



**Management Board Report on
the activity of Bank Millennium
S.A. and Capital Group of Bank
Millennium S.A. in 2024**

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.

This document is not the official version of the Management Board Report on the activity of Bank Millennium and Capital Group of Bank Millennium of 2024. Official Management Board Report on the activity of Bank Millennium and Capital Group of Bank Millennium of 2024 was prepared in accordance with the ESEF requirements.

Some data and statistics presented in this document are based on management data and may differ from values presented in Annual Consolidated Financial Report of the Bank Millennium S.A. Capital Group for 12-month period ending 31st December 2024.

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Dear Ladies and Gentlemen,

Bank Millennium is entering a new strategic cycle. In October 2024, we presented our action plan for the next 4 years: **"Strategy 2028 - Value and Growth"**. We plan further dynamic growth, as clearly illustrated by the targets of doubling the loan portfolio in the corporate banking segment to over PLN 25 billion and increasing the number of active retail clients to 3.7 million.

We are approaching the implementation of the goals of the new strategy from a strong business, capital, and liquidity position. In 2024, we commemorated the 35th anniversary of our establishment, marking the strategic achievement of reaching 150 thousand active customers in the micro-enterprise segment. The year concluded with a net profit of PLN 719 million, representing a 25% year-over-year increase. This commendable outcome was achieved despite facing significant challenges impacting our business, particularly the high costs associated with the portfolio of mortgage loans in foreign currencies. Nevertheless, the resolution of the Swiss franc issue is anticipated within the next year and a half, barring any unforeseen developments. According to our base scenario, the expected improvement in profitability over the coming years should enable us, contingent upon achieving the targets, to plan for the resumption of dividend payments in 2027, derived from the profits of 2026.

The Bank has made a refreshed mobile application available to retail customers. We have launched a Currency Exchange Desk, which is the possibility of exchanging currencies directly in our mobile application. We have implemented the BLIK Pay Later deferred payment service. For corporate clients operating in the e-commerce industry, we have launched the Millennium PAY payment gateway. We have introduced the prestigious Visa Global credit card, which is part of a refreshed offer for affluent clients and the new Millennium 360 Prestige account, which was launched at the beginning of 2025. In 2024, the Bank also implemented generative artificial intelligence (genAI) solutions. The latest technology supports document analysis, complaints, and transcription of phone calls and chats. We are also starting to use it in the software development and testing process. We see great potential in the use of genAI in marketing and communication with customers, especially in the field of service personalisation.

In 2024, we focused strongly on the implementation of activities in the area of sustainable development, which is an integral part of our processes, an important part of the organisational culture and one of the pillars of the Bank's strategy. We continued our efforts to reduce Scope 1 and Scope 2 emissions, and for the first time we calculated emissions from our loan and lease portfolio, which forms the basis for planning further decarbonisation efforts. We have devoted a lot of attention to the development of ESG risk management and improving our approach to the impact of this risk on the financed entities and projects. To support companies in the implementation of pro-environmental projects, we have been developing our green loan portfolio, providing an offer tailored to the needs of customers and helping them obtain support from public programmes. Last year, we also completed our first issue of green bonds under the green bond framework of our EMTN Program, which ensure the flow of money towards environmentally friendly initiatives. We have further ambitious goals ahead of us, building commitment to the sustainable transformation of business and the economy.

We are closely following the development of our Our People'24: Save the Planet campaign. As part of the sports challenge, employees of the Bank Millennium Group exercise and cover kilometres, which are converted into PLN. The money goes to the Bank Millennium Foundation's account. This year, the initiative attracted over 1400 employees, who covered over 530 thousand kilometres on legs and wheels and performed almost 19 thousand various types of exercises. The amount of PLN 250 thousand was used for the implementation of almost 50 projects as part of employee eco-volunteering. Over 200 volunteers used one and a half thousand hours to, among other things, help those affected by the flood in southern Poland. The Bank also provided support, among others by allocating a subsidy to the Polish Red Cross and Caritas Poland and by providing customers with the opportunity to provide help as part of the Pomagam Transfer in our mobile application.

In 2024, Bank Millennium achieved many successes that strengthened its position on the market. We won the title of the best digital Bank in Poland by the Global Finance magazine. For the second year in a row, we won the "Newsweek's Friendly Bank" ranking in both categories: "Traditional Banking" and "Remote Banking". We triumphed in the TOP 3 list of the best banks for companies in Poland according to Forbes magazine. We have also received the title of "Top Employer Polska 2024", confirming high

standards in human resources management. Millennium Docs Against Gravity, festival supported by Bank Millennium, appeared on the list of festivals qualifying for the Oscars®.

Before concluding, I would like to express my deep thanks to Bogusław Kott for years of leadership, inspiration and chairmanship. Mr. Kott, that was one of the founders of the Bank and served as its CEO and then Chairman of the Supervisory Board during 36 years, has now decided to limit his professional activity.

Our Bank is made up of exceptional people who are able to implement valuable and groundbreaking projects. It is thanks to the commitment of each of the Group's employees that Bank Millennium not only achieves such good financial results, but also strengthens its competitive advantage. We are a trusted partner to our customers and shareholders. We are constantly implementing innovations and raising market standards. I believe that we can look with optimism at the next challenges that we are facing. Enjoy reading the Report.



João Bras Jorge

Chairman of the Management Board

BANK MILLENNIUM GROUP IN 2024

Key financial Indicators



REVENUES

PLN6.0bn



COST-TO-INCOME

37.6% / 30.8%*



TOTAL ASSETS

PLN139bn
+11% y/y



CAPITAL RATIOS

T1 14.8%
TCR 17.2%

Key operating statistics



OUR CLIENTS

3.1mn active retail clients
10k active corpo. clients



OUR EMPLOYEES

6,714 FTEs



ONLINE USERS

2.9mn active digital users



TRANSACTIONS

Digital share:
84% in cash loans
95% in term deposits

Mobile banking



+35% BLIK transactions: e-commerce, P2P, contactless, BNPL
+62% BLIK contactless transactions
+37% P2P BLIK transfer to mobile
+36% BLIK contactless users

Digital share:
84% in cash loan sales in 2H24
42% in current account acquisition in 2H24
95% in term deposit sales in 2H24
54% in junior account acquisition in 2H24

Basic facts for investors



MARKET CAP.

PLN10.8bn
(EUR2.5bn)
(@YE24)



SHARE PRICE

PLN8.90 / +7%
(YE24 / % change in
2024)



INDICES

WIG
mWIG40
WIG Banks



RATINGS

Moody's: **Ba2**
(adjusted BCA: ba2)
positive outlook

Fitch: **BB+** (VR: bb+)
positive outlook

MSCI: **A** (average
ESG rating)

(* Adjusted)

I. MANAGEMENT BOARD REPORT ON ACTIVITY

1. BRIEF DESCRIPTION OF BANK MILLENNIUM AND BANK MILLENNIUM GROUP

Bank Millennium S.A. ('Bank Millennium', 'Bank') was established in 1989 as one of the first Polish commercial banks. It is now one of the top 7 commercial banks in Poland in terms of assets and offers its services to all market segments via a network of 606 branches (including 363 own branches and 243 franchise branches), a network of personal advisors as well as electronic and mobile banking.

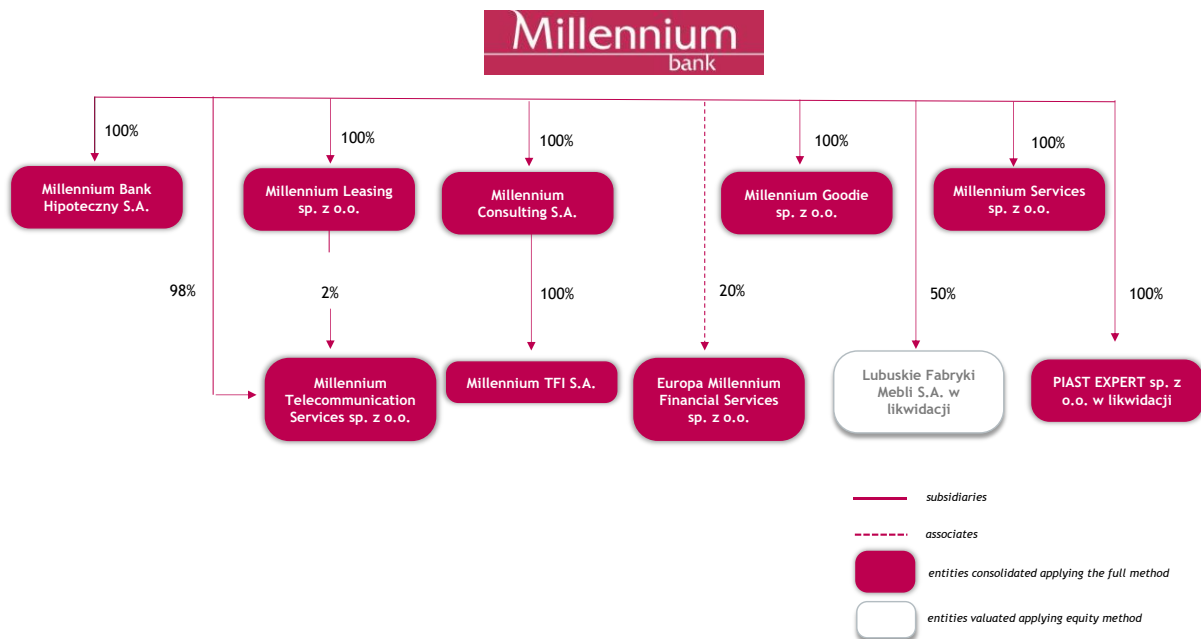
Ever since the start of its activity it has been a trendsetter in Polish banking. For example it was the first Bank to be listed on the Warsaw Stock Exchange and issued the first payment card on the Polish market. The bank satisfies most stringent standards of corporate governance; it implements social programmes to support culture development as well as education of the youth.

Bank Millennium is a market leader in the area of innovations understood to mean state-of-the-art technology and process improvements. Innovation in Bank Millennium is part of its business strategy.

Bank Millennium, together with its subsidiaries, forms Bank Millennium Group ('BM Group', 'Group') - one of the most innovative and comprehensively developing financial groups in Poland - employing in total 6,714 persons (FTE).

Bank Millennium Group's structure (31.12.2024)

Subsidiaries and associates



The most important companies of the Group are: Millennium Leasing (leasing activities), Millennium TFI (investment funds) and Millennium Bank Hipoteczny (obtaining long-term financing through issuance of covered bonds). Since 2016, Millennium Goodie together with the Bank has been running an innovative smartshopping platform based on advanced technology. The offer of the above-mentioned companies complements the services and products offered by the Bank. The Bank remains a 20% shareholder of Europa Millennium Financial Services sp. z o.o. together with Towarzystwo Ubezpieczeń na Życie Europa S.A. and Towarzystwo Ubezpieczeń Europa S.A. and continues long-term cooperation in the area of bancassurance under agreements concluded with the company's shareholders regarding the insurance distribution model.

Business model

Bank Millennium operates with the strong ambition of embracing innovation, digitally delivering top-quality services, to be the primary bank for individuals and companies in Poland. The core pillars of business model are defined by segments and operating model enablers.

Key segments, where Bank Millennium competes, are:

in retail banking:

- **Mass individual clients** - we are building primary relationship based on daily banking, customer assets and selective lending with keeping top-quality and digital first approach
- **Affluent clients** - we are upselling from mass individual clients market, offering a digital affluent service with remote Relationship Managers focused on savings and investments
- **SOHO clients** - we are acquiring private entrepreneurs (Sole Traders with annual revenues up to 10M PLN) and building primary relationships mainly through digital offer with remote support and sales

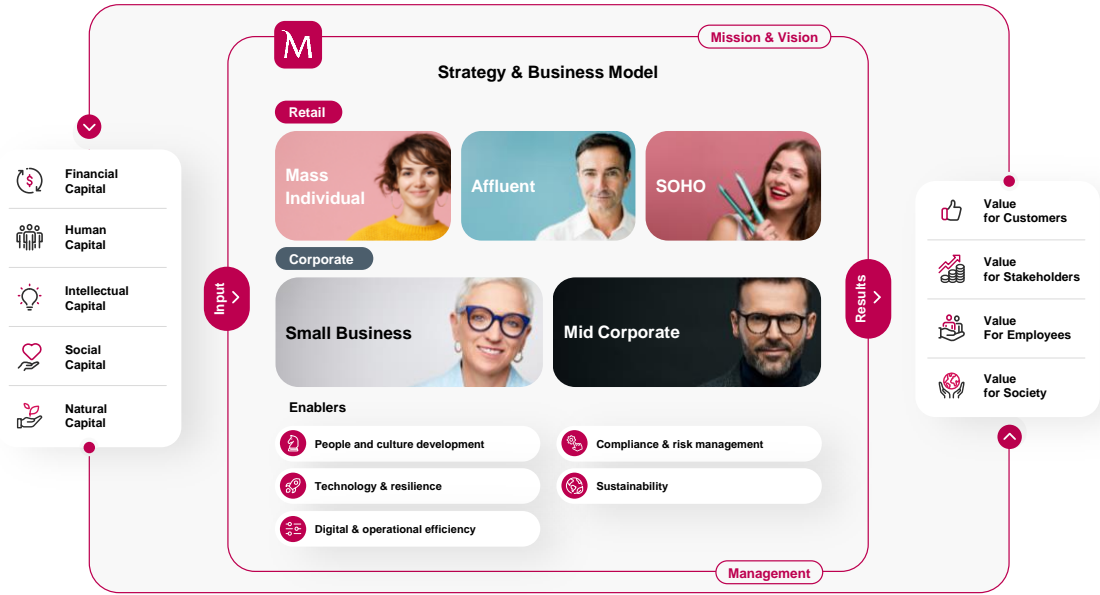
and in corporate banking:

- **Small Business clients** - we are acquiring small businesses (companies with annual revenues up to 20M PLN) and building primary relationships with small companies with digital-enabled, standardised credit and daily banking proposition supported by remote Relationship Managers
- 1. **Mid corporate clients** - we are the challenger player, significantly driving portfolio growth with focus on investment loans and leasing

Key enablers supporting effective business model are:

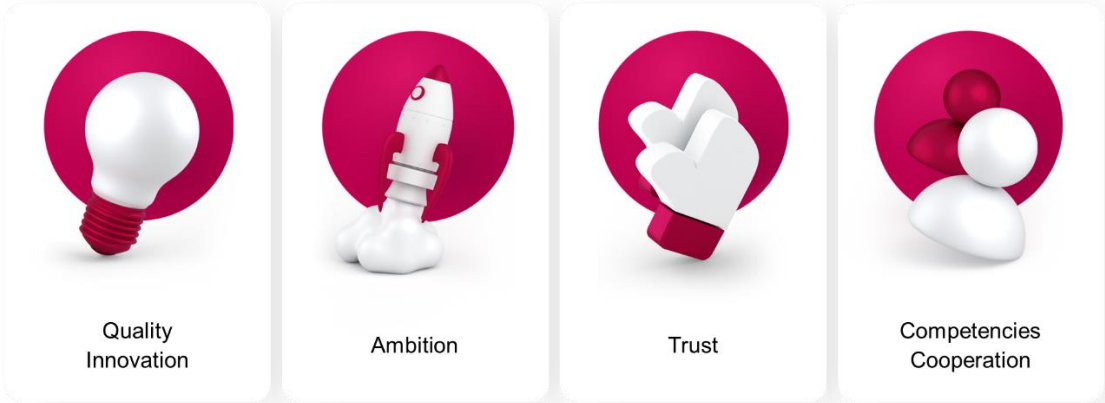
- **People management and culture development** to ensure market leading offer for talents and continue building a top work environment
- **Technology & resilience** to implement innovative technological solutions, incl. AI, addressing customers` needs and ensuring highest cybersecurity standards
- **Digital & operational efficiency** to continue digitalisation of clients relation and foster balanced organisation with proper resources allocation to sustain value creation
- **Compliance & risk management** to maintain sound risk management and understanding of regulatory environment, with capital generation and allocation sustaining business growth
- **Sustainability:** to continue enacting sustainability initiatives and explore business opportunities from ESG and sustainable transition.

Bank Millennium's business model



The business model is founded on **key values**: building relationships based on trust, a passion for quality and innovation, people development and promoting cooperation as well as the ambition to always aim higher.

The Bank Millennium Group's Values



2. SUMMARY OF CONSOLIDATED BM GROUP RESULTS IN 2024

2024 in brief

While 2023 was a breakthrough year for Bank Millennium S.A. ('Bank') and Bank Millennium S.A. Capital Group's ('BM Group', 'Group') with all quarters in the black and a positive full-year net result, 2024 was no less eventful and successful. It brought continued solid performance of the core business, further solidifying profitability. Reported FY2024 net profit grew 25% to PLN719 million. The capital position remained stable and solid with capital surplus exceeding 5 percentage points over minimum regulatory requirements.

A number of new or revamped products was introduced during the year, numerous business initiatives yielded significant results while most KPIs from the 2022-2024 strategy were delivered ahead of plan. Furthermore, many prestigious awards received in 2024 proved continued focus on quality, innovation and client centricity.

In May and June respectively, the Capital Protection and Recovery plans were formally completed. Also in June, Millennium Bank Hipoteczny, the mortgage subsidiary, successfully placed its inaugural issue of covered bonds, while in September the Bank issued its first green bonds (MREL SNPs of a total value of EUR500 million), significantly strengthening the surplus over MREL requirements.

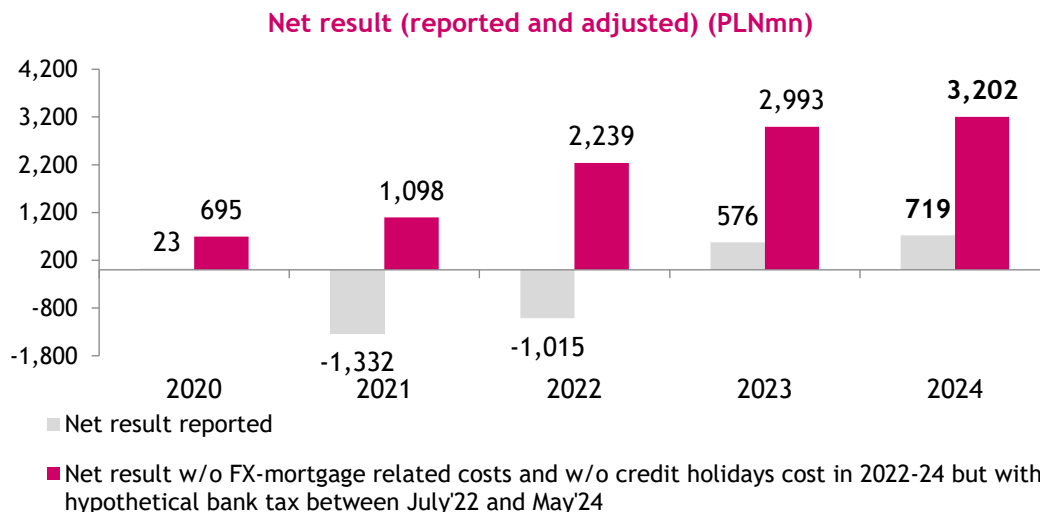
A new strategy ("Strategy 2028 - Value & Growth") was adopted in October following a period of intense work. Apart setting ambitious financial and business targets, the strategic plan includes an ambition to return to dividend payments in 2027.

Last but not least, while costs related to the legacy portfolio of FX-mortgage loans remained a heavy burden on 2024 results, the continued efforts to reduce this risk took decreased the portfolio below the materiality threshold. In early 2025 the progress of FX-mortgage risk reduction was acknowledged by the regulator who revoked the P2R buffer.

2024 results in brief

BM Group reported profit of PLN719 million (up 25% y/y) in 2024 overall, translating into reported ROE of 9.8% (9.1% in 2023). This solid result was achieved despite persistent elevated costs related to FX-mortgage portfolio (PLN2,558 million after tax) and cost of credit holidays (PLN91 million after tax), and the return to the payment of asset tax (banking tax) since June.

2024 net profit without FX-mortgage related costs and without positive (e.g. capital gains on bancassurance transaction in 2023, lack of banking tax in 2023 and part of 2024) and negative items (e.g. credit holidays) would amount to a record level of PLN3,202 million (up 7% y/y) translating into an adjusted ROE of 18.5% (2023: 21.7%).



Major items used for adjustments of results* (PLNmn)	#	2024	2023
FX-mortgage related costs (pre-tax)		(3,219)	(3,540)
FX-mortgage related costs (after-tax)	1	(2,558)	(3,338)
Credit holidays (after tax)	2	(91)	(7)
Capital gain on bancassurance transaction (after tax)	3	0	528
Hypothetical banking tax (before=after tax)	4	(167)	(400)
Reported net profit	5	719	576
Adjusted net profit (5+1+2-3-4)**		3,202	2,993

(*) value sign denotes actual impact on reported result

(**) formulae for adjustments is using an absolute value of each item

Solid growth of operating performance, implementation of 2021-24 strategy completed

2024 was a year of solid performance from the operating perspective. Loan growth remained moderate (impact of fast contracting FX-mortgage portfolio) but corporate book showed early signs of recovery (up 5% y/y). Liquidity surplus increased further (deposits up 9% y/y) while L/D ratio reached a new low of 64%. Combined with lowered deposit pricing this translated into further growth of NII (reported up 5% y/y, adjusted for credit holidays up 7% y/y). Additionally, volume of investment products grew 35% y/y to PLN11.1 billion.

Profit & Loss in brief (PLN million)	2024	2023	y/y
Net interest income	5 530	5 253	5%
Net commission income	777	782	-1%
Core income	6 307	6 036	4%
Other non-interest income	(311)	687	-
Total operating income	5 996	6 723	-11%
Personnel costs	(1 197)	(1 035)	16%
Other administrative costs	(1 056)	(958)	10%
Total operating costs	(2 253)	(1 993)	13%
Impairment provisions and other cost of risk *	(310)	(299)	4%
Other modification	(147)	(52)	181%
FX legal risk related provision	(2 179)	(3 065)	-29%
Banking tax	(232)	0	-
Pre-income tax profit	875	1 312	-33%
Income tax	(156)	(737)	-79%
Net profit - reported	719	576	25%
Net profit - adjusted **	3 202	2 993	7%
NIM	4.4%	4.6%	-0.2 p.p.
Cost/income reported	37.6%	29.6%	7.9 p.p.
Cost/income <i>adjusted</i> ***	30.8%	29.5%	1.2 p.p.
Cost of risk (bp)	40	39	1 b.p.
ROE	9.8%	9.1%	0.7 p.p.
<i>ROE adjusted</i> **	18.5%	21.7%	-3.2 p.p.

(*) Impairment provisions for financial and non-financial assets including also fair value adjustment of credit portfolio (2-2024: PLN0.7mn, 2023: PLN-1.0mn) and loans modification effect not related to amicable settlements with FX mortgage borrowers (2024: PLN35.7mn, 2023: PLN36.0mn); (**) Without extraordinary items, i.e. cost of credit holidays (2024: PLN91mn; 2023: PLN7mn), financial impact of insurance transaction (total after-tax income of PLN528mn in 2023) and FX mortgage loan related costs/incomes (in legal risk provisions, FX position, operating cost and other operating income/cost including indemnity from Societe Generale as well as tax effects) and hypothetical banking tax until the end of May 2024; ROE: Equity adjusted by all FX mortgage related costs incurred since 2020; (***) Without extraordinary income or cost

Some of strategic targets initially set for 2024 had been already achieved in 2023, but it did not stop the solid momentum in 2024 and either the most of the remaining KPIs were met as planned or YE24 target were exceeded further (see further pages for details on progress of the implementation of 2022-2024 strategy). Of the latter, key to highlight are the number of active customers retail clients which remained in a steady uptrend and reached 3.148 million (up 5% y/y) at YE24, further exceeding the initial target of 3 million, and the share of digitally active customers which increased further to 92% above the 90% target.

Key balance sheet indicators (PLN million)	31.12.2024	31.12.2023	y/y
Loans to households	56 935	56 386	1%
Loans to companies and public sector	18 046	17 257	5%
Total net loans to clients	74 981	73 643	2%
Total assets	139 152	125 520	11%
Deposits of individuals	87 567	76 600	14%
Deposits of companies and public sector	29 690	30 647	-3%
Total deposits	117 257	107 246	9%
Impaired loan ratio *	4.5%	4.6%	-0.1 p.p.
CET1 = T1	14.8%	14.7%	0.1 p.p.
TCR	17.2%	18.1%	-0.8 p.p.

(*) Impaired loan ratio = impaired loans / total gross loans

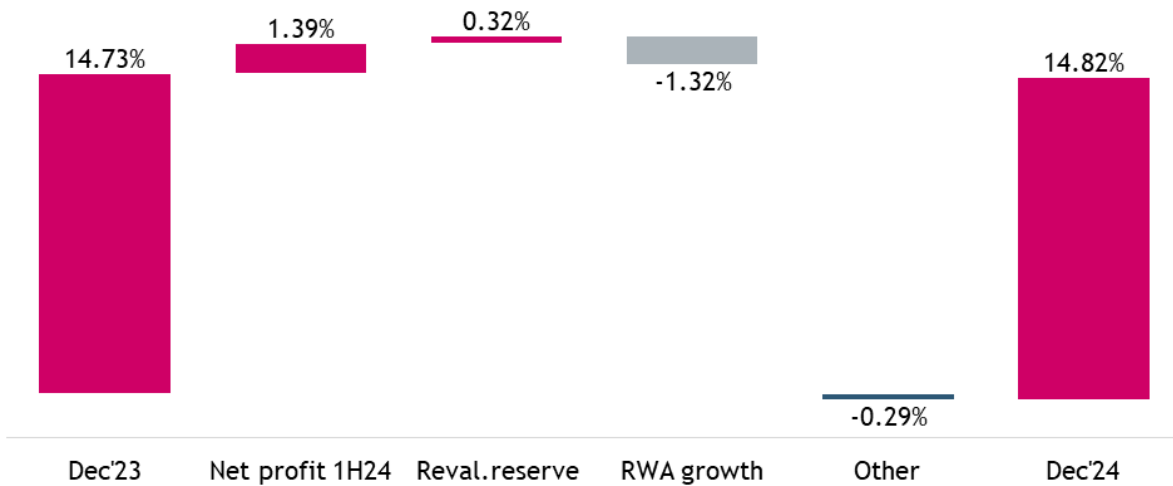
Stable capital position

Capital position of the Bank/Group was broadly stable and some capital ratios actually improved in 2024. YE24 Group's T1 capital ratio stood at 14.8%¹ compared to 14.7% at YE23, while Bank's solo T1 capital ratio stood at 15.3%/15.4% respectively. At YE24 the respective surpluses over the required minimums stood at 497 bps (Group) and 546 bps (Bank solo). Consolidated TCR stood at 17.2% (YE23: 18.1%), while this of the Bank solo at 18.0% (YE23: 19.0%).

The 9 basis points improvement of the Group's T1 capital ratio in 2024 was a result of offsetting impact of positive factors (recognition of 1H24 net profit into regulatory capital and lowering negative impact of the revaluation reserve) with higher capital use resulting from increasing RWAs. Recognition of 2H24 net profit in capital ratios (see comment on Management Board's intention with regard to 2024 net profit distribution in the "Dividend policy" section) would, *ceteris paribus*, add around 90 basis points to capital ratios further widening the capital surplus. The impact of the securitisation transaction completed in December 2024 would add 31 bps to consolidated YE24 T1 capital ratio and 35 bps to YE24 consolidated TCR.

¹ This ratio does not include the impact of the synthetic loan securitisation completed in December 2024. The Bank is waiting for confirmation of regulatory non-objection to the use of the transaction in the calculation of risk-weighted assets.

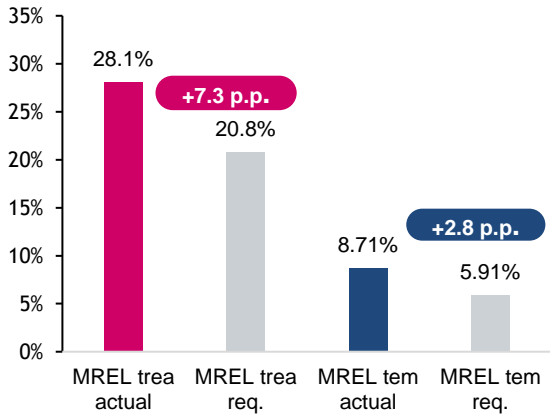
Consolidated T1 ratio evolution in 2024



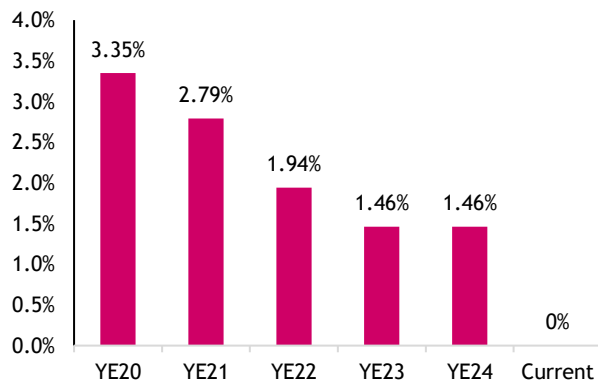
In December 2024 the regulator decided on non-imposing of P2G buffer, while in January and February the Bank received decisions from the regulator on revoking P2R buffers (so far 1.47 percentage points on solo basis and 1.46 percentage points at consolidated basis). These further widen the capital surplus over the minimum required levels.

Additionally, the Bank meet its YE24 MREL targets with a significant surplus. At the end of December 2024, BM's MREL trea stood at 28.1% while MREL tem at 8.7% vs. respective required levels of 20.8% and 5.9%. *Ceteris paribus*, the surplus is expected to widen further once updated MREL requirements will reflect the revoked P2R ratios.

MREL ratios (Dec 31, 2024)

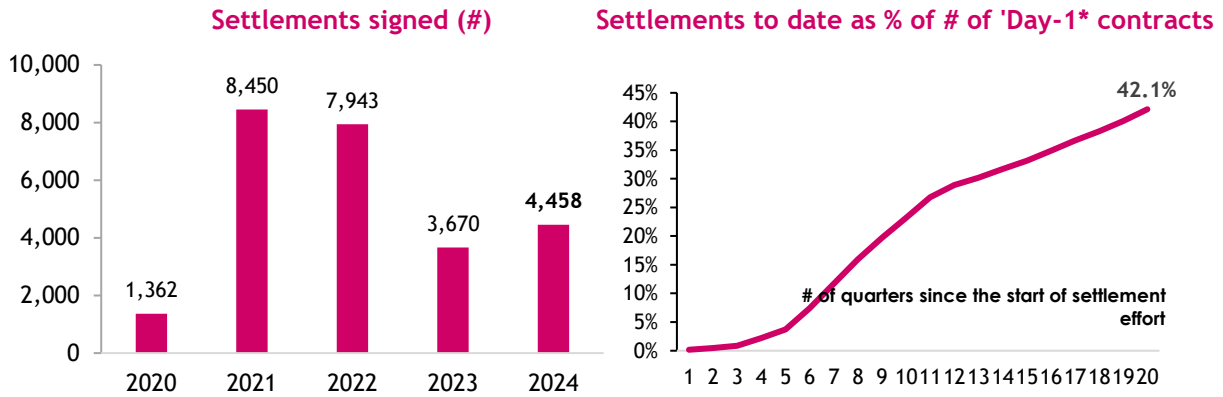


P2R buffer (YE levels, TCR, consolidated)



Good momentum in settlements with FX-mortgage borrowers

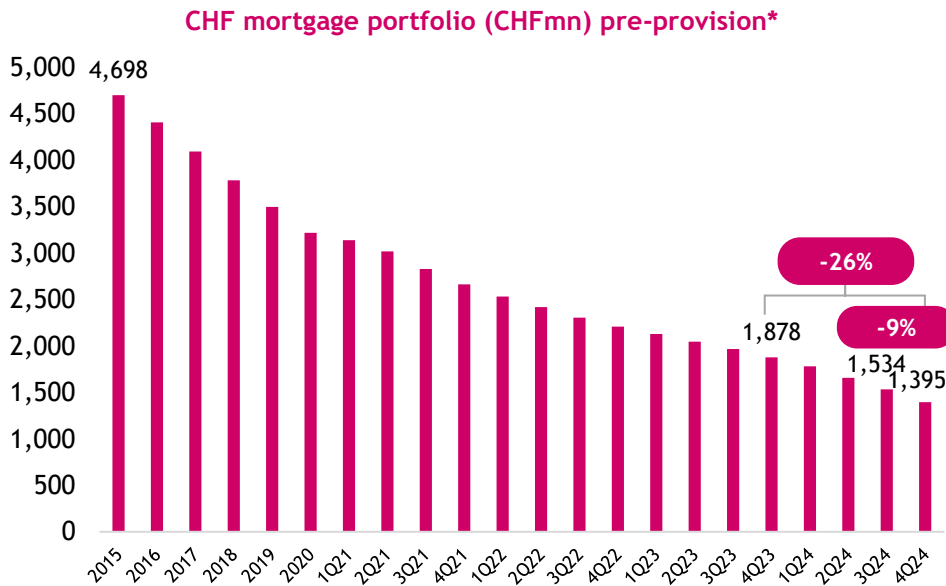
2024 saw the number of signed settlements with FX-mortgage borrowers accelerating to 4.5 thousand from 3.7 thousand in 2023. While in 2024 overall, the number of new settlements was below the number of new cases filed against the Bank, 4Q24 brought a change of the proportion. In 4Q24 nearly 1.3 thousand such settlements were signed, above the number of new cases. Nearly 26,000 settlements have been reached since early 2020 when a more intensive effort started. These represent over 42% of the number of active FX-mortgage agreements at the start of the effort.



(*) D-1 is a quarter preceding the quarter when settlements started to be offered on a large scale

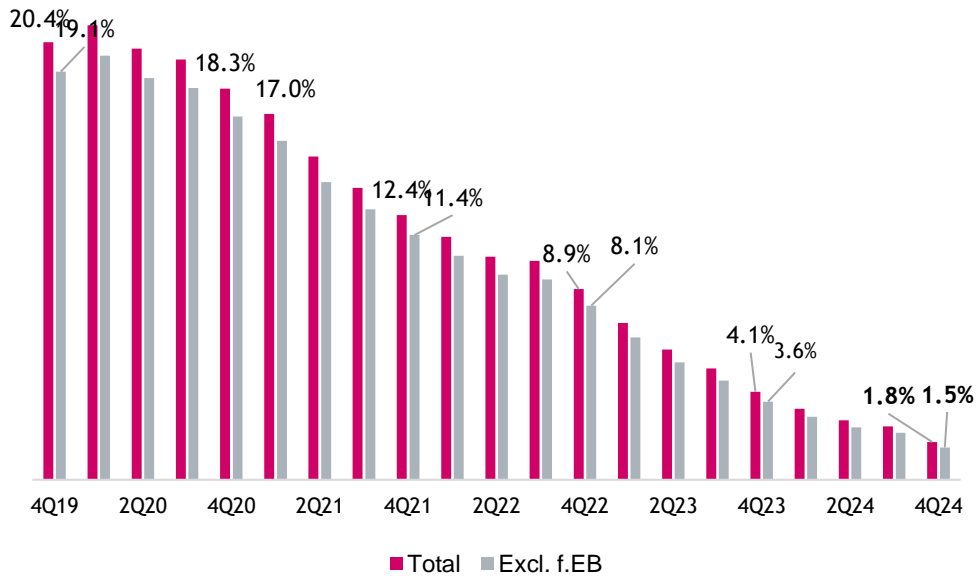
Significant reduction of the size and share of legacy FX-mortgage book

As a result of settlements, final court verdicts and other natural drivers, in 2024 the number of active FX-mortgage loans decreased by 7,852 to 24,573, following the 5,586 drop in 2003. As a result of these trends, the pace of BM's FX-mortgage portfolio's contraction accelerated and in 4Q24 it decreased 9% (in CHF terms, gross, w/o impact of allocated legal risk provisions) while the y/y contraction rate accelerated to 26%. The share of total FX-mortgage book (gross loans less allocated legal risk provisions) in total Group's gross loans dropped to 1.8% at the end of December '24, while the share of FX-mortgage loans originated by BM dropped to 1.5%. Without the adjustment for allocated provisions, the share of FX-mortgage loans dropped below the 10% regulatory threshold during 2024. As commented earlier, this was acknowledged by the regulator which in January and February 2025 revoked the P2R buffer.



