

# Report on activities of the Capital Group of Bank Handlowy w Warszawie S.A. in the first half of 2025

 **citi handlowy**

*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.*

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## I. Introduction

### 1. Characteristics of the Capital Group of Bank Handlowy w Warszawie S.A.

Bank Handlowy w Warszawie S.A. (further “Bank” or “Citi Handlowy”) is strategically focused on its defined target market.

In the institutional client segment, Citi Handlowy focuses on maintaining its leading position among the banks which service international corporations and the largest domestic companies. Enterprises from the SME sector (Small and Medium Enterprises) are another group of clients that are important to the Group. Acquiring new clients (including participants of the so-called “new economy” – software engineering companies) while actively expanding relations with existing clients in selected sectors as well as providing support to clients planning international expansion (the Emerging Market Champions initiative) are keys to further building the market position of Capital Group of Bank Handlowy w Warszawie S.A. (“Group”).

The goal of the Group is to be the Strategic Partner for Polish companies and to actively support their foreign expansion. This is clear from the range of products offered by the Bank in which foreign exchange transactions and products related to trade finance and guarantees occupy an important place. Additionally, the Bank strives to maintain its status as one of the safest places for institutional clients to deposit their savings, providing many useful modern solutions related to operating accounts and the day-to-day management of corporate finances.

The Bank’s stable capital position as well as its outstanding network of international contacts are also appreciated by individual consumers. The Bank uses this competitive advantage to strengthen its leading position in the affluent banking segment – Citigold and continues to develop unique offering for the most affluent clients – Citigold Private Client. In the consumer segment, the Bank focuses on investment products and its unique ways of rewarding those clients who decide to use the Bank’s online wealth management products. The Bank’s international connections enable it to expand the range of products offered to consumers by providing them with a unique global banking experience.

Moreover, Citi Handlowy is the unquestioned leader of the credit card market, since it offers products from the global Citi product range, which are accepted all over the world and offer exceptional value for the client, e.g. in the form of loyalty programs. The Bank’s objective will be also to increase the market share of unsecured loan products by meeting the credit needs of the growing number of clients with a competitive offering of cash loans or hire purchase products as well as innovative, fast processes.

#### Bank's competitive position

The Bank belongs to the group of 10 largest banks in Poland in terms of balance sheet total and it holds a special strong competitive position in institutional client banking and, specifically in:

- providing services to global enterprises and enterprises involved in international trade,
- foreign exchange products and trade finance products,
- securitization transactions,
- cash management,
- custody and brokerage services.

In consumer banking, the Bank retains its strong market position:

- in a complex offer for affluent clients (CPC, Citigold segments),
- services in Wealth Management,
- on the credit card market.

### 2. Major achievements in the first half of 2025:

Major achievements in the first half of 2025 include:

- **in the Institutional Banking:**
  - Granting new financing to Institutional Banking clients in the total amount of PLN 3.9 billion (+36% YoY);
  - Continuation of the increase in the activity of institutional customers - increase in the loan volume by 23% YoY (+19% YoY excluding reverse repo transactions), increase in deposit volume by 27% YoY;
  - The Bank acted as Global Coordinator and Joint Bookrunner in the IPO of Diagnostyka S.A. worth PLN 1.7 billion, acted as Joint Bookrunner for the issue of a new series of shares of CCC S.A. through an accelerated share sale (transaction value PLN 1.5 billion), and acted as Global Coordinator and Joint Bookrunner for the accelerated offering of shares of Allegro.eu (transaction value PLN 1.2 billion and PLN 1.8 billion),
  - Bank was active in the primary market for debt securities by inter alia organizing three bonds issues for the international financial institution totaling PLN 1.5 billion;
  - Further increase in the volume of processed payments – in the area of domestic transactions, the Bank recorded a 6% increase in the volume of Express Elixir instant payments as compared to the first half of 2024, while the volume of foreign payments increased by 7% YoY;
  - FX volumes increased by 10% YoY;
  - The value of the portfolio of transactions concluded under trade finance products, such as reverse factoring, trade loan and supplier financing, rose by 47% as compared to the same period in 2024.



- **in the Consumer Banking:**
  - The number of clients in the strategic area – Citi Private Client – increased by 10% YoY;
  - Dynamic growth of deposits by 6% YoY, the time deposits balance increased by 8% YoY due to their attractive interest rates;
  - FX volumes increased by 7% YoY – FX volumes processed through CitiKantor increased by 4% YoY and the number of transactions processed through CitiKantor increased by 10% YoY.
  - Increase in sales of unsecured loans by 13% compared to the first half of 2024;
  - Increase in the value of the funds under management as part of investment products purchased by Consumer Banking clients through the Bank by 16% YoY, increase in the number of investment accounts maintained by DMBH by 12% YoY.
- **Strong equity much above the regulatory requirement resulting from CRR Regulation<sup>1</sup>** – TCR of 23.8%. At the same time liquidity remains at a high level – LCR of 161,52%;
- **Once again the Bank demonstrated its high social responsibility** through global community day. As part of this action, Citi volunteers organized 148 projects for those in need – refugees from Ukraine, single mothers' homes, people in homelessness crisis, orphanages and for nature conservation Together we helped over 20,000 people in need.

### 3. Strategy of the Capital Group of Bank Handlowy w Warszawie S.A.

In December 2024, the Bank adopted a new Strategy of Bank Handlowy w Warszawie S.A. for 2025-2027. Thereafter, following the signing of the agreement on 27 May 2025 regarding its exit from Retail Banking, the Bank adopted new strategic directions for 2025-2027 for Institutional Banking – the “Global Business Bank.” Exiting retail operations will allow the Bank to focus on the dynamic development of its leading business area – Institutional Banking. As part of the new strategic directions, the Bank will strive to achieve the following financial goals in 2027 (more ambitious compared to the corresponding goals presented in the Bank's Strategy of 5 December 2024):

- Return on Equity (ROE): approximately 19%;
- Return on Assets (ROA): approximately 2.6%;
- cost-effectiveness ratio: below 30%;
- distribution of 75%-100% of profits as dividends, subject to regulatory approval.

Leveraging the Bank's affiliation with the Citi Group, operating in nearly 100 countries worldwide, the Bank aims to become the number one choice for businesses with international needs and aspirations. In this regard, special attention will be paid to supporting foreign investors entering the Polish market, particularly within the emerging new trade corridors. The Bank can offer this group of clients a full range of trade finance solutions and a global online banking platform. The Bank is also able to deliver top-quality solutions that enable the integration of the systems of the client and the bank using open architecture and supporting transaction automation.

Another important area of the Bank's involvement will be initiatives that are in line with Poland's strategic priorities, such as energy transition and growing defense investments resulting from the geopolitical situation. The Bank can see significant growth opportunities in cooperation with international financial institutions, agencies of international organizations, and export support agencies, as well as domestic institutions interested in collaborating on obtaining financing (including through the issuance of debt instruments) and broadly defined supporting of increased investment in Poland's energy and defense sectors. Institutional clients involved in these areas will also be able to benefit from the Bank's extensive expertise and a range of hedging instruments, including against foreign exchange and interest rate risks.

The Bank will strive to strengthen its position in the foreign exchange area by utilizing a best-in-class FX platform, which provides access to global financial markets. The Bank also aims to maintain its leadership position in various areas, for example custody services.

The Bank also focuses on collaborating with new economy companies, such as fin-techs, payment operators, e-commerce companies, and IT companies, including those in the gaming industry. The Bank will offer clients in this sector solutions such as instant payments and high-volume transaction processing, while ensuring the highest level of security. At the same time, the Bank will focus on supporting clients in transforming their business models towards sustainable development. Until 2027, the bank will lend PLN 2 billion for sustainable transformation of its clients, offering them a broad range of solutions and advisory services in this respect.

<sup>1</sup> Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 as amended (“CRR”).

## 4. Awards and honors

In the first half of 2025, the Bank received a number of prestigious titles and awards:

- **Diversity IN CHECK – Citi Handlowy among the leaders in diversity management**

Citi Handlowy have once again been listed among employers most advanced in diversity management in Poland prepared by the Responsible Business Forum. The Forum is an expert organization, initiator and partner of key ESG projects in Poland. The process of assessing the maturity and qualifications of the organization was based on a study conducted together with the PBS Research Agency, prepared based on international standards and guidelines.

- **Citi Handlowy Brokerage Bureau awarded by the Warsaw Stock Exchange**

Biuro Maklerskie Citi Handlowy has been listed among the winners of the 2024 Stock Exchange Year Summary and awarded for the highest market maker's share in turnover on the equity futures market.

- **Cashless for Equality**

Citi in Poland is again at the top of the ranking of financial institutions that care about professional and social equality of LGBT+ employees. This was another edition of the Cashless.pl ranking, which recognizes the activities taken by Citi for LGBT+ employees and their partners, as well as the entire community in Poland.

- **Lambda Warszawa Association Certificate**

As the first institution in Poland, Citi and Citi Handlowy have completed the certification process for creating a safe, equal and inclusive work environment for LGBTQIA+ people. The Lambda Warsaw certificate is a signal to people from the LGBTQIA+ community that the place where they work or plan to work is fully committed to their well-being.

- **Citi and Citi Handlowy awarded with the title of Future Leader in the category “Employer” of the Future Congress in Olsztyn**

Citi Handlowy and Citi Solutions Center were awarded Future Leader award in the category “Employer” by Gazeta Olsztyńska. Citi has been doing businesses in Olsztyn for 25 years and, as one of the largest employers in the region, works for the development of the region. Citi and Citi Handlowy's investments in the professional development of employees, innovative support programs and commitment to creating a friendly and inspiring organizational culture make them a model for modern employers.

## II. Market conditions of functioning of Poland's banking sector

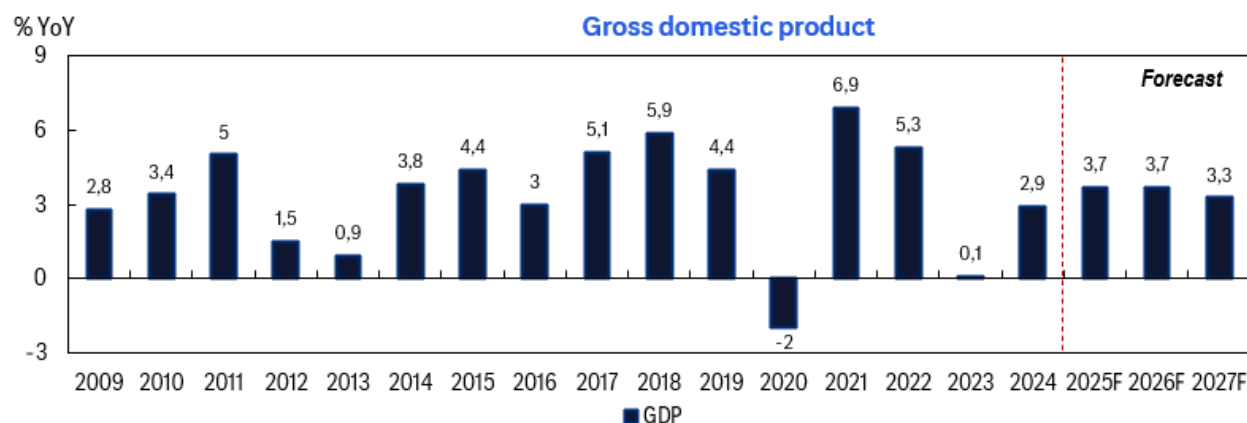
### 1. Macroeconomic conditions and the situation in money and foreign exchange markets

#### External environment

In the global economy, a slight slowdown in economic activity was observed in the first half of 2025 after a period of elevated growth in 2024. Services consistently outperformed the manufacturing sector due to the continued good situation in the labor market. Industrial production data proved disappointing, indicating a continued low level of new orders in this sector. The new U.S. trade policy, based on significantly increased tariffs on imports to the United States, remained a source of uncertainty. In response to the gradual normalization of price pressure and a decline in inflation close to the targets set by central banks, central banks' monetary policy was accommodative. In particular, the European Central Bank continued its cycle of interest rate cuts, while the U.S. Federal Reserve held its rates stable due to uncertainty regarding the impact of U.S. tariff policy on U.S. inflation.

Throughout 2025, global economic growth may be slightly lower compared to last year and can remain below the medium-term growth rate of 3%, with the lagged effects of restrictive monetary policy and negative trends in the industrial sector as key detractors.

## Gross Domestic Product

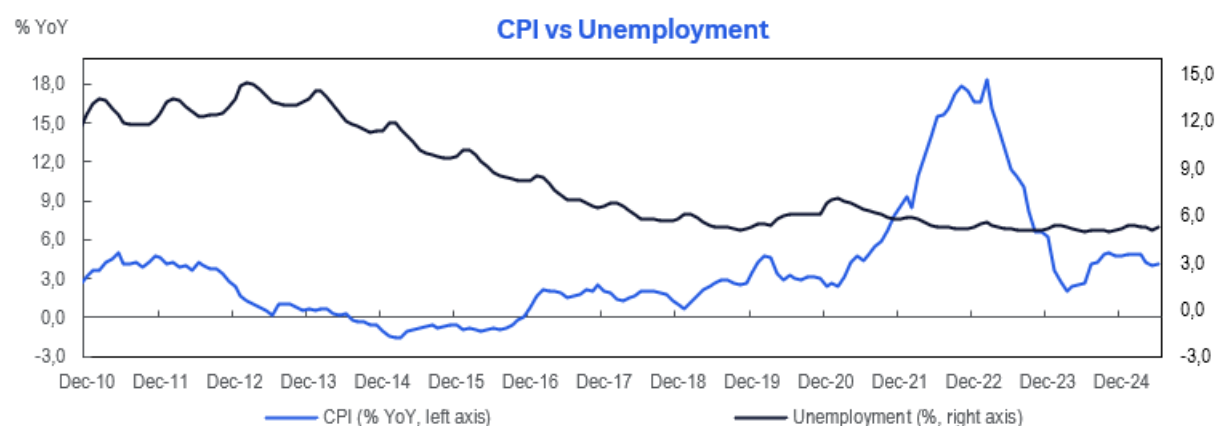


Source: Chief Statistical Office, Citi Handlowy forecasts

In the first quarter of 2025, Poland's GDP increased by 3.2% compared to the same quarter of the previous year, while the quarter-on-quarter growth was 0.7%. The Polish economy was driven by private and public consumption, with investment also contributing positively. This result can be largely attributed to an increased inflow of funds from the new European Union budget and military spending. Net exports had a negative impact on GDP growth due to the higher growth of imports relative to exports.

The Group expects that throughout 2025, Poland's GDP will increase by over 3.7%, i.e. above the 2.9% growth achieved in 2024. Current monthly data releases indicate continued solid private consumption growth, while the industrial sector remains subdued.

## Inflation



Source: NBP, Chief Statistical Office, Citi Handlowy

In the first half of 2025, the growth of consumer prices decreased to 4.1% YoY at the end of June, compared to 4.7% YoY at the end of 2024. In the first quarter of 2025, inflation was driven up by increases in excise duties on alcohol and tobacco products, as well as the adjustment in energy prices in January. In the entire first half of 2025, core inflation decreased gradually to 3.4% YoY in June, compared to 4.0% at the end of 2024. In the coming months, the Group expects CPI inflation to decline below 3% YoY due to the lack of increases in household electricity prices.

Facing the prospect of falling inflation, the Monetary Policy Council lowered the reference rate from 5.75% at the beginning of the year to 5% in July 2025. The Group's forecasts assume that the Monetary Policy Council will continue interest rate cuts in the second half of 2025.

## 2. Money and foreign exchange markets

### Exchange rates



Source: Reuters, Citi Handlowy

In the first half of 2025, the zloty strengthened against the euro by 0.8% as a result of a cycle of interest rate cuts by ECB followed by the cautious stance of the Monetary Policy Council. Any further appreciation of the Polish currency could adversely affect the competitiveness of Polish exports. During the first half of 2025, the U.S. dollar weakened and, as a result, the Polish zloty appreciated by 14.1% against the U.S. currency. The EUR/PLN rate decreased from 4.27 as at the end of 2024 to 4.24 as at the end of June 2025 while the USD/PLN declined from 4.11 to 3.60 in the same period.

The money market rates decreased in the first half of 2025. The WIBOR 3M rate was 5.23% at the end of June 2025, as compared with 5.84% at the end of 2024. During the year, interest rate cuts by the National Bank of Poland translated into lower rates in the money market. The slope of the Polish yield curve increased as a result of NBP interest rate cuts and concerns about a global economic slowdown. In the first half of 2025, the yield on Polish 2-year bonds decreased by 59 bps, to 4.51%, as at the end of June 2025 from 5.10% as at the end of 2024. The yield on 10-year bonds decreased by 41 bps, to 5.47% as at the end of June 2025 from 5.89% as at the end of 2024.

## 3. Capital market

The Polish stock market achieved impressive growth in the second quarter of 2025, clearly beating both global and regional benchmarks. Positive returns were provided by medium and small companies, mWIG40 and sWIG80 closed the quarter with increases of 30.3% and 22.0% QoQ, respectively. The WIG index increased by 31.6% QoQ, reaching 104,691.71 points, while WIG20 soared even higher (+29.8% QoQ to 2,845.37 points). For the aggregate WIG, these were the best two quarters in its history. The index successfully broke and stabilized above the psychological barrier of 100,000 points. One of the key factors was the shift in sentiment towards European stocks following President Donald Trump's announcement (2 April – Liberation Day). Fears of a recession in the USA forced funds to seek new safe havens in markets other than the USA, which benefited the Polish stock market. Furthermore, the easing of tensions related to the conflict in Ukraine and the stabilization of Poland's fiscal policy created favorable conditions for capital inflows. It is worth noting that over last five years Polish indices have significantly outperformed global markets – WIG gained 106.67% and mWIG40 as much as 122.3%, while S&P 500 increased by 97.15% and EuroStoxx 50 only by 60.83%.

By sector, the strongest growth was recorded by IT companies (WIG-Informatyka +86.3% YoY), energy (WIG-Energia +66.9% YoY), and fuel (WIG-Paliwa +29.6% YoY). The particularly impressive performance of the IT index was driven by gains achieved by Asseco Poland S.A. (ACP.WA), which accounts for over 50% of the entire index and whose share price increased by 158% YoY. On the other hand, the media sector (WIG-Media +4.8% QoQ) and clothing sector (WIG-Odzież (Wig-Clothes) +1.9% QoQ) clearly lagged behind the market, which resulted from the consumer slowdown.

In contrast to the bull market in Poland, the main U.S. indices recorded much lower increases: S&P 500 +13.6% YoY, Nasdaq Composite +14.9% YoY, while the European EuroStoxx 50 and Stoxx 600 increased by: +8.4% and +5.8% YoY. During the year, emerging and developed markets recorded very similar changes – MSCI Emerging Markets index gained +16.0% YoY, while MSCI World index gained +16.8% YoY.

## Warsaw Stock Exchange (WSE) Equity Indices as of June 30, 2025

Index	30.06.2025 (1)	31.12.2024 (2)	Change (%) (1)/(2)	30.06.2024 (3)	Change (%) (1)/(3)
WIG	104,691.71	79,577.32	31.6%	88,613.67	18.1%
WIG-PL	109,407.90	83,145.56	31.6%	92,502.56	18.3%
WIG-div	2,335.71	1,712.82	36.4%	1,826.02	27.9%
WIG20	2,845.37	2,192.01	29.8%	2,561.27	11.1%
WIG20TR	6,108.37	4,615.99	32.3%	5,248.56	16.4%
WIG30	3,697.59	2,805.76	31.8%	3,199.35	15.6%
mWIG40	7,978.82	6,122.32	30.3%	6,517.71	22.4%
sWIG80	28,794.99	23,594.64	22.0%	25,278.60	13.9%
<b>Sector sub-indices</b>					
WIG-Banks	16,431.56	12,345.94	33.1%	13,817.94	18.9%
WIG-Construction	8,248.40	6,786.32	21.5%	9,035.03	(8.7%)
WIG-Chemicals	9,288.45	7,642.64	21.5%	9,034.74	2.8%
WIG- Energy	4,354.43	2,491.54	74.8%	2,609.75	66.9%
WIG-Games	18,330.89	14,000.06	30.9%	16,987.98	7.9%
WIG- Mining	4,256.57	3,822.78	11.3%	5,028.51	(15.4%)
WIG-IT	9,753.56	5,673.05	71.9%	5,236.66	86.3%
WIG-Medicines	3,355.24	3,134.33	7.0%	2,937.65	14.2%
WIG-Media	7,190.52	6,863.45	4.8%	8,000.13	(10.1%)
WIG-Motorisation	8,445.31	7,946.26	6.3%	8,553.94	(1.3%)
WIG- Developers	5,304.20	4,148.98	27.8%	4,309.59	23.1%
WIG-Clothing	11,271.92	11,063.68	1.9%	10,639.96	5.9%
WIG- Fuel	8,987.06	5,222.62	72.1%	6,931.80	29.6%
WIG- Food	3,093.36	2,692.89	14.9%	2,561.13	20.8%

Source: WSE, Brokerage Department of Bank Handlowy

In the second quarter of 2025, the IPO market saw little activity, but in June Arlen S.A. entered the Main Market of the Warsaw Stock Exchange (WSE). The value of the offering (PLN 270.9 million) made it one of the larger offerings on the WSE in recent years. The number of companies listed on the WSE remained unchanged from the first quarter, so at the end of June, 408 companies were traded on the WSE, including 43 registered in other countries. Total capitalization of companies listed on the main floor reached PLN 2,040.66 billion, 46.6% of which was represented by domestic companies (PLN 951.02 billion in nominal terms).

## Equity, bond and derivatives trading volumes on WSE in the first half of 2025

	1st half of 2025 (1)	2nd half of 2024 (2)	Change (%) (1)/(2)	1st half of 2024 (3)	Change (%) (1)/(3)
Equity (PLN million)*	505,268	338,877	49.1%	350,639	44.1%
Bonds (PLN million)	5,376	4,934	9.0%	4,725	13.8%
Futures ('000 contracts)	13,175	12,208	7.9%	14,525	(9.3%)
Options ('000 contracts)	223	235	(5.1%)	189	18.0%

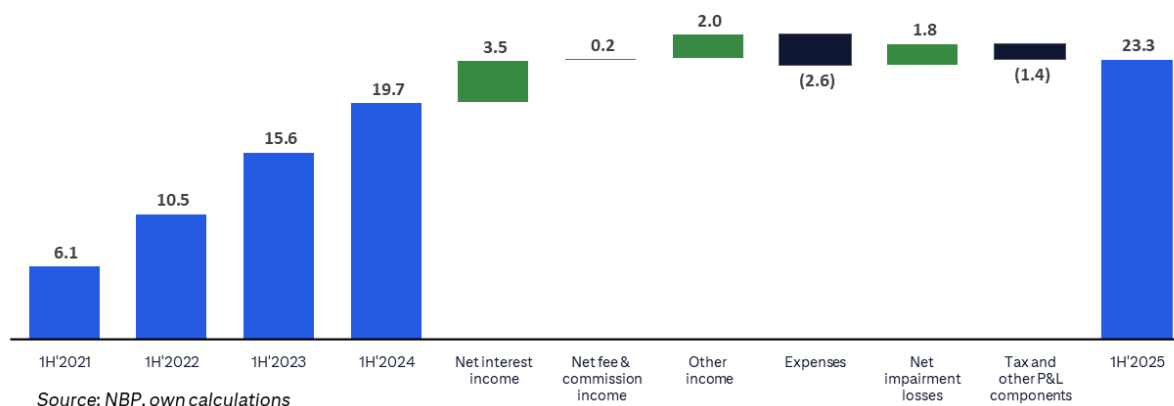
\* figures excluding calls

Source: WSE, Brokerage Department of Bank Handlowy



## 4. Banking sector

### Net profit of the banking sector (PLN billion)

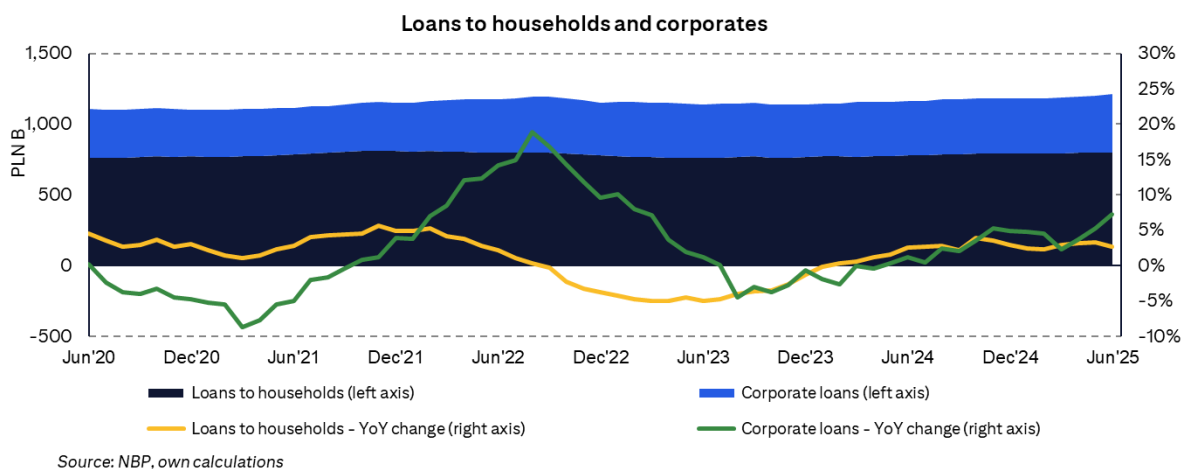


### Financial results

According to the data of the National Bank of Poland ("NBP"), the banking sector generated a net profit of PLN 23.3 billion in the first half of 2025, i.e. higher by +18.2% YoY, or PLN 3.6 billion, than in the prior year period. Net interest income of PLN 54.6 billion continued to be the main factor influencing the improvement in the banks' results (up 6.8% YoY, to PLN 3.5 billion), thanks to growing revenues (+6.5% YoY, to PLN 5.4 billion) and a simultaneous increase in interest expenses by 6.1% YoY, to PLN 2.0 billion. Net commission income also saw an increase, but much lower (+1.8% YoY, PLN 175 million), to PLN 9.9 billion. Meanwhile, in the other revenues and costs category, net revenue totaled PLN 1.1 billion, compared to a negative result of nearly PLN 1.0 billion in the first half of 2024. As a result, total revenues set another record for the first 6 months of the year at PLN 69.7 billion (+10.3% YoY, PLN 6.5 billion).

The operating costs increased at a similar pace. In the first half of 2025, the banking sector recorded PLN 27.7 billion in administrative expenses including the bank levy, representing a +9.6% YoY increase of PLN 2.4 billion. Employee cost growth slowed down, although it remains at a high level of +8.4% YoY, while other costs accelerated (+11.1% YoY), partly due to higher contributions to the Bank Guarantee Fund (BFG). The growth of depreciation and amortization also slowed down slightly, reaching PLN 2.7 billion in the first half of 2025 (+5.5% YoY, or PLN 143 million). The banking sector's efficiency, measured by the cost-to-income ratio, remained stable at 44%.

