



2025

Semi-annual Report of the
Capital Group of Bank
Handlowy w Warszawie S.A.

citi handlowy®

SELECTED FINANCIAL DATA	In PLN '000		In EUR '000***	
	First half of 2025	First half of 2024	First half of 2025	First half of 2024
	01.01. - 30.06. 2024	01.01. - 30.06. 2024	01.01. - 30.06. 2025	01.01. - 30.06. 2024
condensed interim consolidated financial statements data				
Interest income and similar income	1,580,260	1,530,411	374,398	355,010
Fee and commission income	255,982	238,823	60,648	55,400
Profit before tax from continuing operations	1,091,202	1,061,932	258,530	246,336
Profit/(loss) from discontinued operations	(273,638)	23,874	(64,831)	5,538
Net profit from continuing and discontinued operations	600,530	848,150	142,279	196,745
Comprehensive income	701,607	899,370	166,226	208,627
Changes in net cash	5,390,692	(732,113)	1,277,173	(169,828)
Assets classified as held for sale	6,105,866	-	1,439,418	-
Total assets	84,297,327	72,478,103	19,872,540	16,961,878
Amounts due to banks	4,528,912	4,435,817	1,067,661	1,038,104
Amounts due to customers	41,658,606	53,985,032	9,820,742	12,633,988
Liabilities classified as held for sale	22,359,075	-	5,271,005	-
Equity	9,236,626	9,868,531	2,177,474	2,309,509
Share capital	522,638	522,638	123,208	122,312
Number of shares (in pcs)	130,659,600	130,659,600	130,659,600	130,659,600
Book value per share (PLN/EUR)	70.69	75.53	16.67	17.68
Total capital ratio (in %)	23.8	22.5	23.8	22.5
Earnings per ordinary share (PLN/EUR)	4.60	6.49	1.09	1.51
Diluted earnings per share (PLN/EUR)	4.60	6.49	1.09	1.51
condensed interim standalone financial statements data				
Interest income and similar income	1,580,260	1,530,411	374,398	355,010
Fee and commission income	255,992	238,843	60,650	55,404
Profit before tax	1,092,499	1,094,247	258,837	253,833
Profit/(loss) from discontinued operations	(273,638)	23,874	(64,831)	5,538
Net profit from continuing and discontinued operations	602,022	880,841	142,632	204,329
Comprehensive income	703,130	932,095	166,587	216,218
Changes in net cash	5,390,692	(732,113)	1,277,173	(169,828)
Assets classified as held for sale	6,105,866	-	1,439,418	-
Total assets	84,390,939	72,569,193	19,894,608	16,983,195
Amounts due to banks	4,528,912	4,435,817	1,067,661	1,028,977
Amounts due to customers	41,765,170	54,090,588	9,845,864	12,547,400
Liabilities classified as held for sale	22,359,075	-	5,271,005	-
Equity	9,225,101	9,855,483	2,174,757	2,286,178
Share capital	522,638	522,638	123,208	121,236
Number of shares (in pcs)	130,659,600	130,659,600	130,659,600	130,659,600
Book value per share (PLN/EUR)	70.60	75.43	16.64	17.50
Total capital ratio (in %)	23.6	22.2	23.6	22.2
Earnings per ordinary share (PLN/EUR)	4.61	6.74	1.09	1.58
Diluted earnings per share (PLN/EUR)	4.61	6.74	1.09	1.58
Declared dividends per share (PLN/EUR)	10.29	11.15	2.44	2.59

Explanations to the table:

- 1) The impact of the IFRS 5 reclassification on the table is the same as in the statement of financial position and income statement.
- 2) Comparative data according to balance sheet and total capital ratio as of 31 December 2024 after including retrospective correction.
- 3) Additional information on capital ratio is included in the supplementary note no. 6 in the section "Capital Adequacy" and "Information on capital adequacy of Bank Handlowy w Warszawie S.A. as of 30 June 2025" ("Disclosures Pillar 3"). Disclosures Pillar 3 as of 30.06.2025 were subject to an independent assurance service.
- 4) On June 27, 2025, the Ordinary General Meeting of Shareholders of the Bank Handlowy w Warszawie S.A. (hereinafter GM) adopted a resolution on distribution of the net profit for 2024. Additional information concerning dividend payout was presented in Note 31.
- 5) The following exchange rates were applied to convert PLN to EUR: for the statement of financial position items – average NBP exchange rate as at 30 June 2025 PLN 4.2419 (as at 31 December 2024: PLN 4.2730 and as at 30 June 2024: PLN 4.3130); for the income statement, the statement of comprehensive income and the cash flow statement items – the rate is calculated as the arithmetic mean of NBP exchange rates prevailing as at the last day of each month of the first half of 2025: PLN 4.2208 (in the first half of 2024: PLN 4.3109).



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

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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Condensed consolidated income statement

		II quarter 01.04. – 30.06. 2025	I half of the year 01.01. – 30.06. 2025	II quarter* 01.04. – 30.06. 2024	I half of the year* 01.01. – 30.06. 2024
PLN '000	Note				
CONTINUING OPERATIONS					
Interest income	7	720,478	1,429,691	695,450	1,387,186
Similar income	7	98,471	150,569	73,127	143,225
Interest expense and similar charges	7	(288,820)	(502,645)	(210,122)	(428,388)
Net interest income	7	530,129	1,077,615	558,455	1,102,023
Fee and commission income	8	127,365	255,982	121,527	238,823
Fee and commission expense	8	(20,853)	(38,836)	(17,775)	(34,838)
Net fee and commission income	8	106,512	217,146	103,752	203,985
Dividend income		11,424	11,513	10,612	10,705
Net income on trading financial instruments and revaluation	9	92,493	174,759	135,561	262,938
Net gain/(loss) on debt investment financial assets measured at fair value through other comprehensive income	27	105,348	145,415	20,537	14,414
Net gain/(loss) on equity and other instruments measured at fair value through income statement		(7,797)	(6,199)	(9,621)	(6,660)
Net gain/(loss) on hedge accounting	28	4,117	1,687	1,807	9,560
Other operating income	10	6,701	10,363	5,551	9,192
Other operating expense	10	(16,240)	(19,356)	(19,444)	(22,582)
Net other operating income and expense	10	(9,539)	(8,993)	(13,893)	(13,390)
General administrative expenses	11	(158,935)	(426,798)	(161,197)	(421,217)
Depreciation and amortization		(11,626)	(22,335)	(12,239)	(24,164)
Net impairment on non-financial assets					
Profit on sale of other assets		(569)	570	(131)	1,789
Provision for expected credit losses on financial assets and provisions for contingent commitments	12	(1,194)	(8,998)	(11,186)	(14,208)
Operating profit		660,363	1,155,382	622,457	1,125,775
Tax on some financial institutions		(35,890)	(64,180)	(33,878)	(63,843)
Profit before tax from continuing operations		624,473	1,091,202	588,579	1,061,932
Income tax expense	13	(110,262)	(217,034)	(121,939)	(237,656)
Net profit from continuing operations		514,211	874,168	466,640	824,276
Net profit/(loss) from discontinued operations	4	(348,661)	(273,638)	(72,517)	23,874
Net profit from continuing and discontinued operations		165,550	600,530	394,123	848,150
Including:					
Net profit attributable to Bank's shareholders (in PLN)			600,530		848,150
Weighted average number of ordinary shares (in pcs)			130,544,519		130,659,600
Earnings per share (in PLN)			4.60		6.49
Diluted net earnings per share (in PLN)			4.60		6.49

*Comparative data have been restated due to the fulfillment of the conditions of discontinued activity. Additional information disclosed in Note 4 "Assets and liabilities classified as held for sale and profit from discontinued operations".

Explanatory notes are integral part of the condensed interim consolidated financial statements.

Condensed consolidated statement of comprehensive income

	For the period	Note	II quarter I half of the year		II quarter I half of the year	
			01.04. - 30.06. 2025	01.01. - 30.06. 2025	01.04. - 30.06. 2024	01.01. - 30.06. 2024
PLN '000						
Net profit from continuing and discontinued operations			165,550	600,530	394,123	848,150
Other comprehensive income, that is or might be reclassified to the income statement			51,191	101,077	(63,510)	51,220
Remeasurement of financial assets measured at fair value through other comprehensive income (net)	14		136,465	218,894	(46,887)	62,929
(Profit)/Loss reclassification to income statement after derecognition of financial assets measured at fair value through other comprehensive income (net)	14		(85,332)	(117,786)	(16,635)	(11,675)
Currency translation differences			58	(31)	12	(34)
Other comprehensive income net of tax			51,191	101,077	(63,510)	51,220
Total comprehensive income from continuing and discontinued activity			216,741	701,607	330,613	899,370
Including:						
Comprehensive income from parent entity attributable to Bank's shareholders			216,741	701,607	330,613	899,370

Explanatory notes are integral part of the condensed interim consolidated financial statements.

Condensed consolidated statement of financial position

PLN '000	As at Note	30.06.2025	31.12.2024
ASSETS			
Cash and cash equivalents		10,986,438	5,794,345
Amounts due from banks	15	8,688,151	8,787,780
Financial assets held-for-trading	16	5,891,321	4,436,319
Hedging derivatives	28	1,601	54,140
Debt financial assets measured at fair value through other comprehensive income, including:	17	31,879,823	30,088,771
<i>Assets pledged as collateral</i>		712,499	200,309
Equity and other instruments measured at fair value through income statement		166,749	172,948
Amounts due from customers	18	18,630,323	21,367,246
Tangible fixed assets		454,724	521,131
Intangible assets	19	874,144	872,875
Current income tax receivables		10	-
Deferred income tax asset	20	150,760	82,284
Other assets	21	467,417	300,264
Assets classified as held for sale	4	6,105,866	-
Total assets		84,297,327	72,478,103
LIABILITIES			
Amounts due to banks	22	4,528,912	4,435,817
Financial liabilities held-for-trading	16	3,092,265	2,755,905
Hedging derivatives	28	217,549	72,737
Amounts due to customers	23	41,658,606	53,985,032
Provisions		100,695	120,992
Current income tax liabilities		48,491	99,600
Deferred tax liabilities	20	25	13
Other liabilities	24	3,055,083	1,139,476
Liabilities classified as held for sale	4	22,359,075	-
Total liabilities		75,060,701	62,609,572
EQUITY			
Share capital		522,638	522,638
Supplementary capital		3,001,260	3,001,260
Treasury shares		(15,624)	(20,577)
Revaluation reserve		36,240	(64,868)
Other reserves		5,137,255	4,039,027
Retained earnings		554,857	2,391,051
Total equity		9,236,626	9,868,531
Total liabilities and equity		84,297,327	72,478,103

Explanatory notes are integral part of the condensed interim consolidated financial statements.

Condensed consolidated statement of changes in equity

PLN '000	Share capital	Supplementary capital	Treasury shares	Revaluation reserve	Other reserves	Retained earnings	Total equity
Balance as at 1 January 2025	522,638	3,001,260	(20,577)	(64,868)	4,039,027	2,391,051	9,868,531
Total comprehensive income, including:	-	-	-	101,108	(31)	600,530	701,607
Net profit	-	-	-	-	-	600,530	600,530
Other comprehensive income	-	-	-	101,108	(31)	-	101,077
Currency translation differences from the foreign operations' conversion	-	-	-	-	(31)	-	(31)
Net valuation of financial assets measured at fair value through other comprehensive income	-	-	-	101,108	-	-	101,108
Capital rewards program	-	-	4,953	-	4,312	-	9,265
Dividends paid	-	-	-	-	-	(1,342,777)	(1,342,777)
Transfer to capital	-	-	-	-	1,059,397	(1,059,397)	-
Balance as at 30 June 2025	522,638	3,001,260	(15,624)	36,240	5,102,705	589,407	9,236,626

PLN '000	Share capital	Supplementary capital	Treasury shares	Revaluation reserve	Other reserves	Retained earnings	Total equity
Balance as at 1 January 2024	522,638	3,001,260	-	128,406	3,190,659	2,886,528	9,729,491
Total comprehensive income, including:	-	-	-	51,254	(34)	848,150	899,370
Net profit	-	-	-	-	-	848,150	848,150
Other comprehensive income	-	-	-	51,254	(34)	-	51,220
Currency translation differences from the foreign operations' conversion	-	-	-	-	(34)	-	(34)
Net valuation of financial assets measured at fair value through other comprehensive income	-	-	-	51,254	-	-	51,254
Capital rewards program	-	-	(18,812)	-	59,377	-	40,565
Dividends paid	-	-	-	-	-	(1,454,930)	(1,454,930)
Transfer to capital	-	-	-	-	801,004	(801,004)	-
Balance as at 30 June 2024	522,638	3,001,260	(18,812)	179,660	4,051,006	1,478,744	9,214,496

PLN '000	Share capital	Supplementary capital	Treasury shares	Revaluation reserve	Other reserves	Retained earnings	Total equity
Balance as at 1 January 2024	522,638	3,001,260	-	128,406	3,190,659	2,886,528	9,729,491
Total comprehensive income, including:	-	-	-	(193,274)	(7,987)	1,760,457	1,559,196
Net profit	-	-	-	-	-	1,760,457	1,760,457
Other comprehensive income	-	-	-	(193,274)	(7,987)	-	(201,261)
Currency translation differences from the foreign operations' conversion	-	-	-	-	(74)	-	(74)
Net valuation of financial assets measured at fair value through other comprehensive income	-	-	-	(193,274)	-	-	(193,274)
Net actuarial profits/(losses) on defined benefit program valuation	-	-	-	-	(7,913)	-	(7,913)
Capital rewards program	-	-	(20,577)	-	55,351	-	34,774
Dividends paid	-	-	-	-	-	(1,454,930)	(1,454,930)
Transfer to capital	-	-	-	-	801,004	(801,004)	-
Balance as at 31 December 2024	522,638	3,001,260	(20,577)	(64,868)	4,039,027	2,391,051	9,868,531

Explanatory notes are integral part of the condensed interim consolidated financial statements.

Condensed consolidated statement of cash flows

	For the period	01.01. - 30.06. 2025	01.01. - 30.06. 2024 <i>restated</i>
A. OPERATING ACTIVITIES			
I. Net profit from continuing and discontinued operations		600,530	848,150
II. Adjustments:		4,289,420	(1,851,581)
Current and deferred income tax recognized in income statement		147,050	257,278
Depreciation and amortization		27,508	58,153
Net impairment due to expected credit losses		3,120	(15,131)
Net impairment due to nonfinancial assets value loss		-	180,064
Net provisions		11,140	17,437
Net interest income		(1,551,720)	(1,602,619)
Dividend income		(11,513)	(10,705)
Profit/loss on sale of fixed assets		(88)	(1,716)
Net unrealized exchange differences		236	(384)
Net gain/(loss) on equity and other instruments measured at fair value through income statement		6,199	6,660
Revaluation of assets and liabilities held for sale to fair value		467,000	-
Other adjustments		24,211	29,452
Change in amounts due from banks		152,642	11,109,797
Change in amounts due from customers		(3,395,303)	(1,168,385)
Change in debt securities measured at fair value through other comprehensive income		(1,088,873)	(8,956,611)
Change in financial assets held-for-trading		(1,394,445)	(919,880)
Change in derivative securities		52,539	(64,252)
Change in other assets		(283,585)	(105,266)
Change in amounts due to banks		103,147	245,222
Change in amounts due to customers		9,712,967	(947,971)
Change in liabilities held-for-trading		336,360	(369,845)
Change in amounts due to hedging derivatives		144,812	5,615
Change in other liabilities		826,016	401,506
Interest received		1,533,213	1,583,933
Interest paid		(638,295)	(606,390)
Income tax paid		(348,502)	(630,845)
III. Net cash flows from operating activities - continuing and discontinued operations		5,436,366	(656,733)
B. INVESTING ACTIVITIES			
Inflows		30,279	15,164
Disposal of tangible fixed assets		27,190	1,273
Disposal of fixed assets/liabilities held for sale		-	11,368
Dividends received		3,089	2,523
Outflows		(40,187)	(65,141)
Purchase of tangible fixed assets		(25,808)	(43,629)
Purchase of intangible assets		(14,379)	(21,512)
Net cash flows from investing activities - continuing and discontinued operations		(9,908)	(49,977)
C. FINANCING ACTIVITIES			
Inflows		-	-
Outflows		(27,113)	(25,474)
Outflows for own shares purchase		-	(18,812)
Outflows from long term credit payments from financial sector entities		(20,321)	-
Outflows from lease payments		(6,792)	(6,662)
Net cash flows from financing activities - continuing and discontinued operations		(27,113)	(25,474)

	For the period	01.01.-30.06. 2025	01.01.-30.06. 2024 restated
D. Exchange rates differences resulting from cash and cash equivalent calculation		(8,653)	71
E. Net increase/(decrease) in cash and cash equivalent		5,390,692	(732,113)
F. Cash and cash equivalent at the beginning of reporting period		5,794,361	1,241,873
G. Cash and cash equivalent at the end of reporting period		11,185,053	509,760

*Cash flows from discontinued operations split into operating, investing and financing activities are disclosed in Note 4 „Assets and liabilities classified as held for sale and profit from discontinued operations”.

Explanatory notes are integral part of the condensed interim consolidated financial statements.

Supplementary notes to the condensed interim consolidated financial statements

1. General information about the Bank and the Capital Group of Bank Handlowy w Warszawie S.A. (“The Group”)

Bank Handlowy w Warszawie S.A. (“the Bank” or “parent entity”) has the registered office in Poland at Senatorska 16, 00-923 Warsaw. The Bank was established on the basis of Certificate of Incorporation of 13 April 1870 and is registered under entry No. KRS 0000001538 in the Register of Companies by the District Court for the capital city of Warsaw, XII Economic Department of the National Court Register. Bank operates as a joint-stock company. During reporting period, the name of entity has not changed.

The parent entity was granted a statistical REGON No. 000013037 and tax identification No. (NIP) 526-030-02-91.

The parent entity and the entities of the Group were set up for an unspecified period.

The share capital of the Bank equals PLN 522,638,400 and is divided into 130,659,600 common bearer shares, with par value of PLN 4.00 per share. The Bank is a listed company on the Warsaw Stock Exchange.

The majority and strategic shareholder of the Bank is Citibank Europe Plc based in Dublin, Ireland – a company in the Citi group that brings together foreign investments (parent company of the Bank). The ultimate parent is Citigroup Inc located in Wilmington, Delaware, United States.

Bank Handlowy w Warszawie S.A. is a universal commercial bank that offers a wide range of banking services for individuals and corporate clients. Following the transaction described in Note 4, the Bank will focus on developing its core business – institutional banking. The Group consists of the Bank and the following subsidiaries:

Subsidiaries	Registered office	% of votes at the General Meeting of Shareholders	
		30.06.2025	31.12.2024
Entities fully consolidated			
Handlowy Financial Services Spółka z ograniczoną odpowiedzialnością	Warsaw	100.00	100.00
Handlowy-Leasing Sp. z o.o. (apart from indirect shareholding via Handlowy-Inwestycje Sp. z o.o. where the share in equity equals 2.53%)	Warsaw	97.47	97.47
Handlowy Investments S.A.	Luxembourg	100.00	100.00
Handlowy-Inwestycje Sp. z o.o.	Warsaw	100.00	100.00

2. Declaration of conformity

The interim condensed consolidated financial statement of the Group covers the three- and six-month period ended June 30, 2025, and contains comparative data:

- for the three- and six-month periods ended June 30, 2024 – with respect to the consolidated income statement and consolidated statement of comprehensive income,
- or the six-month period ended June 30, 2024 – with respect to the consolidated statement of changes in equity and consolidated statement of cash flows,

- as at December 31, 2024 – with respect to the consolidated statement of financial position and consolidated statement of changes in equity.

The interim condensed consolidated financial statements are presented in PLN (currency of presentation), rounded to the nearest thousand.

The condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard IAS 34 'Interim Financial Reporting', adopted by European Union.

The financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the financial year ended 31 December 2024.

These condensed consolidated interim financial statements were approved by the Management Board on 27 August 2025.

This interim condensed consolidated financial statement of the Group has been prepared with the assumption of going concern in the period of at least 12 months since the date of publication. As of the day of signing the consolidated financial statement, the Bank's Management does not identify the existence of facts and circumstances that would indicate threats to the Group's ability to go concern in the period of 12 months since the balance sheet date due to omission or significant limitation of the Group's current activities.

3. Significant accounting policies

The interim condensed consolidated financial statements of the Group for the first half of 2025 has been prepared in accordance with accounting principles adopted and described in the annual consolidated financial statements of the Group for the financial year ended 31 December 2024, except for the income tax expense that was calculated according to the principles of IAS 34 (c).

In connection with the signing by the Bank of an agreement with VeloBank S.A. („VeloBank”), Promontoria Holding 418 B.V. (the only shareholder of VeloBanku) („Promontoria”) and Citibank Europe Plc on May 27, 2025 regarding the division by separating the consumer business (“Retail Business”) for the benefit of VeloBank (Agreement), the criteria of IFRS 5 Non-current Assets Held For Sale (hereinafter “IFRS 5”) have been met to classify Retail Operations Segment as held for sale.

Fixed assets held for sale are measured at the lower of their carrying amount or fair value less costs to sell. Fixed assets reclassified as held for sale are not subject to further amortization.

The resolutions of IFRS 5 do not cover financial assets in scope of IFRS 9 Financial instruments, deferred tax assets (IAS 12 Income Taxes), employee benefit assets (IAS 19 Employee Benefits), hence the method of valuation of the above-mentioned elements of the group held for sale has not changed and is consistent with the principles set out in these standards.

In the connection with the fact that Retail Business Segment constitutes a separate part of the Bank's operations and was classified as held for sale, the Bank separated discontinued operations in the profit and loss account.

The details regarding reclassifying assets and liabilities held for sale and the discontinued operations are disclosed in Note 4 of this financial statement.

The preparation of interim condensed consolidated financial statements of the Group with accordance to International Financial Reporting Standards requires that the Management should make certain estimates and adopt related assumptions that affect the amounts reported in the financial statements. The financial statements are based on the same estimation rules which were used in the annual consolidated financial statements of the Group for the financial year ended 31 December 2024 considering the sale transaction of the Bank's Retail Business described above and in the Note 4.