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

FX mortgage book as % of total consolidated gross loans

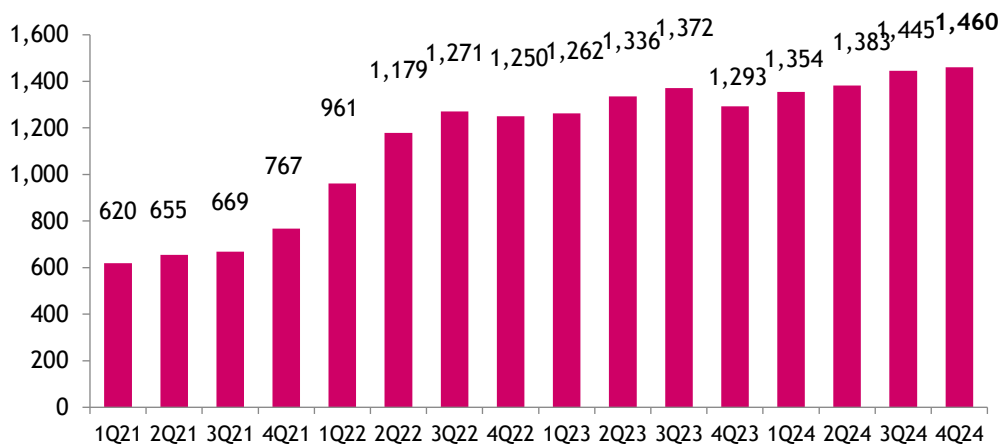


Note: the share of total gross FX-mortgages in loans to non-financial entities not deducting allocated legal risk provisions was 9.6% at the end of December'24

Other key developments in 2024

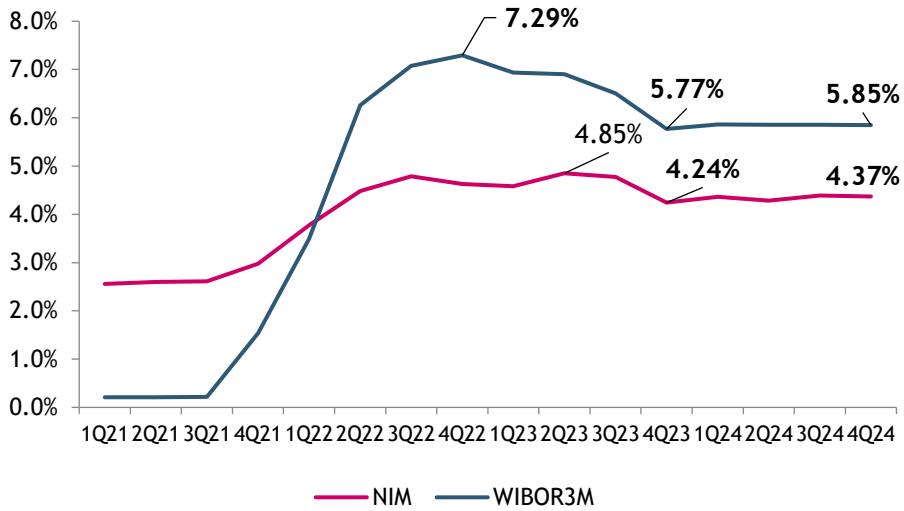
- in 2024, NII adjusted for credit holidays grew 7% y/y while the reported one was up 5% y/y; the growth was driven by higher interest earning assets (IEAs), improving profitability of the bond portfolio and lower cost of deposits; these offset higher costs related to issuance of MREL bonds (EUR500mn issues in September'23 and September'24);

NII excluding cost of credit holidays (PLNmnn)



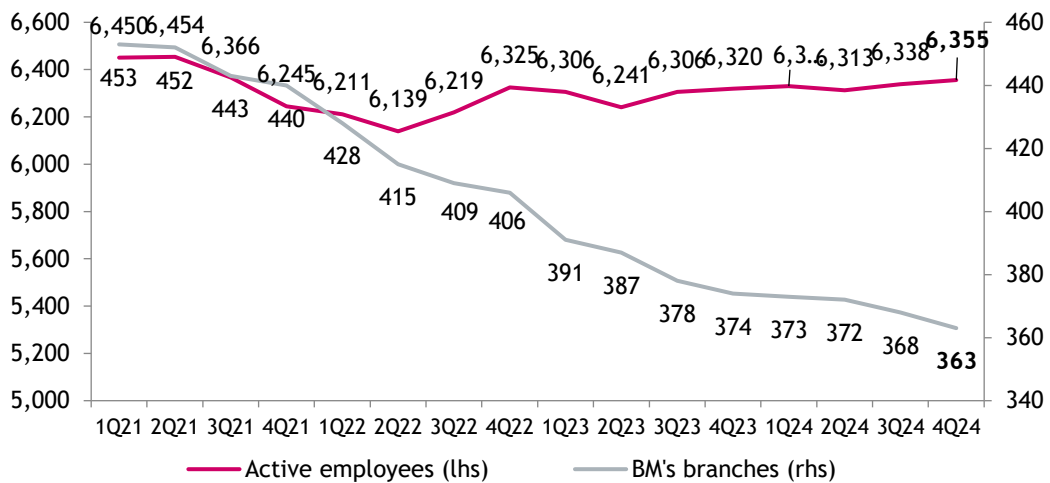
- NIM remained broadly stable through 2024 with 4Q24 NIM of 4.37% comparing against 4.24% in 4Q23; full year NIM narrowed to 4.36% from 4.60% in 2023, reflecting interest rate cuts in late 2023 (average 3M WIBOR in 2024 was 5.86% vs. 6.53% in 2023); higher IEAs and changing asset mix had the most pronounced impact on NIM, offsetting the steadily decreasing cost of deposits;

Net interest margin (NIM)



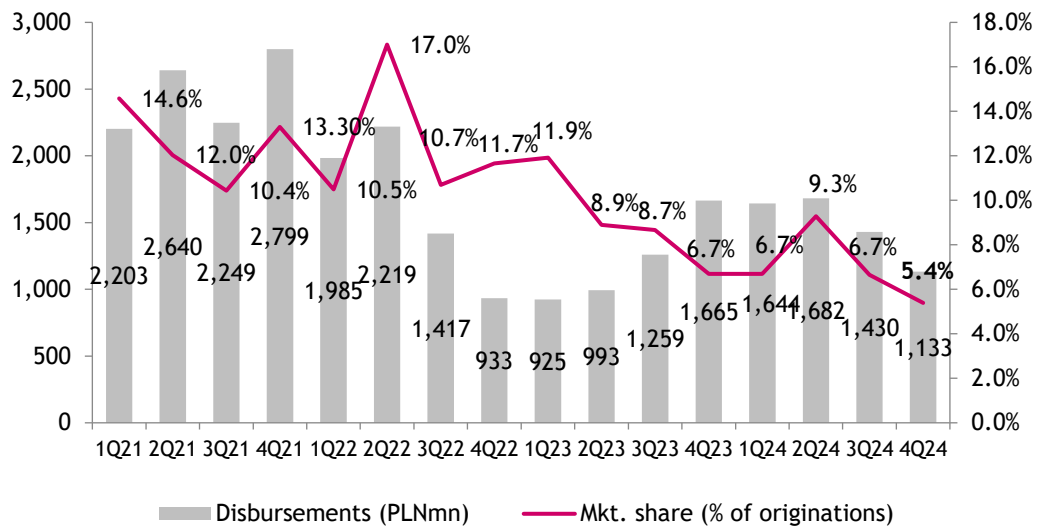
- **cost inflation was sticky for most of 2024** with reported opex up 13% y/y; legal costs and higher wages were the main factors behind the y/y growth; headcount remained broadly stable (number of active employees up 36 in the last twelve months), optimisation of the physical distribution network continued (own branches down by 11 units or 3% in the last twelve months) complementing the increasing share of digital services (digital customers: 2.91mn, up 8% y/y, number of active mobile customers: 2.65mn, up 7% y/y);

Staff and own branches (#)

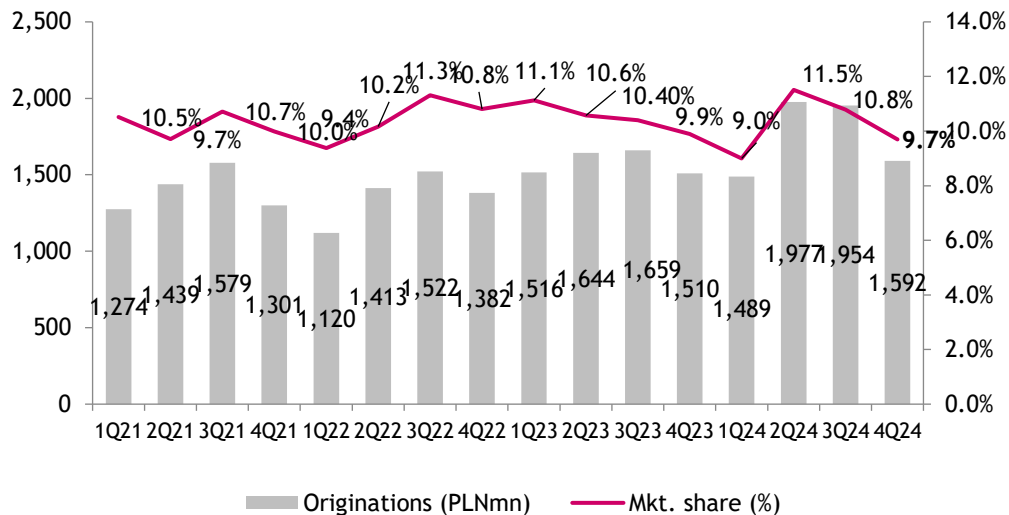


- **loan portfolio was marginally up** (net/gross loans were up +1%/+2% at YE24); downward trend in FX-mortgage portfolio remained the key decisive factor as net/gross loan book w/o FX-mortgages was up 4% y/y; FX-mortgages continued to shrink fast (on a reported basis down 56% y/y) on a combination of FX movements, repayments, provisioning (in line with IFRS9 part of legal risk provisions are booked against gross value of loans under court proceedings), write-downs and settlements;
- **non-FX mortgage portfolio was up 4% y/y** with non-mortgage retail loans up 7% y/y; origination of cash loans (PLN7.0bn in 2024, up 11% y/y) contributed the most; BM's market share in origination of cash loans in 2024 stood at 10.8%, close to the 10.5% in 2023; origination (disbursements) of PLN mortgages increased 22% y/y to PLN5.9bn (market share of 7.0% vs. 8.2% in 2023);

Mortgages: disbursements and market share in originations



Cash loans: originations and market share

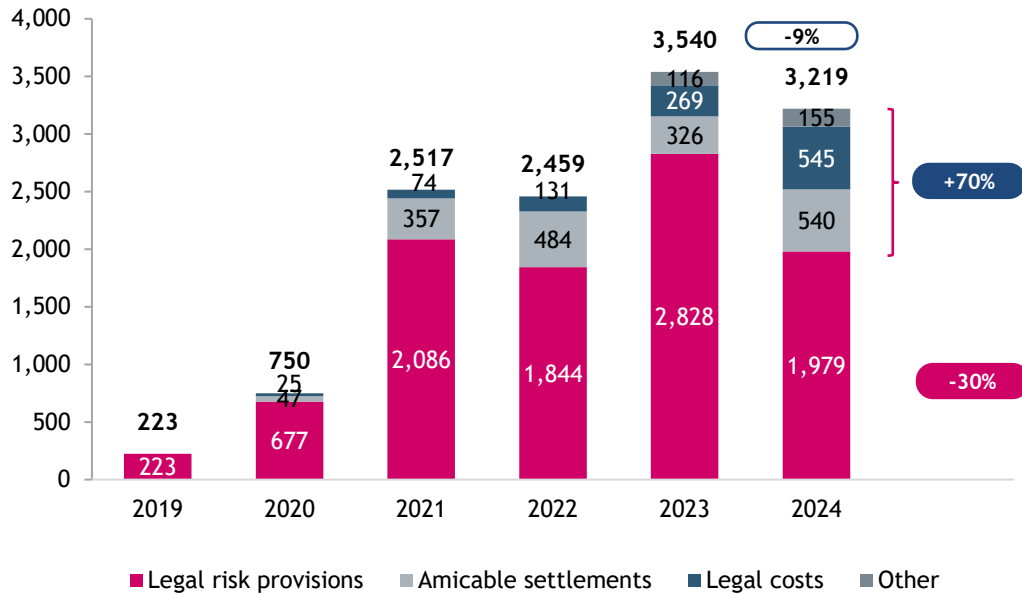


- **loan book quality marginally improved in 2024** with total NPL ratio at the end of December 2024 at 4.5% vs. 4.6% at YE23; trends in the retail and corporate segments diverged with retail segment enjoying significant improvement of the NPL ratio (4.4% from 4.8%), chiefly to much lower NPL ratio in the non-mortgage part of the portfolio NPL (supported by NPL sales among others) while the corporate one saw an uptick to 4.7% from 3.8% on a combination of few isolated cases reclassified to Stage 3 in 3Q24 and generally low growth of the portfolio; NPL coverage ratio marginally increased to 73% from 72% at YE23; annual cost of risk remained practically unchanged (40bps in 2024 vs. 39 bps in 2023) reflecting, inter alia, significant contribution from NPL sales and annual update of parameters in the retail risk model in 4Q24;
- **customer deposits were up 9% y/y** with retail deposits up 1% q/q (chiefly due to growth in current accounts as term deposits were down again as a result of tighter price management); the share of total term deposits was broadly stable at 35%; liquidity of the Bank remained very comfortable with L/D ratio decreasing to a new all-time low of 64% at YE24;
- **AuM of Millennium TFI and third-party funds combined grew at a healthy rate of 16% y/y** taking total AuM to nearly PLN11.1bn.

FX-mortgage portfolio and related costs remained a significant burden on core business results

Costs related to FX-mortgage portfolio originated by BM (legal risk provisions, costs of settlements as well as legal and court costs) remained a material drag on the core business of the Group. In 2024 overall, FX-mortgage costs burdening P&L totalled PLN3,219 million before tax (PLN2,558 million after tax) and were 9% lower than in the previous year. While the cost of new legal risk provisions dropped 30% y/y, other elements - namely settlements and legal and court costs - grew significantly.

FX-mortgage related costs (PLNm pre-tax)*

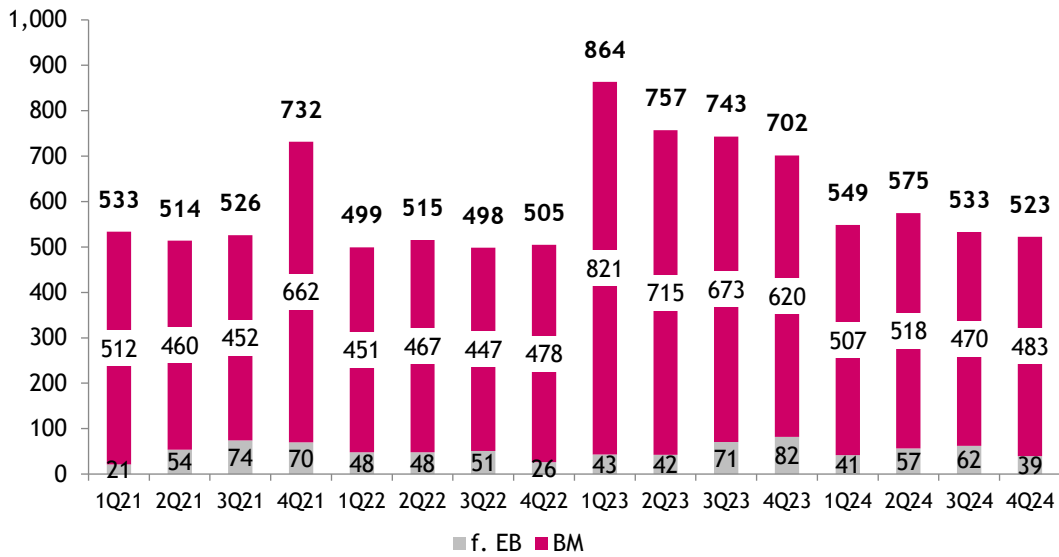


(*) Costs impacting P&L in the given period and without costs related to FX-mortgages originated by former Euro Bank

Total cost of provisions against legal risk related to FX-mortgage portfolio ('FX-mortgage provisions') amounted to PLN2,179 million before tax with PLN1,979 (2023: PLN2,828) attributable to FX-mortgages originated by Bank Millennium. The downtrend in quarterly legal risk charge lasts almost uninterruptedly since 1Q23. Post-tax cost of FX-mortgage related provisions attributable to portfolio originated by Bank Millennium totalled PLN 1,554 million in 2024 vs. PLN2,762 million in 2023.

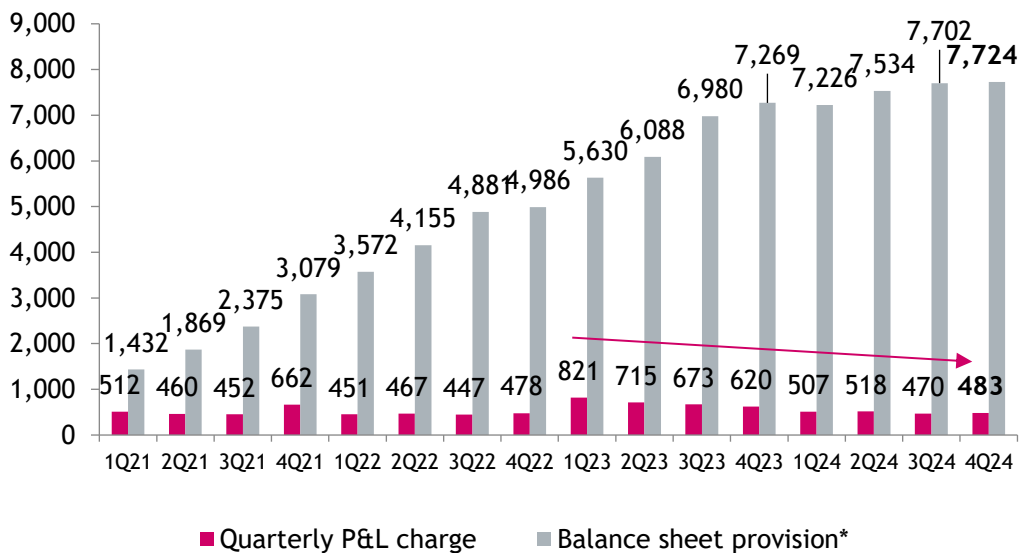
In 2024, provisions for statutory interest accounted for over 40% of the overall legal risk provision cost while the updated estimations for new court cases for approximately 25%.

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



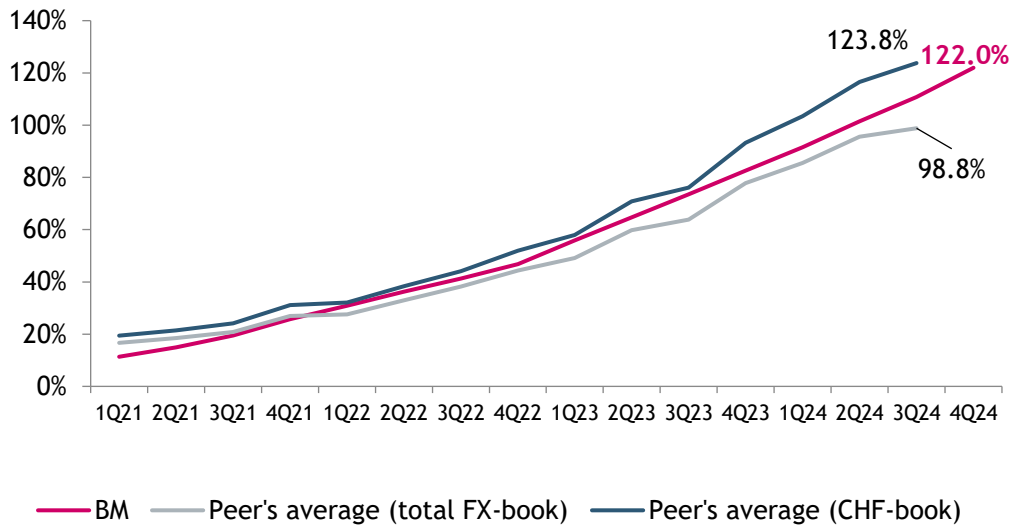
At the end of December 2024, provisions for the portfolio originated by Bank Millennium were at the level of PLN7,724 million (an equivalent of 122% of the grossed-up active FX-mortgage book) and at PLN740 million for the portfolio originated by former Euro Bank. The y/y growth of PLN455 million of balance of provisions for loans originated by Bank Millennium was much lower than the respective annual P&L charge of PLN1,979 million. This was mainly due to the much increased use of these provisions (PLN1,323 million in 2024 overall) and to a lesser extent an outcome of changes of PLNCHF exchange rate. Allocated provisions, i.e. decreasing gross balance sheet value of the respective loan books, stood at PLN5,163 million for portfolio originated by Bank Millennium and PLN502 million for portfolio originated by former Euro Bank.

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



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

Outstanding legal risk provision as % outstanding active gross loans

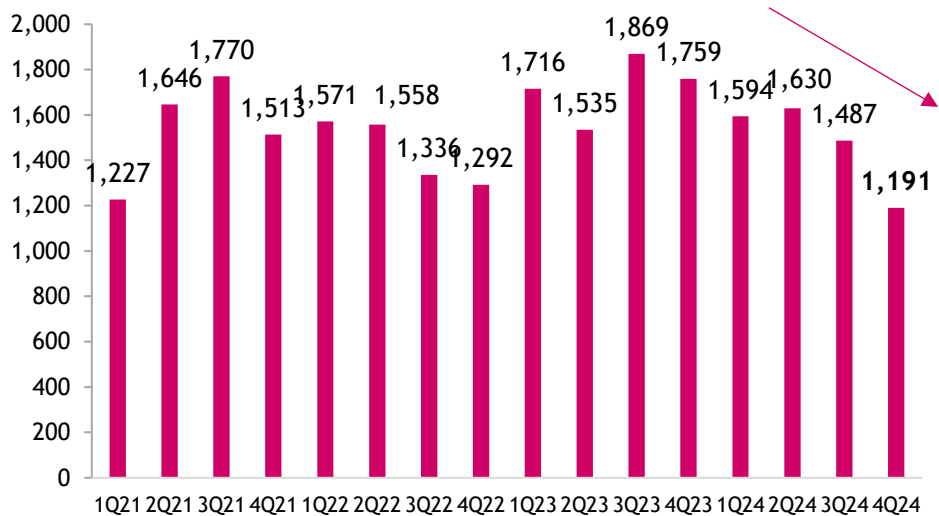


Note: legal risk provisions/active gross FX mortgage book (post IFRS9 adjustments where necessary); excl. f.Euro Bank portfolio in case of BM

On December 31, 2024, the Bank had 21,854 loan agreements and additionally 2,223 loan agreements from former Euro Bank under individual ongoing litigations (excluding claims submitted by the Bank against clients i.e. debt collection cases) concerning indexation clauses of FX mortgage loans submitted to the court. A relatively small proportion of these (~16.0%) was filed by borrowers who had repaid their FX-mortgages entirely or converted them into PLN mortgages at the date of submitting the court case (~21% according to their current status), although they represent a higher share of recently filed cases.

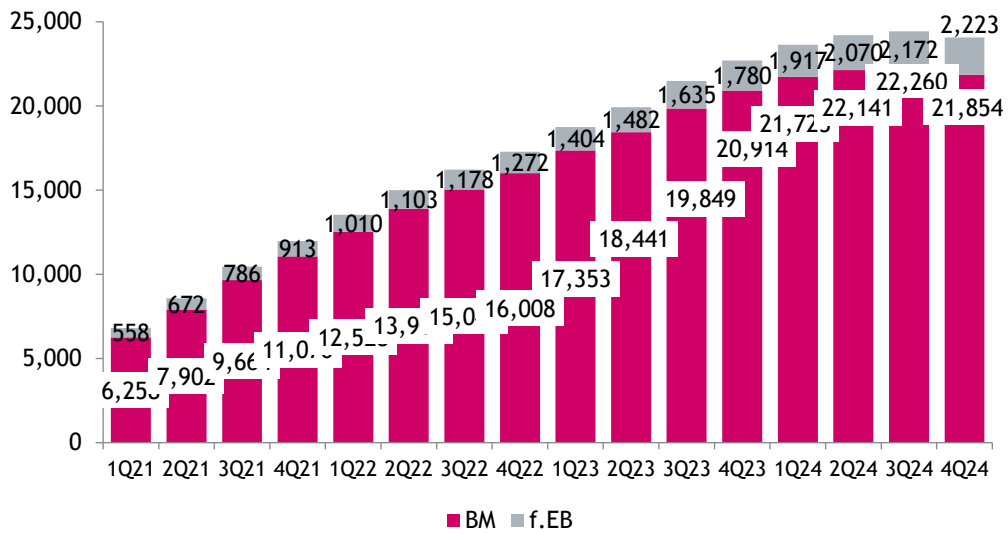
4Q24 was the first quarter when the number (stock) of outstanding claims against the Bank dropped q/q, reflecting slowing inflow of new cases, higher number of final verdicts and last but not least impact of settlements of cases which were already during dispute in court. It is also worth noting that the quarterly number of new claims against the Bank averaged below 1,500 in 2024, below the 1,700+ in 2023. Moreover, since 3Q23 (quarterly peak with nearly 1,900 claims filed) the number of newly filed claims has been in a steady decline, similarly to trends observed on the market overall and among some peer banks. However, more time is required to confirm the trend.

New lawsuits against Bank Millennium* (#)



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

Outstanding individual lawsuits against BM Group (FX-mortgages)

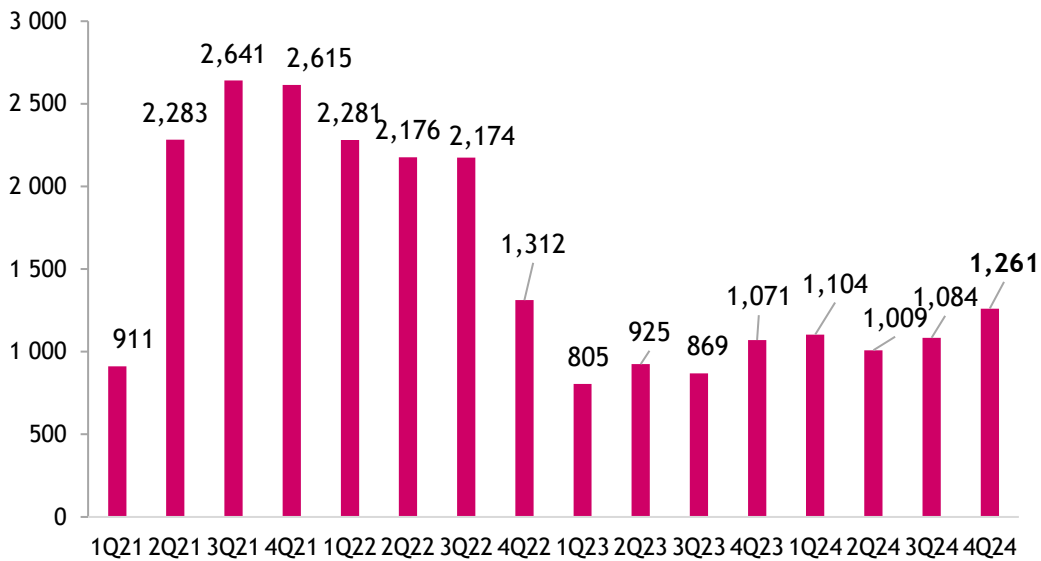


The Bank is highly focused on reduction of its FX-mortgage portfolio and the related risk and therefore continues to actively offer its customers amicable solutions (i.a. conversions to Polish zloty, pre-payments, early repayments or collectively ‘settlements’) regarding FX-mortgages on negotiated terms. The number of all settlements reached 4,458 in 2024, significantly more than in the preceding year. Nearly 26,000 settlements were reached since early 2020 when a more intensive effort started. These represent over 42% of the number of active FX-mortgage agreements at the start of the effort. As a result of these negotiations, final court verdicts and other natural drivers, in 2024 the number of active FX-mortgage loans decreased by 7,852 to 24,573, following the 5,586 reduction in 2003 overall.

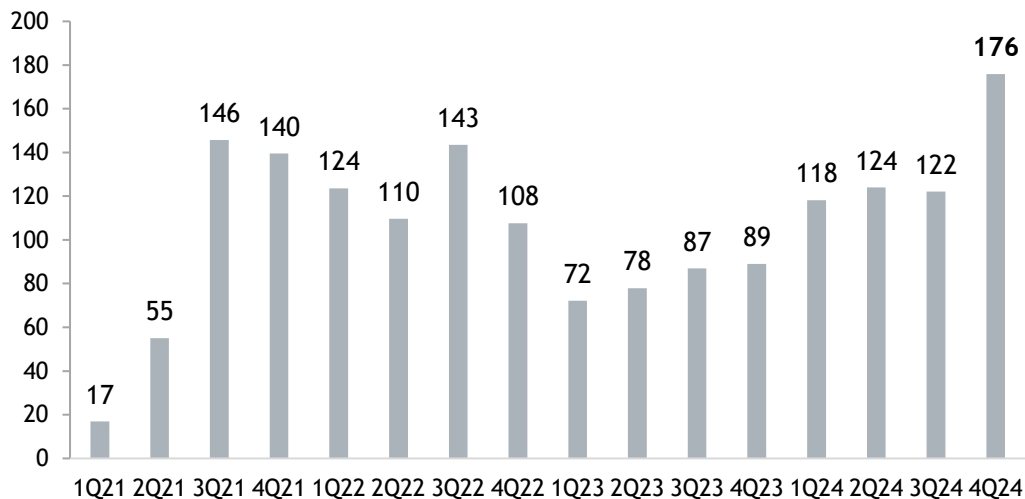
In 2024, costs related to settlements with borrowers who were not in legal dispute with the Bank (“out-of-court settlements”) totalled PLN540 million pre-tax and were booked in FX-result and in result on modifications. The cost of the settlements was higher, both in total value and per case, than in 2023, reflecting, among others, an increasing number of settlements and changes to the terms offered.

Additionally, 1,567 settlements with borrowers who were in legal dispute with the Bank (“in-court settlements”) were reached in 2024 (35% of total) compared to 536 (15%) in 2023. Costs of these settlements were booked against earlier created legal risk provision.

New settlements signed (in- and out-of-court)(#)



Costs of out-of-court settlements (PLNm, pre-tax)



Note: some items might have been adjusted from the previously reported values

Legal and court costs, booked in admin costs and other operating costs, were significantly higher in 2024 totalling PLN545 million vs. PLN269 million in 2023.

More information about the risk related to the FX mortgage portfolio is presented further down in this report and in Annual Consolidated Financial Report of the Bank Millennium S.A. Capital Group for the 12-month period ending 31st December 2024.

Substantial and extraordinary P&L items in 2024

In 1Q24, the BM Group recognised annual cost of BFG resolution fund fee in the amount of PLN61 million.

In 2Q24, results (interest income line) were impacted by PLN201mn estimated costs of credit holidays for PLN mortgage borrowers. The amount was at the lower end of the preliminary estimated range of PLN201-PLN247 million (details in current report no 17/2024 of May 5, 2024), indicating a relatively

low borrowers' interest in the scheme. Indeed, this was reflected in both 3Q24 and 4Q24 when respectively PLN44 million and PLN45 million of the estimated cost was reversed. The final pre-tax cost for the full year 2024 settled at PLN113 million.

1H24 tax line brought a positive value owing to number of items, including a recognition of DTA totalling PLN223 million (1Q24: PLN52 million, 2Q24: PLN171 million) as well as 2022-23 CIT refunds and reductions of current CIT liabilities. The DTA was, among others, related to future adjustments of interest income earned on mortgage loans indexed to CHF and FX differences on these loans which are the subject of court disputes for their cancellation. 3Q24 brought practically no change in the amount of the earlier created DTA, while 4Q24 brought a PLN35 million decrease.

Results of BM Group are occasionally impacted by sale of NPLs. These are a part of ordinary conduct of the business and management of the NPL portfolio and in recent years typically took place in 2Q and 4Q. While 2Q24 saw PLN45 million pre-tax profit on the transaction (presented in credit risk line), 4Q24 brought a relatively higher than usual PLN74 million result on the NPL sale.

Legal and court costs related to FX-mortgage portfolio continued to burden BM Group's through the entire year 2024, but 4Q24 saw a cumulation of these costs (PLN166 million or 30% of full year amount), as described in more details above in this report.

Lastly, the Bank returned to paying banking tax in 2Q24 (PLN35 million charge in June), and 3Q24 as well as 4Q24 saw full quarterly charges of PLN99 million each in contrast to no charge in respective quarters of the preceding year and full 2023.

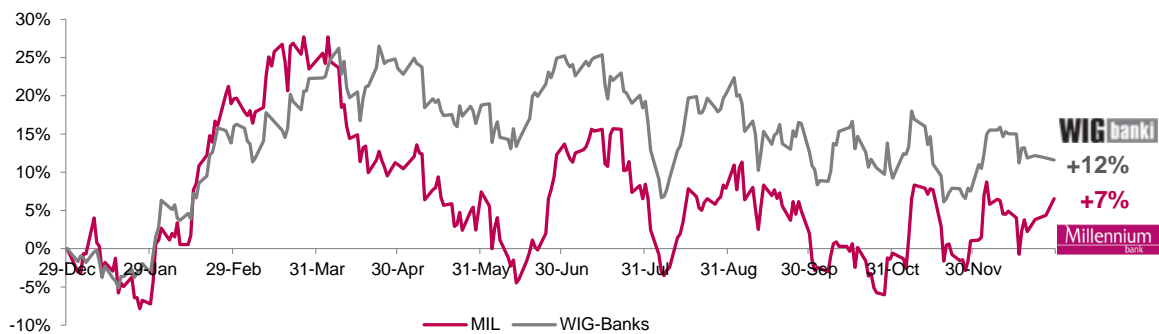
3. INFORMATION FOR INVESTORS

3.1. SHARE PRICE PERFORMANCE

2024 proved to be volatile for the stock markets. The year started on a negative note, with market sentiment weighed down by profit-taking after the strong rally in late 2023. However, the market found its footing and rallied significantly, driven by optimistic projections of interest rate cuts by major central banks and strong performance of banking sector stocks. In the middle of the year, the global financial landscape faced turbulence due to Japan's unexpected interest rate hike. The resulting a sharp appreciation of the yen and a subsequent unwinding of yen carry trades also had a spillover effect on global equities, including Polish indices. In the latter part of the year, geopolitical tensions, notably the ongoing conflict in Ukraine, outcomes of elections and other events continued to influence market dynamics.

During the 12 months ending 31 December 2024, WIG broad market index grew slightly 1%, WIG20 index of largest companies fell 6%, while WIG Banks outperformed the market, gaining 12%. In the same period, share price of Bank Millennium grew 7%.

Annual change of Bank Millennium share price vs. WIG Banks index



In 2024, the average daily trading volume of Bank Millennium shares amounted to PLN7.7 million, which was 6% higher compared to the previous year.

Market ratios	30.12.2024*	29.12.2023*	Change y/y
Number of Bank's shares ('000)	1 213 117	1 213 117	0.00%
Average daily turnover in annual terms (in PLN'000)	7 725	7 273	6.2%
Bank's share price (PLN)*	8.90	8.35	6.5%
Market capitalisation of the Bank (PLNmn)	10 797	10 136	6.5%
WIG Banki	12 346	11 062	11.6%
WIG20	2 192	2 343	-6.4%
WIG - main index	79 577	78 460	1.4%

(*) last day of listing in 2024 and 2023

Bank Millennium's shares are included, among others, in following indices on the Warsaw Stock Exchange: WIG, WIG Banks, mWIG 40 and WIG Poland.

3.2. BANK MILLENNIUM’S RATINGS

Ratings of Bank Millennium

On April 26, 2024 Moody’s rating agency confirmed Bank’s long- and short-term deposit ratings at Baa3/P-3 and changed the outlook on the long-term deposit ratings to positive from negative.

Additionally, Moody’s affirmed Bank’s BCA at ba3, Adjusted BCA at ba2, its (P)Ba2 rating for junior senior unsecured MTN program and Ba2 rating for junior senior unsecured bonds of the Bank.

On June 28, 2024, Fitch Ratings upgraded the Bank’s Long-Term Foreign-Currency Issuer Default Rating (LT IDR) and Long -Term Local Currency IDR (LC LT IDR) to 'BB+' and maintained outlooks for these rating at 'Positive'. Additionally, Fitch upgraded to 'bb+' the Viability Rating (VR) for the Bank and upgraded to 'BB+' rating for the senior non-preferred bonds issued by the Bank.

According to Fitch ‘The upgrade reflects strong improvement in the bank’s capital position resulting in the completion of its recovery plan and our (Fitch) expectation that risks related to its legacy foreign-currency (FC) mortgage loans will gradually abate. It also reflects our (Fitch) expectations that the bank’s improved core profitability will cushion the remaining impact of legal costs and credit holidays, leading to a further recovery of the bank’s capitalisation. The Positive Outlook reflects Fitch’s view that the ratings could be upgraded if continued reduction of risks related to FC mortgage loans translates into a stronger business profile as underlined by steadily improving operating profitability and a record of adequate capital buffers.’

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

Rating	MOODY’S
Long-term deposit	Baa3
Short-term deposit	Prime-3
Baseline Credit Assessment (BCA)/Adj. BCA	ba3/ba2
LT Counterparty Risk Assessment (CRA)/ST CRA	Baa2(cr)/Prime-2(cr)
Rating outlook	Positive
SNP MREL bonds	Ba2

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

3.3. INVESTOR RELATIONS

Communicating with the investors' community the Bank assures a high level of transparency and proper access to information for all its recipients. Accurate and up-to-date information is provided in keeping with relevant legal regulations. The list of information published by the Bank, defining the frequency and place of publication, is available on the Bank's website in the Investor Relations section - in section of Information Policy [Information policy of Bank Millennium - Bank Millennium](#)

The investor relations website [Investor relations - About the Bank - Bank Millennium](#) always provides up-to-date information, including Bank Millennium share prices on the WSE, shareholding structure, details of General Meetings, dividend payment history or credit ratings. There are also current and periodic reports, financial results presentations, Excel sheets with key financial information and other important information about the Bank. It is worth noting that the website is responsive, which means that it is adapted to mobile devices - tablets and smartphones.

The Bank makes use of diverse communication channels to reach current and potential Shareholders, primarily such channels as:

- Periodic conferences with the Management Board about quarterly results of the Bank's Capital Group (four during 2023),
- Participation in conferences organised for Investors in Poland and abroad (8),
- One-on-one and group meetings with capital market participants (407 participants),
- Current reports (33) and press releases,
- Dedicated website in the Bank's portal on investor relations,
- Encouraging participation in annual General Meetings of the Bank,
- Day-to-day contacts with market participants (via e-mail, phone or internet communicators).

In keeping with best practice on equal access to information from 2006 the Bank has been assuring unrestricted access to results conferences online with the Management Board (video streaming in Polish and in English) and by phone. A recording of each conference is available on the Bank's website. The Bank also provides video streaming of General Meetings. A recording of the deliberations and the resolutions adopted are also available on the website.

Bank Millennium is covered by 11 analysts representing local and international brokerage houses who publish their reports and recommendations for Bank Millennium shares. The full list can be found on the Bank's website [Analysts - Investor relations - Bank Millennium](#)

As at 31 December 2024, the structure of recommendations (not older than 6 months) was as follows:

Buy	Hold	Sell
4	1	0

3.4. DIVIDEND POLICY

Bank Millennium's dividend policy assumes distribution of between 35% to 50% of its net profit, provided that recommendations of the PFSA regarding the payment of dividends are met.

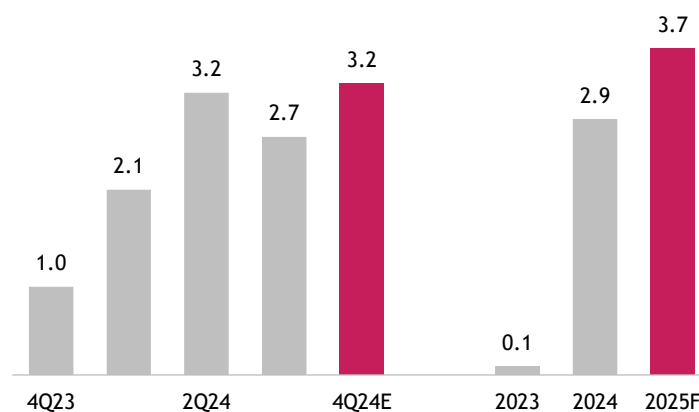
Bank Millennium Bank posted a net profit in 2024. The Management Board of the Bank intends, following the necessary corporate approvals, to recommend shareholders at 2025 AGM a retention in own funds of the Bank 100% of the net profit made in 2024.

4. MARKET CONDITIONS AND MACRO RISK FACTORS

4.1. MACROECONOMIC ENVIRONMENT

The year 2024 was a time of stable global GDP growth, albeit slower than before the pandemic, weaker inflationary pressure and the beginning of monetary policy easing. However, the situation varied across economies. The eurozone's GDP grew by only about 0.7% after growing by 0.4% a year earlier. Germany, which was in recession for the second year in a row, contributed to the weakness. The United States turned out to be a positive surprise, where GDP grew by 2.8% vs. 2.9% in 2023, i.e. faster than the long-term average. Global inflation continued its downward trend in 2024, which, together with less tight labour market in many economies, opened the door to interest rate cuts. The external environment, especially low demand from the eurozone, Poland's most important trading partner, did not help the growth of the Polish economy in 2024.

Poland: GDP and its forecasts (% y/y)



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

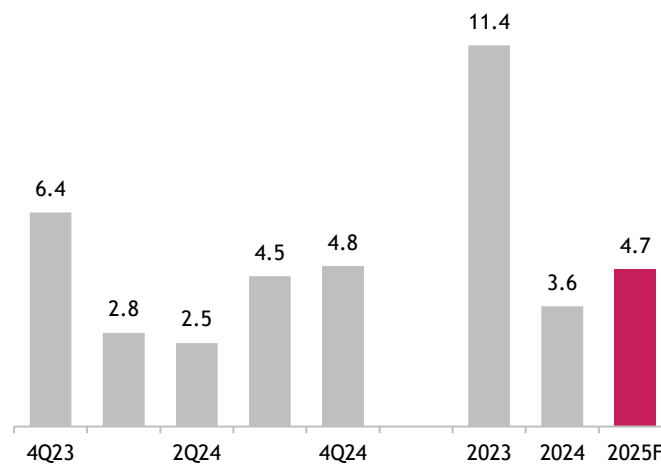
According to the International Monetary Fund's forecasts, the growth of the global economy in 2025 is expected to be stable, although trends, as in 2024, are likely to remain mixed. The IMF expects growth to accelerate to 1.3% in the eurozone and to 0.8% in Germany. The rebound in activity in the eurozone is expected to be accompanied by growth in the US of 2.2%, which is only slightly slower than the long-term average. Weaker growth is also expected for China: 4.5% vs. 5.0% in 2024, although plans of the Chinese government to loosen fiscal and monetary policy may allow the for growth rate of 2024 to be sustained. Year 2025 should be a period of further declines in interest rates in many economies, albeit at different scales and pace. The higher tariffs on imported goods implemented by the U.S. administration significantly increase uncertainty about the situation in the global economy in 2025.

Preliminary data indicate that GDP in Poland grew by 2.9% in 2024 after growing by 0.1% in 2023, which turned out to be in line with the Bank's expectations from the year before. The main driver of growth was household consumption, which increased by 3.1% after a decline of 0.3% a year earlier. It was supported by a very good situation on the labour market. The registered unemployment rate stood at 5.1% at the end of the year, the same as at the end of 2023, and wage growth accelerated to ca. 13.5% y/y from 13.1% y/y, helped by a strong increase in the minimum wage. Rising wages and increased social transfers (i.a. the 800 plus programme) significantly improved the income situation of households, although consumption growth in 2024 turned out to be weaker than expected. Positive real interest rates and uncertainty related to inflation and the economic environment have increased the savings rate. Investments in fixed assets only slightly supported the economy, growing by 1.3% y/y after an increase of 12.6% y/y a year earlier. Their strong slowdown is due to the initial phase of absorption of European Union funds under the cohesion policy and the National Recovery Plan, as well

as due to high interest rates. On the other hand, the net exports had a negative impact on the GDP growth, which resulted from weak foreign demand.