Despite the continued high level of provisions for disputes related to the foreign currency mortgage loan portfolio, the negative impact of the result comprising modifications, write-offs, and provisions on the banking sector's pre-tax profit in the first half of 2025 turned out to be significantly lower than in the previous year (PLN 7.5 billion, i.e. -19.6% YoY, or PLN 1.8 billion). However, the amount of income tax paid by banks increased by a staggering 37.7% YoY, or PLN 2.3 billion, to PLN 8.3 billion.

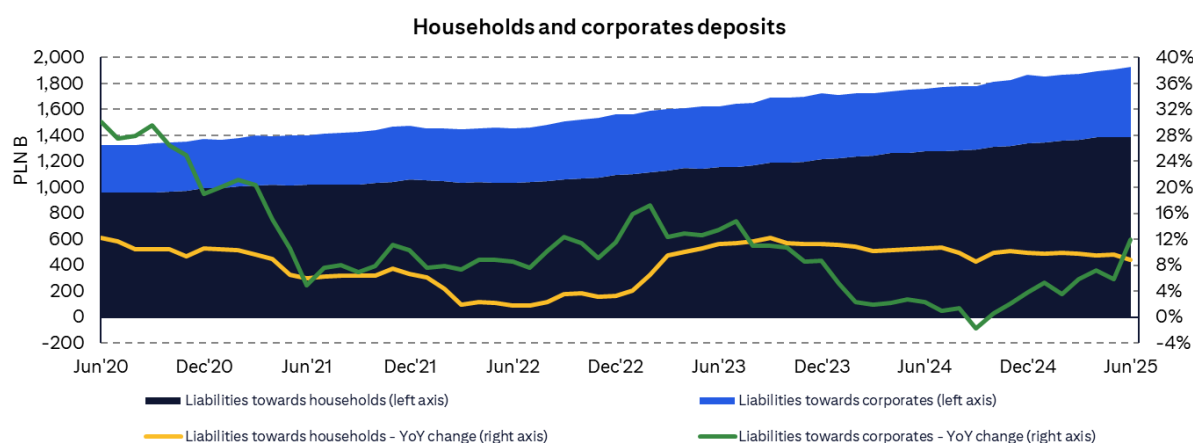


According to data from the National Bank of Poland, the growth rate of loans granted by the banking sector to non-financial customers increased from +1.1% YoY at the end of the first half of 2024 to +4.2% YoY at the end of June 2025. The volume of loans and other receivables reached almost PLN 1,370 billion (an increase of over PLN 55 billion YoY). In terms of volume growth and in absolute terms, the greatest improvement was recorded in the segment of domestic non-financial companies

(+7.3% YoY, or PLN 28 billion). Of this, the highest increase was recorded in current loans (+10.1% YoY, or PLN 16 billion). However, the volume of investment loans achieved a lower growth rate (+6.5% YoY, or PLN 10 billion). Real estate loans fared the worst in this ranking, growing by a mere 1.8% YoY, or PLN 1 billion. In terms of maturity, the highest growth was recorded for receivables with maturities up to 1 year (+12.2% YoY, or PLN 12 billion), followed by medium-term receivables (1 to 5 years), which grew by 8.4% YoY (by PLN 9 billion). The volume of long-term loans (over 5 years) also increased significantly, by 4.9% YoY, or PLN 9 billion.

The volume of loans to households reached nearly PLN 800 billion as at the end of June 2025 (+2.6% YoY, or PLN 20 billion). By type, consumer loans showed the greatest growth (+6.6% YoY, or PLN 13 billion), followed by residential real estate loans (+2.4% YoY, or PLN 12 billion). In this case, the strong downward trend in the volume of foreign currency loans (-24.9% YoY, or PLN 16 billion) was still visible, with their share now falling well below 10% of the total housing loan portfolio. At the same time, some recovery was visible in the PLN loan market (+6.6% YoY, or PLN 28 billion). The total growth in the volume of loans granted to households was affected to some extent by a relatively large decline in the volume of current loans to sole proprietors and individual farmers (-5.7% YoY, or PLN 3 billion), as well as investment loans (-9.3% YoY, or PLN 1 billion). In terms of maturity, a significant decline occurred in the segment of loans up to 1 year (including current accounts), the volume of which decreased by 5.0% YoY, or PLN 2 billion. However, loans with medium maturities (1 to 5 years, inclusive) stood out definitely positively, with a trend of almost +10% YoY, or PLN 9 billion. As a result of the already mentioned differences in the development of the portfolios of PLN and foreign currency housing loans, the trend of long-term loans (over 5 years) was only +2.1% YoY, or PLN 14 billion.

Data related to quality of the loan portfolio as at the end of May 2025 show improvement in the ability of customers to service their debts. The share of stage 3 loans (more than 90 days past due) fell to 4.5%. On the side of household loans, there was a significant improvement in the quality of the portfolio (-1.0 pp YoY to 3.9%), especially in the category of consumer loans, where the share of Stage 3 loans decreased by 1.7 pp YoY to all-time low level of 6.3%. The timeliness of repayment of the mortgage loan portfolio also improved significantly (-0.5 percentage points YoY to 1.5%). The situation is completely different in the corporate loan portfolio, where the quality deteriorated by 0.6 percentage points YoY to 6.7%, due to significant changes in the loan portfolio for large enterprises, where the share of stage 3 loans increased by as much as 3.3 percentage points YoY to 6.8%. At the same time, the timeliness of servicing SME loans has improved, with the share of past due loans falling by 0.9 percentage points YoY, resulting in a level below that of loans to large enterprises, i.e. 6.6%.



Source: NBP, own calculations

Despite the very high growth of deposits and other liabilities of banks towards non-financial customers in the first half of 2024 (+9.2% YoY, PLN 175 billion), in the first half of 2025 a further acceleration was recorded to +12.8% YoY, or PLN 266 billion, i.e. to nearly PLN 2,352 billion. This trend was still strongly influenced by the public sector deposit portfolio, which increased by 40.0% YoY, or PLN 99 billion, at the end of June 2025. During the same period, the growth in the volume of deposits and other liabilities to households, although significantly less impressive in terms of growth rate (+8.8% YoY), turned out to be higher in nominal value (PLN 113 billion). In terms of the liability category, current deposits (+10.1% YoY, or PLN 90 billion) increased almost twice as fast as term deposits (+5.8% YoY, or PLN 22 billion). The total liabilities of the banking sector to households reached PLN 1,388 billion.

In the corporate segment, banks recorded a significant increase in the growth rate for the volume of liabilities, to +11.9% YoY as at the end of June 2025. As a result, the total portfolio value increased by PLN 57 billion to PLN 539 billion. Unlike the retail segment, the growth rate of term deposits was higher than that of current deposits (+13.2% YoY, or PLN 22 billion, compared to +11.2% YoY, or PLN 35 billion).

## 5. Factors that will affect the Group's operations in the future

### Trends in the Polish and global economy in 2025

A significant risk factor for the global economy is the impact of the import tariffs imposed by the United States. Uncertainty related to the prospects for global trade exchange could result in postponed investments and slower economic growth in the world, thus affecting the demand for products offered by Polish companies.

The global geopolitical situation remains tense. The war between Russia and Ukraine is still a significant risk factor, and the possible intensification of conflict in the Middle East may lead to increased tensions in the market of raw materials, especially crude oil.

Growing global defense spending may contribute to persistently elevated fiscal deficits and public debt in the EU. This situation could lead to increased volatility in major bond markets. In 2024, Poland was covered by the EU's excessive deficit procedure, and even with the use of the so-called "escape clause" for defense spending, the government is obligated to gradually reduce the fiscal deficit. This may require certain spending cuts or tax increases, indirectly impacting the situation of the Bank's clients.

### Legal and regulatory risks

No proceedings regarding receivables or liabilities of the Group conducted in the first half of 2025 in court, public administration authorities or an arbitration authority is of significant value. In Group's opinion no proceedings conducted in court, public administration authority or an arbitration authority, pose a threat to the Group's financial liquidity, individually or in total.

In the case of legal proceedings involving the risk of cash outflow as a result of meeting the Group's commitments, the appropriate provisions are created. A detailed description of the ongoing legal proceedings and the amount of provisions is presented in Note 36 of the Condensed Interim Consolidated Financial Statements of the Capital Group of Bank Handlowy w Warszawie S.A. for the 6-month period ended 30 June 2025.

The above factors may affect the financial performance of the Group in the future.

## III. The organizational structure of the Capital Group of Bank Handlowy w Warszawie S.A.

The Capital Group of Bank Handlowy w Warszawie S.A. ("Group") consists of a parent company and subsidiaries:

Entity	Core business	Capital relationship	% of authorized capital held	Accounting method
Bank Handlowy w Warszawie S.A.	Banking	parent	-	-
Handlowy Financial Services Sp. z o.o. (former Dom Maklerski Banku Handlowego S.A.)	Investing activity	subsidiary	100.00%	full consolidation
Handlowy - Leasing Sp. z o.o.	Leasing activities	subsidiary	100.00%*	full consolidation
Handlowy Investments S.A.	Investing activity	subsidiary	100.00%	full consolidation
Handlowy - Inwestycje Sp. z o.o.	Investing activity	subsidiary	100.00%	full consolidation

\*including indirect participations

In the first half of 2025 there was no change in the structure of Group's entities comparing to the end of 2024.

## IV. Selected financial data of the Capital Group of Bank Handlowy w Warszawie S.A.

### 1. Summary financial data of the Group

PLN million	30 Jun 2025	31 Dec 2024
Total assets	84,297.3	72,478.1
Total equity	9,236.6	9,868.5
Amounts due from customers*	24,761.7	21,367.2
Customer deposits*	57,708.0	49,439.2
Net profit**	600.5	848.2
Total capital ratio	23,8%	22,5%

\* Amounts due from and deposits of non-banking entities of the financial sector, entities of the non-financial sector, including the public sector.

\*\* Net profit for the first half of adequately 2025 and 2024.

### 2. Financial result of the Group for the first half of 2025

The following financial results are presented on the basis of the abridged semi-annual financial statement of the Group for the period of the first 6 months of the year ended June 30, 2025.

#### 2.1 Income statement

In connection with separation of discontinued activity, the Group has made a transformation of the income statement for the period of the first half of 2024 to reflect continuing and discontinued operations. The impact of this transformation on the comparative data of the consolidated income statement for the first half of 2024 is presented in Note 3 in the Consolidated Financial Statements of the Capital Group of Bank Handlowy w Warszawie S.A. for the first half of 2025.

In the first half of 2025 the Group delivered a consolidated net profit of PLN 600.5 million compared to PLN 848.2 million in the first half of 2024 (decrease by PLN 247.6 million, i.e. 29.2% YoY), mainly due to the recognized net loss on discontinued operations of PLN 273.6 million, compared to a profit of PLN 23.9 million in the same period of the previous year. The result on discontinued operations is presented in detail in Note 4 in the Consolidated Financial Statements of the Capital Group of Bank Handlowy w Warszawie S.A. for the first half of 2025.

In the first half of 2025 the Group recorded an increase in income from continuing operations by PLN 29.4 million, i.e. 1.9 YoY due to higher net fee and commission income and higher other operating income (including primarily the result on debt investment financial assets measured at fair value through other comprehensive income), which was offset by a decrease in net interest income, resulting from the decline in interest rates.

#### Selected income statement items

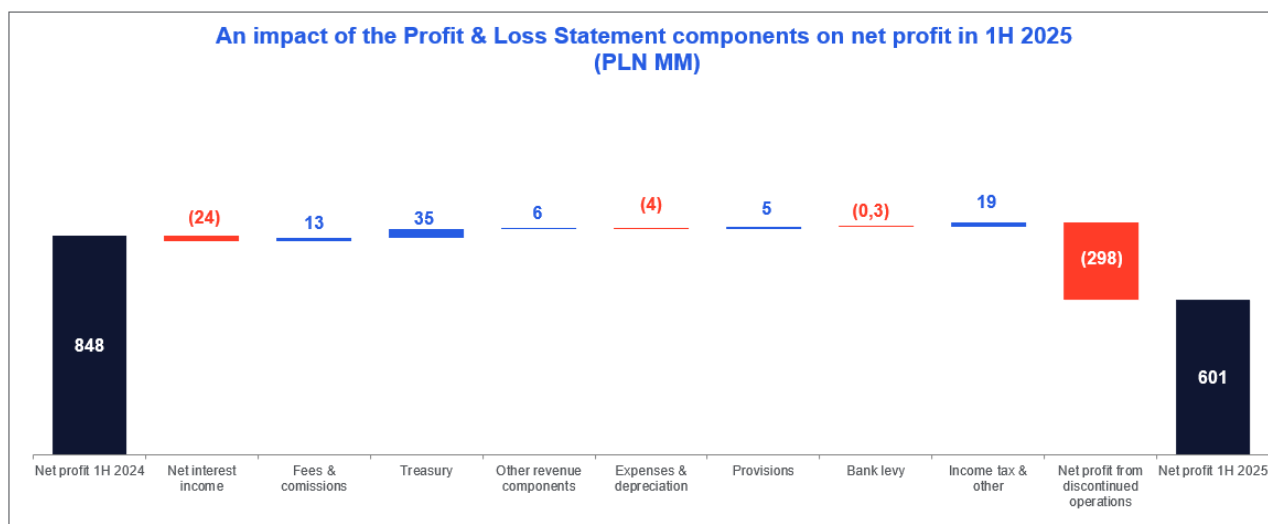
PLN'000	1st half of		Change	
	2025	2024*	PLN'000	%
<b>CONTINUING OPERATIONS</b>				
Net interest income	1,077,615	1,102,023	(24,408)	(2.2%)
Net fee and commission income	217,146	203,985	13,161	6.5%
Dividend income	11,513	10,705	808	7.5%
Net income on trading financial instruments and revaluation	174,759	262,938	(88,179)	(33.5%)
Net gain/(loss) on debt investment financial assets measured at fair value through other comprehensive income	145,415	14,414	131,001	908.8%
Net gain/(loss) on equity and other instruments measured at fair value through income statement	(6,199)	(6,660)	461	(6.9%)
Net gain/loss on hedge accounting	1,687	9,560	(7,873)	(82.4%)
Net other operating income	(8,993)	(13,390)	4,397	(32.8%)
<b>Total income</b>	<b>1,612,943</b>	<b>1,583,575</b>	<b>29,368</b>	<b>1.9%</b>
General administrative expenses and depreciation:	(449,133)	(445,381)	(3,752)	0.8%
General administrative expenses	(426,798)	(421,217)	(5,581)	1.3%
Depreciation and amortization	(22,335)	(24,164)	1,829	(7.6%)
Profit on sale of other assets	570	1,789	(1,219)	(68.1%)
Provision for expected credit losses on financial assets and provisions for off-balance sheet commitments	(8,998)	(14,208)	5,210	(36.7%)
<b>Operating profit</b>	<b>1,155,382</b>	<b>1,125,775</b>	<b>29,607</b>	<b>2.6%</b>
Tax on some financial institutions	(64,180)	(63,843)	(337)	0.5%
<b>Profit before tax from continuing operations</b>	<b>1,091,202</b>	<b>1,061,932</b>	<b>29,270</b>	<b>2.8%</b>
Income tax expense	(217,034)	(237,656)	20,622	(8.7%)



PLN'000	1st half of		Change	
	2025	2024*	PLN'000	%
Net profit from continuing operations	874,168	824,276	49,892	6.1%
Net profit from discontinued operations	(273,638)	23,874	(297,512)	(1246.2%)
Net profit from continuing and discontinued operations	600,530	848,150	(247,620)	(29.2%)

\*Comparative data have been transformed due to the fulfillment of the conditions of discontinued activity. Additional information presented in Condensed interim consolidated financial statements of the Capital Group of Bank Handlowy w Warszawie S.A. for the 6 month period ended 30 June 2025 in Note 4 Fixed assets and assets and liabilities in disposal groups held-for-sale and profit from discontinued operations”.

## 2.1.1 Revenues



**Net interest income from continuing operations** accounted for 67% of the Group's total revenues from continuing operations in the first half of 2025. It amounted to PLN 1,078 million, which means a decrease by PLN 24.4 million (or 2.2%) compared to the same period of the previous year (i.e. PLN 1,102 million) due to higher interest expenses.

Interest income in the first half of 2025 amounted to PLN 1,580 million (i.e. increased by 49.8%, i.e. 3.3% compared to the same period of the previous year).

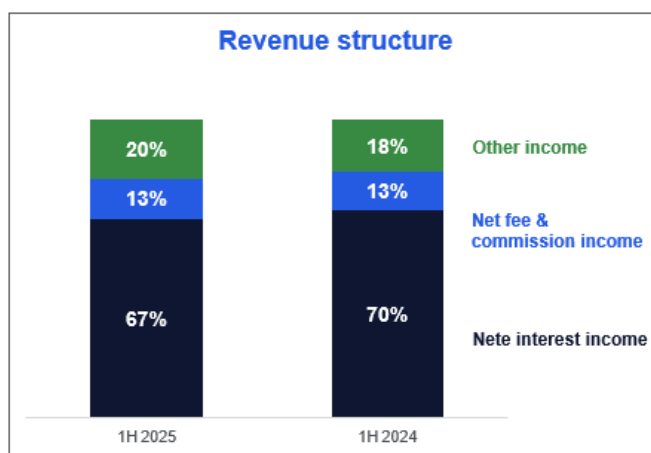
The largest nominal increase by PLN 74.4 million (i.e. 32.8%) as compared to the first half of 2024 was recorded by interest income from amounts due from banks, which amounted to PLN 301,4 million at the end of the first half of 2025. Interest income from amounts due from customers also increased by PLN 30.5 million, i.e. 6.9% YoY, due to a higher loan volume, which grew by 17% YoY.

The largest share in interest income in the first half of 2025 was interest income on debt investment financial assets measured at fair value through other comprehensive income (share of 60%) which amounted to PLN 944.5 million (i.e. decreased by 27.5 million or 2.8% YoY) due to lower profitability of investment debt instruments.

In turn, the Group's interest expenses from continuing operations were higher by PLN 74.3 million or 17.3% in the first half of 2025 compared to the first half of 2024 and amounted to PLN 502.6 million. This increase was driven by higher interest expenses from customers (i.e. increase by 34.6% YoY), due to an increase in the volume of term deposits by 53% YoY.

**Net fee and commission income** in the first half of 2025 amounted to PLN 217.1 million compared to PLN 204.0 million in the corresponding period of 2024 – up by PLN 13.2 million (or 6.5%) due to higher income on capital markets activities, as a result of which the highest nominal increase was recorded in revenues from custody activities by PLN 12.2 million (or 19.2% YoY) and in income from brokerage activities by 11.8 million (or 81.0% YoY). These increases were the result of increased activity among the Bank's customers. At the same time, income from financial liabilities granted increased by PLN 4.9 million, or 29.7% YoY. On the other hand, the Bank observed a decline in income from payment orders by PLN 3.0 million, or 5.3% YoY, and from the clients' cash on account management services accounts by PLN 2.4 million, or 18.5% YoY.

Fee and commission expenses in the first half of 2025 amounted to PLN 38.8 million, up by PLN 4.0 million (i.e. 11.5% YoY). This increase mainly concerned the area of custody activity.

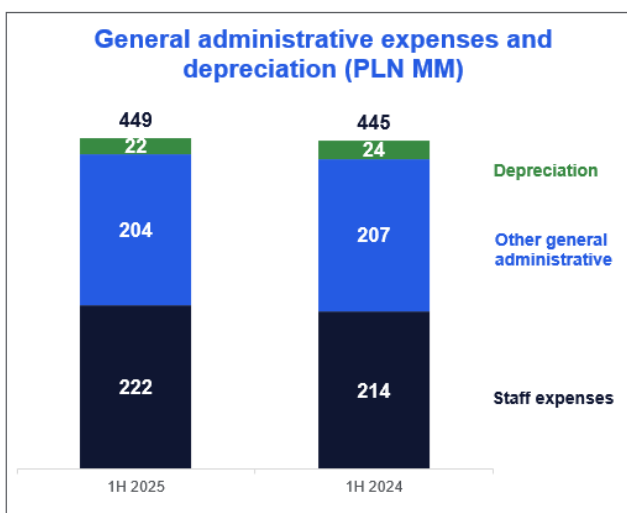


**Other operating income** (i.e. non-interest and non-commission income) in the amount of PLN 318.2 million compared to PLN 277.6 million in the first half of 2024 - an increase by PLN 40.6 million (or 14.6% YoY). The increase mainly concerns the result on investment debt financial assets measured at fair value through other comprehensive income, which increased by PLN 131.0 million or 908.8% YoY due to the use of favorable market conditions, which was partially offset by a decrease in the result on trading financial instruments and revaluation by PLN 88.2 million or 33.5% YoY).

### 2.1.2 Expenses

In the first half of 2025 the Group's general administrative and depreciation expenses for continuing operations amounted to PLN 449.1 million vs. PLN 445.4 million in the corresponding period of the previous year, up by PLN 3.8 million (or 0.8% YoY).

An increase was generally due to increase in staff expenses (up by PLN 8.6 million, i.e. 4.0% YoY) caused by higher remuneration costs due to wage pressure, which was partially offset by lower administrative expenses (down of PLN 3.0 million, i.e. 1.4% YoY), which were influenced, among others, by lower real estate rental and maintenance costs (a decrease of PLN 6.7 million, i.e. 22.3%).



### Employment within the Group

FTEs	1st half of 2025	1st half of 2024	Change	
			FTEs	%
Average no. of jobs in the period	3,057	3,016	40	1.3%
No. of jobs at the end of the period	3,052	3,020	31	1.0%

\*In December 2024, the Bank changed the methodology for calculating average employment and employment at the end of the period. In previous periodic reports, both average employment and employment at the end of the period were calculated excluding employees absent due to illness, parenthood or unpaid leave. Currently, the Bank does not apply this exclusion. Comparative data for first half of 2024 has been changed accordingly.

In the first half of 2025, average employment in the Group amounted to 3,057 FTEs, i.e. increased by 1.3% compared to the first half of 2024. As at June 30, 2025, employment in the Group amounted to 3,052 FTEs, of which 1,556 in Consumer Banking, 694 in Institutional Banking and 801 in support units. As compared with the same period last year, the number of FTEs at the end of the period increased by 31 (i.e. 1.0%).

### 2.1.3 Provision for expected credit losses on financial assets and provisions for off-balance sheet commitments

#### Net impairment and provisions

PLN'000	1st half of		Change	
	2025	2024	PLN'000	%
Net impairment allowances for receivables, including	(2,313)	18,645	(20,958)	(112.4%)
Net impairment allowances for financial assets – Stage 1	4,673	25,246	(20,573)	(81.5%)
Net impairment allowances for financial assets – Stage 2	(10,527)	(17,575)	7,048	(40.1%)
Net impairment allowances for financial assets – Stage 3	3,308	9,068	(5,760)	(63.5%)
Net impairment allowances for financial assets – Purchased or originated credit-impaired loans (POCI)	233	1,906	(1,673)	(87.8%)
Net provisions for granted financial and guarantee commitments	5,807	3,942	1,865	47.3%
Net impairment allowances for debt investment financial assets measured at fair value through other comprehensive income	(807)	(3,514)	2,707	(77.0%)
<b>Provision for expected credit losses on financial assets and provisions for off-balance sheet commitments</b>	<b>2,687</b>	<b>19,073</b>	<b>(16,386)</b>	<b>(85.9%)</b>

**Provision for expected credit losses on financial assets and provisions for off-balance sheet commitments** amounted to PLN 2.7 million (positive impact) in the first half of 2025 compared to PLN 19.1 million (positive impact) in the first half of 2024. The change mainly concerns discontinued operations (the impact of a one-off event in the same period of the previous year – sale of stage 3 receivables portfolio – which had a positive impact on net write-offs.). At the same time, in the second quarter of 2025, a portfolio of receivables from stage 3 was sold (positive impact on the profit and loss account in the amount of PLN 10.0 million).

## 2.1.4 Tax on certain financial institutions

The total charge to the income statement of Bank Handlowy w Warszawie S.A. Capital Group due to the tax on certain financial institutions for the first half of 2025 amounted to PLN 64.2 million compared to PLN 63.8 million in the first half of 2024.

## 2.1.5 Ratio analysis

### Selected financial ratios

	1st half of 2025	1st half of 2024
Return on equity (ROE) *	17.9%	22.8%
Return on assets (ROA) **	2.0%	2.6%
Cost/Income (C/I)	40%	38%
Loans/Deposits	39%	40%
Loans/Total assets	29%	29%
Net interest income to total revenue	71%	73%
Net fee and commission income to total revenue	14%	13%

\* Net profit to average equity (excluding net profit for the current year) calculated on a quarterly basis.

\*\* Net profit to average total assets calculated on a quarterly basis.

## 2.2 Consolidated statement of financial position

As of June 30, 2025, total assets of the Group stood at PLN 84.3 billion and was higher by PLN 11.8 billion or 16.3% as compared to the end of 2024.

In terms of assets, the biggest nominal changes in the balance sheet took place in the line: cash and cash equivalents, which increased by PLN 5.2 billion (or 89.6%) compared to the end of 2024.

The largest share in total assets at the end of the first half of 2025, amounting to 37.8%, had investment debt financial assets, the balance of which increased by PLN 1.8 billion (i.e. 6.0%) compared to the end of 2024 as a result of higher exposure to Polish Treasury bonds.

In turn, the second largest share in the structure of the Group's assets at the end of June 2025 was amounts due from customers, their share in total assets was 22.1%. The value of amounts due from customers at the end of June 2025 amounted to PLN 18.6 billion and was lower by PLN 2.7 billion (i.e. 12.8%) compared to the end of 2024 due to the transfer of amounts due from individual customers to the item Non-current assets held-for-sale and assets in disposal groups held-for-sale.

