
Reversal of impairment charges on securities	0	1
Impairment losses on off-balance sheet liabilities	1 622	305
Impairment charges on off-balance sheet liabilities	(21 774)	(17 392)
Reversal of impairment charges on off-balance sheet liabilities	23 396	17 697
Total	**(78 634)**	**(110 765)**

10. 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, in the case of which the provision created for legal risk exceeds the current carrying amount (for this surplus);
(iii) for risks related to rights to statutory interest (for delaying restitution claims) and other costs,

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.

In 2024, the Bank adjusted the method of presenting information on changes in provisions for the portfolio of foreign currency mortgage loans. The previously adopted simplified methodology consisted in presenting the creation of the entire provision amount in accordance with IAS 37 and then making a balance sheet allocation of the part of the provision reducing the gross value of loans in accordance with IFRS 9. The currently used method of presentation assumes the division of changes in the provision into two separate streams (IFRS 9 and IAS 37). The change had no impact on the presentation of data in the consolidated statement of financial position and the statement of profit and loss; it affected only the way information is presented in notes dedicated to provisions movements and the adjustment was aimed at improving the readability of the financial statements. As a result of the change in the method of presentation, appropriate adjustments were made to the comparable data for 2024 in notes 10 and 24.

01.01.2025 – 31.03.2025	TOTAL	Provisions decreasing gross value of credits portfolio	Provisions for pending legal issues
Balance at the beginning of the period	8 463 696	5 665 224	2 798 472
Amounts written off	(605 100)	(380 048)	(225 052)
Costs of provisions for legal risk connected wIth FX mortgage loans	444 790	(93 957)	538 747
Change of provisions due to FX rates differences	(211 757)	(211 757)	0
Balance at the end of the period	8 091 629	4 979 462	3 112 167

01.01.2024 – 31.03.2024	TOTAL	Provisions decreasing gross value of credits portfolio	Provisions for pending legal issues
Balance at the beginning of the period	7 871 789	6 516 460	1 355 329
Amounts written off	(187 210)	(137 533)	(49 677)
Costs of provisions for legal risk connected wIth FX mortgage loans	548 810	122 859	425 951
Change of provisions due to FX rates differences	(376 696)	(376 696)	0
Balance at the end of the period	7 856 693	6 125 090	1 731 603

	1.01.2025 - 31.03.2025	1.01.2024 - 31.03.2024
Costs of settlements recognized in the profit and loss account, including:	(32 923)	(118 208)
- included in the “Result on exchange differences”	(22 349)	(97 553)
- included in the “Result on modification”	(10 574)	(20 655)
Costs of settlements charged to previously created provisions	226 069	51 332

11. Corporate income tax

11a. Income tax reported in income statement

	1.01.2025 - 31.03.2025	1.01.2024 - 31.03.2024
Current tax	30 324	(55 388)
Current year	30 324	(55 388)
Adjustment to prior years	0	0
Deferred tax:	(168 758)	54 521
Recognition and reversal of temporary differences	(154 980)	66 715
Recognition / (Utilisation) of tax loss	(13 778)	(12 194)
Total income tax reported in income statement	**(138 434)**	**(867)**

11b. Effective tax rate

	1.01.2025 - 31.03.2025	1.01.2024 - 31.03.2024
Profit before tax	317 703	129 293
Statutory tax rate	19%	19%
Income tax according to obligatory income tax rate of 19%	(60 364)	(24 566)
Impact of permanent differences on tax charges:	**(89 277)**	**7 001**
- Non-taxable income	15 630	15 416
Dividends income	0	0
Release of other provisions	6 560	7 126
Adjustment of income from cancellation of loans in CHF	7 747	6 927
Other	1 323	1 363
- Cost which is not a tax cost	(104 906)	(8 415)
PFRON fee	(473)	(434)
Fees for Banking Guarantee Fund	(17 928)	(11 989)
Banking tax	(18 747)	0
Receivables written off	2 582	(1 832)
Costs of litigations and claims	(28 610)	(44 409)
Asset due to future cancellations of CHF loans	(40 990)	51 565
Other	(740)	(1 316)
Other differences between the gross financial result and taxable income (including R&D relief)	11 206	16 698
Total income tax reported in income statement	**(138 434)**	**(867)**
Effective tax rate	43.57%	0.67%

11c. Deferred tax reported in equity

	31.03.2025	31.12.2024	31.03.2024
Valuation of investment assets at fair value through other comprehensive income	(2 286)	9 760	29 323
Valuation of cash flow hedging instruments	3 049	4 704	7 929
Actuarial gains (losses)	(396)	(396)	(30)
Deferred tax reported directly in equity	367	14 068	37 222

Withholding tax dispute for years 2015-17

On 12 February 2019 the Head of Western Pomeranian Customs & Tax Office (Zachodniopomorski Urząd Celno-Skarbowy w Szczecinie, ZUCS) commenced tax audits regarding the correctness of withholding tax (WHT) settlements for years 2015 and 2016. On 17 December 2019 the Bank received audit results as of 13 December 2019, in which ZUCS questioned WHT-exemption on coupon interest from bonds paid to MB Finance AB with the seat in Sweden constituting a collateral to 10Y subordinated bonds with a par value of EUR 150 mio. issued by this company in December 2007 (fully amortized in December 2017). On 11 June 2021 Bank received 2nd instance decisions of ZUCS decreasing the amount of WHT arrear from PLN 6.6 to 5.3 mio. This amount with penalty interests were paid by Bank on 18 June 2021. Bank lodged complaints on these decisions to the administrative court in Szczecin (WSA). WSA in its judgements as of 13 and 27 October 2021 wholly overruled both ZUCS's decisions. ZUCS appealed from these judgments to the Supreme Administrative Court (NSA).

On 13 April 2021 Head of ZUCS commenced a WHT audit for year 2017. As expected in the audit result ZUCS challenged WHT-exemption on coupon interests paid by Bank to MBF in this year as well (disputable WHT amount is ca. PLN 2.2 mio.). Bank does not agree with such findings as well and will continue a dispute with ZUCS. On 21 March 2022 Bank received the ZUCS's decision on WHT audit transformation into a tax proceeding. On 30 June 2022 Bank received the ZUCS's decision determining WHT arrear of ca. PLN 2.2 mio. Bank paid a tax with and interest appealed from this decision. On 23 February 2023 WSA suspended the court litigation concerning WHT for 2017 until the final NSA's judgements regarding WHT for years 2015-16.

Bank received an expert opinion as of January 29, 2020 of tax professors from the Public Finances Law Department of the Faculty of Law and Administration at Nicolaus Copernicus University in Torun, according to which ZUCS's statement violates binding tax law provisions.

On 21 January 2025, the Supreme Administrative Court issued an unfavourable judgment for the Bank, annulling both judgments of the Regional Administrative Court in Szczecin in the WHT case for the years 2015-16. On April 4, 2025 Bank received a notice of the appointment of a hearing in the WHT case for 2017 by the WSA in Szczecin on 14 May 2025.

12. FINANCIAL ASSETS HELD FOR TRADING

12A. FINANCIAL ASSETS HELD FOR TRADING

	31.03.2025	31.12.2024	31.03.2024
Debt securities	**558 388**	**555 364**	**445 604**
Issued by State Treasury	558 388	555 364	445 604
a) bills	0	0	0
b) bonds	558 388	555 364	445 604
Other securities	0	0	0
a) quoted	0	0	0
b) non quoted	0	0	0
Equity instruments	**189**	**115**	**120**
Quoted on the active market	189	115	120
a) financial institutions	77	35	58
b) non-financial institutions	112	80	62
Adjustment from fair value hedge	0	0	0
Positive valuation of derivatives	209 210	255 845	552 723
Total	**767 787**	**811 324**	**998 447**

12B. FINANCIAL ASSETS AND LIABILITIES HELD FOR TRADING - VALUATION OF DERIVATIVES, ADJUSTMENT FROM FAIR VALUE HEDGE AND SHORT POSITIONS AS AT:

	Fair Values 31.03.2025		
	Total	Assets	Liabilities
1. Interest rate derivatives	13 823	27 388	13 565
Forward Rate Agreements (FRA)	0	0	0
Interest rate swaps (IRS)	13 823	22 193	8 370
Other interest rate contracts: options	0	5 195	5 195
2. FX derivatives	(11 401)	56 481	67 882
FX contracts	(10 437)	7 583	18 020
FX swaps	(2 127)	37 717	39 844
Other FX contracts (CIRS)	1 163	11 181	10 018
FX options	0	0	0
3. Embedded instruments	(151 361)	0	151 361
Options embedded in deposits	(151 361)	0	151 361
Options embedded in securities issued	0	0	0
4. Indexes options	122 932	125 341	2 409
Total	**(26 007)**	**209 210**	**235 217**
Valuation of hedged position in fair value hedge accounting	-	0	0
Liabilities from short sale of debt securities	-	-	287 983

	Fair Values 31.12.2024			Fair Values 31.03.2024		
	Total	Assets	Liabilities	Total	Assets	Liabilities
1. Interest rate derivatives	(3 475)	9 971	13 446	(9 912)	11 194	21 106
Forward Rate Agreements (FRA)	0	0	0	0	0	0
Interest rate swaps (IRS)	(3 475)	2 909	6 384	(9 912)	276	10 188
Other interest rate contracts: options	0	7 062	7 062	0	10 918	10 918
2. FX derivatives	36 483	63 350	26 867	73 711	122 783	49 072
FX contracts	(14 922)	2 061	16 983	(23 004)	6 076	29 080
FX swaps	50 222	59 128	8 906	96 715	116 707	19 992
Other FX contracts (CIRS)	1 183	2 161	978	0	0	0
FX options	0	0	0	0	0	0
3. Embedded instruments	(181 662)	0	181 662	(414 404)	0	414 404
Options embedded in deposits	(181 662)	0	181 662	(414 404)	0	414 404
Options embedded in securities issued	0	0	0	0	0	0
4. Indexes options	178 195	182 524	4 329	406 404	418 746	12 342
Total	**29 541**	**255 845**	**226 304**	**55 799**	**552 723**	**496 924**
Valuation of hedged position in fair value hedge accounting	-	0	0	-	0	0
Liabilities from short sale of debt securities	-	-	190 769	-	-	0

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	31.03.2025	31.12.2024	31.03.2024
Debt securities	**31 334 715**	**29 218 737**	**26 925 037**
Issued by State Treasury	22 818 393	20 090 261	16 642 547
a) bills	225 797	0	0
b) bonds	22 592 596	20 090 261	16 642 547
Issued by Central Bank	8 075 261	8 692 224	9 858 721
a) bills	8 075 261	8 692 224	9 858 721
b) bonds	0	0	0
Other securities	441 061	436 252	423 769
a) listed	441 061	436 252	423 769
b) not listed	0	0	0
Shares and interests in other entities	36 842	36 712	28 789
Other financial instruments	0	0	0
Total financial assets at fair value through other comprehensive income	**31 371 557**	**29 255 449**	**26 953 826**

14. Loans and advances to customers

14a. Loans and advances to customers mandatorily at fair value through profit or loss

Balance sheet value:	31.03.2025	31.12.2024	31.03.2024
Mandatorily at fair value through profit or loss	1 466	1 825	7 226
Companies	67	70	61
Individuals	1 399	1 755	7 165
Public sector	0	0	0

14b. Loans and advances to customers valued at amortised cost

	Balance sheet value, gross			Accumulated impairment allowances			Balance sheet value, net
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
Valued at amortised cost, as at 31.03.2025	67 554 122	6 083 660	3 457 622	(334 048)	(313 987)	(1 907 936)	74 539 433
Companies	16 339 497	1 534 166	921 555	(145 717)	(65 334)	(293 722)	18 290 445
Individuals	51 153 898	4 549 493	2 536 067	(188 076)	(248 653)	(1 614 214)	56 188 515
Public sector	60 727	1	0	(255)	0	0	60 473
Valued at amortised cost, as at 31.12.2024	67 813 446	6 230 694	3 438 697	(337 808)	(305 667)	(1 859 971)	74 979 390
Companies	16 085 006	1 473 418	937 199	(142 967)	(55 758)	(306 352)	17 990 546
Individuals	51 672 955	4 757 275	2 501 498	(194 544)	(249 909)	(1 553 619)	56 933 656
Public sector	55 485	1	0	(297)	0	0	55 189
Valued at amortised cost, as at 31.03.2024	66 555 597	6 403 392	3 523 173	(377 108)	(335 032)	(1 866 571)	73 903 451
Companies	15 819 869	1 333 079	750 780	(108 805)	(53 959)	(260 397)	17 480 567
Individuals	50 575 365	5 070 312	2 772 393	(266 868)	(281 073)	(1 606 174)	56 263 955
Public sector	160 363	1	0	(1 435)	0	0	158 929

The Bank writes down the gross carrying amount of a financial asset when there is no reasonable probability that it will be fully (total write-off) or partially (partial write-off) recovered. Following the recorded partial write-off the Bank provisioned (deducting the carrying value of gross receivables) penalty interest amounting to PLN 537 million as at 31.03.2025.

14C. LOANS AND ADVANCES TO CUSTOMERS

	31.03.2025	
	Valued at amortised cost	Mandatorily at fair value through profit or loss
Loans and advances	67 796 771	0
▪ to companies	11 529 237	0
▪ to private individuals	56 217 399	0
▪ to public sector	50 135	0
Receivables on account of payment cards	1 272 695	1 466
▪ due from companies	13 986	67
▪ due from private individuals	1 258 709	1 399
Purchased receivables	128 729	
▪ from companies	128 729	
▪ from public sector	0	
Guarantees and sureties realised	321	
Debt securities eligible for rediscount at Central Bank	0	
Financial leasing receivables	7 074 864	
Other	97 594	
Interest	724 430	
Total:	**77 095 404**	**1 466**
Impairment allowances	(2 555 971)	-
Total balance sheet value:	**74 539 433**	**1 466**

	31.12.2024		31.03.2024	
	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	68 145 409	0	67 542 027	1 371
▪ to companies	11 196 153	0	10 968 932	0
▪ to private individuals	56 903 904	0	56 520 238	1 371
▪ to public sector	45 352	0	52 857	0
Receivables on account of payment cards	1 281 389	1 825	1 229 781	5 855
▪ due from companies	12 911	70	14 477	61
▪ due from private individuals	1 268 478	1 755	1 215 304	5 794
Purchased receivables	148 514		132 619	
▪ from companies	148 514		132 619	
▪ from public sector	0		0	
Guarantees and sureties realised	321		446	
Debt securities eligible for rediscount at Central Bank	0		0	
Financial leasing receivables	7 095 187		6 836 543	
Other	104 033		77 831	
Interest	707 983		662 915	
Total:	**77 482 836**	**1 825**	**76 482 162**	**7 226**
Impairment allowances	(2 503 446)	-	(2 578 711)	-
Total balance sheet value:	**74 979 390**	**1 825**	**73 903 451**	**7 226**

14D. QUALITY OF LOANS AND ADVANCES TO CUSTOMERS PORTFOLIO VALUED AT AMORTISED COST

	31.03.2025	31.12.2024	31.03.2024
Loans and advances to customers (gross)	77 095 404	77 482 836	76 482 162
impaired	3 457 622	3 438 697	3 523 173
not impaired	73 637 782	74 044 139	72 958 989
Impairment write-offs	(2 555 971)	(2 503 446)	(2 578 711)
for impaired exposures	(1 907 936)	(1 859 971)	(1 866 571)
for not impaired exposures	(648 035)	(643 475)	(712 140)
Loans and advances to customers (net)	**74 539 433**	**74 979 390**	**73 903 451**

14E. LOANS AND ADVANCES TO CUSTOMERS PORTFOLIO VALUED AT AMORTISED COST BY METHODOLOGY OF IMPAIRMENT ASSESSMENT

	31.03.2025	31.12.2024	31.03.2024
Loans and advances to customers (gross)	77 095 404	77 482 836	76 482 162
case by case analysis	607 427	642 481	491 520
collective analysis	76 487 977	76 840 355	75 990 642
Impairment allowances	(2 555 971)	(2 503 446)	(2 578 711)
on the basis of case by case analysis	(188 939)	(212 925)	(161 402)
on the basis of collective analysis	(2 367 032)	(2 290 521)	(2 417 309)
Loans and advances to customers (net)	**74 539 433**	**74 979 390**	**73 903 451**

14F. LOANS AND ADVANCES TO CUSTOMERS PORTFOLIO VALUED AT AMORTISED COST BY KIND OF CUSTOMERS

	31.03.2025	31.12.2024	31.03.2024
Loans and advances to customers (gross)	77 095 404	77 482 836	76 482 162
corporate customers	18 855 946	18 551 109	18 064 092
individuals	58 239 458	58 931 727	58 418 070
Impairment allowances	(2 555 971)	(2 503 446)	(2 578 711)
for receivables from corporate customers	(505 028)	(505 374)	(424 596)
for receivables from private individuals	(2 050 943)	(1 998 072)	(2 154 115)
Loans and advances to customers (net)	**74 539 433**	**74 979 390**	**73 903 451**

14G. MOVEMENTS IN IMPAIRMENT ALLOWANCES FOR LOANS AND ADVANCES TO CUSTOMERS CARRIED AT AMORTISED COST

	01.01.2025 – 31.03.2025	01.01.2024 - 31.12.2024	01.01.2024 – 31.03.2024
Balance at the beginning of the period	2 503 446	2 496 554	2 496 554
Change in value of allowances:	52 525	6 892	82 157
Impairment allowances created in the period	423 097	1 566 924	513 814
Amounts written off	(32 947)	(247 871)	(51 728)
Impairment allowances released in the period	(334 332)	(1 123 163)	(390 765)
Sale of receivables	0	(255 131)	0
KOIM created in the period*	16 819	69 359	17 553
Changes resulting from FX rates differences	(4 929)	(5 662)	(8 221)
Other	(15 183)	2 436	1 504
Balance at the end of the period	**2 555 971**	**2 503 446**	**2 578 711**

** 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
31.03.2025			
- Companies	6 554	(0)	6 554
- Individuals	66 654	(37 332)	29 322
- Public sector	0	0	0
31.12.2024			
- Companies	12 566	(868)	11 698
- Individuals	69 669	(32 758)	36 911
- Public sector	0	0	0
31.03.2024			
- Companies	17 867	823	18 690
- Individuals	88 294	(29 835)	58 459
- Public sector	0	0	0

14H. Loans and advances to customers portfolio valued at amortised cost by currency

	31.03.2025	31.12.2024	31.03.2024
in Polish currency	71 648 112	71 899 041	69 787 796
in foreign currencies (after conversion to PLN)	5 447 292	5 583 795	6 694 366
currency: USD	70 963	61 794	78 875
currency: EUR	4 126 581	4 137 732	4 065 472
currency: CHF	1 236 033	1 360 546	2 529 931
other currencies	13 715	23 723	20 088
Total gross	**77 095 404**	**77 482 836**	**76 482 162**

15. Financial assets at amortised cost other than Loans and advances to customers

15A. Financial assets at amortised cost other than Loans and advances to customers

31.03.2025	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	26 356 636	0	0	(8)	0	0	26 356 628
Deposits, loans and advances to banks and other monetary institutions	627 891	0	0	0	0	0	627 891
Repurchase agreements	450 746	0	0	0	0	0	450 746

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	194 218	0	0	0	0	0	194 218

31.03.2024	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	20 789 690	0	0	(5)	0	0	20 789 685
Deposits, loans and advances to banks and other monetary institutions	426 912	0	0	(71)	0	0	426 841
Repurchase agreements	431 114	0	0	0	0	0	431 114

15B. DEBT SECURITIES

	31.03.2025	31.12.2024	31.03.2024
credit institutions	2 305 874	2 305 192	1 896 281
other companies	0	0	0
public sector*	24 050 754	22 076 293	18 893 404
Total	26 356 628	24 381 485	20 789 685

* also includes securities issued by governments of other EU countries

15C. DEPOSITS, LOANS AND ADVANCES TO BANKS AND OTHER MONETARY INSTITUTIONS

	31.03.2025	31.12.2024	31.03.2024
Current accounts	198 908	278 629	282 575
Deposits	428 468	154 662	142 463
Other	0	0	367
Interest	515	1 244	1 507
Total (gross) deposits, loans and advances	627 891	434 535	426 912
Impairment allowances	0	(18)	(71)
Total (net) deposits, loans and advances	**627 891**	**434 517**	**426 841**

15D. REPURCHASE AGREEMENTS

	31.03.2025	31.12.2024	31.03.2024
credit institutions	0	194 162	429 958
other customers	450 087	0	0
interest	659	56	1 156
Total	450 746	194 218	431 114

16. DERIVATIVES – HEDGE ACCOUNTING

16A. HEDGE RELATIONS

Detailed information on cash flow hedge relations applied by the Group, items designated as hedged and hedging and presentation of the result (active as at 31.03.2025) is shown in a tables below:

	Hedge of volatility of the cash flows generated by PLN denominated financial assets	Cash flow volatility hedge for the flows generated by FX mortgage portfolio and its underlying PLN liabilities	Fair value hedge of a fixed interest rate debt instrument
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 the risk of the volatility of cash flows generated by FX mortgages and by PLN liabilities financially underlying such loans. The volatility of cash flows results from the currency risk and 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.
Hedged items	Cash flows resulting from PLN denominated financial assets.	Cash flows resulting from the FX mortgage loan portfolio and PLN deposits together with issued debt PLN securities funding them.	A portfolio of fixed coupon debt securities classified as financial assets measured at fair value through other comprehensive income denominated in PLN.
Hedging instruments	IRS transactions	CIRS transactions	IRS transactions
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 instruments measured at fair value through profit and loss.	Effective part of the valuation of hedging instruments is recognised in revaluation reserve; Ineffective part of the valuation of hedging instruments is recognized in the income statement as a result on instruments measured at fair value through profit and loss.	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.

	Cash flow volatility hedge due to future income and interest costs denominated in foreign currencies	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 and separately foreign currencies (portfolio hedging)
Description of hedge transactions	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.	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.
Hedged items	Cash flows resulting from income and interest costs denominated in foreign currencies.	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 and separately in foreign currencies.
Hedging instruments	FX position resulting from recognized future leasing liabilities.	IRS transactions	IRS transactions
Presentation of the result on the hedged and hedging transactions	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 instruments measured at fair value through profit and loss.	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.

	Hedging the fair value of the risk profile assigned to portfolios of homogeneous, non-interest-bearing current accounts, separately in PLN and 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 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	Risk profile assigned to portfolios of homogeneous, non-interest-bearing current accounts, separately in PLN and 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	CIRS transactions
Presentation of the result on the hedged and hedging transactions	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.