The global disinflation trend in 2024 has not bypassed Poland. The average annual CPI inflation dropped to 3.6% y/y from 11.4% y/y a year earlier, and during the year it was temporarily within the range of acceptable deviations from the inflation target. This was supported by fading of shocks in food and energy prices. Core inflation also decreased - to 4.3% y/y (on average in a year) from 10.1% y/y a year earlier. Inflation in the prices of services turned out to be more persistent, as it slowed down only to 6.6% y/y from 11.4% y/y a year ago. High inflation in the services' prices is mainly related to strong demand that allows rising labour costs to be passed onto consumers. In such conditions, the Monetary Policy Council kept interest rates unchanged. The base interest rate stood at 5.75% throughout 2024.

CPI and its forecasts (% y/y, period average)



Source: Macrobond, Bank Millennium, F - forecast

High interest rates were conducive to the recovery of savings after the period of the highest inflation in years. The total value of deposits in the banking sector increased by PLN170bn in 2024, of which PLN121bn was an increase in household deposits. Deposits of non-financial corporations went up by PLN20bn, i.e. weaker than a year ago, which can be attributed to more difficult conditions in some sectors for protecting margins by companies. At the same time, deposits of local governments increased by PLN33bn. In 2024 credit creation in the banking sector increased. The total value of newly granted loans in 2024 was 15.5% higher than a year earlier. This was mainly due loans to households - for consumption purposes and for housing. In particular, the largest credit creation was recorded in 4Q24.

In the Bank's opinion, economic growth in 2025 will be faster than in 2024, although this outlook is subject to higher than usual uncertainty. According to the Bank, GDP will grow by 3.7%, and the main driver of the economy will continue to be household spending supported by strong wage growth. However, it will probably not be as quick as in 2024, partly due to the smaller scale of the minimum wage increase (by 8.5% after an increase of 20% a year earlier). In addition, the expected cuts in NBP interest rates, in the conditions of still low unemployment, would be conducive to reducing the propensity of consumers to save. In 2025, investment demand should join the growth drivers, along with the implementation of projects co-financed from EU funds. On the other hand, a weak recovery in the eurozone, as in 2024, is likely to limit the potential for domestic GDP growth.

According to the Bank's basic macroeconomic scenario, the average annual CPI inflation will increase to 4.7% y/y in 2025 from 3.6% y/y in 2024, due to the gradual phasing out of protective measures related to electricity prices for households. From Jul'25, the fixed capacity fee on electricity bills will be reinstated. Additionally, from Oct'25, electricity prices will probably be unfrozen. In the case of core inflation, the Bank assumes a slight decrease to 4.0% y/y from 4.3% y/y a year earlier, mainly due to forecasts of slightly lower cost pressure resulting from the labour market. According to the

Bank, still high inflation, improved domestic demand and uncertainty about energy prices as well as still expansionary fiscal policy support expectations of stable interest rates in the first months of 2025. However, the entry of inflation into a downward trend along with slower wage growth and further reductions in interest rates of the European Central Bank and a strong zloty, should open up in the second half of the year a room for interest rate cuts. According to the Bank, that space will be only limited amounting to 100 bp, which is in line with the valuation of interest rates by financial markets. 2025 will be another year with high uncertainty related to economic factors (inflation, exchange rates, commodity prices, interest rates), but also geopolitical ones, such as tariffs, fiscal and migration policy in the world, armed conflicts, or stability and the rule of law in some economies.

4.2. FACTORS OF UNCERTAINTY FOR THE ECONOMY AND BANK MILLENNIUM GROUP

Factors of uncertainty for the economy and the Bank Millennium Group

The summary list below presents the most important negative risk factors, in the Bank's opinion, for the Bank Millennium Group, regarding the macroeconomic and international situation in 2025.

- Global political situation. It includes the possibility of intensification of hostilities between Russia and Ukraine, escalating tensions in the Middle East and Asia, but also the impact of elections in some economies. A worsening geopolitical situation would potentially result in increased uncertainty and risk aversion, as well as a possible increase in public and private debt. One of the key risk factors is also the trade policy of the world's largest economies. Significantly stronger protectionism could lead to disruptions in production and supply chains and, consequently, to an increase in the prices of in the world, including agricultural and energy raw materials. This would translate into increased uncertainty, higher than forecast interest rates and potential correction in asset valuations on financial markets. As a result of increased risk aversion and supply shocks, the zloty would weaken, inflation in Poland as well as debt service costs would rise. This would limit economic activity and demand for labour, increasing the credit risk and weakening demand for Bank's offer.
- Worse-than-expected economic situation in Poland's trading partners, in particular in the eurozone. This would have a negative impact on the financial performance of Polish companies, potentially resulting in a decrease in demand for labour and an increase in unemployment. The possibility of a weaker standing of exporters is also associated with the risk of a faster-than-expected easing of the monetary policy in the world, increasing the disparity in interest rates between foreign countries and Poland. This could exert strong pressure on the appreciation of the zloty and thus worsen the profitability of companies.
- Increased political and institutional risks in Poland, which could result in disruptions to government economic policy, including slower implementation of programmes co-financed by EU funds. This could cause deterioration of the fiscal situation and ratings, an increase in risk premiums, a weakening of the zloty, a repricing of government bonds and increased volatility in financial markets.

There is also a possibility of better economic results in Poland than in the Bank's baseline scenario, which could result, among others, from abatement of military operations in Ukraine, decreased risk associated with protectionism in world trade, improved economic sentiment and reduced saving propensity, as well as faster absorption of EU funds. The economic recovery would also be supported by political stability of the most important trading partners and a stronger than expected economic recovery abroad.

5. OTHER IMPORTANT CONSIDERATIONS

5.1. RECOVERY PLAN AND CAPITAL PROTECTION PLAN

In July 2022, due to costs stemming from the 2022-23 credit holiday scheme for PLN borrowers and resultant negative implications for capital ratios, the Bank launched Recovery Plan and Capital Protection Plan (details in current report of July 15, 2022 [Information on expected negative impact of credit holidays on 3rd quarter 2022 results of Bank Millennium S.A. Capital Group and on launching of the Recovery Plan](#) and in subsequent periodical financial reports issued).

Following the completion of implementation of the Capital Protection Plan in May 2024, on June 19, 2024 the Management Board of the Bank took a decision to complete the implementation of the Recovery Plan, notifying of the fact Polish Financial Supervision Authority and Bank Guarantee Fund (details in: [Information on completion of implementation of the Recovery Plan](#)).

In the Bank's Management Board's opinion, all key assumptions of the Recovery Plan have been achieved. In particular, all indicators defined in the Plan have reached safe levels, profitability and financial results of Bank Millennium S.A. Capital Group improved sustainably, capital ratios were restored to levels well above required regulatory minimums while the Bank and the Group meet MREL requirements, including the combined buffer requirements. The Bank's Management Board also does not identify future circumstances that would justify further continuation of the Recovery Plan.

5.2. CREDIT HOLIDAYS

The Act of April 12, 2024 amending the Act on support for borrowers who have taken out a mortgage loan and are in a difficult financial situation and the Act on crowdfunding for business ventures and assistance to borrowers (the "Act") extended credit holidays for PLN mortgage borrowers originally introduced in 2022.

The terms were altered compared to the original scheme and under the updated conditions a borrower could defer four monthly payments until the end of 2024 for one loan not exceeding PLN1.2mn and provided its Instalment to Income Ratio (IIR) for the period of the last three months preceding the Application submission date exceeded 30% or on the day of submitting the Application, a borrower had at least 3 dependent children. Two instalments could be deferred during the 1 June 2024 to 31 August 2024 period and two during the 1 September 2024 to 31 December 2024 period.

A borrower could specify all deferral periods in one application or submit separate applications for each deferral period.

The Bank initially assumed circa 26% participation of total PLN mortgage client base (i.e. loans granted before July 1, 2022, and loans below PLN1.2 million) which translated into PLN201 million cost provision booked in 2Q24, a lower end of the preliminary estimation communicated to the market on May 7, 2024. As a result of lower than assumed eligible borrowers' participation in the scheme, following positive adjustments of the above mentioned cost in 3Q24 and 4Q24, final cost of the 2024 credit holidays scheme settled at PLN113 million before tax (PLN91 million after tax).

5.3. FX-MORTGAGE LEGAL RISK

On December 31, 2024, the Bank had 21,854 loan agreements and additionally 2,223 loan agreements from former Euro Bank under individual ongoing litigations (excluding claims submitted by the Bank against clients i.e. debt collection cases) concerning indexation clauses of FX mortgage loans submitted to the courts (52% loans agreements before the courts of first instance and 48% loans agreements before the courts of second instance) with the total value of claims filed by the plaintiffs amounting to PLN 4,576.0 million and CHF 331.1 million (Bank Millennium portfolio: PLN 4,111.2 million and CHF 320.1 million and former Euro Bank portfolio: PLN 464.7 million and CHF 11.0 million). The original value of the portfolio of CHF agreements granted (the sum of tranches paid to customers),

taking into account the exchange rate as at the date of disbursement of loan tranches, amounted to PLN 19.4 billion for 109.0 thousand loan agreements (Bank Millennium portfolio: PLN 18.3 billion for 103.8 and former Euro Bank portfolio: PLN 1.1 billion for 5.2 thousand loan agreements). Out of 21,854 BM loan agreements in ongoing individual cases 431 are also part of class action. From the total number of individual litigations against the Bank approximately 3,600 or 16% were submitted by borrowers that had already naturally or early fully repaid the loan or were converted to Polish zloty at the moment of submission and had not a settlement agreement. Approximately another 880 cases correspond to loans that were fully repaid during the proceedings (as court proceedings are lengthy).

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

In addition, the Bank is a party to the group proceedings (class action) subject matter of which is to determine the Bank's liability towards the group members based on unjust enrichment (undue benefit) ground in connection with the foreign currency mortgage loans concluded. It is not a payment dispute. The judgment in these proceedings will not directly grant any amounts to the group members. The number of credit agreements covered by these proceedings is 3,273. Out of 3,273 loan agreements in class action 431 are also part of ongoing individual cases, 1,563 concluded settlements and 29 received final verdicts (invalidation of loan agreement). On 24 May 2022 the court issued a judgment on the merits, dismissing the claim in full. On 13 December 2022 the claimant filed an appeal against the judgment of 24 May 2022. On 25 June 2024 an appeal hearing was held, at which the Bank filed a motion to amend the composition of the group and exclude those group members who had entered into an amicable settlement. The court required the plaintiffs' attorneys to take a written position on the current composition of the group. The date of the hearing will be set by the court ex officio.

The intense advertising campaign observed in the public domain affects the number of court disputes. Until the end of 2019, 1,984 individual claims were filed against the Bank (in addition, 236 against former Euro Bank), in 2020 the number increased by 3,005 (265), in 2021 the number increased by 6,157 (423), in 2022 the number increased by 5,758 (408), in 2023 the number increased by 6,879 (646), while in 2024 the number increased by 5,902 (672).

Based on ZBP (the Polish Banking Association) data gathered from all banks having FX mortgage loans, vast majority of disputes were finally resolved against the banks. As far as Bank Millennium (incl. former Euro Bank portfolio) is concerned, from 2015 until the end of 2024, 8,557 cases were finally resolved (8,450 in claims submitted by clients against the Bank and 107 in claims submitted by the Bank against clients i.e. debt collection cases) out of which 2,561 were settlements, 88 were remissions, 75 rulings were favourable for the Bank and 5,833 were unfavourable including both invalidation of loan agreements as well as conversions into PLN+LIBOR. The Bank undertakes proper legal actions in order to secure repayment of initially disbursed capital of the loan.

The outstanding gross balance of the loan agreements under individual court cases and class action against the Bank (incl. former Euro Bank portfolio) on 31 December 2024 was CHF 1,189 million (of which the outstanding amount of the loan agreements under the class action proceeding was CHF 86 million).

If all Bank Millennium's originated loan agreements currently under individual and class action court proceedings would be declared invalid without any compensation for the use of capital, the pre-tax cost could reach PLN 7,087 million. Overall losses would be higher or lower depending on the final court jurisprudence in this regard and the consideration of additional costs in the court verdicts.

In the 12 months of 2024, the Bank created PLN 1 979,2 million of provisions for Bank Millennium originated portfolio and PLN 199,9 million for the former Euro Bank originated portfolio. The balance

sheet value of provisions for the Bank Millennium portfolio at the end of December 2024 was PLN 7 724,1 million, and for the former Euro Bank portfolio - PLN 739,6 million.

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

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

The Bank is open to negotiate case by case favorable conditions for early repayment or conversion of loans to PLN. As a result of these negotiations, the number of active FX mortgage loans originated by Bank Millennium decreased by 25,883. As of the end of 2024, the Bank had 24,573 active FX mortgage loans. Cost incurred in conjunctions with these negotiations totaled PLN 2 217,0 million. This cost is presented mainly in 'Result on exchange differences' and also in 'Result on modification' in the profit and loss statement (the values of costs charged to particular items of the Income Statement due to settlements are presented in Note 14 in Chapter 14 'Notes to Consolidated Financial Data' of the Annual Consolidated Financial Report of the Bank Millennium S.A. Capital Group for the 12-month period ending 31st December 2024).

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

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

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

Parameter	Scenario	Impact on loss
Change in the number of court cases adopted in the assumptions	In addition, 1,000 new customers file a lawsuit against the Bank	PLN 188 million
Change in costs incurred in connection with the judgment or settlement	Change in cost levels by 1% compared to the assumed	PLN 77 million

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

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

It can reasonably be assumed that the legal issues relating to foreign currency mortgage loans will be further examined by the domestic courts and the European Court of Justice which could potentially result in the further interpretations, that are relevant for the assessing of the risks associated with proceedings.

The issues related to the statute of limitations for the Bank’s and the customer’s restitutionary claims following the invalidation of a loan agreement remain an area that may be subject to further analysis in the jurisprudence of Polish courts. Legal interpretations in this subject may have an impact for the amount of provisions in the future.

There is a need for constant analysis of these matters. The Bank will have to regularly review and may need to continue to create additional provisions for FX mortgage legal risk, taking into consideration not only the above mentioned developments, but also the negative verdicts in the courts regarding FX mortgage loans and important parameters, such as the number of new customer claims, including those relating to repaid loan agreements.

The assumptions for the draft act on special solutions for the examination of cases related to loan agreements denominated in or indexed to the Swiss franc concluded with consumers have been published on the website of the Chancellery of the Prime Minister (link: Draft act on special solutions for the examination of cases concerning loan agreements denominated or indexed to the Swiss franc concluded with consumers - Chancellery of the President of the Republic of Poland) of the Council of Ministers - Portal Gov.pl).

According to the information provided, Q2 2025 was indicated as the planned date of adoption of the draft by the Council of Ministers. Pursuant to the legislative procedure, after its adoption, the draft should be referred to the Polish Parliament, and then, if it is passed, it should be sent to the President for his signature and then published in the Journal of Laws.

The adoption of the act in the form implementing the announced assumptions may significantly accelerate the case adjudication time for cases regarding the validity of housing loan agreements indexed to CHF.

More details on this risk are available in Annual Consolidated Financial Report of the Bank Millennium S.A. Capital Group for the 12-month period ending 31st December 2024.

More details on other risk factors are available in the risk section of this report and in the Annual Consolidated Financial Report of the Bank Millennium S.A. Capital Group for the 12-month period ending 31st December 2024.

6. POLISH BANKING SECTOR AND BM/BM GROUP'S POSITION

6.1. POLISH BANKING SECTOR IN 2024

Following a relatively calm, yet economically challenging 2023, the year 2024 proved to be significantly more prosperous for Polish banks. A combination of economic recovery, stable interest rates, and contained credit risk, along with relatively low regulatory costs and limited government interference, translated into markedly improved profitability within the banking sector. According to data from the National Bank of Poland, the net result of the sector totalled PLN 42 billion, an increase of 52% year-over-year.

Similar to 2023, net interest income (NII) was the primary driver behind the robust results. Although the year-over-year growth of NII slowed to 12% from 32% in the preceding year, it generated a substantial increase in core income and total income, resulting in a 22% year-over-year growth of total income. The growth of NII was due to a combination of stable and relatively high interest rates, alongside an 11% year-over-year growth in the balance sheet, mainly driven by continued abundant liquidity. The loan-to-deposit ratio dropped to a new record low of 67% at the end of the year, compared to 70% at the end of the previous year, due to a 10% growth in deposits and a 5% growth in loans. In 2024, the net interest margin (NIM) increased year-over-year to 3.8% from 3.7% in 2023. Although the share of NII in total income remained high at 81%, it was lower than the 88% recorded in 2023. Net fees grew by 5% year-over-year following a 1% growth in 2023, while their share in total income stood at 15% compared to 17% in 2023.

At the same time, underlying cost growth remained elevated due to high inflation and wage pressure. However, once adjusted for charges related to the Bank Guarantee Fund, the cost growth began to slow compared to the dynamics observed in 2023. Reported costs increased by 11%, with HR costs up by 12% after a 22% growth in 2023. The reported cost-to-income ratio improved to 43% from 47% in the previous year.

Positive operating jaws (total income up 22% year-over-year versus operating expenses growth of 11%) resulted in an operating surplus, or effectively pre-provision profit, amounting to PLN 74 billion compared to PLN 56 billion in 2023.

The digitalization of the sector, which was accelerated by the pandemic, continued. This was manifested among other things by continued branch closures and staff reductions. At the end of November 2024 (the latest available data point), the number of banking branches was 2% lower than at the end of 2023 (a 3% reduction in 2023 overall), while the number of branch staff was down by 3% (down by 4% in 2023). The number of employees at headquarters increased by 3% in the same period following a 5% growth in 2023.

Credit risk charges were down by 31% year-over-year in nominal terms. In 2024 overall, they were equivalent to 7% of operating profit compared to nearly 14% in the previous year. At the end of November 2024, the share of stage 3 loans decreased marginally to 5.2% from 5.4% at the end of 2023, while the coverage ratio of this portfolio decreased to 57% from 62% respectively. The large companies' portfolio bucked the trend with the NPL (non-performing loan) ratio increasing to 7.4% from 3.5% at the end of 2023, and the coverage ratio dropping to 39% from 56%.

The sector's return on equity (ROE) for the 12 months to November 2024 stood at 15.3% compared to 12.3% in 2023. The return on assets (ROA) averaged 1.3% compared to less than 1% in 2023.

Banking balance sheets grew by 11%, a similar pace to that in 2023 (10%) and the inflow of deposits remained the key driver. The latter grew by 6% year-over-year (deposits of the non-financial sector), while the gap between the growth of corporate deposits (flat year-over-year) and retail ones (8%) widened significantly. The over-liquidity of the sector increased further, as evidenced by a further drop in the loan-to-deposit ratio to 67% from 70% at the end of 2023, or an increase in the Net Stable Funding Ratio (NSFR) to 167% (end of September 2024 data) from 162% at the end of 2023. The trend of change in deposit mix continued, with the share of term deposits increasing to 33% of total deposits from 32% at the end of 2023.

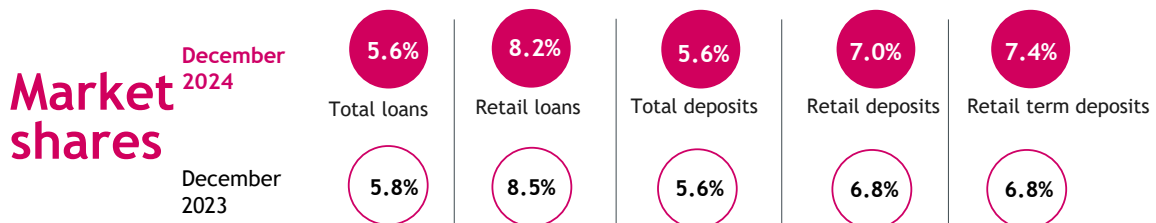
The Polish banking sector maintained a very strong capital position, with most metrics remaining flat year-over-year despite generous dividend payouts in 2024. At the end of September 2024, the regulatory capital of Polish commercial banks reached PLN254 billion (end of 2023: PLN245 billion), while capital ratios remained broadly stable compared to end-of-2023 levels. The Total Capital Ratio (TCR) stood at 21.3% at the end of September 2024 versus 20.5% at the end of 2023, while the Tier 1 ratio was at 20.0% compared to 20.2% respectively.

The year 2024 brought a continuation of slow concentration in the sector. At the end of 2024, the share of the top five largest banks in total sector assets was nearly 60% compared to 59% at the end of 2023 and 50% at the end of 2019. The number of commercial banks remained stable at 29 entities.

6.2. THE BANK'S AND BM GROUP' POSITION ON THE MARKET

At end of 2024, Bank Millennium ranked 7th among top commercial banks in Poland by total assets and deposits. The Bank's market share in total deposits was 5.6% (5.6% at end of 2023) and 5.6% (5.8%) in total loans. Bank Millennium Group had a relatively stronger position in the household segment with market share in total loans including FX-mortgages at 8.2% vs. 8.5% at YE23 and market share in in total deposits at 7.0% vs. 6.8% respectively. The Group enjoyed particularly strong position in PLN mortgage loans segment (8.7% vs. 9.1%), non-mortgage retail loans (9.0% vs. 9.1%) or transactions made with cards (8.3% in September '24 vs. 8.0% in 2023). In the companies' segment, the Group has a lower share than in the retail segment with 3.5% in deposits and 3.7% in loans at YE24. The Group maintains a traditionally above-average position in factoring products with market share of 5.6% in 2024. The Group continues to distribute its products and services via a network of 606 outlets (own branches and franchise ones), as well as through electronic channels, including cash machines, the Internet, phone and mobile apps.

BM's market share in key segments/products



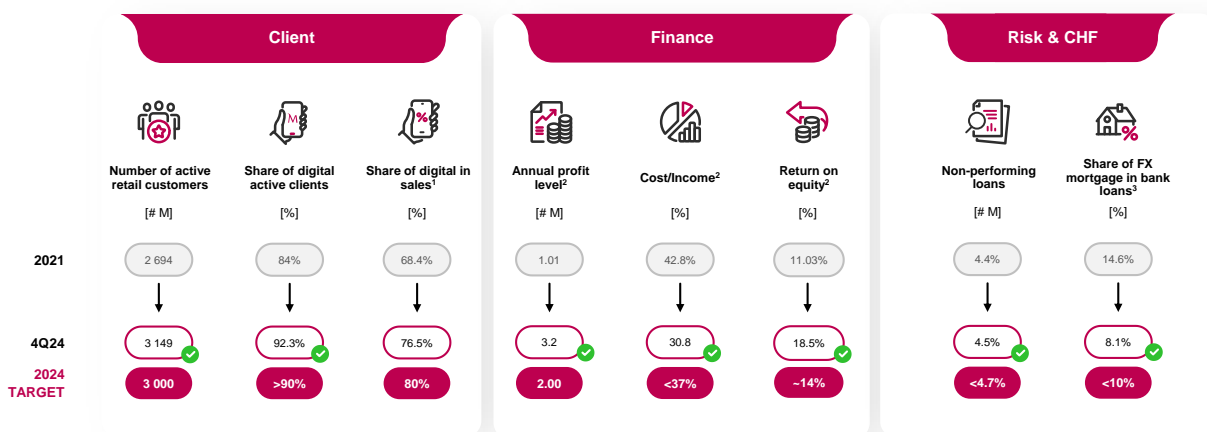
7. STRATEGY AND BUSINESS DEVELOPMENT PROSPECTS

7.1. 2022 - 2024 STRATEGY AND ITS DELIVERY

In 2024, Bank Millennium successfully completed the implementation of its strategy “Inspired by People”, achieving significant progress in business growth, digital transformation and sustainability. Millennium bank delivered on 2022-24 most of strategic targets outperforming majority of ambitions before the strategic cycle and delivered significant increase in both its customer base and profits, underscoring its strong market presence and operational resilience. Guided by the Bank’s new strategy for years 2025-2028 “Value & Growth” that was announced on 28th of October 2024, Bank Millennium is set to leverage its strong foundation to embrace innovation, digitally delivering top-quality services, to be the primary bank for individuals and companies in Poland.

The Bank was monitoring the execution of accepted strategic targets.

Main KPIs of 2022-24 strategy and their implementation



(1) calculated as an average of digital sales shares in key products volumes; (2) Excluding FX-mortgage book related costs (for 2023 excluding also financial impact of bancassurance transaction); (3) W/o deduction of allocated legal risk provisions, consolidated

This past year has been remarkable for our Bank - marked by initiatives that delivered tangible benefits to our clients and stakeholders. Below, we present the most important achievements accomplished over the past twelve months:

- Recovery Plan successfully closed in June 2024
- Portfolio agreement of the guarantee line under the InvestEU Program concluded with the Bank Gospodarstwa Krajowego (BGK) to facilitate entrepreneurs' access to working capital and investment loans
- Completion of the subscription of the first green bonds with a nominal value of 500 million euros.
- New digital Solutions and products: Electronic signature mSzafor, available fully remotely for bank's retail customers, currency exchange service, new version of the mobile app, scaling of BNPL BLIK payments, new maps of branches and ATMs into the mobile app, new Visa Global credit card for affluent customer.
- Providing customers affected by the recent flood with the opportunity to take advantage of non-refundable assistance from the Borrowers Support Fund

- A trusted brand: Bank Millennium is on the prestigious list of the world’s most trusted brands World’s Most Trustworthy Companies 2024 (Statista & Newsweek)
- Best digital bank: Millennium Bank has once again been awarded the title of the best consumer digital bank in Poland (Best Consumer Digital Bank in Poland - Global Finance magazine)
- Quality recognition: Bank Millennium among the top 10 banks in Europe in terms of customer experience - „The European Banking CX Index” by Forrester
- EVP (Employee Value Proposition) development recognized with the title of Top Employer 2024 and Reliable Employer 2023
- The Greatest Financial Innovation 2024 for a new application for the business segment (Global Finance Magazine) and TOP3 in the Forbes ranking of Company-Friendly Bank

7.2. NEW STRATEGY CYCLE - STRATEGIC OBJECTIVES FOR 2025-2028

On October 28, 2024, the Bank announced a new strategy for the Bank and the Bank Millennium Group for the years 2025-2026. **“Strategy 2028 - Value & Growth”** - is about continuous innovation and bold growth. We embrace innovation, by digitally delivering top-quality services, to be the primary bank for individuals and companies in Poland.

We aim to sustain robust growth in retail banking by leveraging primary relationships with clients, and to double business scale in corporate banking. With ambitious growth targets, we plan to maintain strong cost discipline (cost-to-income ratio of approximately 37% in 2028), focus on risk management (NPL ratio below 4% in 2028) and capital solidity (Tier 1 ratio at approximately 15% in 2028), ensure sustainable profitability (reported ROE of approximately 18% in 2028), generating value for shareholders and resuming dividend distribution from year 2027, contingent on regulatory environment.

Corporate Banking priorities

In Corporate Banking, we are pursuing an ambitious strategy to transition from a small-scale player to a strong market challenger. Our 2028 targets include reaching of **over 50 thousand business clients, doubling corporate loans portfolio to over PLN25 billion and maintaining top 3 position in corporate NPS**. To accelerate business customers acquisition and increase penetration of key products, we have identified several key initiatives:

- **Drive mid-corporate companies’ primacy & acquisition:** Acquire targeted clients and aim to foster primary relationship by leveraging superior customer experience
- **Upgrade sales & service model for mid-corporate companies:** Re-design sales process with enhanced SLAs and overall customer experience, introduce a new CRM system and strengthen salesforce capabilities (more RMs and Business Analysts)
- **Push investment loans offensive:** Grow investment loans through fast-track loan approval, targeting specific industries
- **Further expand leasing:** Leverage cross-sell with existing business clients and expansion of agent network to accelerate growth of the leasing portfolio
- **Revamp service model for small businesses:** Introduce differentiated, digital-first service model and improved value proposition for small-sized companies.

Retail Banking priorities

In Retail Banking, our new strategy sets bold targets to maintain strong growth momentum aiming to reach **3.7 million active retail customers with approximately 70% share of primary retail customers and strengthening position within top 3 in retail NPS in 2028**. We are committed to driving robust customer acquisition while enhancing customer loyalty and product penetration. To achieve these ambitious goals, we will focus on the following initiatives:

- **Keep leadership in customer acquisition:** Improve end-to-end digital acquisition
- **Build primacy in the existing customer base:** Enhance daily banking products, value propositions, and offer personalisation to build primacy among existing customers

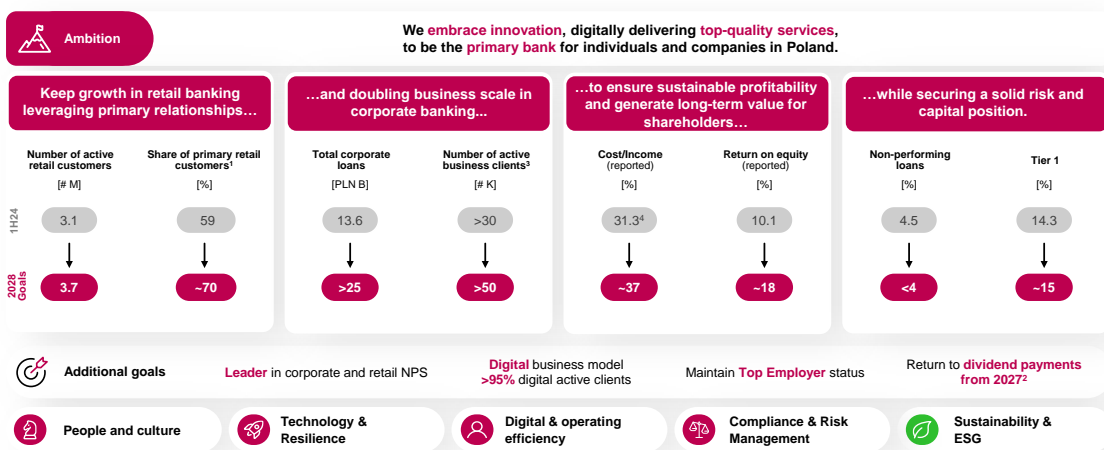
- **Further grow customer funds:** Expand savings and investment products that reward regular saving and improve fee and commission income
- **Evolve offering and service model for affluent segment:** Expand the affluent service model with advanced tools, improved offers, and better service levels
- **Become a bank of first choice for SOHO (Small Office/Home Office) businesses:** Provide market leading offer and improved digital experience for SOHO customers
- **Strengthen leadership in customer experience:** Strengthen customer experience governance, monitoring, and quality mindset
- **Orchestrate distribution model:** Optimise distribution model by improving digitalisation of customer journeys, omnichannel experience and optimising the physical sales network.

Our 2028 ambitious KPIs in brief

To sum up, our key strategic KPIs for 2028 include:

- Reaching **3.7 million active retail customers**
- Boosting share of primary retail customers to approximately **70%**
- Strengthening position within **top 3** in retail NPS
- **Doubling business scale** in corporate banking with a targeted loan book over PLN25bn
- Increasing of the number of business clients to above **50 thousand**
- Maintaining **top 3** position in corporate NPS
- Reaching above **95%** share of digital active clients
- Maintaining **Top Employer** status
- Achieving cost-to-income ratio of approximately **37%**
- Delivering ROE (reported) of approximately **18%**
- Reducing NPL ratio to below **4%**
- Ensuring Tier 1 ratio at approximately **15%**.

Main strategic KPIs of 2025-28 strategy



1) Primary individual customers defined as customers (18+) who use Millennium Bank as their main bank and meet certain transaction, product penetration and portfolio value thresholds
 2) Dividend to be paid based on 2026 profits, contingent on regulatory environment
 3) Total number of Small Business and Mid Corporate clients segment, excluding SOHO (Sole Traders) companies reported in retail segment.

7.3. BUSINESS OUTLOOK FOR 2025

As previously stated in the report, 2025 is expected to bring not only stronger GDP growth (3.7% anticipated compared to 2.9% in 2024) but also a shift in its driving factors. Investment demand is anticipated to play a more significant role in this growth. Lower interest rates and inflation are expected to support demand for retail and corporate borrowing. Additionally, the resurgence of private investment cycle, particularly projects co-financed by EU funds, is projected to provide further impetus to corporate borrowing through co-funding requirements. Furthermore, the combination of these factors, coupled with low unemployment and continued, albeit slower, wage growth, is likely to result in a relatively low-risk backdrop.

The aforementioned trends should align well with the first year of implementing the new strategy. The focus will remain on the growth of the core business. In the retail segment, the origination of non-mortgage lending is expected to grow moderately, while the origination of PLN mortgages should slow, allowing for margin preservation. Conversely, the corporate segment is anticipated to accelerate lending growth. The steady collection of deposits should further support liquidity, and through balance sheet hedging (continued investments in fixed-rate treasuries and partially lending at fixed rates), feed into relatively resilient net interest income (NII). The implementation of the new strategy will have influence on operating expenses, that are expected to grow at a low double-digit rate in percentage terms. New hirings, changing staff structure, and continued wage adjustments will increase HR costs. Higher non-HR costs are expected to reflect increased spending on IT, new projects, initiatives, and anticipated much higher BFG charges with the deposit guarantee fee returning after two and a half years of absence. The cost of risk is expected to increase toward the range of 50-70 basis points over total gross loans, reflecting a higher share of small- and mid-corporate loans in origination, as well as a changing mix within the retail portfolio. FX-mortgage related costs are expected to remain significant but should follow a downward trajectory. Finally, it should be noted that 2025 will bring a full-year bank tax charge, while the effective tax rate should return to a normalized level, in contrast to 2024 where the tax line benefitted from the recognition of deferred tax assets (DTA).

Notwithstanding the positive business outlook, risks, particularly those of a legal and regulatory nature, will continue to pose potential threats. The Bank is cognizant of the risks associated with rulings by local courts and the European Court of Justice on consumer loans. A legislative proposal concerning the overhaul of the handling of FX-mortgage-related claims may necessitate adjustments to the Bank's strategy of mitigating legal risk and adjustments in provisioning inputs, depending on its final form. Furthermore, other potential adverse developments regarding the legal risks related to this portfolio or the PLN mortgage book may arise.

8. FINANCIAL SITUATION

8.1. PROFIT AND LOSS ACCOUNT

Operating income (PLNmn)	2024	2023	y/y
Net interest income	5 530	5 253	5%
<i>Impact of credit holidays on net interest income</i>	<i>(113)</i>	<i>(9)</i>	-
<i>Net interest income adjusted</i>	<i>5 643</i>	<i>5 263</i>	<i>7%</i>
Net commission income	777	782	-1%
Core income	6 307	6 036	4%
<i>Core income without credit holidays</i>	<i>6 419</i>	<i>6 045</i>	<i>6%</i>
Other non-interest income*	(311)	687	-
Total operating income	5 996	6 723	-11%
Total operating income adjusted**	6 873	6 397	7%

(*) Without fair value adjustment of credit portfolio (PLN0.7mn in 2024 and PLN-1.0mn in 2023), which is included in the cost of risk line

(**) Without extraordinary items, i.e. negative impact of credit holidays (PLN113mn in 2024 and PLN9m in 2023), financial impact of insurance transaction (total pre-tax income of PLN652mn in 2023) and FX mortgage loan related costs/incomes (in FX position and other operating income/cost including indemnity from Societe Generale)

Net interest income (NII) in 2024 reached PLN5,530mn on a reported basis and grew 5% y/y. This moderate growth was a result of credit holidays for PLN mortgage borrowers (PLN113mn booked in 2024). NII without this effect was 7% higher y/y, mostly driven by the higher income from debt securities and lower cost of clients' deposits. The factors with negative impact on NII were lower market interest rates after the 100 bps central bank rates cut in September/October'23, interest costs on MREL issued bonds (EUR500mn issue in September'23 and EUR500mn in September'24) and cost of asset securitisations.

Net interest margin (over average interest earning assets) (NIM) averaged 4.36% in 2024 (without credit holidays impact mentioned above), i.e. 25 bps lower vs. the level of 2023. The above mentioned factors (interest rate cuts and MREL bonds) as well as growing share of bonds in assets had an adverse impact on NIM whereas decreasing cost of deposits by 34 bps during 12 months (from 2.55% in 4Q23 to 2.21% in 4Q24) and some improvement in bonds yields had both a positive impact.

Net commission income in 2024 amounted to PLN777mn and decreased by 1% y/y. The subdued growth was mainly caused by falling fees from bancassurance activity (down 22% y/y as a result of the bancassurance transaction). Commissions from loans recorded a considerable decline too. On the other hand commissions from payment cards, brokerage and custody, funds management and distribution of mutual funds and other investment products increased substantially, offsetting to large extent the previously mentioned declines.

Reported core income, defined as a combination of net interest and net commission income, reached PLN6,307mn in 2024 and grew by 4% y/y due to the impact of credit holidays. Core income without this effect would reach PLN6,419mn, which translates into a growth of 6% y/y and constitutes a key factor of Group's recurrent profitability improvement.

Other non-interest income, which comprises FX result, results on financial assets and liabilities (without fair value adjustment on credit portfolio) and net other operating income and costs, showed a negative value of PLN311mn in 2024. Costs of amicable settlements negotiated with FX mortgage borrowers and legal costs related to FX mortgage loans (PLN809mn presented in FX result and other

operating costs) continued to negatively impact this line. In addition to that, in 2023 this line was under strong positive impact of the insurance transaction (sale of shares in Millennium Financial Services Sp. z o.o. to external insurance partner in March'23 and related impacts), with total pre-tax impact of PLN652mn. The abovementioned factors make the analysis of the annual changes of this income line difficult.

Total operating income of the Group reached PLN5,996mn in 2024 and decreased 11% y/y. Without the extraordinary income and costs mentioned above, the adjusted operating income would amount to PLN6,873mn, up 7% y/y.

Total costs amounted to PLN2,253mn in 2024, translating into an increase by 13% y/y.

Operating costs (PLNmn)	2024	2023	y/y
Personnel costs	(1 197)	(1 035)	16%
Other administrative costs	(1 056)	(958)	10%
<i>of which Banking Guarantee Fund (BFG) fees</i>	(61)	(60)	1%
Total operating costs	(2 253)	(1 993)	13%
<i>Total costs without BFG</i>	<i>(2 192)</i>	<i>(1 933)</i>	<i>13%</i>
Cost/income - reported	37.6%	29.6%	7.9 p.p.
<i>Cost/income - adjusted *</i>	<i>30.8%</i>	<i>29.5%</i>	<i>1.2 p.p.</i>

(*) without extraordinary income or cost

Personnel costs amounted to PLN1,197mn in 2024 and increased 16% y/y, mainly as a result of wage inflation feeding through higher base salaries and variable compensation. The Group continued to adjust the number of its branches and personnel to its needs, reflecting ongoing digitalisation of banking business and the growing importance of online channels while simultaneously keeping strong geographical presence through *brick-and-mortar* outlets. At the end of December 2024, the total number of outlets stood at 606 and their number was reduced by 6 units vs. the end of December 2023. The number of Group's employees amounted to 6,714 FTEs at the end of December 2024 and stayed on similar level as at one year before. Without employees absent due to long leaves ('active FTEs'), the headcount was lower at 6,355 staff.

Employment (FTEs)	31.12.2024	31.12.2023	y/y
Bank Millennium S.A.	6 450	6 460	0%
Subsidiaries	264	287	-8%
Total Bank Millennium Group	6 714	6 747	0%
Total BM Group (active* FTEs)	6 355	6 320	1%

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

Other administrative costs (including depreciation) reached PLN1,056mn in 2024 and increased by 10% y/y. Among the key groups of costs the higher increase could be witnessed in such items as legal and advisory costs, marketing spendings and IT and telecommunication costs. Legal costs resulting from negotiations and litigations with FX mortgage borrowers were a significant burden to this cost group (PLN138mn in the reporting period).

Cost-to-income ratio for 2024 amounted to 37.6% and was higher by 7.9 percentage points vs. very low level in 2023 (29.6%), mainly due to the impact of high one-off burden/income in 2024 (cost of credit holidays) and in 2023 (the income from bancassurance transaction). Cost-to-income ratio without extraordinary items mentioned above (mainly the bancassurance transaction, cost of credit

holidays and legal costs and FX losses related to litigations/settlements with FX mortgage borrowers), reached a low level of 30.8% in 2024 and was slightly higher (by 1.2 percentage points) than in 2023.