## Consolidated statement of financial position

PLN'000	As of		Change	
	30 Jun 2025	31 Dec 2024	PLN'000	%
<b>ASSETS</b>				
Cash and cash equivalents	10,986,438	5,794,345	5,192,093	89.6%
Amounts due from banks	8,688,151	8,787,780	(99,629)	(1.1%)
Financial assets held-for-trading, including:	5,891,321	4,436,319	1,455,002	32.8%
Hedging derivatives	1,601	54,140	(52,539)	(97.0%)
Debt financial assets measured at fair value through other comprehensive income, including:	31,879,823	30,088,771	1,791,052	6.0%
<i>Assets pledged as collateral</i>	712,499	200,309	512,190	255.7%
Equity and other investments measured at fair value through the income statement	166,749	172,948	(6,199)	(3.6%)
Amounts due from customers	18,630,323	21,367,246	(2,736,923)	(12.8%)
Tangible fixed assets	454,724	521,131	(66,407)	(12.7%)
Intangible assets	874,144	872,875	1,269	0.1%
Current income tax receivables	10	-	10	-
Deferred tax asset	150,760	82,284	68,476	83.2%
Other assets	467,417	300,264	167,153	55.7%
Non-current assets held-for-sale and assets in disposal groups held-for-sale	6,105,866	-	6,105,866	-
<b>Total assets</b>	<b>84,297,327</b>	<b>72,478,103</b>	<b>11,819,224</b>	<b>16.3%</b>
<b>LIABILITIES</b>				
Amounts due to banks	4,528,912	4,435,817	93,095	2.1%
Financial liabilities held-for-trading	3,092,265	2,755,905	336,360	12.2%
Hedging derivatives	217,549	72,737	144,812	199.1%
Amounts due to customers	41,658,606	53,985,032	(12,326,426)	(22.8%)
Provisions	100,695	120,992	(20,297)	(16.8%)
Current income tax liabilities	48,491	99,600	(51,109)	(51.3%)
Deferred tax liabilities	25	13	12	92.3%
Other liabilities	3,055,083	1,139,476	1,915,607	168.1%
Liabilities in disposal groups held-for-sale	22,359,075	-	22,359,075	-
<b>Total liabilities</b>	<b>75,060,701</b>	<b>62,609,572</b>	<b>12,451,129</b>	<b>19.9%</b>
<b>EQUITY</b>				
Share capital	522,638	522,638	-	-
Supplementary capital	3,001,260	3,001,260	-	-
Treasury shares	(15,624)	(20,577)	4,953	(24.1%)
Revaluation reserve	36,240	(64,868)	101,108	(155.9%)
Other reserves	5,102,705	4,039,027	1,063,678	26.3%
Retained earnings	589,407	2,391,051	(1,801,644)	(75.3%)
<b>Total equity</b>	<b>9,236,626</b>	<b>9,868,531</b>	<b>(631,905)</b>	<b>(6.4%)</b>
<b>Liabilities and equity</b>	<b>84,297,327</b>	<b>72,478,103</b>	<b>11,819,224</b>	<b>16.3%</b>



## 2.2.1 Assets (including assets held for sale)

### Customer net receivables

PLN '000	As of		Change	
	30 Jun 2025	31 Dec 2024	PLN '000	%
<b>Receivables from financial sector entities</b>	<b>6,802,000</b>	<b>5,107,751</b>	<b>1,694,249</b>	<b>33.2%</b>
Loans*	5,495,596	4,804,343	691,253	14.4%
Reverse Repo	1,306,404	303,408	1,002,996	330.6%
<b>Receivables from non-financial sector entities, including:</b>	<b>17,959,745</b>	<b>16,259,495</b>	<b>1,700,250</b>	<b>10.5%</b>
Institutional customers**	11,845,009	10,221,799	1,623,210	15.9%
Individual customers, including:	6,114,736	6,037,696	77,040	1.3%
Unsecured receivables	3,726,928	3,691,071	35,857	1.0%
Mortgage loans	2,387,808	2,346,625	41,183	1.8%
<b>Total net customer receivables</b>	<b>24,761,745</b>	<b>21,367,246</b>	<b>3,394,499</b>	<b>15.9%</b>

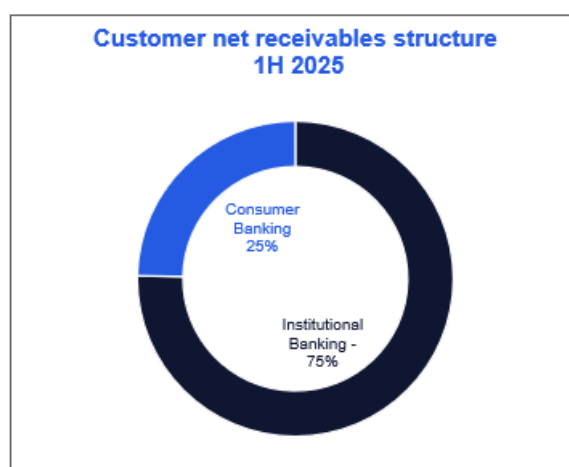
*\*\*this line includes: credits/loans, unlisted debt financial assets, guarantee funds and deposits pledged as collateral*

*\*\*Institutional clients include enterprises, public sector, public and private companies, cooperatives, individual enterprises, non-commercial institutions operating for households.*

In the first half of 2025 total **net amounts due from customers** amounted to PLN 24.8 billion, up by PLN 3.4 billion (or 15.9%) compared to the end of 2024.

The net value of loans in the Institutional Banking segment, being a sum of amounts due from financial sector entities and non-financial sector entities – institutional clients, amounted to PLN 18.6 billion, up by PLN 3.3 billion (or 21.6%) compared to the end of 2024 (15.4% excluding reverse repo transactions) due to higher loan volumes. At the same time, corporate clients of the non-financial sector also showed greater demand for credit – in the first half of 2025 the value of newly granted loans or extension of existing financing increased by 36% YoY. A detailed breakdown of assets by individual segments in management view is provided in Chapter V.

The net volume of loans made to individual customers slightly increased compared to the end of December 2024 by PLN 77.0 million (or 1.3%) and amounted to PLN 6.1 billion. The above increase concerned primarily cash loans (an increase of PLN 90.0 million) and mortgage loans (an increase of PLN 41.2 million), which resulted, among others, from higher sales of these products as well as thanks to the return to higher consumption observed among individual customers.



### Gross receivables to customers

PLN'000	As of		Change	
	30 Jun 2025	31 Dec 2024	PLN'000	%
Receivables in PLN	21,445,233	18,143,952	3,301,281	18.2%
Receivables in foreign currency	3,815,186	3,769,005	46,181	1.2%
<b>Total</b>	<b>25,260,419</b>	<b>21,912,957</b>	<b>3,347,462</b>	<b>15.3%</b>

## Loans to customers by portfolio with/without recognized credit losses

PLN'000	As of		Change	
	30 Jun 2025	31 Dec 2024	PLN'000	%
<b>Loans without recognized impairment (Stage 1), including:</b>	<b>21,783,022</b>	<b>18,569,574</b>	<b>3,213,448</b>	<b>17.3%</b>
financial sector entities	6,807,102	5,110,359	1,696,743	33.2%
non-financial sector entities	14,975,920	13,459,215	1,516,705	11.3%
institutional clients*	10,274,431	8,878,518	1,395,913	15.7%
individual customers	4,701,489	4,580,697	120,792	2.6%
<b>Loans without recognized impairment (Stage 2), including:</b>	<b>2,888,828</b>	<b>2,702,016</b>	<b>186,812</b>	<b>6.9%</b>
financial sector entities	154	15	139	926.7%
non-financial sector entities	2,888,674	2,702,001	186,673	6.9%
institutional clients*	1,513,889	1,282,206	231,683	18.1%
individual customers	1,374,785	1,419,795	(45,010)	(3.2%)
<b>Loans with recognized impairment (Stage 3), including:</b>	<b>571,357</b>	<b>622,047</b>	<b>(50,690)</b>	<b>(8.1%)</b>
financial sector entities	-	-	-	-
non-financial sector entities	571,357	622,047	(50,690)	(8.1%)
institutional clients*	285,199	280,708	4,491	1.6%
individual customers	286,158	341,339	(55,181)	(16.2%)
<b>Purchased or originated credit-impaired loans (POCI), including:</b>	<b>17,212</b>	<b>19,320</b>	<b>(2,108)</b>	<b>(10.9%)</b>
financial sector entities	-	-	-	-
non-financial sector entities	17,212	19,320	(2,108)	(10.9%)
institutional clients*	258	875	(617)	(70.5%)
individual customers	16,954	18,445	(1,491)	(8.1%)
<b>Total gross loans to customers, including:</b>	<b>25,260,419</b>	<b>21,912,957</b>	<b>3,347,462</b>	<b>15.3%</b>
financial sector entities	6,807,256	5,110,374	1,696,882	33.2%
non-financial sector entities	18,453,163	16,802,583	1,650,580	9.8%
institutional clients*	12,073,777	10,442,307	1,631,470	15.6%
individual customers	6,379,386	6,360,276	19,110	0.3%
<b>Provision for expected credit losses</b>	<b>(498,674)</b>	<b>(545,711)</b>	<b>47,037</b>	<b>(8.6%)</b>
<b>Total net amounts due from customers</b>	<b>24,761,745</b>	<b>21,367,246</b>	<b>3,394,499</b>	<b>15.9%</b>
<b>Impairment provisions coverage ratio**</b>	<b>64.5%</b>	<b>66.2%</b>		
institutional clients*	57.4%	58.9%		
individual customers	71.1%	73.7%		
<b>Non-performing loans ratio (NPL)**</b>	<b>2.3%</b>	<b>2.9%</b>		
<b>Non-performing loans ratio (NPL)** - institutional clients</b>	<b>2.4%</b>	<b>2.70%</b>		

\* Institutional clients include enterprises, the public sector, state-owned and private companies, co-operatives, individual enterprises, non-commercial institutions acting for the benefit of households.

\*\* NPL ratio means the share of loans with recognized impairment, including purchased or originated credit-impaired loans in the gross loans to customers

In the first half of 2025, the non-performing loans ratio (NPL) amounted to 2.33% and was lower than at the end of 2024 (by 0.6 percentage points) due to the sale of stage 3 debt portfolio in the Consumer Banking segment (NPL for institutional clients was 2.36% compared to 2.70% at the end of 2024).

On the other hand, the provision coverage ratio of impairment losses on impaired receivables decreased by 1.7 percentage points compared to the end of 2024 and amounted to 64.48%.

## Debt securities portfolio

PLN '000	As at		Change	
	30.06.2025	31.12.2024	PLN '000	%
Treasury bonds, including:	19,772,159	14,194,980	5,577,179	39.3%
Bonds hedged in the fair value hedge accounting	2,989,325	2,836,707	152,618	5.4%
Bonds issued by banks, including:	12,344,449	14,846,629	(2,502,180)	(16.9%)
Bonds hedged in the fair value hedge accounting	1,817,720	3,225,777	(1,408,057)	(43.7%)
Bonds issued by financial institutions	1,724,007	1,849,864	(125,857)	(6.8%)
Bonds hedged in the fair value hedge accounting	512,058	505,371	6,687	1.3%
NBP bills	1,498,251	999,202	499,049	49.9%
<b>Debt securities portfolio, total</b>	<b>35,338,866</b>	<b>31,890,675</b>	<b>3,448,191</b>	<b>10.8%</b>

The debt securities portfolio increased as of the end of the first half of 2025 by PLN 3.4 billion (or 10.8%), primarily as a result of the increase in the volumes of Polish Treasury bonds.

## 2.2.2. Liabilities

## Liabilities due to customers (including liabilities held for sale)

PLN'000	As of		Change	
	30 Jun 2025	31 Dec 2024	PLN'000	%
<b>Deposits from financial sector entities</b>	<b>4,984,253</b>	<b>3,998,036</b>	<b>986,217</b>	<b>24.7%</b>
<b>Deposits of non-financial sector entities, including:</b>	<b>57,707,984</b>	<b>49,439,196</b>	<b>8,268,788</b>	<b>16.7%</b>
Non-financial sector entities	30,017,098	25,789,871	4,227,227	16.4%
Non-commercial institutions	338,767	337,944	823	0.2%
Individual customers	20,543,801	20,079,674	464,127	2.3%
Public sector units	6,808,318	3,231,707	3,576,611	110.7%
<b>Other liabilities</b>	<b>1,043,989</b>	<b>547,800</b>	<b>496,189</b>	<b>90.6%</b>
<b>Liabilities towards customers, total</b>	<b>63,736,226</b>	<b>53,985,032</b>	<b>9,751,194</b>	<b>18.1%</b>
<b>Deposits of financial and non-financial sector entities, including:</b>				
in PLN	45,558,332	37,105,376	8,452,956	22.8%
in foreign currency	17,133,905	16,331,856	802,049	4.9%
<b>Deposits from financial and non-financial sector entities, total</b>	<b>62,692,237</b>	<b>53,437,232</b>	<b>9,255,005</b>	<b>17.3%</b>

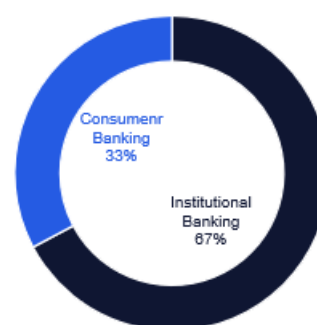
In the first half of 2025 total **amounts due to customers** amounted to PLN 75.1 billion, up by PLN 12.5 billion (or 19.9%) compared to the end of 2024. The largest nominal increase was recorded in liabilities in disposal groups held-for-sale (an increase of PLN 22.4 billion compared to the end of 2024 due to the separation of discontinued operations).

In the first half of 2025, **amounts due to customers - deposits** constituted the dominant source of financing of the Group's activity (49.4% of the Group's liabilities and equity). Total amounts due to customers as of the end of June 2025 amounted to PLN 41.7 billion, down by PLN 12.3 billion (or 22.8%) compared to the end of 2024.

**The deposit volumes in the Institutional Banking segment** amounted to PLN 42.1 billion at the end of the first half of 2025 and increased by PLN 8.8 billion (or 26.4%) as compared to the end of 2024. The above increase concerned mainly time deposits of corporate clients and public sector clients. A detailed breakdown of liabilities by individual segments in management view is provided in Chapter V.

**The deposit volumes in the Consumer Banking segment** amounted to PLN 20.5 billion – slightly up by PLN 464.1 million (or 2.3%), compared to the end of December 2024 as a consequence of the higher balance of time deposits and funds in current accounts.

Liabilities due to customers structure 1H 2025



## 2.3 Contingent liabilities

As at June 30, 2025, exposure from contingent liabilities granted by the Group amounted to PLN 19.7 billion, down by PLN 1.1 billion (or 5.1%) compared to the end of 2024. Promised loan commitments represent the largest share in total contingent liabilities granted (i.e. 77.0%). Promised loan commitments consist of committed but currently unutilized credit lines and unutilized overdraft facilities and credit card limits.

### Contingent off-balance sheet liabilities granted

PLN'000	As of		Change	
	30 Jun 2025	31 Dec 2024	PLN'000	%
Guarantees	3,826,150	4,035,116	(208,966)	(5.2%)
Import letters of credit issued	142,941	245,189	(102,248)	(41.7%)
Credit commitments	15,142,483	16,261,305	(1,118,822)	(6.9%)
Other	547,899	183,040	364,859	199.3%
<b>Total</b>	<b>19,659,473</b>	<b>20,724,650</b>	<b>(1,065,177)</b>	<b>(5.1%)</b>
Provisions for contingent liabilities granted	27,098	33,256	(6,158)	(18.5%)
Provisions coverage ratio	0.14%	0.16%		

## 2.4 Equity and total capital ratio

As compared to the end of 2024 the value of equity of the Group as of the end of the first half of 2025 decreased by PLN 631.9 million, i.e. by 6.4%.

### Equity

PLN'000	As of		Change	
	30 Jun 2025	31 Dec 2024	PLN'000	%
Ordinary shares	522,638	522,638	-	-
Share premium	3,001,260	3,001,260	-	-
Own shares	(15,624)	(20,577)	4,953	(24.1%)
Revaluation reserve	36,240	(64,868)	101,108	(155.9%)
Other reserves	5,102,705	4,039,027	1,063,678	26.3%
Retained earnings	589,407	2,391,051	(1,801,644)	(75.3%)
<b>Total equity</b>	<b>9,236,626</b>	<b>9,868,531</b>	<b>(631,905)</b>	<b>(6.4%)</b>

The equity level is fully sufficient to ensure the financial security of the company and the security of funds deposited in the Bank as well as it fully supports growth opportunities of the Group.

### Total capital ratio

As at the end of the first half of 2025 the total capital ratio (TCR) amounted to 23.8%, compared to 22.5% as at the end of 2024. The level of the TCR in the first half of 2025 was influenced by the increase in exposure to credit risk and the decrease in operational risk and general interest rate risk, with a simultaneous increase in own funds. The change in credit and operational risk requirements was influenced by changes in regulations resulting from Regulation (EU) 2024/1623 of the European Parliament and of the Council of 31 May 2024 amending Regulation (EU) No 575/2013 as regards requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor (CRR3), which entered into force on 1 January 2025.

The profit for 2024 after deducting the dividend was included in the calculation of regulatory own funds.

The Bank's capital ratio values take account of:

- The minimum capital adequacy requirement set out in the Capital Requirement Regulation (CRR): a total capital ratio of 8% and a Tier 1 capital ratio of 6% and the CET1 capital ratio of 4.5%,
- The combined buffer requirement – 2.83% on a consolidated basis, consisting of:
  - conservation capital buffer – 2.5%
  - O-SII capital buffer – 0.25%
  - systemic risk buffer – 0.00% (according to the Regulation of the Minister of Finance of March 18, 2020 on the systemic risk buffer liquidation, the obligation to maintain the systemic risk buffer has been abolished);
  - countercyclical capital buffer – 0.08%

The Group, as a resolution entity that is part of a global systemically important institution (G-SII) within the meaning of the definition in Article 4(136) of the CRR, must meet the following requirements regarding own funds and eligible liabilities in accordance with Article 92a of the CRR:

- a) a risk-based ratio of 18%, representing the own funds and eligible liabilities of the institution expressed as a percentage of the total risk exposure amount (TLAC TREA);



- b) a non-risk-based ratio of 6,75 %, representing the own funds and eligible liabilities of the institution expressed as a percentage of the total exposure measure (TLAC TEM).

The TLAC TREA and TLAC TEM ratios as at the end of June 2025 meet the requirements of Article 92a of the CRR after increasing the combined buffer requirement.

The Group's MREL requirement was set in accordance with the BFG decision of November 29, 2023, at 15,36% of TREA and 5,91% of TEM and should be met by own funds and eligible liabilities that meet the subordination requirement. The Group meets the MREL requirements as of 30 June 2025.

Detailed information on capital adequacy of the Group in the first half of 2025 is included in the document *Information on capital adequacy of Bank Handlowy w Warszawie S.A. Group as at 30 June 2025 which is disclosed on the Bank's website.*

## 2.5 Earnings forecast for 2025

The Bank as the parent entity did not publish earnings forecast for 2025.

## V. Activities of the Capital Group of Bank Handlowy w Warszawie S.A. in the first half of 2025

### 1. Institutional Bank

#### 1.1 Segment results summary

PLN'000	1st half of 2025	1st half of 2024	Change	
			PLN'000	%
Net interest income	1,032,498	1,055,360	(22,862)	(2.2%)
Net fee and commission income	229,576	217,242	12,334	5.7%
Dividend income	2,629	2,106	523	24.8%
Net income on trading financial instruments and revaluation	174,747	262,925	(88,178)	(33.5%)
Net gain/(loss) on debt investment financial assets measured at fair value through other comprehensive income	145,415	14,414	131,001	908.8%
Net gain/(loss) on equity and other instruments measured at fair value through income statement	(950)	413	(1,363)	(330.0%)
Net gain/(loss) on hedge accounting	1,687	9,560	(7,873)	(82.4%)
Net other operating income	(9,978)	5,712	(15,690)	(274.7%)
<b>Total income</b>	<b>1,575,624</b>	<b>1,567,732</b>	<b>7,892</b>	<b>0.5%</b>
General administrative expenses and depreciation	(411,190)	(398,234)	(12,956)	3.3%
Profit on sale of other assets	570	1,789	(1,219)	(68.1%)
Provisions for expected credit losses on financial assets and provisions for off-balance sheet commitments	(8,997)	(14,208)	5,211	(36.7%)
Tax on some financial institutions	(64,180)	(63,843)	(337)	0.5%
<b>Profit before tax</b>	<b>1,091,827</b>	<b>1,093,236</b>	<b>(1,409)</b>	<b>(0.1%)</b>
<b>Cost/Income</b>	<b>26%</b>	<b>25%</b>		

The key highlights that impacted the gross profit of the Institutional Banking segment in the first half of 2025 when compared to the corresponding period of 2024 were as follows:

- **decrease in net interest income** due to higher interest expenses as a result of the higher volume of term liabilities,
- **increase in net fee and commission income** due to higher income from brokerage and custody activity;
- **increase in other operating income** (i.e. non-interest and non-commission income) amounting to PLN 313.5 million at the end of the first half of 2025 compared to PLN 295.1 million in the first half of 2024, mainly due to a higher result on investment debt financial assets measured at fair value through other comprehensive income (an increase by PLN 131.0 million, i.e. 908,8% YoY) as a result of taking advantage of favorable market conditions, which was partially offset by a decrease in the result on trading financial instruments and revaluation by PLN 88.2 million, i.e. 33.5% YoY, and a decrease in the result on hedge accounting by PLN 7.9 million, i.e. PLN 82.4% YoY).
- **increase in operating expenses** as a result of higher staff expenses and higher regulatory cost (higher contribution to the banking restructuring fund under the Bank Guarantee Fund).

## 1.2 Institutional Bank and the Capital Markets

### 1.2.1 Institutional Bank

In the area of institutional banking, the Group provides comprehensive financial services to the largest Polish companies and strategic companies with a large potential of growth, and also to the largest financial institutions and to companies from the public sector.

A shared characteristic of the institutional banking clients is that they need advanced financing products and advice relating to financial services. In this area, the Group ensures a coordinated offer of investment banking, treasury and cash management products and prepares loan proposals that cover differentiated forms of financing. The innovativeness and competitiveness of offered modern financing structures is achieved by combining the knowledge and experience of the Group and thanks to cooperation within the global structure of Citigroup.

At the end of the first half of 2025 there were slightly below 5,600 institutional customers (including corporate, global and corporate banking customers) i.e. increased by 4% compared to the first half of 2024.

In terms of client acquisition in the Commercial Bank segment the Bank attracted 186 new customers (53 new relationships) in the first half of 2025, the Bank acquired, including 19 from the Large Companies segment, 16 Small and Medium-Sized Companies, 49 International Commercial Bank Clients, 7 Digital and 95 public sector entities. Within the Corporate and Global Client segments, the Bank acquired 20 customer relationships.

The table below presents balances of assets and liabilities in the particular segments according to the management reporting format.

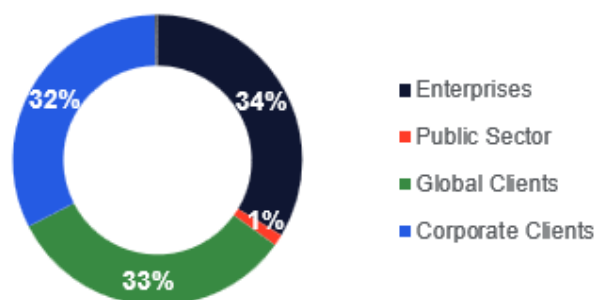
#### Assets

PLN million	30 Jun 2025	31 Dec 2024	30 Jun 2024	Change		Change	
				(1)/(2)		(1)/(3)	
	(1)	(2)	(3)	in PLN	%	in PLN	%
Enterprises, including:	5,273	4,771	4,388	502	11%	885	20%
SMEs	1,740	1,749	1,847	(9)	(0%)	(106)	(6%)
Large enterprises	3,533	3,022	2,541	510	17%	991	39%
Public Sector	201	180	134	21	12%	67	50%
Global Clients	5,092	4,843	4,597	250	5%	496	11%
Corporate Clients	5,052	3,868	3,542	1,185	31%	1,510	43%
Other	46	47	47	(0)	(0%)	(0)	(0%)
<b>Total Corporate Bank</b>	<b>15,665</b>	<b>13,709</b>	<b>12,707</b>	<b>1,957</b>	<b>14%</b>	<b>2,958</b>	<b>23%</b>

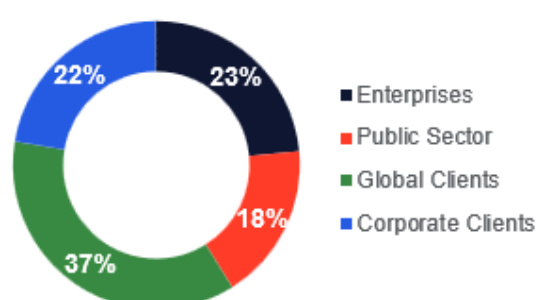
#### Liabilities

PLN million	30 Jun 2025	31 Dec 2024	30 Jun 2024	Change		Change	
				(1)/(2)		(1)/(3)	
	(1)	(2)	(3)	in PLN	%	in PLN	%
Enterprises, including:	9,600	9,079	9,067	521	6%	533	6%
SMEs	6,670	6,590	6,354	80	1%	316	5%
Large enterprises	2,930	2,489	2,713	441	18%	217	8%
Public Sector	7,217	3,367	4,355	3,850	114%	2,862	66%
Global Clients	14,932	15,314	14,311	(382)	(2%)	621	4%
Corporate Clients	9,121	4,384	4,343	4,736	108%	4,777	110%
Other*	28	17	55	11	65%	(27)	(49%)
<b>Total Corporate Bank</b>	<b>40,898</b>	<b>32,162</b>	<b>32,132</b>	<b>8,736</b>	<b>27%</b>	<b>8,766</b>	<b>27%</b>



\* 'Other' includes, among others, clients under restructuring.

Structure of the Institutional Bank assets  
as of 30.06.2025

Structure of the Institutional Bank liabilities as of 30.06.2025



## Key transactions and achievements of the Institutional Banking in the first half of 2025:

<p>Credit activity</p> 	<p><u>Granting new financing or increasing/extending existing ones in the amount of PLN 3.9 billion</u></p> <ul style="list-style-type: none"> <li>• PLN 1.4 billion for Commercial Banking clients including one of the largest groups in Poland operating in the recycling and secondary raw materials sector, for a client providing modern solutions in the field of metal processing and automation of production processes, for a leader in the outsourcing sector in Poland, offering comprehensive facility management services that cover a wide range of activities from cleaning through property management to advanced technical services, for leading medical centers conducting coordinated, specialized diagnosis and treatment of patients, for a client operating online portals, for a client operating software-related businesses, and for the largest drug distributor and one of the leading pharmaceutical wholesalers in Poland;</li> <li>• PLN 1.3 billion for corporate clients including: a client from the fuel and energy industry and a client from the public sector;</li> <li>• PLN 1.1 billion for global clients including a client offering a comprehensive and innovative range of mobile services, for a client operating in the brewing industry, for an American energy and defense corporation, for a client operating in the lifting equipment industry, for a direct recycling program operator for one of the largest mobile networks in Poland, for a company offering short and long-term rentals, contract rentals through peer-to-peer services and used car sales, for a client offering leasing and rental of new and used cars, and for an international group offering a wide range of car financing products.</li> </ul>
<p>Transactional Banking</p> 	<p><u>Increasing shares in banking services and transaction banking</u></p> <ul style="list-style-type: none"> <li>• Winning 24 mandates for comprehensive banking services or extending the Bank's cooperation with its clients;</li> <li>• Signing supplier financing, factoring, promises, letters of credit and guarantee agreements for a total amount of PLN 0.9 billion.</li> </ul>

## 1.2.2. Activity and business achievements of the Financial Market and Corporate Banking Sector

The continuous changes in the FX market were the focus of the clients of the Sales Division in the Financial Markets and Corporate Banking Sector. In the times of uncertainty, clients appreciate the added value of the services provided to them by Bank experts.