The estimations and respective assumptions are made based on historical data available and other multiple factors which under given conditions are considered proper and which form the basis for estimation regarding balance sheet values of assets and liabilities whose value cannot be determined clearly based on other sources. However, actual values may differ from estimates.

The estimations and respective assumptions are subject to recurring reviews. Changes of estimations are recognized in the period in which the estimation was modified if the adjustment concerns only this period or in the period of the change and future periods if the adjustment concerns both this period and the future periods.

The key estimates were presented in the annual consolidated financial statements of the Group for 2024. Additionally, with respect to interim financial statements, the Group applies the principle of recognizing the financial result income tax charges based on the estimate of the annual effective income tax rate expected by the Group in the full financial year.

Estimates related to the presentation of discontinued activity

In the Agreement of the Bank's Retail Business transfer to VeloBank, referred to in Note 4, the separation principles were defined. In this financial statement, determination of held for sale balances was performed in accordance with the Agreement and principles of IFRS 5. Consequently, the following assumption were made:

1. The liabilities attributable to discontinued operations exceed its assets and therefore the transaction assumes the transfer of additional funds in the form of liquid assets (so called liquidity surplus to be transferred as a transaction settlement). The Expected amount of assets to be transferred as a part of the transaction settlement is not included in

the Statement of Financial Position as Assets classified as held for sale as these assets will be determined in the future and are not precisely known as at reporting date

2. The Retail Business includes dual-currency deposits with embedded derivatives. The fair value of embedded derivatives used to be presented in the statement of Financial Position in the position "Financial assets held-for-trading" and was reclassified to "Assets classified as held for sale".
3. In connection with the recognized gross result on the Transaction, a deferred tax asset has been created. Given that the tax will be settled by the Group, the deferred tax asset is not classified as Assets classified as held for sale.

The following assumptions and estimates were made to determined profit and loss from discontinued operations:

1. The result on the sale of the Retail Business was recognized in the second quarter of 2025 and was accounted for as Net profit / (loss) from discontinued operations . The transaction price assumed certain variable components, so the Group estimated the result on the transaction using best estimate which is described in Note 4.
2. Interest income attributed to discontinued operations includes income from assets classified as held for sale was adjusted for income from liquidity surplus to be transferred as a transaction settlement. A description of the adjustment is provided in Note 4. The method of reflecting this adjustment in the result from continuing operations is presented in Note 7.
3. The General administrative expenses attributed to discontinued operations relate to employee remuneration, external services, IT services, space rental and amortization and were estimated based on the allocation keys used by the Bank in segment reporting adjusted to the scope of the Transactions.
4. The effect of deferred tax assets creation as a result of the recognized gross result on the transaction, is classified within Net profit / (loss) from discontinued operations because the deferred tax is directly attributable to the disposal of business classified as discontinued.

Standards and interpretations applicable from 1 January 2025:

- The amendment to IAS 21 "Effects of Changes in Foreign Exchange Rates", issued on August 15, 2023, clarifies when a currency is exchangeable for other currencies, how an entity determines the exchange rate when a given currency is not exchangeable, and specifies the scope of disclosures intended to help users of the financial statements assess the impact of the lack of currency convertibility on the financial position, financial performance, and cash flows of the entity.

The new IAS 21 standard will not have significant impact on the financial statements.

Standards and interpretations European Union's approval:

- On 9 April 2024, the IASB issued IFRS 18 "Presentation and Disclosure in Financial Statements". The standard will be effective for annual reporting periods beginning on January 1, 2027. The new standard is intended to replace IAS 1 – "Presentation of Financial Statements" and will help to achieve comparability of the financial performance of similar entities. The new standard:
 - ✓ introduces a defined structure for the statement of profit or loss. Items in the statement of profit or loss will be classified into one of five categories: operating, investing, financing, income taxes and discontinued operations. The standard requires also to present totals and subtotals, including mandatory inclusion of "Operating profit or loss";
 - ✓ introduces an additional note presenting management-defined performance measures which are subtotals of income and expenses an entity uses in public communications outside financial statements, an entity uses to communicate to users of financial statements management's view of an aspect of the financial performance of the entity as a whole. The disclosure will have to contain a description of the aspect of financial performance that in management's view, is communicated by the management-defined performance measures, how the management-defined performance measure is calculated and reconciliation between the management-defined performance measure and the position from financial statement measured in accordance with other standards;
 - ✓ clarifies the guidelines for data aggregation and disaggregation which focus on grouping items based on their shared characteristics enabling entities to decide which items are presented in the primary financial statements and what information is disclosed in the notes.

The new IFRS 18 standard will also result in certain changes to the statement of cash flows and the statement of financial position, as well as changes to other standards harmonizing disclosure requirements. The Group is in the process of assessing the impact of the new standard on the financial statements.

- On May 9, 2024, the IASB issued IFRS 19 "Subsidiaries without Public Accountability: Disclosures", which allows eligible subsidiaries to apply reduced information disclosure requirements, instead of the requirements of other IFRS Accounting Standards. The new standard will be applicable to the annual reporting periods beginning January 1, 2027, and the Group believes it will not have a significant impact on the financial statements.

Standards and their interpretations for European Union's approval:

- The amendments to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures" issued May 30, 2024, clarify:
 - ✓ The timing of discontinuation of recognition of financial liabilities from the balance sheet, introducing an option for early derecognition of financial liabilities that are settled through an electronic payment system that meets certain criteria
 - ✓ How to assess the characteristics of contractual cash flows from "non-recourse" financial assets and financial assets in cases where contractual provisions refer to contingent events, including, for example, related to ESG objectives (for the purpose of classifying financial assets)

The amendments to the aforementioned standards also introduce additional disclosure requirements for financial assets and liabilities whose contractual terms make cash flows contingent on contingent events and for equity instruments designated at fair value through other comprehensive income. The amendments will be applicable from January 1, 2026. The Group is in the process of assessing the impact of the new standard on the financial statements.

- In connection with the increasing role of power purchase agreements (PPA) in mitigating the effects of climate change and the decarbonization of production processes, the IAS Board has made changes to International Financial Reporting Standard 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures" (issued on December 18, 2024), which are intended to better reflect the impact of such agreements on financial statements. The changes will be effective from January 1, 2026, and will not have a significant impact on the Group's financial statements.
- On July 18, 2024, the IAS issued narrow amendments to IFRS Accounting Standards and accompanying guidance as part of its regular maintenance of the Standards. The amendments clarify the terms used in the reporting standards in order to improve their readability, coherence, and eliminate any potential ambiguities. The amendments introduced as part of this review concern IFRS 1 "First-time Adoption of International Financial Reporting Standards", IFRS 7 "Financial Instruments: Disclosures", IFRS 9 "Financial Instruments", IFRS 10 "Consolidated Financial Statements", ISA 7 "Statement of Cash Flows". The amendments will be effective from 1 January 2026 and will not have a material impact on the financial statements. Due to the growing role of Power Purchase Agreements, in terms of mitigating the effects of climate change and decarbonizing production processes, the IAS Board has introduced amendments to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures" (issued on 18 December 2024) that are intended to help reflect the impact of such contracts on the financial statements. The amendments will be effective from 1 January 2026 and will not have a material impact on the Group's financial statements.

Comparative data

In connection with separation of discontinued activity, the Group has made a transformation of the income statement for the period of I half of 2024 to reflect continuing and discontinued operations.

The impact of this transformation on the comparative data of the consolidated income statement for I half of 2024 is presented in the table below:

Consolidated income statement	01.01.2024 – 30.06.2024 after transformation	Change	01.01.2024 – 30.06.2024 after transformation
CONNTINUING OPERATIONS			
Interest income	2,063,763	(676,577)	1,387,186
Similar income	143,254	(29)	143,225
Interest expense and similar charges	(604,398)	176,010	(428,388)
Net interest income	1,602,619	(500,596)	1,102,023
Fee and commission income	347,975	(109,152)	238,823
Fee and commission expense	(55,854)	21,016	(34,838)
Net fee and commission income	292,121	(88,136)	203,985
Dividend income	10,705	-	10,705
Net income on trading financial instruments and revaluation	279,421	(16,483)	262,938
Net gain/(loss) on debt investment financial assets measured at fair value through other comprehensive income	14,414	-	14,414
Net gain/(loss) on equity and other instruments measured at fair value through income statement	(6,660)	-	(6,660)
Net gain/(loss) on hedge accounting	9,560	-	9,560

Consolidated income statement	01.01.2024 – 30.06.2024 after transformation	Change	01.01.2024 – 30.06.2024 after transformation
Other operating income	12,474	(3,282)	9,192
Other operating expense	(31,113)	8,531	(22,582)
Net other operating income and expense	(18,639)	5,249	(13,390)
General administrative expenses	(767,014)	345,797	(421,217)
Depreciation and amortization	(58,153)	33,989	(24,164)
Net impairment on non-financial assets	(180,064)	180,064	-
Profit on sale of other assets	1,716	73	1,789
Provision for expected credit losses on financial assets and provisions for contingent commitments	19,073	(33,281)	(14,208)
Operating profit	1,199,099	(73,324)	1,125,775
Tax on some financial institutions	(93,671)	29,828	(63,843)
Profit before tax	1,105,428	(43,496)	1,061,932
Income tax expense	(257,278)	19,622	(237,656)
Net profit from discontinued operations	-	23,874	23,874
Net profit from continuing and discontinued operations	848,150	-	848,150

The impact of this transformation on the comparative data of the consolidated income statement for II half of 2024 is presented in the table below:

Consolidated income statement	01.04.2024 – 30.06.2024 before transformation	Change	01.04.2024 – 30.06.2024 after transformation
CONNTINUING OPERATIONS			
Interest income	1,028,230	(332,781)	695,449
Similar income	73,148	(21)	73,127
Interest expense and similar charges	(296,674)	86,552	(210,122)
Net interest income	804,704	(246,250)	558,454
Fee and commission income	175,750	(54,223)	121,527
Fee and commission expense	(27,927)	10,153	(17,774)
Net fee and commission income	147,823	(44,070)	103,753
Dividend income	10,612	-	10,612
Net income on trading financial instruments and revaluation	143,963	(8,402)	135,561
Net gain/(loss) on debt investment financial assets measured at fair value through other comprehensive income	20,537	-	20,537
Net gain/(loss) on equity and other instruments measured at fair value through income statement	(9,621)	-	(9,621)
Net gain/(loss) on hedge accounting	1,807	-	1,807
Other operating income	6,223	(672)	5,551
Other operating expense	(23,122)	3,678	(19,444)
Net other operating income and expense	(16,899)	3,006	(13,893)
General administrative expenses	(326,269)	165,072	(161,197)
Depreciation and amortization	(28,626)	16,388	(12,238)
Net impairment on non-financial assets	(180,064)	180,064	-
Profit on sale of other assets	(131)	-	(131)
Provision for expected credit losses on financial assets and provisions for contingent commitments	8,635	(19,822)	(11,187)
Operating profit	576,471	45,986	622,457
Tax on some financial institutions	(48,454)	14,576	(33,878)
Profit before tax	528,017	60,562	588,579
Income tax expense	(133,894)	11,955	(121,939)
Net profit from discontinued operations	-	(72,517)	(72,517)
Net profit from continuing and discontinued operations	394,123	-	394,123

In the consolidated financial statement of Bank Handlowy w Warszawie S.A. for the year ended 31 December 2024, the Group changed the presentation of the variation margin for derivative instruments, cleared by central counterparty KDPW_CCP S.A..

The Group applied a similar approach in the consolidated financial statements for the first half-year ended 30 June 2025 and restated the comparative data accordingly.

Liabilities arising from the variable margin, previously reported under "Amounts due to customers," have been included in the offsetting of forward and derivative transactions cleared by the central counterparty KDPW_CCP S.A. and now reduce the "Financial assets held for trading" item. This change in presentation was intended to better reflect the economic substance of the transactions.

The Group has restated the comparative data, accordingly, as presented in the table below.

The presentation change did not impact the income statement.

The impact on the comparative data of the presented consolidated statement of cash flows is presented in the table below:

Consolidated cash flow	Data as of 30.06.2024 before transformation	Presentation change	Data as of 30.06.2024 after transformation
Financial assets held for sale change	(666,989)	(252,891)	(919,880)
Liabilities due to customers change	(1,200,862)	252,891	(947,971)
III. Net cash flows from operations	(656,733)	-	(656,733)

Income tax in interim financial statements

Income tax in interim financial statements is accrued in accordance with IAS 34. Interim period tax expense is accrued using the estimated average annual effective income tax rate applied to the pre-tax result of the interim period. The calculation of the average annual effective income tax rate requires the use of a pre-tax income forecast for the entire fiscal year and permanent differences between the carrying amounts of assets and liabilities and their tax base.

Foreign currency

The statement of financial position and contingent liabilities received and granted denominated in foreign currencies are converted to PLN equivalents using the average exchange rate of the currency determined by the Governor of the National Bank of Poland ("NBP") prevailing at the date of preparation of the condensed interim consolidated statement of financial position.

Foreign currency transactions are converted at initial recognition to the functional currency (PLN) using the exchange rates prevailing at the date of transactions.

Foreign exchange profits and losses resulting from revaluation of the statement of financial position items denominated in foreign currencies and settlement of transactions in foreign currencies are included in net profit on foreign exchange, within the Net income on trading financial instruments and revaluation.

The exchange rates of the major currencies applied in the preparation of these financial statements are:

PLN	30 June 2025	31 December 2024	30 June 2024
1 USD	3.6164	4.1012	4.0320
1 CHF	4.5336	4.5371	4.4813
1 EUR	4.2419	4.2730	4.3130

4. Assets and liabilities classified as held for sale and profit from discontinued operations

On May 27, 2025, the Bank signed an agreement with VeloBank S.A. ("VeloBank"), Promontoria Holding 418 B.V. (the sole shareholder of VeloBank) ("Promontoria") and Citibank Europe Plc regarding the demerger by separation of the Bank's retail business ("Retail Business") to VeloBank.

In accordance with the conclusion of the Agreement, the exit transaction of Bank's Retail Business will proceed in two related stages. The first stage is demerger of the Bank by separation, because of which the Retail Business will be transferred to VeloBank and in exchange the Bank will receive new issue shares of VeloBank. The second stage is shares repurchase by Promontoria of all VeloBank shares that the Bank will acquire because of the demerger. This buyout will take place immediately after the registration of the division by the competent registry court, but no later than the day following such registration.

In the day of registration by the registry court, VeloBank will purchase the Retail Business Segment covering activities in the scope of credit card servicing, granting retail loans and credits, including PLN mortgage loans, accepting deposits, asset management (including brokerage services of the Retail Business) and servicing entrepreneurs classified by the Bank as micro-entities, as well as the Bank's branches and other assets and liabilities of the Bank's Retail Business Segment, with the exception of certain assets and liabilities related to the above activities, which will not be transferred to VeloBank, including, in particular, foreign currency loans.

The agreement also contains provisions for the Bank to grant indemnification for certain identified risks, with a specified amount limit. As of the date of preparation of the financial statements, the Bank does not consider the probability of their materialization to be high. Consequently, there was no need to quantify these risks in the financial statements. The number of shares acquired by Bank due to the demerger will be determined in relation with the mechanism specified in the division plan, provided that it does not reach 25% of all shares in the share capital of VeloBank.

The shares will be repurchased by Promotoria from the Bank for the estimated amount of PLN 532 million consisting of two components based on financial indicators:

1. Permanent value component payable in connection with transaction closing in the estimated amount of PLN 432 million based on net assets transferred by the Bank to VeloBank in the moment of transaction closing and with the subject to any standard price adjustments that may occur upon closing of the transaction; and
2. Variable component payable in connection with achieved business volumes form Retail Business Segment in the day of transaction closing in the amount not higher than PLN 100 million.

In connection with the conclusion of the Agreement, the Bank, at the time of reclassification of the retail operations as held for sale in accordance with IFRS 5, recognized a net loss in the amount of PLN 308.8 million in the II quarter of 2025 based on the fixed price component and the net asset value of the Retail Business, taking into account the tax effect. Based on transaction conditions, the Group conservatively did not account for the variable component.

In the opinion of the Bank, IFRS 5 does not contain precise provisions regarding the timing and method of recognizing a loss in the case of held for sale group that mainly includes assets and financial liabilities regulated by the IFRS 9 and in connection with this the Bank decided that the recognition of the loss at the moment of reclassification of the business to the group held for sale clearly shows the expected economic consequences of the planned transaction. This loss, in terms of the balance sheet, has been accounted for as a reduction in the value of the assets of the group held for sale in the total amount, meaning without.

The completion of the transaction is subject to the following activities and the fulfilment of certain conditions precedent, including, among others:

1. obtaining needed consents or decisions of the Polish Financial Supervision Authority ("KNF") by the Bank, VeloBank and its dominant entities;
2. obtaining consents of the relevant antitrust authority and other relevant authorities;
3. obtaining tax interpretations;
4. adoption of resolutions on approval of the division at general meetings of shareholders;
5. achieving readiness of the parties to perform the technical and operational activities concerning the migration of systems in connection with the demerger.

The transaction is expected to be completed in mid-2026.

As at 25 July 2025, The Management Board of the Bank and the Management Board of VeloBank agreed and signed the Bank's division plan in accordance with Article 534 of the Act of 15 September 2000 – the Commercial Companies Code.

In connection with the signed Agreement, in the Bank's opinion, the Retail Business meets the classification criteria required by IFRS 5, for reclassification of the sold assets and liabilities of the consumer segment as held for sale and separation of discontinued operations.

Assets and liabilities held for sale at as 30 June 2025 are presented in the table below:

PLN '000	30.06.2025
Cash and cash equivalents	198,602
Financial assets held-for-trading	17,081
Amounts due from customers	6,131,488
Tangible fixed assets	42,677
Deferred income tax asset	57,967
Other assets	125,051
Total assets	6,572,866
Impairment of assets not held for sale	(467,000)
Total assets held for sale	6,105,866
Amounts due to customers	22,077,833
Provisions	28,019
Other liabilities	253,223
Total liabilities	22,359,075
Net assets and liabilities held for sale	(16,253,209)
Expected amount of assets to be transferred as a part of the transaction settlement	16,682,664

PLN '000	30.06.2025
Cash and cash equivalents	198,602
Assets and liabilities held for sale after including assets to be transferred as a part of the transaction settlement	429,455

The liquidity surplus to be transferred as part of the transaction settlement is the amount that will be transferred to VeloBank in order to settle the transaction. For the purposes of these financial statements and the table above, this surplus was calculated as of June 30, 2025. At the time of transaction settlement, the surplus will be transferred to VeloBank in the form of liquid assets in the appropriate currencies (cash and/or non-cash assets in the form of treasury bonds and bills denominated in PLN, USD, and EUR, with characteristics agreed upon between the parties to the transaction). Due to the volatility of the balance sheet structure and the expected settlement date of the transaction, it is not possible to precisely identify them at the time of preparation of these financial statements.

In connection with the recognized gross result on the transaction, a deferred tax asset was recognized in the amount of PLN 88.7 million. Because the current tax will be paid by the Group, the deferred tax asset is not included in the group of assets held for sale. However, the group of assets held for sale includes the amount of the asset due to deferred tax of the value of PLN 57 million directly related to the business held for sale.

The analysis of the result on discontinued operations presented below:

	II kwartał 01.04.- 30.06.2025	I półrocze 01.01.- 30.06.2025	II kwartał 01.04.- 30.06.2024	I półrocze 01.01.- 30.06.2024
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Interest and	329,972	664,350	332,781	676,577
Similar income	72	162	21	29
Interest expense and similar expenses	(98,090)	(190,407)	(86,552)	(176,010)
Net interest income	231,954	474,105	246,250	500,596
Fee and commission income	54,035	106,490	54,223	109,153
Fee and commission expense	(13,721)	(26,043)	(10,153)	(21,016)
Net fee and commission income	40,314	80,447	44,070	88,137
Net income from trading financial instruments and revaluation	8,395	16,735	8,402	16,483
Other operating income	1,311	3,250	672	3,282
Other operating expenses	(6,199)	(12,163)	(3,678)	(8,532)
Net income from other operating income and expenses	(4,888)	(8,913)	(3,006)	(5,250)
General and administrative expenses	(220,031)	(415,093)	(165,072)	(345,797)
Depreciation of property, plant and equipment and intangible assets	(2,793)	(5,173)	(16,388)	(33,989)
Net impairment of non-financial assets	-	-	(180,064)	(180,064)
Net income from the sale of other assets	(415)	(482)	-	(73)
Net income from expected credit losses on financial assets and provisions for contingent liabilities	1,446	11,685	19,822	33,281
Operating profit	53,982	153,311	(45,986)	73,324
Tax on certain financial institutions	(14,793)	(26,796)	(14,576)	(29,828)
Profit before tax	39,189	126,515	(60,562)	43,496
Income tax	82,287	69,984	(11,955)	(19,622)
Net income	121,476	196,499	(72,517)	23,874
Remeasurement of assets and liabilities to be disposed of at fair value less costs to sell	(470,137)	(470,137)	-	-
Net profit/(loss) from discontinued operations	(348,661)	(273,638)	(72,517)	23,874

The value of the interest income from discontinued operations includes interest income and expenses from transactions with Retail Segment clients. Due to the fact that in the Retail Banking Segment there is a surplus of deposits over the segment's assets, these funds were invested by Corporate Banking. After the transaction is settled and the Group exits Retail Banking, the Group will no longer be able to invest funds derived from the excess of deposits over assets generated by Retail Banking. In the Management Board's opinion, presenting the interest income on the excess of deposits over assets in Retail Banking as an element of discontinued operations provides information that is therefore relevant to the recipients of the financial statements. The Group eliminated internal transactions entered before the settlement of the exit transaction (internal interest income and interest expense) from continuing operations.

The Bank determined the level of interest income/net interest income generated by the Corporate Banking segment for the Retail Banking Segment based on this surplus using the formally adopted internal transfer rate methodology between the

mentioned segments and presented it separately in Note 7 (Adjustment for excess liquidity related to discontinued operations). The internal transfer rate system is based on market rates at the relevant dates. For products with fixed maturities, rates corresponding to the maturities are selected, while for products with undefined schedules, these rates are adjusted based on behavioral assessments (primarily O/N or 1Y). The revenues thus determined in the amount of PLN 495,496 thousand in the first half of 2025 and PLN 508,731 thousand in the first half of 2024 were reduced by the cost of financing credit products in the amount of PLN 166,934 thousand in the first half of 2025 and PLN 171,072 thousand in the first half of 2024 using 3M rates for retail loans and O/N, 3M, and 1Y rates for credit cards.