16B. HEDGE ACCOUNTING - BALANCE SHEET VALUATION

	Fair values 31.03.2025		
	Total	Assets	Liabilities
1. Derivative instruments constituting cash flow hedges related to interest rate and/or exchange rate			
CIRS contracts	0	0	0
IRS contracts	0	0	0
FXS contracts	0	0	0
2. Derivatives used as interest rate hedges related to interest rates			
CIRS contracts	(1 205)	0	1 205
IRS contracts	145 545	145 545	0
3. Total hedging derivatives	144 340	145 545	1 205

	Fair values 31.12.2024			Fair values 31.03.2024		
	Total	Assets	Liabilities	Total	Assets	Liabilities
1. Derivative instruments constituting cash flow hedges related to interest rate and/or exchange rate						
CIRS contracts	(100 751)	0	100 751	(116 882)	0	116 882
IRS contracts	(6 688)	0	6 688	(7 273)	0	7 273
FXS contracts	0	0	0	0	0	0
2. Derivatives used as interest rate hedges related to interest rates						
IRS contracts	112 365	112 365	0	116 528	116 528	0
3. Total hedging derivatives	4 926	112 365	107 439	(7 627)	116 528	124 155

17. IMPAIRMENT WRITE-OFFS FOR SELECTED ASSETS

Impairment write-offs:	Investment securities	Property. plant and equipment	Intangibles	Non-current assets held for sale	Other assets
As at 01.01.2025	5 004	479	3 988	0	26 041
- Write-offs created	0	0	0	0	2 910
- Write-offs released	0	0	0	0	(1 950)
- Utilisation	0	0	0	0	(50)
- Other	0	0	0	0	0
As at 31.03.2025	5 004	479	3 988	0	26 950
As at 01.01.2024	5 001	816	3 988	0	30 279
- Write-offs created	2	0	0	0	18 684
- Write-offs released	0	(337)	0	0	(14 410)
- Utilisation	0	0	0	0	(8 512)
- Other	0	0	0	0	0
As at 31.12.2024	5 004	479	3 988	0	26 041
As at 01.01.2024	5 001	816	3 988	0	30 279
- Write-offs created	0	0	0	0	3 560
- Write-offs released	(1)	0	0	0	(1 676)
- Utilisation	0	0	0	0	(262)
- Other	0	0	0	0	0
As at 31.03.2024	5 000	816	3 988	0	31 901

18. DEFERRED INCOME TAX ASSETS AND LIABILITY

	31.03.2025		
	Deferred income tax asset	Deferred income tax provision	Net deferred income tax asset
Difference between tax and balance sheet depreciation	32 954	(20 355)	12 599
Balance sheet valuation of financial instruments	62 966	(67 221)	(4 255)
Unrealised receivables/ liabilities on account of derivatives	55 659	(75 780)	(20 121)
Interest on deposits and securities to be paid/ received	90 514	(387 652)	(297 138)
Interest and discount on loans and receivables	0	(138 621)	(138 621)
Income and cost settled at effective interest rate	0	(61 414)	(61 414)
Impairment of loans presented as temporary differences	570 826	0	570 826
Employee benefits	28 464	0	28 464
Rights to use	4 311	0	4 311
Provisions for future costs	321 434	(1 500)	319 934
Asset due to future cancellations of CHF loans	145 872	0	145 872
Valuation of investment assets, cash flows hedge and actuarial gains (losses) recognized in other comprehensive income	7 922	(7 514)	408
Valuation of shares	1 273	(27 997)	(26 724)
Tax loss deductible in the future	2 541	0	2 541
Other	26 855	(33 467)	(6 612)
Net deferred income tax asset	**1 351 591**	**(821 521)**	**530 070**
	Deferred income tax asset	Deferred income tax provision	Net deferred income tax provision
Income and cost settled at effective interest rate	0	(17)	(17)
Employee benefits	0	(2)	(2)
Rights to use	0	(1 789)	(1 789)
Provisions for future costs	235	9	244
Valuation of investment assets, cash flows hedge and actuarial gains (losses) recognized in other comprehensive income	10	30	40
Other	882	(925)	(43)
Net deferred income tax provision	0	(42)	(42)

	31.12.2024			31.03.2024		
	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	38 031	(19 336)	18 695	990	(24 249)	(23 259)
Balance sheet valuation of financial instruments	37 287	(48 155)	(10 868)	32 538	(39 786)	(7 248)
Unrealised receivables/ liabilities on account of derivatives	55 499	(63 179)	(7 680)	43 662	(61 957)	(18 295)
Interest on deposits and securities to be paid/ received	87 284	(330 105)	(242 821)	128 125	(356 820)	(228 695)
Interest and discount on loans and receivables	0	(134 756)	(134 756)	0	(119 874)	(119 874)
Income and cost settled at effective interest rate	0	(37 147)	(37 147)	45 660	(898)	44 762
Impairment of loans presented as temporary differences	603 644	0	603 644	549 410	0	549 410
Employee benefits	28 398	0	28 398	22 776	0	22 776
Rights to use	4 291	(5)	4 286	4 282	(141)	4 141
Provisions for future costs	308 344	0	308 344	197 173	0	197 173
Asset due to future cancellations of CHF loans	186 862	0	186 862	51 565	0	51 565
Valuation of investment assets, cash flows hedge and actuarial gains (losses) recognized in other comprehensive income	21 632	(7 521)	14 111	45 951	(8 698)	37 253
Valuation of shares	1 273	(27 556)	(26 283)	1 273	(34 632)	(33 359)
Tax loss deductible in the future	16 319	0	16 319	33 611	0	33 611
Other	(3 230)	(4 440)	(7 670)	(59)	(1 696)	(1 755)
Net deferred income tax asset	**1 385 634**	**(672 200)**	**713 434**	**1 156 957**	**(648 751)**	**508 206**
	Deferred income tax asset	Deferred income tax provision	Net deferred income tax provision	Deferred income tax asset	Deferred income tax provision	Net deferred income tax provision
The difference between tax and balance sheet depreciation	(22)	0	(22)	0	0	0
Interest payable/receivable on deposits and securities	(111)	0	(111)	0	0	0
Income and cost settled at effective interest rate	0	(1 679)	(1 679)	0	(1 296)	(1 296)
Employee benefits	246	0	246	197	0	197
Rights to use	38	0	38	4	0	4
Provisions for future costs	(1 518)	0	(1 518)	703	0	703
Valuation of investment assets, cash flows hedge and actuarial gains (losses) recognized in other comprehensive income	1	(44)	(43)	0	(31)	(31)
Other	10	(29)	(19)	14	(31)	(17)
Net deferred income tax provision	**(1 356)**	**(1 752)**	**(3 108)**	**918**	**(1 358)**	**(440)**

19. LIABILITIES TO BANKS AND OTHER MONETARY INSTITUTIONS

	31.03.2025	31.12.2024	31.03.2024
In current account	38 276	31 840	36 623
Term deposits	326 671	284 422	520 113
Loans and advances received	0	0	0
Interest	327	562	1 113
Total	365 274	316 824	557 849

20. LIABILITIES TO CUSTOMERS

	31.03.2025	31.12.2024	31.03.2024
Amounts due to private individuals	90 347 875	87 566 756	81 059 888
Balances on current accounts	59 504 616	57 540 848	52 559 210
Term deposits	30 285 505	29 463 221	27 913 862
Other	308 162	293 855	306 686
Accrued interest	249 592	268 832	280 130
Amounts due to companies	23 496 212	24 967 949	25 846 169
Balances on current accounts	13 865 188	14 896 746	13 413 496
Term deposits	9 280 484	9 725 173	12 074 181
Other	298 610	301 393	300 456
Accrued interest	51 930	44 637	58 036
Amounts due to public sector	5 591 729	4 722 508	6 277 804
Balances on current accounts	4 504 658	4 281 851	3 301 439
Term deposits	1 071 846	434 813	2 959 017
Other	5 907	1 683	1 946
Accrued interest	9 318	4 161	15 402
Total	**119 435 816**	**117 257 213**	**113 183 861**

21. LIABILITIES FROM SECURITIES SOLD WITH BUY-BACK CLAUSE

	31.03.2025	31.12.2024	31.03.2024
to the Central Bank	0	0	0
to banks	0	194 162	0
to customers	0	0	379 996
interest	0	61	434
Total	0	194 223	380 430

22. CHANGE OF DEBT SECURITIES

	01.01.2025 – 31.03.2025	01.01.2024 - 31.12.2024	01.01.2024 – 31.03.2024
Balance at the beginning of the period	6 124 775	3 317 849	3 317 849
Increases, on account of:	933 157	3 368 571	98 811
issue of bonds by the Bank	0	2 131 700	0
issue of covered bonds by Millennium Bank Hipoteczny	800 000	800 000	0
issue of Millennium Leasing bonds	0	0	0
valuation of the Bank's bonds designated to fair value hedged relationship	0	3 159	0
interest accrual	133 157	433 712	98 811
Reductions, on account of:	(183 612)	(561 645)	(93 051)
change in the valuation of the Bank's bonds designated to fair value hedged relationship	(10 917)	0	(25 552)
redemption of the Bank's bonds	(26 000)	(128 731)	0
other changes in carrying amount - (including exchange rate differences)	(90 972)	(34 240)	(24 387)
interest payment	(55 723)	(398 674)	(43 112)
Balance at the end of the period	**6 874 320**	**6 124 775**	**3 323 609**

23. CHANGE OF SUBORDINATED DEBT

	01.01.2025 – 31.03.2025	01.01.2024 - 31.12.2024	01.01.2024 – 31.03.2024
Balance at the beginning of the period	1 562 330	1 565 045	1 565 045
Increases, on account of:	30 585	125 557	31 575
issue of subordinated bonds	0	0	0
interest accrual	30 585	125 557	31 575
Reductions, on account of:	(34 185)	(128 272)	(37 406)
interest payment	(34 185)	(128 272)	(37 406)
Balance at the end of the period	**1 558 730**	**1 562 330**	**1 559 214**

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.

24. Provisions

24a. Provisions

	31.03.2025	31.12.2024	31.03.2024
Provision for commitments and guarantees given	51 828	53 583	42 036
Provision for pending legal issues	3 160 127	2 847 003	1 780 304
Total	3 211 955	2 900 586	1 822 340

24b. Change of provision for commitments and guarantees given

	01.01.2025 – 31.03.2025	01.01.2024 - 31.12.2024	01.01.2024 – 31.03.2024
Balance at the beginning of the period	53 583	42 367	42 367
Charge of provision	21 774	52 289	17 392
Release of provision	(23 396)	(40 993)	(17 697)
FX rates differences	(133)	(80)	(26)
Balance at the end of the period	51 828	53 583	42 036

24c. Change of provision for pending legal issues

	01.01.2025 – 31.03.2025	01.01.2024 - 31.12.2024	01.01.2024 – 31.03.2024
Balance at the beginning of the period	2 847 003	1 403 105	1 403 105
Charge of provision	1 404	13 553	1 153
Release of provision	(2 535)	(9 186)	(652)
Utilisation of provision	(225 052)	(420 111)	(49 859)
Creation of provisions for legal risk connected with FX mortgage loans *	538 747	1 857 142	425 951
Reclassification	560	2 500	607
Balance at the end of the period	3 160 127	2 847 003	1 780 304

* Creation of provisions for legal risk related to foreign currency mortgage loans is described in more detail in **Chapter 10 Legal risk related to foreign currency mortgage loans.**

5. RISK MANAGEMENT

Risk management performs a key role in the strategy of balanced and sustainable development of the Group, supporting optimization of relationships between risk and returns within various business lines and maintenance of adequate risk profile relative to capital and liquidity.

To ensure effective risk management and coherent policy the Group has implemented risk management model under which credit, market, liquidity, operational risks, and capital requirements are managed in an integrated manner.

5.1. CREDIT RISK

In the first quarter of 2025 the Bank Millennium Group, both in the corporate and retail segments, focused on introducing changes to the lending policy aimed at ensuring the appropriate quality of the portfolio in a permanently changing economic environment.

In the area of credit risk, the Group has focused on adapting regulations, credit processes and monitoring to changed conditions.

In the retail segment, the Group focused on adapting its lending policy to the changing macroeconomic environment. In the area of loans for private individuals and micro companies development activities were continued aimed at optimizing and digitizing the process, while adapting it to the changing market situation and the changing external regulatory environment. At the same time, the Group started to focus on implementation of changes aimed at improving the efficiency of the risk assessment process of micro companies in accordance with the current bank strategy.

In the 1Q2025, the corporate segment was enlarged with part of the small business customer base according to the segmentation stemming from the new strategy.

In the corporate segment, the Group continued to be focused on optimal use of capital while maintaining the current profitability and maintaining a good risk profile. The Group also carried out activities aimed at streamlining and accelerating credit processes, including decision-making processes. As in previous periods, work continued on improving IT tools supporting the credit process. A comprehensive project is being developed in order to enable a stronger presence of the Bank in the corporate segment. The Group also continued close monitoring of the loan portfolio, as well as individual monitoring of the largest exposures.

The Group assesses credit risk regardless of the method of classifying the portfolio of receivables from customers in the financial statements as a portfolio measured at amortized cost or a portfolio measured at fair value through profit or loss. The table below contains data on the entire portfolio of receivables from customers broken down into regular and past due exposures.

Changes in the loan portfolio of the Group after 3 months of 2025 are summarized below:

	31.12.2025		31.12.2024	
	Loans and advances to customers	Loans and advances to banks	Loans and advances to customers	Loans and advances to banks
Not overdue and without impairment	72 213 742	627 891	72 521 213	434 534
Overdue*, but without impairment	1 425 429	0	1 524 695	0
Total without impairment	73 639 171	627 891	74 045 908	434 534
With impairment	3 465 507	0	3 449 694	0
Total	**77 104 678**	**627 891**	**77 495 601**	**434 534**
Impairment write-offs	(2 555 971)	0	(2 503 446)	(18)
Fair value adjustment**	(7 809)	0	(10 940)	0
Total, net	**74 540 899**	**627 891**	**74 981 215**	**434 517**
Loans with impairment / total loans	4.49%	0.00%	4.45%	0.00%

(*) Loans overdue not more than 4 days are treated as technical and are not shown in this category.
(**) Fair value adjustment is defined as the difference between the nominal value and the fair value of the portfolio measured at fair value through profit or loss. The fair value adjustment is influenced by considering the credit risk of the portfolio.

5.2. MARKET RISK

The main measure used by the Group to evaluate market risks is the parametric VaR (Value at Risk) model – an expected loss that may arise on the portfolio over a specified period (10-days holding period) and with specified probability (99% confidence level) from an adverse market movement. The market risk measurement, monitoring and reporting is conducted daily.

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 in 1Q2025 reflected the assumptions and risk appetite defined under Risk Strategy 2025 - 2028. The current limits in place have been valid since 30th September 2024. All excesses of market risk limits are always reported, documented, and ratified at the proper competence level. In the 1Q2025, no excesses of the market risk limits were recorded.

Open positions mostly included interest rate and FX risk instruments. 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 the 1Q2025, the FX Total open position (Intraday as well as Overnight) remained below internal limits in place.

In 1Q2025, the VaR remained on average at the level of average PLN200.0m for the total Group, which is jointly Trading Book and Banking Book (35% of the limit) and at approx. PLN1.0m for Trading Book (5% of the limit). The exposure to market risk at the end of March 2025 was approx. PLN181.9m for Global Bank (32% of the limit) and approx. PLN0.9m for Trading Book (4% of the limit). 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 in large majority not a subject to marked to market (see next section - Interest rate risk in Banking Book, IRRBB).

The market risk exposure in 1Q2025 in terms of value at risk for Trading Book, together with risk type division, is presented in the table below (PLN thousands).

VaR measures for market risk in Trading Book ('000 PLN)

	31.12.2024		VaR (1Q2025)			31.03.2025	
	Exposure	Limit usage	Average	Maximum	Minimum	Exposure	Limit usage
Total risk	784	4%	978	1 430	452	852	4%
Generic risk	780	n.a.	973	1 427	448	848	n.a.
Interest Rate VaR	780	5%	969	1 429	446	841	5%
FX Risk	44	1%	52	448	13	42	1%
Equity Risk	13	13%	14	21	11	18	19%
Diversification Effect	7.3%					6.2%	
Specific risk	4	0%	5	23	4	4	0%

In addition to above mention 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 of 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.

5.3. INTEREST RATE RISK IN BANKING BOOK (IRRBB)

In case of the Banking Book, the main component of the market risk is interest rate risk. The exposure to interest rate risk in the Banking Book are primarily generated by the differences in repricing dates of assets and liabilities as well as its reference indexes, if contractually existing. It is specifically affected by the unbalance between assets and liabilities that have fixed rate, especially by the liabilities which cannot have interest rate lower than zero. Consequently, the level of sensitivity to interest rate changes is influenced by the level of interest rates taken as a reference. Additionally, due to specificity of the polish legal system, the interest rate of credits is limited (it cannot exceed two times Reference Rate of the National Bank of Poland increased by 7 percentage points). In situations of decreasing interest rates, the impact on Net Interest Income is negative and depends on the share of the fixed rate loan portfolio that is affected by the new maximum rate. On the other hand, assumptions regarding the timing and size of deposits repricing are also 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 is hedged or 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 primarily uses natural hedging between loans and deposits as well as fixed rate bonds and derivatives to manage interest rate risk with the main purpose of protecting the net interest income.

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 affecting economic value of 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, which are monthly:

- the impact on the economic value of equity (EVE) resulting from yield curve movements, including standard test assuming sudden parallel +/-200 basis points shift of the yield curve as well as supervisory outlier test (SOT) with set of six interest rate risk stress scenarios,
- the impact on net interest income over a time horizon of next 12 months resulting from a supervisory outlier test (SOT) shocks including parallel up and parallel down scenarios,
- the impact on the economic value of equity (EVE) resulting from 100 bps upward/downward yield curve movements,
- 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 impact on net interest income over a time horizon of next 12 months resulting from one-off interest rate shock of 100 basis points.

The interest rate risk measurement is carried for 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 were regularly monitored and reported to the Capital, Assets and Liabilities Committee, to Risk Committee, the Management Board and Supervisory Board. The results of the IRRBB measurement as of the end of March 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. The supervisory outlier test results of March 2025 show that even under the most severe outlier test scenario, the decline of EVE for Banking Book is below supervisory limit of 15% of Tier 1.

The results of sensitivity of NII for the next 12 months after 31st March 2025 and for position in Polish Zloty in Banking Book are conducted under the following assumptions:

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

In a scenario of parallel decrease of interest rates for position in Polish Zloty by 100bps, the results are positive and equal to PLN 30 million or +0.54% of the Group's NII reference level. In a scenario of parallel increase of interest rates for position in Polish Zloty by 100 bps, the results are negative and equal to -PLN 34 million or -0.62% of the Group's NII reference level.

For combined positions in all significant currencies (PLN, CHF, EUR, USD) the impact of parallel decrease of interest rates by 100bp is equal to -PLN28m or -0.49% of the Group's NII reference level. In a scenario of parallel increase of interest rates by 100 bps, the results are positive and equal to PLN17m or 0.31% of the Group's NII reference level. Group also meets the supervisory limit of Supervisory Outlier Tests for net interest income which is defined at the level of 5% of Tier 1 Capital.

5.4. LIQUIDITY RISK

The liquidity risk measurement, monitoring and reporting is conducted daily with the use of both measures defined by the supervisory authorities and internally, for which limits were established.

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. The current limits in place have been valid since 1st of January 2025. Its levels were confirmed by the annual revision conducted and approved by the Risk Committee in December 2024.

In 1Q2025, the Group continued to be characterized by solid liquidity position. All the supervisory and internal liquidity indicators remained significantly above minimum limits in place. According to rules in place, all eventual excesses of internal liquidity risk limits are always reported, documented, and ratified at the proper competence level. The steps taken as part of standard and binding risk management procedures have proved sufficient for managing liquidity in the current market environment.

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.

In 1Q2025, the Group maintained Loan-to-Deposit ratio well below 100%. This ratio was equalled 62% at the end of March 2025 (64% at the end of December 2024). The liquid assets portfolio is treated by the Group's as liquidity reserve, which will overcome crisis situations. This portfolio consists of liquid debt securities issued or guaranteed by Polish government, other EU's sovereigns, European Union, and multilateral development banks, supplemented by the cash and exposures to the National Bank of Poland. At the end of March 2025, the share of liquid debt securities (including NBP Bills) in total securities portfolio amounted to 99.9% and allowed to reach the level of approx. PLN 57.9 billion (41% of total assets), whereas at the end of December 2024 was at the level of approx. PLN 53.9 billion (39% of total assets).

Main liquidity ratios	31.12.2024	31.03.2025
Loans/Deposits ratio (%)	64%	62%
Liquid assets portfolio (PLN million)*	53 646	58 001
Liquidity Coverage Requirement, LCR (%)	371%	418%

(*) 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).

Total Clients' deposits of the Group reached the level of PLN 119.4 billion (PLN 117.3 billion at the end of December 2024). The share of funds from individuals in total Clients' deposits equalled to approx. 75.6% at the end of March 2025 (74.7% at the end of December 2024). The maintenance of high share of funds from individuals had a positive impact on the Group's liquidity and supported the safe compliance of the supervisory measures.

The main source of financing of the Group remains its deposits base, with a large, diversified, and stable funding from retail, corporate and public sectors. The source of medium-term funding included subordinated debt, own EUR bonds issue securitization of loan and leasing portfolios as well as covered bonds issued by Millennium Mortgage Bank.

The level of deposit concentration is regularly monitored and did not have any negative impact on the stability of the deposit base in 1Q2025. However, 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.

According to the final provisions of CRD V/CRR II package, the Group is daily calculating the liquidity coverage requirement (LCR) and monthly net stable funding requirement (NSFR) as well as long term funding ratio (LTFR/WFD, in accordance with KNF Recommendation WFD, which is in force since July 2024). In 1Q2025, the regulatory minimum of 100% for both LCR and NSFR was fulfilled by the Group. NSFR reached the level of 201% at the end of March 2025 (196% as of the end of December 2024) and LTFR reached 33% in March 2025.The LCR stays at safe level and reached 418% at the end of March 2025 (371% at the end of December 2024). The comfortable liquidity position was additionally supported by increase of the retail Clients' deposits and new Covered Bond issue of PLN 800 million by Millennium Mortgage Bank done in March 2025.

Additionally, the Group employs an internal structural liquidity analysis based on cumulative liquidity gaps calculated on an actuarial basis (i.e. assuming a certain probability of cash flow occurrence). In 1Q2025 the internally defined limit of 12% total assets was not breached and the liquidity position was confirmed as solid.