In the first half of 2025, the Sales Division's activities focused in particular on:

- development of solutions enabling automation of currency exchange processes,
- constant contact with clients, sharing comments on events affecting financial markets and current forecasts and analyses,
- meetings and webinars with the Bank's Chief Economist and financial market experts.

The Investor Services Department and the Structured Finance Department in the Financial Markets and Corporate Banking Sector were active in the primary market for debt securities by arranging three issues for the European Investment Bank (EIB)

in the amount of PLN 1.5 billion for general purposes related to the EIB's activities (including those intended for the implementation of sustainability goals).

### 1.2.3. Transaction services

The Bank's clients – often with international ambitions and *digital natives* – expect digitized and standardized payment solutions. Therefore, in the first half of 2025 the Bank continued to focus on modernizing its back-end systems to seamlessly handle significantly higher volumes and automate processes. Citi Handlowy is focusing on instant payments, the well-thought-out implementation of which can streamline clients' business models and improve relationships with their counterparties. The Bank is standardizing formats, simplifying its offerings, and improving data quality. Work is underway and changes are being implemented as scheduled in connection with the migration to ISO 20022.

Trade services and trade finance are one of the key growth areas under the Bank's new strategy. The first half of the year brought the expected growth, confirming the interest in the Bank's solutions and their effectiveness in times of dynamic changes related to international trade and geopolitical conditions.

<p><b>Banking account</b></p> 	<p>In the first half of 2025, Citi Handlowy focused on the digitization of processes related to corporate account management, continuing the development of the <b>CitiDirect® Digital Onboarding</b> platform and the newly implemented <b>Digital Signer Management (DSM)</b> module.</p> <p>In the first phase of Digital Onboarding, currently underway, back-end processes were automated. In the first half of 2025, the onboarding process and applying for an additional account through this route were the primary process for the majority of the Bank's clients. By eliminating paper documentation and simplifying procedures, clients have gained the ability to activate banking services faster.</p> <p>The Bank is also gradually rolling out a new tool in CitiDirect – DSM – for additional clients. This module, which allows for the self-management of the list of authorized persons – in a fully digital manner – has already been made available, primarily to global clients.</p> <p>Digitization is also reflected in statistics – in the first half of 2025, <b>as many as 60% of documents were signed with a qualified electronic signature (QES)</b>, which means <b>an increase by 8 percentage points YoY</b>.</p>
<p><b>Electronic Banking</b></p> 	<p>Citi Handlowy continued to develop its CitiDirect electronic banking platform. Options have been implemented to meet user expectations and suggestions.</p> <p>The payment ordering process has been simplified, and thanks to new guidelines at various stages of the payment ordering process, it is now more user-friendly and more intuitive. The Bank has streamlined the import process for bulk payment files. Users with high transaction volumes now have tools to perform more actions on a single screen to improve efficiency. Users have faster access to information through an upgraded, unified reporting interface and more detailed transaction statuses. In accordance with ISO 20022 requirements, file formats used for settlements and data transfers have been adapted.</p> <p>To support users in adapting to new functions, the Bank organized a series of training sessions for clients. Feedback was also regularly collected for the purposes of further development of the system.</p> <p>At the same time, Citi Handlowy continued to promote advanced authorization methods, such as Mobile Token and biometric login, which increase the security and comfort of users of the platform.</p> <p>In the first half of 2025, <b>over 18,5 million transactions were processed via CitiDirect, which means an increase of 4% compared to the first half of 2024</b>.</p>
<p><b>Payments and receivables</b></p> 	<p>Payment volumes continued to increase in the first half of 2025. In the area of domestic transactions, the Bank recorded <b>a 6% increase in Express Elixir instant payment volumes</b> compared to the prior year period. The growing popularity of Express Elixir among the clients corroborates the Bank's strategic assumption to focus its support on the need to automate processes and settlements in real time, in particular from the perspective of entities using the Bank's services in the Banking as a Service (BaaS) model and entities making urgent payments to their consumers.</p> <p>At the same time, <b>the volumes of foreign payments</b>, i.e. a strategic area for the Bank, <b>increased by 7%</b> compared to the same period in the previous year.</p>

	<p>Clients from the “new economy” category (Digital Natives) use the full range of the Bank’s payment solutions, however their demand for domestic payments seems to be greater than for foreign payments when juxtaposed against the Bank’s total number of clients, showing that the Bank plays an important role as a local partner in the context of Citi’s global knowledge and geographical footprint. <b>Volumes of domestic payments of clients from the “new economy” area increased by 24%</b> compared to the previous year.</p> <p>Taking into account the growing needs of clients regarding process automation, agility of transaction execution, access to data at the right time, with the right coverage and structure, the Bank continued to revamp the architecture of its systems. The investments made in the platforms are aimed at standardizing formats, higher bandwidth and compatibility, also in terms of the ISO 20022 requirements.</p> <p>While pursuing its strategy of providing flexible and intelligent treasury and trade solutions, the Bank offered and developed <b>Citi Payment Insights</b>, which, among other things, allows for tracking the status of payments or generating confirmations at the beneficiary’s request. The Bank also actively offered <b>Citi Payment Outlier Detection</b>, which, thanks to advanced analytics and algorithms, enables real-time monitoring and control of the company’s payments, as well as the identification of transactions that differ significantly from previous trends.</p> <p>In the first half of 2025, the Bank maintained <b>a high share in the Direct Debit market at 35.7%</b> (data as at the end of June 2025), which means a decline of 0.6 percentage points compared to the first half of 2024.</p>
<p><b>Corporate cards</b></p> 	<p>In the first half of 2025, there was <b>an increase in the value of cashless transactions for debit cards by 2%</b> compared to the first half of 2024, with a lower number of transactions (a decrease by 5% YoY). For deferred payment cards, the value of cashless transactions decreased by 6% and their volume by 2% YoY.</p> <p>The number of activated cards remained unchanged (comparing the number of cards from June 2025 on a year-over-year basis).</p>
<p><b>Trade finance products</b></p> 	<p>In the first half of 2025, the value of export letters of credit handled by the Bank <b>increased by 66%</b> as compared to the same period in 2024. The number and value of bank guarantees processed by the Bank and documentary letters of credit issued by the Bank remain high. At the same time, <b>the share of guarantees issued electronically increased</b> – in the first half of 2025 it was <b>84%</b> of all guarantees issued, compared to <b>69%</b> in the same period last year.</p> <p>Compared to the same period in 2024, the value of assets under trade finance products, which include factoring, trade credit and supplier liabilities financing, <b>increased by 47%</b> as at the end of the first half of 2025.</p> <p>A personalized approach to clients, based on the analysis of their needs and preferences, enables us to respond even better to market needs, which directly translates into an increase in the value of financing provided using trade finance products.</p> <p>Companies particularly appreciate the fast and reliable access to services, the simplicity of the application, and access to the global infrastructure of financial solutions, which enable the Bank to offer comprehensive support regardless of the place of business and to pursue quick and effective expansion into various markets.</p>

#### 1.2.4. Custody services

The Bank provides custody services for domestic and foreign institutional investors and services of a custodian bank for domestic pension funds and investment funds. For many years, Citi Handlowy has been a leader in the Polish market of custodian banks.

As at 30 June 2025, the Bank maintained in total over 16.9 thousand of securities accounts and collective accounts.

In the reporting period, the Bank was the depository for open-end pension fund Nationale - Nederlanden OFE (Open Pension Funds), voluntary pension funds: Nationale - Nederlanden DFE, Generali DFE and Employee Pension Fund Orange Polska.

The Bank was also the depository of investment funds managed by the following investment fund companies: Santander TFI S.A., PKO TFI S.A., Templeton Asset Management (Poland) TFI S.A. mTFI S.A. and Goldman Sachs TFI S.A.

Moreover, the Bank was servicing an investment funds and pension funds operating under the Employee Capital Plans programme: PKO Emerytura SFIO, Santander PPK SFIO, Nationale - Nederlanden DFE Nasze Jutro and Goldman Sachs Emerytura SFIO.



### 1.2.5. Brokerage activities

The Group pursues brokerage activity on the capital market via a separate organizational unit which is a brokerage house – the Brokerage Department of Bank Handlowy.

As at the end of the first half of 2025, DMBH was the market maker for 70 companies listed on the Warsaw Stock Exchange (of which 20 companies from the WIG20 index), i.e. 17.2% of the shares listed in its main equity market.

In the first half of 2025, DMBH was the intermediary in in-session transactions accounting for 4.8% of equity turnover in the secondary market. The value of the in-session transactions concluded via DMBH in the equity market on the WSE was PLN 23.0 billion. After the first half of 2025, DMBH was ranked eight in terms of session turnovers on the WSE Main Market and third as a local WSE member.

The number of investment accounts maintained by DMBH was 16.2 thousand as at the end of the first half of 2025, and increased by 11.7% in comparison to the same period of 2024.

The increase in the number of accounts in the reporting period is attributable to the acquisition of new clients at the Brokerage Service Points located in CitiGold branches. Clients acquired for brokerage services are interested in the full offer of DMBH, i.e. investing on the domestic and foreign markets, as well as using the Investment Advisory Service.

There were almost 1,850 new accounts and registers opened in the first half of 2025, i.e. 54.2% more than in the same period of 2024.

In the first half of 2025, DMBH participated in the following transactions:

- IPO of Diagnostyka S.A. on the Warsaw Stock Exchange with DMBH acting as the Global Co-Coordinator and Joint Demand Bookrunner. The value of the transaction amounted to PLN 1.7 billion. (first listing on the Warsaw Stock Exchange was on 7 February 2025)
- issue of a new series of shares of CCC S.A. through an accelerated sale of shares with DMBH acting as Joint Demand Bookrunner. The value of the transaction was approximately PLN 1.55 billion (March 2025).
- accelerated equity offering (AEO) of Allegro.eu with DMBH acting as the Global Co-Coordinator and Joint Demand Bookrunner. The value of the transaction was PLN 1.2 billion (April 2025).
- accelerated equity offering (AEO) of Allegro.eu with DMBH acting as the Global Co-Coordinator and Joint Demand Bookrunner. The value of the transaction was PLN 1.8 billion (June 2025).

### 1.2.6. Leasing activities

Leasing products continue to be offered by the Bank's Group and are made available as part of the "open architecture", i.e. the Bank's partnership with organizations from outside its Group.

## 2. Consumer Bank

### 2.1 Segment results summary

PLN'000	1st half of 2025	1st half of 2024	Change	
			PLN'000	%
Net interest income	519,222	547,259	(28,037)	(5.1%)
Net fee and commission income	68,017	74,879	(6,862)	(9.2%)
Dividend income	8,884	8,599	285	3.3%
Net income on trading financial instruments and revaluation	16,747	16,496	251	1.5%
Net gain/(loss) on equity and other instruments measured at fair value through income statement	(5,249)	(7,073)	1,824	(25.8%)
Net other operating income	(7,928)	(24,351)	16,423	(67.4%)
<b>Total income</b>	<b>599,693</b>	<b>615,809</b>	<b>(16,116)</b>	<b>(2.6%)</b>
General administrative expenses and depreciation	(458,209)	(426,933)	(31,276)	7.3%
Net impairment on non-financial assets	0	(180,064)	180,064	(100.0%)
Profit on sale of other assets	(482)	(73)	(409)	560.3%
Provisions for expected credit losses on financial assets and provisions for off-balance sheet commitments	11,684	33,281	(21,597)	(64.9%)
Tax on some financial institutions	(26,796)	(29,828)	3,032	(10.2%)
Revaluation of assets and liabilities held-for-sale of at goodwill less costs to sell	(470,137)	-	(470,137)	-
<b>Profit before tax</b>	<b>(344,247)</b>	<b>12,192</b>	<b>(356,439)</b>	<b>(2923.5%)</b>
<b>Cost/Income</b>	<b>76%</b>	<b>69%</b>		

The key highlights that impacted the gross profit of the Consumer Banking segment in the first half of 2025 compared to the corresponding period of 2024 were as follows:

- **Decrease in net interest income** by 5.1% compared to the same period in 2024, resulting mainly from a decrease in interest income as a consequence of the beginning of the interest rate cut cycle in 2025;
- **Net fee and commission income decline** by 9.2%, mainly caused by lower commission income from credit card installment products (as a consequence of the market moving away from charging this type of fees), lower fees and commissions on credit cards (cash withdrawals from ATMs, insurance commissions, FX currency exchange operations), and the lack of a positive balancing settlement with MC in the first half of 2025 (vs. 2024) as a result of the postponement of settlement (calendarization). The declines are partially offset by higher revenues from investment and insurance products, lower amortized costs of acquiring credit cards, and lower costs of rewards in loyalty programs on credit cards;
- **Higher dividend income** due to positive cash flows from dividends paid in relation to the shares held by the Bank (compared to the comparative period).
- **Increase of net result on trading financial instruments and revaluation** by 1.5% YoY caused mainly by positive revaluation differences on the currency market;
- **Result on equity and other instruments measured at fair value through income statement** – change caused by a change in share valuation;
- **Increase in the result on other operating income and expenses** by 67.4% YoY resulting mainly from the cost of adding the CHF reserve (for liabilities related to disputes) in the comparative period in the first half of 2024;
- **Increase in operating expenses and depreciation** by 7.3% YoY due to higher operating costs, including remuneration and insurance premiums, legal and advisory services and the annual BFG fee;
- **Improvement of the result on non-financial assets** – write-offs made in 2024 (software costs).
- **Result on provisions for expected credit losses on financial assets and provisions for off-balance sheet commitments** with a positive impact on the Consumer Banking Segment's results, which is due to the release of provisions as a result of improved portfolio quality and the sale of a portion of the portfolio. However, the positive impact is smaller than in the first half of 2024;
- **Revaluation of assets and liabilities to be sold to fair value reduced by sale costs** – results from the sale of the retail segment in the first half of 2025.

## 2.2 Selected business data


'000	1st half of 2025	1st half of 2024	Change	
Number of individual customers	562.0	566.2	(4.2)	(0.7%)
Number of current accounts	533.0	523.3	9.7	1.9%
Number of savings accounts	124.6	118.1	6.5	5.5%
Number of credit cards	453.6	465.2	(11.6)	(2.5%)
Number of debit cards	272.9	268.0	4.9	1.8%

### Receivables from individual clients – management view\*

PLN '000	30.06. 2025 (1)	31.12.2024 (2)	30.06.2024 (3)	Change YTD		Change YoY	
				PLN '000	%	PLN '000	%
Unsecured receivables, including:	3,726,928	3,691,071	3,734,770	35,857	1.0%	(7,842)	(0.2%)
Credit cards	1,916,858	1,991,875	2,038,220	(75,017)	(3.8%)	(121,362)	(6.0%)
Cash loans	1,760,346	1,668,216	1,664,820	92,130	5.5%	95,526	5.7%
Other	49,724	30,980	31,730	18,744	60.5%	17,994	56.7%
Mortgage loans	2,387,808	2,346,625	2,344,853	41,183	1.8%	42,955	1.8%
<b>Total net individual clients' receivables</b>	<b>6,114,736</b>	<b>6,037,696</b>	<b>6,079,623</b>	<b>77,040</b>	<b>1.3%</b>	<b>35,113</b>	<b>0.6%</b>

## 2.3 Business highlights

**citi handlowy**

	Despite meeting sales targets, the Bank recorded a slight increase in its balance, due to persistent overpayments on loans. The observed high overpayments on loans are a consequence of persistently high interest rates.
<b>Investment and insurance products</b>  	<p>As at the end of the first half of 2025, <b>the funds under management as part of investment products</b> (including investment insurance products, without dual currency investments) acquired by retail clients via the Bank <b>were 16% higher</b> as compared to the same period in 2024.</p> <p>This increase was recorded mainly by investment funds, financial instruments purchased by the Bank's Clients through the Brokerage Department of Bank Handlowy, primarily as a result of a increase in market valuation. In the structured product segment, the Bank completed 10 subscriptions via Brokerage Department in the first half of 2025.</p> <p>The Bank introduced one participation unit of new investment funds in USD to its offer.</p> <p>During the first half of 2025, the Bank continued the development of offering insurance products in the various sales channels. It focused its offer on the affluent clients of the Citigold and Citigold Private Client segments.</p>

## 2.4 Development of distribution channels

### 2.4.1 Branch network

#### Citigold and Smart Branches

In the first half of 2025, the Bank did not make any changes to the number or location of its outlets. The bank branch network includes 18 outlets, including 9 Hub Gold branches, 8 Smart branches and one corporate branch.

The current network structure is tailored to current operational and acquisition needs and directly responds to the requirements of the Bank's business areas. The high level of branch equipment and consistent efforts to ensure the required service quality guarantee a consistent and coherent level of banking services for the Bank's clients, in line with established standards.

The effectiveness of the adopted service and sales model is confirmed by the high position of the retail branch network in one of the most recognizable and prestigious rankings of the quality of banking services, *Żłoty Bankier 2025*.

#### Number of branches and other points of sale / touch points at the end of the period

	30.06.2025 (1)	31.12.2024 (2)	30.06.2024 (3)	Change (1)/(2)	Change (1)/(3)
<b>Number of branches*:</b>	<b>18</b>	<b>18</b>	<b>18</b>	-	-
HUB Gold	9	9	9	-	-
Smart branch	8	8	8	-	-
Corporate branch	1	1	1	-	-

\*Branches classified according to a type of provided services into: Hub Gold (branches with separate Citigold and *Citigold Private Bank* customer service zones) and modern Smart branches.

### 2.4.2 Internet and mobile banking

#### Internet Banking

The online platform of the Bank for retail clients is built in a responsive technology, i.e. it aligns itself with a device used by the client. Design was inspired by comments of clients and extended functionality extensive functionality means that customers increasingly choose to manage their products themselves via the Internet. One of the improvements is for credit card holders, which can manage their card limit, define transactional limits, convert transactions into installments by themselves. In addition, an investment profile can be created and updated in accordance with the MIFID II regulation.

Electronic banking also includes: a transaction module for investment funds and a Citi Kantor - currency exchange module, which allows, among others, to place a conditional order and set a currency alert.

The number of active users of Citibank Online, i.e. those who logged in to the online or mobile banking service via a browser or the Citi Mobile application at least once in every 90-day period, was 340,000 as at the end of the first half of 2025. The

share of active Citibank Online users in the entire client portfolio of the Bank was 63% as at the end of June 2025, i.e. decreased by 1 p.p. YoY.

At the same time, digital users accounted for 91% of all transactionally active clients at the end of the first half of 2025, i.e. up by 2 p.p. as compared to the first half of 2024.

## Mobile Banking

Responsive technology gives the client access to all functionalities in Citibank Online on any device they may use. A mobile application Citi Mobile features such functions as free Push notifications, which keep the client updated on the changes on the account or card, and login activation with the use of a fingerprint or face map, which makes access to the application easier. The clients shall profit from the simplified and intuitive navigation, modern graphic design and mobile authorization service - Citi Mobile Token. The application also offers a currency exchange module, Citi Kantor, and a multi-currency service, Citibank Global Wallet, which permits automatic currency account alignment with the transaction currency without manually reassigning the card. The application also presents offers of products and services tailored to the needs of customers, and allows you to recommend products to friends. It also allows the customer contact to view and update their contact details – phone number, email addresses.

As at the end of the first half of 2025, the number of active users of mobile banking, i.e. those who used mobile banking at least once in every 90-day period via the Citi Mobile application or Citibank online in responsive technology, amounted to 258,000, i.e. increased by 0.5% as compared to the end of the first half of 2024.

The share of active users of mobile banking in the retail client portfolio of the Bank was 48%, as at the end of June 2025, i.e. increased by 1 p.p. as compared to the same period in 2024.

At the same time, at the end of the first half of 2025, mobile users accounted for 69% of all transactional active customers, which is an increase by 4 p.p. compared to the first half of 2024.

The BLIK payment method continues to gain popularity. This service allows clients to make payments in online stores, stationary stores and service points, and to withdraw money from ATMs, as well as to order instant transfers by phone between customers of different banks. The number of transactions using the BLIK code made by the Bank's clients in the first half of 2025 was 1.65 million, which means an increase by 18% compared to the same period in 2024. Meanwhile, the number of outgoing BLIK transfers to the phone is 894 thousand, which is an increase of 25% compared to the first half of 2024. The Bank's customers received 444 thousand BLIK telephone transfers, which also means an increase of 28% compared to the same period in 2024.

Other payment methods have also enjoyed undiminished popularity, among others: Apple Pay and Google Pay. These are virtual wallets in clients' phones that give them independence and possibility to make payments anywhere in the world. In the first half of 2025, clients made a total of over 12.3 million transactions using these payment methods, which represents a growth by 9% as compared to the same period of 2024 (including an increase by 11% YoY for Apple Pay and an increase by 6% YoY for Google Pay).

## Social media

The first half of 2025 was a continuation of the Bank's active operations in Social Media channels. In addition to its presence on Facebook, X and LinkedIn, the Bank is also increasing its activity on the constantly developing Instagram – further publishing in “stories” format, “reels” format, and “feed” format in order to expand the points of bank-customer interactions and expand its reach to users through various platforms.

Communications in Social Media are based on areas that build awareness of new products, activate client portfolios, inform clients about the Bank's ESG activities. Social Media is also a channel for acquiring new customers.

In the first half of 2025, similarly to the same period last year, Bank's communication on Facebook reached an average 1.2 million unique users per month. Users of Facebook and Instagram had, on average, 1.7 contacts with the marketing materials of the Bank per month. This result is slightly lower than in the first half of last year (2.1). In the first half of 2025, 102 posts were published on Facebook as part of ongoing communication.

The engagement rate (video views and activity for post views ratio), which shows what percentage of recipients interacted with the Bank's communication, leveled at 59%, as averaged for all posts published in the first half of 2025, i.e. up by 3.9 p.p. as compared to the same period in 2024.

In the first half of 2025, the Bank averaged 6,000 link clicks per month, compared to 6,300 thousand clicks in the first half of 2024.



### 3. Changes in information technology

In the first half of 2025, a strategic goal of the Bank in the area of IT technology was to continue increasing the competitiveness of the Bank by providing top quality products and services with the extensive use of innovative solutions, digitization and automation and concurrently with cost optimization. In accordance with prevailing market trends, the technology of the Bank is based, to a large extent, on centralized services and outsourcing. The services centralization processes enable the Bank to generate savings, improve quality, standardize processes and ensure a high level of control and information security. The Technology Division of the Bank focused its activities on the development and implementation of solutions which promote an electronic distribution the channels based on the most advanced online and mobile solutions. Projects supporting the automation and digitization of the Bank's internal processes as well as projects using AI were important.

IT processes of the Bank are executed in accordance with international standards, which was confirmed, in the first half of 2025, by the positive outcome of recertification audit of compliance with ISO 20000 (information technology – service management).

The most crucial modifications and improvements implemented in the first half of 2025 included:

- **in institutional banking:**
  - implementation of reporting within the Central Electronic System of Payment Information (CESOP);
  - implementation of solutions supporting digitization and automation of back-office processes. As a result of implementing the automation of subsequent back-office processes, the Bank expects increased reliability and efficiency in the area of automated processes;
  - completion of the first phase of implementation of solutions supporting the processing of incoming SWIFT international payments in the new ISO 20022 format;
  - adaptation of payment systems to changes in the SEPA payment settlement standard.
- **in consumer banking:**
  - adapting retail banking systems to the new requirements of the GDPR;
  - implementing new functionalities in the mobile app;
  - enhancing the security of customer transactions.
- **in the scope of adaptation of systems of the Bank to ensure their compliance with regulatory requirements:**
  - adaptation of the Bank to the changed EMIR (Emir Refit) reporting requirements to ensure compliance with regulatory requirements;
  - adapting the Bank to the revised CRR3 reporting requirements to ensure regulatory compliance;
  - adapting the Bank to the DORA regulations to ensure the Bank's compliance with regulatory requirements.
- **in the area of information and communication technology infrastructure of the Bank and information security:**
  - completion of the migration of the IT infrastructure management system – ServiceNow 3.0 – to the cloud;
  - implementation of a new one-time password authentication tool for remote access to the infrastructure;
  - continued implementation of improvements to increase the security of use of the CitiBank Online platform, including the implementation of additional authentication mechanisms at the server level to secure the systems against possible attacks and manipulation of data of defined customers of the client;
  - introducing a new version of the Data Leakage Prevention system, which consistently strengthens mechanisms protecting against data leaks;
  - adapting processes related to handling information security incidents to DORA requirements;
  - implementing a key indicator reporting scheme in line with the CRI (Cyber Risk Institute) standard.

Technology units proactively develop and improve their portfolios of services to fully meet both current and future business needs of the Bank. They deliver to their business partners optimal technology solutions used to build competitive advantage. Technology units actively support initiatives which enable a broader use of information technologies that automate processes at the Bank and increase the services digitization level.

Pending and not completed initiatives and modifications of systems which will affect the operations of the Bank in the near future are presented below:

- **in institutional banking:**
  - Integration with the National e-Invoice System;

- implementation of solutions to support incoming SWIFT payments in the new ISO 20022 format – implementation of the solution enables SWIFT payments to be supported in the new global ISO format. As part of the second phase, the Bank is adapting settlements to the exchange of messages in a new format with the Sorbnet 3 system.
- implementation of solutions for robotization and automation of operating processes of the Bank;
- expansion of the ICT environment for financial reporting – by automating current processes, this implementation will ensure greater cost efficiency and reliability of financial and supervisory reporting processes;
- ongoing identification and elimination of safety gaps in used systems;
- optimization of the technology services portfolio through the elimination and consolidation of obsolete IT architecture elements.
- **in consumer banking:**
  - implementation of a number of solutions increasing the security of client transactions and eliminating fraud transactions;
  - implementation of solutions for robotization and automation of the Bank's operational processes;
  - continuation of automation and digitization of sales processes (straight through processing);
  - further improvement of the online and mobile banking platform (addition of new functionalities and products);
  - ongoing identification and elimination of security gaps and technological risks in the systems used.
- **in the area of information and communication technology infrastructure of the Bank and information security:**
  - implementation of additional new-generation security solutions in banking systems;
  - continued modernization of the architecture of network infrastructure of the Bank's main locations using SDN technology (software defined network) including the implementation of encryption between the Bank's main locations in Poland (MACSEC) and logical network segmentation;
  - preparation works before using AWS cloud and GCP services for data processing (in the first stage for data classified as internal);
  - migration of servers and systems to a shared colocation with the Warsaw Stock Exchange;
  - migration of the production computing center and IT infrastructure from the building at Goleszowska 6 to a new colocation.