For the period from January 1, 2025, to June 30, 2025, the Bank assessed the potential changes to the result regarding the excess of retail deposits over segment assets if the indicated rates changed. If the rates increased by 0.25%, the result would increase by PLN 9.4 million, while if they decreased by 0.25%, the result would decrease by the same amount.

Cash flows from discontinued operations as at 30 June 2025 are presented in the table below:

PLN '000	For the period	01.01.-30.06. 2025	01.01.-30.06. 2024
Cash flow from operating activities		535,339	167,408
Cash flow from investing activities		(7,103)	(2,331)
Cash flow from financial activities		(6,079)	(5,820)

5. Segment reporting

An operating segment is a separable component of the Group engaged in business activity, generating income and expenses (including those on intragroup transactions), whose operating results are regularly reviewed by the Management Board of parent entity, the chief operating decision maker of the Group, in order to allocate resources and assess its performance.

The Group is managed in two main operating segments – Institutional Banking and Retail Banking. The valuation of segment's assets and liabilities as well as calculation of its financial results is based on the Group's accounting policies, including intragroup transactions between segments.

Despite the Bank's exit from the Retail Business as described in Note 4, the Bank's Management Board continues to analyze the Group's results in the division into the above-mentioned segments. The allocation of Group's assets, liabilities, income and expenses to operating segments was made on the basis of internal information prepared for management purposes. Transfer of funding between the Group segments is based on prices derived from market rates. Transfer prices are calculated using the same rules for both segments and any difference results solely from maturity and currency structure of assets and liabilities. The basis for assessment of the segment performance is gross profit or loss.

The Group conducts its operations solely on the territory of Poland.

Institutional Banking

Within the Institutional Banking segment, the Group offers products and provides services to commercial entities, municipalities and public sector. The offer in the Institutional Banking segment includes among others:

- Banking services covering credit and deposit activities,
- Cash management,
- Trade finance,
- Brokerage services,
- Leasing,
- Custody services,
- Treasury products on financial and commodity markets,
- Investment banking services on the local and international capital markets, including advisory services as well as obtaining and underwriting financing through public and non-public offerings.

The activities also comprise proprietary transactions in the equity, debt and derivative instruments' markets.

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.

Retail Banking

Within the Retail Banking segment, the Group provides products and financial services to individual clients, micro enterprises and individual entrepreneurs that are within the framework of Citibusiness offer. The whole range of banking products in

Retail Banking segment includes:

- Current and savings accounts,
- Cash loans,
- Mortgage loans,
- Credit cards,
- Asset management services,
- Acting as an agent in investment and insurance products sale.

Consolidated income statement by business segment

For the period	01.01 – 30.06.2025			01.01 – 30.06.2024		
PLN '000	Institutional Banking	Retail Banking	Total	Institutional Banking	Retail Banking	Total
Net interest income, including:	1,032,498	519,222	1,551,720	1,055,360	547,259	1,602,619
Internal interest income, including:	(328,563)	328,563	-	(337,660)	337,660	-
Internal income	-	328,563	328,563	-	337,660	337,660
Internal expenses	(328,563)	-	(328,563)	(337,660)	-	(337,660)
Net fee and commission income	229,576	68,017	297,593	217,242	74,879	292,121
Dividend income	2,629	8,884	11,513	2,106	8,599	10,705
Net income on financial instruments and revaluation	174,747	16,747	191,494	262,925	16,496	279,421
Net gain/(loss) on debt investment financial assets measured at fair value through other comprehensive income	145,415	-	145,415	14,414	-	14,414
Net gain/(loss) on equity and other instruments measured at fair value through income statement	(950)	(5,249)	(6,199)	413	(7,073)	(6,660)
Net gain/(loss) on hedge accounting	1,687	-	1,687	9,560	-	9,560
Net other operating income	(9,978)	(7,928)	(17,906)	5,712	(24,351)	(18,639)
General administrative expenses	(393,537)	(448,354)	(841,891)	(385,106)	(381,908)	(767,014)
Depreciation and amortization	(17,653)	(9,855)	(27,508)	(13,128)	(45,025)	(58,153)
Net impairment loss on non-financial assets loss	-	-	-	-	(180,064)	(180,064)
Profit on sale of other assets	570	(482)	88	1,789	(73)	1,716
Net impairment loss on financial assets and provisions for contingent commitments	(8,997)	11,684	2,687	(14,208)	33,281	19,073
Operating income	1,156,007	152,686	1,308,693	1,157,079	42,020	1,199,099
Tax on some financial institutions	(64,180)	(26,796)	(90,976)	(63,843)	(29,828)	(93,671)
Revaluation of assets and liabilities held for sale of at goodwill less costs to sell	-	(470,137)	(470,137)	-	-	-
Profit before tax from continuing and discontinued operations	1,091,827	(344,247)	747,580	1,093,236	12,192	1,105,428
Income tax expense			(147,050)			(257,278)
Net profit from continuing and discontinued operations			600,530			848,150

PLN '000	As at	30.06.2025			31.12.2024		
		Institutional Banking	Retail Banking	Total	Institutional Banking	Retail Banking	Total
Total assets		78,094,852	6,202,475	84,297,327	65,975,771	6,502,332	72,478,103
Total liabilities and shareholders' equity, including:		61,220,506	23,076,821	84,297,327	49,237,874	23,240,229	72,478,103
Liabilities		52,996,158	22,064,543	75,060,701	40,912,716	21,696,856	62,609,572

The net profit of Retail Banking Segment differs from net income of discontinued operations due to the fact Transaction scope may differ from Retail Banking Segment. Among other things, net interest income of Retail Banking includes revenues from the equity allocated to retail while the revenue of discontinued operations ignores this element because the equity is not the part of the transaction. (Note 4 "Assets and liabilities classified as held for sale and profit from discontinued operations").

6. Risk Management

Credit Risk

The main purpose of risk management in the Group is to support a long-term plan for the stable development of the credit portfolio while maintaining its proper quality. Credit risk management is executed based on the policies and procedures that consistently and clearly define and communicate standards for risk identification, measurement, acceptance, control, monitoring and reporting.

In the current reporting period, the Group continued to perform activities related to credit risk management in light of the external environment situation development, including in particular in particular, the effects of the introduction of tariffs by the US, the weakening economic situation in Germany, and the automotive industry. In both Corporate and Retail Banking, the Group did not observe a significant impact of these factors on the portfolio quality.

Net result on provisions for expected credit losses regarding receivables from Retail Banking customers was driven by a stable portfolio.

Due to persistent economic uncertainty, despite good quality of portfolio, impact on expected credit losses due to financial assets might not be fully reflected in impairment models. Therefore, similarly to 31 December 2024, the Group maintains additional provisions for expected credit losses for this purpose and within Institutional Banking customers.

The Group manages its exposure by identifying and monitoring of limits, set within the capital limits and liquidity norms, taking into account the constraints of external regulations.

The Group monitors the concentration of credit exposures on an ongoing basis, in order to avoid a situation where the portfolio depends on a small number of clients. In the first half of 2025, the Group's credit exposure to non-bank entities did not exceed the limit of concentration required by law.

In the practice of credit risk management in the Bank, grouping of financial assets takes place within groups representing the level of credit risk of a given instrument. For receivables without impairment, in the area of Retail Banking Segment, grouping takes place according to the periods of delinquent days, while in the area of institutional banking, the Bank groups financial assets into risk rating ranges.

Concentration of exposures – non-bank clients* – continuing operations

PLN '000	30 Jun 2025			31 Dec 2024		
	Balance sheet exposure**	Exposure due to granted financial commitments and guarantees	Total exposure	Balance sheet exposure**	Exposure due to granted financial commitments and guarantees	Total exposure
CLIENT 1	1,493,932	212,524	1,706,456	1,352,977	229,893	1,582,870
GROUP 2	1,247,683	-	1,247,683	1,099,430	-	1,099,430
GROUP 3	1,002,508	-	1,002,508	1,002,896	-	1,002,896
CLIENT 4	1,000,152	-	1,000,152	-	-	-
GROUP 5	21,032	832,126	853,158	197,656	679,866	877,522
GROUP 6	212,848	488,081	700,929	214,238	488,492	702,730
CLIENT 7	653,429	23,331	676,760	552,871	23,565	576,436
GROUP 8	586,941	54,699	641,640	197,920	462,406	660,326
GROUP 9	501,072	105,105	606,177	440,944	109,477	550,421

PLN '000	Balance sheet exposure**	30 Jun 2025 Exposure due to granted financial commitments and guarantees	Total exposure	Balance sheet exposure**	31 Dec 2024 Exposure due to granted financial commitments and guarantees	Total exposure
GROUP 10	515,893	685	516,578	572,896	685	573,581
Total	7,235,490	1,716,551	8,952,041	5,631,828	1,994,384	7,626,212

*Data from 31.12.2024 are comparative for items illustrating the concentration of exposure as at June 30, 2025, i.e. they do not reflect the concentration of exposure as at December 31, 2024

**Excludes exposures due to shares and other securities.

"The Group" is understood as a capital group composed of entities in relation to which the Capital Group of Bank Handlowy w Warszawie S.A. has involvement.

Concentration of exposure to industries* - continuing operations

Industry according to NACE*	30 Jun 2025		31 Dec 2024	
	PLN'000	%	PLN'000	%
Wholesale trade, except motor vehicles	16,533,034	39.5%	14,050,813	35.4%
Financial service activities, except insurance and pension funds	3,327,436	7.9%	1,868,664	4.7%
Activities supporting financial services and insurance and pension funds	2,281,912	5.4%	1,806,950	4.5%
Generation and supply of electricity, gas, steam, hot water and air for air conditioning systems	1,544,925	3.7%	1,942,595	4.9%
Food production	1,537,290	3.7%	1,566,630	3.9%
Activities of head offices; management consulting	1,506,496	3.6%	1,383,112	3.5%
Manufacture of electrical equipment	1,346,817	3.2%	1,455,548	3.7%
Retail trade, except motor vehicles	996,396	2.4%	1,033,543	2.6%
Manufacture of motor vehicles, trailers and semi-trailers, except motorcycles	917,718	2.2%	950,297	2.4%
Beverage production	803,587	1.9%	-	-
First „10" industries total	30,795,611	73.5%	26,058,152	65.6%
Other industries	11,122,371	26.5%	13,681,322	34.4%
Total	41,917,982	100.0%	39,739,474	100.0%

*Gross balance sheet and off-balance-sheet exposure to institutional customers (including banks) as of the day 30.06.2025 based on NACE Revision 2 (The Statistical Classification of Economic Activities in the European Community); data as at 31.12.2024 are comparative for items illustrating the concentration of exposure as at June 30, 2025 and do not illustrate concentration of exposures as at 31.12.2024.

The process of active portfolio quality management includes, depending on client type, assigning appropriate risk ratings and internal classification, monitoring days past due as well as application of the relevant remedial or debt collection actions. The Group has put in place a uniform internal system for classification of receivables based on predetermined criteria. Risk rating assignment and classification system are crucial in defining the level of impairment allowances.

The Group creates provisions for expected credit losses, for all financial assets, according to developed internal rules and methodologies. These provisions are created on an aggregated basis for each of 3 stages:

- Stage 1: Credit exposures that have not had a significant increase in credit risk since initial recognition,
 - For these assets, a 12-months ECLs are recognized (representing the portion of lifetime expected credit losses that result from default events that are possible within 12 months after the reporting date),
- Stage 2: Credit exposures that have experienced a significant increase in credit risk
 - For these assets, a lifetime ECLs are recognized,
- Stage 3: Credit exposures with credit loss that has already been suffered on the assets
 - For these assets, ECL is estimated for the whole period of exposure.

Assignment of the exposure to Stages takes place, depending on the approach to management over the client (individual vs. group approach), taking into account:

- the wide range of information obtained as part of standard risk management processes (including the Early Warning process) regarding both current and future events, including macroeconomic factors
- the number of days past due (where days past due calculation, for the purpose of exposure assignment to Stages, is done in line with EBA/GL/2016/07 guidance and the regulation of Ministry of Finance, Investment and Development of October 3rd 2019 on the significance level of overdue credit exposure).

Stage 1

All exposures not classified as Stage 2 and Stage 3 are classified as Stage 1.

Stage 2

In the area of Retail Banking Segment for the Stage 2 classification, apart from the 30 days past due criterion and forbore categories, the quantitative measure is applied – analysis of the change in PD level since the initial recognition. In accordance with the IFRS 9 standard, the Group does not use a fixed threshold above which an increase in risk would automatically be considered significant. It results from the fact that the same increase of PD in absolute terms would be more significant for exposures with lower initial risk than for those with the higher initial risk. Therefore, the Group applies designed model that sets a threshold above which an increase in risk is considered significant. In order to determine the relative growth, the Group uses a variable being the quotient of the probability of default on the current reporting date and the contingent probability calculated for the same period at the time of initial recognition. A threshold is defined as the cut-off point, where the probability of a default event occurring when the value of an explanatory variable increases is maximised.

In case of credit exposures from the Retail Banking Segment area, the overdue criterion of over 30 days is a direct trigger for identifying a significant increase in credit risk. In addition, qualitative premises are included on the modification without impairment activities carried out and the fact that information about the probability of default is not available.

For credit exposures in the area of institutional banking, overdue by more than 30 days is taken into account when assessing the potential occurrence of a significant increase in credit risk, and the Group periodically, as per internal classification process and ongoing monitoring process, analyses changes in risk of default by comparing the current assessment of default with the assessment of default in the initial recognition.

Assessment of change in risk of default for given credit exposure is conducted during internal classification process and monitoring process and include:

- Qualitative indicators (including Early Warning System),
- Quantitative information (change of the Lifetime PD at the reporting date with the Lifetime PD at initial recognition above the relative and absolute threshold for a given sensitivity class, financial data),
- Expected exposure life period,
- Occurrence of economic or legal reasons related to the borrower's financial difficulties and granting to the borrower a concession to financial conditions that the lender would not otherwise consider (assuming that those changes does not imply deterioration in future payment flows).

Stage 3

The Group applies the general principle that the creditor's default occurs when one or both of the following events occur:

- a) delay in the debtor's repayment of any material loan obligations to the Group is 90 days or more,
- b) it is unlikely that the debtor fully fulfills his credit obligations towards the Group, without the institution having to undertake activities such as collateral execution.

At each balance sheet date, the Group assesses whether there is objective evidence of impairment of a financial asset or a group of financial assets.

A financial asset or a group of financial assets lost their value and the impairment loss was incurred only when there is objective evidence of impairment resulting from one or more events taking place after the initial recognition of the asset (event causing the loss) and the event (or events) causing a loss has an impact on the expected future cash flows resulting from a financial asset or a group of financial assets whose reliable estimation is possible.

In the institutional banking area, materialization of credit exposure value loss takes place if there is an objective evidence of impairment, which can be a result of, among others, events as below:

- obtaining information on significant financial difficulties of the client;
- reduction of the client credit rating by an accepted by the Group External Credit Assessment Institution¹;
- occurrence of economic or legal reasons related to the borrower's financial difficulties and granting to the borrower a concession to financial conditions that the lender would not otherwise consider, when it results in impairment (forborne non-performing exposure), including granting permission for emergency restructuring of credit exposure, if it might result in decreasing financial requirements, reduction of financial liabilities by redeeming a significant part of the principal, interest or, where applicable, fees or deferring their repayment ;
- high likelihood of bankruptcy, gaining information on:
 - declaration of bankruptcy;
 - commencing bankruptcy proceedings or submitting a bankruptcy petition / petition for bankruptcy proceedings
 - putting the debtor into bankruptcy or liquidation;
 - dismissing the bankruptcy petition because the debtor's assets are insufficient or only sufficient to cover the costs of bankruptcy proceedings;
 - dissolution or liquidation or annulment of the company;
 - appointing a guardian;
 - establishing a trustee (bankruptcy administrator);

¹ Below risk level corresponding to internal 7- rating (i.e. to CCC- for Standard & Poor's, Caa3 Moody's)

- submitting an application for restructuring proceedings within the meaning of the Restructuring Law;
- or granting to the obligor a similar protection if it would allow him to avoid or delay repayment of credit obligations;
- Group initiates procedure to obtain an enforcement title,
- delay in payment equal to 90 days or more (where days past due are calculated in line with EBA/GL/2016/07 guidance and the regulation of Ministry of Finance, Investment and Development of October 3rd 2019 on the significance level of overdue credit exposure),
- default contagion in line with EBA/GL/2016/07 guidance,
- obtaining information from an external database about the delay in payment of debtor's financial liabilities in other financial institutions by 90 days or more in line with the materiality thresholds;
- status of exposure has been changed from "accrual" / "performing" to "non-accrual" / "non-performing",
- exposure has been classified (as per internal classification) to category: "Substandard-non-performing" / "non-accrual" and "Loss",
- Obligor Risk Rating (ORR) is worse than 7- which is applied for Obligors that are defaulted,
- justified suspicion of extorting a credit exposure, or identifying cases of a probable criminal act related to a credit exposure, documented by submitting a notification of suspected crime to the competent state authority,
- termination of the loan agreement due to high credit risk,
- obtaining information on the execution of a court judgment process against the debtor in an amount which, in the opinion of the Group, may result in the loss of creditworthiness,
- lack of payment by the debtor the amount of the realized Government guarantee,
- death, permanent disability or serious illness of the debtor (in the case of debtors running a company in the form of entrepreneurship), resulting in the inability to continue the activity,
- staying in custody or prison of the debtor (in the case of debtors running a company in the form of entrepreneurship), resulting in the inability to continue the activity
- obtaining information about a customer's default under agreements with other Citi group entities,
- in cease the Economic Loss (L) resulting from the sale of credit obligations is higher than 5%, all other remaining client exposures should be considered defaulted

and other events that may have an impact on the estimated future cash flows from the financial asset that can be reliably estimated.

Objective evidence of impairment of a financial asset or a group of assets in the Retail Banking Segment area includes the fulfillment of even one of the following conditions by any of the customer's exposures:

- occurrence of delays in repayment of principal and interest, the minimum amount to be paid, commission or exceeding the permitted limit. For the purpose of default identification, it is assumed that the delay in repayment is equal to or exceeds 90 days at the moment of calculating the write-down (where days past due are calculated in line with EBA/GL/2016/07 guidance and the regulation of Ministry of Finance, Investment and Development of October 3rd 2019 on the significance level of overdue credit exposure);
- granting modifications to the terms of the agreement (restructuring), as a result of which the current value of cash flows falls below the book value before the modification;
- termination of the contract for reasons other than a delay in the repayment of mortgage products;
- default contagion in line with EBA/GL/2016/07 guidance; occurrence of qualitative circumstances:
 - death,
 - bankruptcy,
 - permanent disability or serious illness,
 - fraud,
 - obtaining information about initiating bankruptcy proceedings of the client or announcing bankruptcy by the client,
 - impairment or threat of collateral impairment,
 - obtaining information about significant financial problems of the client,
 - justified suspicion of extortion of credit exposure or identifying cases of the substantiated criminal offense concerning credit exposure,
 - obtaining information about the execution of the debtor in the amount, which in the bank's opinion may result in the loss of creditworthiness,
 - the client's stay in custody or prison,
 - partial capital write-off,
 - agreement termination,
 - the Group's request to initiate enforcement proceedings against the client.

In the case of clients who do not meet the restructuring criteria, and in particular, for which the legal path has been implemented (bankruptcy, enforcement, court dispute) without the prospects of returning the repayment formula from the

client's core operations, the debt collection process is carried out and the receivables are written off. The main goal of this process is to maximize the amount of outstanding exposures recovered by the Group. In the debt collection process, the Group will develop a cooperation formula with the client, in the course of which the Group's activity is not limited only to legal actions, but also, if possible, ongoing cooperation. In the event that the repayment of the exposure is jeopardized due to the poor financial standing of the debtor or by the transfer of assets beyond the scope of recovery, the exposures can be sold in exceptional cases.

The Group has established and applies a quarantine period for exposures that cease to be classified as Stage 3 assets.

In the area of institutional banking, a change in status may take place when there are no arrears to the Bank within a period of 12 months and the principal amount and related additional claims under the contract are recoverable in full. The main premise for changing the status from impairment to no impairment is complete recovery of creditworthiness.

In the retail area, the quarantine mechanism consists in maintaining the customer in the status of impairment for the next 9 months from the disappearance of all indications of impairment.

The expected credit loss, which is the basis for determining the level of the provision for impaired receivables and receivables with a significant increase of credit risk since the initial recognition, is determined throughout the lifetime of the exposure. In the case of installment exposures, this is the period to the contractual maturity date. For revolving exposures, the contractual maturity is not specified, in replacement of the so-called behavioral maturity resulting from the empirical estimation of the life of the credit product.

Provisions for expected credit losses for Retail Banking portfolio are calculated on the basis of statistical models for groups of assets combined in portfolios with common credit risk features. Financial instruments for the purpose of measurement of expected credit losses, are grouped on product level in Retail Banking and on segment level for homogenous micro-entrepreneurships portfolio with minimal shareholding in the sum of gross receivables of the Group. In terms of product aggregation, the following portfolios are defined: credit cards, cash loan within credit card, credit line, cash loan and mortgages.

In the financial statements, the Group adjusts the value of credit exposures by provision for expected credit losses. In case individually significant exposure is impaired in Stage 3, in the area of Retail Banking, provisions are measured using individual approach. Exposures are deemed to be individually significant, if an expected credit loss for the borrower in Stage 3 exceeds 10% of average provisions related to receivables in Stage 3 in the last quarter.

In the area of institutional banking, the main sources of parameters included in the methodology of expected credit losses ('ECL') are the results of internal customer assessment processes and the results of loan models.