Net profit (consolidated) <i>(PLNm)</i>	2024	2023	y/y
Operating income	5 996	6 723	-11%
Operating costs	(2 253)	(1 993)	13%
Impairment provisions and other cost of risk*	(310)	(299)	4%
Other modifications**	(147)	(52)	181%
FX legal risk related provision	(2 179)	(3 065)	-29%
Banking tax	(232)	0	-
Pre-tax profit	875	1 312	-33%
Income tax	(156)	(737)	-79%
Net profit - reported	719	576	25%
Net profit - adjusted***	3 202	2 993	7%

(*) Impairment provisions for financial and non-financial assets including also fair value adjustment of credit portfolio (PLN0.7mn in 2024 and PLN-1.0mn in 2023) and loans modification effect not related to amicable settlements with FX mortgage borrowers (PLN-35.7mn in 2024 and PLN-36.0mn in 2023)

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

(***) Without extraordinary items, i.e. negative impact of credit holidays (PLN91mn in 2024 and PLN7m in 2023 after tax), financial impact of insurance transaction (total after-tax income of PLN528mn in 2023) and FX mortgage loan related costs/incomes (in legal risk provisions, FX position, operating cost and other operating income/cost including indemnity from Societe Generale as well as tax effects) and hypothetical banking tax until the end of May 2024

Total cost of risk, which comprises net impairment provisions, fair value adjustment related to specified loan portfolios and a part of result on modifications (excluding the part related to settlements with FX mortgage borrowers), bore by the Group amounted to PLN310mn in 2024 and was 4% higher versus the comparable period of the previous year due to higher provisions for loans to companies, especially in 2H24. Risk charges for retail segment (including FX mortgage) amounted to PLN203mn in 2024. Risk charge for corporate and other segments amounted to PLN107mn. In relative terms, the cost of risk (i.e. net charges to average gross loans) for 2024 reached 40 basis points and was similar to the level in 2023 (39 basis points).

In 2024, the Group booked in **modifications** line a part of costs related to settlements with FX mortgage borrowers in the amount of PLN147mn (of which PLN138mn refers directly to Bank Millennium), 181% higher than in the previous year. It was connected with higher number of and more costly amicable settlements with the FX-mortgage borrowers.

In 2024, the Bank continued to create **provisions for legal risk related to FX-mortgage** portfolio, which remained a significant item in the P&L statement and reached PLN2,179mn (PLN1,979mn excluding loans generated by former Euro Bank as they are subject to indemnity clauses and guarantees from Societe Generale). The provisions were lower by 29% than these created in 2023 as the whole 2023 was characterised by higher level of such provisions after the earlier opinion and the final judgement of the European Court of Justice of June 15, 2023 on case C-520/21, with resultant elimination from the Bank's legal risk provisioning methodology of the (low) probability of receiving remuneration for the use of capital it had provided, while fuelling continuation of the inflow of court cases. Additionally, the Bank also updated other parameters in its methodology. At the end of December'24, provisions for the portfolio originated by Bank Millennium were at the level of

PLN7,724mn (an equivalent of 122% of the grossed-up FX-mortgage book) and at PLN740mn for the portfolio originated by the former Euro Bank.

Pre-income tax profit in 2024 amounted to PLN875mn and was significantly lower (by 33% y/y) vs the level of 2023 due to high one-off cost in 2024 and one-off gains in 2023 as mentioned above. Moreover, the Bank was not due to pay banking tax since July 15, 2022, the date of the Bank's decision to launch the Recovery Plan. On 19 June 2024 the Bank took a decision to complete the implementation of the Recovery Plan, notifying of the fact Polish Financial Supervision Authority and Bank Guarantee Fund and consequently starting to pay the banking tax. In the Bank's Management Board's opinion, all key assumptions of the Recovery Plan had been achieved by this date. As a result in 2Q24, 3Q24 and in 4Q24 the Group reported banking tax in the total amount of PLN232mn, which was a significant burden to Group's pre-tax profit.

In 2024 the Group reported **net profit** of PLN719mn i.e. which was strongly higher (by 25%) than the profit of 2023 thanks to much lower level of income tax. The low level of income tax in 2024 resulted from the impact of CIT and DTA adjustments relating to interest income and FX differences on some FX mortgage loans declared or expected to be declared invalid by courts' verdicts. Adjusted for the abovementioned extraordinary items (i.a. FX-mortgage related costs, tax impacts and credit holidays in 2024 and the income from sale of shares in bancassurance business in 2023) the Group would achieve the net profit of PLN3,202mn in 2024, i.e. 7% above the adjusted net profit of PLN2,993mn for 2023.

Reported 2024 return on equity (ROE) stood at 9.8% but when adjusted for extraordinary items (including all FX mortgage related costs since 2020 in equity) it reached 18.5%. Reported Return on Assets (ROA) for 2023 was 0.5%.

The breakdown of Group's Net Profit by the Group's companies is presented in the table below:

Group's profit structure <i>(PLN million)</i>	2024
Bank Millennium	643.1
Millennium Bank Hipoteczny (mortgage bank)	17.1
Millennium Leasing	17.9
Millennium TFI (mutual funds management)	30.2
Millennium Service	31.5
Other consolidated companies	20.3
Summarised profits	760.1
Consolidation adjustments	-40.9
Consolidated Net Profit of the Group	719.2

Bank's Profit and Loss Account

Changes of particular key items of the Bank's Profit and Loss Account in 2024 are shown in the table below.

Bank's operating income <i>(PLNmn)</i>	2024	2023	y/y
Net interest income	5 421	5 135	6%
<i>Impact of credit holidays on net interest income</i>	<i>(107)</i>	<i>(11)</i>	-
<i>Net interest income without credit holidays</i>	<i>5 527</i>	<i>5 146</i>	<i>7%</i>
Net commission income	668	684	-2%
Core income	6 089	5 818	5%
Core income without credit holidays	6 196	5 830	6%
Other non-interest income*	(307)	704	-
<i>of which dividends</i>	<i>39</i>	<i>32</i>	<i>21%</i>
Total operating income*	5 782	6 522	-11%

(* Without fair value adjustment of credit portfolio (PLN0.7mn in 2024 and PLN-1.0mn in 2023), which is included in the cost of risk line

The Bank's (non-consolidated) 2024 net interest income amounted to PLN5,421mn and increased by 6% y/y and similar as in the Group's case, the growth rate was undermined by credit holidays impact, booked by the Bank in much higher amount in 2024 (PLN107mn). Net interest income without the cost of credit holidays would grow 7% y/y - at similar scale as for the Group.

Net commission income in 2024 amounted to PLN668mn and decreased -2% y/y. Core income (adjusted for credit holidays impact) was PLN6,196mn and grew 6% y/y, the same growth scale as in the case of the Group.

Other non-interest income of the Bank in 2024 was negative and amounted to PLN-307mn while in 2023 it reached PLN704mn. The income line was strongly driven by the impact of similar extraordinary items as it was described above for the Group (mostly the insurance transaction and the costs related to FX mortgage loans and settlements with the borrowers). This item includes dividends, largely from the Capital Group's subsidiaries (eliminated in reports on the Group level). Dividend income in 2024 reached PLN39mn, which means a decrease by 21% y/y.

As a result of the evolution of the abovementioned items the Bank's total operating income in 2024 amounted to PLN5,782mn and declined by 11% y/y (similar scale as for the consolidated Group).

Bank's net profit <i>(PLN million)</i>	2024	2023	y/y
Operating income	5 782	6 522	-11%
Operating costs	(2 177)	(1 921)	13%
Impairment provisions and other cost of risk *	(277)	(259)	7%
Other modifications**	(147)	(52)	181%
Provision for legal risk related to FX mortgage loans	(2 179)	(3 065)	-29%
Banking tax	(232)	0	-
Pre-income tax profit	771	1 225	-37%
Income tax	(127)	(715)	-82%
Net profit	643	510	26%

(*) Impairment provisions for financial and non-financial assets including also fair value adjustment on loans (PLN0.7mn in 2024 and PLN-1.0mn in 2023) and loans modification effect (PLN-35.6mn in 2024 and PLN-36.0mn in 2023);

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

The Bank's operating costs reached the total amount of PLN2,177mn in 2024 and was 13% higher vs. the level for 2023. The reasons for the annual decrease of costs are the same as in case of the consolidated data for the whole Capital Group. The evolution of personnel costs and other administrative costs was similar to the corresponding Group's items and was highly inflation-driven.

Impairment write-offs and other costs of risk of the Bank were PLN277mn in 2024, which means an increase 7% y/y - the similar scale as in the Group's case.

Besides provisions for credit risk, in 2024 the Bank created a provision for legal risk related to FX mortgage loans in the amount of PLN2,179mn, which was explained above in the part referring to the whole Group.

The Bank reported pre-tax profit for 2024 of PLN771mn which translates into a considerable decrease of 37% y/y - a very similar scale as in the Group's case, due to high extraordinary costs in 2024 and banking tax booked in 2024 and one-off gains in 2023.

In 2024 the Bank reported net profit of PLN643mn, i.e much higher (by 26%) vs. the net profit for 2023, due to much lower income tax value explained earlier in the part referring to the Group's profit.

Return on the Bank's assets (ROA) reached 0.5% for 2024.

8.2. RESULTS OF BUSINESS SEGMENTS

Presented below are data regarding the Profit and Loss Account for the Group's four business segments: retail segment, corporate segment, FX mortgage loans segment and treasury operations, assets/liabilities management and other segment. The retail segment comprises services provided to individual customers on the mass market, affluent customers, sole traders as well as services to small companies (with annual turnover below PLN5mn). The corporate segment involves services to medium and large companies as well as public sector entities. The treasury operations, assets/liabilities management and other business comprises the Group's treasury investments, interbank market transactions, taking positions in debt securities, brokerage activity as well as other transactions not classified in the first three segments.

Bank Millennium recent financial performance is significantly influenced by the costs related to managing legacy FX mortgage portfolio of loans. To isolate these costs and other financial results related to this portfolio Bank decided to isolate, commencing from 2021, a new segment from Retail and present it in financial statements as "FX mortgage". Such change impacts only results presentation and is not triggering any organizational changes in the Bank. New segment includes loans separated based on active FX mortgage contracts for a given period and is applying to portfolios of retail mortgages originated in Bank Millennium and Eurobank in foreign currencies. This portfolio is

expected to run-off in line with repayments of FX loans, conversions to PLN loans, realization of court verdicts and write-offs.

Retail segment <i>(PLN million)</i>	2024	2023	y/y
Net interest income*	4 790	4 684	2%
Net commission income	596	591	1%
Other income**	127	112	13%
Total operating income	5 512	5 387	2%
Total operating costs	(1 665)	(1 472)	13%
Pre-provision income	3 847	3 915	-2%
Impairment provisions and other cost of risk**	(262)	(314)	-17%
Operating profit	3 585	3 600	0%

(*) Part of interest income generated by this segment (so called liquidity premium) has been recognized in the third segment of "Treasury, ALM and other" in accordance to Recommendation P of the Polish regulator (KNF)

(**) Fair value adjustment of credit portfolio (PLN0.7mn in 2024 and PLN-1.0mn in 2023) has been moved to pro-forma cost of risk. Cost of risk includes also result from modification.

Total operating income of the retail segment in 2024 was PLN5,512mn, which represents an increase by 2% y/y. Net interest income of the retail segment recorded a growth by 2% y/y reflecting the adverse impact of credit holidays (mentioned above in the comments regarding Group's net interest income). Net commission income increased slightly 1% y/y. Low growth of this item mainly resulted from lower bancassurance commissions. Operating costs of the retail segment grew by 13% y/y, so it was similar as for the whole Group.

As a result of the abovementioned evolution of operation income and costs, total retail segment pre-provision income reached PLN3,847mn in 2024 and slightly decreased by 2% vs. the level of 2023. The cost of risk of the segment presented a material decrease by 17% y/y.

Operating profit of the retail segment for 2024 - after consideration of the provisions - amounted to PLN3,585mn and stayed on the similar level as in the previous year, with the negative impact of credit holidays costs, mostly in 2024. The profit was high in absolute terms and signified the key factor of the whole Group's profit, allowing to offset substantial loss of FX mortgage segment.

Corporate segment <i>(PLN million)</i>	2024	2023	y/y
Net interest income *	757	777	-3%
Net commission income	172	176	-2%
Other income	90	93	-3%
Total operating income	1 018	1 045	-3%
Total operating costs	(323)	(296)	9%
Pre-provision income	695	749	-7%
Impairment provisions and other cost of risk**	(100)	(18)	451%
Operating profit	595	731	-18%

(*) Part of the interest income generated by this segment (so called liquidity premium) has been recognized in the segment of "Treasury, ALM and other" in accordance to Recommendation P of the Polish regulator (KNF)

(**) Cost of risk includes also result from modification.

Total operating income of the corporate segment in 2024 stood at PLN1,018mn and slightly decreased by 3% compared to the level of 2023. This was first of all the result of lower net interest income due

to modest growth of loans. Net commission income declined a bit by 2% y/y and other non-interest income declined 3% y/y. Operating costs of the corporate segment saw a 9% increase y/y.

As a result of the above, pre-provision income decreased by 7% y/y. Value of net impairment write-offs regarding loans to companies in 2024 presented a much higher value than in the previous year and amounted to PLN100mn due to some deterioration in the loan portfolio quality. Taking all above factors together, the operating profit of the corporate segment saw a decrease of 18% y/y to the level of PLN595mn in 2024.

Treasury, ALM and other segments <i>(PLN million)</i>	2024	2023	y/y
Net interest income*	(9)	(227)	-
Net commission income	3	4	-34%
Other income	66	658	-90%
Total operating income	60	435	-86%
Total operating costs	(126)	(120)	5%
Pre-provision income	(67)	315	-
Impairment provisions and other cost of risk	(4)	(0)	-
Operating profit	(71)	315	-

() Part of the interest income generated by other segments (so called liquidity premium) has been recognized in the segment of "Treasury, ALM and other" in accordance to Recommendation P of the Polish regulator (KNF)*

Total operating income of the Treasury, ALM and other segments in 2024 recorded a positive value of PLN60mn and it was much lower vs. the value for 2023 due to the insurance transaction reported in that period, which is mentioned above in the text. Net interest income was negative and amounted to PLN-9mn due to fund transfer pricing specifics and MREL bonds issue costs. Operating costs increased by 5% y/y. As a result operating result of the entire segment amounted to (negative) PLN -71mn for 2024.

FX Mortgage <i>(PLN million)</i>	2024	2023	y/y
Net interest income*	(7)	20	-
Net commission income	6	12	-47%
Other income	(593)	(176)	-
Total operating income	(594)	(145)	-
Total operating costs	(138)	(104)	33%
Pre-provision income	(732)	(249)	-
Impairment provisions and other cost of risk**	(2 270)	(3 085)	-26%
Operating result	(3 002)	(3 333)	-

(*) Part of the interest income generated by other segments (so called liquidity premium) has been recognized in the segment of "Treasury, ALM and other" in accordance to Recommendation P of the Polish regulator (KNF)

(**) Including legal risk provisions for FX mortgage portfolio and result on modification

Following P&L categories are presented as part of financial performance of FX Mortgage segment:

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

Total operating loss of the FX Mortgage segment in 2024 was PLN3,002mn, due to high provisions for legal risk related to the loan book and costs of settlements presented in modifications (total cost of risk amounted to PLN2,270mn). Moreover, the impact of cost of amicable settlements with clients in FX income and legal costs in operating costs had additional adverse effect on the financial result. Negative value of other income was much higher than in the previous year and amounted to PLN -594 mn. Also operating costs in 2024 were higher by 33% than in the previous year. However operating loss for 2024 was lower by PLN331mn vs. the previous year.

More information on business segments of the Group can be found in Chapter 9 "Operational Segments" of the Annual Financial Statements of Bank Millennium S.A. Capital Group for the period of 12 months ending on 31 December 2024.

8.3. BALANCE SHEET AND OFF-BALANCE SHEET ITEMS

Assets

The Group's assets as at 31 December 2024, amounted to PLN139,152mn, recording a growth of 11% vs. 31 December 2023. The structure of the Group's assets as well as changes of their particular components are presented in the table below:

Group's Assets (PLN million)	31.12.2024		31.12.2023		y/y (%)
	Value	Structure	Value	Structure	
Cash and operations with the Central Bank	5 179	3.7%	5 095	4.1%	2%
Loans and advances to banks	435	0.3%	793	0.6%	-45%
Loans and advances to clients	74 981	53.9%	73 643	58.7%	2%
Receivables from securities bought with sell-back clause	194	0.1%	1 163	0.9%	-83%
Debt securities	54 207	39.0%	41 009	32.7%	32%
Derivatives (for hedging and trading)	368	0.3%	572	0.5%	-36%
Shares and other financial instruments*	147	0.1%	148	0.1%	0%
Tangible and intangible fixed assets**	1 146	0.8%	1 047	0.8%	9%
Other assets	2 494	1.8%	2 049	1.6%	22%
Total assets	139 152	100.0%	125 520	100.0%	11%

(*) including investments in associates

(**) excluding fixed assets for sale

The key reason for the growth of total assets in 2024 was the growth of debt securities (+PLN13.2bn) whereas loans to customers presented lower increase by PLN1.3bn.

Loans and advances to Clients

Total net loans of Bank Millennium Group reached PLN74,981mn as at 31 December 2024 and increased 2% y/y. Loans without FX-mortgage portfolio increased by 4% y/y. FX mortgage loans net of provisions decreased materially during the last twelve months (down 56%) and the share of FX mortgage loans (excluding these taken over with Euro Bank) in total gross loans has dropped materially during one year period to 1.5% from 3.6% a year ago. This was partly due to the fact that most of legal risk provisions lower the gross value of the loans apart from regular amortisation, earlier repayments, conversions to PLN and execution of court verdicts.

The net value of loans to households amounted to PLN56,935mn as at 31 December 2024, showing 1% increase y/y although subdued growth trend results from shrinking book value of FX mortgage portfolio. Within loans to households line, PLN mortgages reached PLN37,321mn and grew 3% y/y, with visible rebound in new loans origination: disbursements of those loans in 2024 reached PLN5.9bn and grew by 22% y/y. Another component of retail portfolio, consumer loans, also presented a very good performance. The net value of consumer loans reached PLN18,301mn at the end of December 2024 and increased by 7% y/y. The cash loans origination in 2024 reached PLN7bn, which implies 11% increase compared to the previous year.

Net value of loans to companies amounted to PLN18,046mn as 31 December 2024 and increased by 5% y/y. The increase of companies' portfolio was visible in leasing portfolio, as well as in other loans. The value of new leasing contracts for 2024 grew by 25% y/y reaching PLN3.9bn. The growth of the loan portfolio was to some extent limited by the necessity of the risk weighted assets (RWA) optimisation resulting from capital management objectives.

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

Loans and advances to clients (PLNmn)	31.12.2024	31.12.2023	y/y
Loans to households	56 935	56 386	1%
- <i>PLN mortgage loans</i>	37 321	36 356	3%
- <i>FX mortgage loans</i>	1 314	2 989	-56%
- <i>of which Bank Millennium loans</i>	1 127	2 651	-57%
- <i>of which ex-Euro Bank loans</i>	187	338	-45%
- <i>consumer loans</i>	18 301	17 040	7%
Loans to companies and public sector	18 046	17 257	5%
- <i>leasing</i>	6 948	6 599	5%
- <i>other loans to companies and factoring</i>	11 098	10 658	4%
Net loans & advances to clients	74 981	73 643	2%
<i>Net loans and advances to clients excluding FX mortgage loans</i>	<i>73 667</i>	<i>70 654</i>	<i>4%</i>
Impairment write-offs	2 514	2 518	0%
Gross* loans and advances to clients	77 496	76 161	2%

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

Average interest rate on the Bank's loan portfolio in 2024 was 8.0%. This rate includes net interest income on hedging derivatives (mainly FX and interest rate SWAPs).

Debt securities

Value of debt securities reached PLN54,207mn as at 31 December 2024, which means a significant increase of 32% y/y.

A dominant part of the debt securities portfolio (95%) were bonds and bills issued by the Polish State Treasury, other EU governments (equivalent of c.a PLN8.7bn) and National Bank of Poland (Central Bank). The increase of debt securities portfolio was a consequence of assets/liabilities and interest margin management policy and was correlated with the much stronger growth of deposits versus loans. The share of this group of debt securities in the consolidated total assets was at 37% at end of December 2024 reflecting a strong liquidity position of the Group.

More information on debt securities and liquidity management of the Bank can be found in Chapter 11.4. of this document and in Chapter 8.5. "Liquidity Risk" of the Annual Financial Statements of Bank Millennium S.A. Capital Group for the period of 12 months ending on 31 December 2024.

Derivative instruments

The value of derivatives (for trading and hedging) totalled PLN368mn at end of December 2024 (a decrease by 36% y/y), and refers to positive valuation of derivatives whereas negative valuation of derivative instruments is presented on the liabilities side. The main component of derivatives are FX swaps and other FX derivatives, cross-currency swaps and interest rate swaps. The valuation of those instruments depends on changes in FX rates and interest rates level.

The Group manages its FX liquidity using FX-denominated deposits, own issue of EUR bonds as well as Cross Currency Swap and FX Swap transactions. The importance of swaps has been decreasing because of the reduction of the FX mortgage loan portfolio and the hedge in foreign currency of most of the provisions for legal risk. The swaps portfolio is diversified in term of counterparties and maturity dates.

More information on derivative transactions of the Bank can be found in Note 19E and Note 24 and in Chapter 8.5. "Liquidity Risk" of the Annual Financial Statements of Bank Millennium S.A. Capital Group for the period of 12 months ending on 31 December 2024.

Deposits, loans and advances to banks

Deposits, loans and advances to banks (including interbank deposits) stood at PLN435mn at the end of December 2024, which means a decrease by 45% y/y and it mainly refers to current accounts balances.

Shares/equities and other financial instruments

Value of equities/shares and other financial instruments amounted to PLN147mn at the end of December 2024 and stayed on practically the same level as in the previous year.

Tangible fixed assets and intangibles and goodwill (investment outlays)

Tangible fixed assets and intangibles and goodwill of the Group amounted to PLN1,146mn at the end of December 2024 and increased by 9% y/y mostly due to the growth of intangible assets (+16% y/y) whereas tangible fixed grew 4% y/y.

Total investment of the Group in 2024 amounted to PLN237mn. Outlays for the Bank's physical infrastructure (headquarter modernization, branches, ATMs etc.) amounted to PLN40.5mn and PLN195.1mn for software and IT infrastructure. Value of other outlays i.e. PLN1.4mn, relates to Bank's subsidiaries. The Bank Millennium Group plans investment capital expenditures in 2025 in the amount of PLN289.5mn, out of which ca. 84% will be allocated to IT projects (i.e. further internet and mobile banking developments, capacity extensions as well as regulatory & security projects).

Bank's unconsolidated assets, as on 31 December 2024 reached the value of PLN137,700mn and were 10% higher compared to the level as at the end of 2023. Structure of the Bank's assets and changes of individual components are presented in table below:

Bank's Assets (PLN million)	31.12.2024		31.12.2023		y/y (%)
	Value	Structure	Value	Structure	
Cash and operations with the Central Bank	5 179	3.8%	5 095	4.1%	2%
Loans and advances to banks	2 379	1.7%	1 867	1.5%	27%
Loans and advances to clients	71 937	52.2%	72 405	58.0%	-1%
Receivables from securities bought with sell-back clause	194	0.1%	1 163	0.9%	-83%
Debt securities	53 654	39.0%	40 527	32.5%	32%
Derivatives (for hedging and trading)	369	0.3%	573	0.5%	-35%
Shares and other financial instruments	621	0.5%	495	0.4%	25%
Tangible and intangible fixed assets*	1 135	0.8%	1 034	0.8%	10%
Other assets	2 232	1.6%	1 728	1.4%	29%
Total assets	137 700	100.0%	124 888	100.0%	10%

* excluding fixed assets for sale

The key difference between the level of assets of Bank standalone and the consolidated Group is the value of loans to customers. In the first place it relates to mortgage loans transferred to mortgage bank subsidiary with the total balance as at the end of 2024 of PLN2,892mn and receivables due from leasing company customers in the amount of PLN7,095mn (although significant part of the said receivables were financed by the Bank) and relates to elimination of mutual transactions between the Bank and other companies from the Capital Group in consolidated financial statements.

Total Loans to customers in the Bank amounted to PLN71,937mn as at 31 December 2024 and decreased by 1% y/y. Alike the Group's case the dynamics of loans was visibly influenced by significant decline of FX mortgage loans.

Value of debt securities in the Bank's assets reached PLN53,654mn at the end of December 2024. Both the portfolio dynamics and structure remained similar as in the case of the Group (as described above) although higher balances for the Group (by PLN553mn) resulted from treasury debt securities held by the Bank's subsidiaries: Millennium Leasing and Millennium Bank Hipoteczny.

Loans and advances to banks (including interbank deposits) stood at PLN2,379mn at the end of December 2024, which means an increase by 27% y/y. Different evolution of this item compared to the Group's case results from the financing extended by the Bank to its subsidiary Millennium Bank Hipoteczny.

Equities/shares and other financial instruments presented in the Bank's financial statements, unlike in the case of Group reports, incorporated valuation of shares in subsidiaries. The value of this item, as on 31 December 2024, amounted to PLN621mn, recording an increase by 25% y/y.

The Bank's fixed assets and intangibles amounted to PLN1,135mn at the end of December 2024 and increased by 10% vs. the previous year.

Values and annual changes to other asset groups presented in the table above are similar to the corresponding items of consolidated Group, as described earlier in this document.

Liabilities

The structure of Group's liabilities and equity and the changes of their particular components are presented in the table below:

Group's Liabilities and Equity (PLN million)	31.12.2024		31.12.2023		y/y
	Value	Structure	Value	Structure	(%)
Deposits from banks	317	0.2%	564	0.5%	-44%
Deposits from customers	117 257	89.3%	107 246	90.4%	9%
Liabilities from securities sold with buy-back clause	194	0.1%	0	0.0%	-
Financial liabilities valued at fair value through P&L and hedging derivatives	525	0.4%	773	0.7%	-32%
Liabilities from issue of debt securities	6 125	4.7%	3 318	2.8%	85%
Provisions	2 901	2.2%	1 445	1.2%	101%
Subordinated debt	1 562	1.2%	1 565	1.3%	0%
Other liabilities*	2 499	1.9%	3 714	3.1%	-33%
Total liabilities	131 380	100.0%	118 625	100.0%	11%
Total equity	7 772		6 895		13%
Total liabilities and equity	139 152		125 520		11%

* including tax liabilities

At the end of December 2024 liabilities accounted for 94.4%, while equity of the Group - for 5.6% of total liabilities and equity.

As on 31 December 2024 Group's total liabilities amounted to PLN131,380mn and were higher by 11% relative to their value as on 31 December 2023. The main change to liabilities resulted from strong increase of deposits by PLN10bn and also the issuance of debt securities (balances higher by PLN2.8bn) during the 12 month period.

Customers' deposits

Customer deposits constituted the main line item under the Group's accounting for, as on 31 December 2024, 89% of total liabilities. Customer deposits constitute the main source of financing of Group's activities and incorporate, primarily, customer funds on current and saving accounts as well as on term deposit accounts.

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

Customer deposits (PLN million)	31.12.2024	31.12.2023	y/y
Deposits of individuals	87 567	76 600	14%
Deposits of companies and public sector	29 690	30 647	-3%
Total deposits	117 257	107 246	9%

Total customer deposits amounted to PLN117,257mn on 31 December 2024 and grew by 9% y/y. Deposits of individuals reached PLN87,567mn as at 31 December 2024 and posted high growth of 14%

y/y. Term deposits from retail clients grew by 14% y/y whereas current and saving accounts of individuals grew by 15% y/y.

Deposits of companies and public sector, which reached PLN29,690mn on 31 December 2024, fell by 3% y/y due to strong decline in term deposits from companies caused by the tighter price management, whereas current account deposits grew visibly (by 7% y/y).

Average interest rate on all deposits in the Bank in 2024 amounted to 2.3%.

Deposits from banks

Deposits from banks, including credits received, as on 31 December 2024, amounted to PLN317mn. Value of this item decreased by 44% relative to the balance as on 31 December 2023, mainly in effect of a decline in balances of term deposits from financial institutions by PLN252mn, but the Group did not record any credits from financial institutions.

Financial liabilities valued at fair value through Profit and Loss Account and derivative instruments

Financial liabilities valued at fair value through Profit and Loss Account and derivative instruments included, primarily, negative valuation of derivatives for trading or hedging and liabilities resulting from securities subject to short sale. Value of this item, as on 31 December 2024, amounted to PLN525mn, showing a decline by 32% relative to the balance as on 31 December 2023. The changes of valuation (positive and negative) of derivatives has been described in above comments regarding Group's assets.

Provisions

The value of provisions as on 31 December 2024 was PLN2,901mn which signifies strong growth by PLN1,455mn or 101% y/y. The reason for the increase was mostly creating new provisions for legal issues, especially claims related to FX mortgage loan agreements (increase of the balance sheet value by PLN1,857mn not including the value of provisions directly allocated to the loan portfolio).

Debt securities issued

Securities issued by the Group amounted to PLN6,125mn as on 31 December 2024 recording significant increase by PLN2,807mn relative to the balance as on 31 December 2023. The increase resulted from the issue of bonds by the Bank as well as covered bonds issued by Millennium Bank Hipoteczny - the Bank's subsidiary.

In December 2022 the Bank issued Credit Link Notes ('CLNs') in the amount of PLN242.5mn within a synthetic securitisation transaction related to corporate loans. Additionally, in 2023 as a part of synthetic securitisation transaction, the Bank issued PLN489mn worth of CLNs, while Millennium Leasing (a subsidiary of the Bank) issued PLN280mn worth of CLNs. In 2024 the Bank redeemed part of CLNs issued in 2022 in the amount of PLN129mn, in line with the provisions of the transaction, whereas the nominal value of the rest of CLNs series issued by the Bank and Millennium Leasing remained unchanged, i.e. PLN489mn and PLN280mn respectively. Total value of CLNs outstanding on December 31, 2024 stood at PLN883mn.

In order to meet MREL requirements, the Bank issued senior non-preferred bonds in September 2023 with a total value of EUR 500 million and in September 2024 it issued similar bonds with a total value of EUR 500 million too, both issues under the Euro Medium Term Notes Issuance Program with a total nominal value of no more than EUR 3 billion.

In June 2024 The Bank's subsidiary Millennium Bank Hipoteczny (a mortgage bank) issued covered bonds of total nominal value of PLN300mn and in November 2024 it issued covered bonds of total nominal value of PLN500mn.

Subordinated debt

The value of subordinated debt amounted to PLN1,562mn as on 31 December 2024, and remained at almost the same level vs. 31 December 2023 (a slight difference results from interest accrued and paid). The subordinated debt line includes ten-year subordinated bonds in PLN at the total nominal value of PLN830mn maturing in January 2029 and ten-year bonds in PLN at the total nominal value of PLN700mn maturing in December 2027.

Equity

As on 31 December 2024, equity of the Group amounted to PLN7,772mn and recorded an increase by PLN877mn or 13% y/y. Apart from net profit generated in 12 months period (PLN719mn), the increase of equity was supported by positive impact of other comprehensive income items (PLN158mn), mainly valuation of bonds and, to lesser extent, hedge instruments.

Information on capital adequacy is presented in Chapter 11.2 of this document and in Chapter 8.2. "Capital Management" of the Annual Financial Statements of Bank Millennium S.A. Capital Group for the period of 12 months ending on 31 December 2024.

The non-consolidated Bank's liabilities as at 31 December 2024 reached the value of PLN130,414 mn million and were 10% higher compared to the end of 2023. Structure of the Bank's liabilities and equity as well as changes of their particular components are presented in the table below:

Bank's Liabilities and Equity (PLN million)	31.12.2024		31.12.2023		y/y (%)
	Value	Structure	Value	Structure	
Deposits from banks	323	0.2%	565	0.5%	-43%
Deposits from customers	117 643	90.2%	107 506	90.9%	9%
Liabilities from securities sold with buy-back clause	194	0.1%	0	0.0%	-
Financial liabilities at fair value through P&L and hedging derivat.	525	0.4%	773	0.7%	-32%
Liabilities from issue of debt securities	5 030	3.9%	3 028	2.6%	66%
Provisions	2 900	2.2%	1 444	1.2%	101%
Subordinated debt	1 562	1.2%	1 565	1.3%	0%
Other liabilities*	2 237	1.7%	3 392	2.9%	-34%
Total liabilities	130 414	100.0%	118 273	100.0%	10%
Total equity	7 285		6 614		10%
Total liabilities and equity	137 700		124 888		10%

(*) including tax liabilities

The value of customer deposits of the Bank reached PLN117,643mn as on 31 December 2024 and was higher by PLN385mn than the balance for the Group (mainly effect of intra-group elimination). Deposits, similar to the Group's case, grew by 9% y/y.

Debt securities issued by the Bank amounted to PLN5,030mn as on 31 December 2024 and were lower compared to the corresponding item of Group's liabilities. The difference resulted from the issue of CLNs by the Bank's subsidiary Millennium Leasing, which was explained above in the part related to Group's liabilities.

The values and annual changes of other key items of non-consolidated Bank's liabilities are similar to those of their equivalents in the consolidated reports for the Group, as discussed above in this part of the report.

Bank's equity, as on 31 December 2024, amounted to PLN7,285mn and recorded an increase by 10% y/y.

Contingent liabilities

The structure of contingent liabilities of the Group is presented in the table below:

Group's Contingent Liabilities <i>(PLN million)</i>	31.12.2024	31.12.2023	y/y (%)
Total contingent liabilities	16 172	16 101	0%
1. Liabilities granted:	13 441	13 386	0%
a) financial	11 754	11 709	0%
b) guarantees	1 687	1 676	1%
2. Liabilities received:	2 731	2 716	1%
a) financial	0	0	-
b) guarantees	2 730	2 716	1%

Through these operations the Group executes transactions generating conditional liabilities. The main items under conditional liabilities (granted) are as follows: (i) financial liabilities mainly relative to loan prolongation (including, inter alia, not utilised credit card limits, not utilised overdraft facilities, not utilised tranches of investment loans) and (ii) guarantees, including mainly guarantees and letters of credit issued by the Group (to secure performance of obligations undertaken by Group's customers vis a vis third parties). Granted conditional liabilities result in Group's exposures to various risks, including credit risk. The Group creates provisions against irrevocable risk based conditional liabilities booked in the line item "Provisions" on the liability side of the balance sheet.

As on 31 December 2024, the total value of conditional liabilities of the Group amounted to PLN16,172mn, including liabilities granted by the Group at the level of PLN13,441mn. In 2024, the value of conditional financial liabilities granted by the Group remained practically unchanged.

More information on the issue of conditional liabilities can be found in Chapter 12 of the Consolidated Annual Financial Statements of Bank Millennium S.A. Capital Group for the period of 12 months ending on 31 December 2024.

9. PRESENTATION OF BUSINESS ACTIVITY

9.1. INNOVATION AND HIGHEST QUALITY OF POSITIVE CUSTOMER EXPERIENCE

Bank Millennium focus on building positive customer experiences at every stage of clients' cooperation with the bank. Offering very high quality of experiences is the main guideline when designing products and services, in sales and after-sales service - in all contact channels. Thanks to this, in 2024 Bank Millennium strengthened its position as a quality and innovation leader in the banking sector.

Bank Millennium's goal in 2024 was to strengthen its position in the NPS indicator and achieve a TOP3 level.

The bank achieved its strategic goal and advanced from third to second place in NPS (retail customer) - both in the assessment of all customers (+4 p.) and customers with the primary relationship (+7 p.).

In corporate banking, in terms of NPS, the bank took first place. This position is largely due to the strength of corporate relationships with the bank advisors. The high recommendation score is a good starting point for the Bank's further growth in this segment.

For years, Bank Millennium has consistently striving to ensure that the customer's transition to electronic services supports the quality of the relationship with the Bank. We combine service through our mobile application with access to qualified telephone and branch advisors - in all business lines. The remote service has increased the convenience of access to the bank's products and services. We make sure that both, customers and employees, are prepared to use and take advantage of our digital solutions. The bank has been developing several initiatives focused on digital education and security.

Bank Millennium uses research, and qualitative and quantitative monitoring activities, to support the value offer and customers experience development.

Key areas of customer experience are continuously diagnosed, prioritized and forwarded for improvements implementation, being measurement mainly based on NPS indicator.

We develop these customers and employees researches for all product lines, business lines, channels and segments. The surveys concerned:

- satisfaction and loyalty monitoring,
- brand awareness among customers,
- evaluation of product concepts,
- employee perspectives.

An additionally important source of information in quality of service is the bank's Mystery Shopper survey. In 2024, we conducted 2,833 audits in our own and franchise branches.

We have also implemented a new model for identifying the voice of the customer in the retail banking, which includes:

- Mystery Shopper survey results,
- CSAT,
- Google reviews,
- analysis of complaints caused by the branch.

We analyze the collected voice of the customer and use it to stimulate the elimination of the causes of dissatisfaction, to further improve the customer experience.

Bank Millennium has established a field team of CX Leaders to support managers in carefully listening the voice of customers and improve the customer experience offered. CX Leaders also work with advisors and help to highlight elements that negatively affect customer interaction and should be overcome.

Thanks to this program we have observed a decrease in complaints with route causes driven by branch service and an increase in customer satisfaction in the CSAT survey.

Bank Millennium continues to work on simplifying the language used in communication with customers and the content of all documents. We have been improving the texts provided to customers, from the moment of opening an account to the information on the use of their products.

We also continue training employees in plain language standards: in 2024, we trained another 100.

At Bank Millennium, we build strong awareness around the importance of plain language in communication, a perfect example of which are the activities organized as part of the Plain Language Day.

In addition to the quality of products and channels service NPS is determined by the image and trust in the Bank, as well as the experience of employees. This way, we also measure employees experience. The overall participation rate in the employee satisfaction survey completed in 2024 was 63% (12 p.p. higher than a year ago). 76% of respondents were generally satisfied with the Bank - an increase compared to both the Polish (39%) and banking (62%) benchmarks. Overall job satisfaction does not differ significantly in terms of areas, roles, locations or work experience.

The results of the employee satisfaction survey provide material for teams throughout the organization. Meetings of employees with members of the management board organized in the bank are a source of inspiration for further improvement of internal processes and ideas that can increase customer satisfaction with the offer and service.

In 2024, Bank Millennium was recognized in the most important quality rankings. It won awards for service quality in the areas of retail, affluent and business customers:

- first place in both categories of Newsweek's Friendly Bank ranking: traditional banking and remote module,
- podium in Forbes magazine's Company Friendly Bank Ranking,
- podium in Forbes magazine's Ranking of Banks for the Wealthy Customer,
- podium in the Golden Bank ranking in the Best Multichannel Service Quality category,
- one of the finalists of Forrester's global ranking of "Customer Obsessed Enterprise 2024 Awards",
- distinction of NPS® Loyalty Leader - current & savings 2024 (NPS Prism Global Banking Report).

9.2. RETAIL BANKING

Current Accounts

Number of active clients has reached almost 3.15 million with growth of active clients of over 145 thousand in 2024 alone.

Sales of current accounts in 2024 amounted to almost 393 thousand. The key acquisition product was flagship *Millennium 360°* account. The number of accounts in the Bank's portfolio reached 3.62 million, with 23% share of *Millennium 360°* account. After 3Q24, the Bank achieved a market share measured by the number of accounts at the level of 9% (according to the Puls Biznesu report).

The promotion and acquisition of *Millennium 360°* accounts in 2024 was supported by:

- advertising campaigns on television and the Internet (including online campaign dedicated strictly to young clients at age of 18-25 years old);

- activities using the goodie shopping application and in cooperation with external web portals - nearly 40% of *Millennium 360°* accounts were opened online;
- new edition of the "Like it? Share it!" recommendation program.

Saving and Investment Products

Year 2024 was a period of high market interest rates and record high growth of retail deposits. In 2024 retail deposits in whole banking sector grew by almost PLN119bn., of which current and saving deposits increased by PLN99.5bn, with PLN19.1bn growth of term deposits. In this market situation, the Bank focused on placing deposit offer in both savings accounts and term deposits in a way that allows volume growth while taking care of portfolio profitability.

New volumes were acquired mainly on *Profit saving account* but also on new money time deposits with attractive remuneration. Parallely to increased deposit acquisition we have improved retention offers both in digital channels and branches.

Total retail deposits in Bank Millennium in 2024 increased by PLN11.5bn to the level of PLN92.9bn (individual clients and microbusiness) and market share at the end of December 2024 was 7%.