The Bank developed, implemented and has maintained a business continuity management system (BCMS), which is oriented to achieving results reflecting the core principles and values of the Bank in line with the Bank's strategy. The Bank designed business continuity plans and contingency plans for critical processes and functions, which ensure continuity of processes during an emergency. The plans ensure an efficient and well-balanced continuity of critical services and products of the Bank in the required time. The plans are subject to periodic reviews and tests, and the test results are used to improve the plans and the entire BCMS. The Bank maintains the BCMS in line with the international ISO22301 standard – in the fourth quarter of 2025 another supervisory audit for ISO22301 is planned.

## 4. Equity investments of the Group

Equity investments of the Bank are divided into the strategic investment portfolio and the portfolio of investments intended for sale. In the first half of 2025, the Bank continued to pursue its earlier equity investment policy. The Bank managed the strategic investment portfolio in order to maximize profits in the long term, increase its market share, stimulate development of the Bank's relations and expand the Bank's offering; the Bank managed the divestment portfolio in order to optimize gains on equity transactions and minimize the risk inherent in such transactions.

### 4.1 Strategic investment portfolio

This portfolio includes companies running a business in the financial sector which contribute to the Bank's product offering, bring prestige to the Bank's operations and strengthen its competitive position in the Polish financial services market.

Strategic holdings also include infrastructure providers operating for the benefit of the financial sector. The Bank holds minority interest in such companies but they are of strategic importance to the Bank in view of their operations as well as their cooperation with the Bank.

The Bank intends to retain its strategic holdings in infrastructure providers and play an active role in defining the strategic directions of their development by exercising its right of vote. The overall aim of the Bank when exercising corporate governance over such companies is to maintain their development without affecting their business operations, which is taken advantage of by the Bank as well as other financial market participants.

### 4.2 Portfolio of investments intended for sale

Divestment holdings are entities in which the Bank's investment is not strategic. They include entities held directly and indirectly by the Bank, as well as special purpose vehicles used by the Bank to execute equity transactions. Some of these holdings are restructured exposures which originate from debt-to-equity conversion performed by the Bank.

The strategic aims for the Bank with regard to such companies is to gradually reduce the Group commitment. The assumption is that individual participations will be sold whenever market conditions are most favorable. The portfolio of companies intended for sale includes equity investments without a predetermined rate of return. The Bank is not planning any new equity investments which would be sold later. The portfolio of companies intended for sale might be increased with additional exposure taken over by the Bank as part of debt for capital swaps or acquired in the course of operating activities.

### 4.3 Special-purpose investment vehicles

As at 30 June 2025, the Group included two investment vehicles through which the Bank runs capital transactions. The activity of the companies was financed with the partner's returnable contributions to capital and with their net profits.

As the Bank continues to pursue a strategy of restricting the activity run through special-purpose investment companies, it is expected that further investment vehicles will be gradually sold or liquidated.

## VI. Key risk factors relating to the operations of the Capital Group of Bank Handlowy w Warszawie S.A.

### 1. Regulatory risk

In the first half of 2025, the financial and organizational situation of the Group was affected, among other things, by:

Legal acts / regulations	Effective date and summary of new requirements
Amendment to Recommendation G concerning interest rate risk management at banks (Resolution of the KNF No. 60/2024)	<ul style="list-style-type: none"> <li>• Date: 31 December 2024 (deadline for adapting the activities),</li> <li>• The Polish Financial Supervision Authority (KNF) adopted an amendment to Recommendation G concerning interest rate risk management at banks (Resolution No. 60/2024 of 26 February 2024). The new Recommendation G replaces the Recommendation concerning interest rate risk management at banks issued in 2002.</li> <li>• The final shape of the new Recommendation G was influenced by both the regulations contained in national law and the recently developed package of EU regulations in the area of interest rate risk management. Recommendation G takes into account, in particular, the provisions of Guidelines on IRRBB and CSRRB, i.e. EBA Guidelines specifying criteria for the identification, evaluation, management and mitigation of the risks arising from potential changes in interest rates and of the assessment and monitoring of credit spread risk, of institutions' non-trading book activities (EBA/GL/2022/14).</li> <li>• The new Recommendation G is a set of good practices in managing interest rate risk at banks and maintaining the risk-sensitive variability of financial results and economic value measures within limits that do not threaten the bank's security. The recommendation takes into consideration current conditions for products generating interest rate risk and techniques to manage this risk.</li> </ul>
UKNF's position on the application of the DORA by financial entities	<ul style="list-style-type: none"> <li>• Date: 17 January 2025</li> <li>• This position specifies, among others, the KNF's expectations as to compliance resulting from the implementation of the DORA requirements by 17/01/2025 and as to the compliance with the manner and mode of fulfilling disclosure and reporting obligations in accordance with the position, as regards: <ul style="list-style-type: none"> <li>– the obligation to have a Legal Entity Identifier (LEI)</li> <li>– the first reporting obligations</li> <li>– reporting major ICT-related incidents and significant cyberthreats</li> <li>– keeping and providing a register of information on contracts with ICT third-party service providers.</li> </ul> </li> <li>• In the position, the KNF again raises the fact of repealing the soft-law regulations, including recommendation D and the cloud communication.</li> </ul>
Resolution no. 243/2024 of the Polish Financial Supervision Authority (KNF) of 15 July 2024 on the issuance of the WFD Recommendation on the Long-Term Financing Ratio (LTF).	<ul style="list-style-type: none"> <li>• Effective date: 18 July 2024 (applicable from 2026)</li> <li>• The Recommendation describes the definition of the Long-Term Financing Ratio and refers to the application and level of the LTF requirement and the reporting of the LTF Ratio.</li> </ul>
The ruling of the Court of Justice of the European Union of 11 September 2019 on the interpretation of Article 16.1 of the Directive of the European Parliament and of the Council 2008/48/EC of 23 April 2008 on credit agreements for consumers and repealing Council Directive 87/102/EEC, concerning the	<ul style="list-style-type: none"> <li>• Announcement date: 11 September 2019</li> <li>• The position of the UOKiK (Office of Competition and Consumer Protection) clearly shows how the conclusions from the judgment should be taken into account in activities of lenders.</li> <li>• The expected response is a proportionate, i.e. in accordance with the so-called straight-line method, return of part of the commission on early repaid consumer loans.</li> </ul>

settlement of cost of borrowing in the case of an earlier repayment.	<ul style="list-style-type: none"> <li>As revealed in an official communiqué published on the UOKiK's website, the majority of banks have promised to use practice in line with the UOKiK's expectations.</li> </ul>
Judgment of the Court of Justice of the European Union of 3 October 2019 on the interpretation of Article 1(2), Article 4, Article 6(1) and Article 7(1) of Council Directive 93/13/EEC of 5 April 1993 on unfair terms in consumer contracts (OJ 1993 L 95, p. 29) concerning clauses in foreign currency indexed mortgage contracts	<ul style="list-style-type: none"> <li>Announcement date: 3 October 2019</li> <li>According to the CJEU ruling, if Polish courts find that indexation clauses in foreign currency indexed mortgage loan agreements are abusive:             <ol style="list-style-type: none"> <li>courts may assume that the contract cannot continue to operate without such clauses because this would change the nature of the contract,</li> <li>as a rule, the consequences of contract invalidation for the consumer must be assessed as at the moment the dispute arose (not as at the time the contract was made),</li> <li>courts cannot freely supplement their terms based on equity principles (e.g. by introducing settlements based on NBP exchange rates into contracts),</li> <li>courts cannot uphold the indexation even if the contract has to be invalidated and such invalidation is disadvantageous to the client if the client does not agree to maintain the indexation.</li> </ol> </li> <li>As a result of this judgment, a case law unfavorable for banks has developed, affirming the ability to invalidate mortgage loan contracts indexed to a foreign currency.</li> </ul>
Regulation on operational resilience to digital threats ("DORA" – Digital Operational Resilience Act).	<ul style="list-style-type: none"> <li>DORA – The regulation will apply to entities such as: investment funds, payment and credit institutions, ASI managers, insurance companies, audit companies, ICT service providers (Information and communication technologies), crypto-asset service providers, securities depositories. The DORA Regulation aims at harmonizing the provisions regarding the digital resilience of the financial sector in the EU and at boosting the digital and operational resilience of the financial sector organizations. The regulation entered into force on January 17, 2025.</li> </ul>
<p>DIRECTIVE (EU) 2022/2464 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting (CSRD)</p> <p>Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023 supplementing Directive 2013/34/EU as regards sustainability reporting standards (ESRS)</p> <p>Act of 29 September 1994 on accounting (consolidated text: Journal of Laws of 2023, item 120, as amended) – in the scope of CSRD implementation</p>	<ul style="list-style-type: none"> <li>The CSRD Directive makes, among other things, changes to a bank's existing non-financial reporting by introducing sustainability reporting. Pursuant to the amended regulations, a bank is obliged to present in its activity reports the information necessary for recipients to understand the bank's impact on sustainability issues, as well as to present how the presented information affects the development, results and situation of the bank. The CSRD applies to a bank for financial years beginning on or after 1 January 2024.</li> <li>The ESRS Regulation introduces standards as to the information that obliged entities should report as part of sustainability reporting.</li> </ul>
<p>Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment ("EU Taxonomy")</p> <p>Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be</p>	<ul style="list-style-type: none"> <li>The EU Taxonomy is the foundation of the EU's sustainable finance framework and an important tool for ensuring market transparency. It helps direct investments towards the economic activities most needed for transformation, in line with the objectives of the European Green Deal. The Taxonomy is a classification system that defines criteria for economic activities that align with the net zero emissions by 2050 pathway and broader environmental goals beyond climate. To achieve the EU's 2030 climate and energy targets and the objectives of the European Green Deal, it is crucial to direct investments towards sustainable projects and activities. To achieve this, a common language and a clear definition of "sustainability" are needed.</li> </ul>



disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation (Text with EEA relevance)

Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives

Commission Delegated Regulation (EU) 2023/2485 of 27 June 2023 amending Delegated Regulation (EU) 2021/2139 establishing additional technical screening criteria for determining the conditions under which certain economic activities qualify as contributing substantially to climate change mitigation or climate change adaptation and for determining whether those activities cause no significant harm to any of the other environmental objectives

Commission Delegated Regulation (EU) 2023/2486 of 27 June 2023 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to the sustainable use and protection of water and marine resources, to the transition to a circular economy, to pollution prevention and control, or to the protection and restoration of biodiversity and ecosystems and for determining whether that economic activity causes no significant harm to any of the other environmental objectives and amending Delegated Regulation (EU) 2021/2178 as regards specific public disclosures for those economic activities

Commission Delegated Regulation (EU) 2022/1214 of 9 March 2022 amending Delegated Regulation (EU) 2021/2139 as regards economic activities in certain energy sectors and Delegated Regulation

Therefore, the action plan for sustainable finance calls for the creation of a common classification system for sustainable economic activities, or "EU Taxonomy." The EU Taxonomy allows financial and non-financial companies to use a shared definition of economic activities that can be considered environmentally sustainable. As such, it plays a vital role in helping the EU increase sustainable investment, while ensuring security for investors, protecting private investors from greenwashing, helping companies become more climate-friendly, and mitigating market fragmentation. The Taxonomy Regulation entered into force on 12 July 2020. It establishes the foundations of the EU taxonomy by defining four overarching conditions that an economic activity must meet to qualify as environmentally sustainable. Under the Taxonomy Regulation, the Commission had to develop an actual list of environmentally sustainable activities, defining technical screening criteria for each environmental objective through delegated and implementing acts.

(EU) 2021/2178 as regards specific public disclosures for those economic activities	
Regulation (EU) 2023/1113 of the European Parliament and of the Council of 31 May 2023 on information accompanying transfers of funds and certain crypto-assets and amending Directive (EU) 2015/849	<ul style="list-style-type: none"> <li>The Regulation takes effect on 30 December 2024 and Regulation (EU) 847/2015 of the European Parliament and of the Council will cease to apply on the above effective date. The draft introduces: <ol style="list-style-type: none"> <li>1) amendments to the obligations of payment service providers to provide information on payers and payees accompanying transfers of funds,</li> <li>2) obligations of crypto-asset service providers involved in the transfer of crypto-assets to provide information on the originators and beneficiaries accompanying transfers of crypto-assets;</li> <li>3) obligations to implement internal policies, procedures and controls to ensure that restrictive measures are applied.</li> </ol> </li> </ul>
Regulation on Artificial Intelligence (AI Act)	<ul style="list-style-type: none"> <li>The regulation is to ensure that AI systems introduced in the EU market and used in the EU are safe and in compliance with the law in the area of fundamental rights and EU values. The regulation introduces comprehensive requirements for the so-called high-risk Artificial Intelligence systems, which include creditworthiness assessment systems for individuals, but also other systems that may be used in the banking system. The regulation defines prohibited AI practices – the AI systems using such practices will be prohibited,</li> <li>The regulation was published in the Official Journal of the EU. The regulation comes into force 20 days after publication in the Official Journal and will become generally applicable 24 months after its entry into force, with the following exceptions: <ol style="list-style-type: none"> <li>1) Chapter I – General Provisions and Chapter II – Prohibited AI Practices will enter into force on 2 February 2025,</li> <li>2) Section 4 of Chapter III on supervisory authorities, Chapter V on general purpose AI models, Chapter VII on governance at Union level and Chapter XII on penalties for infringements of the regulation (except Article 101) and Article 78 regarding confidentiality will come into force on 2 August 2025,</li> <li>3) Article 6(1) regarding high-risk systems and the corresponding obligations described in the regulation will enter into force on 2 August 2027.</li> </ol> </li> </ul>
REGULATION (EU) 2024/2987 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 27 November 2024 amending Regulations (EU) No 648/2012, (EU) No 575/2013 and (EU) 2017/1131 as regards measures to mitigate excessive exposures to third-country central counterparties and improve the efficiency of Union clearing markets (EMIR 3.0)	<ul style="list-style-type: none"> <li>Its effective date is 24 December 2024,</li> <li>Requirements for financial and non-financial counterparties subject to the central clearing obligation, to clear at least some derivatives indicated in the legal act as being of systemic importance in active accounts at Union CCP (CCP – central counterparty), are one of the key changes introduced by EMIR 3.0,</li> <li>The above requirement refers to the obligation of counterparties to have the so-called active account, which meets specific requirements, at a Union CCP, and to clear in that account a specific number of interest rate derivatives denominated in EUR and PLN deemed to be of substantial systemic importance.</li> </ul>

In addition, the Bank's activity in the first half of 2025 was affected by the following European Banking Authorities' Guidelines:

**AML and Sanctions Risk:**

- EBA Guidelines on information requirements in relation to transfers of funds and certain crypto-assets transfers under Regulation (EU) 2023/1113

**Product and Customer Relationship Management:**

- EBA Guidelines on the Use of Remote Customer Onboarding Solutions

**Corporate Governance:**

- EBA Guidelines on Improving Resolvability for Institutions and Resolution Authorities (EBA/GL/2022/01)
- EBA guidelines on benchmarking of diversity practices under CRD and IFD
- EBA Guidelines amending Guideline EBA/GL/2022/01 on Improving Resolvability for Institutions and Resolution Authorities to Introduce a New Section on Resolvability Testing
- EBA Guidelines on Transferability in the Context of the Resolvability Assessment for the Purposes of the Transfer Strategy
- EBA Guidelines on General Resolvability in Recovery and Resolution Planning
- EBA Guidelines on resubmission of historical data under the EBA reporting framework
- EBA, ESMA and EIOPA Guidelines on estimation of aggregated annual costs and losses caused by major ICT-related incidents under regulation (EU) 2022/2554 (DORA)

The following factors, among others, will affect the financial and organizational situation of the Group of Bank Handlowy w Warszawie S.A. in the second half of 2025:

Legal acts / regulations	Effective date and summary of new requirements
EBA Guidelines on the management of ESG risks	<ul style="list-style-type: none"> <li>• Date: 11 January 2026</li> <li>• The guidelines concern management of the environmental, social and governance risks and set out the management rules to be implemented by institutions pursuant to Article 87a (1) and Article 74 of the CRD Directive (Directive 2013/36/EU of the European Parliament and of the Council on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms).</li> <li>• The EBA Guidelines refine the above provisions of the CRD as regards:               <ol style="list-style-type: none"> <li>a) the minimum standards and reference methodologies for the identification, measurement, management and monitoring of environmental, social and governance risks (ESG)</li> <li>b) qualitative and quantitative criteria for the assessment of the impact of ESG risks on the risk profile and solvency of institutions in the short, medium and long term,</li> <li>c) the content of plans to be prepared in accordance with Article 76(2) of the CRD by the management body.</li> </ol> </li> </ul>
Recommendations of the National Working Group for Benchmark Reform (NGR) on new agreements for PLN products	<ul style="list-style-type: none"> <li>• Date: end of 2027</li> <li>• These recommendations are to present to financial market entities the best practices relating to the use of the WIRON interest rate benchmark (Warsaw Interest Rate Overnight) or rates from the WIRON composite index family for determination of variable interest rates when concluding new agreements with customers for benchmark-based PLN products. The recommendations include recommended interest calculation guidelines.</li> <li>• The guidelines specified in the recommendations are not mandatory and may be applied voluntarily taking into account the specific characteristics of a financial market participant and of customers with whom agreements are made.</li> </ul>
Draft Act amending the Banking Law Act and certain other acts (implementation of CRD IV)	<ul style="list-style-type: none"> <li>• Effective date: 11 January 2026, with exceptions,</li> <li>• Changes in the processes used for assessing the suitability of members of the Management Board, Supervisory Board and persons holding key functions at the Bank, as well as in the process of appointing members of the Management Board and the Chairman of the Supervisory Board (requirement to obtain prior consent from the Polish Financial Supervision Authority),</li> <li>• Disclosure obligations related to the acquisition and disposal of the Bank's shares or a planned merger or division or transfer of assets or liabilities of significant value,</li> <li>• Expanding the tasks of the risk management system to include environmental, social and corporate governance (ESG) risks in the short, medium and long term,</li> </ul>

	<ul style="list-style-type: none"> <li>Strengthening the powers of the Polish Financial Supervision Authority.</li> </ul>
<p>The ruling of the Court of Justice of the European Union of 11 September 2019 on the interpretation of Article 16.1 of the Directive of the European Parliament and of the Council 2008/48/EC of 23 April 2008 on credit agreements for consumers and repealing Council Directive 87/102/EEC, concerning the settlement of cost of borrowing in the case of an earlier repayment.</p>	<ul style="list-style-type: none"> <li>Announcement date: 11 September 2019</li> <li>The position of the UOKiK (Office of Competition and Consumer Protection) clearly shows how the conclusions from the judgment should be taken into account in activities of lenders.</li> <li>The expected response is a proportionate, i.e. in accordance with the so-called straight-line method, return of part of the commission on early repaid consumer loans.</li> <li>As revealed in an official communiqué published on the UOKiK's website, the majority of banks have promised to use practice in line with the UOKiK's expectations.</li> </ul>
<p>Judgment of the Court of Justice of the European Union of 3 October 2019 on the interpretation of Article 1(2), Article 4, Article 6(1) and Article 7(1) of Council Directive 93/13/EEC of 5 April 1993 on unfair terms in consumer contracts (OJ 1993 L 95, p. 29) concerning clauses in foreign currency indexed mortgage contracts</p>	<ul style="list-style-type: none"> <li>Announcement date: 3 October 2019</li> <li>According to the CJEU ruling, if Polish courts find that indexation clauses in foreign currency indexed mortgage loan agreements are abusive: <ul style="list-style-type: none"> <li>a) courts may assume that the contract cannot continue to operate without such clauses because this would change the nature of the contract,</li> <li>b) as a rule, the consequences of contract invalidation for the consumer must be assessed as at the moment the dispute arose (not as at the time the contract was made),</li> <li>c) courts cannot freely supplement their terms based on equity principles (e.g. by introducing settlements based on NBP exchange rates into contracts),</li> <li>d) courts cannot uphold the indexation even if the contract has to be invalidated and such invalidation is disadvantageous to the client if the client does not agree to maintain the indexation.</li> </ul> </li> <li>As a result of this judgment, a case law unfavorable for banks may develop, affirming the ability to invalidate mortgage loan contracts indexed to a foreign currency.</li> </ul>
<p>Bill amending the Act on crisis management and certain other acts</p>	<ul style="list-style-type: none"> <li>Implementation of solutions included in the CER directive,</li> <li>The Bill assumes not only that the current level of protection of critical infrastructure will be maintained, but also that protection will be extended to include the protection of "critical infrastructure under construction" and the protection of critical infrastructure that is of key importance for local communities,</li> <li>The designed solutions are aimed at strengthening the mechanisms for protecting critical infrastructure, taking into account that it is the core for providing services to the state and citizens. They also result from the analysis of the course of the war in Ukraine and the emerging sabotage and hybrid activities,</li> <li>New criteria are planned to enable the identification of facilities, installations and devices as critical infrastructure, and thus the selection of critical infrastructure operators (the owner or holder of such infrastructure). Simultaneously to the criteria, the ministers in charge of government administration departments will be indicated who will be responsible for critical infrastructure in particular sectors,</li> <li>A division will be made into critical infrastructure, the destruction or disruption of which will have an adverse impact,</li> <li>In order to ensure an appropriate level of critical infrastructure protection, it is planned to introduce minimum standards in the areas of physical, technical, personal, ICT and legal security, as well as business continuity and recovery plans.</li> <li>As part of the personal safeguards, it provides for, among others, a possibility for a critical entity to carry out background checks on employees or candidates who hold or might hold sensitive roles in the organizational structures of the critical entity or perform tasks for its benefit, and on persons who are or may be authorized to directly or remotely access its premises, information or control</li> </ul>

	systems, including in connection with the security of the critical entity.
Regulation on Artificial Intelligence (AI Act)	<ul style="list-style-type: none"> <li>The regulation is to ensure that AI systems introduced in the EU market and used in the EU are safe and in compliance with the law in the area of fundamental rights and EU values. The regulation introduces comprehensive requirements for the so-called high-risk Artificial Intelligence systems, which include creditworthiness assessment systems for individuals, but also other systems that may be used in the banking system. The regulation defines prohibited AI practices – the AI systems using such practices will be prohibited,</li> <li>The regulation was published in the Official Journal of the EU. The regulation comes into force 20 days after publication in the Official Journal and will become generally applicable 24 months after its entry into force, with the following exceptions: <ul style="list-style-type: none"> <li>a) Chapter I – General Provisions and Chapter II – Prohibited AI Practices will enter into force on February 2, 2025,</li> <li>b) Section 4 of Chapter III on supervisory authorities, Chapter V on general purpose AI models, Chapter VII on governance at Union level and Chapter XII on penalties for infringements of the regulation (except Article 101) and Article 78 regarding confidentiality will come into force on August 2, 2025,</li> <li>c) Article 6(1) regarding high-risk systems and the corresponding obligations described in the regulation will enter into force on August 2, 2027.</li> </ul> </li> </ul>
The Act of 14 April 2023 Amending the Goods and Services Tax Act and Certain Other Acts	<ul style="list-style-type: none"> <li>Effective date – 01 January 2024,</li> <li>a new requirement for individual payment service providers participating in cross-border transactions to report certain cross-border transactions to the Head of the National Revenue Administration. Data collected at the national level are provided to the Central Electronic System of Payment Information (CESOP); payment service providers are obliged to keep electronic records, on a quarterly basis, of payment recipients and cross-border payments as regards the payment services provided. The obligation arises when the number of services provided by the service provider during a given quarter exceeds 25 cross-border payments to the same recipient.</li> </ul>
The Act of 16 June 2023 Amending the Goods and Services Tax Act and Certain Other Acts (implementing the National System of e-Invoices, the so-called KSeF)	<ul style="list-style-type: none"> <li>Pursuant to the Act of 9 May 2024 amending the Act amending the Goods and Services Tax Act and certain other acts, the effective date for the mandatory KSeF (e-invoicing) system has been postponed to 1 February 2026,</li> <li>In the first half of 2025, the Ministry of Finance published the latest version of the draft Act implementing mandatory invoicing in the KSeF system,</li> <li>The National System of e-Invoices (KSeF) is a system that enables the generation and sharing of structured invoices. The aim of KSeF is to centralize the process of registering invoices in business transactions by directing them to one central facility,</li> </ul>
The act of 6 November 2024 on top-up taxation of component units of international and domestic groups	<ul style="list-style-type: none"> <li>The Act is an implementation of the EU Directive which introduces the concept of the so-called global minimum tax (Pillar 2),</li> <li>Pillar 2 is, in simple terms, a set of rules that impose an obligation on large multinational enterprise groups to pay a top-up tax so that the group's effective tax rate in a given country is not lower than 15%,</li> <li>The Act entered into force on 1 January 2025, with the possibility of using the so-called safe harbor until the end of 2026, which, when certain conditions are met, excludes the requirement to prepare a full calculation of the top-up tax.</li> </ul>
Resolution of 29 October 2021	<ul style="list-style-type: none"> <li>On 1 January 2025, an obligation came into effect to maintain accounting books only in electronic form and to send the JPK-CIT structure to the tax authorities on an annual basis.</li> </ul>



amending the Personal Income Tax Act, the Corporate Income Tax Act and certain other acts (amended by the Act of 26 May 2023)	<ul style="list-style-type: none"> <li>The largest CIT taxpayers (with revenues exceeding the equivalent of EUR 50 million) and tax capital groups are the first to be required to submit JPK-CIT for 2025.</li> </ul>
The Act of 12 April 2024 Amending the Accounting Act and Certain Other Acts	<ul style="list-style-type: none"> <li>The Act implements the EU Directive and obliges large multinational companies to publicly disclose reports related to income tax paid in the countries in which they operate,</li> <li>If the parent company in a group is based outside the EEA and certain thresholds are exceeded, the reporting obligation falls on its subsidiaries based in the EEA,</li> <li>If the parent company publishes a report and meets certain requirements, subsidiaries will be exempt from this obligation,</li> <li>The first report for 2025 will have to be published by the end of 2026.</li> </ul>
The Act of 25 June 2025 Amending the Corporate Income Tax Act	<ul style="list-style-type: none"> <li>The Act repeals the current obligation to prepare and publish information on tax strategy,</li> <li>At this stage, final work on the bill is underway – it has been submitted to the Senate and will probably come into force this year (on the day following the date of its promulgation).</li> </ul>
Draft Act on Credit Servicers and Credit Purchasers	<ul style="list-style-type: none"> <li>The act was passed by the Sejm on 20 December 2024. The Senate adopted it on 8 January 2025 without amendments. On 30 January it was signed by the President,</li> <li>Regulation of credit management activities (supervision, register, permits, capital requirements, requirements regarding policies and internal procedures),</li> <li>The Directive lays down the rules of national supervision over the above-mentioned entities (including but not limited to, supervision of individual categories of entities and establishment of a procedure for granting authorization to credit servicers), including in terms of cross-border trade in receivables,</li> <li>Amendment to the Consumer Credit and Mortgage Credit Act with respect to mandatory information provided before the agreement is amended,</li> <li>Amendments to the Banking Act consisting in, among others, adding a possibility to divide a bank being a joint-stock company by separation (<i>podział przez wyodrębnienie</i>) (apart from the already existing option of partial division (<i>podział przez wydzielienie</i>)).</li> </ul>
<p>Financial data access and payments package (PSR/PSD3/FIDA)</p> <p>REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on payment services in the internal market (PSR)</p> <p>DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on payment services and electronic money services in the internal market (PSD3)</p> <p>Regulation of the European Parliament and of the Council on a Framework for Financial Data Access (FIDA)</p>	<ul style="list-style-type: none"> <li>Date of entry into force of the PSR: the Regulation enters into force on the twentieth day following its publication in the Official Journal of the European Union. It applies 18 months after the date of entry into force of the Regulation,</li> <li>Date of entry into force of PSD3: the Directive enters into force on the twentieth day following its publication in the Official Journal of the European Union and needs to be transposed into national law.</li> <li>FIDA effective date: The Regulation is to enter into force on the twentieth day following its publication in the Official Journal, and is to be applied after twenty four months following the date of entry into force, with the proviso that data holders and data users must become members of financial data sharing schemes within eighteen months following the entry into force of the Regulation,</li> <li>PSR – the establishment of uniform requirements for the provision of payment services and electronic money services in relation to the following matters: <ul style="list-style-type: none"> <li>(a) transparency of the reporting conditions and requirements for payment services and electronic money services;</li> <li>(b) the rights and obligations of users of payment services and electronic money services and of payment service and electronic money service providers with regard to the provision of payment services and electronic money services.</li> </ul> </li> <li>PSD3 – the establishment of the provisions concerning:</li> </ul>