- The rate of impairment is derived from the client's rating determined based on internal rating models. The ECL methodology describes the process of applying existing migration ratings, expected in a given macroeconomic scenario, to migration schedules. In this way, in the following forecast periods, the probability of migration to a given rating range is obtained.
- The value of the LGD parameter results directly from the dedicated model for impaired clients.
- The exposure value for subsequent forecast periods is based on available repayment schedules as well as (for renewable products) on the expected change in exposure described by the value of the CCF parameter. The basis for estimating this parameter was internal data on amounts used by customers before the Group identified impairment of value.
- The assignment to the stage is based on the customer assessment process used in the Group to manage the client. This process includes both quantitative factors (e.g. customer rating) and a number of qualitative factors (e.g. Early Warning Signals).
- The maturity dates adopted by the Group result directly from agreements with customers and periods in which the Group is exposed to possible risks.

In the area of Retail Banking Segment, the basis of parameters included in the ECL methodology are the existing internal models of the client's creditworthiness assessment in the Bank, information about the stage of debt collection proceedings and information from the Bank's data warehouse.

- The rate of impairment is the submission of a number of models of customer creditworthiness assessment, connected to each other by process called integration logic. The ECL methodology, based on forecasts provided by the Chief Economist of the Bank, transforms the results of integration logic so that the result reflects the expected changes in the economy. The obtained parameters are then applied to the loss vectors during the life of the product, estimated on the basis of historically observed loss rates. Recovery value vectors are the result of the analysis of the amount of historically collected receivables for homogeneous populations. The population was segmented against similar features such as product type, time from default, amount of exposure left for repayment or historically observed repayments.
- The value of the EAD parameter is based on installment products on the expected repayment schedules generated based on the length of the contract and the interest rate on the product. For renewable products, EAD is based on the internally estimated CCF vector.

The Group takes into account macroeconomic information about the future in determining the expected credit losses. Scenarios are prepared by the Chief Economist of the Bank at least once a quarter in the three years horizon in division into quarters (based scenario with 60% weight and positive and negative variation from scenario with 20% weight).

In the area of institutional banking, the Group divided the loan portfolio into industries in terms of their sensitivity to macroeconomic conditions, identified macroeconomic variables that best explained the historical changes in credit quality and analyzed the dependence on macroeconomic factors using statistical methods. Finally, the Group has built a model for two classes with a higher level of industry sensitivity allowing for the dependence of the coefficient determining the level of client migration between ratings from these factors. For the class with low sensitivity, the Group did not make the level of migration dependent on macroeconomic factors.

In the area of Retail Banking Segment, at the level of homogeneous product portfolios, the Group, using statistical methods, built equations making the level of annual loss rates dependent on macroeconomic factors. The models allow for shaping of the provision for expected credit losses depending on the expected changes in the economy.

Macroeconomic scenarios in the area of institutional banking comprise the following variables:

- annual amendment of index WIG,
- NBP reference rate,

However Retail Banking Segment uses two variables in modeling the expected credit losses:

- unemployment rate „BAEL”,
- WIG index.

The scenarios for the variables used to estimate ECL as at 30 June 2025 are presented below

Base economic scenario	2q25	3q25	4q25	1q26	2q26	3q26	4q26	1q27	2q27	3q27	4q27	1q28	2q28
NBP Reference rate	5.25	5.00	4.75	4.50	4.50	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25
Unemployment rate „BAEL”	3.20	3.20	3.00	3.20	2.80	2.80	2.70	3.00	2.70	2.80	2.60	3.00	2.60
WIG (end of the period)	98,691	98,949	100,241	101,705	103,169	104,633	106,097	107,647	109,197	110,747	112,297	113,824	115,463

Pessimistic economic scenario	2q25	3q25	4q25	1q26	2q26	3q26	4q26	1q27	2q27	3q27	4q27	1q28	2q28
NBP reference rate	5.00	4.50	4.00	3.50	3.25	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Unemployment rate „BAEL”	3.30	3.29	3.21	3.61	3.24	3.31	3.29	3.70	3.53	3.66	3.56	3.93	3.60
WIG (end of the period)	94,695	90,999	88,397	86,006	87,244	88,482	89,720	91,031	92,342	93,653	94,963	96,255	97,641

Optimistic economic scenario	2q25	3q25	4q25	1q26	2q26	3q26	4q26	1q27	2q27	3q27	4q27	1q28	2q28
NBP reference rate	5.75	6.00	6.25	6.50	6.50	6.25	6.00	5.75	5.50	5.25	5.00	5.00	5.00
Unemployment rate „BAEL”	3.24	3.07	2.76	2.90	2.38	2.22	1.99	2.27	1.93	1.92	1.72	2.05	1.69
WIG (end of the period)	102,687	107,233	113,098	119,460	121,180	122,899	124,619	126,439	128,260	130,081	131,901	133,695	135,621

Scenario for variables used to estimate expected credit losses at 31 December 2024 presented below

Base economic scenario	4q24	1q25	2q25	3q25	4q25	1q26	2q26	3q26	4q26	1q27	2q27	3q27	4q27
NBP Reference rate	5.75	5.50	5.50	5.00	4.75	4.25	4.00	3.75	3.75	3.75	3.75	3.75	3.75
Unemployment rate „BAEL”	2.70	2.90	3.00	2.90	2.70	3.00	2.90	2.90	2.56	3.00	2.80	2.88	2.70
WIG (end of the period)	82,762	84,431	86,101	87,770	89,440	90,746	92,053	93,359	94,666	96,073	97,481	98,889	100,296

Pessimistic economic scenario	4q24	1q25	2q25	3q25	4q25	1q26	2q26	3q26	4q26	1q27	2q27	3q27	4q27
NBP reference rate	5.75	5.25	5	4.25	3.75	3	2.75	2.5	2.5	2.5	2.5	2.5	2.5

Pessimistic economic scenario	4q24	1q25	2q25	3q25	4q25	1q26	2q26	3q26	4q26	1q27	2q27	3q27	4q27
Unemployment rate „BAEL”	2.72	3.01	3.19	3.26	3.15	3.5	3.54	3.66	3.38	3.9	3.75	3.76	3.63
WIG (end of the period)	79,293	77,591	75,893	74,204	75,616	76,720	77,825	78,930	80,034	81,224	82,414	83,604	84,794

Optimistic economic scenario	4q24	1q25	2q25	3q25	4q25	1q26	2q26	3q26	4q26	1q27	2q27	3q27	4q27
NBP reference rate	5.75	6	6.5	6.5	6.75	6.25	6	5.75	5.5	5.25	5	4.75	4.5
Unemployment rate „BAEL”	2.66	2.79	2.8	2.64	2.26	2.4	2.24	2.17	1.76	2.17	1.97	1.9	1.73
WIG (end of the period)	86,230	91,560	97,184	103,116	105,078	106,613	108,148	109,683	111,217	112,871	114,525	116,179	117,832

As part of the assessment of the adequacy of the methodology used to determine expected credit losses, the Group regularly, on quarterly basis, carries out an analysis to verify to what extent the expected credit losses provisions were reflected in actual losses. In addition, the models used for determining reserves are subject to evaluation by an independent Model Risk Management and Validation Department.

The Group assesses sensitivity of expected credit losses with respect to applied methods and underlying assumptions, in particular concerning macroeconomic parameters. The table below presents change of expected credit losses for not impaired exposures that were determined as a difference between the expected credit losses estimated assuming one particular scenario and expected credit losses estimated using probability-weighted approach (the sign “-” means lower, the sign “+” means higher expected losses).

Change of expected credit losses for stage 1 and 2 assuming 100% scenario weight as at 30.06.2025	Optimistic scenario	Pessimistic scenario
Retail Bank	(2,551)	2,024
Stage 1	(453)	361
Stage 2	(2,098)	1,663
Institutional Bank	(590)	849
Stage 1	(353)	439
Stage 2	(237)	410

The tables above present assets in disposal groups held for sale.

Change of expected credit losses for stage 1 and 2 assuming 100% scenario weight as at 31.12.2024	Optimistic scenario	Pessimistic scenario
Retail Bank	(2,141)	1,701
Stage 1	(365)	291
Stage 2	(1,776)	1,410
Institutional Banking	(1,395)	1,626
Stage 1	(924)	892
Stage 2	(471)	734

The Group identifies and manages counterparty credit risk in financial instruments transactions based on internal limits for pre-settlement and settlement commitment. These exposures are also assigned credit ratings.

The maximum Group's credit risk exposure is presented below.

PLN '000	Note	30.06.2025	31.12.2024
Gross receivables due from the Central Bank		10,817,144	5,794,361
Gross receivables due from banks	15	8,688,715	8,788,431
Gross receivables due from institutional customers*	(below)	18,881,032	15,552,681
Gross receivables due from individual customers*	(below)	6,379,387	6,360,276
Debt securities held-for-trading	16	3,459,043	1,801,904
Derivative instruments	16	2,378,082	2,623,860
Debt investment financial assets measured at fair value through other comprehensive income	17	31,879,823	30,088,771
Other financial assets	21	551,106	239,546
Contingent liabilities granted	33	19,659,473	20,724,650
		102,693,805	91,974,480

The table above presents assets in disposal groups held for sale. Additional information on discontinued operations disclosed in Note 4 „Assets and liabilities classified as held for sale and profit from discontinued operations” „Assets and liabilities classified as held for sale and profit from discontinued operations”

As at June 30, 2025, the value of collateral reducing the maximum exposure to credit risk for receivables from institutional clients amounted to PLN 1,876,565 thousand (31 December 2024: PLN 1,719,596 thousand) and for receivables from individual clients amounted to PLN 2,397,455 thousand (31 December 2024: PLN 2,356,824 thousand).

The table below present the mortgage-backed receivables from individual customers in a given Loan-to-value (LtV) interval. The amount of exposure is measured by unpaid principal amount.

PLN'000	30.06.2025	31.12.2024
Less than 50%	1,321,222	1,340,156
51 - 80%	1,002,981	956,511
81 - 100%	39,556	27,432
	2,363,759	2,324,098

The table above presents assets in disposal groups held for sale i.e. excluding the portfolio of loans denominated in foreign currencies (CHF) with a gross value of PLN 24,676 thousand, which is excluded from the transaction disclosed in Note 4

The Group's portfolio is presented below, grouped into impaired receivables (stage 3) and receivables without impairment (stages 1 and 2).

The structure of the portfolio of exposures to banks and clients from the point of view of credit risk as at 30 June 2025:

PLN '000	Receivables from institutional customers	Receivables from individual customers	Receivables from banks	Total	Including receivables from assets held for sale
Receivables without recognized impairment (Stage 1)					
By risk rating					
Risk rating 1-4-	12,585,038	-	8,558,640	21,143,678	36,114
Risk rating +5-6-	3,755,418	-	-	3,755,418	-
By delinquency					
No delinquency	-	4,638,968	-	4,638,968	4,617,932
1-30 days	-	62,062	-	62,062	61,790
31-90 days	-	460	-	460	460
Gross amount	16,340,456	4,701,490	8,558,640	29,600,586	4,716,296
Provision for expected for credit losses	(31,986)	(13,098)	(387)	(45,471)	(13,978)
Net amount	16,308,470	4,688,392	8,558,253	29,555,115	4,702,318
Receivables without recognized impairment (Stage 2)					
By risk rating					
Risk rating 1-4-	1,006,952	-	129,262	1,136,214	2,262
Risk rating +5-6-	976,912	-	813	977,725	-

PLN '000	Receivables from institutional customers	Receivables from individual customers	Receivables from banks	Total	Including receivables from assets held for sale
Risk rating +7 and greater	271,255	-	-	271,255	-
By delinquency				-	-
No delinquency	-	1,290,009	-	1,290,009	1,288,861
1-30 days	-	71,290	-	71,290	71,290
31-90 days	-	13,486	-	13,486	12,668
Gross amount	2,255,119	1,374,785	130,075	3,759,979	1,375,081
Provision for expected for credit	(38,048)	(36,005)	(111)	(74,164)	(36,309)
Net amount	2,217,071	1,338,780	129,964	3,685,815	1,338,772
Receivables with recognized impairment (Stage 3)					
By delinquency	-	286,158	-	286,158	-
By risk rating				-	
Risk rating +7 and greater	285,199	-	-	285,199	298,860
Gross amount	285,199	286,158	-	571,357	298,860
Provision for expected for credit	(164,235)	(217,422)	-	(381,657)	(227,291)
Net amount	120,964	68,736	-	189,700	71,569
Receivables with recognized impairment					
By delinquency	-	16,954	-	16,954	-
By risk rating				-	
Risk rating +7 and greater	258	-	-	258	16,954
Gross amount	258	16,954	-	17,212	16,954
Provision for expected for credit	245	1,875	-	2,120	1,875
Net amount	503	18,829	-	19,332	18,829
Total gross value	18,881,032	6,379,387	8,688,715	33,949,134	6,407,191
Provision for expected for credit losses	(234,024)	(264,650)	(498)	(499,172)	(275,703)
Total net value	18,647,008	6,114,737	8,688,217	33,449,962	6,131,488

The structure of the portfolio of exposures to banks and clients from the point of view of credit risk as at 31 December 2024:

PLN '000	Receivables from institutional customers	Receivables from individual customers*	Receivables from banks	Total
Receivables without recognized impairment (Stage 1)				
By risk rating				
Risk rating 1-4-	10,173,771	-	8,779,409	18,953,180
Risk rating +5-6-	3,815,106	-	673	3,815,779
By delinquency				
No delinquency	-	4,524,788	-	4,524,788
1-30 days	-	55,909	-	55,909
Gross amount	13,988,877	4,580,697	8,780,082	27,349,656
Provision for expected for credit losses	(27,095)	(14,900)	(307)	(42,302)
Net amount	13,961,782	4,565,797	8,779,775	27,307,354
Receivables without recognized impairment (Stage 2)				
By risk rating				
Risk rating 1-4-	338,066	-	-	338,066
Risk rating +5-6-	757,175	-	8,349	765,524
Risk rating +7 and greater	186,980	-	-	186,980
By delinquency				
No delinquency	-	1,342,659	-	1,342,659
1-30 days	-	64,109	-	64,109

PLN '000	Receivables from institutional customers	Receivables from individual customers*	Receivables from banks	Total
31-90 days	-	13,027	-	13,027
Gross amount	1,282,221	1,419,795	8,349	2,710,365
Provision for expected for credit losses	(36,630)	(42,577)	(344)	(79,551)
Net amount	1,245,591	1,377,218	8,005	2,630,814
Receivables with recognized impairment (Stage 3)				
By delinquency	-	341,339	-	341,339
By risk rating				
Risk rating +7 and greater	280,708	-	-	280,708
Gross amount	280,708	341,339	-	622,047
Provision for expected for credit losses	(159,574)	(265,668)	-	(425,242)
Net amount	121,134	75,671	-	196,805
Receivables with impairment				
By delinquency	-	18,445	-	18,445
By risk rating				
Risk rating +7 and greater	875	-	-	875
Gross amount	875	18,445	-	19,320
Provision for expected for credit losses	166	567	-	733
Net amount	1,041	19,012	-	20,053
Total gross value	15,552,681	6,360,276	8,788,431	30,701,388
Provision for expected for credit losses	(223,133)	(322,578)	(651)	(546,362)
Total net value	15,329,548	6,037,698	8,787,780	30,155,026

As described above, one of the main factors influencing the management of individual customers portfolio are days of delay, while in the institutional customers segment rating is the key determinant of credit risk.

Impaired receivables are characterized by a relatively lower and, in some circumstances, positive allowance for expected credit losses. Upon initial recognition, POCI assets are recognized at fair value and the fair value adjustment, which primarily reflects credit risk, is included in the gross carrying amount of the receivable. As a consequence, the net carrying amount, in the event of a change in the estimate of expected credit losses, may be higher than the gross carrying amount, and the difference representing the allowance for expected credit losses may be positive.

Structure of derivatives in terms of credit risk:

PLN '000	30.06.2025		31.12.2024			
	Transactions with institutional customers	Transactions with individual customers	Transactions with banks	Transactions with institutional customers	Transactions with individual customers	Transactions with banks
Derivatives by risk rating						
Risk rating 1-4-	1,316,888	83	1,042,677	1,523,080	-	1,085,301
Risk rating +5-6-	18,413	-	21	14,579	-	900
Total	1,335,301	83	1,042,698	1,537,659	-	1,086,201

The breakdown of the exposures in the portfolio of debt securities held for trading in the portfolio of debt securities measured at fair value through other comprehensive income according to Fitch agency ratings is presented below.

PLN '000	30.06.2025		31.12.2024	
	Debt securities held-for-trading	Debt securities at fair value through other comprehensive income	Debt securities held-for-trading	Debt securities at fair value through other comprehensive income
Issuer rating by Fitch agency				
A (including: from A- to AAA)	3,459,043	31,879,823	1,801,904	30,088,771
Total	3,459,043	31,879,823	1,801,904	30,088,771

Structure of the granted contingent liabilities from the credit risk point of view as at June 30, 2025:

Total				
PLN '000	Liabilities due to institutional customers	Liabilities due to individual customers	Liabilities due to banks	w tym z tytułu działalności zaniechanej
Contingent liabilities granted (Stage 1)	12,365,091	3,431,576	1,322,308	3,447,726
by risk rating				
Risk rating 1-4-	9,945,319	-	1,322,308	36,395
Risk rating +5-6-	2,419,742	-	-	-
Risk rating +7 and greater	30	-	-	-
Contingent liabilities granted (Stage 2)	720,609	1,786,254	-	1,786,254
by risk rating				
Risk rating 1-4-	32,013	-	-	-
Risk rating +5-6-	664,675	-	-	-
Risk rating +7 and greater	23,921	-	-	-
Contingent liabilities granted (Stage 3)	692	5,568	-	5,568
by risk rating				
Risk rating +7 and greater	692	-	-	-
Contingent liabilities granted	27,376	-	-	-
by risk rating				
Risk rating +7 and greater	27,376	-	-	-
Total	13,113,768	5,223,398	1,322,308	5,239,548

Structure of the granted contingent liabilities from the credit risk point of view as at December 31, 2024:

PLN '000	Liabilities due to institutional customers	Liabilities due to individual customers	Liabilities due to banks
Contingent liabilities granted (Stage 1)	13,196,783	3,538,682	1,339,807
by risk rating			
Risk rating 1-4-	10,739,288	-	1,339,807
Risk rating +5-6-	2,457,495	-	-
Contingent liabilities granted (Stage 2)	921,188	1,693,746	-
by risk rating			
Risk rating 1-4-	170,881	-	-
Risk rating +5-6-	724,178	-	-
Risk rating +7 and greater	26,129	-	-
Contingent liabilities granted (Stage 3)	1,820	6,111	-
by risk rating			
Risk rating +7 and greater	1,820	6,111	-
Contingent liabilities granted	26,513	-	-
by risk rating			
Risk rating +7 and greater	26,513	-	-
Total	14,146,304	5,238,539	1,339,807

In addition to general principles of credit risk mitigation, the Group has defined specific rules for institutional and retail for acceptance, assessment, establishment and monitoring of various types of collaterals, including warranties, guarantees and similar instruments of support (hereinafter called jointly: collaterals). These principles are used to minimize residual risk associated with taking collaterals.

Forborne exposures are identified in the Group within the credit risk management. The Group takes into account "forborne" exposures according to the reporting requirements under the EBA/ITS/2013/03 Technical Standards and document 2012/852 issued by the ESMA. For non-performing and restructured exposures, the Group applies the EBA guidelines EBA/GL/2018/06

As "forborne" the Group considers exposures that are in the process of troubled debt restructuring. This is a situation when the debtor is experiencing financial difficulties and BHW grants preferential financing conditions to the debtor that it would not otherwise consider (i.e., off-market terms). Preferential financing conditions are considered situations in which for example the yield of the modified facility is lower than the contractual yield prior to the restructuring and/or the yield on the modified loan is below a market yield for the relevant tenor and credit risk.

The extent to which financing conditions are changed is set individually for each debtor affected by the situation. In particular, such activities include:

- modification of the conditions of the existing commitment, including changes to the repayment schedule (e.g. extension of the loan period), change in the interest rate on the receivable or repayment method, or reduction of the repayment amount (principal amount or accrued interest),
- providing new, restructured commitment to partially or fully repay the existing exposure,
- repossession of assets.

The process of assigning "forborne" status for exposures is closely related to the credit risk management process, including the impairment recognition process for exposures.

The "forborne" status may refer to both the exposures from the impaired portfolio and the portfolio without impairment. The Group treats exposures as "forborne" without impairment when restructuring activities were carried out, while the change in financing conditions did not imply a deterioration of future payment streams. In such cases, the change in the status of the "forborne" exposure is not evidence of impairment.

Exposures with modified conditions subject to forbearance rules (forborne exposures) are subject to regulatory and internal reporting.

In the area of Retail Banking Segment, the Group assumes that the exposures remain in the "forborne" status until they are fully repaid.

Exposure values in the "forborne" status:

PLN '000	As of	
	30.06.2025	31.12.2024
Receivables without recognized impairment	24,671,850	21,271,590
Receivables without recognized impairment (Stage 1), including	21,783,022	18,569,574
non-financial sector entities	14,975,920	13,459,215
Institutional customers	10,274,431	8,878,518
Individual customers	4,701,489	4,580,697
Receivables without recognized impairment (Stage 2), including:	2,888,828	2,702,016
non-financial sector entities	2,888,674	2,702,001
Institutional customers, including:	1,513,889	1,282,206
„forborne”	497,564	848,416
Individual customers, including:	1,374,785	1,419,795
„forborne”	127	132
Receivables with recognized impairment (Stage 3), including:	571,357	622,047
non-financial sector entities	571,357	622,047
Institutional customers, including:	285,199	280,708
„forborne”	129,010	(347,897)
Individual customers, including:	286,158	341,339
„forborne”	16,983	20,848
Purchased or originated credit-impaired receivables	17,212	19,320
non-financial sector entities	17,212	19,320
Institutional customers, including:	258	875
„forborne”	258	875
Individual customers, including:	16,954	18,445
„forborne”	11,542	12,549
Total gross amount, including:	25,260,419	21,912,957
non-financial sector entities	18,453,163	16,802,583
Institutional customers, including:	12,073,777	10,442,307

PLN '000	As of	
	30.06.2025	31.12.2024
„forborne”	626,832	501,394
Individual customers, including:	6,379,386	6,360,276
„forborne”	28,652	33,529
Provision for expected credit losses	(498,674)	(545,711)
On „forborne” receivables	(64,241)	(63,755)
Total net amounts due from customers, including:	24,761,745	21,367,246
„forborne” receivables	591,243	471,168

The table above contains 'forborne' receivables in disposal groups held for sale with the gross amount of PLN 6,406,081 thousand and provisions with the amount of PLN (275,703) thousand.