Stress tests as regards structural liquidity are conducted at least quarterly to understand the Group's liquidity risk profile, to make sure that the Group can meet its commitments in the event of a liquidity crisis and to contribute to preparing a contingency plan regarding liquidity and management decisions.

The Group has also contingency procedures for an increased liquidity risk situation – the Liquidity Contingency Plan, which is revised and tested at least once a year to ensure that it is operationally robust.

5.5. OPERATIONAL RISK

In the first quarter of 2025 there could be observed a continuous use of standards implemented for the purpose of efficient management of operational risk, which are in line with legal provisions in force and the best practice of national and international financial institutions.

The operational risk management model, implemented by the Group is reviewed and accepted on a regular basis by the Management Board.

In keeping with the adopted solution, risk management is a process of continuous improvement as regards identification, assessment, monitoring, control/mitigating, and reporting by complementary activities, which effectively translates into a real reduction in the level of operational risk in the business tasks.

In the first quarter of 2025 the registered level of operational risk losses was at the acceptable level.

5.6. CAPITAL MANAGEMENT

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

The goals of capital adequacy management are: (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 Bank strives to achieve internal long-term capital limits (targets), defined in Risk Strategy.

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.

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

The Bank and the Group are obliged by law to meet minimum own funds and leverage ratio requirements, set in art. 92 of the Regulation (EU) 2019/876 of the European Parliament and of the Council as of 20 May 2019 amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertaking, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012 (CRR II). At the same time, the following levels, recommendations, and buffers were included in capital limits/targets setting:

- Pillar II FX mortgage loans buffer (P2R buffer) in accordance with KNF decisions from January and February 2025 P2R is 0.0%.
- 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 KNF each year,
  - Systemic risk buffer at the level of 0%, reduced from 3% in March 2020,
  - Countercyclical buffer at the 0% level. According to the Regulation of the Minister of Finance, a countercyclical buffer of 1% will be introduced from 25 September 2025 and will be increased to 2% from 25 September 2026.

In December 2024, the Bank received a letter from the Polish Financial Supervision Authority (KNF) not to impose an additional capital charge (P2G).

Capital adequacy of the Group was as follows (PLN mn, %, pp):

Capital adequacy	31.03.2025	31.12.2024	31.03.2024
Risk-weighted assets	46 390.3	45 116.2	42 519.5
Own Funds requirements, including:	3 711.2	3 609.3	3 401.6
- Credit risk and counterparty credit risk	2 963.1	3 086.6	2 876.6
- Market risk	20.9	19.8	19.4
- Operational risk	707.3	500.4	500.4
- Credit Valuation Adjustment CVA	19.9	2.5	5.2
Own Funds, including:	8 041.8	7 776.4	7 659.11
Common Equity Tier 1 Capital	7 029.2	6 688.4	6 340.83
Tier 2 Capital	1 012.6	1 087.9	1 318.28
Total Capital Ratio (TCR)	**17.34%**	**17.24%**	**18.01%**
Tier 1 Capital ratio (T1)	**15.15%**	**14.82%**	**14.91%**
Common Equity Tier 1 Capital ratio (CET1)	**15.15%**	**14.82%**	**14.91%**
Leverage ratio	**4.77%**	**4.63%**	**4.64%**

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

Capital adequacy	31.03.2025	31.12.2024	31.03.2024
Total Capital Ratio (TCR)	**17.34%**	**17.24%**	**18.01%**
Minimum required level (OCR)	10.75%	11.75%	12.21%
Surplus(+) / Deficit(-) of TCR capital adequacy (p.p.)	6.59pp	5.49pp	5.80pp
Minimum recommended level TCR (OCR+P2G)	10.75%	11.75%	13.81%
Surplus(+) / Deficit(-) on recommended level (p.p.)	6.59pp	5.49pp	4.20pp
Tier 1 Capital ratio (T1)	**15.15%**	**14.82%**	**14.91%**
Minimum required level (OCR)	8.75%	9.50%	9.85%
Surplus(+) / Deficit(-) of T1 capital adequacy (p.p.)	6.40pp	5.32pp	5.06pp
Minimum recommended level T1 (OCR+P2G)	8.75%	9.50%	11.45%
Surplus(+) / Deficit(-) on recommended level (p.p.)	6.40pp	5.32pp	3.46pp
Common Equity Tier 1 Capital ratio (CET1)	**15.15%**	**14.82%**	**14.91%**
Minimum required level (OCR)	7.25%	7.81%	8.07%
Surplus(+) / Deficit(-) of CET1 capital adequacy (p.p.)	7.90pp	7.01pp	6.84pp
Minimum recommended level CET1 (OCR+P2G)	7.25%	7.81%	9.67%
Surplus(+) / Deficit(-) on recommended level (p.p.)	7.90pp	7.01pp	5.24pp
Leverage ratio	**4.77%**	**4.63%**	**4.64%**
Minimum required level	3.00%	3.00%	3.00%
Surplus(+) / Deficit(-) of Leverage ratio (p.p.)	1.77pp	1.63pp	1.64pp

In 1Q2025, capital ratios improved - Tier 1 capital ratio (equal to Common Equity Tier 1 capital ratio) increased by 33bps, and total capital ratio by 10bps. T1 capital (CET1) increased by PLN 341 million (by 5.1%), which resulted primarily from the inclusion of net profit for the second half of 2024 and positive impact from the consideration of the securitization transaction concluded in December 2024. At the same time, risk-weighted assets (RWA) increased by PLN 1,274 million (by 2.8%), which resulted from the increase in the scale of operations, but also from the implementation of CRR3. This change was the main factor in the increase in risk-weighted assets for operational risk by PLN 2,586 million. Total own funds increased by PLN 265 million (by 3.4%).

Entry into force starting from January 2025 onwards the Regulation (EU) 2024/1623 of the European Parliament amending Regulation (EU) No 575/2013 (CRR 3) impacted the Bank's capital adequacy ratios. Main changes came from credit conversion factors (CCF) under standardized method, new approach to the determination of off-balance sheet exposures, risk weight for exposures secured by real estate property, deletion of 1.06 scaling factor from risk weight calculation under IRB method (credit risk) and changed way of operational risk capital requirements calculation.

Regarding the calculation of the operational risk capital requirements, CRR 3 methodology is still not finalized (final RTS has not been publish yet).

The presented capital ratio (table above) takes into consideration the less conservative case scenario presented by the Bank in the 2024 Annual Report. In the conservative case scenario, the Group total Capital Ratio would be lower by 0.91pp and the Group Tier 1 Capital Ratio (T1) would be lower by 0.79pp.

The leverage ratio increased in 1Q2025 by 14bps from 4.63% to 4.77%, which was mainly caused by an increase in the T1 capital measure (by 5.1%), while the exposure measure increased by 2.3%. The surplus over the regulatory minimum of 3% and amounts to 177bp.

The minimum capital ratios required by the KNF in terms of the combined buffer requirement (OCR) and together with the additional P2G surcharge, are achieved with a significant surplus at the end of 1Q2025.

5.6.1 Minimum requirements for own funds and liabilities subject to write down or conversion (MREL)

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

In terms of the MRELtrea and MRELtem requirements, the Group presents a surplus compared to the minimum required levels as of March 31, 2025, and also meets the MRELtrea Requirement after the inclusion of the Combined Buffer Requirement.

MREL	31.03.2025	31.12.2024	31.03.2024
MRELtrea ratio	**27.70%**	**28.71%**	**23.65%**
Minimum required level MRELtrea	18.03%	18.03%	18.89%
Surplus(+) / Deficit(-) of MRELtrea (p.p.)	9.67pp	10.68pp	4.76pp
Minimum required level including Combined Buffer Requirement (CBR)	20.78%	20.78%	21.64%
Surplus(+) / Deficit(-) of MRELtrea+CBR (p.p.)	6.92pp	7.93pp	2.01pp
MRELtem ratio	**8.75%**	**8.71%**	**7.33%**
Minimum required level of MRELtem	5.91%	5.91%	5.91%
Surplus(+) / Deficit(-) of MRELtem (p.p.)	2.84pp	2.80pp	1.42pp

6. 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 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.

Business in the Corporate Customers segment is pursued with use of a high quality 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.

Small Business is a newly created business client segment, which was separated as part of the Bank's strategy for 2025-2028. The segment includes entities with all legal forms other than Sole Proprietorship (JDG)/farmers, with an annual turnover of up to PLN 10 million and leasing clients from Millennium Leasing also with an annual turnover of up to PLN 10 million. The segment does not include capital groups and entities of local government units and government administration. The financial results of the Small Business segment are included in the Corporate Banking segment. In order to maintain data comparability, the data for 2024 have been recalculated in accordance with the new segmentation of the Bank's clients.

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 related to portfolio (mainly costs of amicable negotiations).
3. Cost of provisions for FX mortgage portfolio legal risk 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. Result on modification resulting from settlements with borrowers.
6. Other Costs that are directly related to FX mortgages including, but not limited to:
    i. Legal chancellery costs (administrative costs),
    ii. Court costs related to FX mortgage cases (other operating costs).

Income statement 1.01.2025 – 31.03.2025

In ‘000 PLN	Retail Banking	Corporate Banking	Treasury. ALM & Other	Segments excluding FX mortgage	FX mortgage	TOTAL
Net interest income	1 220 504	211 535	(1 312)	1 430 727	(7 273)	1 423 454
Net fee and commission income	129 765	50 310	1 455	181 530	1 018	182 548
Dividends, other income from financial operations and foreign exchange profit	25 623	31 023	57 057	113 703	(69 433)	44 270
Result on non-trading financial assets mandatorily at fair value through profit or loss	179	0	2 323	2 502	0	2 502
Other operating income and cost	(7 628)	1 525	(7 434)	(13 537)	(13 022)	(26 559)
Operating income	1 368 443	294 393	52 089	1 714 925	(88 710)	1 626 215
Staff costs	(251 362)	(62 266)	(8 292)	(321 920)	0	(321 920)
Administrative costs, including:	(153 750)	(23 506)	(84 604)	(261 860)	(27 477)	(289 337)
- BGF costs	*(17 910)*	*(442)*	*(76 007)*	*(94 359)*	*0*	*(94 359)*
Depreciation and amortization	(48 233)	(7 422)	(1 040)	(56 695)	0	(56 695)
Operating expenses	(453 345)	(93 194)	(93 936)	(640 475)	(27 477)	(667 952)
Impairment losses on assets	(59 147)	(19 525)	(960)	(79 632)	38	(79 594)
Results on modification	(7 144)	290	0	(6 854)	(10 653)	(17 507)
Provisions for legal risk connected with FX mortgage loans	0	0	0	0	(444 790)	(444 790)
Total operating result	**848 807**	**181 964**	**(42 807)**	**987 964**	**(571 592)**	**416 372**
Share in net profit of associated companies						0
Banking tax						(98 669)
Profit / (loss) before income tax						**317 703**
Income taxes						(138 434)
Profit / (loss) after taxes						**179 269**

Balance sheet items as at 31.03.2025

In ‘000 PLN	Retail Banking	Corporate Banking	Treasury. ALM & Other	Segments excluding FX mortgage	FX mortgage	TOTAL
Loans and advances to customers	58 411 853	14 934 977	0	73 346 829	1 194 069	**74 540 899**
Debt securities (AC and HTCFS portfolios)	0	0	57 691 343	57 691 343	0	**57 691 343**
Liabilities to customers	93 508 072	25 927 744	0	119 435 816	0	**119 435 816**

Income statement 1.01.2024 – 31.12.2024

In '000 PLN	Retail Banking	Corporate Banking	Treasury. ALM & Other	Segments excluding FX mortgage	FX mortgage	TOTAL
Net interest income	1 133 335	217 827	(1 268)	1 349 894	4 351	1 354 245
Net fee and commission income	144 484	50 570	2 021	197 075	2 507	199 582
Dividends, other income from financial operations and foreign exchange profit	24 659	24 667	537	49 863	(96 634)	(46 771)
Result on non-trading financial assets mandatorily at fair value through profit or loss	3 706	0	7 011	10 717	0	10 717
Other operating income and cost	(7 350)	(61)	439	(6 972)	(90 435)	(97 407)
Operating income	1 298 834	293 003	8 740	1 600 577	(180 211)	1 420 366
Staff costs	(231 083)	(50 773)	(7 487)	(289 343)	0	(289 343)
Administrative costs, including:	(132 355)	(19 668)	(70 912)	(222 935)	(31 761)	(254 696)
- BGF costs	*0*	*0*	*(60 906)*	*(60 906)*	*0*	*(60 906)*
Depreciation and amortization	(46 638)	(6 616)	(1 037)	(54 291)	0	(54 291)
Operating expenses	(410 076)	(77 057)	(79 436)	(566 569)	(31 761)	(598 330)
Impairment losses on assets	(99 866)	(16 947)	(1 885)	(118 698)	6 048	(112 650)
Results on modification	(9 533)	(1 095)	0	(10 628)	(20 655)	(31 283)
Provisions for legal risk connected with FX mortgage loans	0	0	0	0	(548 810)	(548 810)
Total operating result	**779 359**	**197 904**	**(72 581)**	**904 682**	**(775 389)**	**129 293**
Share in net profit of associated companies						0
Banking tax						0
Profit / (loss) before income tax						**129 293**
Income taxes						(867)
Profit / (loss) after taxes						**128 426**

Balance sheet items as at 31.12.2024

In '000 PLN	Retail Banking	Corporate Banking	Treasury. ALM & Other	Segments excluding FX mortgage	FX mortgage	TOTAL
Loans and advances to customers	58 597 069	15 070 153	0	73 667 223	1 313 993	**74 981 215**
Debt securities (AC and HTCFS portfolios)	0	0	53 600 222	53 600 222	0	**53 600 222**
Liabilities to customers	91 029 506	26 227 707	0	117 257 213	0	**117 257 213**

7. TRANSACTIONS WITH RELATED ENTITIES

All and any transactions between entities of the Group in 1st quarter of 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.

7.1. 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	
	31.03.2025	31.12.2024	31.03.2025	31.12.2024
ASSETS				
Loans and advances to banks – accounts and deposits	4 229	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
LIABILITIES				
Loans and deposits from banks	342	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	281	234	23	14

	With parent company		With other entities from parent group	
	1.01.2025 - 31.03.2025	1.01.2024 - 31.03.2024	1.01.2025 - 31.03.2025	1.01.2024 - 31.03.2024
Income from:				
Interest	486	1 482	0	0
Commissions	51	45	0	0
Financial assets and liabilities held for trading	0	5 520	0	0
Expense from:				
Interest	0	0	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	47	40	13	(18)

	With parent company		With other entities from parent group	
	31.03.2025	31.12.2024	31.03.2025	31.12.2024
Conditional commitments	28 395	24 680	0	0
granted	0	0	0	0
obtained	28 395	24 680	0	0
Derivatives (par value)	0	0	0	0

7.2. BALANCE OF THE BANK'S SHARES HELD BY THE BANK'S SUPERVISORY AND MANAGEMENT BOARD MEMBERS

Name and surname	Position/Function	Number of shares as of delivery date of IQ 2025 report	Number of shares as of delivery date of annual report for year 2024
Joao Nuno Lima Bras Jorge	Chairman of the Management Board	380 259	380 259
Fernando Maria Cardoso Rodrigues Bicho	Deputy Chairman of the Management Board	176 252	176 252
Wojciech Haase	Member of the Management Board	151 107	151 107
Jarosław Hermann	Member of the Management Board	0	0
Halina Karpińska	Member of the Management Board	11 995	/-/
Antonio Ferreira Pinto Junior	Member of the Management Board	13 613	13 613
Magdalena Zmitrowicz	Member of the Management Board	0	/-/

Name and surname	Position/Function	Number of shares as of delivery date of IQ 2025 report	Number of shares as of delivery date of annual report for year 2024
Olga Grygier-Siddons	Chairman of the Supervisory Board	0	0
Nuno Manuel da Silva Amado	Deputy Chairman of the Supervisory Board	0	0
Katarzyna Sułkowska	Secretary of the Supervisory Board	0	/-/
Małgorzata Bonikowska	Member of the Supervisory Board	0	/-/
Miguel de Campos Pereira de Bragança	Member of the Supervisory Board	0	0
Agnieszka Kłos-Siddiqui	Member of the Supervisory Board	0	/-/
Anna Mankiewicz-Rębkowska	Member of the Supervisory Board	0	/-/
Alojzy Nowak	Member of the Supervisory Board	0	0
Izabela Olszewska	Member of the Supervisory Board	0	/-/
José Miguel Bensliman Schorcht da Silva Pessanha	Member of the Supervisory Board	0	0
Miguel Maya Dias Pinheiro	Member of the Supervisory Board	0	0
Lingjiang Xu	Member of the Supervisory Board	0	0

8. 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 (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 (and previously used to be irrelevant).

8.1. 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. In these circumstances the presented differences between fair values and balance-sheet values cannot be understood to mean adjustments of the economic value of the Group. 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 bonds issued by State Treasury: domestic and foreign, 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.

Fair value of instruments due and payable in 30 days or more is determined by discounting future cash flows from principal and interest (including the current average margins by major currencies and time periods) using current interest (including the original average margins by major currencies and time periods) in contractual terms.

Subordinated liabilities, debt securities issued and medium-term loans

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

The table below presents results of the above-described analyses as at 31.03.2025 (data in PLN thousand):

	Note	Balance sheet value	Fair value
ASSETS MEASURED AT AMORTISED COST			
Debt securities	15	26 356 628	26 545 147
Deposits, loans and advances to banks and other monetary institutions	15	627 891	627 871
Loans and advances to customers*	14	74 539 433	74 013 545
LIABILITIES MEASURED AT AMORTISED COST			
Liabilities to banks and other monetary institutions	19	365 274	365 274
Liabilities to customers	20	119 435 816	119 439 639
Debt securities issued	22	6 874 320	6 875 565
Subordinated debt	23	1 558 730	1 557 916

** The negative impact of fair value valuation of the loans portfolio is largely attributable to growth of loan spreads. The methodology, which the Bank uses for valuation of the loans portfolio, assumes that current spreads best reflect existing market conditions and economic situation. A corresponding rule is widely applied for valuation of debt securities, which are not quoted on active markets. In result, paradoxically whenever the spreads of new loans increase, fair value of the "old" loans portfolio falls.*

The fair value of debt securities measured at amortized cost, for which market quotations are available, is determined on their basis and, consequently, these assets are included in the first valuation category. Models used for determination of the fair value of other financial instruments presented in the above table and not recognized at fair value in Group's balance sheet, use techniques based on parameters not derived from the market. Therefore, they are considered as the third level of valuation.

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

	Note	Balance sheet value	Fair value
ASSETS MEASURED AT AMORTISED COST			
Debt securities	15	24 381 485	24 490 907
Deposits, loans and advances to banks and other monetary institutions	15	434 517	434 304
Loans and advances to customers*	14	74 979 390	74 404 090
LIABILITIES MEASURED AT AMORTISED COST			
Liabilities to banks and other monetary institutions	19	316 824	316 824
Liabilities to customers	20	117 257 213	117 251 765
Debt securities issued	22	6 124 775	6 127 207
Subordinated debt	23	1 562 330	1 563 653

8.2. 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 31.03.2025

	Note	Quoted market prices	Valuation techniques - observable inputs	Valuation techniques - significant unobservable inputs
		Level 1	Level 2	Level 3
ASSETS				
Financial assets held for trading	12			
Valuation of derivatives			83 869	125 341
Equity instruments		189		
Debt securities		558 388		
Non-trading financial assets mandatorily at fair value through profit or loss	14			
Equity instruments				66 609
Debt securities				54 113
Loans and advances				1 466
Financial assets at fair value through other comprehensive income	13			
Equity instruments		618		36 224
Debt securities		23 259 455	8 075 260	
Derivatives – Hedge accounting	16		145 545	
LIABILITIES				
Financial liabilities held for trading	12			
Valuation of derivatives			81 447	153 770
Short positions		287 983		
Derivatives – Hedge accounting	16		1 205	

Data in PLN'000, as at 31.12.2024

	Note	Quoted market prices	Valuation techniques - observable inputs	Valuation techniques - significant unobservable inputs
		Level 1	Level 2	Level 3
ASSETS				
Financial assets held for trading	12			
Valuation of derivatives			73 321	182 524
Equity instruments		115		
Debt securities		555 364		
Non-trading financial assets mandatorily at fair value through profit or loss	14			
Equity instruments				66 609
Debt securities				51 790
Loans and advances				1 825
Financial assets at fair value through other comprehensive income	13			
Equity instruments		481		36 231
Debt securities		20 526 513	8 692 224	
Derivatives – Hedge accounting	16		112 365	
LIABILITIES				
Financial liabilities held for trading	12			
Valuation of derivatives			40 312	185 991
Short positions		190 769		
Derivatives – Hedge accounting	16		107 439	

Using the criterion of valuation techniques as at 31.03.2025 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 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
Balance on 01.01.2025	**178 195**	**(181 662)**	**102 840**	**51 790**	**1 825**
Settlement/sell/purchase	(46 336)	18 826	0	0	(848)
Change of valuation recognized in equity	0	0	0	0	0
Interest income and other of similar nature	0	0	0	0	310
Results on financial assets and liabilities held for trading	(8 927)	11 475	0	0	0
Result on non-trading financial assets mandatorily at fair value through profit or loss	0	0	0	2 323	179
Result on exchange differences	0	0	(6)	0	0
Balance on 31.03.2025	**122 932**	**(151 361)**	**102 834**	**54 113**	**1 466**

For options on indexes concluded on an inactive market 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
Balance on 01.01.2024	**405 612**	**(414 200)**	**95 154**	**81 014**	**19 349**
Settlement/sell/purchase	(248 040)	251 045	(46 959)		(21 554)
Change of valuation recognized in equity			7 847		
Interest income and other of similar nature					3 285
Results on financial assets and liabilities held for trading	20 623	(18 507)			
Result on non-trading financial assets mandatorily at fair value through profit or loss			46 803	(29 224)	745
Result on exchange differences			(5)		
Balance on 31.12.2024	**178 195**	**(181 662)**	**102 840**	**51 790**	**1 825**

9. CONTINGENT LIABILITIES AND ASSETS

9.1. LAWSUITS AND IMPORTANT PROCEEDINGS

Below please find the data on the court cases pending, brought up by and against entities of the Group. A separate category are the proceedings related to the activities of the Tax Control Authority described in **Chapter 4. note 11) "Corporate Income Tax"**.

Court cases brought up by the Group

Value of the court litigations, as at 31.03.2025, in which entities of the Group were a plaintiff, totaled PLN 3,792,7 million.