	<p>(a) the admission of payment institutions to an activity consisting of the provision of payment services and electronic money services within the Union;</p> <p>(b) supervisory powers and tools for the supervision of payment institutions.</p> <ul style="list-style-type: none"> <li>• FIDA - the extension of the "open banking" principle by allowing access to data to which access has not been granted yet under the PSD2 directive. This includes access to data on mortgage loans, loans, savings, non-payment accounts, and even access to data that constitute the basis for assessing a customer's creditworthiness, which is collected as part of a loan application or credit rating.</li> </ul>
The Act of 4 June 2025 amending the Labor Code	<ul style="list-style-type: none"> <li>• The Act comes into force on 24 December 2025 and should serve as partial implementation of the Directive of the European Parliament and of the Council (EU) 2023/970 of 10 May 2023 to strengthen the application of the principle of equal pay for equal work or work of equal value between men and women through pay transparency and enforcement mechanisms, the purpose of which is to reduce the pay gap between men and women. The Act provides, among other things, that:             <ol style="list-style-type: none"> <li>1) a person applying for employment receives information from the employer in paper or electronic form about the remuneration, its initial amount or its range – based on objective, neutral criteria, in particular in terms of gender, and about the relevant provisions of the collective bargaining agreement or remuneration regulations,</li> <li>2) the employer provides the above-mentioned information sufficiently in advance to ensure informed and transparent negotiations, i.e.:                 <ul style="list-style-type: none"> <li>– in the job advertisement,</li> <li>– before the interview – if the employer did not announce the recruitment for the position or did not provide this information in the advertisement referred to above,</li> <li>– before entering into the employment relationship – if the employer did not announce a recruitment process for the position or did not provide this information in the above-mentioned advertisement or before the interview,</li> </ul> </li> <li>3) job advertisements and job titles should be gender neutral, and the recruitment process should be conducted in a non-discriminatory manner,</li> <li>4) the employer will not be able to ask the candidate about remuneration under current or previous employment contracts.</li> </ol> </li> </ul>
Draft act amending the Labor Code	<ul style="list-style-type: none"> <li>• The draft act is now in public consultation, it is planned to be adopted by the Council of Ministers in Q3 2025.</li> <li>• It provides for significant changes in the scope of counteracting mobbing and discrimination, including:             <ol style="list-style-type: none"> <li>a) adding of a definition of mobbing by association and by assumption,</li> <li>b) introduction of a new definition of mobbing, among others, by recognizing as its primary characteristic the fact of persistent harassment of an employee while clarifying that incidental behaviors, even if they constitute a violation of the employee's personal rights, do not constitute mobbing,</li> <li>c) imposition of an obligation on employers to counteract violations of the equal treatment principles and mobbing by applying preventive measures, detection and quick and proper response, as well as by implementing corrective actions and supporting people affected by unequal treatment.</li> <li>d) employers will be able to be released from the responsibility for mobbing if they can demonstrate that they duly fulfilled their obligation referred to in point 3, and the questionable behaviors were displayed by a person who did not manage</li> </ol> </li> </ul>

	<p>the employee or did not hold a position superior to the employee in the work establishment,</p> <p>e) expansion of the catalogue of employer's obligations by adding counteracting violation of an employee's dignity and other personal rights,</p> <p>f) specification of reparation for an employee who has suffered mobbing in the amount not lower than not lower than twelve times the minimum wage determined on the basis of separate provisions or compensation.</p>
<p>A package of AML regulations:</p> <p>Regulation (EU) 2024/1624 of the European Parliament and of the Council of 31 May 2024 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing ("AML Regulation")</p> <p>Regulation (EU) 2024/1620 of the European Parliament and of the Council of 31 May 2024 establishing the Authority for Anti-Money Laundering and Countering the Financing of Terrorism and amending Regulations (EU) No 1093/2010, (EU) No 1094/2010 and (EU) No 1095/2010 ("AMLA Regulation")</p> <p>Directive (EU) 2024/1640 of the European Parliament and of the Council of 31 May 2024 on the mechanisms to be put in place by Member States for the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Directive (EU) 2019/1937, and amending and repealing Directive (EU) 2015/849 ("AML Directive")</p> <p>and</p> <p>draft act amending the Act on Anti-Money Laundering and Combating the Financing of Terrorism</p>	<ul style="list-style-type: none"> <li>The AML Regulation defines a common legal framework for anti-money laundering and combating financing of terrorism (AML/CFT) for the EU. It specifies, in particular, a catalogue of obliged entities (such that are required to comply with AML/CFT regulations), indicates the scope of procedures, policies and controls to be adopted by obliged entities, and describes the principles of application of financial security measures, such as client identification or verification. Obligated entities will be required to apply EU harmonized rules to identify a client and a beneficial owner and to verify their identity, obtain information about the purpose and nature of business relations, monitor clients' business relations and transactions, and verify whether a client or a beneficial owner are subject to financial sanctions. The AML Regulation also regulates the rules of applying simplified and enhanced due diligence measures,</li> <li>The AML Regulation will come into effect on 10 July 2027.</li> <li>The purpose of the AML Regulation is the establishment of the Authority for Anti-Money Laundering and Countering the Financing of Terrorism ("AMLA"), as well as definition of its structure, role, tasks and competences. The AMLA will be based in Frankfurt am Main, Germany, and should begin operations mid-2025.</li> <li>In principle, the AML Regulation will be effective from 1 July 2025,</li> <li>The AML Directive establishes the provisions regarding, among others, the identification of risk of money laundering and terrorist financing at the level of the EU and Member States, establishment of central registers of beneficial owners, registers of bank accounts and electronic data search and access to information systems kept in these registers, as well as points of access to real estate information. The directive also sets out the obligations and tasks of financial intelligence units (FIUs) and bodies involved in supervising obliged entities,</li> <li>According to the AML Directive, Member States have, in principles, 3 years to prepare provisions transposing this directive, with some exceptions.</li> </ul>
<p>Amendments to MIFID Directive and MIFIR Regulation</p> <p>Directive (EU) 2024/790 of the European Parliament and of the Council of 28 February 2024 amending Directive 2014/65/EU on markets in financial instruments</p> <p>Regulation of the European Parliament and of the Council amending Regulation (EU) No 600/2014 as regards increasing data transparency, removing obstacles to the establishment of systems for the publication of consolidated information, optimizing trading obligations and prohibiting the receipt of payments for order flow</p>	<ul style="list-style-type: none"> <li>Local regulations implementing changes to the MIFID Directive have not been prepared yet.</li> <li>The initiative is part of the Capital Markets Union package of measures which also includes: <ul style="list-style-type: none"> <li>a) legislative proposal to establish a European Single Access Point (ESAP),</li> <li>b) legislative proposal for the review of the European Long-Term Investment Fund (ELTIF) Regulation,</li> <li>c) legislative proposal for the review of the Alternative Investment Fund Managers Directive.</li> </ul> </li> <li>The proposal aims to improve the quality of market data and consolidate market data by amending the market data rules included in MiFIR.</li> </ul>
<p>The Act of 26 April 2024 on ensuring compliance with the requirements of</p>	<ul style="list-style-type: none"> <li>Effective date: 28 June 2025,</li> <li>It introduces a requirement for the accessibility of retail banking products and services to persons with technical difficulties or</li> </ul>

accessibility of certain products and services by business entities	disabilities, as well as the comprehensibility and provision of information about them at the B2 language level.
Regulation of the European Parliament and of the Council amending Regulation (EU) No 910/2014 as regards establishing a framework for a European Digital Identity (eIDAS 2.0)	<ul style="list-style-type: none"> <li>Development of digital identity for citizens throughout the European Union, in particular through the introduction of the European Digital Identity Wallet (EUDI – EU Digital Identity Wallet) and new trust services. EUDI is intended to allow for the secure storage of various digital identity data, such as driving licenses, permits, health cards, diplomas, etc. In addition to identity management, the EUDI wallet is intended to offer a payment solution.</li> </ul>
Draft act on instruments of supported decision-making	<ul style="list-style-type: none"> <li>The aim of the draft act is to introduce new solutions into the legal system based on replacing guardianship with a supported decision-making model. The draft act provides for introducing the following instruments:</li> <li>Legal assistance: Written agreement between the person in need of support and legal assistant to obtain support in performing legal activities.</li> <li>Supporting guardian: For a person in need of support the court may appoint a supporting guardian for a maximum period of 5 years. The court will determine the scope of their responsibilities. However, a supporting guardian may not make declarations of intent on behalf of the person they are supporting.</li> <li>Representing guardian: Is appointed when the person in need of support is unable to make certain decisions themselves. The court will detail the scope of the guardian's responsibilities, including the possibility to perform legal activities and give consent to the decisions made by the supported person.</li> <li>Registered attorney: This is a type of security for the future. A person may draft a power of attorney in advance in case they lose the ability to handle their own affairs themselves. The draft act also provides for creating a Register of Powers of Attorney to make it easier for institutions and interested parties to confirm the validity and scope of the power of attorney granted.</li> </ul>
Regulation (EU) of the European Parliament and of the Council of 13 March 2024 amending Regulations (EU) No 260/2012 and (EU) 2021/1230 and Directives 98/26/EC and (EU) 2015/2366 as regards instant credit transfers in euro ("IPR")	<ul style="list-style-type: none"> <li>Obligation for payment service providers (in practice, banks) to offer instant credit transfers (24/7) in EUR.</li> <li>Fee for an instant credit transfer in EUR (for non-eurozone countries) – in principle, according to the Regulation on equivalence of fees and charges (Regulation 2021/1230), that is, the same as their equivalent domestic fee in PLN, provided that it cannot be higher than the fee for a standard transfer in EUR (SEPA).</li> <li>Obligation to provide a matching verification service (accompanying the instant credit transfer service) allowing the payer to verify whether the IBAN matches the name of the payee, and allowing the user to resign from such service.</li> <li>Introduction of an obligation to check users of payment services, on an ongoing basis (at least daily), against the sanction lists.</li> <li>The Regulation shall come into effect on 8 April 2024.</li> <li>Pursuant to Article 5a(8) inserted in Regulation 260/2012, the adjustment deadlines for introducing instant credit transfers in EUR by payment service providers outside of the eurozone are as follows: <ol style="list-style-type: none"> <li>9 January 2027 – adjustment deadline for offering the payment service of receiving instant credit transfers in euro as laid down in the inserted Article 5a</li> <li>9 July 2027 – adjustment deadline for offering the payment service of sending instant credit transfers in euro as laid down in the inserted Article 5a.</li> </ol> </li> </ul>
Draft act on consumer credit and amending the consumer rights act	<ul style="list-style-type: none"> <li>Implementation of the Directive of the European Parliament and of the Council (EU) 2023/2225 of 18 October 2023 on credit agreements for consumers and repealing Directive 2008/48/EC, and</li> </ul>



	<ul style="list-style-type: none"> <li>• Directive of the European Parliament and of the Council (EU) 2023/2673 of 22 November 2023 amending Directive 2011/83/EU as regards financial services contracts concluded at a distance and repealing Directive 2002/65/EC.</li> </ul>
Draft act amending the Act on Public Offering and Terms of Introduction of Financial Instruments to an Organized Trading System and on Public Companies and the Act on Implementing Some EU Regulations Concerning Equal Treatment	<ul style="list-style-type: none"> <li>• This regulation implements the Directive (EU) 2022/2381 of the European Parliament and of the Council of 23 November 2022 on improving the gender balance among directors of listed companies and related measures,</li> <li>• The objective of the directive is to facilitate the application of the principle of equal opportunities of women and men in leadership positions, by determining the requirements of the selection process of candidates for these roles,</li> <li>• The provisions refer to the underrepresented sex in corporate bodies.</li> </ul>
Directive (EU) 2024/1760 of the European Parliament and of the Council of 13 June 2024 on corporate sustainability due diligence and amending Directive (EU) 2019/1937 and Regulation (EU) 2023/2859 (CSDDD)	<ul style="list-style-type: none"> <li>• CSDDD establishes companies' obligations as regards identifying, preventing and mitigating the adverse impacts of their operations on human rights and the environment. Its goal is to promote sustainable and responsible business conduct. It also provides for monitoring the effectiveness of the measures taken and communicating the implemented procedures. The regulation applies to big companies operating in the European Union, regardless of whether they are domiciled in or outside the EU.</li> </ul>
Draft act amending certain acts with regard to provision of information to the European Single Access Point (ESAP).	<ul style="list-style-type: none"> <li>• The draft has been submitted for consultation, planned effective date: 10 July 2025 with exceptions,</li> <li>• The draft act transposes to the national law the ESAP Package (Regulation (EU) 2023/2859 establishing the ESAP, omnibus directive 2023/2864, omnibus regulation 2023/2869), and directive amending MiFID II. The drafted act provides for amendment of a number of legal acts, including the act on trading in financial instruments and banking law.</li> </ul>
Directive (EU) 2025/794 of the European Parliament and of the Council (so called "stop-the-clock" directive) amending Directives (EU) 2022/2464 (CSRD) and (EU) 2024/1760 (CSDDD) as regards the dates from which Member States are to apply certain corporate sustainability reporting and due diligence requirements.	<ul style="list-style-type: none"> <li>• The Directive extends reporting deadlines for entities that are in the second and third reporting groups under the CSRD,</li> <li>• The Directive changes the deadline for transposition of the CSDDD from 26 July 2026 to 26 July 2027, and also postpones its application by 1 year for the first group of companies falling within the scope of the Directive (i.e. until 26 July 2028).</li> </ul>
Draft Delegated Regulation of the European Commission of 11 July 2025 amending Delegated Regulation (EU) 2023/2772 as regards the postponement of the date of application of disclosure requirements for certain undertakings	<ul style="list-style-type: none"> <li>• The European Commission has adopted targeted "quick-fix" amendments to the first set of European Sustainability Reporting Standards (ESRS). They will reduce burdens and increase certainty for companies that had to start ESG reporting for the 2024 financial year (commonly referred to as "first wave" companies). Under the current ESRS, undertakings reporting for the 2024 financial year can omit information on, among other things, the expected financial impact of certain sustainability risks. The quick-fix that applies from the 2025 financial year will allow them to omit the same information in the 2025 and 2026 financial years.</li> </ul>
Draft Delegated Regulation of the European Commission of 4 July 2025 amending Commission Delegated Regulation (EU) 2021/2178 as regards simplifying the content and presentation of information to be disclosed in relation to environmentally sustainable activities and Commission Delegated Regulations (EU) 2021/2139 and (EU) 2023/2486 as regards simplifying certain technical screening criteria for determining whether an economic activity causes no	<ul style="list-style-type: none"> <li>• The European Commission has adopted a set of measures aimed at simplifying the application of the EU taxonomy "quick-fix", i.e. the EU's classification system for sustainable economic activities and investments. These changes will reduce administrative burdens imposed on businesses while preserving the framework's core objectives. These changes were adopted in the form of a delegated act amending the delegated acts on taxonomy-related disclosures and the delegated acts on climate and environment. The simplification measures set out in this Delegated Act will apply from 1 January 2026 and cover the 2025 financial year. However, undertakings have an option to apply the measures from the 2026 financial year onwards if they find it more convenient.</li> </ul>



significant harm to environmental objectives	
Regulation (EU) 2025/914 of the European Parliament and of the Council of 7 May 2025 amending Regulation (EU) 2016/1011 as regards the scope of the rules for benchmarks, the use in the Union of benchmarks provided by an administrator located in a third country, and certain reporting requirements	<ul style="list-style-type: none"> <li>The Regulation was promulgated on 19 May 2025 and enters into force on the twentieth day following its publication, and applies from 1 January 2026,</li> <li>Amendments to the Regulation streamline the existing assumptions regarding the application of a nearly identical regime of requirements for critical and significant benchmarks, as well as other benchmarks that are not included in the first two groups. The changes, among other things, largely reduce the scope of application of the Regulation to critical and significant benchmarks. Additionally, the provisions regarding significant benchmarks have been clarified. Additional regulations have been introduced regarding climate transition benchmarks and alignment with the Paris Agreement. The benchmark requirements for third-country administrators have also been amended accordingly.</li> <li>Amendments to Article 28(2) (concerning contingency plans) and Article 29 in conjunction with Article 24a of the Regulation (e.g. actions required in the event of a declaration that a significant benchmark does not comply with the Regulation) and the aforementioned Article 29 in relation to the obligation to monitor the status of benchmark administrators' authorizations.</li> </ul>
Regulation of 17 July 2025 amending Regulation of the Minister of Finance of 20 September 2024 on the submission of information to the Polish Financial Supervision Authority by investment firms, state-owned banks running brokerage activity, banks referred to in Article 70(2) of the Act on Trading in Financial Instruments, and custodian banks	<ul style="list-style-type: none"> <li>The amendment entered into force on 19 July 2025,</li> <li>A significant change for the Bank is the extension of the deadline for investment firms to submit a quarterly report on sales activity to the Polish Financial Supervision Authority (KNF) from 20 days to one month (§ 1(4)(b) and (c) of the proposed Regulation). The current deadline overlaps with the obligation to prepare and submit three other reports to the KNF (MDF, PORTFOLIO, LIQUIDITY GAP), leading to excessive reporting obligations. Furthermore, a sales report requires data from external entities, which typically submit it only after the 15th day of a month.</li> </ul>
Draft Regulation of the European Parliament and of the Council amending Regulation (EU) No 909/2014 with regard to a shorter settlement cycle in the Union	<ul style="list-style-type: none"> <li>The Regulation enters into force on the twentieth day following its publication in the Official Journal of the European Union.</li> <li>The change concerns the execution of orders and settlement of transactions in transferable securities in the trading system - shortening the settlement date to one business day.</li> </ul>
COMMISSION IMPLEMENTING REGULATION (EU) 2024/3117 of 29 November 2024 laying down implementing technical standards for the application of Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to supervisory reporting of institutions and repealing Commission Implementing Regulation (EU) 2021/451	<ul style="list-style-type: none"> <li>The Regulation will apply from 28 June 2025,</li> <li>Establishment of a coherent reporting framework, including reporting requirements for own funds and own funds requirements (minimum capital threshold, credit and counterparty credit risk, credit valuation adjustments, market risk, operational risk, loss coverage for non-performing exposures and crypto-assets), reporting requirements for losses from real estate-secured loans, and reporting requirements on the leverage ratio.</li> </ul>

In addition, the Bank's activities in the second half of 2025 may be affected by the following EBA Guidelines:

#### Ryzyko AML i Sankcji

- EBA Guidelines on information requirements in relation to transfers of funds and certain crypto-assets transfers under Regulation (EU) 2023/1113
- EBA Guidelines on internal policies, procedures and controls to ensure the implementation of Union and national restrictive measures
- EBA Guidelines on internal policies, procedures and controls to ensure the implementation of Union and national restrictive measures under Regulation (EU) 2023/1113

**Corporate Governance:**

- [EBA Guidelines amending Guideline EBA/GL/2022/01 on Improving Resolvability for Institutions and Resolution Authorities to Introduce a New Section on Resolvability Testing](#)
- [EBA Guidelines on Transferability in the Context of the Resolvability Assessment for the Purposes of the Transfer Strategy](#)
- [EBA Guidelines on General Resolvability in Recovery and Resolution Planning](#)
- [EBA Guidelines on resubmission of historical data under the EBA reporting framework](#)

## 2. Risk management principles

The Group carries out risk management by implementing cohesive rules, controls and tools through the Group, taking into account supervisory requirements and best market practices.

The risk management system used in the Group, which is based on the shared responsibility concept, is arranged on three independent levels ("three lines of defense"):

- Level 1, i.e. organizational units responsible for the activity which results in taking risks and responsible for risk management in the Bank's operational activity, as well as for risk identification and reporting to the second-line units,
- Level 2, i.e. risk management at organizational units, regardless of the first-line risk management, and the activity of the compliance unit – units or persons responsible for setting risk management standards in identifying, measuring or assessing, limiting, controlling, monitoring and reporting and for supervising control mechanisms applied by other organizational units of the Bank to mitigate risk – organizational units of the Risk Management Sector, Compliance Department, Finance Management Sector, Legal Division, Human Resources Division;
- Level 3, i.e. Audit Department which ensures independent assessment of both risk management processes and internal control system.

When organizing its risk management processes, the Group takes into account its risk profile, strategic and business objectives, available capital and liquidity resources, macroeconomic environment and regulatory requirements – these factors make up the framework of the risk control and management system.

Risk management processes are implemented on the basis of documented policies and rules relating to identification, measurement, mitigation, control, monitoring and reporting of risks to which the Group is exposed, approved by the Management Board, authorized persons in accordance with the rules of issuance of legislative acts at the Bank or duly established Committees, including:

- Asset and Liability Committee (ALCO);
- Risk and Capital Management Committee, supervising the Risk Models Commission, the Consumer Bank Risk Commission and Sustainable Products Commission;
- New Products Committee;
- Operational Risk, Control and Compliance Committee.

The risks connected with activities of the Group are mitigated by a system of limits arising from risk appetite and the management information system used by the Bank enables it to monitor risk levels by providing management with portfolio information on a regular basis.

The Group carries out the management of all significant risk families arising from the execution of its business strategy. As part of the process initiated in 2025 to identify key risk families, the Management Board of the Bank concluded that the following risk families were significant for the purposes of risk management and the internal capital estimation and maintenance process:

- Credit risk;
- Counterparty credit risk;
- Market risk for the trading portfolio and banking book;
- Liquidity risk;
- Operational risk;
- Compliance risk;
- Strategic risk
- Climate risk for credit, strategic, reputational, and compliance risk
- Environmental risk for compliance risk.

## Credit risk (consumer and corporate) and counterparty risk

Definition	<ul style="list-style-type: none"> <li>• Credit risk is a potential loss resulting from the breach of a contract by the client or their insolvency, taking into account loss reduction methods used for a product or given funding.</li> <li>• In Consumer Banking, credit risk is understood as the risk of financial loss resulting from the failure of an individual customer or a customer running a small business to repay a loan or to comply with other conditions imposed on the borrower under the loan agreement.</li> <li>• Corporate client credit risk is the risk of loss resulting from a deterioration in credit quality (rating reduction) or a breach of contract by a corporate banking client, business banking client or securities issuer</li> <li>• Counterparty credit risk is the risk of loss resulting from deterioration of credit quality (downgrade) or a breach of contract by the counterparty resulting from activities on the financial instruments market as part of transactions concluded with counterparties for trading, hedging and liquidity management purposes, in particular derivative transactions, repo/reverse repo transactions and securities-based financing.</li> </ul>
Risk management strategy	<ul style="list-style-type: none"> <li>• The primary objective of credit risk management is to support the long-term plan of stable growth of the credit portfolio, while maintaining appropriate quality. The credit process is based on a number of fundamental principles, such as: <ul style="list-style-type: none"> <li>– Business and independent risk management units share responsibility for quality of the credit portfolio and credit process and for any credit losses;</li> <li>– Conduct must be in compliance with the guidelines on the portfolio structure to ensure its diversification and to keep balance between risk and capital;</li> <li>– A system of credit-related authorizations must be implemented which assumes that authorization to make credit decisions may only be granted to properly trained and experienced employees of Risk Management Sector and Operation Division, taking into account their track record and risk assessment skills and abilities;</li> <li>– Acceptance level must depend on assumed risk – higher-risk exposures (defined taking into account both amount and level of risk) require higher-level approval;</li> <li>– Diversified and adequate risk assessment standards must be used for each borrower and each commitment, including as part of corrective actions;</li> <li>– A consistent rating process is required, which is based, <i>inter alia</i>, on results produced by rating or scoring models;</li> <li>– Periodic, regular monitoring of results of a client's activities and identification of adverse changes in their situation which require immediate activities to classify receivable or corrective actions are necessary;</li> <li>– External environment must be monitored to ensure early detection of economic threats which may adversely affect particular portfolios;</li> <li>– The credit policy rules must be complied with and, in special cases, approval of exceptions is required at higher management levels in order to ensure control of implementation of its principles in compliance with internal regulations applicable at the Bank, generally applicable laws and regulations and regulations issued by competent regulators.</li> </ul> </li> </ul>
Risk measurement	<ul style="list-style-type: none"> <li>• Risk measurement is carried out using: rating models, scoring models and scorecards at the level of a client and provision models for portfolio risk assessment and an integrated ICAAP process, both at aggregate level and by business line.</li> </ul>
Monitoring	<ul style="list-style-type: none"> <li>• Credit risk exposures are monitored and managed at two levels: client level and portfolio level. Tools used to monitor the current creditworthiness of a borrower include: <ul style="list-style-type: none"> <li>– annual comprehensive review of limits, exposures, financial situation of and cooperation with borrowers,</li> <li>– tools and reports used in the Early Warning process,</li> <li>– periodic financial reviews of borrowers,</li> <li>– periodic reviews of negatively classified credit exposures,</li> <li>– periodic visits to clients,</li> <li>– analysis and assessment of external information (rating reports, analytical reports, press, sector sources, etc.),</li> <li>– internal classification system.</li> </ul> </li> <li>• Portfolio-level monitoring</li> </ul>

- monitoring of utilization of risk concentration limits in the credit portfolio on the basis of appropriate reports,
- regular periodic reviews of the credit portfolio,
- “ad hoc” portfolio reviews due to sudden important external information,
- monitoring of indicators determined for the retail exposure portfolio.
- The monitoring of portfolio performance and the identification of trends in the portfolio are carried out using regular management information and control reports taking into account, *inter alia*, analysis of pace of changes in value and segmentation (sectors) of the credit portfolio, client risk (rating), quality of credit exposure collateral and exposures affected by non-performance, departures from applicable risk acceptance rules and limit utilization level.
- The package of control reports for each portfolio is prepared on a regular basis and delivered to unit heads responsible for the client segment in question, the Risk and Capital Management Committee and the Management Board of the Bank.