The "forborne" exposures identification process has not undergone significant changes relative to the rules described in the Group's consolidated financial statements for the year 2024.

Liquidity Risk

Liquidity risk is defined as the risk of Group's lack of ability to meet its financial commitments to customers or counterparties when due.

The objective of liquidity risk management is to ensure that the Group can meet all commitments to customers when due and to secure liquidity necessary to clear all money market transactions when due.

Regarding significant changes to liquidity risk management processes, procedures, systems, and policies in the first half of 2025, the Group has initiated a review of the methodology for calculating the LCR and NSFR liquidity ratios. Due to the ongoing analysis of the calculation of operational deposits, operational deposits have been reclassified as non-operational. From March 2025 until the work is completed, the Group has decided to adopt a conservative approach to calculating the LCR and NSFR ratios, classifying all deposits as non-operational.

In accordance with Regulation No. 575/2013, the Group monitors and maintains appropriate levels of the Liquidity Coverage Ratio (LCR) and the Non-Stable Funding Ratio (NSFR). As of June 30, 2025, the LCR was 162%, down 63 percentage points from December 31, 2024. The Non-Stable Funding Ratio reached 205%, down 4 percentage points from December 31, 2024.

The decrease in LCR is primarily due to the reclassification of operational deposits to non-operational deposits in connection with the ongoing review of the methodology for determining operational deposits – this resulted in a 34-percentage point reduction in LCR. The additional reduction in LCR is the result of the completion of other work related to the review of the methodology for calculating liquidity ratios, which resulted in a 13-percentage point reduction in LCR. Another factor was the inclusion of dividend payments in the expected outflows, which led to a 11-percentage point reduction in the measure.

The supervisory liquidity measures LCR and NSFR were as follows:

	30.06.2025	31.12.2024	Change
LCR	162%	225%	(63) p.p.
NSFR	205%	209%	(4) p.p.

The table above presents assets and liabilities in disposal groups held for sale. The exclusion of retail operations will impact liquidity ratios; after the exclusion of retail operations, the Bank will continue to maintain a safe buffer above regulatory minimums.

Market risk

Market risk is the risk of negative impact on the Group's earnings and equity resulting from changes in market interest rates, foreign exchange rates, equity and commodity prices, as well all volatilities of these rates and prices.

The objective of market risk management is to ensure that the extent of risk accepted within the Group corresponds to the level acceptable to the shareholders and banking supervision authorities and to ensure that all exposures to market risk are properly reflected in the calculated risk measures, communicated to relevant persons and bodies responsible for the management of the Group.

In the first half of 2025 the Group has not made any changes in market risk management processes, procedures, systems and policies.

In market risk management there are two types of portfolios: trading and bank portfolios.

The following risk measures are applied to non-trading portfolios:

- Interest rate gap analysis;
- Interest Rate Exposure (IRE);

- Net interest income measures, economic value measures
- Stress testing.

Interest rate gap analysis uses the schedule of maturities or revaluations of balance-sheet positions, and of derivative instruments used in hedge accounting or qualified as economic hedge for the purpose of establishing the differences between positions whose maturity or interest rate revaluation fall within a given time frame.

The general rule in the interest rate gap analysis is that of classifying transactions to respective bank portfolio position revaluation bands by the contracted or assumed transaction interest rate revaluation dates.

It is assumed that:

- transactions with a fixed interest rate (such as term deposits, interbank deposits, portfolio of debt securities at fair value through other comprehensive income with a fixed interest rate, granted loans both repaid in full at maturity and repaid in installments) are classified into appropriate revaluation bands in accordance with their maturity dates;
- transactions with a floating interest rate, updated on the regular basis (primarily, loans granted with interest set based on a specific rate such as, e.g., WIBOR 1M) are classified into appropriate revaluation bands in accordance with the nearest interest rate revaluation date;
- transactions with an administrated floating interest rate (i.e., any changes in the interest rate and its revaluation date are reserved to sole decision of the Bank) or undefined maturity or interest rate revaluation date are classified into appropriate revaluation bands in accordance with historically observed or expert assessed shifts in the moment and scale of change in the interest rate of given positions in relation to change in the market interest rates (model of minimizing product margin variability). This group of transactions / balance-sheet positions includes among others: current accounts, card loans, overdraft facilities. Additionally, early loan repayments are taken into account based on analysis of actual repayments made by customers before the due date and product interest rate revaluation profiles are set on that basis. This pertains particularly to installment loans;
- transactions insensitive to changes of interest rates, including cash, fixed assets, equity, other assets/liabilities, are classified into the longest revaluation band;
- transactions executed directly by the Financial Markets Sub Sector for the purpose of management of interest rate risk and liquidity risk (Financial Markets Sub-Sector's own portfolio) are always classified into appropriate revaluation bands in accordance with the contracted dates.

The Interest Rate Exposure (IRE) method is used for estimation of potential impact of a specific parallel shift in the interest rate curves on interest income from the bank portfolio before tax, which can be earned in a specific period of time. This is a prospective indicator, equivalent to Factor Sensitivity of trading portfolios. An assumption is made that under standard conditions interest rate shifts are identical for every currency and stand at 100 basis points upwards. IRE measures are calculated separately for positions in each currency in the time horizon of 10 years; however, for the purpose of current monitoring and limiting of interest rate risk positions in bank portfolios, the Bank normally applies IRE measures with one-year and five-year time horizons.

Furthermore, the Group estimate Interest Rate Risk by the Income Method (cashflow net interest revenue NIR/IRE). This estimation, similarly, to IRE calculated using the gap analysis, determines the potential pre-tax impact on net interest income for items included in the banking book due to specific changes in interest rates in a specific reporting period – generally 12 months. NIR is the difference between accrued interest income earned on assets (e.g. loans to customers) and interest expense paid on liabilities (e.g. customer deposits). NIR/IRE is the delta between the base NIR and the NIR in the interest rate shock scenario, i.e. +/- 100 basis points, for all currencies combined. Similar assumptions are made regarding repricing dates as described above for the gap analysis, with the difference that non-interest flow generating items and the Bank's capital (except for the AFS portfolio) are eliminated from the calculation.

Group's IRE measures as at 30 June 2025 and 31 December 2024 are presented below. The list is shown in the main currencies, i.e. PLN, USD and EUR which jointly account to over 90% of Group's balance sheet.

IRE – gap method

PLN '000	30.06.2025		31.12.2024	
	IRE 12M	IRE 5Y	IRE 12M	IRE 5Y
PLN	(49,785)	(219,297)	(44,959)	(152,338)
USD	(14,078)	(31,751)	(5,956)	(32,698)
EUR	5,696	35,654	3,445	48,704

IRE – cashflow method

PLN '000	30.06.2025		31.12.2024	
	IRE 12M		IRE 12M	
	+100 bp	-100 bp	+100 bp	-100 bp
Total for All currencies	103,861	(102,957)	177,097	(177,583)

The tables include assets and liabilities in disposal groups held for sale.

The exclusion of retail operations will contribute to reducing the sensitivity of net interest income.

Stress tests measure the potential impact of material changes in the level or directionality of interest rate curves on open interest positions in the bank portfolio.

The Group runs stress tests of predefined interest rate movement scenarios, which represent combinations of market factor movements defined as large moves and stress moves occurring both in Poland and abroad. Values of the assumed market factor movements are revised at least once a year and adjusted as appropriate to changes in the market conditions of the Group's operation.

Activities relating to securities at fair value through other comprehensive income are the responsibility of the Assets and Liabilities Management Department within the Financial Markets and Corporate Banking Sector. Three basic goals of activities in the portfolio of securities at fair value through other comprehensive income have been defined as follows:

- management of the liquidity;
- hedging against the risk transferred to the Financial Markets and Corporate Banking Sector from other organizational units of the Bank or the Group's entities;
- opening of own interest rate risk positions on the Group's books by the Financial Markets and Corporate Banking Sector.

In order to avoid excessive fluctuations in the Bank's capital funds, caused by the revaluation of assets measured at fair value through other comprehensive income, the Bank sets the maximum limits of DV01 (Dollar Value of 1 basis point), that specify potential change of risk position's value for specific curve of interest rate in its specific node (into which are brought all of cash flows in set time interval), caused by movement of market's interest rate up by one basis point for this kind of portfolio. The limits also concern the open positions in derivatives (i.e. interest rate swap transactions), carried out to hedge the fair value of the portfolio.

The table below presents the risk measured with DV01 for the portfolio of securities at fair value through other comprehensive income, including the economic collateral contained in the hedge program (Fair Value Hedge Accounting Program), broken down by currency:

PLN '000	30.06.2025			Total in the period 01.01.2025 – 30.06.2025		
	Total	Securities	IRS	Average	Maximum	Minimum
PLN	(4,834)	(7,696)	2,861	(4,329)	(3,538)	(5,308)
USD	(414)	(414)	-	(344)	(312)	(426)
EUR	(279)	(279)	-	(128)	(41)	(280)

PLN '000	30.06.2024			Total in the period 01.01.2024 – 30.06.2024		
	Total	Securities	IRS	Average	Maximum	Minimum
PLN	(1,902)	(5,378)	3,376	(1,767)	(1,140)	(2,980)
USD	-	-	-	(6)	(0)	(11)
EUR	(224)	(224)	-	(284)	(224)	(365)

Both base risk and option risk of Bank's portfolio were considered as immaterial.

The following methods are applicable in measurement of the risk of the trading portfolios:

- Factor Sensitivity,
- Value at Risk (VaR),
- Stress testing.

Factor Sensitivity measures the change in the value of positions in an underlying instrument in the case of a specific change in a market risk factor (e.g., change of the interest rate by 1 basis point at a given point on the interest rate curve, change of the currency exchange rate or share price by 1%).

In the case of interest rates, the applicable sensitivity measure is DV01 (Dollar Value of 1 basis point), which determines the potential change in the value of risk positions on a given interest rate curve at a specific nodal point (which brings together all the cash flows in a given time horizon), caused by a shift in the market interest rate by 1 basis point upwards, is established for this kind of portfolio

In the case of exchange rate (FX) risk, the Factor Sensitivity value is equal to the value of the FX position in a given currency.

In the case of positions held in equities, the Factor Sensitivity value is equal to the net value of the positions held in the respective instruments (shares, indices, participation units).

Value at Risk (VaR) is the integrated measure of the market risk of trading portfolios which combines the impact of positions in respective risk factors and accounts for the effect of correlation between the fluctuations of different factors. VaR is applied for the purpose of measuring the potential decrease in the value of a position or portfolio under normal market

conditions, at a specific confidence level and within a specific period. In the case of positions opened in the Group's trading portfolio, VaR is calculated at a 99% confidence level and a one-day holding period.

DV01 as well as VaR for the trading portfolio are calculated net of the economic hedge of the portfolio of securities at fair value through other comprehensive income, i.e., net of derivative instruments intended to hedge the fair value of the portfolio. The exposures to the risk of such transactions are mitigated through the application of relevant risk measurement methods and by the bank portfolio risk limits.

Each day, the Group runs stress tests on the assumption that the risk factors change by more than expected in the Value at Risk scenario, ignoring historical correlations of these factors.

The Group keeps records of exposures of the bank portfolios to market risk in over twenty currencies both for currency positions and exposures to interest rates risk. These exposures are significant only for a few currencies. For a large group of currencies, the exposures are the consequence of a gap between transactions executed on the customer's orders and closing transactions with other wholesale market counterparties. Significant exposures to market risk are opened for PLN, currencies of well-developed markets (predominantly USD and EUR with a lesser focus on GBP, CHF and JPY) and Central European currencies.

The values of significant exposures of the bank portfolios to the interest rates risk in terms of DV01 in the first half of 2025 are listed in the table below:

PLN '000	30.06.2025	31.12.2024	In the period 01.01.2025 - 30.06.2025			In the period 01.01.2024 - 30.06.2024		
			Average	Maximum	Minimum	Average	Maximum	Minimum
PLN	114	653	305	657	(58)	(318)	186	(843)
EUR	118	(259)	(20)	263	(483)	(35)	237	(263)
USD	(2)	39	0.3	47	(49)	(44)	10	(125)

The currency structure of the positions in the first half of 2025 has not changed in comparison with the year 2024, as positions in domestic currency USD and EUR were still the majority. The average exposure to PLN, EUR, and USD interest rates risk has remained at the similar level. The average risk level for instruments denominated in PLN amounted to PLN 305 thousand and in EUR it was PLN (20) thousand. The largest exposures in absolute value were taken in PLN and EUR and were respectively PLN 657 thousand and PLN (483) thousand.

The table below shows the level of risk measured using VaR (excluding resulting from securities at fair value through other comprehensive income portfolio's economic), divided into currency risk and interest rate risk positions in the first half of 2025:

PLN '000	30.06.2025	31.12.2024	In the period 01.01.2025 - 30.06.2025			In the period 1.01.2024 - 30.06.2024		
			Average	Maximum	Minimum	Average	Maximum	Minimum
FX risk	210	237	660	2,586	144	874	6,008	136
Interest rate risk	15,612	17,179	18,208	26,606	8,476	10,848	20,395	6,121
Spread risk	3,156	7,493	5,314	7,730	2,871	20,999	26,609	9,456
Overall risk	16,295	20,859	20,334	27,753	10,210	21,764	28,315	10,779

The main risk factor is the direct interest rate risk.

The overall average price risk (currency, interest rate, spread) of trade portfolios in the first half of 2025 increased by 10% comparing to the average price risk in the I half of 2024 and reached the level of PLN 16.3 million, mainly because of the spread risk and interest rate risk exposure. Considering maximum risk levels, in case spread risk and price risk of the currency portfolio they also decreased in comparison with the previous year. Maximum price risk expressed as Total VaR (Overall risk) amounted to PLN 27.8 million, while in the I half 2024 it settled at PLN 28.3 million.

Equity instruments risk

The Group is active in the field of trading in equity instruments through the Brokerage Department of Bank Handlowy (DMBH). In accordance with its core scope of activity, DMBH is entitled to take the price risk of the trading book of shares, rights to shares listed or to be traded on the Warsaw Stock Exchange (WSE) or BondSpot, Futures contracts on the WIG20 index and Indexed Equity Units, as well as shares on foreign exchanges of these companies that are listed simultaneously on the WSE. The price risk of a portfolio of DMBH instruments is limited by volume limits for individual types of financial instruments and concentration warning thresholds for individual issuers. DMBH is also subject to warning thresholds of potential loss for stress scenarios and cumulative realised loss on the trading book.

Among the equity instruments measured at fair value through profit and loss which are not subject to the Group's active trading are, i.a., Visa Inc. shares, the valuation method of which is presented in the note no. 26.

Currency exposure

Currency exposure of Group's assets and liabilities is presented in main currencies in the following table:

30 June 2025

PLN '000	Balance-sheet transactions		Contingent derivative transactions		Net position
	Assets	Liabilities	Assets	Liabilities	
EUR	8,253,049	11,201,646	42,995,706	40,034,361	12,748
USD	6,909,084	7,079,567	34,751,998	34,562,529	18,986
GBP	66,907	591,898	671,164	144,857	1,316
CHF	35,115	331,725	512,788	215,302	876
Other currencies	22,897	171,729	1,595,183	1,433,961	12,390
	15,287,052	19,376,565	80,526,839	76,391,010	46,316

The table above presents assets and liabilities in disposal groups held for sale.

31 December 2024

PLN '000	Balance-sheet transactions		Contingent derivative transactions		Net position
	Assets	Liabilities	Assets	Liabilities	
EUR	9,200,104	10,540,123	42,021,904	40,675,770	6,115
USD	8,084,739	7,253,740	20,633,407	21,489,359	(24,953)
GBP	23,007	466,786	495,617	52,491	(653)
CHF	34,475	327,864	298,726	7,041	(1,704)
Other currencies	187,334	186,607	2,183,931	2,173,278	11,380
	17,529,659	18,775,120	65,633,585	64,397,939	(9,815)

Operational risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition of operational risk includes legal risk - which is the risk of loss (including litigation costs, settlements and penalties) resulting from instable legal environment as well as wrongly defined contractual obligations in any aspect of the bank's business - but excludes strategic and reputation risks. Bank also recognises the impact of Operational Risk on the reputation risk associated with Bank's business activities. Operational risk definition includes conduct risk and information, communication and technology risk (ICT risk).

The operational risk framework enables effective management of operational risks across the Bank, by amongst other things bringing or maintaining operational risk exposures within operational risk appetite and adhering to regulatory requirements.

In the area of operational risk, the strategic objective of operational risk management is to ensure a permanent and effective approach to the identification, measurement/assessment, mitigation, control, monitoring and reporting of the risk, as well as the effective reduction of the level of exposure to operational risk and, as a consequence, to reduce the number and scale of operational risk events (policy of low tolerance to operational losses)..

In the first half of 2025 the Bank has not introduced significant changes to processes, procedures, systems and policies associated with operational risk management.

Capital adequacy

Capital ratios have been calculated in accordance with the principles set out in 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").

The table below presents financial data for the calculation of the Group's total capital ratio.

PLN '000	30.06.2025	31.12.2024
I Own funds	7,618,392	7,543,213
Common capital Tier I	7,618,392	7,543,213
II Total capital requirement of which:	2,562,547	2,687,736
Credit risk capital requirements	2,046,449	1,751,377
Counterparty capital requirements	88,370	101,817
Credit valuation adjustment capital requirements	14,330	8,688
Sum of capital requirements for market risk	73,787	113,887
Capital requirement for operational risk	339,611	711,967
Common Equity Tier 1 Capital ratio	23.8%	22.5%

PLN '000	30.06.2025	31.12.2024
Total Capital ratio	23.8%	22.5%

Own funds and total capital ratio as at 31 December 2025 were recalculated retrospectively, taking into account the profit for 2024 after its approval by the General Meeting of Shareholders.

On December 16, 2024, the Polish Financial Supervision Authority announced that in the supervisory assessment process, the Bank's sensitivity to the possible materialization of stress scenarios affecting the level of own funds and risk exposure was assessed as low and it did not set an additional capital charge (P2G) for the Bank to absorb potential losses resulting from the occurrence of stress conditions.

The Group's capital ratios remain above the minimum requirements under the CRR, the Act on Macroprudential Supervision and the recommendation of the supervisory authority.

The Group as a resolution entity that is part of a global systemically important institution outside the EU (Citigroup) entity that is part of a global systemically important institution in accordance with the definition contained in CRR and according to Art. 92a CRR must satisfy the following requirements for own funds and eligible liabilities:

- 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).

In accordance with the CRR regulations, the amount of the required TLAC TREA plus the combined buffer requirement for the Group as of June 30, 2025, is 20.83%, while TLAC TREA of the Group on a consolidated level was 27,09%. The TLAC TEM ratio as of June 30, 2025, is 9.21%.

Eligible liabilities counted towards meeting the TLAC requirement include a subordinate loan granted by Citibank Europe PLC based in Dublin pursuant to an agreement entered on 6 June 2024. The value of the loan drawn is presented in Note 22 in the line Loans and advances received.

As of 1 January 2025, changes to regulations affecting the level of the Group's capital requirements came into force, resulting from Regulation (EU) 2024/1623 of the European Parliament and of the Council of 31 May 2024 amending Regulation (EU) 575/2013 with regard to requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor (CRR3). The values as of the end June 2025 include changes to regulations applicable from 1 January 2025.

The influence of the new regulations led to credit risk's requirement increase while decreasing the operational risk requirements.

According to the CRR regulations in force on the date of publication of this document, changes in capital requirements for market risk estimating methods come into force on 1 January 2026. However, on 12 June 2025, the European Commission adopted a delegated act deferring the implementation of these provisions for an additional year, i.e. until 1 January 2027. This act will apply from the date of publication in the Official Journal of the EU.

7. Net interest income

PLN '000	II quarter 01.04. - 30.06. 2025	I half of the year 01.01. - 30.06. 2025	II quarter 01.04. - 30.06. 2024	I half of the year 01.04. - 30.06. 2024
Interest income from:	885,730	1,758,254	864,027	1,724,846
Financial assets measured at amortized cost	423,307	813,720	375,600	752,786
Balances with the Central Bank and current accounts in other banks	33,882	90,312	41,554	82,144
Term deposits in banks	105,980	194,501	113,200	226,949
Amounts due from customers, in respect of:	283,445	528,907	220,846	443,693
financial sector entities	96,633	188,789	70,014	131,443
non-financial sector entities, including:	186,812	340,118	150,832	312,250
Financial assets measured at fair value through other comprehensive income	462,423	944,534	488,427	972,060
Debt investment financial assets measured at fair value through other comprehensive income	462,423	944,534	488,427	972,060
Similar income from:	98,471	150,569	73,127	143,225
Debt securities held-for-trading	46,720	67,093	20,973	36,728
Liabilities with negative interest rate	21	35	1	3
Derivatives in hedge accounting	51,730	83,441	52,153	106,494
Correction due to excess liquidity from discontinued operations	(165,252)	(328,563)	(168,577)	(337,660)

PLN '000	II quarter 01.04. - 30.06. 2025	I half of the year 01.01. - 30.06. 2025	II quarter 01.04. - 30.06. 2024	I half of the year 01.04. - 30.06. 2024
	818,949	1,580,260	768,577	1,530,411
Interest expense and similar charges for				
Financial liabilities measured at				
amortized cost	(247,050)	(443,017)	(173,143)	(346,481)
Balances with the Central Bank	(1)	(2)	(1)	(2)
Amounts due to banks	(14,524)	(34,786)	(22,258)	(56,915)
Amounts due to customers, in respect of:	(222,468)	(387,000)	(149,848)	(287,491)
amounts due to financial sector entities	(41,459)	(79,629)	(37,104)	(71,569)
amounts due to non-financial sector entities	(181,009)	(307,371)	(112,744)	(215,922)
Credits and deposits	(9,169)	(19,471)	-	-
Leasing liabilities	(888)	(1,758)	(1,036)	(2,073)
Derivatives in hedge accounting	(41,770)	(59,628)	(36,979)	(81,907)
	(288,820)	(502,645)	(210,122)	(428,388)
Net interest income	530,129	1,077,615	558,455	1,102,023

The table above does not present discontinued operations income in the amount of PLN 474,105 thousand for the I half of 2025 and in the amount of PLN 500,596 thousand for the I half of 2024. Information on discontinued operations disclosed in Note 4 „Assets and liabilities classified as held for sale and profit from discontinued operations”

In particular, Note 4 explains the methodology for calculating excess liquidity income attributed to discontinued operations, (included in the interest result on discontinued operations amounting to PLN 474,105 thousand for the first half of 2025 and PLN 500,596 thousand for the first half of 2024) which reduces the result from continuing operations, as disclosed in the table above in the line “Adjustment for excess liquidity to be transferred as part of the transaction settlement”.