In terms of investment products year 2024, was time of very positive sentiment on global capital markets. Especially debt investment funds attracted substantial volumes and showed yields competitive to deposit rates. In total, the investment assets of the bank's clients invested in mutual funds and investment-insurance funds increased by nearly PLN3bn and amounted to nearly PLN10.8bn.

The Bank continued its strategy to offer diversified portfolio of investment products including both own solutions and products offered by external partners. Depending on client segment the offer included structured products, mutual funds and bonds.

The Bank continued activities promoting regular investments especially through investment advisory service based on selected and adjusted Millennium TFI funds (mutual funds) which in easy and convenient way enables customers entrance to investment products even of small amounts. During 2024 around 20 thousand new customers decided to invest through advisory service, number of customers investing regularly increased to around 50 thousand.

In order to make the offer more attractive, during the year the Bank launched cyclical promotions of funds with regards to the fee for their purchase. A special strategy was also continued to reward the use of remote channels by reducing to 0% the handling fee rates for purchase of selected TFI funds through Millenet and Mobile Application

Cash Loans

In the field of cash loan sales, the Bank may consider 2024 to be a successful year. Compared to the previous year, in 2024 sales of loans for any purpose to individual customers increased by almost 11% and amounted to over PLN 7.0 bn. Bank's market share was 9% in loan sales and 8% in the loan balances. Remotely initiated sales in the telephone channel increased by 23%. The Bank's franchise partners also recorded 9.5 % increase in sales. Both good results were delivered based on the offer which is increasingly better suited to the needs of the Bank's current customers and that the processes of remote customer service. On the other hand, the Bank actively acquired new customers. An important source of sales for new loans was also the developing cross-sell to customers acquired through instalment loans. The Bank also places great emphasis on the development and improvement of electronic channels, in particular the mobile application. Already almost 75% of loan sales ended in digital channels, which was an increase of another 4 percentage points compared to 2023. The Bank also conducted an active pricing policy, providing customers with attractive promotions and special offers throughout the year.

Overdrafts

Despite a slight market loss in the sale of account limits (8.1%, a decrease compared to 2023 by 2.9 pp), the Bank increased its market share in the credited balances to 13.5% (+0.11pp). This means that customers are more willing to use the credit limit offered by the Bank.

Insurance products (bancassurance)

In 2024 the Bank continued its strategic insurance cooperation with Europa Insurance Group, providing long-term development of bancassurance in relation to specific insurance related to credit products. The Bank expanded its offer with new value propositions, including travel insurance for customers travelling with Visa Global credit card, with convenient insurance claim reporting directly in the mobile application.

Payment Cards

In 2024, there was another significant increase in the payment cards portfolio, both in terms of the number of cards issued and transaction volume.

The Bank maintained the upward trend in the payment card portfolio with the result of 4.0 million cards at the end of December 2024 (+1.6% y/y). The turnover in 2024 amounted to PLN 82.632mn on debit cards (+11% y/y) and PLN 7.453mn on credit cards (+12% y/y). This result was supported by new product solutions, including among others activation of Google Pay mobile payments directly in mobile application. From July 1, 2024, multi-currency solutions have been made available to customers: a currency exchange office and the ability to pay in foreign currencies directly from a currency account by connecting a debit card to a currency account. This way, customers will not pay currency conversion fees. Additionally, the currency limit has been increased to PLN 5,000. This is the monthly amount of transactions in foreign currencies for which the Bank will not charge a currency conversion fee.

From July 1, 2024, the Bank withdrew the HCE payment method, offering customers BLIK contactless payments or virtual wallets that allow tokenized card payments.

At the end of December 2024, the credit card portfolio increased to 518 thousand cards and increased by 24 thousand cards (+4.9% y/y). This allowed Bank Millennium's market share to increase to 10.2% in 3Q24. Thanks to intensive portfolio activities, Bank Millennium's market share in spending increased in 3Q24 to 10.6%.

Mortgages

In 2024, a gradual increase in customer interest in mortgage loans was observed on the market. The bank concluded over 13,900 new commitments with a total value over 5.8 billion PLN. (increase of almost 17% y/y) and ranked 6th in the market with a sales share of almost 7%. The market noticed a deceleration in the 2H2024 of the year relative to sales in 1H2024 (down 14%), also an observable decline in sales in 2H2024 relative to 2H2023 (down 9%).

The Bank implemented a number of projects, including regulatory ones, as well as further improvements in the process of granting and servicing loans i.a.:

- increasing support within the Borrower Support Fund - amount and period of support
- possibility of using the Borrower Support Fund by flood victims
- Installment repayment deferral for flood victims
- implementation of PEESL verification in the credit process, which increases the financial security of customers
- expanding information for customers before making a decision to use loans under the amended Recommendation S

The Bank's lending campaign, similarly, to last year, was based on the offer of unconditional 0% commission for granting a loan and 0% commission for early and full repayment of the loan.

The Bank continued its activities to further reduce the CHF loan portfolio, offering customers individual conditions that favor currency conversion and partial and full repayment of these loans.

Prestige and Private Banking segment - offer for an affluent clients

In 2024, the Bank continued its strategy in the development of an offer particularly important for wealthy clients:

- in July, the currency exchange available in the mobile application along with a multi-currency service for debit cards was launched, the currency package was withdrawn and at the same time the amount for which the Bank does not charge an additional margin for currency conversion of card transactions in foreign currencies raised to 5.000PLN per month,
- in October, VISA Global credit card offer was launched along with attractive benefits, including Safe Travel insurance. With the implementation of the new product, the conversion process available in remote channels has been made available.

In 2024, the Bank continued its policy of serving affluent clients: individual Prestige Experts are available to customers not only in the traditional model but also fully remote. Using digital channels, experts support clients in everyday banking and in important financial decisions while developing relationships.

Affluent clients in the Bank are customers with PLN200 thousand of assets or PLN20 thousand of inflow per month. At the end of 2024, number of affluent clients was 152.7 thousand, growing annually by 21%.

In Private segment, the number of customers at the end of December 2024 was 4.7 thousand. The condition for entering the Private segment is at least PLN1 million of assets deposited with the Bank.

Biznes Client segment

Business offer is addressed to individuals running sole proprietorship businesses, partnerships and commercial law companies with annual revenues up to PLN5 million.

In 2024, the number of new accounts for Business customers increase of 24% compared to 2023, reaching nearly 46,000 new accounts. This growth was achieved thanks to the following initiatives, among others:

- introduction of an enquiry about interest in an account for a company during the retail account opening process
- launching a real-time telephone campaign in the event of abandonment of an online account application
- enabling the opening of another business account through Millenet or the mobile application
- the functioning of special offers for customers opening online accounts and new Business customers
- the introduction of acquisition campaigns based on activities on the client's account that indicate the possibility of the client doing business

In 2024, 77% of company accounts were opened online.

Business Bank's customers are offered a wide range of transactional and credit products, with a particular focus on the attractive Millennium Accounting offer, payment terminals and leasing, as well as modern online and mobile banking.

In the second quarter of 2024:

- we made available to our e-commerce customers, the Millennium PAY payment gateway, which makes it possible to accept electronic payments in online shops
- we offered customers starting an e-commerce business the opportunity to set up an online shop on the Sellingo platform with the Millennium PAY payment gateway, which they can test for 6 months for free.

In the third quarter of 2024, the Bank further developed the “Millennium Księgowość” (accounting) service by introducing additional transfer facilities.

In the fourth quarter of 2024, the Bank made available the possibility of ordering a debit card through digital channels.

The acquisition of corporate accounts was supported by strong promotional and advertising activities including:

- 2 TV campaigns for Konto Mój Biznes together with the Millennium Account promotion
- a non-standard marketing campaign ‘Feel the sport in business’ in which we started regular cooperation with influencers
- broadcast radio campaign strongly focused on acquisition, in which we promoted promotions for Konto Mój Biznes
- a digital campaign leading directly to the opening of the My Business Account online/enterprise and to the use of additional services.

In 2024, the value of credit products sold to Business customers increased of more than 4% compared to 2023 and reached PLN1,035 million, thanks to:

- a further increase in the use of de minimis guarantee. In 2024, 93% of the value of loans was covered by BGK’s de minimis guarantee
- the implementation of a new risk methodology and decision engine allowing for a better assessment of the credit risk of the exposures granted
- introduction of an automatic renewal process of overdrafts secured by de minimis guarantee

In 2024, nearly 50% of all credit agreements were signed in Millenet or the mobile app.

Mobile and online banking

Bank Millennium consistently continues its “mobile-first” approach, which puts mobile banking at the center of its activities. The banking app is now one of the most important applications on customers’ phones. **In 2024, the number of logins to the mobile app exceeded one billion.** We ended 2024 with 2.9 million active digital users, of which as many as 2.65 million are customers using the mobile app.

The year 2024 was marked by three key projects in electronic banking. Firstly, in May, the Bank, in collaboration with the Polish Payment Standard, launched a new solution in the BNPL model, called **BLIK Płać Później** (BLIK Pay Later). At the beginning of the summer, customers gained access to a **currency exchange** and a multi-currency service for their cards in the mobile app. In 2024, the **app’s design** was refreshed, including navigation, menu, and product pages.

Starting in July, the Bank stopped supporting contactless payments using HCE technology directly within the mobile app. Customers can now use alternative and more modern solutions: BLIK contactless payments or virtual wallets that allow tokenized card payments.

Significant attention in 2024 was devoted to government and regulatory projects, including new applications for Active Parent and benefits for people with disabilities, as well as verifying restricted

PESEL numbers, AML surveys, statutory mortgage holidays, and support for borrowers affected by the September floods. In the third quarter of the year, the bank, in collaboration with KIR, offered its clients the option of using a mobile signature for identity verification (mSzafir).

In 2024, the Bank also developed solutions for businesses and corporations, with a particular focus on mobile banking in these segments.

Retail and business customers digital activity

	2024	2023	change
Active digital users	2,905,039	2,701,645	+8%
Active mobile users	2,653,201	2,473,365	+7%
BLIK payments users*	2,298,144	2,033,538	+13%

* Customer at least one used at least one BLIK service in 2024.

DIGITALISATION

The goal of the "Inspired by People" strategy, which concluded in 2024, was to achieve 90% active customers in digital channels. This goal was reached by the end of 2023, thanks to efforts made as part of the digitalization project. In 2024, these efforts continued, and currently, **the share of customers actively using the bank's digital channels is 92%**.

To achieve success in digitalization, electronic banking channels work closely with traditional channels. Reliable technology combined with a human touch is the direction taken in the new strategy for 2025-2028, as well. In this approach, the role of branch staff and contact center consultants is crucial, which is why they receive support during regular meetings and webinars, including as part of the Digital Ambassadors project. The Bank is also enhancing the digital onboarding of new customers, which includes not only education through digital channels, but also support from Bank employees.

As part of digitalisation, the Bank aims not only to activate new-to-bank users but also to increase the digital engagement of existing customers. To achieve this, we employ a personalized approach customized to the activity and needs of the user, who, at the right moments, learns about the possibilities of digital channels, is educated of cybersecurity principles, and receives support in sales processes, for example, through contextual chat.

The primary differentiator in the market is now the customer experience, which is why the banking app and Millenet are designed in collaboration with users. The Bank conducts research and testing in an in-house UX Lab, simplifies communication according to plain language standards, develops its Design System, and carries out accessibility audits with an external NGO Partner - "Fundacja Widzialni". As a result, the digital channels of Bank Millennium combine convenience, security, and reliability.

Within the UX Lab, user behaviors are analyzed, interviews are conducted, and test sessions are organized to better understand customers' needs and expectations, ensuring intuitive and effective user experiences. In 2024, the UX Lab was equipped with new research tools, such as the IQS panel for quantitative research and access to the OMNISURV platform, which enables external marketing research on nationwide samples or selected target groups (with the added feature to present descriptive, graphic, and video materials). An AI-based attention distribution prediction tool was also introduced. In the UX Lab, both new functionalities and updates to existing solutions are tested.

An important aspect of the Bank's activities is **hyper-personalisation**. The Bank is implementing a new AI-based system that will allow for real-time digital path to meet customer needs.

DAILY BANKING

Work on digital solutions never ends; it continues as long as they are available to customers. The Bank constantly improves the mobile app and online banking to meet users' expectations and needs every day. Designers view processes through the eyes of customers and propose changes that are genuinely necessary. In the past year, many such enhancements have been implemented in daily banking.

In 2024, one of the more significant projects for the bank was refreshing the mobile app. From the customer's perspective, the changes were subtle but allowed for better alignment of the app's navigation with users' feedback as well as current trends in UX/UI design. The menu and product pages were redesigned. New options emerged, such as the ability to check payment card details, as well as educational banners that draw users' attention to secure banking rules. These changes were tested with users before being widely released. All customers could download the refreshed app in October. The update did not result in a change in app ratings in stores. Currently, users rate the app at 4.8 (out of 5) on Google Play and App Store, while the rating reaches 4.9 (out of 5) in Huawei App Gallery.

The app also introduced new forms of contact with the Bank. The contact panel with consultants across processes was standardized (direct calls or chat directly from the process). The chat feature has been enhanced with AI, which accelerates customer support for the most common inquiries while allowing consultants to address more complex issues more quickly. The app also includes a built-in map of branches, ATMs, and deposit machines. The map allows users to find a selected location using search filters or their current location and to set a route to the chosen destination.

In the first half of 2024, we completed the rollout of the new transaction history in the mobile app. After the changes, customers have all transactions in one place, along with additional functions accessible via shortcuts from the transaction details.

PAYMENTS, E-COMMERCE, AND VALUE-ADDED SERVICES

The bank expands the available forms of mobile and online payments, as well as additional services offered in electronic banking. In May 2024, deferred payments in the BNPL model (But Now Pay Later) were introduced for the clients. **The BLIK Pay Later** service is based on the same scheme as payments with a BLIK code—transactions are equally quick and intuitive. As a result, this new solution has the potential to dominate the deferred payments market in Poland. Deferred payments mark another step toward merging banking services with the rapidly growing e-commerce sector.

BLIK is currently the most popular payment method in online stores. In 2024, almost 2.3 million of our customers used BLIK services at least once.

The bank promotes **contactless payments via mobile devices**. By mid-year, the migration from the old, less efficient HCE payment method was completed. Customers can now use BLIK contactless payments, as well as Google Pay, Apple Pay, Fitbit Pay, and Garmin Pay. By the end of December 2024, over 1.2 million customers had payments via their phones, watches, or fitness bands activated.

The Bank is also developing its foreign currency payment services. Before the summer of 2024, the foreign currency limit for cards was increased from PLN 1,000 to PLN 5,000. We have introduced a currency exchange in the mobile app, allowing users to receive notifications about current exchange rates. Available currencies include EUR, USD, CHF, and GBP. Customers can open a free currency account in the app and link it to their existing debit card for their current account.

The Bank is promoting and developing value-added services (VAS). In 2024, customers gained the ability to purchase gift cards and codes from new suppliers (Amazon, Netflix, and Steam) within the app. Top-up codes are particularly popular among younger customers.

The Bank confirms and expands its competencies in the field of digital marketing. At the end of 2024, Bank Millennium became a member of IAB Poland, an association bringing together companies operating in the interactive, technology, and advertising sectors in the Polish market.

ONLINE PRODUCTS, SALES, AND ACQUISITION

In the mobile app, new customers can open an account using a "selfie". On the Bank's website, we offer a process that involves logging in to another bank, based on open banking solution. Additionally, a new customer can open an account while applying for a cash loan through the Bank's website. Bank customers can also open new accounts after logging into the mobile app and Millenet. In 2024, the share of digital channels in account acquisitions reached 43%, while the share of digital channels in sales of accounts for children was nearly 56%. In 2024, the Bank was once again recognized in the Institution of the Year ranking for the "Best Remote Account Opening Process."

Work on processes in digital channels is continuous, and even minor changes can enhance user experience and impact business outcomes. The omnichannel credit card application implemented a year earlier received exceptional customer recognition in 2024 and was also awarded at the international PayTech Awards competition.

In 2024, the bank expanded solutions to support customers in self-investing their funds. The app introduced a new investment hub, which is a page where customers can access all available investment products in one place. Changes were also made to the robo-advisory process, aimed at facilitating customers' informed decisions regarding starting investments. The bank promotes regular saving using standing order functionality.

Customers with cash loans or installment loans gained options in the app for easier management of their obligations: the ability to change the repayment date of cash loans or installment loans, as well as an application for "credit holidays" from cash loan repayments. Both options are easily accessible via shortcuts on the product page. Previously, customers could only change the repayment date or submit a request for a repayment break through Millenet. In 2024, the share of digital channels in the number of sold loans reached 83%.

Customers with mortgage loans could extend statutory mortgage holidays through online banking. The application in Millenet was expanded to include new conditions that applicants had to meet according to the provisions of the law.

PUBLIC SERVICES

The Bank's strategy ensures full accessibility of public services through mobile banking. Currently, customers have access to applications for Rodzina 800+, Dobry Start 300+, RKO, and Aktywny Rodzic, which from October has replaced the previous subsidy for nurseries. In 2024, the bank also made available in the mobile app and Millenet application for a benefit for people with disabilities. Other solutions offered through digital banking include Millennium ID (based on mojID), integration with the mObywatel application, the registration process for sole proprietorships, and the mobile signature mSzafir (through KIR).

CYBERSECURITY

The number of digital banking services continues to grow, which is why the bank is constantly enhancing the security of access to electronic channels and ensuring an appropriate level of protection against current fraud schemes. A sense of security is one of the crucial factors that promote digitalization.

The Bank educates customers about cybersecurity rules through regular campaigns and on its website, participates in sector-wide initiatives, and provides security measures and tools that enable users to ensure their safety in everyday situations, such as temporary card blocking, identity verification within the app, biometric login, or transaction limit management. In 2024, an additional authorization was introduced for logging into the Millenet online banking system. Users must confirm each login using Mobile Authorization or SMS Password (depending on the chosen method of authorization). Previously, such additional authorization was required every 90 days.

Many security mechanisms operate without the customer's awareness, ensuring constant system safety. A new feature in 2024 was the implementation of solutions that detect remote desktop management applications (to prevent "vishing" fraud) and new rules for detecting suspicious transactions.

A key project related to the security of online banking services was the introduction of PESEL number verification. According to current regulations, the Bank is obliged to check whether a customer's PESEL number has been restricted, for example during the account opening process or in credit product applications. This solution was implemented at the bank starting June 1, 2024.

Another regulatory project was the verification of customer data in accordance with KYC (Know Your Customer) regulations as part of AML (Anti-Money Laundering) regulations. Customers could conveniently confirm their data through electronic channels via a survey, accessed directly from campaigns or informational banners.

AFFLUENT CLIENTS

In 2024, the Bank focused heavily on refreshing its offerings for affluent clients, with these efforts being integrated into projects executed through digital channels. In the fourth quarter of 2024, clients were offered a new VISA Global card with additional services (access to airport lounges, currency services, and cashback on purchases). The card is linked to Safe Travel insurance, allowing clients to easily contact the insurance company directly through the banking app. By January 2025, the offering was expanded with the new Millennium 360 Prestige account. All new services and products are accessible through digital channels. Clients can convert their existing current accounts into new Prestige accounts directly within the app. In just a few steps, they can also exchange their credit card for a VISA Global card and purchase the "Twój Asyistent Prestige" insurance in one process.

SUPPORTING FLOOD VICTIMS THROUGH DIGITAL CHANNELS

In September 2024, Poland was struck by tragic floods that affected clients in the southwestern parts of the country. The bank, in collaboration with the Polish Red Cross and Caritas Polska, facilitated assistance to those impacted by the flooding. In the mobile app, clients could provide their support through the CharityTransfer feature. The client uses a pre-filled form, eliminating the need to enter the account number or the title of the transfer. They simply select the organization and enter the amount, and upon confirming the transfer, the money is sent directly to the chosen organization's account. Through the Bank Millennium app, clients donated PLN1.54 million. The Charity Transfer feature was first introduced in the app following the outbreak of the war in Ukraine in 2022.

Additionally, borrowers affected by the floods were given access to an application for non-repayable assistance from the Borrower Support Fund through online banking. This application was made available at the bank on October 7, alongside the launch of the government program. The implementation took only a few days.

DIGITAL SOLUTIONS FOR BUSINESS

Developing offerings for clients running their own businesses is an area of increasing significance for the Bank each year. The comprehensive online banking services and additional tools for running a business respond to the needs of this group at every stage of building a competitive enterprise. We are building processes where electronic channels play a dominant role but are supported by remote experts. Options available for business clients include:

- A process for opening a business account using open banking,
- The ability to register a company along with opening a business account through online banking and the mobile app,
- Millennium Accounting,
- The Millennium POS app, which transforms a smartphone into a payment terminal,

- A complete online application for a cash loan with a de minimis guarantee,
- A payment gateway linked to an online store.

In 2024, one of the key implementations was the launch of the **Millennium PAY** payment gateway (in partnership with PayTel), which serves customers building their businesses in e-commerce. The gateway can be easily linked to their online store - the Bank has prepared an option for micro-enterprises to create their own store on the Sellingo platform.

The Bank is enhancing solutions offered in previous years. Clients who register their businesses through theBbank's process can receive real-time accounting support via panic button. Additionally, the accounting service has been enhanced to include the ability to make predefined transfers. The app also added the option to connect with a consultant directly from the cash loan application, allowing clients to receive real-time expert assistance from the Bank.

Furthermore, in 2024, clients gained the ability to order a debit card for their business account through electronic channels, as well as to open another Konto Mój Biznes account, optionally with a new VAT account and a new debit card.

AWARDS AND HONOURS

The digital solutions of Bank Millennium are recognized both in Poland and in international rankings:

- Newsweek's Friendly Bank - 1st place in the Remote Banking category
- 2024 Global Finance Best Digital Bank Awards - and other 13 titles for retail and corporate digital solutions, including:
 - Best Digital Consumer Bank in Poland
 - Best Information Security and Fraud Management in Central and Eastern Europe
 - Best in Transformation in Central and Eastern Europe
 - Best Online Product Offerings in Poland
 - Best User Experience (UX) Design in Poland
 - Best Mobile Banking App in Poland
 - Best Information Security and Fraud Management in Poland
 - Best in Lending in Poland
 - Best in Transformation in Poland
 - Best SME Banking/SME Platform in Central and Eastern Europe
 - Best SME Banking/SME Platform in Poland
 - Best Trade Finance Services in Poland
 - Best Information Security and Fraud Management in Poland
 - Best in Transformation in Poland
- Institution of the Year 2024 - Best Remote Account Opening Process
- Institution of the Year 2024 - 2nd place for the mobile app
- Institution of the Year 2024 - 4th place for internet banking
- Golden Banker - 2nd place in Electronic Banking (online/mobile)
- PayTech Awards - Best Consumer Cards Initiative for Omnichannel Credit Card Application & Digital Service
- Global Finance The Innovators - Top Innovator in Finance 2024 for Best UX for Corporates (for Bank Millennium for Companies mobile app)
- Mobile Trends Awards - Nomination for the Bank Millennium app for companies
- The Digital Banker Global Retail Awards 2024 - Best SME Mobile Banking App

9.3. CORPORATE BANKING

As part of Corporate Banking, we professionally and comprehensively provide services to companies with annual sales revenues exceeding PLN 5 million as well as public sector institutions and entities.

Our objective is to assure the highest quality of service and the shortest time for our reaction. Therefore we are consistently automating our internal processes relating to customer service. At the same time we support our clients in implementation of projects reducing the environmental impact of their businesses, by financing projects connected with renewable energy, innovations reducing the demand for energy and natural resources and more effective waste management.

We provide each client with the care of a permanent team of experts. Relationship Managers, who are the first line of contact with the client, are supported by product specialists in transactional banking, treasury products, trade finance products and leasing as well as FX dealers. In the area of support for digital channels, including host 2 host solutions, clients are supported by a team of electronic banking experts. In operational issues support is provided by specialists in transactional systems and consultants. The team working with the clients is augmented by experts in funding mergers and acquisitions as well as experts in EU funds.

The high quality of service is confirmed by the results of the annual survey of corporate banking customer satisfaction. In the third quarter, we conducted a satisfaction survey of corporate banking customers. As many as 85% of the surveyed customers are very satisfied with the support of our Relationship Managers (NPS RMs 77), and 88% are very satisfied with the ongoing operational cooperation with Consultants. The Bank's NPS for the corporate banking line was 47 points. These results confirm our high competence and commitment to ensuring the highest quality of service processes. At the same time, the results of the survey are feedback from our customers, setting the directions for further work on our product portfolio and the development of digital services offered to customers.

CORPORATE BANKING PERFORMANCE

At the end of 2023, we met the capital requirements, thanks to which we began to return to the growth of loan volumes, reversing the previous downward trend. At the end of 2024, this resulted in an increase of PLN 0.6bn (4.5%) to the level of PLN 14.0bn. In 2024, the volumes of new credit products increased by 47%. For individual product areas, the levels were as follows: increase in loans by 49%, factoring by 62%, leasing by 37%.

On the deposit side, we focused on improving the deposit margin, which increased by 0.21%, with a decrease in volume by 6.6% to PLN 23.9bn. The number of payment cards increased by 11.5% to over 100 thousand.

COMPREHENSIVE PRODUCT OFFERING

We create flexible financial solutions tailored to the nature of a specific company's business. We support them with modern digital solutions conducive to automation and optimisation of the work of financial departments of companies, including minimising operational activities related to cooperation with the bank.

Digitalisation of customer service processes

We digitalise processes, which allows us to reduce paper documentation. In 2024, 66% of credit agreements were signed using a qualified electronic signature, 84% of guarantees were issued in the form of e-guarantees, 84% of applications for bank accounts and 39% of applications for payment cards were submitted in digital form.

The option to conclude transactions in the Millennium Forex Trader electronic online currency exchange platform has been enjoying greater and greater interest among clients. Already 74% of transactions are carried out via online banking and the mobile application.

The share of customers using Millennium Leasing's eBOK is consistently growing - at the end of December it was already 95% of leasing customers. Since the beginning of the year, electronic applications regarding the handling of contracts and leased items have accounted for 61% of all leasing applications submitted by customers, while 51% of lease agreements in the corporate banking segment have been signed electronically.

In the Documents Module in Millenet for Companies, which is used for bilateral exchange of documents between us and the client via the online transaction service, we have doubled the number of processed documents compared to 2023.

FLEXIBLE FINANCING

With our products, we support environmentally friendly solutions, energy transformation, innovation development and at the same time respond to rising electricity prices.

Entrepreneurs can take advantage of credit products and leasing of green assets. We equip relationship managers with practical competences in the field of broadly understood ESG, which allow them to effectively identify key issues related to green transformation and sustainable development, better understand the perspective of companies and their needs.

We support entrepreneurs in accessing financing. By participating in the guarantee programmes of Bank Gospodarstwa Krajowego, we facilitate access to financing for entrepreneurs.

De minimis guarantees

The de minimis guarantee can secure up to 60% of the loan amount granted to companies from the small and medium-sized enterprise (SME) sector, and the maximum amount of the guarantee is PLN 5 million (the amount of the individual guarantee and the sum of active guarantees at the lending bank). The commission rate for the guarantee granted is 0.5% of the guarantee amount on an annual basis. The maximum period of a guarantee is 60 months for working capital loans and up to 120 months for investment loans.

Biznesmax Plus guarantees

Free Biznesmax Plus guarantees secure up to 80% of the loan amount financing innovative and eco-innovative investments. Companies from the SME segment have the opportunity to apply for subsidies to:

- interest of 5% of the loan amount per annum, for a period of 24 months in the case of working capital loans, or
- principal at 20% of the loan, in the case of an investment aimed at the digital transformation of enterprises or
- principal in the amount of 10% in the case of implementation of an innovative or eco-innovative investment.

The offer of loans with Biznesmax Plus guarantees is available to entrepreneurs from the SME sector, small mid-caps and mid-caps. Preferences related to subsidies are available only to companies from the SME segment.

Ekomax guarantees

Our offer also includes investment loans with Ekomax guarantees, which can secure up to 80% of the loan amount financing energy efficiency projects, consisting in thermal modernisation of buildings or reduction by at least 30% of primary energy consumption. The offer is available to entrepreneurs from the SME sector, small mid caps and mid-caps. Companies from the SME segment can take advantage of capital subsidies of the loan principal amount of 20%.

Investmax guarantee

The Bank's SME customers can use the new Investmax guarantee. It will make it easier for entrepreneurs to access working capital and investment loans. The Investmax guarantee is designed for entrepreneurs in the SME sector, with a particular focus on micro-entrepreneurs. For them, the guarantee under the microfinance formula is provided free of charge. In other cases, the fee for granting the guarantee is 0.3%. The Investmax guarantee can secure 80 per cent of the principal of a working capital or investment loan.

Benefits of BGK guarantees

Thanks to public-funded guarantees, we offered our clients a longer than standard financing period in the case of working capital loans, and in the case of investment loans, we reduced the borrower's minimum own contribution to 10 percent. For the sake of "green financing", we have waived the collection of the origination fee.

Financing with the support of the Korporacja Ubezpieczeń Kredytów Eksportowych

We expanded the loan guarantee offer of Korporacja Ubezpieczeń Kredytów Eksportowych (KUKE) Corporate Banking clients have the option of extending the KUKE guarantee to repay loans granted to exporters for their investments in Poland and to exporters who apply for a loan to finance their current operations, including the refinancing of their existing loan. This guarantee is available to customers who have generated export revenues of at least 20% of total annual average revenues over the last three out of the last five years. The guarantee can secure up to 80% of the loan amount. There is no limit to the amount of the guarantee. A working capital loan secured by a guarantee can be granted for a maximum of 12 months, while an investment loan for a maximum of 14 years.

Factoring and trade finance

The KUKE guarantee can also be used to secure reverse factoring, recourse factoring and receivables financing transactions. The guarantee is granted at the request of the customer who is an exporter and can be used to cover up to 80% of the client's liabilities under the agreement, including the amount of outstanding financing as well as interest and commission.

In the area of trade financing, KUKE counter-guarantees can be used as collateral for contractual guarantees issued by us, such as: advance payment guarantee, contract performance guarantee/defect removal guarantee/warranty for defects and quality guarantee (including with and without a reduction amount) and tender guarantee.

TRANSACTIONAL AND ELECTRONIC BANKING

We have introduced further solutions and improvements helping clients to manage their company's finances even more efficiently and conveniently.

Electronic banking for corporate clients

We are developing our offer for enterprises in accordance with the strategic approach that it should consist of three pillars: a universal browser-based system, a convenient and intuitive mobile application, and solutions supporting direct integration with clients' financial and accounting systems.

Working with clients in the corporate area is particularly demanding given their diversity - from small and medium-sized companies to large corporations and government agencies. We improve digital solutions in response to customer needs, which we get to know, among other things, through interviews and tests with users.

In 2024, we made changes to the documents module to make its operation more intuitive. We expanded the service of working capital, investment and revolving loans in Millenet for Companies. We added a view of loan details, repayment history, instalment schedule, information about interest rates or possible debt. Customers now have full knowledge of their obligations immediately after logging in. We also improved the visibility of accounts in Millenet for Companies in response to customer requests.

Mobile application

We are expanding with new features the mobile application for business customers released in 2023. In 2024, we enriched it by adding payment card options (activation, limit and security management options, including temporary card blocking or restriction and PIN change), deposit management functionality, direct consultant connection, transaction notifications. Since its launch, Bank Millennium dla Firm has been the best-rated application in Poland as regards bank mobile applications designed for enterprises. At the end of 2024, 35% of corporate customers actively using electronic banking were active users of the mobile application.

Millennium PAY payment gateway

We have launched the Millennium PAY Payment Gateway, which is integrated with the largest open-source platforms (WooCommerce, PrestaShop, Magento) and gives the possibility of individual integration when customers use their online shops. Thanks to cooperation with Sellingo, customers also get the opportunity to create and run an online shop.

eBOK Millennium Leasing in Millenet for Companies

We have expanded the functionalities of the eBOK service with a transparent history of settlements, including all issued invoices along with recorded customer payments, current balance and balance after each operation. Thanks to this, customers can check the moment and the reason for arrears or overpayments and control the status of their settlements at any time.

Transactional Banking

Deposit Machines

We have piloted a new solution to automate cash processes at our clients - the so-called "deposit machines". The device works similarly to a cash deposit machine. It identifies the depositors, calculates the deposit, and issues a confirmation. Information about the deposit is electronically transferred to the bank and automatically posted. Such a process provides the customer with quick access to cash on the account, reduces the cost of preparing deposits and the number and cost of convoys.

Residential Escrow Accounts

We have implemented changes to Open and Closed Residential Escrow Accounts (MRP), which enable the handling of payments under construction projects whose sales began before the entry into force of the so-called new Developer Act and are continuing after the transitional period provided for in this Act.

The provisions of the new Developer Act impose different requirements for construction projects whose sales began during the validity of the old Developer Act, and different requirements for the period after the so-called transitional period, which ended on 1 July 2024. Our Residential Escrow Accounts meet all statutory requirements, enabling developers to maintain the continuity of sales started before the Act was introduced.

WE SUPPORT CLIENTS THROUGH EDUCATIONAL ACTIVITIES

We support our clients in the challenges they face. We provide up-to-date macroeconomic information; every week we present a summary and analysis of the most important events from the domestic and foreign markets. We constantly educate on IT security and fraud risk, and provide information about available assistance programmes.

We provide information through the Inspiration Zone in the Millenet for Companies transactional system and, among others, in the form of webinars with the participation of internal and external experts, presentations by the Bank's experts during conferences and meetings of which we are partners.

We cooperate with the CFO Club of ICAN Institute

CFO Club is a development and networking initiative bringing together financial directors (CFOs). The CFO Club provides access to current knowledge, it is also a platform for exchanging experiences and networking. The topics discussed during webinars, meetings, podcasts and articles are related to the most current challenges faced by financial departments in companies: green transformation, ESG, obtaining public funds for the development of companies, cybersecurity, the use of artificial intelligence in company operations.

We are a partner of the Forbes Family Business Forum

In the 7th edition of the Forbes Family Business Forum - a joint initiative of Forbes magazine and Bank Millennium - 9 meetings were held with entrepreneurs in Poland's biggest cities. During presentations and panel discussions, we covered topics related to the opportunities and challenges faced by family businesses: the impact of political and macroeconomic factors on shaping business strategy, succession planning and execution, investments in innovation and green business transformation, or the use of artificial intelligence.

BROKERAGE BUSINESS IN THE BANK MILLENNIUM GROUP

Brokerage services are provided within an organisationally separate unit of the Bank under the name of Brokerage Office of Bank Millennium S.A.

Pursuant to the authorisation granted by the Polish Financial Supervision Authority, we provide brokerage services to retail and institutional clients as regards, among others:

- execution of orders to purchase or sell financial instruments on the account of the person placing the order,
- purchasing or selling financial instruments on own account,
- investment advice,
- offering financial instruments,
- safekeeping or registering financial instruments, including the maintenance of securities accounts, derivatives, omnibus accounts and cash accounts for the purposes of servicing them,
- preparation of investment and financial analyses and other general recommendations regarding transactions in financial instruments.

In 2024, we carried out work to increase the scale of operations through i.a.:

- the modernisation and integration of technological infrastructure based on the highest standards applied in Bank Millennium,
- the project of construction and implementation of a new trading system of the Warsaw Stock Exchange called WATS (Warsaw Automated Trading System). The planned date of production launch of WATS is November 2025.
- further integration of processes within the Bank, e.g. in the AML area,
- enabling the conclusion of brokerage agreements electronically using the channels and technology available in the Bank and provision of a new mobile and web application.

In 2024 trading by Bank Millennium's Brokerage Office on the equities market amounted to approx. PLN 2.7bn, which according to the Warsaw Stock Exchange data gave market share at 0,4%. In the retail investor sector, this translated into a share of 1.5%.

As on 31 December 2024 the Brokerage Office serviced 22.7 thous. investment accounts, acted as market maker and issuer market maker for companies listed on the Warsaw Stock Exchange.

In 2024, the Brokerage Office of Bank Millennium offered covered bonds of Millennium Bank Hipoteczny with a total value of PLN 800 million. Two series of covered bonds were placed. The first series carried out in June 2024 was worth PLN 300 million, and the second in October was worth PLN 500 million. Both series attracted a lot interest among with investors, as a result of which the reported total demand significantly exceeded the value of the instruments offered.

CUSTODIAL SERVICES

We provide custodial services on the basis of an individual permit issued by the Securities and Exchange Commission (now the Polish Financial Supervision Authority). We are a direct participant of deposit and settlement systems such as the National Depository of Securities (kdpw_stream), NBP Register of Securities (RPW), Euroclear Bank SA/NV (Brussels) and Clearstream Banking Luxembourg.

Custody Department customers include domestic and foreign financial institutions (global custodial banks, banks - depositaries of global depository receipts, investment banks, asset management institutions, insurance companies, collective investment institutions, investment funds) and other legal persons actively participating in capital and money market transactions, requiring comprehensive and customised service and advanced ICT and infrastructural solutions.

The value of assets on securities accounts of customers, as on 31 December 2024 reached the value of 69 bn PLN. At the same time as of the end of 2024 we maintained 12843 securities accounts and foreign financial instruments accounts. In 2024, we also acted as an Issue Agent and Depository for 22 Investment Funds.

INTERNATIONAL OPERATIONS AND EXTERNAL FINANCING

We continued projects connected with the long-term process of strengthening the base of credible counterparties and partners on the interbank market, including in particular in the segment of instruments involving medium and long-term liquidity management in FX. One of the important aspects of the activities in this area was managing the portfolio of agreements with domestic and foreign banks (including ISDA, GMRA and CDEA agreements) whose form requires regular adjustment to a changing regulatory environment and market standards. A considerable part of the activity was also connected with broadly understood compliance issues (including growing demands in the KYC/AML area as well as sanctions), and also with continuation of work involved with the next issue of debt instruments meeting the MREL criteria.

Irrespective of the above activities, in the past period we were performing, on an on-going basis, all other tasks connected with the overall carrying out of international operations, in areas of implementing various objectives including, among others, the processing of payments and settlements, current financing of own needs and those of our clients, processing foreign trade transactions, participating in international money and FX market transactions, operating on the capital market. The achievement of these objectives was supported, to a large extent, by an almost thirty-year long process of developing the Bank's cooperation with its foreign partners and counterparties. We maintain ongoing contacts and relations with selected reputable correspondent banks and their units located in all important countries in terms of the structure of turnover of Polish foreign trade as well as non-trade transactions.

In parallel, in September 2024, we issued Senior Non-Preferred bonds in the amount of EUR 500 million under the EMTN program.

9.4. SUBSIDIARIES' ACTIVITY

Millennium Goodie

In 2024, the goodie cashback service continued its upward trend. The number of users actively using the service increased by 35% y/y. The number of transactions made in this period increased by almost 50% y/y.

Numerous promotions were carried out to encourage users to use the service frequently and to attract new users. Promotional activities also included the popularisation of the cashback plugin, as well as increasing the number of promotional leaflets viewed.

A number of activities were carried out to test new communication channels through which new users could be acquired. In addition, in 4Q24, an intensive video campaign was carried out on the most popular platforms.

There were also significant increases in the "Moneyback for purchases" service available in the Bank Millennium application and website - both among new users and in the number of transactions made through the service.

In terms of the number of gift cards sold, an increase of 20% y/y was achieved.

Millennium Leasing

Millennium Leasing sp. z o.o., a subsidiary of Bank Millennium, was established in 1991 and is one of the longest operating leasing companies on the Polish market. Its activities cover the financing of all types of fixed assets: cars and vans, machinery and equipment for most industries, heavy transport (including: road, rail and water), as well as real estate.

In 2024, the value of leasing agreements initiated by Millennium Leasing amounted to a total of PLN3.9 billion, which is 24.5% higher than in 2023. As of 31 December 2024, the value of the capital engaged in active leasing agreements was PLN 7 billion, which is 5.6% higher than at the end of 2023. By the end of 2024, the company achieved a 4% market share in leasing, compared to 3.6% in 2023. In 2024, Millennium Leasing recorded an increase in sales in the following leasing categories: heavy transport (including railway rolling stock) by 42.9%, light transport by 24.3%, and machinery by 10.8%.

In 2024, Millennium Leasing continued to offer leasing with a de minimis guarantee from BGK bank. In 2024, BGK granted the company the ability to cover a new pool of leasing agreements with de minimis guarantees, amounting to a record PLN 850 million. The Company is the market leader in executing agreements with de minimis guarantees from BGK, with over a 65% market share as of December 2024, considering the number of signed agreements with the de minimis guarantee from BGK. In 2024, 3,034 agreements were signed with a total net value of PLN 669 million.