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.

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.

Proceedings in the matter of recognition of provisions of the agreement format as abusive

On 22 September 2020 The Bank received decision of the Chairman of the Office for Protection of Competition and Consumers (OPCC Chairman) recognising clauses stipulating principles of currency exchange applied in the so-called anti-spread annex as abusive and prohibited the use thereof.

Penalty was imposed upon the Bank in the amount of 10.5 million PLN. Penalty amount takes account of two mitigating circumstances: cooperation with the Office for Protection of Competition and Consumers and discontinuation of the use of provisions in question.

The Bank was also requested, after the decision becomes final and binding, to inform consumers, by registered mail, to the effect that the said clauses were deemed to be abusive and therefore not binding upon them (without need to obtain court's decision confirming this circumstance) and publish the decision in the case on the Bank's web site.

In the decision justification delivered in writing the OPCC Chairman stated that FX rates determined by the Bank were determined at Bank's discretion (on the basis of a concept, not specified in any regulations, of average inter-bank market rate). Moreover, client had no precise knowledge on where to look for said rates since provision referred to Reuters, without precisely defining the relevant site.

Provisions relating to FX rates in Bank's tables were challenged since the Bank failed to define when and how many times a day these tables were prepared and published.

In justification of the decision, the OPCC Chairman also indicated that in the course of the proceeding, Bank Millennium presented various proposed solutions, which the OPCC Chairman deemed to be insufficient.

The Bank appealed against the said decision within statutory term.

On March 31, 2022, the first instance court revoked the entire decision of the Chairman of the OPCC. On May 23, 2022, the Chairman of the OPCC filed an appeal. On October 26, 2022, the Court of Appeal changed the judgment of the court of first instance and shared the position of the Chairman of the OPCC as to the abusiveness of the provisions regarding the determination of exchange rates in the annexes concluded with foreign currency borrowers. On November 21, 2022, the Court of Appeals, at the request of the Bank, suspended the execution of the judgment until the end of the cassation proceedings. On January 30, 2023 the Bank filed a cassation appeal to the Supreme Court. By the decision of March 20, 2024, the cassation appeal was accepted for consideration. The date of the hearing has not been set yet. The Bank has created a provision in the amount equal to the imposed penalty.

Court cases against the Group

As at 31.03.2025, the most important proceedings, in the group of the court cases where the Group's companies 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 is 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. 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.

- 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. Due to the Plaintiff's submission of a motion for a written justification of the aforementioned judgment of the Court of Appeal of December 17, 2024, it is possible for the Foundation to file a cassation appeal to the Supreme Court.

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 (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.

Actual status:

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 deadline for submitting a position expires on June 17, 2025.

The Bank assesses that procedural chances of winning the case is positive.

As at 31 March 2025, there were also 72 individual court cases regarding LTV insurance (cases in which only a claim for the reimbursement of the commission or LTV insurance fee is presented).

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 (TU Europa) 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 court is still continuing the evidentiary proceedings.

Court cases concerning Art. 45 of the Consumer Credit Act

By March 31, 2025, the Bank received 1,622 lawsuits in which the plaintiffs (both clients and companies purchasing claims), alleging violation of the information obligations provided in Art. 30 of the Consumer Credit Act, demand reimbursement of interest and other costs incurred in connection with taking out a loan (free loan sanction within the meaning of Article 45 of the Consumer Credit Act).

Based on publicly available information, it can be assumed that there will be an increase in the number of lawsuits concerning Article 45 of the Consumer Credit Act. This phenomenon affects the entire banking services sector. It is likely that a "new business model" will be created in the area of law firms, which involves questioning consumer credit agreements.

As of March 31, 2025, 175 cases have been legally concluded, in 148 cases the Bank won the dispute and lost in 27 cases. Disputes in the above respect should be 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. Currently, the Bank's litigation chances in the cases in question are assessed positively.

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. Law firms purchasing clients' receivables publicize the judgment as a ruling with a favorable ruling for consumers (opposite to the view of the Bank), which may translate into an increase in the number of new cases.

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."

Court cases regarding mortgage loans in PLN

By March 31, 2025, the Bank recorded the receipt of 158 lawsuits by borrowers of mortgage loans in PLN for reimbursement of benefits provided under the loan agreement. Three final judgment were issued dismissing the borrowers' claim. 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.

Based on publicly available information, it can be assumed that there will be an increase in the number of lawsuits concerning mortgage loans in PLN. This phenomenon affects the entire sector of banking services. It is possible that a "new business model" will be created in the area of law firms, which consists in questioning mortgage contracts containing a variable interest rate clause based on the WIBOR reference index.

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 (https://www.knf.gov.pl/komunikacja/komunikaty?articleId=82924&p_id=18).

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 (Stanowisko_UKNF_dot_zagadnien_prawnych_i_ekonomicznych_zw_ze_wskaznikiem_referencyjnym_WIBOR_83233.pdf).

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 June 30, 2025.

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.

The Bank did not create a provision for these proceedings because at this stage of the proceedings, it is not possible to reasonably predict the outcome of the proceedings.

As of March 31, 2025, the Bank was a party to 337 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.

Administrative penalty proceedings by the Polish Financial Supervision Authority

On 22 December 2023, the Polish Financial Supervision Authority (KNF) started administrative proceedings against bank Millennium S.A. that might result in a penalty being imposed on the Bank under Article 176i(1)(4) of the Act on trading in financial instruments. On 16.09.2024, the Bank was served with the Resolution of 13.09.2024 issued by the PFSA ("the Resolution") pursuant to the provisions of Chapter 2b of the Act of 21.07.2006 on Financial Market Supervision regarding: the possibility of concluding an arrangement regarding the conditions for extraordinary easing of sanctions and setting a 3-month deadline for concluding an arrangement. In response to the Resolution, on 27.09.2024 after considering the circumstances of the case, the Bank decided not to proceed with the procedure of concluding the arrangement.

In the course of further proceedings the Bank received the following letters:

1. Letter from the KNF on the opportunity to present explanations before the decision is issued (18.11.2024) regarding the opportunity to comment on the materials and evidence collected during the proceedings. In response, the Bank on 19.12.2024 communicated the position of a party to the proceedings in which it maintains the legal arguments contained in the letters submitted in the proceedings and an indication that, in the Bank's opinion, the factual circumstances in the case file described in the Bank's letters and this position do not justify the application of an administrative sanction to the Bank as a supervised entity providing input to the WIRON reference index.
2. KNF letter of 19 December 2024 on extension of the proceedings until February 2025.
3. KNF letter of 27 February 2025 on planned completion of the administrative proceedings in April 2025.

On 31.05.2024, the Polish Financial Supervision Authority initiated administrative proceedings against Bank Millennium S.A. regarding the imposition of a financial penalty on the Bank pursuant to Art. 73 sec. 1 item 11 in conjunction with sec. 3 point 10 of the Act of 5 July 2018 on the National Cybersecurity System (UKSC) in connection with failure to ensure that an information system security audit was conducted within the statutory deadline. On 23 August 2024, the PFSA imposed a fine on the Bank in the amount of PLN 150,000.00. The Bank appealed against the fine by filing a complaint with the Provincial Administrative Court.

As at 31.03.2025, the total value of the subjects of the other litigations in which the Group's companies appeared as defendant, stood at PLN 6,122.1 million (excluding the class actions described in the **Chapter 10)**. 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 10.** "Legal risk related to foreign currency mortgage loans".

9.2. OFF – BALANCE ITEMS

Amount '000 PLN	31.03.2025	31.12.2024	31.03.2024
Off-balance conditional commitments granted and received	**16 284 886**	**16 171 952**	**16 058 586**
Commitments granted:	13 400 369	13 441 260	13 203 453
loan commitments	11 595 913	11 754 380	11 584 801
guarantee	1 804 456	1 686 880	1 618 652
Commitments received:	2 884 517	2 730 692	2 855 134
financial	0	346	4 054
guarantee	2 884 517	2 730 346	2 851 080

10. LEGAL RISK RELATED TO FOREIGN CURRENCY MORTGAGE LOANS

On March 31, 2025, the Bank had 21,092 loan agreements and additionally 2,271 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 (49% loans agreements before the courts of first instance and 51% loans agreements before the courts of second instance) with the total value of claims filed by the plaintiffs amounting to PLN 4,493.8 million and CHF 341.4 million (Bank Millennium portfolio: PLN 4,010.1 million and CHF 330.1 million and former Euro Bank portfolio: PLN 483.7 million and CHF 11.3 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 and former Euro Bank portfolio: PLN 1.1 billion for 5.2 thousand loan agreements). Out of 21,092 BM loan agreements in ongoing individual cases 460 are also part of class action. From the total number of individual litigations against the Bank approximately 3,800 or 18% were submitted by borrowers that had already naturally or early fully repaid the loan or were converted to polish zloty at the moment of submission. Approximately another 860 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.

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 1,739. Out of 1,739 loan agreements in class action 460 are also part of ongoing individual cases, 155 concluded settlements and 30 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, the court issued an order setting aside the judgment and discontinuing the proceedings from the persons who entered into amicable settlements. Based on this order, the number of credit agreements covered by the class action dropped from 3,273 to 1,739.

The intense advertising campaign observed in the public domain affects the number of court disputes. Until the end of 2019, 1,980 individual claims were filed against the Bank (in addition, 235 against former Euro Bank), in 2020 the number increased by 3,002 (265), in 2021 the number increased by 6,153 (422), in 2022 the number increased by 5,752 (407), in 2023 the number increased by 6,862 (644), in 2024 the number increased by 5,842 (656), while in the first quarter of 2025 the number increased by 1,083 (135).

Based on ZBP (the Polish Banking Association) data gathered from all banks having FX mortgage loans, vast majority of disputes were finally resolved against the banks. As far as Bank Millennium (incl. former Euro Bank portfolio) is concerned, from 2015 until the end of the first quarter of 2025, 10,392 cases were finally resolved (10,277 in claims submitted by clients against the Bank and 115 in claims submitted by the Bank against clients i.e. debt collection cases) out of which 3,111 were settlements, 109 were remissions, 76 rulings were favourable for the Bank and 7,096 were unfavourable including both invalidation of loan agreements as well as conversions into PLN+LIBOR. The Bank undertakes proper legal actions in order to secure repayment of initially disbursed capital of the loan.

The outstanding gross balance of the loan agreements under individual court cases and class action against the Bank (incl. former Euro Bank portfolio) on 31 March 2025 was CHF 1,121 million (of which the outstanding amount of the loan agreements under the class action proceeding was CHF 76 million).

If all Bank Millennium's originated loan agreements currently under individual and class action court proceedings would be declared invalid without any compensation for the use of capital, the pre-tax cost could reach PLN 6,504 million. Overall losses would be higher or lower depending on the final court jurisprudence in this regard and the consideration of additional costs in the court verdicts.

In the first quarter 2025, the Bank created PLN 411 million of provisions for Bank Millennium originated portfolio and PLN 33,8 million for the former Euro Bank originated portfolio. The balance sheet value of provisions for the Bank Millennium portfolio at the end of March 2025 was PLN 7 343,8 million, and for the former Euro Bank portfolio - PLN 747,9 million.

The methodology developed by the Bank of calculating provisions for legal risk involved with indexed loans is based on the following main parameters resulting from historical observations or expert assumptions::

(i) the number of ongoing cases (including class action agreements) and potential future lawsuits;
(ii) As regards the number of 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 the percentage of customers covered by methodology in this group of clients at 88% of the total number of active loans (including expected number of amicable settlements).
   b. regarding loans already fully repaid or converted to polish zloty, the Bank attributes a much lower probability of becoming the subject of a court case (the Bank assumes that approximately 24% of the repaid loans that had an economic justification for suing the Bank but were not covered by a prior settlement have sued or will decide to sue the Bank in the future);
(iii) the amount of the Bank's potential loss in the event of a specific court judgment (including statutory interest estimation);
(iv) the probability of obtaining a specific court judgement calculated on the basis of statistics of judgments in cases where the Bank is a party;
(v) estimates involved with amicable settlements with clients, concluded in court or out of court:
   a. the bank assumes a 12% probability of success in concluding a settlement as part of negotiations conducted with clients in the course of court proceedings,
   b. negotiations are conducted on a case-by-case basis and can be stopped at any time by the Bank,
   c. due to significant negotiation efforts already made in the past, the probability of success in these negotiations in the future is decreasing, and at the same time most customers have already contacted the Bank regarding the possible conversion of loans into PLN, so at the moment the Bank adopts a conservative approach when taking into account the potential impact of this factor.

The Bank is open to negotiate case by case favorable conditions for early repayment or conversion of loans to PLN. As a result of these negotiations, the number of active FX mortgage loans originated by Bank Millennium decreased by 26,977. As of the end of the first quarter of 2025, the Bank had 22,501 active FX mortgage loans. Cost incurred in conjunctions with these negotiations totaled PLN 2 464,5 million. This cost is presented mainly in 'Result on exchange differences' and also in 'Result on modification' in the profit and loss statement (the values of costs charged to particular items of the Income Statement due to settlements are presented **in Note 10 in Chapter 4 'Notes to Consolidated Financial Data'**). In the first quarter of 2025, a significant part of the negotiations costs was booked against existing provisions for that purpose.

Taking into consideration the above-mentioned information regarding court cases (active and already closed after verdicts), realized settlements and assumptions regarding future number of court cases and settlements, as well as the historical number and original amount of loans granted, it can be said that the already materialized risk (reflected in the provisions and in the losses already booked through the P&L) accounts for 60% of the historical number of loans granted and for 73% of the original disbursed capital.

Legal risk from former Euro Bank portfolio is fully covered by Indemnity Agreement with Société Générale S.A.

The bank analyzed the sensitivity of the amount of the provision to changes in specific methodology parameters:

Parameter	Scenario	Impact on loss
Change in the number of court cases adopted in the assumptions	In addition, 1,000 new customers file a lawsuit against the Bank	PLN 188 million
Change in costs incurred in connection with the judgment or settlement	Change in cost levels by 1% compared to the assumed	PLN 74 million

On December 8, 2020, Mr. Jacek Jastrzębski, the Chairman of the Polish Financial Supervision Authority ("PFSA") proposed a "sector" solution to address the sector risks related to FX mortgages. The solution would consist in offering banks' clients a voluntary possibility of concluding arrangements based on which a client would settle a CHF Mortgage Loan as if it was a PLN loan bearing interest at an appropriate WIBOR rate increased by the margin historically employed for such loans. The decision to generally implement this solution could imply the need of creating upfront provisions for the losses resulting from the conversion of CHF Mortgage Loans. The Bank in practice has been using elements of the proposal of above system solution on many individual negotiations with FX mortgage borrowers, including in the course of court proceedings.

Due to the circumstances stemming from the CJEU which excludes demanding by the Bank amounts exceeding the return of disbursed capital, the possibility of successful implementation of a general offer of KNF solution is low.

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.

A draft law on special solutions for the examination of cases concerning loan agreements denominated or indexed to the Swiss franc concluded with consumers has been published on the website of the Government Legislation Centre. https://legislacja.gov.pl/projekt/12394303/katalog/13109961).

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, and thus increase the efficiency of the justice system and speed up the examination of Swiss franc cases. In addition, the bill places great emphasis on the promotion of settlement and mediation solutions, thus limiting the number of new lawsuits submitted to the courts.

The adoption of this draft law by the Council of Ministers and its referral to the Sejm is planned for the second quarter of 2025. According to the legislative procedure, a bill after its adoption requires the signature of the President of the Republic of Poland and publication in the Journal of Laws.

The Court of Justice of the European Union and the Polish Supreme Court rulings relevant to risk assessment

Jurisprudence of the Court of Justice of the European Union

On 3 October 2019, the Court of Justice of the European Union (the CJEU) issued the judgment in Case C-260/18 in connection with the preliminary questions formulated by the District Court of Warsaw in the case against Raiffeisen Bank International AG. The judgment of the CJEU, as regards the interpretation of European Union law made therein, is binding on domestic courts. The judgment in question interpreted Article 6 of Directive 93/13. In the light of the subject matter judgment the said provision must be interpreted in such a way that (i) the national court may invalidate a credit agreement if the removal of unfair terms detected in this agreement would alter the nature of the main subject-matter of the contract; (ii) the effects for the consumer's situation resulting from the cancellation of the contract must be assessed in the light of the circumstances existing or foreseeable at the time when the dispute arose and the will of the consumer is decisive as to whether he wishes to maintain the contract; (iii) Article 6 of the Directive precludes the filling-in of gaps in the contract caused by the removal of unfair terms from the contract solely on the basis of national legislation of a general nature or established customs; (iv) Article 6 of the Directive precludes the maintenance of unfair terms in the contract if the consumer has not consented to the maintenance of such terms. It can be noticed the CJEU found doubtful the possibility of a credit agreement being performed further in PLN while keeping interest calculated according to LIBOR.

The CJEU judgment concerns only the situation where the national court has previously found the contract term to be abusive. It is the exclusive competence of the national courts to assess, in the course of judicial proceedings, whether a particular contract term can be regarded as abusive in the circumstances of the case.

On 29 April 2021, the CJEU issued the judgement in the case C-19/20 in connection with the preliminary questions formulated by the District Court in Gdańsk in the case against of ex-BPH S.A., the CJEU said that:

(i) it is for the national court to find that a term in a contract is unfair, even if it has been contractually amended by those parties. Such a finding leads to the restoration of the situation that the consumer would have been in in the absence of the term found to be unfair, except where the consumer, by means of amendment of the unfair term, has waived such restoration by free and informed consent. However, it does not follow from Council Directive 93/13 that a finding that the original term is unfair would, in principle, lead to annulment of the contract, since the amendment of that term made it possible to restore the balance between the obligations and rights of those parties arising under the contract and to remove the defect which vitiated it;

(ii) the national court may remove only the unfair element of a term in a contract concluded between a seller or supplier and a consumer where the deterrent objective pursued by Council Directive 93/13 is ensured by national legislative provisions governing the use of that term, provided that that element consists of a separate contractual obligation, capable of being subject to an individual examination of its unfair nature. At the same time, provisions of the Directive preclude the referring court from removing only the unfair element of a term in a contract concluded between a seller or supplier and a consumer where such removal would amount to revising the content of that term by altering its substance;

(iii) the consequences of a judicial finding that a term if a contract concluded between a seller or supplier and a consumer is unfair are covered by national law and the question of continuity of the contract should be assessed by the national court of its own motion in accordance with an objective approach on the basis of those provisions;

(iv) the national court, finding that a term in a contract concluded between a seller or supplier and a consumer is unfair, shall inform the consumer, in the context of the national procedural rules after both parties have been heard, of the legal consequences entailed by annulment of the contract, irrespective of whether the consumer is represented by a professional representative.

On November 18, 2021, the Court of Justice of the European Union (CJEU) issued a judgment in case C-212/20 in connection with questions submitted by the District Court for Warsaw Wola in Warsaw in the case against Raiffeisen Bank International AG. The CJEU stated that:

(i) the content of the clause of the loan agreement concluded between the entrepreneur and the consumer fixing the purchase and sale price of the foreign currency to which the loan is indexed should, on the basis of clear and comprehensible criteria, enable the consumer who is reasonably well informed and sufficiently observant and rational to understand how the exchange rate of the foreign currency used to calculate the amount of the loan instalments is determined, so that the consumer is able to determine himself at any time the exchange rate used by the entrepreneur;

(ii) a national court which has found that a term of the agreement concluded between an entrepreneur and a consumer is unfair cannot interpret that term in order to mitigate its unfairness, even if such an interpretation would correspond to the common will of the parties.

On 10 June 2021, the Court of Justice of the European Union (CJEU) issued an order in case C-198/20 in connection with questions submitted by the District Court for Warsaw Wola in Warsaw in the case against Santander Bank Polska SA. The CJEU stated that the protection provided for in Council Directive 93/13/EEC is granted to all consumers, not just those who can be considered to be “duly informed and reasonably observant and circumspect average consumer”.

On 8 September 2022, the Court of Justice of the European Union (CJEU) issued a judgment in joined cases C-80/21, C-81/21, C-82/21 in connection with questions submitted by the District Court for Warsaw Śródmieście in Warsaw in cases against Deutsche Bank SA and mBank SA. The CJEU stated that:

(i) a national court may find that the parts of a contractual term of the agreement concluded between a consumer and an entrepreneur which render it unfair are unfair, if such a deletion would not amount to a change in the content of that term that affects its substance, which is for the referring court to verify;

(ii) a national court cannot, after annulling an unfair term contained in an agreement concluded between a consumer and an entrepreneur which does not render the agreement invalid in its entirety, replace that term with a supplementary provision of the national law;

(iii) a national court may not, after having declared invalid an unfair term contained in an agreement concluded between a consumer and an entrepreneur which entails the invalidity of that agreement in its entirety, replace the contractual term which has been declared invalid either by interpretation of the parties' declaration of intent in order to avoid the cancellation of that agreement or by a provision of national law of a supplementary nature, even if the consumer has been informed of the effects of the invalidity of that agreement, and accepted them;

(iv) the ten-year limitation period for a consumer's claim seeking reimbursement of sums unduly paid to the entrepreneur in performance of an unfair term of a loan agreement does not start to run on the date of each performance made by the consumer if the consumer was not able on that date to assess on his own the unfairness of the contractual term or if he had not become aware of the unfair nature of that term and without taking into account the circumstances that the agreement provided for a repayment period – in this case thirty years – well in excess of the ten-year statutory limitation period.

On March 16, 2023, the Court of Justice of the European Union issued a judgment in a case registered under case number C-6/22, following preliminary questions submitted by the District Court for Warsaw-Wola in a case against the former Getin Noble Bank S.A. In the judgment, the CJEU ruled that:

(i) in the event that a contract concluded between a consumer and a seller or supplier is declared invalid because one of its terms is unfair, it is for the Member States, by means of their national law, to make provision for the effects of that invalidation, in compliance with the protection granted to the consumer by that directive, in particular, by ensuring the restoration of the legal and factual situation that he or she would have been in if that unfair term had not existed;

(ii) a national court is not allowed:

   a. to examine of its own motion, without any prerogative conferred on it by national law in that regard, the financial situation of a consumer who has sought the invalidation of the contract between him or her and a seller or supplier on account of the presence of an unfair term without which the contract cannot legally continue to exist, even if that invalidation is liable to expose the consumer to particularly unfavorable consequences and

   b. to refuse to declare that invalidation where the consumer has expressly sought it, after being objectively and exhaustively informed of the legal consequences and the particularly unfavorable financial consequences which it may have for him or her;

(iii) a national court is not allowed, after it has found that a term in a contract concluded between a seller or supplier and a consumer is unfair, to fill gaps resulting from the removal of the unfair term contained therein by the application of a provision of national law which cannot be characterised as a supplementary provision. However, it is for the national court, taking account of its domestic law as a whole, to take all the measures necessary to protect the consumer from the particularly unfavorable consequences which annulment of the contract might entail for him or her.