8. Net fee and commission income

PLN '000	II quarter 01.04. - 30.06. 2025	I half of the year 01.01. - 30.06. 2025	II quarter 01.04. - 30.06. 2024	I half of the year 01.01. - 30.06. 2024
Fee and commission income				
Credit activity (other than included in the calculation of	10,007	21,104	10,909	21,622
Maintaining bank accounts	18,743	38,094	20,417	43,100
Payment and credit cards	3,208	6,311	3,389	6,477
Payment services	27,206	54,086	29,027	57,093
Custody services	41,828	75,866	33,686	63,641
Brokerage activity	9,588	26,467	8,924	14,620
Clients' cash on account management services	5,294	10,597	5,432	13,002
Financial liabilities granted	10,671	21,588	8,442	16,646
Other	820	1,869	1,301	2,622
	127,365	255,982	121,527	238,823
Fee and commission expense				
Payment and credit cards	(347)	(684)	(334)	(659)
Brokerage activity	(3,508)	(6,758)	(3,426)	(6,741)
Fees paid to the National Depository for Securities (KDPW)	(10,094)	(18,740)	(9,065)	(17,372)
Brokerage fees	(1,440)	(2,290)	(877)	(2,079)
Other	(5,464)	(10,364)	(4,073)	(7,987)
	(20,853)	(38,836)	(17,775)	(34,838)
Net fee and commission expense	106,512	217,146	103,752	203,985

The table above does not present discontinued operations income in the amount of PLN 80,447 thousand for the I half of 2025 and in the amount of PLN 88,137 thousand for the I half of 2024. Information on discontinued operations disclosed in Note 4 „Assets and liabilities classified as held for sale and profit from discontinued operations” „Assets and liabilities classified as held for sale and profit from discontinued operations”

9. Net income on trading financial instruments and revaluation

PLN '000	II quarter 01.04. - 30.06. 2025	I half of the year 01.01. - 30.06. 2025	II quarter 01.04. - 30.06. 2024	I half of the year 01.01. - 30.06. 2024
Net income on financial instruments valued at fair value through profit or loss				
Debt instruments	16,409	23,261	(6,846)	(13,164)
Equity instruments	938	3,579	(649)	2,633
Derivative instruments, including:	(38,254)	(82,742)	(3,704)	214
Interest rate derivatives	(38,009)	(80,882)	(5,413)	253
Equity	(245)	(1,861)	1,676	(12)
Commodities	-	-	33	(27)
	(20,907)	(55,902)	(11,199)	(10,317)
Net income on FX operations				
Operations on FX derivative instruments	259,423	209,489	278,794	395,707
FX gains and losses (revaluation)	(146,023)	21,172	(132,034)	(122,452)
	113,400	230,661	146,760	273,255
Net income on trading financial instruments and revaluation	92,493	174,759	135,561	262,938

The table above does not present discontinued operations income in the amount of PLN 16,735 thousand for the I half of 2025 and in the amount of 16,483 thousand for the I half of 2024. Information on discontinued operations disclosed in Note 4 „Assets and liabilities classified as held for sale and profit from discontinued operations”

Net income on trading financial instruments and revaluation for the first half of 2025 includes net change in the adjustment of the valuation of derivatives reflecting counterparty credit risk and in the adjustment of the valuation of derivatives reflecting own credit risk in the amount of PLN (471) thousand (for the first half of 2024: PLN (1,617) thousand).

Net income on debt instruments includes the net result on trading in: government securities, corporate debt securities, EBI securities (European Investment Bank) and money market instruments held-for-trading.

Net income on equity instruments includes the net result of shares in other entities.

Net income on derivative instruments comprises net income on transactions regarding interest rate swaps, options, futures and other derivatives.

Net profit on foreign exchange includes profit and losses on valuation of assets and liabilities denominated in foreign currency and foreign currency derivatives, such as: forward, CIRS and option contracts. It additionally contains a margin realized on spot and forward currency transactions.

10. Net other operating income and expense

PLN '000	II quarter 01.04. - 30.06. 2025	I half of the year 01.01. - 30.06. 2025	II quarter 01.04. - 30.06. 2024	I half of the year 01.01. - 30.06. 2024
Other operating income				
Income from provision of services for related parties outside	3,379	4,643	2,400	4,408
Income from office rental	151	518	1,106	2,322
Other	3,171	5,202	2,045	2,462
	6,701	10,363	5,551	9,192
Other operating expenses				
Amicable procedure and vindication expenses	-	-	-	(1)
Net provision for litigation*	(13,592)	(13,769)	(17,418)	(18,890)
Other**	(2,648)	(5,587)	(2,026)	(3,691)
	(16,240)	(19,356)	(19,444)	(22,582)
Net other operating income	(9,539)	(8,993)	(13,893)	(13,390)

*The item includes the (net) costs of provisions for litigation proceedings including those related to TSUE judgements

**The item "Other" includes i.a. operating losses and donation costs

The table above does not present discontinued operations income in the amount of PLN 8,913 thousand for the I half of 2024 and in the amount of PLN (5,250) thousand for the I half of 2024. Information on discontinued operations disclosed in Note 4 "Assets and liabilities classified as held for sale and profit from discontinued operations"

11. General administrative expenses

PLN '000	II quarter 01.04. - 30.06. 2025	I half of the year 01.01. - 30.06. 2025	II quarter 01.04. - 30.06. 2024	I half of the year 01.01. - 30.06. 2024
Staff expenses				
Remuneration costs, including:	(84,809)	(170,704)	(78,501)	(158,180)
Costs of retirement benefits	(6,488)	(13,201)	(5,919)	(12,174)
Bonuses and rewards	(7,473)	(21,522)	(13,831)	(28,317)
Social insurance costs	(13,511)	(30,096)	(11,987)	(27,260)
	(105,793)	(222,322)	(104,319)	(213,757)
Administrative expenses	-	-	-	-
Communication costs and hardware purchase costs	(19,820)	(44,076)	(23,488)	(46,907)
Costs of external services, including advisory, audit, consulting services	(12,204)	(23,193)	(10,136)	(20,754)
Building maintenance and rent costs	(10,428)	(23,256)	(11,670)	(29,948)
Advertising and marketing costs	(1,078)	(2,317)	(921)	(1,788)
Costs of cash management services, costs of clearing services and other transaction costs	(8,972)	(16,018)	(8,783)	(17,224)
Costs of external services related to distribution of banking products	(1,352)	(2,518)	(1,226)	(2,259)
Postal services, office supplies and printmaking costs	(225)	(506)	(195)	(456)
Banking and capital supervision costs	-	(7,485)	-	-
Costs paid to Bank Guarantee Fund	(185)	(80,864)	-	(76,872)
Other expenses	1,122	(4,243)	(459)	(3,968)
	(53,142)	(204,476)	(56,878)	(207,460)
General administrative expenses, total	(158,935)	(426,798)	(161,197)	(421,217)

The table above does not present discontinued operations income in the amount of PLN (415,093) thousand for the I half of 2025 and in the amount of PLN (345,797) thousand for the II half of 2024. Information on discontinued operations disclosed in Note 4 "Assets and liabilities classified as held for sale and profit from discontinued operations".

Staff expenses include costs of the following benefits paid and payable to current and former members of the Bank's Management Board:

PLN '000	01.01 – 30.06.2025	01.01 – 30.06.2024
Short-term employee benefits (services)	8,817	8,866
Long-term employee benefits (services)	61	84
Capital rewards, including:	5,906	5,706
settled in cash	896	32
settled in capital instruments	5,010	5,674
Total	14,784	14,656

12. Provision for expected credit losses on financial assets and provisions for contingent commitments

PLN '000	II quarter 01.04. - 30.06. 2025	I half of the year 01.01. - 30.06. 2025	II quarter 01.04. - 30.06. 2024	I half of the year 01.01. - 30.06. 2024
Provision for expected credit losses on amounts due from banks				
Provision creation	(877)	(1,325)	(398)	(1,071)
Provision reversal	664	1,466	144	1,657
	(213)	141	(254)	586
Provision for expected credit losses on amounts due from customers				
Provision creation and reversals	(10,898)	(12,588)	888	7 783
Provision creation	(47,225)	(96,374)	(53,840)	(109,540)
Provision reversal	39,491	89,993	57,716	123,864
Other	(3,164)	(6,207)	(2,988)	(6,541)
Recoveries from debt sold	10,125	10,134	10,266	10,276
	(773)	(2,454)	11,154	18,059
Provision for expected credit losses on debt investment financial assets measured at fair value through other comprehensive income				
Provision creation	(1,367)	(3,083)	(1,017)	(4,472)
Provision reversal	1,258	2,276	383	958
	(109)	(807)	(634)	(3,514)
Provision for expected credit losses on financial assets	(1,095)	(3,120)	10,266	15,131
Created provisions for granted financial and guarantee commitments	(4,241)	(9,832)	(8,625)	(13,355)
Release of provisions for granted financial and guarantee commitments	5,588	15,639	6,994	17,297
Provision for expected credit losses for contingent commitments	1,347	5,807	(1,631)	3,942
Provision for expected credit losses on financial assets and provisions for contingent commitments	252	2,687	8,635	19,073

The table above does not present discontinued operations income in the amount of PLN 11,685 thousand for I half of 2025 and in the amount of PLN 33,281 thousand for I half of 2024. Information on discontinued operations disclosed in Note 4 "Assets and liabilities classified as held for sale and profit from discontinued operation".

In the II half of 2025 the Group sold a portfolio of retail non-performing credit exposures with a net carrying amount of PLN 7.5 million, achieving a positive result on sales of PLN 10 million.

13. Income tax

Recognized in the income statement

PLN '000	II quarter 01.04. - 30.06. 2025	I half of the year 01.01. - 30.06. 2025	II quarter 01.04. - 30.06. 2024	I half of the year 01.01. - 30.06. 2024
Current tax				
Current year CIT	(192,529)	(296,142)	(189,812)	(306,050)
Adjustments for prior years	-	(1,449)	(2,056)	(2,056)
	(192,529)	(297,591)	(191,868)	(308,106)
Deferred tax				
Net changes on temporary differences	164,555	150,541	57,974	50,828
	164,555	150,541	57,974	50,828
Total income tax expense in income statement	(27,974)	(147,050)	(133,894)	(257,278)

Reconciliation of the effective tax rate

PLN '000	II quarter 01.04. - 30.06. 2025	I half of the year 01.01. - 30.06. 2025	II quarter 01.04. - 30.06. 2024	I half of the year 01.01. - 30.06. 2024
Profit before tax	193 524	747 580	528,017	1,105,428
Income tax at the domestic corporate tax rate of 19%	(36 770)	(142 041)	(100,323)	(210,031)
Provisions for impairment losses not tax deductible	(2 910)	(3 605)	(1,948)	(1,785)
Taxable income not recognized in the income statement	(55)	5 470	2,126	5,889
Non-taxable income	2 155	2 155	2,001	2,003
Tax on some financial institutions	(9 630)	(17 286)	(9,207)	(17,798)
Costs paid for Bank Guarantee Fund	(455)	(19 121)	-	(17,072)
Asset from average tax rate	(18 245)	(6 606)	14,068	25,668
Other permanent differences, including other expenses not deductible for income, including: depreciation and amortization of fixed assets and intangible assets in retail activities*	37 954	33 972	-	-
	39 262	41 451	(40,611)	(44,152)
Income tax expense	(27 974)	(147 050)	(133,894)	(257,278)
Effective tax rate	14.46%	19.67%	25.36%	23.27%

*In the II half the Bank received an individual tax interpretation confirming the possibility of including in tax-deductible costs the depreciation of fixed assets and intangible assets of the Retail Banking Segment covered by a write-off in 2024 resulting from the impairment test of the income-generating unit, which were not recognized in the deferred tax asset as at the date of the write-off.

The tables above present income tax attributable to discontinued operations income in the amount of PLN 69,984 thousand for the I half of 2024 and in the amount of PLN (19,622) thousand for the I half of 2024. Information on discontinued operations disclosed in Note 4 "Assets and liabilities classified as held for sale and profit from discontinued operations"

Deferred tax recognized directly in equity

Deferred tax recognized directly in equity of continuing operations covering the period of condensed interim consolidated financial statements for the first half of 2025 is related to financial assets measured at fair value through other comprehensive income and valuation of defined benefit program and amounted to PLN 23,716 thousand (for the first half of 2024: PLN 12,022 thousand).

14. Statement of changes in other comprehensive income

Deferred income tax and reclassification recognized in other comprehensive income relates to the valuation of financial assets measured at fair value through revaluation reserve and the valuation of defined benefit program recognized in the other reserves.

PLN '000	Gross amount	Deferred income tax	Net amount
Balance as at 1 January 2025	(108,508)	20,617	(87,891)
Remeasurement of financial assets measured at fair value through other comprehensive income (net)	270,239	(51,345)	218,894
(Profit) or loss reclassification to income statement after derecognition of financial assets measured at fair value through other comprehensive income (net)	(145,415)	27,629	(117,786)
Total comprehensive income connected with financial assets measured at fair value through other comprehensive income	16,316	(3,099)	13,217
Balance as at 30 June 2025	16,316	(3,099)	13,217

PLN '000	Gross amount	Deferred income tax	Net amount
Balance as at 1 January 2024	139,871	(26,575)	113,296
Remeasurement of financial assets measured at fair value through other comprehensive income (net)	77,690	(14,761)	62,929
(Profit)/Loss reclassification to income statement after derecognition of financial assets measured at fair	(14,414)	2,739	(11,675)

PLN '000	Gross amount	Deferred income tax	Net amount
value through other comprehensive income (net			
Total comprehensive income connected with financial assets measured at fair value through other comprehensive income	203,147	(38,597)	164,550
Balance as at 30 June 2024	203,147	(38,597)	164,550

15. Amounts due from banks

PLN '000	30.06.2025	31.12.2024
Deposits	131,575	5,258
Loans, placements and advances	233,618	235,635
Receivables due to purchased securities under repurchase agreement	8,017,325	8,217,515
Deposits pledged as collateral for derivative transactions and stock exchange transactions	306,179	324,170
Other receivables	18	5,853
Total gross value	8,688,715	8,788,431
Provision for expected credit losses	(498)	(651)
Total net value	8,688,217	8,787,780

16. Financial assets and liabilities held-for-trading

Financial assets held-for-trading

PLN '000	30.06.2025	31.12.2024
Debt securities held-for-trading		
Bonds issued by:		
Banks and other financial entities*	361,092	963,254
Central governments	3,097,951	838,650
	3,459,043	1,801,904
Including:		
Listed on the active market	3,459,043	1,801,904
Equity instruments held-for-trading	71,277	10,555
Including:		
Listed on the active market	71,277	10,555
Derivatives	2,378,082	2,623,860
Financial assets held-for-trading, total	5,908,402	4,436,319

*As at 30 June 2025 securities (bonds) issued by banks in the amount of PLN 357,941 thousand are covered by the state guarantee (31 December 2024: PLN 956,638 thousand).

The table above presents assets in disposal groups held for sale. In the amount of PLN 17,081 thousand (embedded derivatives) as at 30 June 2025. Additional information on discontinued operations disclosed in Note 4 "Assets and liabilities classified as held for sale and profit from discontinued operations"

Financial liabilities held-for-trading

PLN '000	30.06.2025	31.12.2024
Liabilities related to short sale of securities	380,793	156,708
Derivatives	2,711,472	2,599,197
Financial liabilities held-for-trading, total	3,092,265	2,755,905

As at 30 June 2025 and 31 December 2024 the Group did not hold any financial assets and liabilities designated at fair value through profit or loss initial recognition.

Derivative financial instruments as at 30 June 2025

PLN '000	Notional value of derivatives with remaining life of				Total	Fair value	
	less than 3 months	between 3 months and 1 year	between 1 year and 5 years	more than 5 years		Assets	Liabilities
Interest rate instruments	23,922,860	29,866,279	91,242,287	25,255,950	170,287,376	884,766	1,569,125
Currency instruments	76,630,126	41,891,651	14,035,837	288,061	132,845,675	1,492,293	1,141,299
Securities transactions	1,745,357	9,269	-	-	1,754,626	1,023	1,048
Derivative instruments total	102,298,343	71,767,199	105,278,124	25,544,011	304,887,677	2,378,082	2,711,472

The table above presents assets in disposal groups held for sale. In the amount of PLN 17,081 thousand (embedded derivatives) as at 30 June 2025. Additional information on discontinued operations disclosed in Note 4 "Assets and liabilities classified as held for sale and profit from discontinued operations".

Derivative financial instruments as at 31 December 2024

PLN '000	Notional value of derivatives with remaining life of				Total	Fair value	
	less than 3 months	between 3 months and 1 year	between 1 year and 5 years	more than 5 years		Assets	Liabilities
Interest rate instruments	32,557,968	42,871,630	82,384,391	29,605,070	187,419,059	608,997	1,299,743
Currency instruments	60,391,684	18,570,602	38,722,067	293,340	117,977,693	1,997,438	1,282,595
Securities transactions	455,977	9,090	-	-	465,067	1,328	761
Commodity transactions	21,843	-	-	-	21,843	16,097	16,098
Derivative instruments, total	93,427,472	61,451,322	121,106,458	29,898,410	305,883,662	2,623,860	2,599,197

17. Debt investment financial assets measured at fair value through other comprehensive income

PLN '000	30.06.2025	31.12.2024
Bonds and notes issued by:		
Central Banks	1,498,251	999,202
Other banks*, including:	11,986,508	13,889,991
Covered bonds in fair value hedge accounting	1,817,720	3,225,777
Other financial sector entities, including:	1,720,856	1,843,248
Covered bonds in fair value hedge accounting	512,058	505,371
Central governments, including:	16,674,208	13,356,330
Covered bonds in fair value hedge accounting	2,989,325	2,836,707
Debt securities measured at fair value through other comprehensive income, total	31,879,823	30,088,771
Including:		
Instruments listed on the active market	30,381,572	29,089,569
Instruments unlisted on the active market	1,498,251	999,202

*As at 30 June 2025 securities (bonds) issued by banks in the amount of PLN 11,986,508 thousand are covered by the state guarantee (31 December 2024: PLN 13,889,991 thousand).

18. Amounts due from customers

PLN '000	30.06.2025	31.12.2024
Amounts due from financial sector entities		
Loans, placements and advances	2,616,357	2,190,586
Unlisted debt financial assets	1,002,508	1,002,896
Receivables due to purchased securities with a repurchase agreement	1,306,404	303,408
Guarantee funds and deposits pledged as collateral	1,881,987	1,613,484
Total gross value	6,807,256	5,110,374

PLN '000	30.06.2025	31.12.2024
Provision for expected credit losses	(5,256)	(2,623)
Total net value	6,802,000	5,107,751

Amounts due from non-financial sector entities

Loans and advances	15,820,759	13,920,199
Purchased receivables	2,572,799	2,840,285
Realized guarantees	30,479	30,533
Other receivables	29,126	11,566
Total gross value	18,453,163	16,802,583
Provision for expected credit losses	(493,418)	(543,088)
Total net value	17,959,745	16,259,495

Total net value of receivables from customers	24,761,745	21,367,246
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The table above presents assets in disposal groups held for sale in the amount of PLN 6,131,422 thousand Additional information on discontinued activity disclosed in Note 4 "Assets and liabilities classified as held for sale and profit from discontinued operations"

Movement in provision for expected credit losses - amounts due from customers presents as follows:

PLN '000	Stage 1	Stage 2	Stage 3	Originated credit-impaired assets	Total
Provision for expected credit losses - amounts due from customers					
Provision for expected credit losses as at 1 January 2025	(41,995)	(79,207)	(425,242)	733	(545,711)
Transfer to Stage 1	(11,245)	10,688	557	-	-
Transfer to Stage 2	2,881	(4,422)	1,541	-	-
Transfer to Stage 3	224	9,499	(9,723)	-	-
Transfer to purchased or originated credit-impaired assets	-	-	5,176	(5,176)	-
(Creation)/Releases in the period through the income statement	4,910	(10,904)	(6,827)	233	(12,588)
Decrease in provisions due to write-offs	-	-	3,613	-	3,613
Decrease in provisions in connection with the sale of receivables	-	-	68,344	1,470	69,814
Changes in accrued interest in Stage 3 other than written off and sale of receivables	-	(14)	(18,264)	(317)	(18,595)
Decrease in provisions due to derecognition from the balance sheet as a result of significant change	-	-	-	5,149	5,149
Foreign exchange and other movements	141	307	(832)	28	(356)
Provision for expected credit losses as at 30 June 2025	(45,084)	(74,053)	(381,657)	2,120	(498,674)

The table presents the value of write-offs included in disposal groups classified as held for sale in the amount of PLN (275,704) thousand. Additional information on discontinued operations disclosed in Note 4 "Assets and liabilities classified as held for sale and profit from discontinued operations".