Millennium Leasing actively developed its "green" leasing products launched in April 2023. Thanks to this offer, entrepreneurs can finance green assets comprehensively and under preferential conditions. The offer includes a wide selection of assets from 40 groups, the most important of which are machines and devices. In 2024, the Company activated leasing agreements for sustainable assets with a total net value of PLN 233 million.

In 2024, Millennium Leasing continued the implementation of the Mój elektryk programme, which guarantees the Clients subsidies for leasing zero-emission vehicles. The programme is implemented by the Narodowy Fundusz Ochrony Środowiska i Gospodarki Wodnej (National Fund for Environmental Protection and Water Management, NFOŚiGW) and Bank Ochrony Środowiska bank. The aim of the programme is to reduce air pollution emissions by reducing the use of emission-intensive fuels in transport. It provides real support and encouragement to choose zero-emission vehicles. Millennium Leasing has been participating in the programme since 2022. Since its launch, the Company has received 169 applications for electric vehicles worth PLN 30.2 million. On 27 August 2024, Bank Ochrony Środowiska temporarily stopped accepting subsidy applications. No new subsidy applications were accepted until the end of 2024.

Since the beginning of 2024, the Company has actively promoted its car insurance and GAP insurance offers. In 2024, the Company recorded an 11% increase in car insurance production compared to the previous year and a 12% increase in GAP insurance production.

During the period, the Company promoted its Benefit Packages in the MilleFlota programme. Customers can benefit from fleet management services/tools and attractive discounts on parts and services for vehicles (up to 3.5 tons). In 2024, 2,106 Benefit Packages were sold.

In July 2024, the Company launched the “Free Registration” campaign, in which customers accepting leasing offers based on a fixed interest rate for specific asset groups could register their vehicle for free. The promotion covered 2,675 leasing agreements in 2024.

The Company continued the process of digitization of its services, actively promoting the electronic handling of leasing agreements via the electronic Customer Service Centre (elektroniczne Biuro Obsługi Klienta, eBOK) on the Millenet platform. At the end of 2024, 95% of customers used eBOK. The website has been expanded to include the possibility of submitting applications, thanks to which the customer can order all standard matters regarding contracts and leased items online. In December 2024, over 60% of such applications were submitted electronically, using the eBOK platform. Millennium Leasing is also implementing additional features and improvements, making eBOK a convenient platform for comprehensive operational cooperation with customers.

The Company continued promoting e-Signatures, enabling remote signing of leasing agreements with the use of qualified electronic signatures. The number of electronically signed agreements in the corporate customer segment remained stable. In 2024, 53% of leasing agreements were signed electronically. Additionally, since the third quarter of 2024, the Company has continued a pilot program for remote signing of agreements through the Autenti platform, aimed at self-employed clients, adding a free qualified electronic signature for execution of leasing agreements. Current results indicate an increasing number and share of remote agreements in this customer segment.

Millennium Leasing services are sold by leasing advisors in 57 locations throughout Poland. Moreover, the Company actively cooperates with banking advisors in retail branches and in the corporate banking service network of Bank Millennium. This allows the Company to offer entrepreneurs a full range of financial services, including both leasing and banking products.

Millennium TFI investment funds

Millennium TFI S.A is a licensed financial institution operating since 2001 as an entity creating and managing investment funds. At the end of the year 2024, the company managed customer assets worth PLN7.6 billion. The number of Millennium funds participants at the end of 2024 amounted to over 180 thousands.

The main goal of Millennium TFI’s activity is delivering to Clients an attractive and effective investment solutions and providing professional investment customer service. The fund managers are professionals with long years of experience and excellent insight into financial markets.

During the year 2024, Millennium TFI has experienced a significant increase of assets under management of 44.7%. This has been a consequence of a strong performance of the global economy and lack of escalations of geopolitical tensions. Important role has been played by high interest rates and bond yields.

In 2024 major central banks started to ease their monetary policies. Both FOMC and ECB decided to cut interest rates by 100 bp in the second half of the year. Despite softer attitude of main central banks, victory of D. Trump in US presidential elections deteriorated sentiment in global bond markets raising fears of worldwide inflation surge and leading to increase of core bond yields.

In Poland Monetary Policy Council maintained interest rates unchanged in entire 2024 year. NBP’s restrictive monetary policy together with rising core bond yields led also to increase of yields in local sovereign bond market. As a result, returns of debt investment funds in 2024 were positive in general but varied from binding strategies and exposure to interest rate risk.

The global equity markets have finished the year of 2024 with further spectacular double digit positive rates of return. The increases in stock prices were supported by the profits and development of companies in the artificial intelligence sectors, strength of the US economy, dovish monetary policy of major central banks and a decline in geopolitical risks.

The Polish stock market stood out negatively compared to developed markets in 2024. Weakness was particularly evident in the second half of the year. It was related to the US elections and concerns about the new president's policies. The main focus was on the possibility of introducing tariffs and further steps regarding the war in Ukraine. In 2024 the broad market index (WIG) gained 1.4%.

In summary, the behavior of the capital markets in 2024, both in Poland and worldwide, not only supported the growth of accumulated assets' value but also contributed to a dynamic increase in the scale of fund unit acquisitions, particularly among fixed-income strategies and in the affluent clients segment.

Millennium TFI S.A. currently manages three umbrella funds: the Open-End Investment Fund with 6 separate sub-funds investing on the Polish market (Millennium FIO), Specialist Open-End Investment Fund with 6 separate sub-funds investing on the global markets (Millennium SFIO) and Millennium PPK Specialist Investment Fund with 9 target date sub-funds. In 2024 Millennium TFI offered participation units in 21 investment sub-funds with different investment strategies and different risk levels.

The company's broad offering includes also various savings products based on the investment funds it manages. The most frequently chosen by customers include retirement products, including Employee Capital Plans (PPK) and Individual Pension Account (IKE). Millennium TFI currently manages IKE programs for 25 thousand customers, with the total asset value of PLN405 million. The assets under management of the PPK subfunds for over 30 thousands of participants reached PLN237 million at the end of 2024.

Millennium Bank Hipoteczny

Millennium Mortgage Bank S.A. ("MBH") began operating on June 14, 2021 with an initial capital of PLN120 million, fully subscribed by Bank Millennium S.A. The purpose of the establishment and mission of MBH is to provide the Group with stable and long-term financing of mortgage loans in the form of covered bonds secured by mortgage receivables.

In 2024, MBH began to implement its main strategic goal - the issue of covered bonds. In June, the 1st series of covered bonds with a three-year maturity and a value of PLN300 million was issued. The second series of bonds with a five-year maturity and a value of PLN500 million was settled at the beginning of November. Both series were placed on the domestic market of institutional investors, and their interest rate was determined as a result of bookbuilding in the form of a fixed margin over the variable WIBOR 3M rate. Both series of covered bonds have been admitted and are listed on the domestic regulated market operated by the WSE. As of July 2024, MBH's covered bonds have the highest possible AAA rating obtained by Fitch Ratings.

MBH's covered bonds are secured by mortgage receivables under loans granted by the Bank. In 2024, four transfers of mortgage loans to MBH were carried out and preparatory work for further transfers continued. These works primarily include determining the mortgage lending value of real estate ("MLV"). All loans scheduled for transfer meet a number of specific criteria, the most important of which are:

- loan currency in PLN
- earmarked for housing purposes
- ownership title with established mortgage in favour of Bank Millennium in the 1st place
- no evidence of impairment
- loan value lower than the mortgage lending value (MLV).

At the end of 2024, MBH had PLN3.1 billion in assets, including PLN2.9 billion of high-quality mortgage loans - the share of basket 3 loans accounted for 0.1% of the total portfolio value at the end of the reporting period.

MBH maintains liquidity and solvency ratios at very high, safe levels. At the end of the reporting period, the total capital ratio (TCR) amounted to 23.1%.

In 2024, MBH achieved a net profit of PLN17.1 million and a return on equity (ROE) of 5.1%.

10. MAIN AWARDS AND ACHIEVEMENTS in 2024



Bank Millennium is the Best Bank in Poland

The Bank won the Newsweek ranking for the second year in a row, taking a double crown - winning in both the "Traditional Banking" and "Remote Banking" categories. This is a spectacular achievement. We are the best bank in Poland in terms of service quality, our advantage over other banks is constantly growing.



Bank Millennium is again one of the best in Golden Banker

Bank Millennium took the high second place in the category of the best multi-channel service quality, with a difference of only 0.4 p.p. compared to the winner. In the payment card - best design category, gold was awarded to the unique WWF Millennium Mastercard with the image of a lynx, a species threatened with extinction in Poland. Konto 360° Junior also deserved a distinction, taking third place in the category of accounts for children.



2nd place in the new Ranking of Banks for Affluent Clients of Forbes magazine

The organisers emphasise that the three best banks in the ranking offer by far the highest quality of affluent customer service and have taken care of the entire customer service path, leaving the others behind.



3rd place in the Company-Friendly Bank ranking of Forbes magazine

It has been recognised as one of the top three banks in serving business customers. Banks were evaluated in four categories - "Service quality", "Customer acquisition", "Remote service channels" and "Branch features".



Bank Millennium is one of the best employers in Poland

Bank Millennium received the prestigious title of Top Employer Polska 2024. This distinction, confirming the bank's application of high standards in the field of human resources management and HR practices and the strong position of Bank Millennium as one of the best and valued employers.



Bank Millennium is the best bank in Poland according to Global Finance Magazine

Bank Millennium was again awarded by the prestigious Global Finance. The magazine honoured the Bank with the title of The Best Bank in Poland for 2024. The winners of Global Finance awards are those banks that have carefully taken care of the needs of their clients in difficult markets and achieved good results, at the same time laying the foundations for future success. The winning organisations managed their assets and liabilities prudently, taking into account scenarios of rapidly changing interest rate.



Bank Millennium is again the best digital bank in Poland according to Global Finance Magazine

In this year's edition of the World's Best Digital Banks competition by Global Finance Magazine, Bank Millennium was again hailed The Best Consumer Digital Bank in Poland. The bank was also recognised as the best in as many as 13 other categories, concerning both services for individual customers and companies.



Bank Millennium with the title of The Greatest Financial Innovation 2024

The new Bank Millennium app for companies received the title of the Greatest Innovation in Finances - in corporate banking category. The awards are granted by the Global Finance Magazine.

Jurors recognised specifically the User Experience (UX) of the mobile app. In the programme, awards are granted to institutions who, on regular basis, discover innovations and design new tools in finances.



Bank Millennium is Service Quality Star 2024

For the eleventh time, Bank Millennium was among companies honoured with the title of Service Quality Star. The award is granted on the basis of a consumer satisfaction survey to institutions that represent the highest standards of service. In this edition of the survey, consumers pointed to the commitment of advisers, reliable service, extensive knowledge of the staff, advanced and transparent mobile application, as well as products, solutions and promotions that appealed to them.



Bank Millennium among ESG leaders

Bank Millennium was on the podium of this year's edition of the "ESG Ranking. Responsible Management". In the G (Governance) section, it was ranked third. In the general classification it took a high 9th place. "ESG ranking. Responsible Management" is the most important list of the largest companies on the Polish market, assessed in terms of the quality of responsible management in accordance with ESG guidelines.

11. RISK MANAGEMENT

11.1. RISK MANAGEMENT OVERVIEW

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

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

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

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

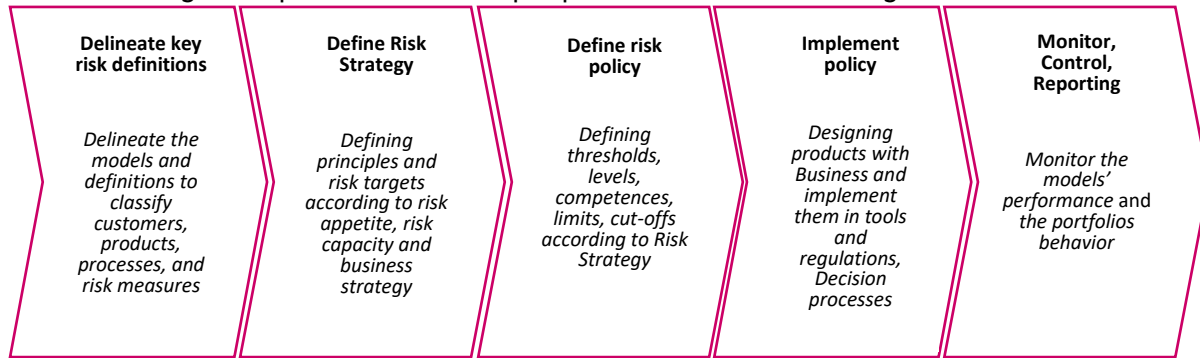
When defining the business and profitability targets, the Group considers the specified risk framework (risk appetite) to ensure that business structure and growth will respect the risk profile that is targeted and that will be reflected in several indicators such as:

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

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

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

The Risk management process of the Group is presented in the below diagram



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

- The Supervisory Board is responsible for overseeing the compliance of the Group's risk-taking policy with the Group's strategy and its financial plan. Within the Supervisory Board acts the Committee for Risk Matters, which supports it in realization of those tasks, among others, issuing opinion on the Group's Risk Strategy, including the Group's Risk Appetite;
- The Management Board is responsible for the effectiveness of the risk management system, internal capital estimation process, for reviewing the internal capital calculation and maintenance process and the internal control systems;
- The Credit Committee, the Capital, Assets and Liabilities Committee, and the Liabilities at Risk Committee are responsible for current management of different areas of banking risk, within the framework determined by the Management Board;
- The Risk Committee and the Processes and Operational Risk Committee are responsible for defining the policy and for monitoring and control of different areas of banking risk, within the framework determined by the Management Board;
- The Product Committee reviews proposals for the implementation and withdrawal of products and services from the bank's offering;
- The AML Committee is responsible for supervision of anti-money laundering and terrorism financing in the Bank and cooperation in combating financial crime;
- The Validation Committee is responsible for confirmation of risk models' validation results and follow-up in the implementation of the measures defined by the Models Validation Office;
- The Sustainability Committee is responsible for making key decisions regarding sustainable development in the Bank Millennium S.A. Group, in relation to environmental, social and governance factors;
- The Sub-Committee for Court Cases is responsible for expressing opinions and taking decisions in matters regarding court proceedings, for the cases when value of the dispute or direct effect for assets value as a consequence of court verdict exceeds PLN1mn or as result of multiple cases with the same nature, excluding most of the cases belonging to the restructuring and recovery portfolio of Bank's receivables managed by the Corporate Recovery Department and Retail Restructuring and Debt Collection Department;
- The Risk Department is responsible for risk management, including identifying, measuring, analysing, monitoring, and reporting on risk within the Bank. The Risk Department also prepares risk management policies and procedures as well as provides information and proposes courses of action necessary for the Capital, Assets and Liabilities Committee, Risk Committee, and the Management Board to make decisions with respect to risk management;
- The Rating Department is mainly responsible for risk rating assignment for Corporate clients (based on the evaluation of clients' creditworthiness) as well as for rating monitoring and

potential revision during the period of its validity. Rating assignment process is independent from credit decision process;

- The Corporate Credit Underwriting Department, Mortgage Credit Underwriting Department and Consumer Finance Credit Underwriting Department have responsibility, within the Corporate Customer segment and Retail Customer segment, respectively, for the credit decision process, including analysing customers' financial situation, preparing credit proposals for the decision-making levels, and making credit decisions within specified limits;
- The Retail Liabilities Monitoring and Collection Department and Retail Liabilities Restructuring and Recovery Department have responsibility for monitoring repayment of overdue debts by retail customers and their collection;
- The Corporate Recovery Department develops specific strategies with respect to each debtor from recovery portfolio, which aims to maximize timely collection of the outstanding debt and minimize the risk incurred by the Group. This approach is constantly revised to reflect updated information, and the best practices and experiences regarding collection of overdue debts;
- The Treasury Control and Analyses Office has responsibility for monitoring the use of part of the Group's limits, including counterparty and stop-loss limits, the Group's FX position, results of active trading and control of operations of the treasury segment;
- The Models Validation Office has responsibility for qualitative and quantitative models' analysis and validation, independent from the function of models' development; development of the models' validation and monitoring tools; activities connected with issuing opinions on the adequacy of the models for the segment, for which they were developed; preparing reports for the Validation Committee needs;
- The Sustainability Department is responsible for supervising and coordination of the process of implementing the principles of sustainable development in the Bank and the Group.
- The Anti-fraud Sub-unit has responsibility for implementation and monitoring Bank policy execution in the scope of fraud risk management in cooperation with others Bank units. The Sub-unit constitutes a competence centre for anti-fraud process;
- The Compliance Department has the responsibility to ensure compliance with legal regulations, related regulatory standards, market principles and standards as well as internal organization regulations and codes of conduct;
- The Legal Department has responsibility for handling the litigation cases of the Bank, with support of external legal offices and legal experts whenever necessary.

The Group has prepared a comprehensive guideline document for the risk management policy/strategy: "Risk Strategy for 2025-2028". The document takes a 4-year perspective and is reviewed and updated annually. It is approved by the Bank's Management Board and Supervisory Board. The risk strategy is inextricably linked to other strategic documents, such as: Budget, Liquidity Plan, and Capital Plan.

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

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

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

- Solvency
- Liquidity and funding
- Earnings volatility and Business mix
- Franchise and reputation.

The Bank and the Group have a clear risk strategy, covering retail credit, corporate credit, markets activity and liquidity, operational and capital management. For each risk type and overall, the Group clearly defines the risk appetite.

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

- a. Capital Management and Planning Framework
- b. Credit Principles and Guidelines
- c. Rules on Concentration Risk Management
- d. Principles and Rules of Liquidity Risk Management
- e. Principles and Guidelines on Market Risk Management on Financial Markets
- f. Principles and Guidelines for Market Risk Management in Banking Book
- g. Investment Policy
- h. Principles and Guidelines for Management of Operational Risk
- i. Policy, Rules, and Principles of the Model Risk Management
- j. Stress tests policy
- k. Sustainability Policy
- l. Anti-money laundering and combating of the financing of terrorism policy of Bank Millennium SA.

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

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

The Group pays particular attention to continuous improvement of the risk management process. One measurable effect of this is a success of the received authorization to the further use of the IRB approach in the process of calculating capital requirements.

11.2. CAPITAL MANAGEMENT

Capital management and planning

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

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

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

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

Regulatory capital adequacy

The Bank is obliged by law to meet minimum own funds requirements, set in art. 92 of Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms (CRR). At the same time, the following buffers were included in capital targets/limits:

- Pillar II FX mortgage loans buffer (P2R buffer) - Polish Financial Supervision Authority (PFSA) decision regarding order to maintain additional own funds to secure risk resulting from FX mortgage loans granted to households, under the art. 138.2.2 of Banking Act. A value of that buffer is defined for particular banks by PFSA every year because of Supervisory Review and Evaluation Process (SREP) and relates to risk that is in PFSA's opinion - inadequately covered by minimum own funds requirements, set in CRR art. 92. The required level of YE24 the buffer was set by PFSA in the decisions issued in the end of 2023 at the level of 1.47pp (Bank) and 1.46pp (Group) as for Total Capital Ratio (TCR), which corresponds to capital requirements over Tier 1 ratio of 1.10pp (Bank and Group), and which corresponds to capital requirements over CET 1 ratio of 0.82pp (Bank and Group);
 - On January 23, 2025 and February 4, 2025, the Bank received from PFSA decisions regarding the expiration of the decisions respectively from 13th and 21st December 2023 on additional own funds to secure risk resulting from FX mortgage for households' loan portfolio („P2R buffer”) accordingly at solo and consolidated basis. Therefore, from the moment of such decisions, the P2R equals 0,0%.
- Combined buffer - defined in Act on macro prudential supervision over the financial system and crisis management - that consists of:
 - Capital conservation buffer at the level of 2.5%;
 - Other systemically important institution buffer (OSII) - at the level of 0.25%, and the value is set by PFSA;
 - Systemic risk buffer at the level of 0% in force from March 2020, in line with Regulation of Ministry of Development and Finance;
 - Countercyclical buffer at the 0% level. According to Regulation of the Minister of Finance, the countercyclical capital requirement will be introduced from 25 September 2025 at 1% and raised to 2% on 25 September 2026.

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

The below table presents these levels as of 31 December 2024. The Bank will inform on each change of required capital levels in accordance with regulations.

Minimum required capital ratios as at the end of 2024

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

Considering of above mentioned decisions in January and February 2025 on expiration of P2R, the minimum regulatory capital ratios required for the Bank and the Group at the date of this report are presented in the table below.

Minimum required capital ratios	From 23.01.2025	From 4.02.2025
CET1 ratio	Bank	Group
Minimum	4.50%	4.50%
P2R Buffer	0.00%	0.00%
TSCR CET1 (Total SREP Capital Requirements)	4.50%	4.50%
Capital Conservation Buffer	2.50%	2.50%
OSII Buffer	0.25%	0.25%
Systemic risk buffer	0.00%	0.00%
Countercyclical capital buffer	0.00%	0.00%
Combined buffer	2.75%	2.75%
OCR CET1 (Overall Capital Requirements CET1)	7.25%	7.25%
T1 ratio	Bank	Group
Minimum	6.00%	6.00%
P2R Buffer	0.00%	0.00%
TSCR T1 (Total SREP Capital Requirements)	6.00%	6.00%
Capital Conservation Buffer	2.50%	2.50%
OSII Buffer	0.25%	0.25%
Systemic risk buffer	0.00%	0.00%
Countercyclical capital buffer	0.00%	0.00%
Combined buffer	2.75%	2.75%
OCR T1 (Overall Capital Requirements T1)	8.75%	8.75%
TCR ratio	Bank	Group
Minimum	8.00%	8.00%
P2R Buffer	0.00%	0.00%
TSCR TCR (Total SREP Capital Requirements)	8.00%	8.00%
Capital Conservation Buffer	2.50%	2.50%
OSII Buffer	0.25%	0.25%
Systemic risk buffer	0.00%	0.00%
Countercyclical capital buffer	0.00%	0.00%
Combined buffer	2.75%	2.75%
OCR TCR (Overall Capital Requirements TCR)	10.75%	10.75%

In December 2024, the Bank received a letter from PFSA about non-imposing of additional capital add-on (P2G). In the supervisory assessment process, the Bank's sensitivity to the possible materialisation of stress scenarios affecting the level of own funds and risk exposure was assessed as low. In particular, based on the 2024 supervisory stress tests carried out by the PFSA, the PFSA set the P2G capital add-ons, before the offsetting of the capital conservation buffer, at 0.17pp at the stand-alone level and 0.28pp at the consolidated level. The total capital charges recommended under Pillar II offset by the capital buffer requirement are 0.00pp at the stand-alone level and 0.00pp at the consolidated level.

Capital risk, expressed in the above capital targets/limits, is measured, and monitored in a regular manner. Capital limits were defined based on the minimum regulatory capital levels. They are the basis of setting safety zones and risk appetite. Capital ratios in each zone determine the need to make appropriate decisions or management actions. Regular monitoring of capital risk is based on the

classification of capital ratios into appropriate zones, and then the assessment of trends and factors influencing the level of capital adequacy is carried out.

Own funds capital requirements

The Group continues to be during a project of an implementation of internal ratings-based method (IRB) for calculation of own funds requirements for credit risk and calculates its own funds minimum requirements using the IRB and standardise method for credit risk and standardise methods for other risk types.

In the end of 2012, Banco de Portugal (consolidating Regulator) with cooperation PFSA granted an approval to the use of IRB approach as to following loan portfolios: (i) Retail exposures to individual persons secured by residential real estate collateral (RRE), (ii) Qualifying revolving retail exposures (QRRE). According to the mentioned approval, minimum own funds requirements calculated using the IRB approach should be temporarily maintained at no less than 80 per cent ('Regulatory floor') of the respective capital requirements calculated using the Standardized approach.

In the end of 2014, the Bank received another decision by Regulatory Authorities regarding the IRB process. According to its content, for the RRE and QRRE loan portfolios, the minimum own funds requirements calculated using the IRB approach had to be temporarily maintained at no less than 70 per cent ('Regulatory floor') of the respective capital requirements calculated using the Standardized approach until the Bank fulfils further defined conditions. In July 2017, the Bank received the decision of Competent Authorities (ECB cooperating with PFSA) on approval of material changes to IRB models (LGD models) and revoking the 'Regulatory floor'.

Since 2018, the Bank has been successively implementing a multi-stage process of changes to the IRB method, related to the requirements regarding the new definition of default. In the first phase, in line with the "two-step approach" approved by Competent Authorities, the Bank in 2020 successfully implemented solutions for the new definition of default in the production environment. The Bank is obliged to include an additional conservative charge on the estimates of the RWA value for exposures classified under the IRB approach. The level of this add-on, calculated based on the supervisory algorithm, was set at 5 per cent above the value resulting from the IRB method.

In 2021, all credit risk models included in the rating system subject to the current regulatory approval were recalibrated and rebuilt. In 2021 the Bank also obtained a decision from Competent Authorities to approve significant changes to the IRB models used (LGD, LGD in-default and ELBE) for rating systems subject to the IRB approval.

In 2024, these models were recalibrated in connection with the modification of the default definition and an application for consent to their use was submitted to the Supervisory Authority.

Further work was carried out on credit risk models for the remaining credit portfolios covered by the IRB method roll-out plan: other retail exposures and corporate exposures.

Internal capital

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

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

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

In 2024, both above capital targets were met with a surplus. A surplus of own funds over internal capital supports a further increase of banking activity, in areas with a higher risk-adjusted return.

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

Capital adequacy evolution

Capital adequacy evolution of the Group and the Bank in 2024 and 2023 was as follows:

Capital adequacy measures (PLN million)	31.12.2024 Group	31.12.2023 Group	31.12.2024 Bank	31.12.2023 Bank
Risk-weighted assets	45 116.2	41 354.5	40 928.3	37 960.4
Own Funds requirements, including:	3 609.3	3 308.4	3 274.3	3 036.8
- Credit risk and counterparty credit risk	3 086.6	2 841.2	2 773.8	2 589.0
- Market risk	19.8	15.4	19.8	15.4
- Operational risk	500.4	446.4	478.0	427.0
- Credit Valuation Adjustment CVA	2.5	5.4	2.6	5.4
Own Funds, including:	7 776.4	7 470.6	7 352.5	7 228.3
- Common Equity Tier 1 Capital	6 688.4	6 089.7	6 264.6	5 847.4
- Tier 2 Capital	1 087.90	1 380.9	1 087.9	1 380.9
Total Capital Ratio (TCR)	17.24%	18.06%	17.96%	19.04%
Minimum required level (at 31.12.2024)	12.21%	12.21%	12.22%	12.22%
Surplus (+) / Deficit (-) of TCR ratio (pp)	5.03	5.85	5.74	6.82
Tier 1 Capital ratio (T1)	14.82%	14.73%	15.31%	15.40%
Minimum required level (at 31.12.2024)	9.85%	9.85%	9.85%	9.85%
Surplus (+) / Deficit (-) of T1 ratio (pp)	4.97	4.88	5.46	5.55
Common Equity Tier 1 Capital ratio (CET1)	14.82%	14.73%	15.31%	15.40%
Minimum required level (at 31.12.2024)	8.07%	8.07%	8.07%	8.07%
Leverage ratio	4.64%	4.66%	4.68%	4.77%

At the end of 2024, compared to the end of 2023, capital adequacy measured by the Common Equity Tier 1 capital ratio and the total capital ratio increased by 9 bps and decreased by 82 bps respectively. Risk-weighted assets (RWA) increased by PLN 3,762 million (9%) in 2024. The largest annual change concerned RWA for credit risk - an increase of PLN 3,068 million (9%). Changes in RWA for operational risk, market risk and CVA (due to the fair value adjustment for credit risk) were smaller - a total increase of PLN 694 million.

Own funds increased by PLN 306 million (4%) in 2024, with basic own funds increasing by PLN 599 million and Tier 2 capital decreasing by PLN 293 million (due to regular depreciation of the existing subordinated bond issues).

The minimum values of capital ratios required by the PFSA in terms of the combined buffer requirement (OCR) are achieved with a surplus at the end of 2024.

Leverage ratio stood at the safe level of 4.64%, and it exceeds the regulatory minimum of 3%.

Entry into force starting from January 2025 onwards the Regulation (EU) 2024/1623 of the European Parliament amending Regulation (EU) No 575/2013 (CRR 3) will impact the Group's capital adequacy ratios.

Main changes according to CRR 3 will regard credit conversion factors (CCF) under standardized method, new approach to the determination of off-balance sheet exposures, risk weight for exposures secured by real estate property, deletion of 1.06 factor from risk weight calculation under IRB method (credit risk) and change the way of operational risk capital requirements calculation.

The Bank is still waiting for some areas of CRR 3 interpretation to be closed, namely the calculation of the operational risk capital requirements, and is working on the revision of the approach for determination of off-balance-sheet exposures.

According to the current Bank's estimates, the initial negative impact of CRR 3 on consolidated TCR will be in the range between 0.95pp and 1.81pp, while for consolidated T1 capital ratio in the range between 0.81pp and 1.55pp.

In December 2024, Bank carried out a synthetic securitization transaction of a portfolio of corporate and SME loans with the total value PLN of 2.1 billion with the option of increasing the nominal amount of the Transaction up to the maximum amount of PLN 4.1 million (Ramp-up Option). As part of the transaction, the Bank transferred to the investor (EBRD) a significant part of the credit risk from the selected portfolio subject to securitisation. The selected loan portfolio covered by the securitisation remains on the Bank's balance sheet. The transfer of the risk of the securitised portfolio is carried out through a credit protection instrument in the form of a financial guarantee issued by the EBRD.

The transaction meets the requirements for transferring a significant part of the risk specified in the CRR Regulation (Regulation No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms). The Bank is waiting for confirmation of regulatory non-objection to the use of the transaction in the calculation of risk-weighted assets. Considering the impact of this transaction, capital ratios as at 31.12.2024 would increase in terms of the Tier 1 capital ratio by 31 bps to 15.13%, and in terms of the Total Capital Ratio by 35 bps to 17.59%.

Earlier, in 2024, the Bank renegotiated and extended the period of replenishment of two transactions concluded in 2023. The replenishment period for the securitisation transactions done by Bank's subsidiary, Millennium Leasing, was extended till April 2025 and the replenishment period for Bank's transaction on the unsecured retail loans was extended till August 2025.

Minimum requirement for own funds and eligible liabilities (MREL)

In the area of minimum requirements for own funds and eligible liabilities subject to write-down or conversion, the Bank manages MREL requirements indicators in a manner analogous to capital adequacy indicators.

In June 2024 the Bank received a joint decision from the resolution authorities, obliging it to comply with MREL requirements. The decision sets updated minimum requirements at the levels of 18.03% (consolidated MREL_{trea}) and 5.91% (consolidated MREL_{tem}). Additionally, in relation to the above decisions, the Bank should also meet the MREL requirement taking into account the Combined Buffer Requirement (currently 2.75%).

Considering the above, in September 2024, the Bank successfully completed the subscription of senior non-preferred green bonds with a total value of EUR500million under the Euro Medium Term Notes Issuance Program.

MREL requirements and ratios in 2023 and 2024

MREL	31.12.2024	30.09.2024	30.06.2024	31.12.2023
MREL_{trea} ratio (consolidated)	28.06%	28.60%	22.92%	23.77%
Minimum required level MREL _{trea}	18.03%	18.03%	18.03%	18.89%
Surplus (+) / Deficit (-) of MREL _{trea} (pp)	10.03	10.57	4.89	4.88
Minimum required level including Combined Buffer requirement (CBR)	20.78%	20.78%	20.78%	21.64%
Surplus (+) / Deficit (-) of MREL _{trea} + CBR (pp)	7.28	7.82	2.14	2.13
MREL_{tem} (consolidated)	8.71%	8.97%	7.05%	7.50%
Minimum required level of MREL _{tem}	5.91%	5.91%	5.91%	5.91%
Surplus (+) / Deficit (-) of MREL _{tem} (pp)	2.80	3.06	1.14	1.59

In terms of the MREL_{trea} and MREL_{tem} requirements, the Group presents a surplus compared to the minimum required levels as of December 31, 2024, and meets the MREL_{trea} Requirement after the inclusion of the Combined Buffer Requirement.

11.3. CREDIT RISK

Credit risk means uncertainty about the Client's compliance with the financing agreements concluded with the Group i.e., repayment of the principal and interest in the specified time, which may cause a financial loss to the Group.

The credit policy pursued in the Group is based on a set of principles such as:

- centralization of the credit decision process;
- using specific scoring/rating models for each Client segment/type of products;
- using IT information (workflow) to support the credit process at all stages;
- existence of specialized credit decisions departments for particular Client segments;
- regular credit portfolio monitoring, both at the level of each transaction in the case of major exposures, and at credit sub-portfolio level (by the Client segment, type of product, distribution channels, etc.);
- using the structure of limits and sub-limits for credit exposure to avoid credit concentration and promote the effects of credit portfolio diversification;
- separate unit responsible for granting rating to corporate Client, thus separating the credit capacity assessment and credit transaction granting from his creditworthiness assessment.

In the area of credit risk, in 2024, the Group focused on adjusting the principles of its credit policy to changing economic conditions and on improving the tools and processes of credit risk management, in particular

- updated the Risk Strategy for the years 2025-2028;
- optimised the methodology, tools, and processes of credit risk management for retail and corporate clients;
- updating the industry risk classification and industry limits.

In the retail segment, emphasis was placed on revamping risk policy in the area of financing business activity and improving the processes and the tools that support credit decision process in this segment. In the area of mortgage loans, activities were focused on improving the processes in accordance to adaptation to changing legal regulations and changing supervisory requirements, while improving automation and digitalization of the process. Similar approach was also undertaken in consumer finance area. In particular the credit processes was improved with focus on further digitalization while adjusted to changing supervisory requirements.

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

All the above changes in both the retail and corporate segment enabled the Group to maintain the risk at an acceptable level defined in the Risk Strategy as well as prepared the Group to new challenges and to act in changed conditions.

Loan portfolio quality

At the end of December 2024, the share of impaired loans (including stage 3 portfolio and the defaulted portfolio of Purchased or Originated Credit Impaired assets - POCI) in total loan portfolio reached the level of 4.45%. This means a drop of 13bps from the level of 4.58% at the end of 2023, which was achieved largely due to the sales of NPL portfolios and Group's write-offs policy. Share of loans past-due more than 90 days in total portfolio slightly increased from 2.12% in December 2023 to 2.19% in December 2024.

Coverage ratio of impaired loans, defined as relation of total risk provisions to the volume of stage 3 loans and POCI assets in default, has slightly increased from 72.21% in December 2023 to 72.89%. The ratio improved despite the reduction by PLN254mn of 100% covered loans (write-offs) and by PLN286mn of highly covered loans (NPL sales) in 2024. Coverage by total provisions of loans past-due more than 90 days decreased from 156% year ago to 148% at the end of December 2024.

The evolution of main indicators of the Group's loan portfolio quality is presented below:

Group loans quality indicators	31.12.2024	31.12.2023
Total impaired loans (PLN million)	3 450	3 488
Total provisions (PLN million)	2 514	2 518
Impaired over total loans ratio (%)	4.45%	4.58%
Loans past-due over 90 days / total loans (%)	2.19%	2.12%
Total provisions/impaired loans (%)	72.89%	72.21%
Total provisions/loans past-due (>90d) (%)	147.91%	155.68%

(*) Purchase Price Allocation (PPA) implied consolidation of Euro Bank impaired (stage 3) portfolio at net value

Impaired loans ratio for retail clients decreased from 4.79% to 4.40% (including drop in other retail of 1.39pp and drop in mortgage portfolio of 0.09pp) and at the same time increased in the corporate portfolio from 3.77% to 4.65% (growth in leasing portfolio of 0.30pp and growth in other corporate portfolio of 1.31pp). The value of foreign currency mortgage loans (deducted by allocated provisions) decreased as much by approx. 56.3% year-to-date (in PLN terms) as a result of verdicts, write-offs and amortization of this portfolio as well as due to increase of provisions created for legal risk. Additionally, it should be noted that ex-Euro Bank mortgage portfolio, in amount of approx. PLN697mn, enjoys a guarantee and indemnity from Société Générale. Excluding this portfolio, the share of FX mortgage loans in the total loan portfolio decreases from 3.7% to 1.5%. The improvement in the currency structure of the mortgage loan portfolio was supported by a significant increase in sales of new loans in PLN.

The evolution of the Group's loan portfolio quality by main products groups is presented in the table below:

Portfolio quality by products:	Loans past-due > 90 days ratio		Impaired loans Ratio	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023
<i>Mortgage</i>	0.95%	1.00%	2.29%	2.37%
<i>Other retail*</i>	4.65%	5.38%	8.16%	9.55%
Total retail clients*	2.28%	2.48%	4.40%	4.79%
<i>Leasing</i>	1.11%	1.02%	4.86%	4.56%
<i>Other loans to companies</i>	2.43%	0.58%	4.50%	3.19%
Total companies	1.85%	0.77%	4.65%	3.77%
Total loan portfolio	2.19%	2.12%	4.45%	4.58%

(*) incl. Microbusiness, annual turnover below PLN 5 million

The Group's portfolio is characterized by appropriate diversification, both due to the concentration of the largest exposures and due to the concentration in sectors of the economy. Participation of the 10 largest exposures remain at a safe, low level of 4.2% (marginal increase in 2024 from 4.1% at the end of 2023).

The distribution of the portfolio by Stage 1/2 and PD ranges as well as the distribution by Stage3/POCI and months in default is presented below separately for the following homogenous portfolios: Mortgage, Other retail, Other Corporate and Leasing.

The average 12-month Probability of Default (PD) for Stage 1/2 in Mortgage decreased from 2.23% in 2023 to 0.59%, primarily due to a reduction in conservative PD adjustments driven by an improved macroeconomic outlook regarding interest rates. Meanwhile, the average Loss Given Default (LGD) increased from 14.74% to 17.40%, reflecting a more cautious approach concerning expected recoveries in this segment. This upward trend in LGD is also observed in Stage 3/Purchased or Originated Credit Impaired (POCI) portfolios, where the figures rose from 49.34% in 2023 to 55.13%.