On June 8, 2023, the Court of Justice of the European Union issued a judgment in a case registered under case number C-570/21, following preliminary questions submitted by the District Court in Warsaw in a case against the former Getin Noble Bank S.A. In the judgment, the CJEU ruled that:

(i) provisions of Council Directive 93/13 must be interpreted as meaning that the concept of ‘consumer’, within the meaning of that provision, covers a person who has concluded a loan contract intended for a purpose in part within and in part outside his or her trade, business or profession, together with a joint-borrower who did not act within his or her trade, business or profession, where the trade, business or professional purpose is so limited as not to be predominant in the overall context of that contract;

(ii) provisions of Directive 93/13 must be interpreted as meaning that in order to determine whether a person falls within the concept of ‘consumer’, within the meaning of that provision, and, specifically, whether the trade, business or professional purpose of a loan contract concluded by that person is so limited as not to be predominant in the overall context of that contract, the referring court is required to take into consideration all the relevant circumstances surrounding that contract, both quantitative and qualitative, such as, in particular, the distribution of the borrowed capital between, on the one hand, a trade, business or profession and, on the other hand, a non-professional activity and, where there are several borrowers, the fact that only one of them is pursuing a professional purpose or that the lender made the grant of credit intended for consumer purposes conditional on a partial allocation of the amount borrowed to the repayment of debts connected with a trade, business or profession.

On June 15, 2023, the Court of Justice of the European Union issued a judgment in a case registered under case number C-287/22, following preliminary questions submitted by the District Court in Warsaw in a case against the former Getin Noble Bank S.A. In the judgment, the CJEU ruled that provisions of the Directive 93/13 must be interpreted as precluding national case-law according to which a national court may dismiss an application for the grant of interim measures lodged by a consumer seeking the suspension, pending a final decision on the invalidity of the loan agreement concluded by that consumer on the ground that that loan agreement contains unfair terms, of the payment of the monthly instalments due under that loan agreement, where the grant of those interim measures is necessary to ensure the full effectiveness of that decision.

On June 15, 2023, the CJEU issued a judgment in a case registered under case number C-520/21, following preliminary questions submitted by the District Court in Warsaw in a case against Bank Millennium, in which indicated that Directive 93/13 does not expressly regulate the consequences of invalidity of a contract concluded between a credit institution and a consumer after the removal of unfair terms contained therein. The CJEU stated that:

(i) the provisions of the Directive 93/13 do not preclude a judicial interpretation of national law, according to which the consumer has the right to demand compensation from the credit institution beyond the reimbursement of monthly instalments and costs paid for the performance of this contract and the payment of statutory default interest from the date of the request for payment provided that the objectives of Directive 93/13 and the principle of proportionality are respected;

(ii) the provisions of Directive 93/13 preclude the judicial interpretation of national law, according to which a credit institution has the right to demand compensation from the consumer that goes beyond the return of the capital paid for the performance of this contract and beyond the payment of statutory default interest from the date of the request for payment.

On September 21, 2023, the CJEU issued a judgement in a case registered under case number C-139/22, following preliminary questions submitted by the District Court in Warsaw in a case against mBank. The CJEU stated that:

(i) provisions of the Directive 93/13 must be interpreted as not precluding a contractual term which has not been individually negotiated from being regarded as unfair by the national authorities concerned merely by virtue of the fact that its content is equivalent to that of a standard contract term entered in the national register of standard business terms held to be unlawful;

(ii) the contractual term which, because of the circumstances for the performance of certain obligations of the consumer concerned provided for in that term, must be regarded as unfair, may not cease to be considered unfair on account of another term of that contract which provides for the possibility for that consumer to perform those obligations under different circumstances;

(iii) a seller or supplier is obliged to inform the consumer concerned of the essential characteristics of the contract concluded with that seller or supplier and the risks associated with that contract, even though that consumer is its employee and has relevant knowledge in the field of the contract.

On December 7, 2023, the CJEU issued the judgement in the case C-140/22 in connection with the preliminary questions formulated by the District Court in Warsaw in the case against of mBank S.A. The Court stated that provisions of the Directive 93/13 must be interpreted as meaning that, in the context of the cancellation, in its entirety, of a mortgage loan agreement concluded with a consumer by a banking institution on the ground that that agreement contains an unfair term without which it cannot continue in existence:

(i) they preclude the judicial interpretation of national law according to which the exercise of the rights which that consumer draws from that directive is conditional on the lodging, by that consumer, before a court, of a declaration by which he or she states, first, not to consent to that unfair term remaining effective, secondly, to be aware of the fact that the nullity of that term entails the cancellation of that agreement and, moreover, of the consequences of that cancellation and, thirdly, to consent to the cancellation of that agreement;

(ii) they preclude the compensation sought by the consumer concerned in respect of the restitution of the sums paid by him or her in the performance of the agreement at issue being reduced by the equivalent of the interest which that banking institution would have received if that agreement had remained in force.

The Court of Justice of European Union by an order of December 11, 2023, closed the case registered under case number C-756/22 initiated by the District Court in Warsaw in the case brought by Bank Millennium and ruled that the provisions of Directive 93/13 must be interpreted as meaning that, in the context of declaring a mortgage loan agreement concluded with a consumer by a banking institution to be invalid in its entirety on the grounds that, that the contract contains unfair terms without which it cannot be continued, they preclude a judicial interpretation of the law of a Member State according to which that institution is entitled to recover from that consumer amounts other than the capital paid in performance of that contract and statutory interest for delay from the time of the demand for payment.

On December 14, 2023, the CJEU issued the judgement in the case C-28/22 in connection with the preliminary questions referred by the District Court in Warsaw in the case of ex-Getin Noble Bank S.A. The Court stated that:

(i) provisions of Directive 93/13 read in the light of the principle of effectiveness must be interpreted as precluding a judicial interpretation of national law according to which, following the cancellation of a mortgage loan agreement concluded with a consumer by a seller or supplier, on account of unfair terms contained in that agreement, the limitation period for the claims of that seller or supplier stemming from the nullity of that agreement starts to run only as from the date on which the agreement becomes definitively unenforceable, whereas the limitation period for the claims of that consumer stemming from the nullity of that agreement begins to run as from the day on which the consumer became aware, or should reasonably have become aware, of the unfair nature of the term entailing such nullity;

(ii) provisions of the Directive 93/13 must be interpreted as not precluding a judicial interpretation of national law according to which it is not for a seller or supplier who has concluded a mortgage loan agreement with a consumer to ascertain whether the consumer is aware of the consequences of the removal of the unfair terms contained in that agreement or of that agreement being no longer capable of continuing in existence if those terms were removed;

(iii) provisions of the Directive 93/13, read in the light of the principle of effectiveness, must be interpreted as precluding a judicial interpretation of national law according to which, where a mortgage loan agreement concluded with a consumer by a seller or supplier is no longer capable of continuing in existence after the unfair terms in that agreement have been removed, that seller or supplier may rely on a right of retention which allows him or her to make the restitution of the sums which it has received from that consumer conditional on that consumer making an offer to repay the sums which he or she has himself or herself received from that seller or supplier or to provide a security for the repayment of those sums, where the exercise by that seller or supplier of that right of retention entails the loss, for that consumer, of the right to obtain default interest as from the expiry of the time limit set for performance by the seller or supplier concerned, following receipt by that seller or supplier of a request to repay the sums he or she had been paid in performance of that agreement.

The Court of Justice of the European Union by an order of January 15, 2024, closed the case registered under case number C-488/23 following a question from the District Court of Warsaw, indicating that the right of a financial institution to demand the valorization of the disbursed capital after a loan agreement has been declared invalid was excluded in the judgment of June 15, 2023 issued in case C-520/21.

On January 18, 2024, the CJEU issued the judgement in the case C-531/22 in connection with the preliminary questions referred by the District Court in Warsaw in the case of ex-Getin Noble Bank S.A. The Court stated that:

(i) the provisions of Directive 93/13 preclude national legislation which provides that a national court may not examine of its own motion the potentially unfair nature of the terms contained in a contract and draw the consequences thereof, where it is supervising enforcement proceedings carried out on the basis of a final decision to issue an order for payment which is subject to res judicata:

   a. if the regulations do not provide for such an examination at the stage of issuing a payment order, or

   b. if such examination is provided for only at the stage of opposition to the order for payment in question, provided that there is a significant risk that the consumer in question will not file the required opposition either because the time limit specified for this purpose is very short, or because of the cost of the proceedings before the court in relation to the amount of the disputed debt, or because the national legislation does not provide for the obligation to provide that consumer with all the information necessary for him to establish the extent of his rights;

(ii) the provisions of Directive 93/13 do not preclude national case law according to which the entry of a term of a contract in a national register of prohibited clauses has the effect of declaring that term unfair in any proceedings involving a consumer, including against a trader other than the one against whom proceedings for the entry of the said term in that national register were pending, and where that term does not have the same wording as the term entered in the said register, but has the same meaning and has the same effect with respect to the consumer in question.

By decision of 3 May 2024, the Court of Justice of the European Union closed the case registered under case no. C-348/23 following a question from the District Court in Warsaw, indicating that they preclude the recognition that the legal effects related to the declaration of invalidity of the contract are conditional on the fulfilment by the consumer of the condition precedent for that consumer to make a declaration before the national court, that it does not agree to maintain the contractual term in force and that it is aware that the invalidity of the said term entails the annulment of the loan agreement and its effects and that it consents to the annulment of the agreement.

By decision of 8 May 2024, the Court of Justice of the European Union closed the case registered under case no. C-424/22 as a result of a question from the Regional Court in Kraków, indicating that they preclude the application by a financial institution of the right of retention which makes the consumer's receipt of the amounts awarded to him by the court conditional on the consumer's simultaneous offer of reimbursement or security for the return of the entire benefit received from that financial institution.

Jurisprudence of the Polish Supreme Court

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. This decision of the Supreme Court should be perceived as significantly limiting the risk of the bank's claims for return of capital being time-barred.

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 March 2025 the Bank filed 16 063 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.

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.

11. ADDITIONAL INFORMATION

11.1. DATA ABOUT ASSETS, WHICH SECURE LIABILITIES

As at 31.03.2025 (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	142 000	141 177
2.	Treasury Bonds DS0726	Held to maturity	Security of payment obligation to BFG contribution compulsory resolution fund	150 000	146 735
3.	Treasury Bonds PS0527	Held to maturity	financial and registered pledge on the Bank's account in the brokerage house	188 850	187 756
4.	Treasury Bonds PS0527	Held to maturity	financial pledge on the Bank's account in the brokerage house	583 659	580 277
5.	Treasury Bonds WZ1129	Held to maturity	pledge on the Bank's account related to a securitization transaction	102 000	102 287
6.	Treasury Bonds DS0727	Held to Collect and for Sale	pledge on the Bank's account related to a securitization transaction	575 700	553 144
7.	Treasury Bonds WZ0126	Held to maturity	pledge on the Millennium Leasing account related to a securitization transaction	311 835	316 058
8.	Cash	receivables	initial settlement deposit in KDPW CCP (MAGB)	11 000	11 000
9.	Cash	receivables	ASO guarantee fund (PAGB)	846	846
10.	Cash	receivables	appropriate security deposit at KDPW CCP (MATS)	3 934	3 934
11.	Cash	receivables	Settlement on transactions concluded	22 060	22 060
12.	Deposits placed	Deposits in banks	Settlement on transactions concluded	93 755	93 870
13.	Treasury Bonds WZ0330	Held to Collect and for Sale	mortgage bonds Millennium Bank Hipoteczny	30 000	29 076
14.	Treasury Bonds WZ1129	Held to Collect and for Sale	mortgage bonds Millennium Bank Hipoteczny	15 000	14 907
15.	Treasury Bonds WZ0525	Held to Collect and for Sale	mortgage bonds Millennium Bank Hipoteczny	5 000	5 106
16.	Treasury Bonds WZ0126	Held to Collect and for Sale	mortgage bonds Millennium Bank Hipoteczny	5 000	5 073
17.	Treasury Bonds WZ1128	Held to Collect and for Sale	mortgage bonds Millennium Bank Hipoteczny	10 000	10 031
18.	Treasury Bonds WZ0528	Held to Collect and for Sale	mortgage bonds Millennium Bank Hipoteczny	10 000	10 092
19.	Treasury Bonds WZ1131	Held to Collect and for Sale	mortgage bonds Millennium Bank Hipoteczny	35 000	34 240
20.	Treasury Bonds WZ1131	Held to Collect and for Sale	mortgage bonds Millennium Bank Hipoteczny	15 000	15 195
21.	Mortgage loans	Held to maturity	mortgage bonds Millennium Bank Hipoteczny *	2 360 955*	2 400 093*
			TOTAL	**4 671 594**	**4 682 957**

* balance sheet value of secured liabilities (issued mortgage bonds) amounts to PLN 1,606,018 ths. as at reporting date.

As at 31 March 2025, the Group had no short-term 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		**4 235 636**	**4 232 351**

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

Additionally, as at 31 December 2024, the Group had concluded short-term (usually settled within 7 days) sales transactions of Treasury securities with a repurchase agreement, the subject of which were securities with a value of PLN 194,088 thousand.

11.2. SECURITIES COVERED BY TRANSACTIONS WITH A BUY-BACK CLAUSE

Following securities (presented in the Group's balance-sheet) were underlying Sell-buy-back transactions (PLN'000):

As at 31.03.2025

Type of security	Par value	Balance sheet value
Treasury bonds	0	0
TOTAL	0	0

As at 31.12.2024

Type of security	Par value	Balance sheet value
Treasury bonds	193 346	194 088
TOTAL	193 346	194 088

In result of conclusion of Sell-Buy-Back transactions with the underlying securities presented in the table above, the Group is exposed to risks, which are the same as in case of holding securities with the same characteristics in its treasury portfolio.

11.3. 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.

11.4. EARNINGS PER SHARE

Profit per share calculated for I quarter of 2025 (and diluted profit per share) on the basis of the consolidated data amounts to PLN 0.15.

11.5. SHAREHOLDERS HOLDING NO LESS THAN 5% OF THE TOTAL NUMBER OF VOTES AT THE GENERAL SHAREHOLDERS MEETING OF THE GROUP'S PARENT COMPANY – BANK MILLENNIUM S.A.

According to the information available to the Bank, with regard to shareholders holding over 5% of votes at the General Meeting, the Bank's shareholders are the following entities

Shareholder as at 31.03.2025	Number of shares	% share in share capital	Number of votes	% share in votes at Shareholders' Meeting
Banco Comercial Portugues S.A.	607 771 505	50.10	607 771 505	50.10
Nationale-Nederlanden Otwarty Fundusz Emerytalny	117 704 000	9.70	117 704 000	9.70
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

The data included in the table were collected in connection with the registration of shareholders entitled to participate in the Ordinary General Meeting of the Bank convened on March 27, 2025.

Shareholder as at 31.12.2024	Number of shares	% share in share capital	Number of votes	% share in votes at Shareholders' Meeting
Banco Comercial Portugues S.A.	607 771 505	50,10	607 771 505	50,10
Nationale-Nederlanden Otwarty Fundusz Emerytalny	112 638 286	9,29	112 638 286	9,29
Allianz Polska Otwarty Fundusz Emerytalny	108 832 510	8,97	108 832 510	8,97
Otwarty Fundusz Emerytalny PZU „Złota Jesień”	65 599 757	5,41	65 599 757	5,41

11.6. INFORMATION ABOUT LOAN SURETIES OR GUARANTEES EXTENDED BY THE GROUP

In the 1st quarter 2025, the Group did not grant any sureties or guarantees for a loan or bank loan which would cause the Group's exposure on this account as at 31 March 2025 to be significant.

11.7. SEASONALITY AND BUSINESS CYCLES

In the Group's activity, there are no significant phenomena, which are cyclical or subject to seasonal variations.

11.8. OTHER ADDITIONAL INFORMATION AND EVENTS AFTER THE BALANCE SHEET DATE

As at 31 March 2025, the Group has no material obligations under the purchase of property, plant and equipment and during the period covered by the condensed consolidated statements, Group did not:
- create substantial write-offs for inventories,
- conclude significant acquisitions and sales of property, plant and equipment,
- make correction of prior period errors,
- introduce significant changes in determining the fair value for financial instruments valued at fair value,
- make any reclassification of financial assets as a result of changes in purpose or use,
- change the method of determining the estimated values, which would exert a significant influence on the current interim period.

REFORM OF BENCHMARKS

WIBOR

In May 2022, the Polish government announced that WIBOR would be replaced by a different (lower) rate from 1 January 2023. In June 2022, a Working Group was established, including commercial banks, GPW Benchmark (Administrator of WIBOR), KNF.

In July 2022, the National Working Group on Reference Rate Reform (NWG) was established in connection with the planned reform of reference rates in Poland. The objective of the NGR's work to introduce a new interest rate benchmark and replace the currently used WIBOR index with it while ensuring the compliance with BMR, including in particular ensuring credibility, transparency and reliability in the development and application of the new benchmark.

The National Working Group involves representatives of the Ministry of Finance, the National Bank of Poland, the Office of the Financial Supervision Authority, the Bank Guarantee Fund, the Polish Development Fund, the Warsaw Stock Exchange, the National Depository for Securities, Bank Gospodarstwa Krajowego, the GPW Benchmark, as well as representatives of credit institutions, i.e. in particular, banks, financial institutions, including investment funds, insurance companies, factoring and leasing companies, entities that are bond issuers, including corporate and municipal bonds, clearing houses.

The work of the National Working Group is coordinated and supervised by a Steering Committee including representatives of key institutions: Financial Supervision Authority, the National Bank of Poland, the Ministry of Finance, the Bank Guarantee Fund, as well as the GPW Benchmark - the administrator of the reference rates, BondSpot S.A - and the Polish Bank Association (Polish: Związek Banków Polskich).

The NWG's activities are executed in a project formula, where project streams have been identified and where Bank Millennium representatives are actively contributing to the work.

The National Working Group initially selected the WIRON index to become the key interest rate benchmark under the BMR and to be used in financial contracts, financial instruments and as the preferred alternative benchmark to WIBOR.

In connection with this, Bank Millennium S.A. established, by resolution of the Bank's Management Board of 24 August 2022, an internal project reporting to the Management Board (Deputy Chairman of the Management Board - CFO and Member of the Management Board overseeing the areas of retail and corporate products), in order to duly manage the WIBOR to WIRON transition process and to implement the work in accordance with the roadmap. This work involves representatives from a significant number of the Bank's business units, including, in particular, representatives responsible for product areas and risk management issues, including, in particular, interest rate risk and operational risk. The structure of the project includes the division into streams covering products and processes where the WIBOR benchmark is applied, the management of the project by a dedicated project manager and the periodical reporting of statuses on the individual streams.

The Bank uses the WIBOR reference rate in the following products (in PLN million as of 31 March 2025):

- mortgage loans: **19 744,99** mortgage loans based on WIBOR (excluding **14 093,11** mortgage loans currently with temporary fixed rate where the clients have the option to switch to variable rate indexed to WIBOR after the end of such temporary fixed rate initial period);
- loan products, factoring and corporate discounting products: **14 876,57**;
- debt instruments **(13 840,69)**;
    - Assets: 11 733,92
    - Liabilities: 2 106,77
- derivative instruments: **13 284,18**

The Bank also applies instruments based on WIBOR benchmarks in hedge accounting, details of the hedging relationships used by the Group, the items designated as hedged and hedging and the presentation of the result on these transactions are presented in Note 24 "Derivatives - Hedge accounting" in Chapter 13 "Notes to the Consolidated Financial Statements.

On 29 March 2024, the Steering Committee of the National Working Group for benchmark reform unanimously decided to commence a review and analysis of risk-free-rate (RFR) replacement choices for WIBOR benchmark, including both WIRON and other possible interest rate indices or benchmarks. Two rounds of public consultation were subsequently launched.

In December 2024, the Steering Committee of the National Working Group made a decision to select the proposed index with the technical name WIRF. The index was ultimately named POLSTR (Polish Short Term Rate). The successor to WIBOR, POLSTR (Polish Short Term Rate), is a reference rate based on actual transactions—specifically, overnight unsecured deposits made between the largest domestic credit institutions and financial institutions.

On March 28, 2025, the Steering Committee of the National Working Group approved the updated Roadmap for the process of replacing the WIBOR and WIBID reference rates and confirmed the final conversion date at the end of 2027. Key milestones for 2025 include the formal adoption of all documentation required by the BMR Regulation regarding the POLSTR index proposal and the commencement of its publication. Achieving this milestone, planned for the second quarter of 2025 by GPW Benchmark SA, will allow for the implementation of the POLSTR index proposal in the Polish financial market. Simultaneously, work will be conducted to update analytical documents and recommendations developed so far by the National Working Group on reference rate reforms (NGR). These documents will outline the standards for the use of the POLSTR index proposal in banking products, debt instruments, and derivatives, including a recommended catalogue of interest conventions for financial instruments and agreements (including those already concluded).

On the financial institutions' side, the most important actions will involve adjusting IT systems, operational procedures, and legal solutions associated with the implementation of the target POLSTR index. At this stage of the project, the Bank continuously monitors the work of the National Working Group and makes appropriate decisions in this regard. Given the current early stage of the work of the National Working Group and the legislative process, it is currently impossible to estimate the financial effects of the WIBOR reform.

Date	Name and surname	Position/Function	Signature
9.05.2025	Fernando Bicho	Deputy Chairman of the Management Board	Signed by a qualified electronic signature

CONDENSED INTERIM STANDALONE FINANCIAL STATEMENTS OF THE BANK MILLENNIUM S.A. FOR THE 3 MONTHS ENDED 31 MARCH 2025

CONTENTS

1. INTRODUCTION AND ACCOUNTING POLICY

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) IAS 34 Interim Financial Reporting as adopted by European Union. The condensed consolidated interim financial statement do not include all of the information which is presented in full annual financial statements, and should be read in conjunction with the financial statements of the Bank as at and for the year ended 31 December 2024.

Pursuant to 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) the Bank is required to publish financial data for the three months ending March 31, 2025.

Condensed interim financial statements of the Bank:

- are prepared on the basis of the assumption of business continuity by the Bank, namely scale of business is not to be reduced substantially in a period of not less than one year from the balance sheet date;
- have been prepared in PLN, and all values, unless otherwise indicated, are given in PLN rounded to one thousand.