PLN '000	Stage 1	Stage 2	Stage 3	Originated credit-impaired assets	Total
Provision for expected credit losses - amounts due from customers					
Provision for expected credit losses as at 1 January 2024	(52,475)	(99,751)	(585,436)	470	(737,192)
Transfer to Stage 1	(19,025)	17,839	1,186	-	-
Transfer to Stage 2	7,181	(10,083)	2,902	-	-
Transfer to Stage 3	1,088	17,520	(18,608)	-	-

PLN '000	Stage 1	Stage 2	Stage 3	Originated credit-impaired assets	Total
Transfer to purchased or originated credit-impaired assets	-	-	13,295	(13,295)	-
recreation)/Releases in the period though the income statement	24,064	(8,339)	(14,788)	1,961	2,898
Decrease in provisions due to write-offs	-	-	115,024	-	115,024
Decrease in provisions in connection with the sale of receivables	-	-	90,521	2,141	92,662
Changes in accrued interest in Stage 3 other than written off and sale of receivables	10	3	(32,884)	(3,400)	(36,271)
Decrease in impairment losses due to removal from balance sheet as a result of a material change	-	-	-	12,188	12,188
Foreign exchange and other movements	(2,838)	3,604	3,546	668	4,980
Provision for expected credit losses as at 31 December 2024	(41,995)	(79,207)	(425,242)	733	(545,711)

19. Intangible assets

Intangible assets in the amount of PLN 874,144 thousand as at 30 June 2025 (as at 31 December 2024: PLN 872,875 thousand) include goodwill in the amount of PLN 851,206 thousand (as at 31 December 2024: PLN 851,206 thousand).

In Group's consolidated financial statement, goodwill arises as a result of the merger between Bank Handlowy w Warszawie S.A. and Citibank (Poland) S.A. which happened on 28 February 2001 and from acquisition of organized part of the banking enterprise ABN Amro Bank (Polska) S.A. which happened on 1 March 2005. The Group has separated two cash-generating unit (the Retail Banking Segment and the Institutional Banking Segment) and allocated its goodwill there.

The goodwill is stated at cost minus any accumulated impairment losses. The goodwill is not amortized but is only subject to impairment testing. Goodwill is tested for impairment at least annually, unless evidence of impairment is identified. Goodwill allocated to the Retail Banking Segment was fully written off in prior periods. The impairment loss related to goodwill is not subject to reversal. As of the date of these financial statements, the Group did not identify any evidence of impairment with respect to the Institutional Banking Segment. The allocation of goodwill to cash-generating units is presented in the table below.

PLN'000	30.06.2025	31.12.2024
Corporate Bank	851,206	851,206
Retail Bank	-	-
	851,206	851,206

There are no intangible assets classified as groups of assets held for sale.

20. Deferred income tax asset

PLN '000	30.06.2025	31.12.2024
Deferred income tax asset	920,836	842,941
Deferred income tax liability	(713,845)	(762,775)
Deferred income tax net asset	206,991	80,166

The table above presents deferred income tax net assets in disposal groups held for sale in the amount of PLN 57,966 thousand. Information on discontinued operations is disclosed in Note 4 "Assets and liabilities classified as held for sale and profit from discontinued operations".

Deferred income tax asset and liabilities are presented in the statement of financial position on net basis.

Deferred tax on the acquisition of an organized part of an enterprise in the amount of PLN 1,710 thousand as at 30 June 2025, will be settled with the liability to the Tax Office until August 2027.

21. Other assets

PLN '000	30.06.2024	31.12.2024
Interbank settlements	57,913	35,132
Settlements related to brokerage activity	315,006	114,269
Income to receive	32,160	52,427
Staff loans out of the Social Fund	5,132	11,711
Sundry debtors	48,004	78,434
Prepayments	9,202	8,291
Other assets, total	467,417	300,264
Including financial assets*	426,055	239,546

*Financial assets include all the positions "Other assets", except the positions "Income to receive" and "Prepayments".

The table above does not present deferred income tax net assets in disposal groups held for sale in the amount of PLN 125,051 thousand. Information on discontinued operations disclosed in Note 4 "Assets and liabilities classified as held for sale and profit from discontinued operations".

22. Amounts due to banks

PLN '000	30.06.2025	31.12.2024
Current accounts	2,820,272	1,871,173
Time deposits	443,852	714,223
Credits and deposits	1,064,407	1,073,387
Liabilities due to sold securities under repurchase agreements	-	1,073,387
Other liabilities, including:	200,594	777,034
Hedge deposits	199,179	775,767
Total amounts due to banks	4,529,125	4,435,817

The table above presents liabilities in disposal groups held for sale in the amount of PLN 213 thousand. Information on discontinued operations disclosed in Note 4 "Assets and liabilities classified as held for sale and profit from discontinued operations".

23. Amounts due to customers

PLN '000	30.06.2025	31.12.2024
Deposits from financial sector entities		
Current accounts	2,587,862	1,748,848
Time deposits	2,396,391	2,249,188
	4,984,253	3,998,036
Deposits from non-financial sector entities		
Current accounts, including:	31,685,592	34,350,246
institutional customers	17,245,342	20,334,301
individual customers	11,649,253	11,385,244
budgetary units	2,790,997	2,630,701
Time deposits, including:	26,022,392	15,088,950
institutional customers	13,110,523	5,793,514
individual customers	8,894,548	8,694,430
budgetary units	4,017,321	601,006
	57,707,984	49,439,196
Total deposits	62,692,237	53,437,232

PLN '000	30.06.2025	31.12.2024
Other liabilities		
Liabilities arising from securities sold under repurchase agreements	666,003	-
Other liabilities, including:	377,986	547,800
cash collateral	261,514	446,647
hedging deposits	50,947	53,863
Total other liabilities	1,043,989	547,800
Total amounts due to customers	63,736,226	53,985,032

The table above presents liabilities in disposal groups held for sale in the amount of PLN 22,077,620 thousand. Additional information on discontinued operations disclosed in Note 4 "Assets and liabilities classified as held for sale and profit from discontinued operations"

24. Other liabilities

PLN '000	30.06.2025	31.12.2024
Staff benefits	16,519	20,835
Interbank settlements	646,802	198,432
Inter-system settlements	4,813	2,543
Settlements related to securities trade		-
Settlements related to brokerage activity	313,639	90,953
Liabilities due to leasing assets	83,617	121,165
Sundry creditors	152,595	159,403
Accruals, including:	386,245	385,015
Provision for employee payments	76,408	116,001
Provision for employee retirement	78,389	113,117
IT services and bank operations support	82,780	68,619
Consultancy services and business support	10,652	8,591
Other	138,016	78,687
Deferred income	34,694	38,318
Settlements with Tax Office and National Insurance (ZUS)	73,382	122,812
Dividends to be paid	1,342,777	-
Other liabilities, total	3,055,083	1,139,476
Including financial liabilities*	2,560,762	593,331

*The dividend payable to shareholders paid on July 14, 2025, was included in operating activities as Other adjustments in the Cash Flow Statement for the first half of 2025.

*Financial liabilities include all the positions "Other liabilities", except the positions "Settlements with Tax Office and National Insurance (ZUS)" and "Deferred income".

The table does not present liabilities in disposal groups held for sale in the amount of PLN 253,223 thousand. Additional information on discontinued operations disclosed in Note 4 "Assets and liabilities classified as held for sale and profit from discontinued operations".

25. Financial assets and liabilities by maturity date

As at 30 June 2025

PLN '000	Note	Total	Up to 1 month	1 to 3 months	3 months to 1 year	1 year to 5 years	More than 5 years
Cash and cash equivalents		11,185,053	11,185,053	-	-	-	-
Amounts due from banks (Gross)	15	8,688,715	1,831,729	969,435	5,655,039	-	232,512
Financial assets held-for-trading							
Debt securities held-for-trading	16	3,459,043	10,224	-	37,878	2,831,594	579,347
Financial assets measured at fair value through other comprehensive income							
Debt securities measured at fair value through other comprehensive income	17	31,879,823	1,951,236	-	-	23,190,063	6,738,524
Amounts due from customers (gross)							

PLN '000	Note	Total	Up to 1 month	1 to 3 months	3 months to 1 year	1 year to 5 years	More than 5 years
Amounts due from financial sector entities	18	6,807,256	3,655,506	76,048	31,236	3,044,466	-
Amounts due from non-financial sector entities	18	18,453,163	6,750,068	1,531,562	1,949,726	5,403,521	2,818,286
Amounts due to banks	22	4,529,125	3,363,650	20,000	85,000	1,060,475	-
Amounts due to customers							
Amounts due to financial sector entities:	23	5,660,019	5,615,607	42,823	1,535	54	-
Amounts due to non-financial sector entities	23	58,076,207	46,719,899	8,492,641	2,718,490	94,269	50,908

The table above presents assets and liabilities in disposal groups held for sale. Additional information on discontinued operations disclosed in Note 4 „Assets and liabilities classified as held for sale and profit from discontinued operations”

As at 31 December 2024

PLN '000	Note	Total	Up to 1 month	1 to 3 months	3 months to 1 year	1 year to 5 years	More than 5 years
Cash and balances with the Central Bank		5,794,361	5,794,361	-	-	-	-
Amounts due from banks (Gross)	15	8,788,431	2,207,277	1,909,437	4,437,500	-	234,217
Financial assets held-for-trading							
Debt securities held-for-trading	16	1,801,904	15,711	3,551	130,147	603,542	1,048,953
Financial assets measured at fair value through other comprehensive income							
Debt securities measured at fair value through other comprehensive income	17	30,088,771	3,044,865	44,569	3,725,093	14,102,723	9,171,521
Amounts due from customers (gross)							
Amounts due from financial sector entities	18	5,110,374	2,034,675	75,699	700,000	2,300,000	-
Amounts due from non-financial sector entities	18	16,802,583	7,108,999	1,503,255	1,804,731	3,803,684	2,581,914
Amounts due to banks	22	4,435,817	3,367,567	-	-	1,068,250	-
Amounts due to customers							
Amounts due to financial sector entities:	23	4,033,464	3,983,791	46,770	2,903	-	-
Amounts due to non-financial sector entities	23	49,951,568	43,661,121	4,265,820	2,023,175	1,452	-

Maturity understood as the period remaining from the reporting date to the date of payment of receivables specified in the contract, for receivables repaid at one time it is the date of repayment of the entire debt specified in the contract, and for receivables repaid in installments it is the date of repayment of individual installments specified in the contract.

26. Financial instruments disclosures

Fair value of financial assets and liabilities

The summary below provides statement of financial position (by category) and fair value information for each category of financial assets and liabilities.

PLN '000	Note	30.06.2025		31.12.2024	
		Balance value	Fair value	Balance value	Fair value
Assets					
Amounts due from banks	15	8,688,217	8,688,348	8,787,780	8,787,781
Amounts due from customers	18	24,761,745	24,896,288	21,367,246	21,381,622
Amounts due from institutional customers		18,647,008	18,695,141	15,329,548	15,321,332
Amounts due from individual customers		6,114,737	6,201,147	6,037,698	6,060,290
Liabilities					

PLN '000	Note	30.06.2025		31.12.2024	
		Balance value	Fair value	Balance value	Fair value
Amounts due to banks	22	4,529,125	4,529,080	4,435,817	4,435,873
Amounts due to customers	23	63,736,226	63,706,423	53,985,032	53,963,225

The table above presents assets and liabilities in disposal groups held for sale. Additional information on discontinued operations disclosed in Note 4 "Assets and liabilities classified as held for sale and profit from discontinued operations"

Valuation methods and assumptions used for the purposes of measurement at fair value

Fair value of assets and financial liabilities are estimated as follows:

- The fair value of financial instruments not quoted on active markets is determined using valuation techniques. If valuation techniques are used to determine the fair values, these methods are periodically assessed and verified. All the models are tested and approved before application. As far as possible, only observable data are used in the models, although in some areas, the Bank's management must use estimates. Changes in the assumptions relating to the estimated factors may affect the fair value of financial instruments disclosed.

The Group applies the following methods of measurement of particular types of derivative instruments:

- FX forwards: discounted cash flow model;
- options – option market-based valuation model;
- interest rate transactions – discounted cash flow model;
- futures – current quotations.
- For valuation of securities' transactions current quotations are used. In case of lack of quotations, adequate models based on discount and forward curves, including decrease of credit spread, if needed, are used for valuation.
- The fair value of other assets and financial liabilities (excluding described above) are estimated in accordance to commonly accepted models of valuation based on discounted cash flow analysis, taking into account fluctuations in market interest rates and changes in margins during the financial period.

Fair value included in consolidated statement of financial position

Depending on the method of determining fair value, individual financial assets or liabilities are classified into the following categories:

- Level I: financial assets / liabilities valued directly on the basis of prices from an active market where the regular quotations are available and turnover is sufficient.
The active market includes stock and brokerage quotes and quotes in pricing services type systems, such as Reuters and Bloomberg, which represent the actual market transactions concluded on the market conditions. Level I mainly include securities held-for-trading or measured at fair value through other comprehensive income.
- Level II: financial assets / liabilities valued on the basis of models based on input data from the active market, presented in Reuters and Bloomberg systems. Depending on financial instruments, the following specific valuation techniques are used:
 - listed prices for a given instrument or listed prices for an alternative instrument,
 - fair value of interest rate swaps and forward foreign exchange contracts is calculated as the current value of future cash flows based on the market yield curves and current NBP fixing exchange rate in case of foreign currency instruments,
 - other techniques, such as yield curves based on alternative prices for a given financial instrument.
- Level III: financial assets / liabilities valued on the basis of valuation techniques using relevant, non-market parameters.

The tables below present values of financial instruments in the consolidated statement of financial position, in accordance with a fair value classified by above levels.

As at 30 June 2025

PLN '000	Note	Level I	Level II	Level III	Total
Financial assets					
Financial assets held-for-trading	16	3,541,889	2,366,513	-	5,908,402
derivatives		11,569	2,366,513	-	2,378,082
debt securities		3,459,043	-	-	3,459,043
equity instruments		71,277	-	-	71,277

PLN '000	Note	Level I	Level II	Level III	Total
Hedging derivatives		-	1,601	-	1,601
Debt financial assets measured at fair value through other comprehensive income	17	30,381,572	1,498,251	-	31,879,823
Equity and other investments measured at fair value through income statement		37,497	-	129,252	166,749
Financial liabilities					
Financial liabilities held-for-trading	16	380,904	2,711,361	-	3,092,265
short sale of securities		380,793		-	380,793
derivatives		111	2,711,361	-	2,711,472
Hedging derivatives		-	217,549	-	217,549

The table above presents assets in disposal groups held for sale in the amount of PLN 17,081 thousand (embedded derivatives) as of June 30, 2025. Additional information on discontinued operations disclosed in Note 4 "Assets and liabilities classified as held for sale and profit from discontinued operations"

As at 31 December 2024

PLN '000	Note	Level I	Level II	Level III	Total
Financial assets					
Financial assets held-for-trading	16	1,847,453	2,588,866	-	4,436,319
Derivatives		34,994	2,588,866	-	2,623,860
Debt securities		1,801,904		-	1,801,904
Equity instruments		10,555		-	10,555
Hedging derivatives		-	54,140	-	54,140
Debt investment financial assets measured at fair value through other comprehensive income	17	29,089,569	999,202	-	30,088,771
Equity and other instruments measured at fair value through income statement		38,117	-	134,831	172,948
Financial liabilities					
Financial liabilities held-for-trading	16	156,708	2,599,197	-	2,755,905
short sale of securities		156,708		-	156,708
derivatives		-	2,599,197	-	2,599,197
Hedging derivatives		-	72,737	-	72,737

As at June 30, 2025 the structure of VISA stocks owned by the Bank have not been changed in relation to December 31, 2024.

As at June 30, 2025, the amount of financial assets classified to level III includes the value of the share in Visa Inc. (preference series C) in the amount of PLN 10,946 thousand and the value of other minority shareholding in the amount of PLN 118,306 thousand (as at December 31, 2024 respectively PLN 10,949 thousand and PLN 123,882 thousand).

The sensitivity analysis for equity instruments classified to level III as at 30 June 2025 is presented in the table below:

PLN '000	Fair Value	Scenario	Fair value in positive scenario	Fair value in negative scenario
Capital instruments compulsorily measured at fair value through profit or loss	129,252	Change of the key parameter (cost of capital by - 10% / + 10% or conversion rate by + 10% / - 10%)	147,003	115,190

The method of estimating the fair value of series C Visa Inc preference shares takes into account the value of Visa Inc. shares and corrections resulting from disputes (current or potential) to which Visa or the Bank would be a party. Minority shareholding in structured companies is measured at fair value taking into account, inter alia, the expected discounted dividends using an assumed cost of capital and the history of profit distribution in the particular companies. Changes in the valuation are taken to the Income statement and presented in the Net gain/(loss) on equity and other instruments measured at fair value through income statement.

Changes in financial assets and liabilities, measured at a fair value that was estimated using relevant parameters not-market based are presented below:

PLN '000	Equity and other investments measured at fair value through income statement	
	01.01.-30.06.2025	01.01.-31.12.2025
As at the beginning of period	134,831	121,756
VISA stock conversion – transfer to Level I	-	(8,346)
Revaluation	(5,579)	21,421
As at the end of period	129,252	134,831

In the first half of 2025, the Group has not made any changes in classification criteria of financial instruments (presented in the consolidated statement of financial position at fair value) to each category reflecting the fair value (level I, level II, level III).

In the same period, the Group did not change the classification of financial assets as a result of a change in the purpose or use of the asset.

27. Net gain/(loss) on derecognition of asset from balance sheet

The net gain/(loss) on derecognition of financial assets in Group relates to the gain/(loss) on debt investment financial assets measured at fair value through other comprehensive income.

PLN '000	II quarter	I half of the year	II quarter	I half of the year
	01.04.-30.06.2025	01.01.-30.06.2025	01.04.-30.06.2024	01.01.-30.06.2024
Net gain/(loss) on debt investment financial assets measured at fair value through other comprehensive income				
Polish treasury bonds	27,541	40,629	20,525	14,402
EBI securities	-	1,932	12	12
Others	77,807	102,854	-	-
	105,348	145,415	20,537	14,414

Due to specific activity of the Group, changes in debt investment financial assets measured at fair value through other comprehensive income are presented in operating activities in the statement of cash-flows.

28. Hedge accounting

The Group hedges the risk of change in fair value of fixed interest rate debt securities measured at fair value through other comprehensive income. The hedged risk results from changes in interest rates.

IRS is the hedging instrument denominated in the same currency as hedged instruments in which the Groups receives variable inflows and pays fixed.

The gain or loss on the hedged item attributable to the hedged risk is recognized in result on hedge accounting in the income statement. The remainder of the change in the fair value of debt securities measured at fair value through other comprehensive income is recognized in other comprehensive income. Interest income on debt securities is recognized in net interest income.

Changes in the fair value of derivatives designated as qualifying hedging instruments are recognized in result on hedge accounting in the income statement. Interest income and interest expenses related to the hedging derivatives under fair value hedge are presented in the net interest income.

As at 30 June 2025 and as at 31 December 2024, the Group had active hedging relationships. Details of the positions designated as hedging instruments and the effectiveness of the designated hedging relationships are set out in the tables below:

As at 30 June 2025:

PLN '000	Notional value	Balance value		Listing in the statement of financial position	Change in fair value used to take hold of hedge ineffectiveness
		Assets	Liabilities		
Fair value hedge accounting					
Interest rate risk					
IRS Transactions	5,391,500	1,601	218,646	Hedging derivatives	(218,950)

Details of hedged items as at 30 June 2025 are presented in the table below:

PLN '000	Balance value		Cumulative amount of hedging fair value in balance value of heged item corrections	Listing in the statement of financial position	Change in fair value used to take hold of hedge ineffectiveness
	Assets	Liabilities			
Fair value hedge accounting					
Interest rate risk					
Bond issued by banks	2,989,325	-	105,110	Debt investment securities measured at fair value through other comprehensive income	129,477
Bond issued by financial institutions	2,329,778	-	83,524	Debt investment securities measured at fair value through other comprehensive income	91,160

The cumulative amount of fair value hedge adjustments remaining in the statement of financial position for all hedged items for which adjustments for fair value hedge gains and losses were discontinued as at 30 June 2025 amounted to PLN (94,445) thousand.

Information on the effectiveness of designated hedging relationships as at 30 June 2025 is presented in the table below:

	Hedge ineffectiveness recognized in income statement	Listing in the statement of financial position
Fair value hedge accounting		
Interest rate risk	1,687	Net income on hedge accounting

As at 31 December 2024:

PLN '000	Notional value	Balance value		Listing in the statement of financial position	Change in fair value used to take hold of hedge ineffectiveness
		Assets	Liabilities		
Fair value hedge accounting					
Interest rate risk					
IRS Transactions	7,024,500	54,615	72,737	Hedging derivatives	154,407

Details of hedged items as at 31 December 2024 are presented in the table below:

PLN '000	Balance value		Cumulative amount of hedging fair value in balance value of hedged item corrections	Listing in the statement of financial position	Change in fair value used to take hold of hedge ineffectiveness
	Assets	Liabilities			
Fair value hedge accounting					
Interest rate risk					
Treasury bonds	2,836,707	-	(24,366)	Debt investment securities measured at fair value through other comprehensive income	(38,107)
Bond issued by banks	3,731,148	-	(8,546)	Debt investment securities measured at fair value through other comprehensive income	(107,426)

The cumulative amount of fair value hedge adjustments remaining in the statement of financial position for all hedged items for which adjustments for fair value hedge gains and losses were discontinued as at 31 December 2024 amounted to PLN (108,981) thousand.

Information on the effectiveness of designated hedging relationships as at 31 December 2024 is presented in the table below:

	Hedge ineffectiveness recognized in income statement	Listing in the statement of financial position
Fair value hedge accounting		
Interest rate risk	8,874	Net income on hedge accounting

29. Seasonality or periodicity of business activity

The business activity of the Group does not involve significant events that would be subject to seasonal or cyclical variations.

30. Issue, redemption and repayment of debt and equity securities

In the first half of the year 2025 no issue or pay back of debt or equity securities took place.

On February 14, 2025, the Bank received a decision from the Polish Financial Supervision Authority ("KNF") dated February 13, 2025, in which the Bank was granted permission to continue purchasing its own shares in 2025 for the purpose of offering them to eligible employees under the incentive program. Under the above authorization issued for the period until December 16, 2025, the Bank may acquire a maximum of 477,450 own shares and the price of the repurchased own shares of the Bank may not exceed a total of PLN 16,667,000.

In the first half of 2025, the Bank has not been purchasing own shares under the above authorization of Polish Financial Supervision Authority ("KNF").