### Market risk for the trading portfolio

Definition	<ul style="list-style-type: none"> <li>• Trading portfolio market risk is defined as the risk of loss resulting from a potential negative change in the market value of an exposure due to changes in market factors such as interest rates, foreign exchange rates, equity and commodity prices, interest rate, currency or credit spreads.</li> </ul>
Risk management strategy	<ul style="list-style-type: none"> <li>• Market risk management is to ensure that the amount of risk accepted in the Group is consistent with the level acceptable for the shareholders and banking supervision authorities and to ensure that all market risk exposures are adequately reflected in calculated risk measures notified to relevant managers and governing bodies.</li> <li>• Adopted market risk measures and limits should prevent excessive concentrations of exposures to a single risk factor or a group of related risk factors and should enable determination of the maximum level of the risk accepted in the trading book or the banking book.</li> <li>• Market risk management at the Bank is based on: <ul style="list-style-type: none"> <li>– applicable Polish laws and regulations, in particular the Banking Act,</li> <li>– applicable EU regulations, in particular the Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms (CRR),</li> <li>– requirements of Polish and EU regulatory institutions and especially resolutions of the Polish Financial Supervision Authority (KNF),</li> <li>– principles of prudent and stable risk management at the Group and the general risk level accepted by the Supervisory Board of the Bank, taking into account best practices applied in the market.</li> </ul> </li> <li>• Market risk management covers all portfolios that generate incomes which are exposed to an adverse impact of market factors, such as interest rates, currency rates, stock prices, commodity prices and parameters of volatility of those factors.</li> <li>• Trading portfolio includes transactions in financial instruments (on- and off-balance sheet ones) the purpose of which is to earn income connected with a change of market parameters in a short period. Trading portfolios cover on-balance sheet items, such as debt securities, categorized as held for trading, i.e. purchased for trading purposes and meeting specified liquidity criteria, and any positions in derivative instruments, provided that in this case portfolios are divided into those acquired for purely trading purposes and those created as hedging against the risk of positions included in a banking portfolio (so-called economic hedge). Valuation of trading portfolios is carried out either directly on the basis of market prices or by using valuation models that make use of price parameters quoted in the market. Activities on trading portfolios are carried out by the Interbank Transaction Division in the Financial Markets and Corporate Banking Sector for those portfolios which cover interest rate risk and currency risk. Trading portfolios also include options, including currency option transactions, interest rate options and option structures, which reflect the economic nature and risk arising from products offered to clients of the Bank. The operations of the Bank in that area are carried out so that they ensure the simultaneous (each time and immediate) conclusion of a counter transaction having the same parameters, as a result of which the option transaction portfolio generates no open market risk exposure. The only factor connected with the conclusion of option transactions which is taken into account in measurement of market risk, and specifically currency risk, is the amount of the premium paid/received in the foreign currency.</li> </ul>
Risk measurement	<ul style="list-style-type: none"> <li>• The following risk measurement methods are applied to trading portfolios: factor sensitivity (DV01/CRO1) method, value at risk (VaR) method and stress tests.</li> </ul>

	<ul style="list-style-type: none"> <li>• Sensitivity factors measure the change in the value of the position in a given underlying instrument in the case of a specified change of the market risk factor (for example a change of the interest rate in a given point on the interest rate curve by 1 basis point or a change of the currency rate or stock price by 1%). <ul style="list-style-type: none"> <li>– For interest rates/credit spreads, the sensitivity measure is DV01/CR01;</li> <li>– For currency risk the sensitivity factor is equal in value to the position in a given currency;</li> <li>– For positions in equity securities, the sensitivity factor is equal in value to the net position in a given instrument (stocks, index, participation unit).</li> </ul> </li> <li>• The integrated measure of market risk for trading portfolio, which combines the impact of the positions in particular risk factors and takes into account the correlation effect between volatilities of individual factors, is value at risk (VaR). VaR is used to estimate the potential decline in value of a position or portfolio in normal market conditions, for a fixed confidence level and in a specified period. For positions opened in a trading portfolio of the Bank, VaR is calculated using the 99% confidence level and one-day holding period.</li> <li>• Both DV01 and VaR for a trading portfolio are calculated as net amounts without any economic hedging of the portfolio of securities available for sale, i.e. excluding any derivative instruments which are to secure the fair value of the portfolio. The risk exposure of such transaction is controlled by using appropriate risk measurement methods and mitigated with risk limits adopted for banking portfolios.</li> <li>• On a daily basis, the analysis of stress test scenarios is carried out, while assuming risk factor changes higher than those adopted for VaR measurement and ignoring any observed historical correlations between those factors.</li> <li>• The Bank has market risk exposures of trading portfolios in more than twenty currencies, both for currency positions and exposures to interest rate risk, but only exposures to a few currencies are significant. For a large group of currencies, exposures arise from the imperfect match of the transactions concluded upon the client's order and the counter transactions with other counterparties from wholesale markets. Significant exposures to market risk are opened for PLN, developed market currencies (mainly USD and EUR and less frequently GBP, CHF or JPY) and even currencies from Central European countries.</li> </ul>
Monitoring	<ul style="list-style-type: none"> <li>• The Market Risk Department by the dedicated IT system provides the relevant executives and managers, on a regular basis, with reports on portfolio sensitivity, value at risk (VAR), securities positions, stress test results for market risk, allocation of capital requirements relating to market risk and utilization of Trading MAT and Trading Stop Loss limits (warning thresholds).</li> <li>• In addition, market risk analyses are presented systematically to the following committees: the Asset and Liability Committee, the Risk and Capital Management Committee and the Risk and Capital Committee of the Supervisory Board.</li> </ul>

### Market risk for banking book

Definition	<ul style="list-style-type: none"> <li>• Market risk in the banking book (related to non-trading portfolios) is the risk of the potential negative impact of changes in market factors such as interest rates, foreign exchange rates, and credit spreads on net interest income (NII), economic value of equity (EVE), or accumulated other comprehensive income (AOCI). The types of interest rate risk in the banking book include: repricing date mismatch risk, yield curve risk, basis risk, and client option risk.</li> </ul>
Risk management strategy	<ul style="list-style-type: none"> <li>• The purpose of managing market risk related to non-trading portfolios is primarily to minimize the risk connected with the possibility of occurrence of adverse changes in market interest rates and with a negative impact of those changes on the net interest rate and, subsequently, financial result of the Group.</li> <li>• Market risk management at the Bank is based on: the requirements of Polish and European regulatory institutions, and especially resolutions of the Polish Financial Supervision Authority (KNF) and the EBA; and the principles of prudent and stable risk management at the Group and the general risk level accepted by the Supervisory Board of the Bank, taking into account best practices applied in the market.</li> <li>• Management of market risk related to non-trading portfolios is carried out both at strategic and operational level. Division into particular risk management levels depends on the nature and type of decisions made by particular decision-making fora at the Bank which affect the profile and level of interest rate risk. <ul style="list-style-type: none"> <li>– The strategic risk management perspective is covered by the decision-making powers of the Asset and Liability Committee (ALCO) of the Bank, which carries</li> </ul> </li> </ul>



	<p>out interest rate management by setting risk limits for banking portfolios and by conducting monthly reviews of exposures and results of management of those portfolios.</p> <ul style="list-style-type: none"> <li>– The operational management of market risk related to non-trading portfolios is carried out by the Asset and Liability Management Department, which is authorized to open risk positions within the framework of adopted limits.</li> </ul>
Risk measurement	<ul style="list-style-type: none"> <li>• The following risk measurement methods apply to non-trading portfolios (bank book portfolios): interest rate gap analysis, method based on costs of closure of open interest positions (Value-at-Close) / total return on portfolio (Total Return), method based on interest income exposed to risk (Interest Rate Exposure, IRE) and stress tests.</li> <li>• The interest rate gap analysis uses the schedule of maturity or revaluation of on-balance sheet positions and derivatives recognized using hedge accounting or categorized as economic hedge in order to determine differences between positions whose maturity date or interest rate update date is in the subject time interval.</li> <li>• As a general rule applied in the interest rate gap analysis, transactions are allocated to particular bands of revaluation of positions in banking portfolios on the basis of contractual or assumed dates of change of transaction interest rates.</li> <li>• The Value-at-Close method determines the economic or “fair” value of positions, corresponding to market valuation of a trading portfolio. Total return on a portfolio is the sum of changes of value-at-close, accrued interest and gains/losses on sale of assets or cancellation of liabilities.</li> <li>• The Interest Rate Exposure (IRE) method, based on the revaluation gap method, is used for measurement of the potential impact of a pre-determined parallel shift of interest rate yields on pre-tax interest income on the banking book which may be earned in a specified time interval. This is a prospective measure. In addition, it is assumed that in standard conditions interest rate moves are identical for each currency and equal to 100 basis points up. The IRE measure is calculated separately for the position in each currency over a 10-year time horizon, provided, however, that 1-year and 5-year IRE measures are mainly used for the purposes of day-to-day monitoring and limitation of interest rate risk positions for banking portfolios. Additionally, the Bank measures the interest rate risk using the income method (cash flow net interest revenue NIR/IRE). This measure, like the IRE calculated using the gap method, determines the potential pre-tax impact on net interest income for banking book items due to specific changes in interest rates over a specific reporting period – generally 12 months. NIR is the difference between accrued interest income earned on assets (e.g. loans to customers) and the cost of interest paid on liabilities (e.g. customer deposits). NIR/IRE is the delta between the Baseline NIR and NIR in the interest rate shock scenario (e.g. + 100 bp, + 200 bp, - 100 bp, -200 bp)</li> <li>• Stress tests measure a potential impact of significant changes in the level or shape of interest rate yields on the positions opened in a banking portfolio.</li> <li>• The Bank carries out stress tests for pre-defined scenarios of movements of interest rates, which are combinations of moves of market factors, both defined as significant changes (large move) and crisis changes (stress move), which occur both in Poland and abroad. The extent of assumed shifts of market factors are reviewed at least annually and adjusted as appropriate to changes in the market conditions in which the Bank operates.</li> <li>• Bank calculates also the change to capital value (EVE) and NIR as the result of fluctuations of interest rates for the individual currencies, under scenarios consistent with requirements of the EBA.</li> <li>• The Asset and Liability Management Department in the Interbank Transaction Division carries out activities relating to securities available for sale. Three key objectives have been adopted for activities relating to the portfolio of securities available for sale: <ul style="list-style-type: none"> <li>– carrying out financial liquidity management,</li> <li>– hedging against the risk taken over by the Interbank Transaction Division from other organizational units of the Bank</li> <li>– opening own interest rate risk positions in portfolios of the Bank by the Interbank Transaction Division.</li> </ul> </li> <li>• In order to avoid excessive fluctuations of capital funds of the Bank, caused by revaluation of assets held for sale, maximum limits are set for the DV01/CRO1 (Dollar Value of 1 basis point) position, which determines the potential change in the value of risk position for a given interest rate curve on a specified nodal point (to which all cash flows in a given period are brought) caused by a shift of the market interest rate by 1 basis point up for such portfolios. Limits also cover open derivative</li> </ul>

	instrument positions (for example interest rate swaps) established to hedge the fair value of a portfolio.
Monitoring	<ul style="list-style-type: none"> <li>The Market Risk Department and a dedicated reporting unit in the Risk Management Sector provide the relevant executives and managers with reports on portfolio sensitivity, securities positions, stress test results for interest rate risk of the banking book.</li> <li>In addition, market risk analyses are presented systematically to the following committees: the Asset and Liability Committee and the Risk and Capital Committee of the Supervisory Board.</li> </ul>
<b>Liquidity risk</b>	
Definition	<ul style="list-style-type: none"> <li>The risk that the Bank will be unable to effectively meet both expected and unexpected current and future cash flows and collateral needs without adversely affecting the Bank's daily operations or financial position. This risk may be exacerbated by the Bank's inability to access funding sources or monetize assets, as well as the structure of its liquid liabilities and assets.</li> </ul>
Risk management strategy	<ul style="list-style-type: none"> <li>The overriding goal of liquidity risk management is to ensure that the Bank and other companies from the Group have access to liquid funds sufficient to meet their financial liabilities when due (also in the event of probable extreme crisis situations).</li> <li>Liquidity risk management is based on: <ul style="list-style-type: none"> <li>applicable Polish laws and regulations, in particular the Banking Act;</li> <li>applicable provisions of EU law, in particular Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms (CRR),</li> <li>requirements of Polish regulatory institutions and especially resolutions of the Polish Financial Supervision Authority (KNF);</li> <li>principles of prudent and stable risk management at the Group and the general risk level accepted by the Supervisory Board of the Bank;</li> <li>taking into account best practices applied in the market.</li> </ul> </li> <li>The Group analyses and manages liquidity risk in different time horizons and, to this end, distinguishes between current, short term, medium term and long term liquidity and applies adequate risk measurement and limitation methods. The adopted measures and limits are to limit excessive concentrations with respect to the assumed structure of the balance sheet or sources of funding.</li> <li>The management of long-term liquidity is a task of Assets &amp; Liabilities Committee (ALCO) and is covered by the strategy of the Bank. It is carried out on the basis of monitoring of structural relations of the balance sheet and on the basis of regulatory long-term liquidity measures, and covers the liquidity gap analysis and the possibilities of obtaining sufficient financing sources in the future, as well as the analysis of funding costs in the context of the impact on the profitability of business operations.</li> <li>The management of medium-term liquidity, within the 1-year time horizon, is a task of Assets &amp; Liabilities Committee and is carried out on the basis of annual financing plans, which determine the levels of internal limits, plans prepared by business units of the Bank concerning changes in assets and liabilities, elaborated within the framework of financial plans for the next budget year.</li> <li>The management of short-term liquidity, within the 3-month time horizon, is a task of the Financial Markets Sector and Corporate Banking Sector, and is carried out on the basis of both regulatory measures of short-term liquidity and internal limits. The Bank also analyses the liquidity level in emergency situations, assuming, as a must, that there will be no negative gap in all time brackets in a 12-month time horizon.</li> <li>Current liquidity management is a task of the Financial Markets and Corporate Banking Sector and is carried out on the basis of nostro accounts of the Bank, including in particular the mandatory reserve account with the National Bank of Poland, using available products offered by the money market and the central bank.</li> </ul>
Risk measurement	<ul style="list-style-type: none"> <li>Liquidity risk measurement is carried out by using external supervisory measures (M3-M4, LCR/NSFR and additional liquidity monitoring indicators – ALMM) and additional measures and tools developed internally: <ul style="list-style-type: none"> <li>gap analysis – MAR/S2</li> <li>crisis/stress scenarios,</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>– structural liquidity ratios,</li> <li>– market warning signals,</li> <li>– significant sources of financing,</li> <li>– emergency financing plan,</li> <li>– intra-day liquidity management process,</li> <li>– short-term liquidity gap – M1,</li> <li>– short-term liquidity ratio – M2,</li> <li>– illiquid assets with own funds coverage ratio – M3,</li> <li>– illiquid assets and assets of limited liquidity with own funds and stable external funds coverage ratio – M4.</li> </ul>
Monitoring	<ul style="list-style-type: none"> <li>• Liquidity risk monitoring and management are carried out using: supervisory liquidity risk limits determined by the Office of the Polish Financial Supervision Authority and internal prudential limits and thresholds determined for liquidity risk by the Asset and Liability Committee (ALCO): <ul style="list-style-type: none"> <li>– limits for the S2 Report – for pre-determined currencies and time ranges;</li> <li>– warning thresholds for structural liquidity ratios;</li> <li>– warning threshold for tests of stress scenarios.</li> </ul> </li> <li>• On a regular basis, the Market Risk Department and a dedicated reporting unit in the Risk Management Sector provide the relevant executives and managers with reports on the liquidity position, stress test results for liquidity risk and allocation of capital requirements relating to liquidity risk.</li> <li>• In addition, liquidity risk analyses are presented systematically to the following committees: the Asset and Liability Committee, and the Risk and Capital Committee of the Supervisory Board.</li> </ul>
Operational risk	
Definition	<ul style="list-style-type: none"> <li>• Operational risk should be understood as a possibility of loss as a result of application of inappropriate or defective internal processes, human, systems or external events. The definition of operational risk also includes legal risk, i.e. the risk of loss (including litigation costs, settlements and penalties imposed by the regulator) resulting from non-compliance with the law, prudent ethical standards and contractual obligations in every aspect of the Bank's business, excluding strategic and reputational risk. The Bank recognises the impact of operational risk on the possibility of loss of reputation associated with its business activities. The definition of operational risk includes conduct risk and information, communication and technology (ICT) risk;</li> <li>• For the purposes of the ICAAP process, the compliance risk is also included in the operational risk (i.e. the risk of negative effects of non-compliance with legal provisions, supervisory regulations, internal normative acts of the bank and the practices and standards available on the market).</li> </ul>
Risk management strategy	<ul style="list-style-type: none"> <li>• In terms of operational risk, the strategic goal of operational risk management is to ensure a permanent and effective approach to identification, measurement/assessment, limitation, control, monitoring and reporting of risk, as well as effective reduction of the level of exposure to operational risk, and as a consequence limiting the number and scale of events of an operational risk (policy of low level of tolerance to operational losses).</li> <li>• The main assumptions of the operational risk strategy focus on increasing the Group's capacity to early identifying areas of increased system risk and reduction of exposure areas resulting from the risk resulting from human errors.</li> <li>• When organizing the operational risk management process the Group takes into account the business strategy, risk profile of the Group, macroeconomic environment, available capital and liquidity resources and regulatory requirements, which make up the framework of preparation of the system used to control and manage operational risk at the Group.</li> <li>• The Group's operational risk management system is built to ensure proper risk management at every stage, i.e. identification, assessment/measurement, mitigation, monitoring and reporting.</li> </ul>
Risk measurement	<ul style="list-style-type: none"> <li>• In the risk assessment process, the Group uses combinations of various risk measurement or estimation methods. <ul style="list-style-type: none"> <li>– Risk assessment is to determine the probability of occurrence and the amount of future losses attributable to operational risk. To this end both quantitative and qualitative indicators are used (such as risk appetite, capital</li> </ul> </li> </ul>

	<p>requirements, KRIs, data about losses and operational risk events, control issues and corrective actions, self-assessment process, risk concentration areas and rising-risk areas, scenario analysis, stress tests, changes in processes and products, information from internal and external reviews and audits and information reported to Commissions and Committees).</p> <ul style="list-style-type: none"> <li>– Such assessment also includes an analysis of both internal and external threats. A correct assessment of operational risk enables the Group to properly determine and manage the risk profile.</li> </ul>
Monitoring	<ul style="list-style-type: none"> <li>• As part of consolidated supervision, operational risk data relating to the Bank and subsidiaries are presented to Commissions and Committees that support the Management Board and Supervisory Board of the Bank in the operational risk management process.</li> <li>• The ongoing monitoring of operational risk is the responsibility of the Operational Risk Committee, the Control and Compliance System, the Risk and Capital Management Committee, the New Products Committee and the various Commissions supporting the Committees.</li> <li>• Quality of the operational risk management process (including the self-assessment process) in particular units of the Group is checked and assessed by the Internal Audit function.</li> <li>• The Supervisory Board oversees the operational risk management system and assesses its adequacy and effectiveness. The Supervisory Board is supported by its committees: Audit Committee, Risk and Capital Committee and Remuneration Committee.</li> <li>• On the basis of synthetic reports which present the scale and types of operational risk to which the Group is exposed, risk concentration areas, operational risk management methods, probability of occurrence of operational risk events, assessment of potential adverse impact of the operational risk management methods, results of operational risk profile monitoring and operational risk appetite, submitted by the Management Board at least semiannually, the Supervisory Board, supported by the Audit Committee and the Risk and Capital Committee, assesses the implementation of the assumptions of the strategy by the Management Board (including with respect to the operational risk management principles) and may order a review of the strategy if it deems it necessary.</li> </ul>
Strategic risk	
Definition	<ul style="list-style-type: none"> <li>• Strategic risk is defined as the risk of a permanent (not episodic) impact on the achievement of the Bank's key strategic objectives, measured by the impact on projected revenues and/or market capitalization, resulting from external factors affecting the Group's operating environment, as well as risk related to the definition and implementation of the strategy. It may materialize directly in the Group's financial results or in the core risk categories (credit risk, counterparty credit risk, market risk, liquidity risk, or operational risk) as a result of the effects of so-called transmission channels. Strategic risk includes operational environment risk (including geopolitical risk and other operational environment risks), financial performance risk (including strategic risk in institutional and consumer banking), and capital risk.</li> </ul>
Management strategy	<ul style="list-style-type: none"> <li>• Strategic risk can manifest itself or be amplified by existing risks within the risk taxonomy. Therefore, the risk management strategy encompasses processes applicable to other types of risk, including a comprehensive risk management cycle that includes risk identification, measurement, monitoring, control, and reporting, as well as monitoring the operational environment.</li> </ul>
Risk measurement	<ul style="list-style-type: none"> <li>• The Bank measures strategic risk using metrics and key indicators that align with various stakeholders and reflect business growth goals, financial objectives, regulatory obligations, and other stakeholder needs. Strategic risk is incorporated into the ICAAP process.</li> <li>• In the event of a transmission channel effect, strategic risks are included in the measurement of the appropriate risk category.</li> </ul>

Monitoring	<ul style="list-style-type: none"> <li>Strategic risk is regularly monitored based on the methodology and measures described in the Principles of strategic/business risk analysis at Bank Handlowy w Warszawie S.A.</li> <li>The level of strategic risk is assessed based on operating environment indicators, financial performance indicators, capital position indicators and the quality of the Bank's loan portfolio.</li> <li>Additionally, strategic risk management is integrated with the following processes: Risk Appetite, stress testing, and the overall financial planning. Scenarios are used to conduct "what-if" analysis for stress testing purposes. The analysis and stress test results are used to identify key risk factors for the development and implementation of business lines' strategies to assess the materiality of strategic risks. Where the transmission channel effect occurs, strategic risks are incorporated into monitoring activities for a given primary risk category to the appropriate extent.</li> </ul>
Capital risk	
Definition	<ul style="list-style-type: none"> <li>Capital risk is a subcategory of strategic risk and is the risk resulting from failure to provide sufficient capital to absorb unexpected losses.</li> </ul>
Management strategy	<ul style="list-style-type: none"> <li>Capital management covers ensuring the level of capital that is adequate to the risk of the business, as well as the strategy in terms of planning, structure and sources of capital acquisition, and the risk of its improper implementation (including failure to achieve an appropriate financial result).</li> <li>The formal framework of the capital risk management process supports the Risk and Capital Management Committee (RCMC) and the Bank's Management Board in the allocation, measurement, management, monitoring and control of the Bank's capital position.</li> <li>The level of own funds and qualifiable liabilities should provide coverage for risks identified as significant in the Bank's operations, while meeting supervisory standards in terms of total capital ratio (TCR), requirement for own funds and qualifiable liabilities (TLAC) and minimum requirement for own funds and qualifiable liabilities (MREL).</li> <li>The bank mitigates capital risk by implementing a process for assessing internal capital adequacy, which combines elements of internal capital estimation, capital planning and capital management, and constitutes an integral part of BHW's management process. The Group has a number of capital planning tools, applied depending on the adopted scenario.</li> <li>Capital risk management also includes the management of the risk of excessive financial leverage. The Group manages the risk of excessive financial leverage as part of a coherent risk management policy.</li> <li>The key elements of capital management and the directional definition of capital needs are specified in the Bank's Strategy. Information on capital goals and the expected capital structure is also included in the ICAAP document.</li> </ul>
Risk measurement	<ul style="list-style-type: none"> <li>TCR, LR, MREL TEM, MREL TREA, TLAC TEM, TLAC TREA are regulatory measures of capital. The TLAC TREA requirement was designated as a strategic limit due to its most severe impact and as it is, in the Bank's opinion, the first requirement that can adversely affect the strategic assumptions of the Bank.</li> <li>Capital risk is measured using, among other things, processes such as assessment of internal capital adequacy, stress tests and reverse stress tests in BHW's capital planning activities.</li> </ul>
Monitoring	<ul style="list-style-type: none"> <li>The Bank's capital ratios are monitored at least monthly and reported quarterly by the Financial Reporting, Control and Tax Department to the Risk and Capital Strategy Department.</li> <li>In addition, the results of capital risk monitoring are presented systematically to the following committees: the Assets and Liabilities Committee, the Risk and Capital Committee and the Risk and Capital Management Committee.</li> <li>All results of stress tests, reverse stress tests and capital adequacy assessment are presented to dedicated committees.</li> </ul>



## ESG risk

## Definition

- ESG risk (environmental, social, and governance risk) is the risk of negative financial consequences for the Bank resulting from the current or potential impact of environmental, social, and governance issues on counterparties or on the assets in which the Bank invests. Subcategories of ESG risk include environmental (including climate), social, and governance risks.
- Environmental risk means the risk of losses resulting from negative financial consequences for the Bank caused by the current or future impact of environmental issues on the Bank's counterparties or assets in which the Bank invests, including those related to the transformation process aimed at achieving the following environmental goals: a) mitigation of climate change; b) adaptation to climate change; c) sustainable use and protection of water and marine resources; d) transition to a circular economy; e) pollution prevention and control; f) protection and restoration of biodiversity and ecosystems.
- Environmental risk includes climate risk (defined as the negative financial impacts resulting from climate change) and is divided into two primary risk factors: physical risk and transition risk:
  - *Physical risk* – the consequences of a changing climate, including the increased occurrence of extreme weather conditions, gradual climate change and environment degradation (i.e. air, water and soil pollution, drinking water shortages and deforestation).
  - *Transition risk* – losses resulting from the process of adapting to a low-emission and more environment friendly economy.
- Social risk is the risk of losses resulting from negative financial consequences for the Bank, caused by the current or future impact of social issues on the Bank's counterparties or on the assets in which the Bank invests. Social issues include human rights, customer relations, employee relations, diversity, equality and inclusiveness, and investments in human capital and society.
- Governance risk refers to the risk of losses resulting from negative financial consequences for the Bank, caused by the current or future impact of corporate governance issues on the Bank's counterparties or assets in which the Bank invests. Corporate governance issues encompass the organization's management structure, corporate culture and standards of business ethics, stakeholder protection and engagement, tax compliance, and the prevention and detection of corruption and bribery.
- ESG risk is considered a cross-cutting risk, which means that it may manifest itself within existing basic risk categories (i.e. credit risk, market risk, strategic risk, etc.). As part of the 2025 risk materiality assessment process, ESG risk materiality was assessed over the short-term (less than 3 years), medium-term (3-5 years), and long-term (greater than 5 years) horizons. In the short-term, the following factors were considered:
  - the materiality of climate risk for strategic, credit, reputational and compliance risks,
  - the significance of environmental risk for compliance risk,
- irrelevance of social risk and governance risk.