In addition to financial data these condensed interim financial statements of the Bank also presents information and data that is important for appropriate assessment of the Bank's economic and financial situation and its financial performance, and which was not included in the condensed interim consolidated statements of the Group for the three months period ended 31 march 2025. Other information and explanations presented in the condensed interim consolidated financial statements of the Group for the three months period ended 31 March 2025 contain all important information, which also serves as explanatory data to these standalone statements of the Bank.

Between July / August 2022 and May / June 2024 the Bank implemented 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 safe levels, and the Group's profitability and financial results were clearly improved. In the area of capital management, capital ratios have been restored to levels significantly exceeding minimum regulatory requirements and the Bank and the Group also met MREL requirements, including the combined buffer requirements.

As of 31 March 2025, the Tier 1 ratio was 714 bps (Bank) and 640 bps (Group) above the minimum requirement, and the Total Capital Ratio (TCR) was 754 bps (Bank) and 659 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 March 2025 (MRELtrea surplus was 692 pb. and MRELtem surplus 284 pb.). 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 1Q 2025; LCR ratio reached the level of 418% at the end of March 2025, loan-to-deposit ratio remained low at 62% and the share of liquid debt securities in the Group's total assets remains significant at 41%.

The Bank monitors, on the current basis, the financial situation in particular, the Bank is aware of the risks associated with further 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 recognised as at the balance sheet date and whose amount results from previous trends. In the Bank's view, these events, if materialized, would adversely affect the results of the Bank/Group in future, and would reduce the organic generation of capital that is envisaged, but would not prevent the Bank/Group from continuing to implement its strategy and the generation of results that would mitigate the impact of such events.

Taking into account the above circumstances and identified risks and uncertainties, the Bank's Management Board based on the analysis of all aspects of the Bank's operations and its current and forecast financial position, concluded that the application of the going concern assumption in the preparation of these financial statements is appropriate.

The Management Board approved these condensed interim financial statements on 9th May 2025.

2. STANDALONE FINANCIAL DATA (BANK)

STATEMENT OF PROFIT AND LOSS

Amount '000 PLN	1.01.2025 - 31.03.2025	1.01.2024 - 31.03.2024
Net interest income	1 393 322	1 327 990
Interest income and other of similar nature	2 213 502	2 133 123
Income calculated using the effective interest method	2 202 167	2 103 870
Interest income from Financial assets at amortised cost, including:	1 590 463	1 576 973
- the impact of the adjustment to the gross carrying amount of loans due to credit holidays	0	0
Interest income from Financial assets at fair value through other comprehensive income	611 704	526 897
Result of similar nature to interest from Financial assets at fair value through profit or loss	11 335	29 253
Interest expenses	(820 180)	(805 133)
Net fee and commission income	155 792	173 502
Fee and commission income	212 678	229 628
Fee and commission expenses	(56 886)	(56 126)
Dividend income	31 580	26 770
Result on derecognition of financial assets and liabilities not measured at fair value through profit or loss	(1 448)	2 300
Results on financial assets and liabilities held for trading	12 821	1 336
Result on non-trading financial assets mandatorily at fair value through profit or loss	2 502	10 717
Result on hedge accounting	(683)	(1 247)
Result on exchange differences	33 152	(46 729)
Other operating income	50 447	54 359
Other operating expenses	(77 617)	(150 889)
Administrative expenses	(592 573)	(526 241)
Impairment losses on financial assets	(67 966)	(102 367)
Impairment losses on non-financial assets	(960)	(1 885)
Provisions for legal risk connected with FX mortgage loans	(444 790)	(548 810)
Result on modification	(17 507)	(31 283)
Depreciation	(55 956)	(53 403)
Share of the profit of investments in subsidiaries	0	0
Banking tax	(98 669)	0
Profit before income taxes	**321 447**	**134 120**
Corporate income tax	(133 010)	3 855
Profit after taxes	**188 437**	**137 975**

STATEMENT OF TOTAL COMPREHENSIVE INCOME

Amount '000 PLN	1.01.2025 - 31.03.2025	1.01.2024 - 31.03.2024
Profit after taxes	188 437	137 975
Other comprehensive income items that may be (or were) reclassified to profit or loss	285 221	(17 268)
Result on debt securities	63 441	59 200
Result on credit portfolio designated for pooling to Mortgage Bank	213 066	(88 929)
Hedge accounting	8 714	12 461
Other comprehensive income items that will not be reclassified to profit or loss	0	0
Actuarial gains (losses)	0	0
Result on equity instruments	0	0
Total comprehensive income items before taxes	**285 221**	**(17 268)**
Corporate income tax on other comprehensive income items that may be (or were) reclassified to profit or loss	(54 192)	3 281
Corporate income tax on other comprehensive income items that will not be reclassified to profit or loss	0	0
Total comprehensive income items after taxes	**231 029**	**(13 987)**
Total comprehensive income for the period	**419 466**	**123 988**

STATEMENT OF FINANCIAL POSITION

ASSETS

Amount '000 PLN	31.03.2025	31.12.2024	31.03.2024
Cash, cash balances at central banks	4 834 361	5 178 984	4 937 063
Financial assets held for trading	768 947	812 573	998 565
Derivatives	210 370	257 094	552 841
Equity instruments	189	115	120
Debt securities	558 388	555 364	445 604
Non-trading financial assets mandatorily at fair value through profit or loss, other than Loans and advances to customers	120 722	118 399	154 635
Equity instruments	66 609	66 609	66 609
Debt securities	54 113	51 790	88 026
Financial assets at fair value through other comprehensive income	31 130 870	29 023 647	26 695 060
Equity instruments	36 839	36 708	28 786
Debt securities	31 094 031	28 986 939	26 666 274
Loans and advances to customers	71 707 299	71 936 712	72 289 617
Mandatorily at fair value through profit or loss	1 466	1 825	7 226
Fair valued through other comprehensive income	11 347 193	11 135 416	11 976 869
Valued at amortised cost	60 358 640	60 799 471	60 305 522
Financial assets at amortised cost other than Loans and advances to customers	28 144 394	26 632 671	22 660 993
Debt securities	26 040 570	24 059 861	20 475 347
Deposits, loans and advances to banks and other monetary institutions	1 653 078	2 378 592	1 754 532
Reverse sale and repurchase agreements	450 746	194 218	431 114
Derivatives – Hedge accounting	145 545	112 365	116 528
Investments in subsidiaries, joint ventures and associates	517 214	517 214	519 223
Tangible fixed assets	546 090	574 660	547 404
Intangible fixed assets	554 796	560 317	480 758
Income tax assets	402 530	611 379	410 760
Current income tax assets	0	0	0
Deferred income tax assets	402 530	611 379	410 760
Other assets	1 681 514	1 620 941	1 580 236
Non-current assets and disposal groups classified as held for sale	0	0	0
Total assets	**140 554 282**	**137 699 862**	**131 390 842**

LIABILITIES AND EQUITY

Amount '000 PLN	31.03.2025	31.12.2024	31.03.2024
LIABILITIES			
Financial liabilities held for trading	523 451	417 518	496 866
Derivatives	235 468	226 749	496 866
Liabilities from short sale of securities	287 983	190 769	0
Financial liabilities measured at amortised cost	126 591 939	124 752 615	118 935 703
Liabilities to banks and other monetary institutions	367 623	323 296	559 566
Liabilities to customers	119 687 004	117 642 600	113 402 746
Sale and repurchase agreements	0	194 223	380 430
Debt securities issued	4 978 582	5 030 166	3 033 747
Subordinated debt	1 558 730	1 562 330	1 559 214
Derivatives – Hedge accounting	1 205	107 439	124 156
Provisions	3 211 048	2 899 615	1 821 053
Pending legal issues	3 159 193	2 846 010	1 778 997
Commitments and guarantees given	51 855	53 605	42 056
Income tax liabilities	32 805	215 590	31 983
Current income tax liabilities	32 805	215 590	31 983
Deferred income tax liabilities	0	0	0
Other liabilities	2 488 955	2 021 672	3 242 830
Total Liabilities	**132 849 403**	**130 414 449**	**124 652 591**
EQUITY			
Share capital	1 213 117	1 213 117	1 213 117
Own shares	(21)	(21)	(21)
Share premium	1 147 241	1 147 241	1 147 241
Accumulated other comprehensive income	119 734	(111 295)	(153 329)
Retained earnings	5 224 808	5 036 371	4 531 243
Total equity	7 704 879	7 285 413	6 738 251
Total equity and total liabilities	**140 554 282**	**137 699 862**	**131 390 842**

Book value of net assets	7 704 879	7 285 413	6 738 251
Number of shares (pcs.)	1 213 116 777	1 213 116 777	1 213 116 777
Book value per share (in PLN)	6,35	6.01	5.55

STATEMENT OF CHANGES IN EQUITY

Amount '000 PLN	Total equity	Share capital	Own Shares	Share premium	Accumulated other comprehensive income	Retained earnings	
						Unappropriated result	Other reserves
01.01.2025 – 31.03.2025							
Equity at the beginning of the period	7 285 413	1 213 117	(21)	1 147 241	(111 295)	643 103	4 393 268
Total comprehensive income for the period (net)	419 466	0	0	0	231 029	188 437	0
net profit/ (loss) of the period	188 437	0	0	0	0	188 437	0
other comprehensive income items after taxes	231 029	0	0	0	231 029	0	0
Purchase and transfer of own shares to employees	0	0	0	0	0	0	0
Transfer between items of reserves	0	0	0	0	0	(643 103)	643 103
Equity at the end of the period	**7 704 879**	**1 213 117**	**(21)**	**1 147 241**	**119 734**	**188 437**	**5 036 371**
01.01.2024 – 31.12.2024							
Equity at the beginning of the period	6 614 263	1 213 117	(21)	1 147 241	(139 342)	510 259	3 883 009
Total comprehensive income for the period (net)	671 150	0	0	0	28 047	643 103	0
net profit/ (loss) of the period	643 103	0	0	0	0	643 103	0
other comprehensive income items after taxes	28 047	0	0	0	28 047	0	0
Purchase and transfer of own shares to employees	0	0	0	0	0	0	0
Transfer between items of reserves	0	0	0	0	0	(510 259)	510 259
Equity at the end of the period	**7 285 413**	**1 213 117**	**(21)**	**1 147 241**	**(111 295)**	**643 103**	**4 393 268**
01.01.2024 – 31.03.2024							
Equity at the beginning of the period	6 614 263	1 213 117	(21)	1 147 241	(139 342)	510 259	3 883 009
Total comprehensive income for the period (net)	123 988	0	0	0	(13 987)	137 975	0
net profit/ (loss) of the period	137 975	0	0	0	0	137 975	0
other comprehensive income items after taxes	(13 987)	0	0	0	(13 987)	0	0
Purchase and transfer of own shares to employees	0	0	0	0	0	0	0
Transfer between items of reserves	0	0	0	0	0	(510 259)	510 259
Equity at the end of the period	**6 738 251**	**1 213 117**	**(21)**	**1 147 241**	**(153 329)**	**137 975**	**4 393 268**

CASH FLOW STATEMENT

A. CASH FLOWS FROM OPERATING ACTIVITIES

Amount '000 PLN	1.01.2025 - 31.03.2025	1.01.2024 - 31.03.2024
Profit (loss) after taxes	188 437	137 975
Total adjustments:	4 141 887	6 515 936
Interest received	1 851 765	1 723 685
Interest paid	(690 600)	(717 513)
Depreciation and amortization	55 956	53 403
Foreign exchange (gains)/ losses	0	0
Dividends	(31 580)	(26 770)
Changes in provisions	311 433	376 880
Result on sale and liquidation of investing activity assets	(990)	320
Change in financial assets held for trading	13 145	(407 337)
Change in loans and advances to banks	938 131	(243 688)
Change in loans and advances to customers	(969 023)	(1 430 491)
Change in receivables from securities bought with sell-back clause (loans and advances)	(269 261)	718 767
Change in financial liabilities valued at fair value through profit and loss (held for trading)	(301)	(151 973)
Change in deposits from banks	48 370	51
Change in deposits from customers	2 718 846	6 569 259
Change in liabilities from securities sold with buy-back clause	(182 108)	389 286
Change in debt securities	(51 584)	36 435
Change in income tax settlements	133 011	(414 256)
Income tax paid	(161 139)	(53 417)
Change in other assets and liabilities	397 231	61 723
Other	30 585	31 574
Net cash flows from operating activities	4 330 324	**6 653 911**

B. CASH FLOWS FROM INVESTING ACTIVITIES

Amount ‘000 PLN	1.01.2025 - 31.03.2025	1.01.2024 - 31.03.2024
Inflows:	150 695 805	158 188 630
Proceeds from sale of property, plant and equipment and intangible assets	248	165
Proceeds from sale of shares in related entities	0	0
Proceeds from sale of investment financial assets	150 663 977	158 161 695
Other	31 580	26 770
Outflows:	(147 383 152)	(163 605 169)
Acquisition of property, plant and equipment and intangible assets	(12 714)	(18 656)
Purchase o shares in related entities	0	(120 000)
Acquisition of investment financial assets	(147 370 438)	(163 466 513)
Other	0	0
Net cash flows from investing activities	**3 312 653**	**(5 416 539)**

C. CASH FLOWS FROM FINANCING ACTIVITIES

Amount ‘000 PLN	1.01.2025 - 31.03.2025	1.01.2024 - 31.03.2024
Inflows from financing activities:	0	0
Long-term bank loans	0	0
Issue of debt securities	0	0
Increase in subordinated debt	0	0
Net proceeds from issues of shares and additional capital paid-in	0	0
Other inflows from financing activities	0	0
Outflows from financing activities:	(34 185)	(37 406)
Repayment of long-term bank loans	0	0
Redemption of debt securities	0	0
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
Other outflows from financing activities	(34 185)	(37 406)
Net cash flows from financing activities	**(34 185)**	**(37 406)**

D. Net cash flows. Total (a + b + c)	**7 608 792**	**1 199 966**
including change resulting from FX differences	(8 758)	(1 859)
E. Cash and cash equivalents at the beginning of the reporting period	**14 064 629**	**18 396 413**
F. Cash and cash equivalents at the end of the reporting period (D + E)	**21 673 421**	**19 596 379**

3. SUPPLEMENTARY INFORMATION FOR STANDALONE FINANCIAL DATA

As at 31 March 2025, the Bank has no material obligations under the purchase of property, plant and equipment and during the period covered by the condensed statements, Bank did not:

- create substantial write-offs for inventories,
- conclude significant acquisitions and sales of property, plant and equipment,
- make correction of prior period errors,
- introduce significant changes in determining the fair value for financial instruments valued at fair value,
- change the method of determining the estimated values, which would exert a significant influence on the current interim period.

There are no significant phenomena, in Bank's activity which are cyclical or subject to seasonal variations.

Impairment losses on financial assets

	1.01.2025 - 31.03.2025	1.01.2024 - 31.03.2024
Impairment losses on loans and advances to customers	(69 582)	(102 661)
Impairment charges on loans and advances to customers	(354 605)	(452 216)
Reversal of impairment charges on loans and advances to customers	277 722	340 576
Amounts recovered from loans written off	7 301	8 979
Sale of receivables	0	0
Other directly recognised in profit and loss	0	0
Impairment losses on securities	0	1
Impairment charges on securities	0	0
Reversal of impairment charges on securities	0	1
Impairment losses on off-balance sheet liabilities	1 616	293
Impairment charges on off-balance sheet liabilities	(21 780)	(17 404)
Reversal of impairment charges on off-balance sheet liabilities	23 396	17 697
Total	**(67 966)**	**(102 367)**

Movements in impairment allowances for loans and advances to customers carried at amortised cost

	01.01.2025 – 31.03.2025	01.01.2024 - 31.12.2024	01.01.2024 – 31.03.2024
Balance at the beginning of the period	2 298 327	2 299 364	2 299 364
Change in value of provisions:	42 556	(1 037)	77 075
Impairment allowances created in the period	337 390	1 229 349	423 632
Amounts written off	(28 555)	(218 506)	(49 176)
Impairment allowances released in the period	(263 734)	(831 022)	(308 518)
Sale of receivables	0	(247 429)	0
KOIM created in the period(*)	16 819	69 359	17 553
Changes resulting from FX rates differences	(4 181)	(5 260)	(7 948)
Other	(15 183)	2 472	1 532
Balance at the end of the period	**2 340 883**	**2 298 327**	**2 376 439**

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

Impairment write-offs for selected assets

Impairment write-offs:	Investment securities	Investments in subsidiaries, joint ventures and associates	Property. plant and equipment	Intangibles	Other assets
As at 01.01.2025	5 004	6 700	460	0	25 904
- Write-offs created	0	0	0	0	2 910
- Write-offs released	0	0	0	0	(1 950)
- Utilisation	0	0	0	0	(50)
- Other	0	0	0	0	0
As at 31.03.2025	5 004	6 700	460	0	26 813
As at 01.01.2024	5 001	6 700	797	0	24 546
- Write-offs created	2	0	0	0	18 684
- Write-offs released	0	0	(337)	0	(14 410)
- Utilisation	0	0	0	0	(2 917)
- Other	0	0	0	0	0
As at 31.12.2024	5 004	6 700	460	0	25 904
As at 01.01.2024	5 001	6 700	797	0	24 546
- Write-offs created	0	0	0	0	3 560
- Write-offs released	(1)	0	0	0	(1 675)
- Utilisation	0	0	0	0	(262)
- Other	0	0	0	0	0
As at 31.03.2024	5 000	6 700	797	0	26 169

Change of Provision for commitments and guarantees given

	01.01.2025 – 31.03.2025	01.01.2024 - 31.12.2024	01.01.2024 – 31.03.2024
Balance at the beginning of the period	53 605	42 375	42 375
Charge of provision	21 780	52 302	17 404
Release of provision	(23 396)	(40 993)	(17 697)
FX rates differences	(134)	(79)	(26)
Balance at the end of the period	**51 855**	**53 605**	**42 056**

Change of Provision for pending legal issues

	01.01.2025 – 31.03.2025	01.01.2024 - 31.12.2024	01.01.2024 – 31.03.2024
Balance at the beginning of the period	2 846 010	1 401 798	1 401 798
Charge of provision	1 404	13 553	1 153
Release of provision	(2 476)	(8 872)	(652)
Utilisation of provision	(225 052)	(420 111)	(49 859)
Creation of provision for legal risk connected with FX mortgage loans	538 747	1 857 142	425 951
Reclassification	560	2 500	607
Balance at the end of the period	**3 159 193**	**2 846 010**	**1 778 998**

Provisions for legal risk connected with fx mortgage loans

01.01.2025 – 31.03.2025	TOTAL	Provisions decreasing gross value of credits portfolio	Provisions for pending legal issues
Balance at the beginning of the period	8 463 696	5 665 224	2 798 472
Amounts written off	(605 100)	(380 048)	(225 052)
Costs of provisions for legal risk connected wIth FX mortgage loans	444 790	(93 957)	538 747
Change of provisions due to FX rates differences	(211 757)	(211 757)	0
Balance at the end of the period	8 091 629	4 979 462	3 112 167

01.01.2024 – 31.03.2024	TOTAL	Provisions decreasing gross value of credits portfolio	Provisions for pending legal issues
Balance at the beginning of the period	7 871 789	6 516 460	1 355 329
Amounts written off	(187 210)	(137 533)	(49 677)
Costs of provisions for legal risk connected wIth FX mortgage loans	548 810	122 859	425 951
Change of provisions due to FX rates differences	(376 696)	(376 696)	0
Balance at the end of the period	7 856 693	6 125 090	1 731 603

	1.01.2025 - 31.03.2025	1.01.2024 - 31.03.2024
Costs of settlements recognized in the profit and loss account, including:	(32 923)	(118 208)
- included in the “Result on exchange differences”	(22 349)	(97 553)
- included in the “Result on modification”	(10 574)	(20 655)
Costs of settlements charged to previously created provisions	226 069	51 332

Deferred income tax assets and liability

	31.03.2024		
	Deferred income tax asset	Deferred income tax provision	Net deferred income tax asset
Difference between tax and balance sheet depreciation	64	(1 259)	(1 195)
Balance sheet valuation of financial instruments	34 215	(67 221)	(33 006)
Unrealised receivables/ liabilities on account of derivatives	55 659	(75 780)	(20 121)
Interest on deposits and securities to be paid/ received	84 100	(387 020)	(302 920)
Interest and discount on loans and receivables	0	(137 037)	(137 037)
Income and cost settled at effective interest rate	0	(59 342)	(59 342)
Impairment of loans presented as temporary differences	518 651	0	518 651
Employee benefits	27 367	0	27 367
Rights to use	4 280	0	4 280
Provisions for future costs	318 521	0	318 521
Asset due to future cancellations of CHF loans	145 872	0	145 872
Valuation of investment assets, loans, cash flows hedge and actuarial gains (losses) recognized in OCI	8 156	(36 242)	(28 086)
Valuation of shares	1 273	(27 997)	(26 724)
Other	0	(3 730)	(3 730)
Total	1 198 158	(795 628)	402 530

	31.12.2024			31.03.2024		
	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	64	(1 304)	(1 240)	128	(1 437)	(1 309)
Balance sheet valuation of financial instruments	11 574	(48 155)	(36 581)	10 075	(39 786)	(29 711)
Unrealised receivables/ liabilities on account of derivatives	55 499	(63 179)	(7 680)	43 662	(61 957)	(18 295)
Interest on deposits and securities to be paid/ received	81 322	(329 891)	(248 569)	123 441	(356 424)	(232 983)
Interest and discount on loans and receivables	0	(132 089)	(132 089)	0	(121 720)	(121 720)
Income and cost settled at effective interest rate	0	(34 939)	(34 939)	45 660	0	45 660
Impairment of loans presented as temporary differences	552 935	0	552 935	495 090	0	495 090
Employee benefits	27 276	0	27 276	21 801	0	21 801
Rights to use	4 242	0	4 242	4 215	0	4 215
Provisions for future costs	305 302	0	305 302	195 401	0	195 401
Asset due to future cancellations of CHF loans	186 862	0	186 862	51 565	0	51 565
Valuation of investment assets, loans, cash flows hedge and actuarial gains (losses) recognized in OCI	32 940	(6 834)	26 106	43 637	(7 671)	35 966
Valuation of shares	1 273	(27 556)	(26 283)	1 273	(34 633)	(33 360)
Other	1	(3 964)	(3 963)	73	(1 633)	(1 560)
Total	1 259 290	(647 911)	611 379	1 036 021	(625 261)	410 760

4. TRANSACTIONS WITH RELATED ENTITIES

All transactions among members of the Group made in 1st quarter of 2025 and 2024 were driven by current activity. The below table presents major amounts of intergroup transactions, these were transactions with the following entities:

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

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

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

Assets and liabilities from transactions with related parties (data in ‘000 pln) as at 31.03.2025

	With subsidiaries	With parent company	With other entities from parent group
ASSETS			
Loans and advances to banks – accounts and deposits	1 025 187	4 229	0
Loans and advances to customers	6 722 535	0	0
Investments in associates	465 714	0	0
Financial assets valued at fair value through profit and loss (held for trading)	1 160	0	0
Hedging derivatives	0	0	0
Other assets	16 378	0	0
LIABILITIES			
Deposits from banks	2 679	342	0
Deposits from customers	251 189	0	0
Liabilities from securities sold with buy-back clause	0	0	0
Liabilities arising from debt securities	0	0	0
Financial liabilities valued at fair value through profit and loss (held for trading)	318	0	0
Subordinated debt	0	0	0
Other liabilities, including:	31 624	281	23
- financial leasing liabilities	24 434	0	0

Assets and liabilities from transactions with related parties (data in '000 pln) as at 31.12.2024

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

Profit and loss on transactions with related parties (data in '000 pln) for the period 1.01-31.03.2025

	With subsidiaries	With parent company	With other entities from parent group
Income from:			
Interest	121 217	486	0
Commissions	9 297	51	0
Financial instruments valued at fair value through profit and loss	315	0	0
Dividends	31 495	0	0
Other net operating	9 343	0	0
Expense from:			
Interest	4 011	0	0
Commissions	1	0	0
Financial instruments valued at fair value through profit and loss	0	0	0
Other net operating	0	0	0
General and administrative expenses	4 214	47	13

Profit and loss on transactions with related parties (data in '000 pln) for the period 1.01-31.03.2024

	With subsidiaries	With parent company	With other entities from parent group
Income from:			
Interest	107 314	1 482	0
Commissions	7 836	45	0
Financial instruments valued at fair value through profit and loss	2 287	5 520	0
Dividends	26 618	0	0
Other net operating	6 167	0	0
Expense from:			
Interest	2 536	0	0
Commissions	0	0	0
Financial instruments valued at fair value through profit and loss	0	0	0
Other net operating	0	0	0
General and administrative expenses	3 904	40	(18)

Off-balance transactions with related parties (data in '000 pln) as at na 31.03.2025

	With subsidiaries	With parent company	With other entities from parent group
Conditional commitments	2 562 065	28 395	0
granted	2 255 234	0	0
obtained	306 831	28 395	0
Derivatives (par value)	188 713	0	0

Off-balance transactions with related parties (data in '000 pln) as at 31.12.2024

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

5. FAIR VALUE

The methodology used by the Bank for valuation of assets and liabilities at fair value is described in detail in **Chapter 8. Condensed interim consolidated financial statements of Bank Millennium S.A.** for the 3 months ended 31 March 2025.