In the period from 9 July 2025 to 24 July 2025, the Bank purchased a total of 150,019 shares with the nominal value of PLN 4.00 representing 0.1148167% of the Bank's share capital and authorizing to 150,019 votes at the General Meeting of Shareholders of the Bank which constitutes 0.1148167% of the total number of votes at the General Meeting of Shareholders of the Bank of the total number of votes at the General Meeting of Shareholders of the Bank in the amount of PLN 16,666,927.

Since the beginning of the share buyback, i.e. from January 2024 until the date of submission of this report, the Bank has acquired a total of 485,920 shares with the nominal value of PLN 4.00 representing 0.3718977% of the Bank's share capital and authorizing to 485,920 votes at the General Meeting of Shareholders of the Bank which constitutes 0.3718977% of the total number of votes at the General Meeting of Shareholders of the Bank. 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 issued free of charge. (i.e. initiated the transfer) to eligible Bank employees a total of 102,139 treasury shares previously acquired by the Bank. Issued shares represent 0.0781718% of the Bank's capital and authorize to 0.0781718% of the total number of votes at the General Meeting of Shareholders of the Bank and completed the issuance of treasury shares in 2025.

31. Paid or declared dividends

On June 27, 2025, the Ordinary General Meeting of Shareholders 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 PLN1,791,978,477.05 was distributed as follows:

- Dividend for shareholders: PLN 1,342,776,931.65, i.e. PLN 10.29/per share,
- Reserve capital: 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 the Bank's shares, reduced by the number of treasury shares held by the Bank on the dividend date. Consequently, 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.

32. Changes in the Bank Capital Group's structure

In the first half of 2025 the structure of the Bank's Capital Group has not changed compared to the end of 2024

33. Changes in granted and received financial and guarantee commitments

The detailed specification of granted and received financial and guarantee commitments as at 30 June 2025 and changes in comparison with the end of 2024 are as follows:

PLN '000	State as at		Change	
	30.06.2025	31.12.2024	PLN '000	%
Contingent commitments and guarantees granted				
Letters of credit	142,941	245,189	(102,248)	(41.7%)
Guarantees granted	3,826,150	4,035,116	(208,966)	(5.2%)
Credit lines granted	15,142,483	16,261,305	(1,118,822)	(6.9%)
Other financial liabilities	525,155	160,607	364,548	227.0%
Other guaranteed liabilities	22,744	22,433	311	1.4%
	19,659,473	20,724,650	(1,065,177)	(5.1%)
Letters of credit				
Import letters of credit issued	142,941	245,189	(102,248)	(41.7%)
	142,941	245,189	(102,248)	(41.7%)

The table above presents liabilities in disposal groups held for sale in the amount of PLN 5,239,548 thousand. Additional information on discontinued operations disclosed in Note 4 "Assets and liabilities classified as held for sale and profit from discontinued operations"

The provisions of contingent commitments and guarantees granted by the Group are established. As at 30 June, 2025 the amount of provisions of granted contingent commitments and guarantees was PLN 27,098 thousand while the amount of discontinued operations was PLN 10,879 thousand (31 December 2024: PLN 33,256 thousand).

Guarantees granted include guarantees of credit repayment for payer, other guarantees of payment, guarantees on advance payments, guarantees on properly performance, tender guarantees and endorsements on bills.

PLN '000	State as at		Change	
	30.06.2025	31.12.2024	PLN '000	%
Contingent commitments and guarantees received				
Guarantees	12,696,014	12,910,800	(214,786)	(1.7%)
	12,696,014	12,910,800	(214,786)	(1.7%)

34. Information about shareholders

In the period from the publication of the previous interim report, i.e. from 8 May 2025 to the date of publication of this half-year report for the first half of 2025, the ownership structure of significant blocks of the Bank's shares has not changed.

As at the date of publication of this report for the first half-year 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, Ireland	97,994,700	75.00	97,994,700	75.00
Other shareholders	32,664,900	25.00	32,664,900	25.00
	130,659,600	100.00	130,659,600	100.00

35. Ownership of issuer's shares by members of the Management Board and Supervisory Board

Information on the total number and nominal value of the Bank's shares held by members of the Management Board and Supervisory Board as at 30 June 2025 is presented in the table below:

Name and surname	Function	Shares of Bank Handlowy w Warszawie SA	
		Number of shares (in pcs)	Par value (PLN)
Elżbieta Światopełk-Czetwertyńska	President of the Management Board	75	300
Andrzej Wilk	Vice President of the Management Board	9,751	39,004
Patrycjusz Wójcik	Vice President of the Management Board	1,670	6,680
Ivan Vhrel	Board Member	3,086	12,344
Sławomir Sikora	President of the Supervisory Board	20,117	80,468
Total		34,699	138,796

Information on the total number and par value of the Bank's shares held by members of the Management Board and members of the Supervisory Board as of the date of this interim report is presented in table below:

Name and surname	Function	Shares of Bank Handlowy w Warszawie SA	
		Number of shares (in pcs)	Par value (PLN)
Andrzej Wilk	Board Member	4,283	17,132
Patrycjusz Wójcik	Board Member	1,670	6,680
Sławomir Sikora	President of the Supervisory Board	11,199	44,796
Total		17,152	68,608

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

36. Contingent liabilities and litigation proceedings

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.

The value of provisions for disputes as at June 30, 2025 and December 31, 2024 are presented in the table below:

PLN '000	30.06.2025	31.12.2024
Provisions for disputes, including:		
provisions for option cases on derivative instruments	17,127	16,718
provisions for individual cases relating TSUE judgements	26,623	25,446
Other provisions	25,090	10,882
Provisions for disputes	68,840	53,046

The table above does not present liabilities in disposal groups held for sale. At as 30 June 2025, the value of provisions for disputes from discontinued operations was PLN 3,838 thousand.

The above values do not include portfolio provision created in connection with the CJEU judgments

No significant settlements occurred in the first half of 2025 due to court cases concluded with a final judgment.

- On 27 May 2019 the Bank received a statement of claim submitted by Rigall Arteria Management spółka z ograniczoną odpowiedzialnością sp. k. for the payment of PLN 386,139,180.89 along with statutory interest for delay from the date of filing the claim to the payment date and the amount of PLN 50,017,463.89 including statutory interest for delay from the date of filing the claim to the date of payment. The statement of claim refers to the agency agreement, which covered intermediary services for the Bank's products and services, primarily in the segment of Retail Banking, and was terminated in 2014. The Court has referred the matter to mediation proceedings, which have not resulted in a mutual agreement, so the case is pending before the court of first instance.

On 10 February 2020 the Bank received a statement of claim submitted by Rotsa Sales Direct sp. z o.o. for the payment of PLN 419,712,468.48 along with statutory interest for delay from the date of filing the claim to the payment date and the amount of PLN 33,047,245.20 including statutory interest for delay from the date of filing the claim to the date of payment. The statement of claim refers to the agency agreement, which covered intermediary services for the Bank's products and services, primarily in the segment of Retail Banking, and was terminated in 2014. The court referred the matter to mediation proceedings, so the case is pending before the court of first instance.

In the Bank's opinion, the amount of claims filed by the companies is not justified. The Bank's position is confirmed by legally binding resolutions of legal actions taken by the companies against the Bank, which are beneficial for the Bank, as well as by the judgement expressed in the proceedings with reference number C-64/21 pending before the Court of Justice of the European Union in connection with preliminary ruling from the Supreme Court of October 13, 2022.

The court proceedings described in this section are excluded from the business transfer transaction of Retail Segment to VeloBank S.A. on the basis of the Agreement on the division by separation of the Bank's retail operations in favour of VeloBank S.A. concluded on May 27, 2025, by ValoBank S.A., Promotoria Holding 418 B.V. and Citibank Europe Plc.

- As at June 30, 2025, the Bank was among others a party to 10 court proceedings associated with derivative transactions. Among these, 8 proceedings have not been terminated with a legally binding conclusion, and 2 have been terminated with a legally binding conclusion, and the cassation proceedings took place. In 6 proceedings the Bank acted as a defendant and in 4 as a plaintiff. The claims and allegations in the individual cases against the Bank are based on various legal bases. The subject of the dispute refers mainly to the validity of the derivative transactions and clients' liabilities demanded by the Bank with respect to those derivative transactions, as well as potential claims regarding potential invalidation of such demands by court decisions. Clients try to prevent the Bank from seeking claims resulting from derivative transactions; they dispute their liabilities towards the Bank, question the validity of the agreements and, in some cases, demand payment from the Bank.

The court proceedings described in this section are not included in the Retail Banking Segment. They are not subject to transfer to VeloBank SA.

- The Bank was a party to proceedings initiated by the President of the Office of Competition and Consumer Protection (UOKiK) against the Visa and Europay payment system operators and banks - issuers of Visa cards and Europay/Eurocard/Mastercard cards. The Bank was one of the addressees of the President of UOKiK's decision in the case. The proceedings have concerned alleged practices limiting competition on the payment cards market in Poland consisting in the fixing of interchange fees for transactions made with Visa and Europay/Eurocard/Mastercard cards, as well as limiting access to the market for operators who do not belong to the unions of card issuers, against whom the proceedings were initiated. The President of UOKiK's decision was the subject of legal analyses in appeal proceedings. On April 22, 2010, the Appeal Court overturned the verdict of the Court of Competition and Consumer Protection (SOKiK) and referred the case back to the court of first instance. On 21 November 2013 SOKiK gave a judgment, under which a penalty imposed on the Bank was modified and set in the amount of PLN 1,775,720. On October 6, 2015 the Appeal Court modified the verdict of the Competition and Consumer Protection Court and denied all appeals from the decision of the President of the Competition and Consumer Protection Office, including the changes of amounts of the fines that were imposed upon banks. As a result, the fine in the amount of 10,228,470 PLN that was originally imposed upon the Bank has been reinstated. As the Bank submitted extraordinary appeal on the 25 October 2017 the Supreme Court has overturned the Appeal Court's verdict and the case has been returned to the Appeal Court for a second review. The appeals proceedings has begun again. In the first quarter of 2018, the Bank received the reimbursed. By the

judgment of November 23, 2020, the Appeal Court set aside the judgment of November 21, 2013, and remitted the case to the court of first instance for reconsideration.

The court proceedings described in this section are excluded from the business transfer transaction of Retail Segment to VeloBank S.A. on the basis of the Agreement on the division by separation of the Bank's retail operations in favour of VeloBank S.A. concluded on May 27, 2025 by ValoBank S.A., Promotoria Holding 418 B.V. and Citibank Europe Plc.

The Bank is carefully following the changes of the legal environment arising out of the courts' case law regarding mortgage loans indexed to foreign currencies. On 15 June 2023, the Court of Justice of the European Union (CJEU) in case C 520/21 essentially duplicated the opinion of the Advocate General from February 16, 2023 and ruled that only the consumer may demand additional benefits resulting from the cancellation of the Swiss franc loan agreement. The Bank may only demand the return of the loan capital together with statutory interest for delay without the possibility of demanding remuneration from the customer (consumer) for non-contractual use of capital. It has been held that Directive 93/13 does not directly govern the consequences of the invalidity of a contract concluded between a seller or supplier and a consumer after the unfair terms have been removed. It is for the Member States to determine the consequences of such a finding and the measures which they adopt in that regard must comply with EU law and, in particular, with the objectives of that directive. It will be for the national courts to assess, in the light of all the circumstances of the dispute, whether the acceptance of such consumer claims is compatible with the principle of proportionality. When estimating the risk resulting from court litigations regarding indexation clauses in mortgage loan agreements, Bank Handlowy w Warszawie S.A. continuously did not factor in receivables under its claims against borrowers for the payment of amounts equivalent to a fee for using the loan capital, therefore, the Bank does not have to revise its assumptions following the Advocate General's and CJEU's opinion.

As at June 30, 2025, the Bank had receivables under CHF-indexed retail mortgage loans at the gross carrying amount of PLN 24.7 million. The Bank maintained a collective provision in the amount of PLN 19.9million (compared to PLN 22,8 million as at December 31, 2024). Estimation of the provision assumes the expected level of probability of settlement or litigation resolution and an estimate of the Bank's loss should a dispute be settled in court. This value, as well as provisions for individual litigation cases, is included in the group's consolidated semi-annual financial statement under Provisions.

As at June 30, 2025, the Bank was sued in 92 cases relating to a CHF-indexed loan for a total amount of approximately PLN 40.4 million. 48 cases were legally lost, and the Bank decided to file two cassation appeals (one appeal was rejected on formal grounds, as to the second the Supreme Court refused to accept the cassation appeals for consideration). Most of the cases are in the first instance.

The court proceedings described in this section are excluded from the business transfer transaction of Retail Segment to VeloBank S.A. on the basis of the Agreement on the division by separation of the Bank's retail operations in favour of VeloBank S.A. concluded on May 27, 2025 by ValoBank S.A., Promotoria Holding 418 B.V. and Citibank Europe Plc.

- On 22 June 2021, the President of the Office of Competition and Consumer Protection initiated explanatory proceedings to initially determine whether the Bank's actions taken after consumers reported unauthorized payment transactions may justify the initiation of proceedings regarding practices violating the collective interests of consumers or proceedings regarding to recognize the provisions of the standard contract as prohibited. On 8 February 2024, the President of the Office of Competition and Consumer Protection initiated proceedings (decision delivered on 13 February 2024) regarding practices violating the collective interests of consumers regarding unauthorized payment transactions. The charges brought are:
 - failure to refund the amount of an unauthorized payment transaction to the customer within the D+1 deadline despite the lack of premises for such refusal,
 - misleading consumers as to the Bank's obligations and the distribution of the burden of proving the authorization of a payment transaction.

The proceedings are the result of the explanatory proceedings of the President of the Office of Competition and Consumer Protection initiated in June 2021. As at June 30, 2025, the Bank did not create any provision in this respect because it is not possible to reliably estimate its potential outcome.

- As of June 30, 2025, the Bank was the defendant in a total of 225 court cases concerning claims arising from the sanction of free credit related to consumer loans offered by the Bank. The total value of the subject matter of these cases as of the above-mentioned date was PLN 4.5 million. The Bank has taken note of the preliminary questions asked by Polish courts in cases concerning Polish financial market entities, which concern issues related to the sanction of free credit and is closely monitoring the course of proceedings in which these questions are to be resolved. The Bank closely monitors court decisions in cases concerning the sanction of a free credit. Currently, the advocacy in the Bank's cases is overwhelmingly favorable to the Bank.

The court proceedings described in this section are included in the business transfer transaction of Retail Segment to VeloBank S.A. on the basis of the Agreement on the division by separation of the Bank's retail operations in favour of VeloBank S.A. concluded on May 27, 2025, by ValoBank S.A., Promotoria Holding 418 B.V. and Citibank Europe Plc.

37. Transactions with the key management personnel

PLN '000	30.06.2025		31.12.2024	
	Members of the Management Board	Members of the Supervisory Board	Members of the Management Board	Members of the Supervisory Board
Loans granted	3,437	60	3,537	56
Deposits				
Current accounts	13,011	5,251	11,062	8,810
Term deposits	2,238	28,755	1,074	26,730
Total Deposits	15,249	34,006	12,136	35,540

As at 30 June 2025 and 31 December 2024, no guarantees were granted to members of the Management Board and the Supervisory Board.

All transactions of the Bank with members of the Management Board and the Supervisory Board are at arm's length.

Staff expenses for current and former members of the Management Board are presented in note 11.

Changes in the composition of the Management Board of the Bank

On April 9, 2025 Ms. Katarzyna Majewska resigned from the role of Member of the Management Board effective May 31, 2025 due to the acceptance of the role of Europe Cluster Chief Financial Officer (CFO) for Citi.

On May 29, 2025, the Supervisory Board of the Bank decided to appoint Mr. Tomasz Dziurzyński to the Management Board of Bank Handlowy w Warszawie S.A. with the position of the Vice President of the Management Board as of 1 June 2025 for a four-year term of office. As part of the internal division of powers in the Management Board, Mr. Tomasz Dziurzyński will be a Vice President of the Bank's Management Board responsible for operations and technology.

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.

Changes in the composition of the Supervisory Board of the Bank

In the first half of 2025, the composition of the Supervisory Board did not change.

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.

A separate non-competition agreement conducted with the Bank applies to each member of the Bank's Management Board. According to its provisions, in case of termination of employment in the Bank, in the period of 12 months (in case of one member of the Management Board – of 6 months) from the date of employment termination, the member of the Management Board is obligated to refrain from competitive activities against the Bank. Due to limitations mentioned above, the Bank will be obliged to pay the compensation to the member of the Management Board.

38. Related parties

Transactions with related parties

The Bank is a member of Citigroup Inc., which is the ultimate controlling party. The parent entity of the Bank is Citibank Europe PLC based in Ireland.

Within its normal course of business activities, the Group enters into transactions with related entities, in particular with entities of Citigroup Inc.

The transactions with related entities result from current activity of the Group, and mainly include deposits, guarantees and derivatives transactions.

Apart from the transactions described in this section, in the presented period neither the Bank nor the Bank's subsidiaries conducted any transactions with related entities, which would be individually or jointly significant. No transaction with related entities was concluded on terms other than market terms.

Transactions with Citigroup Inc. entities

The receivables and liabilities towards Citigroup Inc. companies are as follows:

PLN '000	30.06.2025	31.12.2024
Receivables	8,365,675	7,304,663
Liabilities, including*:	3,683,024	3,197,334
Deposits	1,406,102	2,096,072
Credits and deposits	1,064,407	1,073,387
Balance-sheet valuation of derivative transactions		
Assets held-for-trading	874,113	1,595,239
Liabilities held-for-trading	905,158	942,136
Contingent liabilities granted	255,622	269,064
Contingent liabilities received	205,424	220,724
Contingent derivative transactions (liabilities granted/received), including:	109,247,448	119,673,376
Interest rate instruments	18,442,753	44,035,640
Currency instruments	90,350,675	75,382,595
Securities transactions	454,020	244,219
Commodity transactions	-	10,922

*Including deposits of parent undertaking in amount of PLN 1,897 million as of 30 June 2025 (31 December 2024: PLN 1,713 million)

PLN '000	01.01. – 30.06. 2025	01.01. – 30.06. 2024
Interest and commission income*	186,351	97,272
Interest and commission expense*	35,127	24,355
General administrative expenses	104,434	96,836
Other operating income	4,643	4,408

*Interest and commission income in amount of PLN 8,694 thousand for the first half of 2025 (for the first half of 2024: PLN 8,153 thousand) refer to parent undertaking, whereas interest and commission costs refer to parent undertaking in amount of PLN 20,586 thousand for the first half of 2024 (for the first half of 2024: PLN 1,303 thousand)

The Group receives income and incurs costs on derivative transactions with entities of Citigroup Inc. in order to hedge market risk. These are back-to-back derivative transactions, opposite to transactions with Group's other clients and closing Bank's own position. On 30 June 2025 net balance valuation of transactions on derivatives amounted to PLN (31,045) thousand (31 December 2024: PLN 653,103 thousand).

Furthermore, the Group incurs costs and receives income from agreements between Citigroup Inc. entities and the Bank, regarding the provision of mutual services.

The costs incurred and accrued (including VAT reflected in the Bank's costs) in the first half of 2025 and also in the first half of 2024, due to the concluded agreements were concerned, in particular, with costs of services regarding maintenance of the Bank's information systems and advisory support. The income was related to data processing and other services rendered by the Bank.

In the first half of 2025, capitalization of capital expenditures related to work on modifying the functionality of the Bank's IT systems did not take place. The total amount of payments to Citigroup Inc. entities in this respect amounted to PLN 31,748 thousand in the first half of 2024.

Citibank Europe PLC is absorbing interest rate exposures associated with the transferred asset and liabilities from the date of the Group entering into an agreement to sell its Retail Banking Business through to completion. Additionally, the Group may incur certain migration costs from various Citigroup affiliates related to the transaction described in Note 4. Amounts will be billed at market rates by Citigroup.

At the end of Q2 2025, there are no outstanding balances between the Group and it related parties related to the transaction.

No guarantees have been given to or received by the Group from its related parties in connection to the disposal of Retail Business Details of the sale transactions are disclosed in Note 4'

39. WIRON Reform

For the past few years, on developed foreign markets, we observe activities involving the introduction of alternatives to the existing reference rates such as IBOR (Interbank Offered Rate), which also include the WIBOR index.

As well in Poland, appropriate work has begun to reform reference rates, including the introduction of a new reference interest rate, which would ultimately replace the WIBOR reference rate. In 2022, the National Working Group for Benchmark Reform (NGR) was established in Poland. The NGR includes representatives of the Minister of Finance, the National Bank of Poland, the Polish Financial Supervision Authority, the Bank Guarantee Fund, the Warsaw Stock Exchange, the National Depository for Securities, and BPW Benchmark, as well as commercial banks, cooperative banks, investment fund companies, insurance companies, and industry organizations representing financial market entities. The NGR's work is

overseen and coordinated by a Steering Committee, which includes representatives of the Ministry of Finance, the Polish Financial Supervision Authority, GPW Benchmark, the Bank Guarantee Fund, BondSpot, and the Polish Bank Association.

The NGR's work is being conducted based on a Roadmap outlining the timeline and scope of detailed actions necessary to implement the reform. According to the timeline, the reform, which involves the introduction of a new interest rate reference index to replace the WIBOR reference index, is expected to be completed by the end of 2027. The ongoing reform also applies to the WIBID reference index. As part of this work, the WIRON (Warsaw Interest Rate Overnight) reference index was initially identified as an alternative to WIBOR. However, in 2024, following additional verification and public consultations, the NGR Steering Committee selected an index from the WIRF family, technically called WIRF- (based on unsecured deposits from credit institutions and financial institutions), as the target alternative index, for which it chose the official name POLSTR (Polish Short Term Rate). Detailed information on the ongoing work of the NGR and the decisions of the NGR Steering Committee is published by the Polish Financial Supervision Authority on its official website under the "Benchmarks" tab.

Since the first days of the reform, the Bank has actively participated in all NGR work. To prepare the Bank for the efficient and safe implementation of the new benchmark and the planned conversion, it has also been conducting a key internal project in which all members of the Bank's Management Board, senior management, and representatives of the Bank's organizational units relevant to the project's smooth implementation are actively involved.

40. Significant events after the balance sheet date

On 22 August 2025, it was advised by the Polish Financial Supervision Authority ("PFSA") 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 these financial statements.

Members of the Management Board

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