Distribution of non-defaulted portfolio by 12-month PD for Mortgage segment (PLN mln):

31.12.2024									
	PD scale	Gross balance exposure	Off-balance exposure	Number of exposures	Average maturity (yrs)	EAD*	Average PD (%)	Average LGD (%)	ECL**
Stage 1	0% - 0.14%	25 090.4	545.0	115 512	21.0	26 057.6	0.10%	17.67%	4.6
	0.15% - 0.24%	3 163.0	40.9	30 095	19.4	3 335.0	0.19%	15.97%	0.9
	0.25% - 0.49%	2 898.4	66.5	13 726	21.2	3 354.4	0.34%	18.07%	2.0
	0.50% - 0.74%	1 415.9	20.3	6 694	21.9	1 498.4	0.65%	17.22%	1.6
	0.75% - 2.49%	2 302.7	34.7	12 189	22.1	2 433.1	1.09%	16.30%	4.1
	2.50% - 9.99%	811.1	12.5	3 941	22.5	873.2	4.25%	16.51%	5.9
	10.00% - 44.99%	43.9	0.0	165	23.2	45.4	15.07%	17.25%	1.1
	45.00% - 100.00%	0.0	0.0	0	0.0	0.0	0.00%	0.00%	0.0
	Total Stage 1	35 725.3	719.9	182 322	21.0	37 597.1	0.33%	17.42%	20.3
Stage 2	0% - 0.14%	245.7	0.0	856	23.7	248.8	0.10%	17.01%	0.5
	0.15% - 0.24%	34.9	0.0	204	19.8	35.4	0.17%	16.73%	0.2
	0.25% - 0.49%	147.7	0.0	775	18.9	152.9	0.36%	17.19%	1.3
	0.50% - 0.74%	201.4	0.0	910	18.8	205.7	0.65%	17.15%	2.1
	0.75% - 2.49%	1 070.7	1.2	4 149	21.9	1 092.5	1.11%	17.22%	17.5
	2.50% - 9.99%	701.2	6.8	2 879	22.2	723.2	4.65%	16.99%	23.1
	10.00% - 44.99%	186.8	0.0	850	22.5	191.8	26.26%	16.82%	15.5
	45.00% - 100.00%	16.6	0.2	134	20.8	20.6	74.44%	16.24%	2.8
	Total Stage 2	2 604.8	8.2	10 757	21.7	2 670.9	4.25%	17.09%	63.0
Total Stage 1+2	38 330.1	728.1	193 079	21.1	40 268.0	0.59%	17.40%	83.3	
31.12.2023									
Stage 1	0% - 0.14%	624.5	0.0	4 852	15.7	631.4	0.13%	14.56%	0.1
	0.15% - 0.24%	1 858.9	0.3	11 937	18.5	2 214.3	0.19%	14.75%	0.6
	0.25% - 0.49%	95.2	0.0	740	16.4	114.3	0.42%	14.79%	0.1
	0.50% - 0.74%	180.3	0.1	1 016	19.5	192.2	0.61%	14.73%	0.2
	0.75% - 2.49%	29 419.4	849.1	128 265	22.1	30 611.5	1.37%	14.63%	59.3
	2.50% - 9.99%	4 249.7	20.4	42 998	20.1	4 381.8	6.59%	15.63%	44.3
	10.00% - 44.99%	175.7	0.0	1 005	22.8	178.5	11.67%	15.96%	3.2
	45.00% - 100.00%	0.2	0.0	1	15.5	0.2	49.02%	14.54%	0.0
	Total Stage 1	36 603.9	870.0	190 814	21.6	38 324.1	1.92%	14.75%	107.8
Stage 2	0% - 0.14%	1.6	0.0	12	17.3	1.6	0.14%	14.54%	0.0
	0.15% - 0.24%	9.3	0.0	70	17.8	12.9	0.20%	14.87%	0.0
	0.25% - 0.49%	62.0	0.0	367	18.0	63.2	0.39%	14.54%	0.5
	0.50% - 0.74%	67.0	0.0	379	19.3	67.9	0.62%	14.54%	0.6
	0.75% - 2.49%	1 035.0	0.8	3 898	22.1	1 051.1	1.79%	14.49%	11.9
	2.50% - 9.99%	799.9	4.6	3 162	22.9	815.1	4.68%	14.45%	20.5
	10.00% - 44.99%	420.0	0.0	1 938	23.0	429.7	20.70%	14.87%	29.5
	45.00% - 100.00%	36.7	0.4	223	21.1	39.1	70.99%	14.81%	5.3
	Total Stage 2	2 431.4	5.7	10 049	22.3	2 480.7	7.03%	14.55%	68.3
Total Stage 1+2	39 035.3	875.7	200 863	21.6	40 804.8	2.23%	14.74%	176.2	

* EAD after credit risk mitigation and application of the credit conversion factor

** For Stage 2 - ECL Lifetime

Distribution of Stage 3 and POCI portfolio by time in default for Mortgage segment (PLN mln):

31.12.2024					
	Time in default	Number of exposures	EAD*	Average LGD (%)	ECL**
Stage 3	<12 months	881	167.6	32.80%	55.0
	13 - 24 months	848	171.6	39.72%	68.1
	25 - 36 months	616	119.0	44.22%	52.6
	37 - 48 months	382	76.5	48.24%	36.9
	49 - 60 months	295	48.4	53.97%	26.1
	61 - 84 months	765	130.4	66.88%	87.2
	> 84 months	604	117.4	79.30%	93.1
	Total Stage 3	4 391	830.8	50.44%	419.0
POCI	Non-Default	129	21.5	30.04%	9.3
	<12 months	11	1.8	35.40%	0.6
	13 - 24 months	12	3.2	45.31%	1.4
	25 - 36 months	15	4.8	55.27%	2.7
	37 - 48 months	7	1.5	73.80%	1.1
	49 - 60 months	23	10.2	90.82%	9.3
	61 - 84 months	229	95.1	95.41%	90.7
	> 84 months	14	6.4	99.36%	6.3
Total POCI	440	144.5	82.10%	121.5	
Total Stage 3+POCI	4 831	975.3	55.13%	540.5	
31.12.2023					
Stage 3	<12 months	1 279	250.5	22.13%	55.4
	13 - 24 months	833	158.4	29.73%	47.1
	25 - 36 months	476	97.2	39.14%	38.0
	37 - 48 months	357	64.1	46.15%	29.6
	49 - 60 months	338	62.9	53.57%	33.7
	61 - 84 months	709	134.2	64.22%	86.2
	> 84 months	580	120.4	80.65%	97.1
	Total Stage 3	4 572	887.6	43.61%	387.1
POCI	Non-Default	143	24.7	30.73%	10.8
	<12 months	17	4.0	35.88%	1.4
	13 - 24 months	22	5.6	46.48%	2.6
	25 - 36 months	7	1.5	57.80%	0.9
	37 - 48 months	28	9.9	87.16%	8.7
	49 - 60 months	280	108.8	93.73%	102.0
	61 - 84 months	7	2.3	94.39%	2.2
	> 84 months	14	6.0	98.97%	5.9
Total POCI	518	162.9	80.58%	134.5	
Total Stage 3+POCI	5 090	1 050.6	49.34%	521.5	

* EAD after credit risk mitigation and application of the credit conversion factor

** For POCI - current ECL value (not provisions)

In the Other Retail portfolio, the average 12-month Probability of Default (PD) for Stage 1/2 decreased from 4.16% to 2.87%, reflecting a lower observed default rate in this segment. Conversely, the average

Loss Given Default (LGD) increased for both Stage 1/2 portfolios (47.26% compared to 42.69% in 2023) and Stage 3/POCI portfolios (63.48% compared to 57.54%), attributed to higher allocation of provisions to this portfolio.

Distribution of non-defaulted portfolio by 12-month PD for Other Retail segment (PLN mln):

31.12.2024									
	PD scale	Gross balance exposure	Off-balance exposure	Number of exposures	Average maturity (yrs)	EAD*	Average PD (%)	Average LGD (%)	ECL**
Stage 1	0% - 0.14%	771.7	209.4	275 695	5.3	949.7	0.10%	45.47%	0.4
	0.15% - 0.24%	1 752.5	2 342.3	599 434	9.0	3 819.6	0.17%	49.51%	3.1
	0.25% - 0.49%	1 807.1	228.9	244 261	5.2	1 987.2	0.38%	44.36%	3.2
	0.50% - 0.74%	2 066.0	201.4	185 521	5.7	2 232.9	0.62%	46.06%	6.1
	0.75% - 2.49%	5 368.8	328.6	350 456	6.2	5 694.9	1.37%	47.36%	35.2
	2.50% - 9.99%	3 438.7	69.1	150 035	6.5	3 542.5	4.38%	49.10%	72.3
	10.00% - 44.99%	629.8	4.5	25 476	6.5	642.1	15.00%	48.35%	44.0
	45.00% - 100.00%	0.0	0.0	0	0.0	0.0	0.00%	0.00%	0.0
	Total Stage 1	15 834.5	3 384.2	1 830 878	6.6	18 868.9	1.90%	47.59%	164.3
Stage 2	0% - 0.14%	6.9	0.2	8 482	1.0	7.0	0.10%	40.76%	0.0
	0.15% - 0.24%	28.5	52.6	21 370	10.2	78.2	0.17%	44.41%	0.8
	0.25% - 0.49%	56.3	34.4	20 178	7.6	86.8	0.39%	44.91%	1.6
	0.50% - 0.74%	101.5	41.6	22 458	7.5	137.4	0.60%	44.52%	2.8
	0.75% - 2.49%	581.6	113.7	74 363	7.3	680.5	1.40%	45.75%	24.6
	2.50% - 9.99%	653.5	41.4	62 485	7.1	689.9	4.83%	44.36%	53.3
	10.00% - 44.99%	637.9	6.8	47 862	5.8	638.3	23.06%	43.70%	96.2
	45.00% - 100.00%	76.9	1.3	6 976	6.1	77.7	77.94%	44.83%	28.1
	Total Stage 2	2 143.1	292.1	264 174	6.9	2 395.7	10.52%	44.62%	207.5
Total Stage 1+2	17 977.7	3 676.3	2 095 052	6.7	21 264.6	2.87%	47.26%	371.7	
31.12.2023									
Stage 1	0% - 0.14%	436.7	1 990.0	365 957	11.6	2 223.5	0.07%	38.92%	0.6
	0.15% - 0.24%	149.0	308.7	77 834	10.4	430.6	0.18%	38.47%	0.3
	0.25% - 0.49%	470.5	427.7	132 743	9.9	864.8	0.36%	39.27%	1.2
	0.50% - 0.74%	183.1	85.2	29 280	8.1	256.2	0.61%	41.02%	0.6
	0.75% - 2.49%	7 831.4	269.6	967 898	5.0	8 002.8	1.65%	42.04%	53.4
	2.50% - 9.99%	4 590.7	56.8	225 085	6.2	4 683.7	4.87%	46.74%	101.6
	10.00% - 44.99%	627.2	4.9	27 566	6.6	640.9	17.25%	46.48%	48.8
	45.00% - 100.00%	0.0	0.0	2	10.9	0.0	49.84%	39.02%	0.0
	Total Stage 1	14 288.8	3 142.9	1 826 365	6.7	17 102.5	2.79%	42.84%	206.4
Stage 2	0% - 0.14%	9.6	36.7	12 037	11.2	44.6	0.07%	38.59%	0.2
	0.15% - 0.24%	8.1	27.7	6 465	11.4	33.4	0.19%	38.22%	0.7
	0.25% - 0.49%	54.7	73.9	19 753	11.3	123.2	0.38%	39.03%	2.7
	0.50% - 0.74%	25.6	21.3	6 688	11.0	45.1	0.62%	39.51%	1.4
	0.75% - 2.49%	604.2	79.4	72 725	7.0	677.7	1.76%	41.81%	22.2
	2.50% - 9.99%	816.6	32.7	66 691	6.3	844.8	5.18%	42.54%	50.1
	10.00% - 44.99%	563.2	6.7	48 564	5.6	564.6	22.74%	40.30%	84.8
	45.00% - 100.00%	223.1	1.5	13 841	6.2	225.0	69.55%	44.25%	83.5
	Total Stage 2	2 304.9	279.9	246 764	6.8	2 558.5	13.34%	41.65%	245.6
Total Stage 1+2	16 593.7	3 422.8	2 073 129	6.7	19 660.9	4.16%	42.69%	452.0	

* EAD after credit risk mitigation and application of the credit conversion factor

** For Stage 2 - ECL Lifetime

Distribution of Stage 3 and POCI portfolio by time in default for Other Retail segment (PLN mln):

31.12.2024					
	Time in default	Number of exposures	EAD*	Average LGD (%)	ECL**
Stage 3	<12 months	37 135	578.4	47.86%	276.8
	13 - 24 months	21 048	330.4	59.79%	197.6
	25 - 36 months	12 690	202.4	70.57%	142.8
	37 - 48 months	8 502	153.4	78.39%	120.2
	49 - 60 months	5 585	108.2	84.11%	91.0
	61 - 84 months	5 794	68.8	82.05%	56.5
	> 84 months	2 196	22.2	97.79%	21.7
	Total Stage 3	92 950	1 463.7	61.94%	906.6
POCI	Non-Default	1 628	22.9	41.52%	7.9
	<12 months	143	4.0	51.29%	2.1
	13 - 24 months	106	3.1	67.37%	2.1
	25 - 36 months	81	1.7	71.47%	1.2
	37 - 48 months	84	2.8	72.81%	2.0
	49 - 60 months	173	6.8	81.05%	5.5
	61 - 84 months	3 518	115.3	85.04%	98.0
	> 84 months	241	5.3	91.52%	4.8
Total POCI	5 974	161.8	77.41%	123.7	
Total Stage 3+POCI	98 924	1 625.5	63.48%	1 030.3	
31.12.2023					
Stage 3	<12 months	48 166	691.1	45.59%	315.1
	13 - 24 months	24 512	372.6	54.69%	203.8
	25 - 36 months	13 223	229.3	61.00%	139.9
	37 - 48 months	9 431	192.5	70.12%	135.0
	49 - 60 months	5 486	80.3	68.72%	55.2
	61 - 84 months	3 846	38.9	69.26%	26.9
	> 84 months	1 976	19.8	96.88%	19.2
	Total Stage 3	106 640	1 624.6	55.10%	895.1
POCI	Non-Default	2 102	31.7	40.86%	9.1
	<12 months	294	8.7	53.34%	4.6
	13 - 24 months	169	4.4	66.73%	2.9
	25 - 36 months	171	5.5	73.37%	4.0
	37 - 48 months	295	9.8	77.52%	7.6
	49 - 60 months	4 932	153.5	81.75%	125.5
	61 - 84 months	275	9.9	86.28%	8.6
	> 84 months	263	6.0	91.02%	5.4
Total POCI	8 501	229.5	74.80%	167.8	
Total Stage 3+POCI	115 141	1 854.1	57.54%	1 062.9	

* EAD after credit risk mitigation and application of the credit conversion factor

** For POCI - current ECL value (not provisions)

Within the Other Corporate portfolio, an increase in the average 12-month Probability of Default (PD) for Stage 1/2 from 1.89% to 2.36% indicates a slight deterioration in the portfolio, both in terms of observed default rates and outlook for the year 2025. Despite the increase in the average Loss Given Default (LGD) for the Stage 3/POCI portfolio from 33.15% to 34.23%, it continues to indicate a high level of recoveries. This is primarily attributed to the good quality and value of the collaterals.

Distribution of non-defaulted portfolio by 12-month PD for Other Corporate segment (PLN mln):

31.12.2024									
	PD scale	Gross balance exposure	Off-balance exposure	Number of exposures	Average maturity (yrs)	EAD*	Average PD (%)	Average LGD (%)	ECL**
Stage 1	0% - 0.14%	169.8	145.1	4 800	7.4	309.4	0.05%	34.22%	0.1
	0.15% - 0.24%	118.3	20.4	2 041	6.2	138.7	0.22%	33.32%	0.1
	0.25% - 0.49%	320.1	475.3	3 750	2.6	714.1	0.47%	42.08%	1.4
	0.50% - 0.74%	1 046.4	3 051.7	3 560	1.5	2 907.6	0.60%	45.05%	7.7
	0.75% - 2.49%	5 404.5	3 515.0	87 287	2.1	7 320.8	1.41%	45.73%	46.3
	2.50% - 9.99%	2 633.9	1 266.9	11 029	2.0	3 221.4	4.02%	43.51%	54.5
	10.00% - 44.99%	248.4	19.0	2 619	5.2	255.5	16.83%	31.62%	12.7
	45.00% - 100.00%	0.0	0.0	0	0.0	0.0	0.00%	0.00%	0.0
	Total Stage 1	9 941.4	8 493.3	115 086	2.2	14 867.5	2.00%	44.34%	122.7
Stage 2	0% - 0.14%	2.1	2.3	87	9.5	4.3	0.05%	36.70%	0.1
	0.15% - 0.24%	6.5	2.7	78	7.1	9.2	0.21%	35.10%	0.2
	0.25% - 0.49%	22.2	3.6	178	6.3	25.6	0.44%	34.67%	0.5
	0.50% - 0.74%	33.8	81.3	152	1.3	89.7	0.62%	45.39%	0.4
	0.75% - 2.49%	253.0	185.7	623	1.8	394.9	1.53%	41.57%	3.6
	2.50% - 9.99%	348.1	143.5	982	2.1	389.1	4.71%	35.45%	9.0
	10.00% - 44.99%	205.1	29.8	2 231	3.9	210.9	20.92%	30.50%	17.6
	45.00% - 100.00%	13.2	0.1	206	4.7	13.2	85.43%	25.32%	3.0
	Total Stage 2	883.9	449.0	4 537	2.4	1 136.9	7.07%	37.31%	34.2
Total Stage 1+2	10 825.3	8 942.3	119 623	2.2	16 004.4	2.36%	43.84%	157.0	
31.12.2023									
Stage 1	0% - 0.14%	54.3	9.1	1 066	5.2	62.9	0.12%	22.82%	0.0
	0.15% - 0.24%	41.9	3.7	624	6.0	46.1	0.20%	21.86%	0.0
	0.25% - 0.49%	448.9	1 876.7	4 563	1.6	1 751.4	0.44%	42.56%	3.2
	0.50% - 0.74%	2 386.2	2 480.6	68 402	1.5	3 813.6	0.63%	44.68%	10.6
	0.75% - 2.49%	4 673.4	3 386.3	12 393	2.3	6 587.2	1.37%	41.44%	36.6
	2.50% - 9.99%	2 011.0	742.3	10 243	2.9	2 255.9	3.87%	40.82%	33.5
	10.00% - 44.99%	78.2	1.1	1 060	5.5	80.2	20.30%	22.90%	3.5
	45.00% - 100.00%	0.0	0.0	0	0.0	0.0	0.00%	0.00%	0.0
	Total Stage 1	9 693.8	8 499.9	98 351	2.1	14 597.3	1.54%	42.08%	87.5
Stage 2	0% - 0.14%	0.4	0.5	22	8.0	1.0	0.12%	33.76%	0.0
	0.15% - 0.24%	1.2	0.4	25	4.8	1.5	0.21%	25.85%	0.0
	0.25% - 0.49%	6.2	27.3	163	1.6	24.3	0.45%	44.83%	0.1
	0.50% - 0.74%	39.5	76.1	179	1.1	92.7	0.62%	38.06%	0.3
	0.75% - 2.49%	298.7	256.0	871	1.8	350.8	1.39%	35.28%	2.5
	2.50% - 9.99%	222.5	83.0	1 311	2.3	234.2	5.90%	34.02%	6.8
	10.00% - 44.99%	120.0	1.7	1 890	4.8	121.7	23.45%	24.31%	11.7
	45.00% - 100.00%	31.9	0.2	589	4.7	31.8	59.20%	24.02%	5.7
	Total Stage 2	720.3	445.3	5 050	2.4	858.2	7.79%	33.52%	27.1
Total Stage 1+2	10 414.1	8 945.2	103 401	2.2	15 455.5	1.89%	41.61%	114.6	

* EAD after credit risk mitigation and application of the credit conversion factor

** For Stage 2 - ECL Lifetime

Distribution of Stage 3 and POCI portfolio by time in default for Other Corporate segment (PLN mln):

31.12.2024					
	Time in default	Number of exposures	EAD*	Average LGD (%)	ECL**
Stage 3	<12 months	1 561	364.2	25.80%	94.0
	13 - 24 months	906	123.0	36.21%	44.6
	25 - 36 months	459	15.4	53.58%	8.3
	37 - 48 months	202	7.5	69.12%	5.2
	49 - 60 months	149	35.5	45.44%	16.2
	61 - 84 months	192	32.2	71.90%	23.1
	> 84 months	90	37.1	59.53%	22.1
	Total Stage 3	3 559	614.9	34.69%	213.3
POCI	Non-Default	1	0.0	0.00%	0.0
	<12 months	0	0.0	0.00%	0.0
	13 - 24 months	0	0.0	0.00%	0.0
	25 - 36 months	1	18.7	19.35%	3.6
	37 - 48 months	0	0.0	0.00%	0.0
	49 - 60 months	0	0.0	0.00%	0.0
	61 - 84 months	1	0.0	97.49%	0.0
	> 84 months	0	0.0	0.00%	0.0
Total POCI	3	18.7	19.36%	3.6	
Total Stage 3+POCI	3 562	633.5	34.23%	216.9	
31.12.2023					
Stage 3	<12 months	1 275	253.8	20.92%	53.1
	13 - 24 months	590	36.3	48.94%	17.8
	25 - 36 months	295	12.5	64.94%	8.1
	37 - 48 months	184	48.4	33.20%	16.1
	49 - 60 months	154	33.7	76.48%	25.8
	61 - 84 months	105	5.1	58.71%	3.0
	> 84 months	110	39.2	61.61%	24.2
	Total Stage 3	2 713	429.1	34.49%	148.0
POCI	Non-Default	1	0.3	54.66%	0.0
	<12 months	0	0.0	0.00%	0.0
	13 - 24 months	1	19.6	9.14%	1.8
	25 - 36 months	0	0.0	0.00%	0.0
	37 - 48 months	0	0.0	0.00%	0.0
	49 - 60 months	1	0.0	81.45%	0.0
	61 - 84 months	1	8.3	19.88%	1.7
	> 84 months	0	0.0	0.00%	0.0
Total POCI	4	28.2	12.82%	3.4	
Total Stage 3+POCI	2 717	457.3	33.15%	151.4	

* EAD after credit risk mitigation and application of the credit conversion factor

** For POCI - current ECL value (not provisions)

Compared to the year 2023, the average 12-month PD for Stage 1/2 in Leasing increased from 4.28% to 4.44%. There was observed deterioration of the average LGD for Stage 1/2 (24.57% vs. 21.25% in 2023). The average Stage 3 LGD decreased from 28.83% to 22.28% which is the effect changing portfolio's structure in terms of time in default.

Distribution of non-defaulted portfolio by 12-month PD for Leasing segment (PLN mln):

31.12.2024									
	PD scale	Gross balance exposure	Off-balance exposure	Number of exposures	Average maturity (yrs)	EAD*	Average PD (%)	Average LGD (%)	ECL**
Stage 1	0% - 0.14%	308.4	0.0	2 792	3.3	308.4	0.07%	23.63%	0.1
	0.15% - 0.24%	73.2	0.0	551	3.5	73.2	0.19%	22.34%	0.0
	0.25% - 0.49%	175.5	0.0	1 892	3.1	175.5	0.32%	25.22%	0.1
	0.50% - 0.74%	216.7	0.0	1 926	3.1	216.7	0.57%	27.43%	0.3
	0.75% - 2.49%	1 011.4	0.0	9 959	2.7	1 011.4	1.49%	28.03%	3.9
	2.50% - 9.99%	4 237.9	0.0	37 970	3.3	4 237.9	4.36%	23.96%	41.1
	10.00% - 44.99%	18.8	0.0	213	3.4	18.8	17.25%	23.15%	0.7
	45.00% - 100.00%	0.0	0.0	0	0.0	0.0	0.00%	0.00%	0.0
	Total Stage 1	6 041.8	0.0	55 303	3.2	6 041.8	3.40%	24.76%	46.3
Stage 2	0% - 0.14%	2.2	0.0	37	1.3	2.2	0.09%	11.38%	0.0
	0.15% - 0.24%	0.4	0.0	29	1.3	0.4	0.20%	16.75%	0.0
	0.25% - 0.49%	4.9	0.0	91	1.9	4.9	0.33%	21.93%	0.0
	0.50% - 0.74%	4.0	0.0	79	2.3	4.0	0.59%	19.60%	0.0
	0.75% - 2.49%	46.8	0.0	479	2.3	46.8	1.47%	25.18%	0.3
	2.50% - 9.99%	354.5	0.0	2 994	3.2	354.5	4.49%	22.55%	6.1
	10.00% - 44.99%	98.0	0.0	851	2.8	98.0	34.21%	22.78%	8.4
	45.00% - 100.00%	78.7	0.0	836	3.1	78.7	49.90%	21.62%	9.2
	Total Stage 2	589.5	0.0	5 396	3.0	589.5	15.17%	22.60%	24.0
Total Stage 1+2	6 631.4	0.0	60 699	3.1	6 631.4	4.44%	24.57%	70.3	
31.12.2023									
Stage 1	0% - 0.14%	195.8	0.0	1 359	2.9	195.8	0.08%	20.50%	0.0
	0.15% - 0.24%	103.0	0.0	829	2.7	103.0	0.20%	21.35%	0.0
	0.25% - 0.49%	303.7	0.0	3 362	2.7	303.7	0.36%	22.69%	0.2
	0.50% - 0.74%	354.3	0.0	2 964	2.9	354.3	0.61%	21.53%	0.4
	0.75% - 2.49%	1 082.7	0.0	9 987	3.0	1 082.7	1.57%	23.94%	4.0
	2.50% - 9.99%	3 674.8	0.0	37 972	3.1	3 674.8	4.30%	20.81%	29.9
	10.00% - 44.99%	3.2	0.0	56	3.2	3.2	18.13%	15.86%	0.1
	45.00% - 100.00%	0.0	0.0	0	0.0	0.0	0.00%	0.00%	0.0
	Total Stage 1	5 717.6	0.0	56 529	3.0	5 717.6	3.13%	21.54%	34.7
Stage 2	0% - 0.14%	0.8	0.0	33	0.6	0.8	0.08%	5.35%	0.0
	0.15% - 0.24%	1.1	0.0	29	1.2	1.1	0.19%	14.48%	0.0
	0.25% - 0.49%	6.5	0.0	140	1.1	6.5	0.37%	12.29%	0.0
	0.50% - 0.74%	5.8	0.0	64	2.1	5.8	0.60%	19.61%	0.0
	0.75% - 2.49%	66.7	0.0	884	2.0	66.7	1.62%	22.07%	0.3

2.50% - 9.99%	336.7	0.0	2 984	2.9	336.7	4.69%	18.86%	4.0
10.00% - 44.99%	77.2	0.0	718	2.7	77.2	35.62%	15.64%	4.3
45.00% - 100.00%	88.0	0.0	882	3.2	88.0	52.64%	16.86%	7.6
Total Stage 2	582.8	0.0	5 734	2.8	582.8	15.58%	18.41%	16.3
Total Stage 1+2	6 300.3	0.0	62 263	3.0	6 300.3	4.28%	21.25%	51.0

* EAD after credit risk mitigation and application of the credit conversion factor

** For Stage 2 - ECL Lifetime

Distribution of Stage 3 and POCI portfolio by time in default for Leasing segment (PLN mln):

31.12.2024					
	Time in default	Number of exposures	EAD*	Average LGD (%)	ECL**
Stage 3	<12 months	2 206	229.3	16.21%	37.2
	13 - 24 months	1 125	72.0	29.03%	20.9
	25 - 36 months	232	21.6	31.69%	6.8
	37 - 48 months	431	21.8	54.50%	11.9
	49 - 60 months	0	0.0	0.00%	0.0
	61 - 84 months	0	0.0	0.00%	0.0
	> 84 months	0	0.0	0.00%	0.0
	Total Stage 3	3 994	344.7	22.28%	76.8
POCI	Non-Default	0	0.0	0.00%	0.0
	<12 months	0	0.0	0.00%	0.0
	13 - 24 months	0	0.0	0.00%	0.0
	25 - 36 months	0	0.0	0.00%	0.0
	37 - 48 months	0	0.0	0.00%	0.0
	49 - 60 months	0	0.0	0.00%	0.0
	61 - 84 months	0	0.0	0.00%	0.0
	> 84 months	0	0.0	0.00%	0.0
Total POCI	0	0.0	0.00%	0.0	
Total Stage 3+POCI	3 994	344.7	22.28%	76.8	
31.12.2023					
Stage 3	<12 months	2 385	249.9	24.05%	60.1
	13 - 24 months	869	46.9	42.84%	20.1
	25 - 36 months	219	6.3	67.34%	4.2
	37 - 48 months	118	4.1	100.00%	4.1
	49 - 60 months	0	0.0	0.00%	0.0
	61 - 84 months	0	0.0	0.00%	0.0
	> 84 months	0	0.0	0.00%	0.0
	Total Stage 3	3 591	307.3	28.83%	88.6
POCI	Non-Default	0	0.0	0.00%	0.0
	<12 months	0	0.0	0.00%	0.0
	13 - 24 months	0	0.0	0.00%	0.0
	25 - 36 months	0	0.0	0.00%	0.0
	37 - 48 months	0	0.0	0.00%	0.0

49 - 60 months	0	0.0	0.00%	0.0
61 - 84 months	0	0.0	0.00%	0.0
> 84 months	0	0.0	0.00%	0.0
Total POCI	0	0.0	0.00%	0.0
Total Stage 3+POCI	3 591	307.3	28.83%	88.6

* EAD after credit risk mitigation and application of the credit conversion factor

** For POCI - current ECL value (not provisions)

On 31.12.2024 value of collaterals on accounts or assets of borrowers from the corporate segment (without leasing) amounted to PLN7,114,218,143.31, while on accounts or assets of mortgage borrowers (including MBH) amounted to PLN96,587,952,197.92.

11.4. OTHER RISKS

Market Risk and Interest Rate Risk in the Banking Book (IRRBB)

The market risk encompasses current and prospective impact on earnings or capital, arising from changes in the value of the Group's portfolio due to adverse market movement (prices).

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

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

The main measure used by the Group to evaluate market risks is the parametric VaR (Value at Risk) model - an expected loss that may arise on the portfolio over a specified period (holding period) with a required probability (confidence level) due to an adverse market movement. The market risk measurement is carried out daily (intra-day and end-of-day), both on an individual basis for each of the areas responsible for risk taking and risk management, and in consolidated terms for Global Bank, Banking Book and Trading Book considering the effect of the diversification that exists between the portfolios. In addition, each Book is divided into the risk management areas.

In 2024, the VaR limits were not breached for Global Bank and also for Trading and Banking Book. It should be noted that the value at risk in Banking Book is only complementary risk measurement tool as positions are expected to be held to maturity and are in large majority not marked to market. All excesses of market risk limits are always reported, documented, and ratified at the proper competence level.

Within the current market environment, the Group continued to act very prudently. In 2024, open positions mostly included interest-rate instruments and FX risk instruments. In 2024, the VaR indicators for the Group remained on average at the level of 263.2m PLN (48 per cent of the limit) and 223.4m PLN (39 per cent of the limit) as of the end of December 2024. The current limits in place have been valid since 30th September 2024 and remains conservative - level for Global Bank no more than 575.5m PLN and for Trading Book no more than 20.8m PLN. FX open position (Intraday as well as Overnight) remained below 2 per cent of The Own Funds and well below the maximum limits in place.

Apart from daily measurement at the level of each book and market risk area, the VaR model is mainly applicable and analysed at the Trading Book level, where the policy intention is to trade positions on the regular basis (mostly daily). On contrary, following the supervisory guidelines, the interest rate risk in Banking Book is mainly covered by both earnings-based and economic value measures, by measuring:

- the impact on the net interest income over a time horizon of next 12 months resulting from one-off interest rate shock of upward/downward yield curve shift by 100 basis points,

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

Exposure to interest rate risk in the Banking Book are primarily generated by the differences in repricing dates of assets and liabilities as well as its reference indexes, if contractually existing. Regarding EVE measures, it is specifically affected by the unbalance between assets and liabilities that have fixed rate. In case of low interest rates, significant impact is tied to liabilities which cannot have interest rate lower than 0. Consequently, the level of sensitivity to interest rate changes is influenced by the level of interest rates taken as a reference. Additionally, due to specificity of the polish legal system, the interest rate of credits is limited (it cannot exceed two times Reference Rate of the National Bank of Poland increased by 7 percentage points). In situations of decreasing interest rates, the impact on Net Interest Income is negative and depends on the structure of the asset portfolio, including the share of assets subject to immediate revaluation. On the other hand, assumptions regarding the timing and size of deposits repricing are also very important when assessing the interest rate sensitivity and risk.

The results of the IRRBB measurement as of the end of December 2024 indicate that the Group is the most exposed to scenarios of interest rates increase in case of EVE metrics and interest rates decrease in case of NII metrics. In case of supervisory outlier test for EVE, results as of December 2024 show that even under the most severe outlier test scenario, the decline of EVE for Banking Book is below supervisory limit of 15% of Tier 1 Capital.

The results of sensitivity of NII for the next 12 months after 31st December 2024 and for position in Polish Zloty in Banking Book are carried out under the following assumptions:

- static balance sheet structure as of that reference date (no change during the following 12 months),
- reference level of net interest income assuming that all assets and liabilities with variable interest rate already reflect market interest rates levels as of 31st December 2024 (for example, the NBP Reference rate at the end of 2024 was set at 5.75%),
- application of a parallel move of 100 bps in the yield curve up and down is an additional shock to all market interest rates levels as of 31st December 2024 and is set at the repricing date of the assets and liabilities that happens during the 12 following months

In a scenario of parallel decrease of interest rates for position in Polish Zloty by 100 bps, the results are positive and equal to PLN4mn or 0.08% of the Group's NII reference level. In a scenario of parallel increase of interest rates for position in Polish Zloty by 100 bps, the results are positive and equal to +PLN3mn or +0.05% of the Group's NII reference level. The results show that the Group is now in balanced situation regarding strength in the scenario of a decline or increase in interest rates. At the same time, the results indicate that the Group is immaterially sensitive to a change in interest rates in Polish Zloty by 100 bps over a 12-month horizon - significantly below the limit set (10% of the reference interest income for the last 12 months).

For positions in all significant currencies (PLN, CHF, EUR, USD) the impact of parallel decrease of interest rates by 100 bps is equal to -PLN27mn or -0.49% of the Group's NII reference level. In a scenario of parallel increase of interest rates by 100 bps, the results are positive and equal to +PLN27mn or +0.49% of the Group's NII reference level. The Group also meets the limit of the Supervisory Outlier Test for the measure of net interest income, which is defined at 5% of Tier 1 capital.

More information on market risk and interest rate risk management can be found in chapter 8.4 of the Annual Consolidated Report of the Bank Millennium S.A. Capital Group for the 12-month period ending 31st December 2024.

Liquidity risk

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

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

In 2024, the Group continued to be characterized by solid liquidity position. All the supervisory and internal liquidity indicators remained significantly above minimum limits in place. The steps taken as part of standard and binding risk management procedures have proved sufficient for managing liquidity in the current market environment. In 2024, in consequences of the increase of the deposits from Customers at the faster pace than loans, there was further improvement of the Group's Loan-to-Deposit ratio to 64 per cent at the end of December 2024 (comparing to level of 69 per cent as of end of December 2023).

The liquid assets portfolio is treated by the Group's as liquidity reserve, which will overcome crisis situations. This portfolio consists of liquid debt securities issued or guaranteed by Polish government, other EU's sovereigns, European Union and multilateral development banks', supplemented by the cash and exposures to the National Bank of Poland. At the end of 2024, the share of liquid debt securities (including NBP Bills) in total securities portfolio amounted to 99.9% and allowed to reach the level of approx. PLN 53.9bn (39 per cent of total assets), whereas at the end of December 2023 was at the level of approx. PLN 40.9bn (33 per cent of total assets).

Main liquidity ratios	31.12.2024	31.12.2023
Loans/Deposits ratio (%)	64%	69%
Liquid assets portfolio (PLNm) [*]	53 646	41 529
Liquidity Coverage requirement, LCR (%)	371%	327%
Net Stable Funding Ratio, NSFR (%)	196%	180%
Long-term Funding Ratio, LTFR ^{**}	28%	

() Liquid Assets Portfolio: The sum of cash, nostro balance (reduced by the required obligatory reserve), unencumbered liquid securities portfolio, NBP-Bills and short-term, due from banks (up to 1 month); (**) Long-term Funding Ratio enters into force on Dec 31, 2026*

Consequently, the large, diversified, and stable funding from retail, corporate and public sector Clients remains the main source of financing of the Group. At the end of 2024, the source of medium-term funding included subordinated debt, own EUR bonds issue and securitization of loan and leasing portfolios, as well as covered bonds issued by Millennium Bank Hipoteczny (mortgage bank).

The Group manages its FX liquidity using FX-denominated deposits, own issue of EUR bonds as well as Cross Currency Swap and FX Swap transactions. The importance of swaps has been decreasing because of the reduction of the FX mortgage loan portfolio and the hedge in foreign currency of most of the provisions for legal risk. For most counterparties, the Bank has signed a Credit Support Annex to the master agreements.

The estimation of the Group's liquidity risk is carried out both with the use of the ratios defined by the supervisory authorities and own indicators, for which exposure limits were also established.

According to the final provisions of CRD V/CRR II package, the Group is calculating the liquidity coverage requirement (LCR) and the net stable funding ratio (NSFR). The regulatory minimum of 100% for both LCR and NSFR was compiled by the Group. LCR improved substantially during 2024 and

reached the level of 371% at the end of December 2024 (327% as of the end of December 2023). The increase was mainly connected with increase of deposit from retail Clients, which was invested in liquid assets portfolio. The measure is calculated daily and has been reported on the monthly basis to NBP since March 2014. Internally, the LCR is estimated daily and reported to the areas responsible for the management and control of the liquidity risk in the Group. NSFR is monitored and reported monthly. In 2024, the NSFR was above the supervisory minimum of 100% (supervisory minimum valid since June 2021). NSFR reached the level of 196% at the end of December 2024 (180% as of the end of December 2023). Moreover, in line with Recommendation WFD (issued in July 2024), the Group is calculating monthly Long Term Funding Ratio (LTFR/WFD), which in December 2024 reached 28.0%.

Additionally, the Group employs an internal structural liquidity analysis based on cumulative behaviour liquidity gaps. In 2024 all the liquidity gaps were maintained positive. The safe level adopted by the Group for the ratio of liquidity shortfall is established for each time bucket below 5 years at the level of 12 per cent of total assets.

Liquidity stress tests are performed at least quarterly, to understand the Group's liquidity-risk profile and to ensure that the Group can fulfil its obligations in the event of a liquidity crisis and to update the Liquidity Contingency Plan and management decisions. As of December 2024, the results of the stress test analysis demonstrated that liquidity position is not threaten as even in the most severe scenario the survival period is still significantly above the limit of 3 months.

The liquidity risk management process is regulated in the internal policy that is a subject of the Bank's Management Board approval.

The Group has also emergency procedures for situations of increased liquidity risk - the Liquidity Contingency Plan. The Liquidity Contingency Plan establishes the concepts, priorities, responsibilities, and specific measures to be taken in the event of a liquidity crisis. The Liquidity Contingency Plan is tested and revised at least once a year. The revised Plan was approved by the Supervisory Board in November 2024.

More information on liquidity risk management can be found in chapter 8.5 of the Annual Consolidated Report of the Bank Millennium S.A. Capital Group for the 12-month period ending 31st December 2024.

Operational risk

Operational risk management is based on the processes structure implemented in the Group and overlapping the traditional organizational structure. Current management of the specific processes, including the management of the profile of process operational risk, is entrusted to Process Owners, who report to all other units participating in the risk management process and are supported by these units.

To manage the fraud risk, the Group has in its structure a special organizational unit to develop, implement and monitor the Group's policy for management of this risk in cooperation with other organizational units of the Group and in accordance with its internal regulations. Fraud Risk Management Sub-unit in the Security Department is a centre of competence for the fraud prevention process.

Non-compliance risk

Lack of compliance of the Bank's operations with binding laws, internal regulations, and market standards is linked with the risk of legal and regulatory sanctions, material, or reputation losses. Therefore, it is one of the areas threatening the banking activity. By monitoring compliance with both internal and external regulations, Bank Millennium considers it to be particularly important:

- Preventing money laundering and financing of terrorism,
- Ensuring consistency of Bank Millennium's internal normative acts with binding laws as well as recommendations issued by supervisory authorities,
- Counteracting and managing conflicts of interest,
- Counteracting corruption,
- Observance of ethical principles,
- Monitoring personal transactions and protecting confidential information related to Bank Millennium, financial instruments issued by the Bank as well as information connected with purchase/sale of such instruments,
- Monitoring and ensuring compliance of products and services, including investment products and services covered by MiFID II Directive.

Bank Millennium undertakes appropriate actions for the purpose of ongoing and continuous tracking of changes occurring in binding legal regulations as well as recommendations and guidance given by supervisory authorities, both national as well as of the European Union. To ensure compliance of the Bank's operation with the applicable laws, the Compliance Department undertakes several activities such as:

- 1) informing about changes in law,
- 2) analysis of internal normative acts binding at the Bank in terms of compliance with applicable laws and standards,
- 3) analysing new products and services and changes in products and services,
- 4) measuring compliance risk in processes operating at the Bank,
- 5) participating in key implementation projects, and
- 6) staff training.

The Bank's operations may generate a conflict of interest between Bank's interests and the interests of Customers. The Bank's main principle is to take all reasonable steps to identify a conflict of interest between the Bank and its Customers, as well as between individual Customers, and to establish rules ensuring that such conflicts have no adverse impact on Customers' interests.

The Bank Millennium Group undertakes also appropriate actions to ensure conduct concerning personal transactions, which is compliant with standards and laws. These actions and measures are meant to, according to the circumstances, to restrict or prevent performance of personal transactions by relevant persons in situations, which may cause a conflict of interest or be involved with access to confidential information or to data about Customers' transactions.

Shares of Bank Millennium are admitted to public trading on the Warsaw Stock Exchange. Such status requires special attention and observance of the obligation to maintain highest standards for transparency of financial markets. The policy of Bank Millennium is to maintain strict control as regards protection of the flow of confidential information (including in accordance with the requirements of Regulation No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on abuses on the market abuse, MAR). The Bank prohibits the use and disclosure of confidential information in any form. Purchasing and selling by persons discharging managerial responsibilities, of the Bank's shares, debt instruments of the Bank or derivatives or other financial instruments linked to them is forbidden during closed periods.