The following tables show the figures for Bank Millennium S.A.

5.1. FINANCIAL INSTRUMENTS NOT RECOGNIZED AT FAIR VALUE IN THE BALANCE SHEET

31.03.2025	Balance sheet value	Fair value
ASSETS MEASURED AT AMORTISED COST		
Debt securities	26 040 570	26 228 763
Deposits, loans and advances to banks and other monetary institutions	1 653 078	1 653 058
Loans and advances to customers (*)	60 358 640	59 663 869
LIABILITIES MEASURED AT AMORTISED COST		
Liabilities to banks and other monetary institutions	367 623	367 623
Liabilities to customers	119 687 004	119 690 827
Debt securities issued	4 978 582	4 984 230
Subordinated debt	1 558 730	1 557 916

** The negative impact of fair value valuation of the loans portfolio is largely attributable to growth of loan spreads. The methodology, which the Bank uses for valuation of the loans portfolio, assumes that current spreads best reflect existing market conditions and economic situation. A corresponding rule is widely applied for valuation of debt securities, which are not quoted on active markets. In result, paradoxically whenever the spreads of new loans increase, fair value of the "old" loans portfolio falls.*

31.12.2024	Balance sheet value	Fair value
ASSETS MEASURED AT AMORTISED COST		
Debt securities	24 059 861	24 169 924
Deposits, loans and advances to banks and other monetary institutions	2 378 592	2 378 379
Loans and advances to customers (*)	60 799 471	60 268 245
LIABILITIES MEASURED AT AMORTISED COST		
Liabilities to banks and other monetary institutions	323 296	323 296
Liabilities to customers	117 642 600	117 637 152
Debt securities issued	5 030 166	5 035 868
Subordinated debt	1 562 330	1 563 653

5.2. 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 31.03.2025

	Quoted market prices	Valuation techniques - observable inputs	Valuation techniques - significant unobservable inputs
	Level 1	Level 2	Level 3
ASSETS			
Financial assets held for trading			
Valuation of derivatives		85 029	125 341
Shares	189		
Debt securities	558 388		
Non-trading financial assets mandatorily at fair value through profit or loss			
Equity instruments			66 609
Debt securities			54 113
Loans and advances			1 466
Financial assets at fair value through other comprehensive income			
Equity instruments	618		36 221
Debt securities	23 101 691	7 992 340	
Loans and advances			11 347 193
Derivatives – Hedge accounting		145 545	
LIABILITIES			
Financial liabilities held for trading			
Valuation of derivatives		81 698	153 770
Short positions	287 983		
Derivatives – Hedge accounting		1 205	

Data in PLN'000, as at 31.12.2024

	Level 1	Level 2	Level 3
ASSETS			
Financial assets held for trading			
Valuation of derivatives		74 570	182 524
Shares	115		
Debt securities	555 364		
Non-trading financial assets mandatorily at fair value through profit or loss			
Equity instruments			66 609
Debt securities			51 790
Loans and advances			1 825
Financial assets at fair value through other comprehensive income			
Equity instruments	481		36 227
Debt securities	20 389 685	8 597 254	
Loans and advances			11 135 416
Derivatives – Hedge accounting		112 365	
LIABILITIES			
Financial liabilities held for trading			
Valuation of derivatives		40 758	185 991
Short positions	190 769		
Derivatives – Hedge accounting		107 439	

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 at fair value through profit or loss	Loans and advances at fair value through other comprehensive income
Balance as at 01.01.2025	**178 195**	**(181 662)**	**102 836**	**51 790**	**1 825**	**11 135 416**
Settlement/sell/purchase/transfer to the portfolio	(46 336)	18 826	0	0	(848)	(213 560)
Change of valuation recognized in equity	0	0	0	0	0	213 065
Interest income and other of similar nature	0	0	0	0	310	212 272
Results on financial assets and liabilities held for trading	(8 927)	11 475	0	0	0	0
Result on non-trading financial assets mandatorily at fair value through profit or loss	0	0	0	2 323	179	0
Result on exchange differences	0	0	(6)	0	0	0
Balance as at 31.03.2025	**122 932**	**(151 361)**	**102 830**	**54 113**	**1 466**	**11 347 193**

	Indexes options	Options embedded in securities issued and deposits	Shares	Debt securities	Loans and advances at fair value through profit or loss	Loans and advances at fair value through other comprehensive income
Balance as at 01.01.2024	**405 612**	**(414 200)**	**95 151**	**81 014**	**19 349**	**11 799 748**
Settlement/sell/purchase/transfer to the portfolio	(248 040)	251 045	(46 959)	0	(21 554)	(1 298 422)
Change of valuation recognized in equity	0	0	7 847	0	0	(160 097)
Interest income and other of similar nature	0	0	0	0	3 285	794 187
Results on financial assets and liabilities held for trading	20 623	(18 507)	0	0	0	0
Result on non-trading financial assets mandatorily at fair value through profit or loss	0	0	46 803	(29 224)	745	0
Result on exchange differences	0	0	(6)	0	0	0
Balance as at 31.12.2024	**178 195**	**(181 662)**	**102 836**	**51 790**	**1 825**	**11 135 416**

6. LEGAL RISK RELATED TO FOREIGN CURRENCY MORTGAGE LOANS

On March 31, 2025, the Bank had 21,092 loan agreements and additionally 2,271 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 (49% loans agreements before the courts of first instance and 51% loans agreements before the courts of second instance) with the total value of claims filed by the plaintiffs amounting to PLN 4,493.8 million and CHF 341.4 million (Bank Millennium portfolio: PLN 4,010.1 million and CHF 330.1 million and former Euro Bank portfolio: PLN 483.7 million and CHF 11.3 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 and former Euro Bank portfolio: PLN 1.1 billion for 5.2 thousand loan agreements). Out of 21,092 BM loan agreements in ongoing individual cases 460 are also part of class action. From the total number of individual litigations against the Bank approximately 3,800 or 18% were submitted by borrowers that had already naturally or early fully repaid the loan or were converted to polish zloty at the moment of submission. Approximately another 860 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.

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 1,739. Out of 1,739 loan agreements in class action 460 are also part of ongoing individual cases, 155 concluded settlements and 30 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, the court issued an order setting aside the judgment and discontinuing the proceedings from the persons who entered into amicable settlements. Based on this order, the number of credit agreements covered by the class action dropped from 3,273 to 1,739.

The intense advertising campaign observed in the public domain affects the number of court disputes. Until the end of 2019, 1,980 individual claims were filed against the Bank (in addition, 235 against former Euro Bank), in 2020 the number increased by 3,002 (265), in 2021 the number increased by 6,153 (422), in 2022 the number increased by 5,752 (407), in 2023 the number increased by 6,862 (644), in 2024 the number increased by 5,842 (656), while in the first quarter of 2025 the number increased by 1,083 (135).

Based on ZBP (the Polish Banking Association) data gathered from all banks having FX mortgage loans, vast majority of disputes were finally resolved against the banks. As far as Bank Millennium (incl. former Euro Bank portfolio) is concerned, from 2015 until the end of the first quarter of 2025, 10,392 cases were finally resolved (10,277 in claims submitted by clients against the Bank and 115 in claims submitted by the Bank against clients i.e. debt collection cases) out of which 3,111 were settlements, 109 were remissions, 76 rulings were favourable for the Bank and 7,096 were unfavourable including both invalidation of loan agreements as well as conversions into PLN+LIBOR. The Bank undertakes proper legal actions in order to secure repayment of initially disbursed capital of the loan.

The outstanding gross balance of the loan agreements under individual court cases and class action against the Bank (incl. former Euro Bank portfolio) on 31 March 2025 was CHF 1,121 million (of which the outstanding amount of the loan agreements under the class action proceeding was CHF 76 million).

If all Bank Millennium's originated loan agreements currently under individual and class action court proceedings would be declared invalid without any compensation for the use of capital, the pre-tax cost could reach PLN 6,504 million. Overall losses would be higher or lower depending on the final court jurisprudence in this regard and the consideration of additional costs in the court verdicts.

In the first quarter 2025, the Bank created PLN 411 million of provisions for Bank Millennium originated portfolio and PLN 33,8 million for the former Euro Bank originated portfolio. The balance sheet value of provisions for the Bank Millennium portfolio at the end of March 2025 was PLN 7 343,8 million, and for the former Euro Bank portfolio - PLN 747,9 million.

The methodology developed by the Bank of calculating provisions for legal risk involved with indexed loans is based on the following main parameters resulting from historical observations or expert assumptions::

(i) the number of ongoing cases (including class action agreements) and potential future lawsuits;
(ii) As regards the number of 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 the percentage of customers covered by methodology in this group of clients at 88% of the total number of active loans (including expected number of amicable settlements).
    b. regarding loans already fully repaid or converted to polish zloty, the Bank attributes a much lower probability of becoming the subject of a court case (the Bank assumes that approximately 24% of the repaid loans that had an economic justification for suing the Bank but were not covered by a prior settlement have sued or will decide to sue the Bank in the future);
(iii) the amount of the Bank's potential loss in the event of a specific court judgment (including statutory interest estimation);
(iv) the probability of obtaining a specific court judgement calculated on the basis of statistics of judgments in cases where the Bank is a party;
(v) estimates involved with amicable settlements with clients, concluded in court or out of court:
    a. the bank assumes a 12% probability of success in concluding a settlement as part of negotiations conducted with clients in the course of court proceedings,
    b. negotiations are conducted on a case-by-case basis and can be stopped at any time by the Bank,
    c. due to significant negotiation efforts already made in the past, the probability of success in these negotiations in the future is decreasing, and at the same time most customers have already contacted the Bank regarding the possible conversion of loans into PLN, so at the moment the Bank adopts a conservative approach when taking into account the potential impact of this factor.

The Bank is open to negotiate case by case favorable conditions for early repayment or conversion of loans to PLN. As a result of these negotiations, the number of active FX mortgage loans originated by Bank Millennium decreased by 26,977. As of the end of the first quarter of 2025, the Bank had 22,501 active FX mortgage loans. Cost incurred in conjunctions with these negotiations totaled PLN 2 464,5 million. This cost is presented mainly in 'Result on exchange differences' and also in 'Result on modification' in the profit and loss statement (the values of costs charged to particular items of the Income Statement due to settlements are presented **in Note 10 in Chapter 4 'Notes to Consolidated Financial Data'**). In the first quarter of 2025, a significant part of the negotiations costs was booked against existing provisions for that purpose.

Taking into consideration the above-mentioned information regarding court cases (active and already closed after verdicts), realized settlements and assumptions regarding future number of court cases and settlements, as well as the historical number and original amount of loans granted, it can be said that the already materialized risk (reflected in the provisions and in the losses already booked through the P&L) accounts for 60% of the historical number of loans granted and for 73% of the original disbursed capital.

Legal risk from former Euro Bank portfolio is fully covered by Indemnity Agreement with Société Générale S.A.

The bank analyzed the sensitivity of the amount of the provision to changes in specific methodology parameters:

Parameter	Scenario	Impact on loss
Change in the number of court cases adopted in the assumptions	In addition, 1,000 new customers file a lawsuit against the Bank	PLN 188 million
Change in costs incurred in connection with the judgment or settlement	Change in cost levels by 1% compared to the assumed	PLN 74 million

On December 8, 2020, Mr. Jacek Jastrzębski, the Chairman of the Polish Financial Supervision Authority ("PFSA") proposed a "sector" solution to address the sector risks related to FX mortgages. The solution would consist in offering banks' clients a voluntary possibility of concluding arrangements based on which a client would settle a CHF Mortgage Loan as if it was a PLN loan bearing interest at an appropriate WIBOR rate increased by the margin historically employed for such loans. The decision to generally implement this solution could imply the need of creating upfront provisions for the losses resulting from the conversion of CHF Mortgage Loans. The Bank in practice has been using elements of the proposal of above system solution on many individual negotiations with FX mortgage borrowers, including in the course of court proceedings.

Due to the circumstances stemming from the CJEU which excludes demanding by the Bank amounts exceeding the return of disbursed capital, the possibility of successful implementation of a general offer of KNF solution is low.

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.

A draft law on special solutions for the examination of cases concerning loan agreements denominated or indexed to the Swiss franc concluded with consumers has been published on the website of the Government Legislation Centre. https://legislacja.gov.pl/projekt/12394303/katalog/13109961).

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, and thus increase the efficiency of the justice system and speed up the examination of Swiss franc cases. In addition, the bill places great emphasis on the promotion of settlement and mediation solutions, thus limiting the number of new lawsuits submitted to the courts.

The adoption of this draft law by the Council of Ministers and its referral to the Sejm is planned for the second quarter of 2025. According to the legislative procedure, a bill after its adoption requires the signature of the President of the Republic of Poland and publication in the Journal of Laws.

The Court of Justice of the European Union and the Polish Supreme Court rulings relevant to risk assessment

Jurisprudence of the Court of Justice of the European Union

On 3 October 2019, the Court of Justice of the European Union (the CJEU) issued the judgment in Case C-260/18 in connection with the preliminary questions formulated by the District Court of Warsaw in the case against Raiffeisen Bank International AG. The judgment of the CJEU, as regards the interpretation of European Union law made therein, is binding on domestic courts. The judgment in question interpreted Article 6 of Directive 93/13. In the light of the subject matter judgment the said provision must be interpreted in such a way that (i) the national court may invalidate a credit agreement if the removal of unfair terms detected in this agreement would alter the nature of the main subject-matter of the contract; (ii) the effects for the consumer's situation resulting from the cancellation of the contract must be assessed in the light of the circumstances existing or foreseeable at the time when the dispute arose and the will of the consumer is decisive as to whether he wishes to maintain the contract; (iii) Article 6 of the Directive precludes the filling-in of gaps in the contract caused by the removal of unfair terms from the contract solely on the basis of national legislation of a general nature or established customs; (iv) Article 6 of the Directive precludes the maintenance of unfair terms in the contract if the consumer has not consented to the maintenance of such terms. It can be noticed the CJEU found doubtful the possibility of a credit agreement being performed further in PLN while keeping interest calculated according to LIBOR.

The CJEU judgment concerns only the situation where the national court has previously found the contract term to be abusive. It is the exclusive competence of the national courts to assess, in the course of judicial proceedings, whether a particular contract term can be regarded as abusive in the circumstances of the case.

On 29 April 2021, the CJEU issued the judgement in the case C-19/20 in connection with the preliminary questions formulated by the District Court in Gdańsk in the case against of ex-BPH S.A., the CJEU said that:

(i) it is for the national court to find that a term in a contract is unfair, even if it has been contractually amended by those parties. Such a finding leads to the restoration of the situation that the consumer would have been in in the absence of the term found to be unfair, except where the consumer, by means of amendment of the unfair term, has waived such restoration by free and informed consent. However, it does not follow from Council Directive 93/13 that a finding that the original term is unfair would, in principle, lead to annulment of the contract, since the amendment of that term made it possible to restore the balance between the obligations and rights of those parties arising under the contract and to remove the defect which vitiated it;

(ii) the national court may remove only the unfair element of a term in a contract concluded between a seller or supplier and a consumer where the deterrent objective pursued by Council Directive 93/13 is ensured by national legislative provisions governing the use of that term, provided that that element consists of a separate contractual obligation, capable of being subject to an individual examination of its unfair nature. At the same time, provisions of the Directive preclude the referring court from removing only the unfair element of a term in a contract concluded between a seller or supplier and a consumer where such removal would amount to revising the content of that term by altering its substance;

(iii) the consequences of a judicial finding that a term if a contract concluded between a seller or supplier and a consumer is unfair are covered by national law and the question of continuity of the contract should be assessed by the national court of its own motion in accordance with an objective approach on the basis of those provisions;

(iv) the national court, finding that a term in a contract concluded between a seller or supplier and a consumer is unfair, shall inform the consumer, in the context of the national procedural rules after both parties have been heard, of the legal consequences entailed by annulment of the contract, irrespective of whether the consumer is represented by a professional representative.

On November 18, 2021, the Court of Justice of the European Union (CJEU) issued a judgment in case C-212/20 in connection with questions submitted by the District Court for Warsaw Wola in Warsaw in the case against Raiffeisen Bank International AG. The CJEU stated that:

(i) the content of the clause of the loan agreement concluded between the entrepreneur and the consumer fixing the purchase and sale price of the foreign currency to which the loan is indexed should, on the basis of clear and comprehensible criteria, enable the consumer who is reasonably well informed and sufficiently observant and rational to understand how the exchange rate of the foreign currency used to calculate the amount of the loan instalments is determined, so that the consumer is able to determine himself at any time the exchange rate used by the entrepreneur;

(ii) a national court which has found that a term of the agreement concluded between an entrepreneur and a consumer is unfair cannot interpret that term in order to mitigate its unfairness, even if such an interpretation would correspond to the common will of the parties.

On 10 June 2021, the Court of Justice of the European Union (CJEU) issued an order in case C-198/20 in connection with questions submitted by the District Court for Warsaw Wola in Warsaw in the case against Santander Bank Polska SA. The CJEU stated that the protection provided for in Council Directive 93/13/EEC is granted to all consumers, not just those who can be considered to be "duly informed and reasonably observant and circumspect average consumer".

On 8 September 2022, the Court of Justice of the European Union (CJEU) issued a judgment in joined cases C-80/21, C-81/21, C-82/21 in connection with questions submitted by the District Court for Warsaw Śródmieście in Warsaw in cases against Deutsche Bank SA and mBank SA. The CJEU stated that:

(i) a national court may find that the parts of a contractual term of the agreement concluded between a consumer and an entrepreneur which render it unfair are unfair, if such a deletion would not amount to a change in the content of that term that affects its substance, which is for the referring court to verify;

(ii) a national court cannot, after annulling an unfair term contained in an agreement concluded between a consumer and an entrepreneur which does not render the agreement invalid in its entirety, replace that term with a supplementary provision of the national law;

(iii) a national court may not, after having declared invalid an unfair term contained in an agreement concluded between a consumer and an entrepreneur which entails the invalidity of that agreement in its entirety, replace the contractual term which has been declared invalid either by interpretation of the parties' declaration of intent in order to avoid the cancellation of that agreement or by a provision of national law of a supplementary nature, even if the consumer has been informed of the effects of the invalidity of that agreement, and accepted them;

(iv) the ten-year limitation period for a consumer's claim seeking reimbursement of sums unduly paid to the entrepreneur in performance of an unfair term of a loan agreement does not start to run on the date of each performance made by the consumer if the consumer was not able on that date to assess on his own the unfairness of the contractual term or if he had not become aware of the unfair nature of that term and without taking into account the circumstances that the agreement provided for a repayment period – in this case thirty years – well in excess of the ten-year statutory limitation period.

On March 16, 2023, the Court of Justice of the European Union issued a judgment in a case registered under case number C-6/22, following preliminary questions submitted by the District Court for Warsaw-Wola in a case against the former Getin Noble Bank S.A. In the judgment, the CJEU ruled that:

(i) in the event that a contract concluded between a consumer and a seller or supplier is declared invalid because one of its terms is unfair, it is for the Member States, by means of their national law, to make provision for the effects of that invalidation, in compliance with the protection granted to the consumer by that directive, in particular, by ensuring the restoration of the legal and factual situation that he or she would have been in if that unfair term had not existed;

(ii) a national court is not allowed:

   a. to examine of its own motion, without any prerogative conferred on it by national law in that regard, the financial situation of a consumer who has sought the invalidation of the contract between him or her and a seller or supplier on account of the presence of an unfair term without which the contract cannot legally continue to exist, even if that invalidation is liable to expose the consumer to particularly unfavorable consequences and

   b. to refuse to declare that invalidation where the consumer has expressly sought it, after being objectively and exhaustively informed of the legal consequences and the particularly unfavorable financial consequences which it may have for him or her;

(iii) a national court is not allowed, after it has found that a term in a contract concluded between a seller or supplier and a consumer is unfair, to fill gaps resulting from the removal of the unfair term contained therein by the application of a provision of national law which cannot be characterised as a supplementary provision. However, it is for the national court, taking account of its domestic law as a whole, to take all the measures necessary to protect the consumer from the particularly unfavorable consequences which annulment of the contract might entail for him or her.