## Management strategy

- The main objective of climate and environmental risk management is to effectively integrate these risk factors into existing risk management processes to ensure the effectiveness of the Group's risk profile in the short, medium and long term.
- Due to the cross-cutting nature of ESG risks and the dynamic development of regulatory expectations and good practices, the Group has developed the document "Principles of ESG Risk Management", which is one of the documents describing the risk management strategy of the Group. This document:
  - describes the key elements of the organizational structure and processes used by the Bank to identify, measure, monitor, control and report ESG risk;
  - clarifies the roles and responsibilities in the area of ESG risk management at the levels of the Bank's Management Board and each of the three Lines of Defense.
- ESG risk management is consistently developed within the framework of policies and procedures that govern the management of particular risk categories.
- In 2024, the Bank introduced a Policy defining a framework for the classification of sustainable products in the Bank Handlowy w Warszawie S.A. Group, used by the Bank to classify transactions concluded on the products it offers based on three possible classification paths. A detailed description of the aforementioned Policy and sustainable finance classification process can be found in the Sustainability Statement of Bank Handlowy w Warszawie S.A. and the Bank Handlowy w Warszawie S.A. Group for the year 2024 (<https://www.citibank.pl/poland/homepage/raport-roczny-2024/en/index.html>)

## Risk measurement

- In the risk assessment process, the Group applies a combination of various methods of risk measuring or estimating using a number of measures adapted to the risk category for which ESG risk is measured, including:
  - determining KRI indicators as part of the risk appetite covering priority portfolios, as well as types of risks having a significant impact of ESG factors,
  - monitoring credit exposure to transactions with increased environmental and social risk,

	<ul style="list-style-type: none"> <li>– using an industry climate and environmental risk map at the portfolio and client level to identify and measure these risks,</li> <li>– conducting stress tests for significant ESG risks identified as part of the risk materiality assessment,</li> <li>– conducting a quantitative analysis of the impact of climate threats on the continuity of the Bank's operations as part of the risk materiality assessment process,</li> <li>– conducting a quantitative climate risk assessment for key market risk indicators/limits as part of the risk materiality assessment process.</li> </ul>
Monitoring	<ul style="list-style-type: none"> <li>• Monitoring the correctness and ensuring the effectiveness of ESG risk management, and ensuring appropriate consideration of ESG risks in the Bank's risk profile and risk appetite are the tasks of the Risk and Capital Management Committee of the Bank's Management Board.</li> <li>• A package of ESG risk analysis reports is prepared periodically and submitted to the Bank's Management Board, including the Risk and Capital Management Committee, and the Supervisory Board, including the Risk and Capital Committee.</li> </ul>

## VII. Investor information

### 1. The Bank's shareholding structure and performance of its shares on the WSE

#### 1.1 Shareholders

The Bank's share capital amounts to PLN 522,638,400 and is divided into 130,659,600 bearer shares with a nominal value of PLN 4 each.

The majority and strategic shareholder of Citi Handlowy is Citibank Europe Plc based in Dublin, Ireland – a company in the Citi group that brings together foreign investments.

As at the date of publication of this consolidated half-year report for the first half of 2025, in accordance with the information held by the Bank on shareholders holding, directly or indirectly, through subsidiaries, at least 5% of the total number of votes at the General Meeting or at least 5% of the Bank's share capital, the following entities were:

	Number of shares	% Shares	Number of votes at GM	% votes at GM
Citibank Europe Plc	97,994,700	75.00	97,994,700	75.00
Other shareholders	32,664,900	25.00	32,664,900	25.00
	<b>130,659,600</b>	<b>100.00</b>	<b>130,659,600</b>	<b>100.00</b>

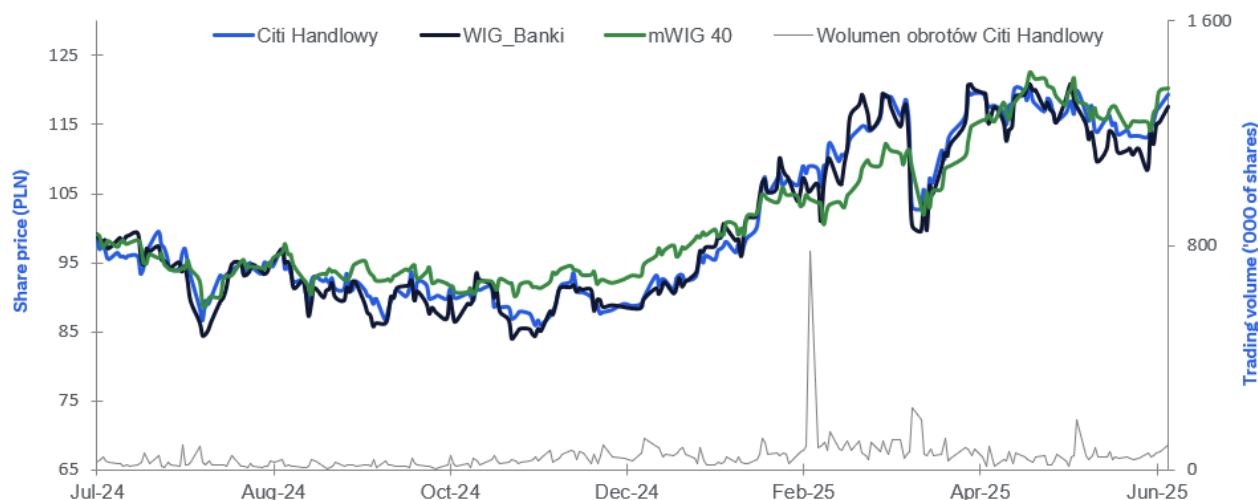
Citibank Europe Plc is a part of the Citi Group – the largest global financial institution in the world, which has a physical presence in 95 countries and territories and supports its clients in nearly 160 countries and jurisdictions. Citi group of companies provides services to individual, corporate, public sector and institutional clients while providing them with a broad range of financial products and services in the retail, corporate and investment banking segments, brokerage services, Treasury and Trade Solutions and wealth management.

The parent company in the Citi Group is the American financial institution Citigroup Inc. More information about the Citi Group can be found on its website [www.citigroup.com](http://www.citigroup.com)

## 1.2 Performance of the Bank's shares on the WSE

The Bank's share price was PLN 119.40 at the end of the first half of 2025, an increase of 22% within the last 12 months (i.e. compared to the closing price of PLN 97.80 as at 28 June 2024). During the same time, the WIG-Banks index grew by 17% YoY, while the mWIG 40 index recorded a year-on-year increase by 22%.

The Bank's share price and trading volume vs. selected indices brought to comparability  
(30/06/2025 = PLN 119.40)



The Bank's highest share price since the end of the first half of 2024 was reached on May 9, 2025 and amounted to PLN 120.40 while the lowest level was achieved on November 27, 2024 and amounted to PLN 85.90. The average share price of the Bank in the last 12 months was PLN 100.57 and the average daily turnover value in the Bank's shares was approximately PLN 4,797 thousand.

As at the end of June 2025, the Bank's capitalization was PLN 15.6 billion (compared to PLN 11.6 billion as at 31 December 2024 and PLN 12.8 billion as at end of the first half of 2024). As at the end of June 2025, stock exchange ratios were as follows: P/E (price/earnings) – 26.0 (compared to 6.6 as at 31 December 2024 and 7.5 as at the end of the first half of the previous year), P/B (price/book) – 1.7 (compared to 1.2 as at 31 December 2024 and 1.4 as at the end of June 2024).

The current consensus on the expected results of the Group is available on the Citi Handlowy's website at: <http://www.citibank.pl/poland/homepage/english/consensus.htm>

## 2. Dividend

On June 27, 2025, the Annual General Meeting of the Bank adopted a resolution on distribution of net profit for 2024. Pursuant to the resolution the net profit for 2024 in the amount of PLN 1,791,978,477.05 was distributed as follows:

- Dividend: PLN 1,342,776,931.65, i.e. PLN 10.29 per share,
- Net profit in the amount of PLN 449,201,545.40 was left undivided.

Dividend day was set for July 7, 2025, and the dividend payment date for July 14, 2025.

The dividend amount per share was calculated by dividing the dividend amount for shareholders by the total number of shares in the Bank reduced by the number of treasury shares held by the Bank on the dividend date. As a result, 130,493,385 shares participate in the dividend distribution

The dividend accounted for 75% of the net profit for 2024, and the payment of funds in this amount was in line with the individual recommendation of the Polish Financial Supervision Authority regarding fulfilling by the Bank of requirements for dividend payment from net profit generated in 2024.

The table below presents the history of dividend payments since 1997 when the Bank was floated on the Warsaw Stock Exchange.

Financial year	Dividend (PLN)	Earnings per share (PLN)	Dividend per share (PLN)	Dividend payout ratio
1997	130,000,000	6.21	1.40	22.5%
1998	93,000,000	3.24	1.00	30.8%
1999	186,000,000	5.08	2.00	39.4%
2000	130,659,600	1.57	1.00	63.8%
2001	163,324,500	1.25	1.25	99.8%
2002	241,720,260	1.86	1.85	99.6%
2003	241,720,260	1.86	1.85	99.7%
2004	1,563,995,412	3.17	11.97	<sup>1)</sup>
2005	470,374,560	4.51	3.60	79.8%
2006	535,704,360	4.75	4.10	86.4%
2007	620,633,100	6.19	4.75	76.8%
2008 <sup>2)</sup>	-	4.94	-	-
2009	492,586,692	4.02	3.77	94.0%
2010	747,372,912	5.72	5.72	99.9%
2011	360,620,496	5.52	2.76	50.0%
2012	756,519,084	7.72	5.79	75.0%
2013	934,216,140	7.15	7.15	99.9%
2014	970,800,828	7.43	7.43	99.9%
2015	611,486,928	4.75	4.68	98.6%
2016	591,887,988	4.62	4.53	98.0%
2017	537,010,956	4.11	4.11	100.0%
2018	488,666,904	5.00	3.74	74.8%
2019 <sup>3)</sup>	-	3.66	-	-
2020	156,791,520	1.21	1.20	99.2%
2021	714,708,012	5.48	5.47	99.8%
2022	1,175,936,400	12.01	9.00	74.9%
2023	1,454,930,607	17.28	11.15	64.5% <sup>4)</sup>
2024	1,342,776,932	13.48	10.29	74.9%

1) Dividend-payout ratio for 2004 - 100% plus prior year profits.

2) On June 18, 2009, the Bank's Ordinary General Meeting decided to pay no dividend for 2008 following the recommendation of the Polish Financial Supervision Authority (KNF) for the whole banking sector.

3) On June 4, 2020, the Bank's Ordinary General Meeting decided to pay no dividend for 2019 following the recommendation of the Polish Financial Supervision Authority (KNF) for the whole banking sector.

4) On September 29, 2023, the Bank got a decision of the Polish Financial Supervision Authority on the consent for recognition part of first half of 2023 net profit (PLN 800,000,000) in Tier 1 capital

### 3. Information on own shares' buy back process

On February 14, 2025, the Bank received a decision of the Polish Financial Supervision Authority dated February 13, 2025, in which the PFSA granted the Bank permission to buy-back own shares in 2025 for the purpose of offering them by the Bank to eligible employees under the incentive program. Under the above permission issued for the period until December 16, 2025, the Bank may acquire a maximum of 477,450 own shares, and the price of the own shares purchased by the Bank may not exceed PLN 16,667,000 in total.

In the first half of 2025, the Bank didn't buy back its own shares under the above-mentioned PFSA permission.

In the period from 9 July 2025 to 24 July 2025, the Bank acquired a total of 150,019 own shares with a nominal value of PLN 4 per share, representing 0.1148167% of the Bank's share capital and entitling to 150,019 votes at the General Meeting of the Bank, which constitutes 0.1148167% of the total number of votes at the General Meeting of the Bank, for a total price of PLN 16,666,927.

Since the beginning of the share buyback, i.e. from January 2024, to the date of this report, the Bank has acquired a total of 485,920 own shares with a nominal value of PLN 4 per share, representing 0.3718977% of the Bank's share capital and entitling to 485,920 votes at the Bank's General Meeting, which constitutes 0.3718977% of the total number of votes at the Bank's General Meeting. During the period in which the Bank owned its own shares, the Bank did not exercise the voting rights attached to these shares.

In 2025, the Bank initiated the transfer to the Bank's eligible employees, free of charge, a total of 102,139 own shares previously acquired by the Bank. The transferred shares represented a total of 0.0781718% of the Bank's share capital and entitled them to a total of 0.0781718% of the total number of votes at the Bank's General Meeting and completed the process of transferring own shares in 2025.

## 4. Rating

As of end of the first half of 2025, the Bank had full ratings awarded by Fitch Ratings ("Fitch").

On 30 June 2025, after the annual rating review, Fitch affirmed all ratings for the Bank and removed the viability rating ("VR") of the Bank from the Rating Watch Negative (RWN).

The Bank's current ratings are as follows:

Long-term entity ranking	A-
Long-term rating outlook	stable
Short-term entity ranking	F1
Viability rating*	bbb+
Support rating	a-
National long-term rating	AA+ (pol) stable
National short-term rating	F1+ (pol)

\* Viability rating is the view of the intrinsic creditworthiness of an institution, independent of external factors.

The Bank's Ratings (IDRs) are driven by its intrinsic strength (as reflected in Viability rating ("VR") and potential parental support.

In the justification for the rating, the rating agency stated that the affirmation of the bank's VR and removal from RWN reflects their view of the improved operating environment being balanced by a likely increase in business model concentration following the bank's exit from the retail segment. In Fitch's opinion, the bank's standalone creditworthiness following this reorganisation no longer allows it to be rated above the Polish operating environment, which they recently revised to 'bbb+' from 'bbb'.

The higher operating environment score for Polish banks mainly results from diminishing legal and government intervention risks, which Fitch expects will no longer materially affect Polish banks' business prospects, and their better earnings generation than the European average.

For the full announcement published by Fitch please visit: [Fitch Affirms Handlowy's IDR at 'A-'; Affirms VR at 'bbb+'; off Rating Watch Negative](#)

## 5. Investor relations

Investor relations, which ensure information to existing and prospective investors, capital market analysts and rating agencies, are an integral element of the Bank's information policy, the purpose of which is to cater for information needs of all persons and institutions interested in corporate information. In terms of investor relations, the main information policy tools are:

- regular contacts with investors and analysts in the form of conference calls and meetings, also at the Bank's premises, attended by members of the Bank's Management Board;
- support of the Press Office during quarterly press conferences for the media held after the publication of interim reports;
- publishing on the website current information on the Bank and its projects, and all current and interim reports. The website also enables contacts with the Investor Relations Office which has a broad knowledge of the Bank and its Group of Companies.

In the first half of 2025, the Bank organized meetings regarding the publication of financial results after each quarter with capital market analysts and representatives of investors.



## VIII. Corporate governance rules in the Group

### 1. Best practice at the Bank

Corporate Governance Principles applied in the Group of the Bank are described in the Report of the Management Board on the activities in 2024.

### 2. Governing bodies of the Bank

#### 2.1 Changes in the composition of the Management Board and Supervisory Board during the first half of 2025

##### 2.1.1 Changes in the composition of the Management Board during the first half of 2025

In the first half of 2025, the Bank's Management Board consisted of:

Elżbieta Świątopełk-Czetwertyńska	President of the Bank's Management Board
Patrycjusz Wójcik	Vice-President of the Bank's Management Board
Andrzej Wilk	Vice-President of the Bank's Management Board
Maciej Kropidłowski	Vice-President of the Bank's Management Board
Barbara Sobala	Vice-President of the Bank's Management Board
Katarzyna Majewska	Vice-President of the Bank's Management Board to May 31, 2025
Tomasz Dziurzyński	Member of the Bank's Management Board from June 1, 2025
Ivan Vrhel	Member of the Bank's Management Board

In the first half of 2025, there was a change in the composition of the Bank's Management Board in the position of Member of the Management Board responsible for O&T.

On August 21, 2025, Mr. Ivan Vrhel resigned from the position of Member of the Management Board of the Bank effective as of November 30, 2025.

##### 2.1.2 Changes in the composition of the Supervisory Board during the first half of 2025

In the first half of 2025, the composition of the Supervisory Board did not change and as at 30 June 2025 was as follows:

Sławomir S. Sikora	Chairman of the Supervisory Board
Ignacio Gutierrez – Orrantia	Vice Chairman of the Supervisory Board
Fabio Lisanti	Member of the Supervisory Board
Natalia Bożek	Member of the Supervisory Board
Marek Kapuściński	Member of the Supervisory Board
Andras Reiniger	Member of the Supervisory Board
Anna Rulkiewicz	Member of the Supervisory Board
Barbara Smalska	Member of the Supervisory Board

#### 2.2 Rules of appointing and dismissing members of the Management Board

The Management Board consists of five to nine members. Each member of the Bank's Management Board is appointed by the Supervisory Board for a four-year term. The term is calculated in financial years, with the first financial year of each term being the financial year in which the member began serving in office, even if this did not occur at the beginning of that financial year. At least half of the members of the Management Board should be of Polish nationality. The term of appointment of a Management Board member expires:

- 1) on the day of the General Meeting of Shareholders approving the Management Report on the activities of the Bank and financial report for the full past year of the term of office of the Management Board member;
- 2) upon death of the Management Board member;
- 3) upon dismissal of the Management Board member;
- 4) upon resignation of the Management Board member, submitted in writing or electronically to the Chair of the Supervisory Board.

The powers of the Supervisory Board also include the dismissal of members of the Management Board, which takes place by secret ballot. When dismissing a member of the Management Board, the Supervisory Board takes into account the assessment of compliance with the requirements referred to in Article 22aa of the Banking Law. The Supervisory Board immediately informs the Polish Financial Supervision Authority about including an item on the board's agenda concerning:

- 1) dismissal of the President of the Management Board,
- 2) dismissal of the member of the management board who oversees the management of risks that are material to the bank's business or the delegation of his/her duties to another member of the management board.

## 2.3 Rights of the Management Board

The Management Board makes decisions in matters concerning the Bank by way of resolutions, provided that decisions in such matters are not reserved for other governing bodies of the Bank by law or the Articles of Association.

By way of resolutions, the Management Board in particular:

- 1) defines the Bank's strategy;
- 2) establishes and abolishes the committees supporting the work of the Bank and defines their mandates;
- 3) decides the Management Board's bylaws and submits them to the Supervisory Board for approval;
- 4) decides the rules of handling special purpose funds created from net profit and submits them to the Supervisory Board for approval;
- 5) decides on the date of payment of dividend within the time limits defined by the General Meeting of Shareholders;
- 6) appoints holders of general commercial power of attorney, attorneys and attorneys with powers of substitution;
- 7) decides in matters defined in Management Board bylaws;
- 8) makes decisions on matters brought by the President, Vice-President or Member of the Management Board;
- 9) passes a resolution on the Bank's annual financial plan, accepts investment plans and reports of implementation of such plans;
- 10) accepts reports on the Bank's operations and financial reports;
- 11) formulates decisions regarding distribution of profit or coverage of losses;
- 12) approves the Bank's human resources policy, credit policy and legal principles of its operations;
- 13) approves the rules of the Bank's equity management;
- 14) approves the employment structure;
- 15) establishes the basic structure of the Bank's organization, appoints and dismisses Heads of Sectors, appoints and dismisses Heads of Divisions, and makes decisions on their competences;
- 16) establishes the audit plan at the Bank and accepts audit reports;
- 17) resolves other issues which, according to the Articles of Association, are submitted to the Supervisory Board or the General Meeting of Shareholders;
- 18) makes decisions on contracting liabilities or disposing of assets, when the total value of such liabilities or assets in relation to a single entity exceeds 5% of the Bank's own funds, or appoints authorized persons to make such decisions; however, in matters within the powers of Committees appointed by the Bank the decisions are made after consulting the relevant Committee.

The acquisition and transfer of ownership or the right of perpetual usufruct of a real estate property or a share in those rights by the Bank shall not require a resolution by the General Meeting. Decisions in these matters shall be taken independently by the Management Board of the Bank by way of resolution. However, in matters including acquisition and transfer of ownership or the right of perpetual usufruct of a real estate property or a share in those rights by the Bank, if the value of those rights in the individual case does not exceed PLN 500,000.00 and the acquisition or transfer is connected with the Bank's seeking collection of debts resulting from banking operations, such acquisition or transfer can be made also without the resolution of the Management Board.

The Bank's Management Board designs, implements, and ensures the operation of, the Bank's management system as well as designs, implements and updates written strategies and procedures, and undertakes actions relating to the system of risk management, internal controls and internal capital assessment as well as reviews of the internal capital assessment and maintenance processes.

## 3. Other principles

### 3.1 Information on owners of securities with special control rights towards the Bank

All shares issued by the Bank are common bearer shares and have no special control rights related to them.

### 3.2 Limitations regarding transfer of ownership of the Bank's shares or exercising the voting rights relating to the Bank's shares

The Bank's Articles of Association do not provide for restrictions on the transfer of ownership of the Bank's shares and restrictions on the exercise of voting rights attached to the Bank's shares. Restrictions related to the acquisition of significant blocks of shares in banks and public companies are specified in Art. 25 of the Act of August 29, 1997, the Banking Law and Art. 69 et seq. of the Act of 29 July 2005 on Public Offering and Conditions for Introducing Financial Instruments to Organized Trading and on Public Companies.

## IX. Other information on the Bank's governing bodies and management principles

### 1. Information on the total number of the shares of the Bank held by Management Board or Supervisory Board members

Information on the total number and nominal value of the Bank's shares held by members of the Management Board and Supervisory Board at the end of the first half of 2025 is presented in the table below:

	Shares of Bank Handlowy w Warszawie S.A.	
	Number of shares (units)	Nominal value (PLN)
<b>Management Board Members</b>		
Elżbieta Światopełk-Czetwertyńska	75	300
Maciej Kropidłowski	-	-
Andrzej Wilk	9,751	39,004
Patrycjusz Wójcik	1,670	6,680
Barbara Sobala	-	-
Ivan Vrhel	3,086	12,344
Tomasz Dziurzyński	-	-
<b>Supervisory Board Members</b>		
Sławomir Sikora	20,117	80,468
Ignacio Gutierrez-Orrantia	-	-
Natalia Bożek	-	-
Fabio Lisanti	-	-
Marek Kapuściński	-	-
Andras Reiniger	-	-
Anna Rulkiewicz	-	-
Barbara Smalska	-	-

Managing and supervising officers have not declared any options for Bank's shares.

### 2. Information on any agreements between the Bank and the Management Board members that provide for compensation in case of resignation or dismissal of such members without a valid reason, or when such dismissal is a result of a merger or acquisition of the Bank

Among all employment contracts between the Bank and the members of the Management Board of the Bank, there is no contract that provides for financial compensation in the case of termination with prior notice or for reasons specified in Article 53 of the Labour Code.

Each member of the Management Board of the Bank has signed a separate non-competition agreement with the Bank. In accordance with this agreement, if the employment relationship with the Bank is terminated, the member of the Management Board is obliged to refrain from undertaking any competitive activities in a period of 12 months (or 6 months in the case of one of the Management Board members). On account of this restriction, the Bank will be obliged to pay compensation to a terminated member of the Management Board.

## X. Significant events after the balance sheet date not included in the financial statements

On 22 August 2025, The Bank was advised by the Polish Financial Supervision Authority that the PFSA did not have any objections to the potential payout by the Bank of the dividend (advance dividend) from the 2019 profit in the amount of PLN 449,201,545.40. The payment of advance dividend to shareholders depends on the final decisions of the Management Board and the Supervisory Board of the Bank,

After the balance sheet date, there were no other material events that should be additionally included in this Report on activities of the Capital Group.

## **XI. Statement of the Bank's Management Board**

### **Accuracy and fairness of the statements presented**

To the best knowledge of the Management Board of the Bank, composed as at the date of preparation of the financial statements of: Ms. Elżbieta Światopełk - Czetwertyńska – President of the Management Board, Mr. Patrycjusz Wójcik – Vice-President, Mr. Maciej Kropidłowski – Vice-President, Mr. Andrzej Wilk – Vice-President, Ms. Barbara Sobala – Vice-President and Mr. Tomasz Dziurzyński – Member, Ivan Vrhel – Member, the semi-annual financial data and comparative data presented in the “Interim Condensed Stand-alone Financial Statements of Bank Handlowy w Warszawie S.A. for the six-month period ended 30 June 2025” and the “Interim Condensed Consolidated Financial Statements of the Capital Group of Bank Handlowy w Warszawie S.A. for the six-month period ended 30 June 2025” were prepared in accordance with the applicable accounting principles and give a true, fair and clear picture of the assets and the financial standing of the Bank and the Group as well as the financial result of the Bank and the Group. The “Report on activities of the Capital Group of Bank Handlowy w Warszawie S.A. in the first half of 2025”, contained in the semi-annual consolidated report, gives a true picture of developments, achievements and situation (and describes major risk) of the Group in the first half of 2025.

Other information required by the Regulation of the Minister of Finance of 6 June 2025 on current and periodic information published by issuers of securities and on the conditions under which such information may be recognized as equivalent to information required by the law of a non-Member State (Journal of Laws [Dz. U.] of 2025 item 755, as amended) was provided in the Condensed Interim Consolidated Financial Statements of Capital Group of the Bank.

27 August 2025	Elżbieta Światopełk - Czetwertyńska	President of Management Board
.....	.....	.....
Date	Name	Position/Function
27 August 2025	Patrycjusz Wójcik	Vice-President of Management Board
.....	.....	.....
Date	Name	Position/Function
27 August 2025	Maciej Kropidłowski	Vice-President of Management Board
.....	.....	.....
Date	Name	Position/Function
27 August 2025	Andrzej Wilk	Vice-President of Management Board
.....	.....	.....
Date	Name	Position/Function
27 August 2025	Barbara Sobala	Vice-President of Management Board
.....	.....	.....
Date	Name	Position/Function
27 August 2025	Tomasz Dziurzyński	Member of Management Board
.....	.....	.....
Date	Name	Position/Function
27 August 2025	Ivan Vrhel	Member of Management Board
.....	.....	.....
Date	Name	Position/Function