On June 8, 2023, the Court of Justice of the European Union issued a judgment in a case registered under case number C-570/21, following preliminary questions submitted by the District Court in Warsaw in a case against the former Getin Noble Bank S.A. In the judgment, the CJEU ruled that:

(i) provisions of Council Directive 93/13 must be interpreted as meaning that the concept of ‘consumer’, within the meaning of that provision, covers a person who has concluded a loan contract intended for a purpose in part within and in part outside his or her trade, business or profession, together with a joint-borrower who did not act within his or her trade, business or profession, where the trade, business or professional purpose is so limited as not to be predominant in the overall context of that contract;

(ii) provisions of Directive 93/13 must be interpreted as meaning that in order to determine whether a person falls within the concept of ‘consumer’, within the meaning of that provision, and, specifically, whether the trade, business or professional purpose of a loan contract concluded by that person is so limited as not to be predominant in the overall context of that contract, the referring court is required to take into consideration all the relevant circumstances surrounding that contract, both quantitative and qualitative, such as, in particular, the distribution of the borrowed capital between, on the one hand, a trade, business or profession and, on the other hand, a non-professional activity and, where there are several borrowers, the fact that only one of them is pursuing a professional purpose or that the lender made the grant of credit intended for consumer purposes conditional on a partial allocation of the amount borrowed to the repayment of debts connected with a trade, business or profession.

On June 15, 2023, the Court of Justice of the European Union issued a judgment in a case registered under case number C-287/22, following preliminary questions submitted by the District Court in Warsaw in a case against the former Getin Noble Bank S.A. In the judgment, the CJEU ruled that provisions of the Directive 93/13 must be interpreted as precluding national case-law according to which a national court may dismiss an application for the grant of interim measures lodged by a consumer seeking the suspension, pending a final decision on the invalidity of the loan agreement concluded by that consumer on the ground that that loan agreement contains unfair terms, of the payment of the monthly instalments due under that loan agreement, where the grant of those interim measures is necessary to ensure the full effectiveness of that decision.

On June 15, 2023, the CJEU issued a judgment in a case registered under case number C-520/21, following preliminary questions submitted by the District Court in Warsaw in a case against Bank Millennium, in which indicated that Directive 93/13 does not expressly regulate the consequences of invalidity of a contract concluded between a credit institution and a consumer after the removal of unfair terms contained therein. The CJEU stated that:

(i) the provisions of the Directive 93/13 do not preclude a judicial interpretation of national law, according to which the consumer has the right to demand compensation from the credit institution beyond the reimbursement of monthly instalments and costs paid for the performance of this contract and the payment of statutory default interest from the date of the request for payment provided that the objectives of Directive 93/13 and the principle of proportionality are respected;

(ii) the provisions of Directive 93/13 preclude the judicial interpretation of national law, according to which a credit institution has the right to demand compensation from the consumer that goes beyond the return of the capital paid for the performance of this contract and beyond the payment of statutory default interest from the date of the request for payment.

On September 21, 2023, the CJEU issued a judgement in a case registered under case number C-139/22, following preliminary questions submitted by the District Court in Warsaw in a case against mBank. The CJEU stated that:

(i) provisions of the Directive 93/13 must be interpreted as not precluding a contractual term which has not been individually negotiated from being regarded as unfair by the national authorities concerned merely by virtue of the fact that its content is equivalent to that of a standard contract term entered in the national register of standard business terms held to be unlawful;

(ii) the contractual term which, because of the circumstances for the performance of certain obligations of the consumer concerned provided for in that term, must be regarded as unfair, may not cease to be considered unfair on account of another term of that contract which provides for the possibility for that consumer to perform those obligations under different circumstances;

(iii) a seller or supplier is obliged to inform the consumer concerned of the essential characteristics of the contract concluded with that seller or supplier and the risks associated with that contract, even though that consumer is its employee and has relevant knowledge in the field of the contract.

On December 7, 2023, the CJEU issued the judgement in the case C-140/22 in connection with the preliminary questions formulated by the District Court in Warsaw in the case against of mBank S.A. The Court stated that provisions of the Directive 93/13 must be interpreted as meaning that, in the context of the cancellation, in its entirety, of a mortgage loan agreement concluded with a consumer by a banking institution on the ground that that agreement contains an unfair term without which it cannot continue in existence:

(i) they preclude the judicial interpretation of national law according to which the exercise of the rights which that consumer draws from that directive is conditional on the lodging, by that consumer, before a court, of a declaration by which he or she states, first, not to consent to that unfair term remaining effective, secondly, to be aware of the fact that the nullity of that term entails the cancellation of that agreement and, moreover, of the consequences of that cancellation and, thirdly, to consent to the cancellation of that agreement;

(ii) they preclude the compensation sought by the consumer concerned in respect of the restitution of the sums paid by him or her in the performance of the agreement at issue being reduced by the equivalent of the interest which that banking institution would have received if that agreement had remained in force.

The Court of Justice of European Union by an order of December 11, 2023, closed the case registered under case number C-756/22 initiated by the District Court in Warsaw in the case brought by Bank Millennium and ruled that the provisions of Directive 93/13 must be interpreted as meaning that, in the context of declaring a mortgage loan agreement concluded with a consumer by a banking institution to be invalid in its entirety on the grounds that, that the contract contains unfair terms without which it cannot be continued, they preclude a judicial interpretation of the law of a Member State according to which that institution is entitled to recover from that consumer amounts other than the capital paid in performance of that contract and statutory interest for delay from the time of the demand for payment.

On December 14, 2023, the CJEU issued the judgement in the case C-28/22 in connection with the preliminary questions referred by the District Court in Warsaw in the case of ex-Getin Noble Bank S.A. The Court stated that:

(i) provisions of Directive 93/13 read in the light of the principle of effectiveness must be interpreted as precluding a judicial interpretation of national law according to which, following the cancellation of a mortgage loan agreement concluded with a consumer by a seller or supplier, on account of unfair terms contained in that agreement, the limitation period for the claims of that seller or supplier stemming from the nullity of that agreement starts to run only as from the date on which the agreement becomes definitively unenforceable, whereas the limitation period for the claims of that consumer stemming from the nullity of that agreement begins to run as from the day on which the consumer became aware, or should reasonably have become aware, of the unfair nature of the term entailing such nullity;

(ii) provisions of the Directive 93/13 must be interpreted as not precluding a judicial interpretation of national law according to which it is not for a seller or supplier who has concluded a mortgage loan agreement with a consumer to ascertain whether the consumer is aware of the consequences of the removal of the unfair terms contained in that agreement or of that agreement being no longer capable of continuing in existence if those terms were removed;

(iii) provisions of the Directive 93/13, read in the light of the principle of effectiveness, must be interpreted as precluding a judicial interpretation of national law according to which, where a mortgage loan agreement concluded with a consumer by a seller or supplier is no longer capable of continuing in existence after the unfair terms in that agreement have been removed, that seller or supplier may rely on a right of retention which allows him or her to make the restitution of the sums which it has received from that consumer conditional on that consumer making an offer to repay the sums which he or she has himself or herself received from that seller or supplier or to provide a security for the repayment of those sums, where the exercise by that seller or supplier of that right of retention entails the loss, for that consumer, of the right to obtain default interest as from the expiry of the time limit set for performance by the seller or supplier concerned, following receipt by that seller or supplier of a request to repay the sums he or she had been paid in performance of that agreement.

The Court of Justice of the European Union by an order of January 15, 2024, closed the case registered under case number C-488/23 following a question from the District Court of Warsaw, indicating that the right of a financial institution to demand the valorization of the disbursed capital after a loan agreement has been declared invalid was excluded in the judgment of June 15, 2023 issued in case C-520/21.

On January 18, 2024, the CJEU issued the judgement in the case C-531/22 in connection with the preliminary questions referred by the District Court in Warsaw in the case of ex-Getin Noble Bank S.A. The Court stated that:

(i) the provisions of Directive 93/13 preclude national legislation which provides that a national court may not examine of its own motion the potentially unfair nature of the terms contained in a contract and draw the consequences thereof, where it is supervising enforcement proceedings carried out on the basis of a final decision to issue an order for payment which is subject to res judicata:

  a. if the regulations do not provide for such an examination at the stage of issuing a payment order, or

  b. if such examination is provided for only at the stage of opposition to the order for payment in question, provided that there is a significant risk that the consumer in question will not file the required opposition either because the time limit specified for this purpose is very short, or because of the cost of the proceedings before the court in relation to the amount of the disputed debt, or because the national legislation does not provide for the obligation to provide that consumer with all the information necessary for him to establish the extent of his rights;

(ii) the provisions of Directive 93/13 do not preclude national case law according to which the entry of a term of a contract in a national register of prohibited clauses has the effect of declaring that term unfair in any proceedings involving a consumer, including against a trader other than the one against whom proceedings for the entry of the said term in that national register were pending, and where that term does not have the same wording as the term entered in the said register, but has the same meaning and has the same effect with respect to the consumer in question.

By decision of 3 May 2024, the Court of Justice of the European Union closed the case registered under case no. C-348/23 following a question from the District Court in Warsaw, indicating that they preclude the recognition that the legal effects related to the declaration of invalidity of the contract are conditional on the fulfilment by the consumer of the condition precedent for that consumer to make a declaration before the national court, that it does not agree to maintain the contractual term in force and that it is aware that the invalidity of the said term entails the annulment of the loan agreement and its effects and that it consents to the annulment of the agreement.

By decision of 8 May 2024, the Court of Justice of the European Union closed the case registered under case no. C-424/22 as a result of a question from the Regional Court in Kraków, indicating that they preclude the application by a financial institution of the right of retention which makes the consumer's receipt of the amounts awarded to him by the court conditional on the consumer's simultaneous offer of reimbursement or security for the return of the entire benefit received from that financial institution.

Jurisprudence of the Polish Supreme Court

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. This decision of the Supreme Court should be perceived as significantly limiting the risk of the bank's claims for return of capital being time-barred.

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 March 2025 the Bank filed 16 063 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.

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.

7. ADDITIONAL INFORMATION

7.1. ISSUE, REDEMPTION OR REPAYMENT OF DEBT OR EQUITY INSTRUMENTS

During the 3 months ended 31 March 2025, the Bank's liabilities due to the issue of debt securities decreased by PLN 51.6 million and their balance as at that date amounted to PLN 4,978.6 million. The change in the balance of issued debt securities results from: a positive balance of interest accrued and paid for the period in the amount of PLN +74.8 million, a change in the result on valuation of issued securities in the hedging relationship in the amount of PLN -10.9 million, a decrease in the value due to redemption in the amount of PLN -26.0 million and other changes in the carrying amount in the amount of PLN –89.5 million, mainly due to the strengthening of the PLN exchange rate against the EUR during Q1 2025.

7.2. CAPITAL MANAGEMENT

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

The goals of capital adequacy management are: (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 Bank strives to achieve internal long-term capital limits (targets), defined in Risk Strategy.

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

The Bank and the Group are obliged by law to meet minimum own funds and leverage ratio requirements, set in art. 92 of the Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on providential requirements for credit institutions and amending Regulation (EU) No 648/2012 (CRR3). At the same time, the following levels, recommendations, and buffers were included in capital limits/targets setting:

- Pillar II FX mortgage loans buffer (P2R buffer) in accordance with KNF decisions from January and February 2025 P2R is 0.0%.
- 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 KNF each year,
  - Systemic risk buffer at the level of 0%, reduced from 3% in March 2020,
  - Countercyclical buffer at the 0% level. According to the Regulation of the Minister of Finance, a countercyclical buffer of 1% will be introduced from 25 September 2025 and will be increased to 2% from 25 September 2026.

In December 2024, the Bank received a letter from the Polish Financial Supervision Authority (KNF) not to impose an additional capital charge (P2G).

Capital adequacy of the Bank was as follows (PLN mn, %, pp):

Capital adequacy	31.03.2025	31.12.2024	31.03.2024
Risk-weighted assets	42 169.5	40 928.3	39 173.3
Own Funds requirements, including:	3 373.6	3 274.3	3 133.9
- Credit risk and counterparty credit risk	2 666.4	2 773.8	2 631.2
- Market risk	20.9	19.8	19.4
- Operational risk	666.1	478.0	500.4
- Credit Valuation Adjustment CVA	20.2	2.6	5.2
Own Funds, including:	7 713.3	7 352.5	7 300.7
Common Equity Tier 1 Capital	6 700.8	6 264.6	5 982.4
Tier 2 Capital	1 012.6	1 087.9	1 318.28
Total Capital Ratio (TCR)	**18.29%**	**17.96%**	**18.64%**
Tier 1 Capital ratio (T1)	**15.89%**	**15.31%**	**15.27%**
Common Equity Tier 1 Capital ratio (CET1)	**15.89%**	**15.31%**	**15.27%**
Leverage ratio	**4.88%**	**4.67%**	**4.67%**

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

Capital adequacy	31.03.2025	31.12.2024	31.03.2024
Total Capital Ratio (TCR)	**18.29%**	**17.96%**	**18.64%**
Minimum required level (OCR)	10.75%	12.22%	12.22%
Surplus(+) / Deficit(-) of TCR capital adequacy (p.p.)	7.54pp	5.74pp	6.42pp
Minimum recommended level TCR (OCR+P2G)	10.75%	13.81%	13.81%
Surplus(+) / Deficit(-) on recommended level (p.p.)	7.54pp	4.15pp	4.83pp
Tier 1 Capital ratio (T1)	**15.89%**	**15.31%**	**15.27%**
Minimum required level (OCR)	8.75%	9.85%	9.85%
Surplus(+) / Deficit(-) of T1 capital adequacy (p.p.)	7.14pp	5.46pp	5.42pp
Minimum recommended level T1 (OCR+P2G)	8.75%	11.44%	11.44%
Surplus(+) / Deficit(-) on recommended level (p.p.)	7.14pp	3.87pp	3.83pp
Common Equity Tier 1 Capital ratio (CET1)	**15.89%**	**15.31%**	**15.27%**
Minimum required level (OCR)	7.25%	8.07%	8.07%
Surplus(+) / Deficit(-) of CET1 capital adequacy (p.p.)	8.64pp	7.24pp	7.20pp
Minimum recommended level CET1 (OCR+P2G)	7.25%	9.66%	9.66%
Surplus(+) / Deficit(-) on recommended level (p.p.)	8.64pp	5.65pp	5.61pp
Leverage ratio	**4.88%**	**4.67%**	**4.67%**
Minimum required level	3.00%	3.00%	3.00%
Surplus(+) / Deficit(-) of Leverage ratio (p.p.)	1.88pp	1.67pp	1.67pp

In 1Q2025, capital ratios improved - Tier 1 capital ratio (equal to Common Equity Tier 1 capital ratio) increased by 58bps, and total capital ratio by 33bps. T1 capital (CET1) increased by PLN 436 million (by 7%), which resulted primarily from the inclusion of net profit for the second half of 2024 and positive impact from the consideration of the securitization transaction concluded in December 2024. At the same time, risk-weighted assets (RWA) increased by PLN 1,241 million (by 3%), which resulted from the increase in the scale of operations, positive impact from the consideration of the securitization transaction concluded in December 2024, but also from the implementation of CRR3. This change was the main factor in the increase in risk-weighted assets for operational risk by PLN 2,351 million. Total own funds increased by PLN 361 million (by 4.9%).

Entry into force starting from January 2025 onwards the Regulation (EU) 2024/1623 of the European Parliament amending Regulation (EU) No 575/2013 (CRR 3) impacted the Bank's capital adequacy ratios. Main changes came from credit conversion factors (CCF) under standardized method, new approach to the determination of off-balance sheet exposures, risk weight for exposures secured by real estate property, deletion of 1.06 scaling factor from risk weight calculation under IRB method (credit risk) and change the way of operational risk capital requirements calculation.

Regarding the calculation of the operational risk capital requirements, CRR 3 methodology is still not finalized (final RTS has not been publish yet).

The presented capital ratio (table above) takes into consideration the less conservative case scenario presented by the Bank in the 2024 Annual Report. In the conservative case scenario, the Total Capital Ratio would be lower by 1.18pp and the Tier 1 Capital Ratio (T1) would be lower by 1.02pp.

The leverage ratio increased in 1Q2025 by 21bps from 4.67% to 4.88%, which was mainly caused by an increase in the T1 capital measure (by 7%), while the exposure measure increased by 3%. The surplus over the regulatory minimum of 3% and amounts to 188bp.

The minimum capital ratios required by the KNF in terms of the combined buffer requirement (OCR) and together with the additional P2G surcharge, are achieved with a significant surplus at the end of 1Q2025.

7.3. OFF BALANCE SHEET ITEMS

Structure of off-balance sheet liabilities was as follows:

Amount '000 PLN	31.03.2025	31.12.2024	31.03.2024
Off-balance conditional commitments granted and received	**18 846 950**	**17 916 510**	**18 289 112**
Commitments granted:	15 655 603	14 869 414	15 125 208
- financial	13 825 460	13 155 721	13 479 810
- guarantee	1 830 143	1 713 693	1 645 398
Commitments received:	3 191 347	3 047 096	3 163 904
- financial	0	346	4 054
- guarantee	3 191 347	3 046 750	3 159 850

7.4. REFORM OF BENCHMARKS

WIBOR

In May 2022, the Polish government announced that WIBOR would be replaced by a different (lower) rate from 1 January 2023. In June 2022, a Working Group was established, including commercial banks, GPW Benchmark (Administrator of WIBOR), KNF.

In July 2022, the National Working Group on Reference Rate Reform (NWG) was established in connection with the planned reform of reference rates in Poland. The objective of the NGR's work to introduce a new interest rate benchmark and replace the currently used WIBOR index with it while ensuring the compliance with BMR, including in particular ensuring credibility, transparency and reliability in the development and application of the new benchmark.

The National Working Group involves representatives of the Ministry of Finance, the National Bank of Poland, the Office of the Financial Supervision Authority, the Bank Guarantee Fund, the Polish Development Fund, the Warsaw Stock Exchange, the National Depository for Securities, Bank Gospodarstwa Krajowego, the GPW Benchmark, as well as representatives of credit institutions, i.e. in particular, banks, financial institutions, including investment funds, insurance companies, factoring and leasing companies, entities that are bond issuers, including corporate and municipal bonds, clearing houses.

The work of the National Working Group is coordinated and supervised by a Steering Committee including representatives of key institutions: Financial Supervision Authority, the National Bank of Poland, the Ministry of Finance, the Bank Guarantee Fund, as well as the GPW Benchmark - the administrator of the reference rates, BondSpot S.A - and the Polish Bank Association (Polish: Związek Banków Polskich).

The NWG's activities are executed in a project formula, where project streams have been identified and where Bank Millennium representatives are actively contributing to the work.

The National Working Group initially selected the WIRON index to become the key interest rate benchmark under the BMR and to be used in financial contracts, financial instruments and as the preferred alternative benchmark to WIBOR.

In connection with this, Bank Millennium S.A. established, by resolution of the Bank's Management Board of 24 August 2022, an internal project reporting to the Management Board (Deputy Chairman of the Management Board - CFO and Member of the Management Board overseeing the areas of retail and corporate products), in order to duly manage the WIBOR to WIRON transition process and to implement the work in accordance with the roadmap. This work involves representatives from a significant number of the Bank's business units, including, in particular, representatives responsible for product areas and risk management issues, including, in particular, interest rate risk and operational risk. The structure of the project includes the division into streams covering products and processes where the WIBOR benchmark is applied, the management of the project by a dedicated project manager and the periodical reporting of statuses on the individual streams.

The Bank uses the WIBOR reference rate in the following products (in PLN million as of 31 March 2025):

- mortgage loans: **19 744,99** mortgage loans based on WIBOR (excluding **14 093,11** mortgage loans currently with temporary fixed rate where the clients have the option to switch to variable rate indexed to WIBOR after the end of such temporary fixed rate initial period);
- loan products, factoring and corporate discounting products: **14 876,57**;
- debt instruments **(13 840,69)**;
  - Assets: 11 733,92
  - Liabilities: 2 106,77
- derivative instruments: **13 284,18**

The Bank also applies instruments based on WIBOR benchmarks in hedge accounting, details of the hedging relationships used by the Group, the items designated as hedged and hedging and the presentation of the result on these transactions are presented in Note 24 "Derivatives - Hedge accounting" in Chapter 13 "Notes to the Consolidated Financial Statements.

On 29 March 2024, the Steering Committee of the National Working Group for benchmark reform unanimously decided to commence a review and analysis of risk-free-rate (RFR) replacement choices for WIBOR benchmark, including both WIRON and other possible interest rate indices or benchmarks. Two rounds of public consultation were subsequently launched.

In December 2024, the Steering Committee of the National Working Group made a decision to select the proposed index with the technical name WIRF. The index was ultimately named POLSTR (Polish Short Term Rate). The successor to WIBOR, POLSTR (Polish Short Term Rate), is a reference rate based on actual transactions—specifically, overnight unsecured deposits made between the largest domestic credit institutions and financial institutions.

On March 28, 2025, the Steering Committee of the National Working Group approved the updated Roadmap for the process of replacing the WIBOR and WIBID reference rates and confirmed the final conversion date at the end of 2027. Key milestones for 2025 include the formal adoption of all documentation required by the BMR Regulation regarding the POLSTR index proposal and the commencement of its publication. Achieving this milestone, planned for the second quarter of 2025 by GPW Benchmark SA, will allow for the implementation of the POLSTR index proposal in the Polish financial market. Simultaneously, work will be conducted to update analytical documents and recommendations developed so far by the National Working Group on reference rate reforms (NGR). These documents will outline the standards for the use of the POLSTR index proposal in banking products, debt instruments, and derivatives, including a recommended catalogue of interest conventions for financial instruments and agreements (including those already concluded).

On the financial institutions' side, the most important actions will involve adjusting IT systems, operational procedures, and legal solutions associated with the implementation of the target POLSTR index. At this stage of the project, the Bank continuously monitors the work of the National Working Group and makes appropriate decisions in this regard. Given the current early stage of the work of the National Working Group and the legislative process, it is currently impossible to estimate the financial effects of the WIBOR reform.

Date	Name and surname	Position/Function	Signature
9.05.2025	Fernando Bicho	Deputy Chairman of the Management Board	Signed by a qualified electronic signature