The Anti-Money Laundering and Counter Terrorism Financing programme (AML/CTF), applied by the Bank Millennium, is a comprehensive system of identification of threats related to money laundering crimes.

Actions launched under this programme include in particular:

- application of financial security measures to Customers, depending on the degree of risk and based on „*Know your Client*” or (KYC) principle - the key concept of the program,
- transaction registration and reporting,
- identification of suspicious transactions,
- cooperation with the General Inspector of Financial Information.

Bank Millennium adjusts its reports to the analysis of suspected transactions on the on-going basis, considering up-to-date patterns (sectors, cash-flow routes, Customer behaviour) for effective identification and reporting of transactions suspected of money laundering. Implemented internal procedures, organizational solutions and employee training programmes ensure efficient operation of the programme.

Bank Millennium, with view to protecting Customers who invest their funds in investment products with varied degree of risk, strictly monitors compliance of these products, their offering and handling process with relevant internal regulations, laws, and external guidelines - on the domestic and European Union level. A specific compliance monitoring programme also covers consumer loans and insurance products (including insurance-investment products) addressed to consumers.

The Bank Millennium has mechanisms and internal regulations allowing for anonymous reporting of violations of law and internal regulations and ethical standards (the so-called whistleblowing) to the Chairman of the Management Board, and in the case of notification concerning a Member of the Management Board - to the Supervisory Board. The Bank Millennium will verify each application, ensuring that the reporting person will be protected by acts of repressive, discriminatory, and unfair nature.

12. HUMAN RESOURCES MANAGEMENT

12.1. HUMAN RESOURCES (HR) POLICY

The Human Resources (HR) policy is based on the mission and values of Bank Millennium and defines the framework for the functioning of the HR area in the Bank Millennium Group, referring to both the HR management model and the regulations that constitute the legal basis for the HR management system in the Bank Millennium Group.

The HR Policy defines the main areas of HR activities, such as recruitment and onboarding, remuneration and benefits, training and development, leadership, employee opinion surveys, digitalisation of processes and HR data analysis, defines objectives in these areas that result from the Bank Millennium Group's strategy and HR itself, and refers to the ambitions and aspirations that HR is guided by.

The HR Strategy is based on the assumptions of the HR Policy and is also part of Bank Millennium's **business strategy "Growth and Value"**, which was announced for 2025-2028, constituting an important element supporting its implementation. The strategic objectives of HR for the strategic period are:

1. Support for business lines, primarily corporations and small businesses, in the form of recruitment, ensuring effective onboarding, training and development, and continuing extensive development activities for retail banking employees;
2. Active work on employee satisfaction and increasingly better results of Top Employer certification to ensure that Bank Millennium is considered the possibly best place to work;
3. An active remuneration policy to ensure employee retention, job satisfaction and to enable the recruitment of new people to Bank Millennium;
4. Supporting activities in the area of organisational culture, which should be conducive to the implementation of the Bank strategy;
5. Digitalisation of HR processes and increasingly better implementation of HR services.

HR policy means strategic activities in the field of human resources management support the business needs of the Bank Millennium Group in order to create a friendly, development-oriented and safe workplace.

Friendly workplace

Bank Millennium creates a good working environment for employees regardless of gender, age, race, religion, nationality, ethnic origin, disability, political beliefs, trade union membership and sexual orientation, who find here conditions for professional development in an atmosphere of cooperation and mutual respect.

Therefore, in 2024 Bank Millennium became the winner of a number of awards, which can be found in chapter 10 of this report. The Bank was recognised for its activities for the benefit of employees, responsible management, supporting diversity and sustainable development.

Bank and Bank Millennium Group also reward their employees.

- In 2024, the **IMPAKT Employee Rewards Program**, in which employees reward their colleagues, was continued. The program integrates the community, builds a culture of cooperation and mutual appreciation. In 2024, 58 employees were awarded for their commitment, quality improvement, innovative solutions and taking on challenges that inspire others.

- The best employees and managers are given the **Chairman's Awards** for above-average professional achievements once a year. In 2024, they were distributed to 11 employees from the head office and sales network.

Competence development

The Bank continued to implement extensive **training programs for business lines**, in particular those that enable both *on-boarding* of new employees and ensure their development during their work in the organisation. The trainings were addressed in particular to employees of retail and franchise networks, direct banking employees, corporate banking advisors, those from affluent customer banking and people involved in the sale of insurance products. They covered a wide variety of issues necessary for the effective performance of tasks, in particular issues related to sales techniques, customer service models and knowledge of the Bank's products and systems.

The development of managers is carried out on many levels.

Consistently, for several years, the **M#leaders leadership skills development program has been implemented**. The programme is based on the John Maxwell methodology used in the Bank Millennium Group and includes several dozen hours of workshops at the basic and advanced levels.

Managers also develop their competences by using **access to the Youniversity streaming service**, which gives access to knowledge in dozens of thematic areas important in management.

Individual development needs are met through **access to the Coachhub coaching platform**. As part of individual meetings, managers can identify and select areas for development, and then - with the help of a certified coach - achieve the set goals. The programme is carried out online. Thanks to this, you can develop anywhere and at any time preferred by the employee.

People entering the managerial path use a solution focused on **learning basic and intermediate managerial tools**. The process consists of a diverse set of development activities - from a group development session, through an advanced competence diagnosis, implementation of skills in practice and many weeks of support from a mentor experienced in business.

A separate **managerial certification program**, supporting managers of retail outlets, is implemented in retail banking.

The Bank ran a programme of lectures as part of Development Fridays, which was highly appreciated by its employees. The purpose of the "**Development Fridays**" programme is to support the sharing of knowledge and experience of employees. The speakers are specialists of the Bank Millennium Group and the proposal to participate in the programme is addressed to all employees. Lectures are conducted online, recordings with additional materials are made available on the training platform and on the "Millennium World" intranet.

The Bank Millennium Group also supports the development of employees through a **wide range of e-learning courses**. The bank uses a specialized platform that allows it to manage both the content and the course of training processes.

Supporting the development of digital technologies

Bank Millennium is one of the most modern banks on the market, which is based on the development of information technologies. Bank Millennium won the "Mobile Bank" ranking of the cashless.pl service. The ranking presents banks that best meet the requirements of modern customers who prefer to use financial services on mobile devices.

The bank also received a number of awards for digital channels:

- Newsweek's Friendly Bank - 1st place in the Remote Banking category
- Best Digital Retail Bank in Poland and 13 other titles in the Global Finance Best Digital Bank 2024 competition for digital solutions for individual and corporate clients

- Institution of the Year 2024 - Best Remote Account Opening Process
- Institution of the Year 2024 - 2nd place for the mobile app
- Institution of the Year 2024 - 4th place for online banking
- Golden Banker - 2nd place - Electronic banking (online/mobile)
- PayTech Awards - award for omnichannel credit card application
- Global Finance Top Innovator Award for Business Apps for Best UX
- Mobile Trends Awards - nomination for applications for companies
- The Digital Banker Global Retail Awards 2024 - Best Banking App for SME

The awards received and the results in the rankings confirm that Bank Millennium's activities are a response to the changing needs of customers and that the digital offer is constantly being improved.

The Bank constantly maintains and develops large teams of IT specialists in various fields.

Diversity policy

When implementing **the Diversity Policy**, the Bank operates with respect for human dignity and observes the right to equal treatment regardless of age, gender, ethnic and national origin, religion, denomination, family status, sexual orientation, health condition, beliefs, trade union membership and other premises exposing to discriminatory behaviour. The Bank is also a signatory of the **Diversity Charter**, which is a commitment signed by organisations that decide to prohibit discrimination in the workplace and work to create and promote diversity. Respect for diversity in the Bank Group is also regulated by the **Code of Ethics**, the **Work Regulations** and recruitment regulations. The implementation of these policies has resulted in a number of actions:

- All employees undergo **mandatory training on ethical issues**. In addition, **the managerial staff is trained in counteracting mobbing and discrimination** in employment. The Bank has **anti-mobbing and anti-discrimination procedures in place**. There is a system for reporting abuse, which is independent of the hierarchy.
- **When recruiting employees, criteria exposing them to discriminatory behaviour are not applied**. These rules also apply to termination of employment, terms of employment, promotion and access to training to improve professional qualifications. Candidates are selected on the basis of objective criteria, such as, in particular: education, professional experience, general and specific competences, knowledge of foreign languages and general fit to the profile.
- The Bank analyses the remuneration structure and **equality in access to earnings** and positions on an ongoing basis due to gender, age and nationality. Periodically, interviews are conducted with people leaving the Bank to determine the reasons for leaving.
- **Benefits such as medical care, group insurance**, co-financing of sports and recreation, and culture are offered to all employees, including those who work part-time. Employees are provided with a "cafeteria where they have access to a wide range of benefits." The bank encourages employees to use up their holidays.
- **The Bank supports people in a difficult** financial and health situation through the existing social assistance system based on the Company Social Benefits Fund.
- **Persons with disabilities** can use office infrastructure adapted to their abilities.
- The Bank regularly conducts **managerial training** aimed at strengthening appropriate attitudes - including overcoming stereotypes and promoting openness to diverse beliefs of employees and shaping their own and subordinate responsibility.
- Employees have the opportunity to freely **present their opinions** on internal Internet forums.

- The Bank conducted training for managerial staff on managing a multigenerational team.
- The Bank conducts development initiatives available to all employees. "**Diversity is OK!**" It is an initiative that supports diversity. Regular meetings are organised with speakers who are specialists, scientists, and public figures to educate employees in the field of multigenerationality, cultural differences, disability, gender identity, gender equality, levelling the pay gap, and neurodiversity. Such activities allow for a better understanding of diversity, noticing different points of view, creating a synergy effect from differences and looking for non-standard solutions for both employees and customers to level the playing field and create more opportunities. Recordings and meeting materials are available to employees in the internal training platform and in the Millennium World, on a separate intranet website.

The me zone is a separate space on the Intranet that was created to take care of the well-being of employees. The website with recordings and materials as well as activities are available to all employees. In addition to webinars on health and building mental resilience, differences and coping with social and professional roles of women and men, the Bank organised the Week for Health and an oncological prevention campaign.

The Bank allows the use of tickets to selected amusement parks for employees and their children during the summer and Christmas holidays. Campaigns of this type are aimed at inspiring employees to **spend time together with their loved ones**.

- The Bank promotes and encourages volunteering activities. For the 11th time, the **Christmas Charity Auction was organized**, during which people employed at Bank Millennium put up among others hand-made items for auction. PLN 66,736 was collected, and by the decision of the Management Board of Bank Millennium this amount was doubled and divided equally among all beneficiaries of Bank Millennium.
- The Bank, together with the Bank Millennium Foundation, encourages all employees to **volunteer activities**. Employees have the opportunity to support ecology, education and culture. 2024 was a breakthrough year for the Bank Millennium Foundation, full of successfully implemented initiatives for the benefit of local communities: children and their parents, the environment and culture. The Sports Challenge Our People'24: Save the Planet is a charity initiative organised by the Bank Millennium Foundation and Bank Millennium, which aims to promote a healthy lifestyle and protect the environment. The challenge lasted three months and involved 1433 Bank Millennium employees in regular physical activity, collecting points and competing both individually and in teams. Finally, Bank Millennium donated PLN 250,000 to the Bank Millennium Foundation for the implementation and promotion of volunteering. As part of Save the Planet, volunteers of Bank Millennium and the Bank Millennium Foundation organised Eco-initiatives and Actions to help people affected by the flood.

At Bank Millennium, women make up the majority of employees - 65%. Their share in the Bank's management team (starting from the position of branch manager) was about 54%. Although the share of women in senior management has been steadily increasing in recent years, they are still under-represented and account for 33% of this group.

The Bank's strategy, including, for example, building units to serve foreigners working in Poland, also serves to increase the diversity of employees in terms of nationality: in 2024, 40 foreigners were employed.

The age structure of employees is relatively balanced, with people both entering the labour market and people at the end of their professional careers being employed. The largest group of employees are people between 30 and 50 years of age - over 65%. Young people up to 30 years of age - 20%.

In connection with the long-term development strategy, the Bank will strive to further take into account diversity in terms of competences and professional experience of employees in its human resources management policy.

12.2. EMPLOYMENT AND PERSONNEL COSTS

Effectiveness of human resources management is an important element of the Bank Millennium Group's strategy. The Group monitors both individual personnel cost items and the level of FTEs, and for several years has been pursuing a policy of stable employment. Employee turnover is monitored and reported on an ongoing basis. Employment levels and resource efficiency are verified against relevant market benchmarks.

Employment in the Group <i>(full-time)</i>	31.12.2024	31.12.2023	Change (y/y)
Number of the Bank employees	6 450	6 460	-10
- including key positions	171	172	-1
Subsidiaries	264	287	-23
Total Bank Group	6 714	6 747	-34

Employment in the Bank Millennium Group at the end of 2024 reached 6,714 FTEs, which means a decrease by 10 FTEs (i.e. 0.5%) compared to the end of 2023. The largest employer in the Group is Bank Millennium, employing 6,450 FTEs at the end of 2024. At the end of the year, Bank Millennium Group subsidiaries employed a total of 264 FTEs, of which the most important were Millennium Leasing, Millennium TFI and Millennium Bank Hipoteczny.

Employment in the Bank <i>(full-time)</i>	31.12.2024	31.12.2023	Change (y/y)
Branches and direct sales	3 806	3 962	-157
Head office	2 644	2 498	147
Total Bank Millennium	6 450	6 460	-10

The employment structure of Bank Millennium shows a definite predominance of people employed directly in the sale of banking products and services, including primarily in the network of the Bank's branches located throughout the country.

Employment in the Bank <i>(full-time)</i>	31.12.2024	31.12.2023	Change (y/y)
Direct banking	801	806	-5
Digital technologies	700	666	33
Retail and corporate banking	3 004	3 156	-152
Support units	1 945	1 832	113
Total Bank Millennium	6 450	6 460	-10

The remuneration policy of the Bank Millennium Group is aimed at ensuring that the remuneration of employees is adequate to the current tasks, competences and responsibilities. In particular, great importance is attached to the proper formation of the basic salary. On the basis of internal reports, the Bank assesses and verifies the level of remuneration in relation to specific categories of employees. We are committed to ensuring consistency in the remuneration system and maintaining a balance in the way employees who perform the same work or work of the same value are remunerated. Salary levels are verified taking into account periodic performance assessments and possible evolution of the level of skills involved in the implementation of the organisation's tasks. The analyses also take into account salary benchmarks on the financial market.

The total level of personnel costs in the Bank Millennium Group in 2024 and the previous year was as follows:

Personnel costs <i>(in PLN million)</i>	2024	2023	Change (y/y)
Bank Millennium	1 138.0	982.4	15.8%
Subsidiaries	58.8	52.3	12.6%
Total Bank Millennium Group	1 196.9	1 034.6	15.7%

12.3. REMUNERATION POLICY

The Bank Millennium Group has in place the "Employee Remuneration Policy in the Bank Millennium Group", which formulates the assumptions used in shaping the components of fixed and variable remuneration for all employees of the Group.

According to the policy, the main source of income for employees is the basic salary resulting from employment contracts. Variable remuneration is an additional, motivational element of the total remuneration. The basic salary of an employee is determined in relation to the tasks performed in a given organisational unit, the scope of responsibility, qualifications, impact on the company's risk profile and on the basis of the analysis of salary information presented in salary surveys on the financial market.

The Bank conducts periodic reviews of salaries and positions. The Bank's Management Board may decide to allocate a pool of funds to be used to change the base salaries of employees, after assessing the Group's financial condition and business environment, including current reports on remuneration levels in the financial sector.

Individual pay rates are verified taking into account periodic assessment of work performance, the scope of the employee's tasks and skills, and are also compared with data on market wages for positions with a similar scope of competences. The gender pay gap is also being analysed, taking into account the differences in the level of pay between men and women in similar positions.

Variable remuneration is shaped as part of various bonus systems, the purpose of which is to motivate employees to achieve business and organisational goals. Bonus systems and periodic evaluation criteria in the Bank Millennium Group are tailored to the specific nature of employees' activities in individual areas of the Group. The amount of bonus budgets granted for bonus payments is determined after an analysis of capital and liquidity ratios and depending on the degree of achievement of Bank Millennium's operating results. In the case of employees of business lines, budgets can also be linked to the achievement of the goals of individual lines. It is assumed that individual bonuses cannot exceed 100% of the total annual basic salary. Individual bonuses are awarded as part of the variable remuneration pool based on the assessment of the quality of work and the degree of commitment to achieving the goals set for employees.

The Bank Millennium Group attaches importance to the proper formation of remuneration of employees in managerial positions, who are classified as *Risk Takers*. The rules for granting variable remuneration to Members of the Management Board of Bank Millennium and other *Risk Takers* are included in the "Remuneration policy with respect to Risk Takers in the Bank Millennium SA Group". The policy is reviewed annually.

The bonus pool for *Risk Takers* is determined after a prior analysis of the Bank's situation in terms of:

- results of the Bank Millennium Group,
- the level of the capital adequacy ratio at the individual and consolidated level,
- the level of risk ratios relating to the liquidity of the Bank Millennium Group.

Performance evaluation includes financial and non-financial criteria and takes place over a period of at least three years.

Rules applicable to the payment of variable remuneration paid in 2024 for 2023:

Risk Takers - Members of the Management Board of Bank Millennium (Risk Takers I)

50% of the value of variable remuneration components is awarded and paid after the end of the settlement period and after the announcement of financial results. The payment of 50% of the variable remuneration is deferred for 5 years, payable in equal annual instalments. Members of the Management Board will receive each part of the bonus granted - paid in the year following the settlement period and deferred - after re-evaluation - a half in cash and half in the form of financial instruments. The part of the bonus paid in the form of financial instruments is retained for 12 months.

Other Risk Takers (non-Management Board) (Risk Takers II)

60% of the value of variable components of remuneration for the previous year is awarded and paid after the end of the settlement period. The payment of the remaining 40% of the variable remuneration is deferred for 5 years, payable after re-evaluation, in equal annual instalments. A minimum of 50% of the variable remuneration is, as a rule, paid in the form of financial instruments. Part of the bonus paid in the form of financial instruments is subject to retention for 12 months.

The Personnel Committee of the Bank's Management Board has the right to decide not to postpone variable remuneration in an amount below a certain value. When the bonus amount set for a Risk Taker II for a given calendar year does not exceed the equivalent of EUR 50,000 and 1/3 of the total annual salary, the bonus may be paid in full in cash, in a non-deferred form, on the basis of a decision made by the Personnel Committee of the Bank's Management Board.

As part of the bonus programme for Risk Takers II for 2023, in 2024 bonuses were awarded in full in cash without the application of the deferral mechanism.

Remuneration of the Management Board

Determining the terms of contracts and remuneration for Members of the Management Board is the competence of the Supervisory Board, taking into account the recommendations of the Personnel Committee of the Supervisory Board responsible for supervising the remuneration policy. The framework for remunerating Members of the Management Board and the Supervisory Board is defined in the "Remuneration Policy with regard to Members of the Management Board and Supervisory Board of Bank Millennium SA" adopted by the General Meeting of Shareholders.

The Policy is one of the tools for the implementation of the Bank's business strategy, long-term interests and stability, supporting proper and effective risk management and mitigation of conflicts of interest, in particular by:

- a) shaping the appropriate level of individual components of remuneration in relation to the function performed and the scale of the Bank's operations, taking into account the transparency of the rules for their creation,
- b) making part of the remuneration of Management Board Members dependent on the Bank's financial and business results,
- c) adopting such a structure of fixed and variable remuneration components of Management Board Members that the motivation directed at obtaining variable remuneration is not a factor conducive to excessive risk-taking,
- d) ensuring only a fixed component of remuneration for Supervisory Board Members and making it independent of the Bank's financial and business results,

- e) supporting responsible management attitudes in relation to the Bank's long-term business objectives through a transparent process of evaluation of the Bank's Management Board Members.

The total remuneration of the Management Board Members consists of a fixed and a variable part. The variable part of the remuneration may be an annual bonus, which depends on the Bank's result, the result compared to banks of similar size and the individual assessment of the Management Board Member.

Decisions on granting bonuses to Management Board Members are made after an analysis of risk, liquidity and capital ratios, taking into account the following financial criteria:

- implementation of planned budgets and indicators established for the managed area of activity,
- comparison with competing banks of similar size (peer banks),
- the market criteria established for the period;

and non-financial criteria, in particular:

- the overall quality of management in the area of responsibility,
- effective leadership and contribution to the Bank's development,
- management and supervision of units in the area of responsibility.

The total value of base salaries of Management Board Members for performing this function in 2024 amounted to PLN 12,075 thousand PLN. In addition, the Management Board Members received payment of part of the annual bonus for 2021, 2022 and 2023 (in cash and phantom shares) and additional benefits.

Fixed remuneration (basic salary and benefits) of Management Board Members in 2024 (in PLN thousand)

Name and surname	Basic salary	Medical	ECPs	Additional benefits*
Joao Bras Jorge	2 622.00	30.09	83.00	1 312.14
Fernando Bicho	1 863.00	30.04	46.93	39.97
Wojciech Haase	1 518.00	15.98	-	-
Andrzej Gliński	1 518.00	30.09	-	-
Wojciech Rybak	1 518.00	4.60	-	-
Antonio Pinto Júnior	1 518.00	4.60	46.71	652.53
Jarostaw Hermann	1 518.00	10.42	37.66	-
In total:	12 075.00	125.82	214.30	2 004.64

(*) Additional benefits are mainly related to the costs of stay of foreign Members of the Management Board

Variable remuneration transferred in 2024 to Members of the Management Board:

Name and surname	Bonuses paid for the years: 2021, 2022 and 2023 (in PLN thousand)	
	in cash	in phantom shares
Joao Bras Jorge	662.82	735.10
Fernando Bicho	553.06	604.42
Wojciech Haase	454.10	495.95
Andrzej Gliński	454.10	495.95
Wojciech Rybak	454.10	495.95
Antonio Pinto Júnior	454.10	495.95
Jarosław Hermann	454.10	495.95
In total:	3 486.38	3 819.27

The decision to grant variable remuneration to Management Board Members for 2024 will be made after the Bank's results are approved by the General Meeting of Shareholders.

Members of the Supervisory Board receive only fixed remuneration for work in Boards and Committees, which is adequate to their function and the scale of operations of the Bank Millennium Group.

Policy evaluation

In its annual assessment of the functioning of Bank Millennium S.A.'s remuneration policy, the Supervisory Board assessed that it was conducted in a stable manner, based on the continuation of the adopted strategies. The measures taken in 2024 to adapt to the challenges arising from the current business context of the remuneration policy were positively assessed.

13. PRINCIPLES OF CORPORATE GOVERNANCE AT BANK MILLENNIUM

13.1. STATEMENT ON THE PRINCIPLES OF CORPORATE GOVERNANCE APPLIED IN 2023

Corporate governance is a set of rules addressed to governing bodies of companies and their members as well as defining relations with shareholders and investors.

The set of rules covering the area of Polish financial institutions and companies listed on the Warsaw Stock Exchange (GPW) are in particular ‘Best Practice for GPW Listed Companies’ (hereinafter referred to also as ‘Best Practice’) adopted by the Board of the Warsaw Stock Exchange, the ‘Principles of Corporate Governance for Supervised Institutions’ (hereinafter referred to as the ‘Principles’) adopted by the Polish Financial Supervision Authority and Recommendation Z adopted by the Polish Financial Supervision Authority (hereinafter referred to as the “Recommendation Z”).

The application of corporate governance principles guarantees the transparency of company operations and strengthens the protection of shareholder rights, also with respect to issues not regulated by generally applicable laws.

The most important standard of the above-mentioned Best Practice and Principles is the ‘*comply or explain*’ rule. This rule means that a company is obliged to apply the principles stipulated in the document, and in the event of deviation from use of a particular principle the company must clarify the causes of such conduct and make this fact publicly known in the form of a report by using the GPW Electronic Information Database (in the case of Best) or by means of a website (in the case of the Principles).

The Bank, as a publicly traded company, is subject to the following from 2021. Best Practice, published on the GPW’s website at: https://www.gpw.pl/pub/GPW/pdf/DPSN_2021.pdf. As in previous years, the Bank has complied with the principles of the Best Practice. The Bank’s Supervisory Board’s assessment of the application of the Best Practice on 30 January 2025 is confirmation of its compliance. The results of this assessment indicate that the Bank properly implemented the requirements formulated in the Best Practice in 2024 and that the solutions and mechanisms applied in the Bank for the implementation and execution of the Best Practice duly met the objectives of the regulations in conjunction with the needs of optimal organisation of the Bank’s operations.

The Bank, as a financial institution, has also been subject to the Principles since the beginning of 2015, which are available on the KNF’s website at: https://www.knf.gov.pl/dla_rynku/regulacje_i_praktyka/zasady_ladu_korporacyjnego?articleId=48880&p_id=18. As in previous years, the Bank has complied with the guidelines described in the Principles, except for the obligation under para. 16 the obligation to conduct the Bank’s Management Board meetings in Polish. The knowledge of the English language by the members of the Bank’s Management Board allows for complete mutual understanding and an appropriate level of communication during the meetings. Confirmation of their compliance is provided by the evaluation of the application of the Principles carried out by the Bank’s Supervisory Board on 30 January 2025. The results of this assessment indicate that the Bank has adequately implemented the requirements formulated in the Principles in 2024 and that the solutions and mechanisms used in the Bank to implement and carry out the Principles duly take into account the objectives included in the regulation in conjunction with the needs of optimal organisation of the Bank’s activities.

The Bank since 2022 is also subject to the internal governance requirements formulated by the KNF in Recommendation Z. The document is available on the KNF’s website at: [Recommendation_Z_70998.pdf](https://www.knf.gov.pl/dla_rynku/regulacje_i_praktyka/rekomendacja_z_70998.pdf). As in previous years, the Bank complied with the guidelines described in Recommendation Z. The Bank’s compliance with them is confirmed by: the positive assessment of the scope of application of the internal governance principles at the Bank made by the Bank’s Management Board on 22 January 2025 and the recognition by this body that the solutions and mechanisms applied at the Bank to implement and implement Recommendation Z, duly met the objectives of the regulation in conjunction with the needs of optimal organisation of the Bank’s

activities, including in terms of adjusting the Bank's internal governance to the changing internal situation and environment; and the assessment made on 30 January 2025 by the Bank's Supervisory Board indicating that the Bank adequately implemented the provisions of Recommendation Z in 2024 and that the solutions and mechanisms used in the Bank to implement and implement Recommendation Z, adequately met the objectives of the regulation in conjunction with the needs of optimal organisation of the Bank's operations, including in terms of adapting internal governance at the Bank to the changing internal situation and environment.

In subsequent years, the GMS adopted the assessment of the manner in which the obligations arising from the application of the Best Practice were fulfilled, as included in the Report on the activities of the Bank's Supervisory Board.

13.2. SHAREHOLDERS AND GENERAL MEETING OF SHAREHOLDERS

The General Meeting is the highest governing body of the Bank's operating in particular on the basis of the Code of Commercial Companies and the Banking Law, as well as the Bank's internal regulations, i.e. the Articles of Association and the Regulations of the General Meeting. The Bank's Articles of Association and Regulations of the General Meeting are available from the Bank's website on the tab: "About the Bank > Corporate bodies and governance", link to website <https://www.bankmillennium.pl/about-the-bank/corporate-bodies-and-governance>.

These documents describe in detail the functioning of the General Meeting and scope of its competencies as well as specific rights of the shareholders during the deliberations of a General Meeting. The competencies of the General Meeting include inter alia making amendments to the Articles of Association, including change in the amount of the share capital.

As at 31 December 2024, the Bank's share capital was PLN 1,213,116,777 and was divided into 1,213,116,777 shares with the nominal value of PLN 1 each. Information is presented below, in accordance with the data held by the Bank, on shareholders holding, directly or indirectly, significant blocks of shares, together with an indication of the number of shares held by these entities, their share in the share capital and in the total number of votes at the General Meeting of the Bank. According to the information available to the Bank, with respect to shareholders holding more than 5% of votes at the General Meeting, as at 31 December 2024, the following entities were the Bank's shareholders:

Banco Comercial Portugues (BCP), one of the largest private Portuguese bank - as the strategic investor - holds 50.10% of all the shares of the Bank. The Bank's significant shareholders are also: Nationale-Nederlanden Otwarty Fundusz Emerytalny, which held 9.29% of the Bank's shares, Allianz Polska Otwarty Fundusz Emerytalny which held 8.97% of the Bank's shares and Otwarty Fundusz Emerytalny PZU "Złota Jesień", which held 5.41% of the Bank's shares.

The remaining shares, i.e. 26.24% of the share capital, are dispersed among Polish and foreign shareholders, both institutional and private.

Shareholders of the Bank as at 31 December 2024

Shareholders	Number of shares	% stake in share capital	Number of votes	% participation in votes at GM
Banco Comercial Portugues S.A.	607 771 505	50.10	607 771 505	50.10
Nationale-Nederlanden Otwarty Fundusz Emerytalny	112 638 286	9.29	112 638 286	9.29
Allianz Polska Otwarty Fundusz Emerytalny	108 832 510	8.97	108 832 510	8.97
Otwarty Fundusz Emerytalny PZU „Złota Jesień”	65 599 757	5.41	65 599 757	5.41

Shareholders of the Bank as at 31 December 2023

Shareholders	Number of shares	% stake in share capital	Number of votes	% participation in votes at GM
Banco Comercial Portugues S.A.	607 771 505	50.10	607 771 505	50.10
Nationale-Nederlanden Otwarty Fundusz Emerytalny	107 970 039	8.90	107 970 039	8.90
Allianz Polska Otwarty Fundusz Emerytalny	100 990 351	8.32	100 990 351	8.32
Otwarty Fundusz Emerytalny PZU „Złota Jesień”	65 492 207	5.40	65 492 207	5.40

Data in the tables were ascertained according to the rules described below. With respect to Banco Comercial Portugues S.A. these are data collected in connection with the registration of shareholders authorised entitled to take part in the Bank’s Ordinary General Meeting convened for 27 March 2024 and 30 March 2023.

However, as regards Nationale-Nederlanden Otwarty Fundusz Emerytalny, Allianz Polska Otwarty Fundusz Emerytalny and Otwarty Fundusz Emerytalny PZU „Złota Jesień”, the number of shares and their stake in the Bank’s share capital were calculated on the basis of the Annual Structure of Assets of the above-mentioned Funds as at 31 December 2024 and 29 December 2023 (as published on the websites, respectively: www.nn.pl, www.allianz.pl and www.pzu.pl). With regard to the calculations made on the basis of the annual structures of the above-mentioned Funds, the volume-weighted average price (VWAP) of the Bank’s shares was assumed: for 2024 in the amount 8.9290, and for 2023 in the amount of PLN 8.3321.

Banco Comercial Portugues S.A., as the majority shareholder, exercises a shareholder’s rights specified in the Code of Commercial Companies and in the Bank’s Articles of Association. BCP is a dominate entity with regard to the Bank. By holding a majority of votes at a General Meeting it can exercise decisive influence on GMS over decisions regarding the most important corporate matters such as change of the Bank’s Articles of Association, issue of new shares of the Bank, reduction of the share capital of the Bank, issue of convertible bonds, payment of a dividend and other activities, which in accordance with Code of Commercial Companies require majority of votes at a General Meeting. BCP also holds a sufficient number of votes to appoint all members of the Supervisory Board,

which in turn appoints members of the Management Board. In connection with the above-mentioned corporate rights BCP has the capacity to exercise significant control over the Bank.

The Bank is not aware of any agreements concluded between its shareholders regarding their mutual cooperation and the Bank is not aware of any agreements that, in future, might cause changes in the proportions of shares held by existing shareholders.

The Bank's shareholders exercise their corporate rights in the way and within the limits defined by generally applicable laws, the Articles of Association of the Bank, as well as the By-laws of the General Meeting of Shareholders. Each share of the Bank entitles to one vote, however registered founder shares in the outstanding number of 61,600 items are preferential in as much as one share entitles to two votes at a General Meeting. Registered founder shares in total accounted for 0.0051% of the Bank's share capital and 0.0102% of the total number of votes at a General Meeting, as at 31 December 2024.

Registered founder shares are subject to disposal restrictions, i.e. their disposal subject to the consent of, at least, three fourths of the founders, to other founders does not result in their loss of preferential status. A disposal of registered founder shares in all other cases causes loss of their preferential status. There are no restrictions on exercising voting rights under the Bank's shares and none of the holders of securities issued by the Bank has any special controlling rights with respect to the Bank.

Bank Millennium shares have been listed on the Warsaw Stock Exchange since 13 August 1992 (first bank to be listed). Currently 1 213 017 297 shares with the code ISIN PLBIG0000016 (GPW symbol: MIL; Reuters: MILP.WA; Bloomberg: MIL PW) are traded on the stock exchange.

Shareholders have 99 480 registered shares, of which 61,600 are preferential founder shares (right to two votes at a General Meeting). Thus, the total number of Bank Millennium shares is 1,213,116,777 and total number of votes at a General Meeting of Shareholders is 1,213,178,377.

13.3. SUPERVISORY BOARD

The Supervisory Board exercises constant supervision over the activity of the Bank operating under legal regulations, including the Articles of Association of the Bank, resolutions of the General Meeting as well as the Bylaws of the Supervisory Board available from the Bank's website on the "*About the Bank > Corporate bodies and governance*" tab, link to website <https://www.bankmillennium.pl/about-the-bank/corporate-bodies-and-governance>.

Meetings of the Supervisory Board are convoked once a quarter and if such need arises. The competences of the Supervisory Board comprise, in particular, the appointment and recalling of Members of the Management Board (by a simple majority of votes) and determination of their remuneration principles. Resolutions are adopted by a simple majority of votes with at least half of its members present. In the case of an equal number of votes the Chairman of the Supervisory Board has a decisive vote.

The Supervisory Board of the Bank consists of at least five Members, of whom at least a half, including the Chairman, are of Polish nationality. Members of the Supervisory Board are appointed at a General Meeting for a three-year term of office.

The composition of the Supervisory Board between 1 January 2024 and 31 December 2024 was as follows:

- Bogusław Kott - Chairman of the Supervisory Board,
- Nuno Manuel da Silva Amado - Deputy Chairman of the Supervisory Board,
- Dariusz Rosati - Deputy Chairman and Secretary of the Supervisory Board,
- Miguel de Campos Pereira de Bragança - Member of the Supervisory Board,
- Olga Grygier-Siddons - Member of the Supervisory Board,

- Anna Jakubowski - Member of the Supervisory Board,
- Grzegorz Jędrys - Member of the Supervisory Board,
- Alojzy Nowak - Member of the Supervisory Board,
- José Miguel Bensliman Schorcht da Silva Pessanha - Member of the Supervisory Board,
- Miguel Maya Dias Pinheiro - Member of the Supervisory Board,
- Beata Stelmach - Member of the Supervisory Board,
- Lingjiang Xu - Member of the Supervisory Board.

Members of the Bank's Supervisory Board met the requirements set out in Article 22aa of the Banking Law.

1. Bogusław Kott - Chairman of the Supervisory Board

Mr Bogusław Kott graduated from the Foreign Trade Faculty at SGPiS (present name SGH - Warsaw School of Economics) in Warsaw. For many years he worked at the Ministry of Finance, specializing in foreign trade financing.

He co-founded and co-organised Bank Millennium S.A., and from 1989 when the Bank was established, till 24 October 2013 was the Chairman of the Management Board. Since 24 October 2013 he has been the Chairman of the Supervisory Board of Bank Millennium S.A. From 31 May 2019 to the day of merger with Bank Millennium S.A. i.e. 1 October 2019, also the Chairman of the Supervisory Board of Euro Bank S.A.

Mr Bogusław Kott has been a Member of the Polish Business Roundtable since 1994 and since May 2020 Honorary Member. Since 1 September 2018 he has been a Member of Board of Trustees of Kozminski University in Warsaw.

2. Nuno Manuel da Silva Amado - Deputy Chairman of the Supervisory Board

Mr Nuno Manuel da Silva Amado has a Business Degree from ISCTE (Instituto Superior de Ciencias do Trabalho e da Empresa) and attended the Advanced Management Programme at INSEAD (France).

From 1980 he worked in auditing (KPMG) and in international banks (Citibank, Deutsche Bank and Banco Santander) in Portugal. Between 2006 - 2012 he was Vice-Chairman of the Board of Directors and CEO of Banco Santander Totta (Portugal). From 2012 to 2018 he was Vice-Chairman of the Board of Directors and CEO of Banco Comercial Portugues (BCP), Portugal. Since July 2018 he has been Chairman of the Board of Directors of BCP.

Since 20 April 2012 Deputy Chairman of the Supervisory Board of Bank Millennium S.A.

3. Dariusz Rosati - Deputy Chairman and Secretary of the Supervisory Board

Mr Dariusz Rosati graduated in International Trade from the Main School of Planning and Statistics - SGPiS (now the SGH Warsaw School of Economics) in Warsaw. Professor Emeritus of Economic Sciences, Institute of International Economic Policy at SGH.

In 1978 - 1979 he was a consultant at Citibank in New York. In 1985 - 1986 and 1987 - 1988 - founder and Director of the World Economy Research Institute at SGH. In 1986 - 1987 he was a Fulbright scholar at the University of Princeton (USA). In 1988 - 1991 he was the director of the Foreign Trade Research Institute. Since 1990 Professor of Economic Sciences at SGH. In 1991 - 1995 he worked in the UN Economic Commission for Europe in Geneva (Switzerland) as Head of the Central and Eastern European Section. In 1995 - 1997 he was Minister of Foreign Affairs of the Republic of Poland. In 1998 - 2004 Member of the Monetary Policy Council of the National Bank of Poland.

In 1978 - 1991, UNIDO consultant and member of numerous missions to developing countries. In 1988 - 1991 many times worked as an expert of the World Bank, the United Nations University World Institute

for Development Economics Research (WIDER), International Labour Organisation and European Commission. Member of the Economic Reform Commission (1987 - 1989), team of the economic advisors to the Prime Minister (1988 - 1989), the Socio-Economic Strategy Council at the Council of Ministers (1994 - 1998). Since 1997 Member of the Committee of Economics at the Polish Academy of Sciences. In 2001 - 2004 he was a member of the Group of Economic Policy Advisors to the President of the EU Commission. From 2003 to 2005 Rector of Lazarski University in Warsaw.

In years 2004 - 2009 and 2014 - 2019 Member of the European Parliament. Member of Parliament of the Republic of Poland of 7th term in 2011 - 2014 - he was the Chairman of the Public Finance Committee - and of 9th term, elected in 2019.

Since 27 May 2004 Member of the Supervisory Board of Bank Millennium S.A.

Author of over 250 scientific and journalistic works, including eight books on topics related to economic policy and finance.

4. Miguel de Campos Pereira de Bragança - Member of the Supervisory Board

Mr Miguel de Campos Pereira de Bragança has a Degree in Management and Administration from the Catholic University of Portugal and an MBA from INSEAD (France).

Started his career in 1989 in capital markets and investment banking, being since 1993 executive board member of Financial Institutions in Portugal, Brazil (Santander Brazil) and Great Britain (Abbey National). Between 2008-2012 he was Director, responsible for the Financial, Accounting and Management Control, Marketing and Products Areas, at Banco Santander Totta and Banco Santander de Negócios (Portugal). Since 2012 is Chief Financial Officer, board member and Vice-Chairman of the Executive Committee of Banco Comercial Português (BCP), Portugal.

Since 20 April 2012 he has been a Member of the Supervisory Board of Bank Millennium S.A. and since 2019 Vice-Chairman of the Board of Directors of Aktivobank.

Since 2018 Non-executive Director of SIBS, SGPS, SA and of SIBS Forward Payment Solutions, SA and Non-executive Director of the BofD of UNICRE- Instituição Financeira de Crédito, SA, as representative of Banco Comercial Português, SA.

5. Olga Grygier-Siddons - Member of the Supervisory Board (independent member)

Ms Olga Grygier-Siddons graduated from the University of Manchester, Computer Science and Accounting. She is also Fellow Chartered Accountant, Institute of Chartered Accountants of England and Wales.

After having graduated in Great Britain, she pursued her professional career in the advisory sector. In 1991, she joined PwC in the Corporate Finance area. In 1998, she was promoted to the position of Partner and was responsible for the delivery of diverse projects for the public and private sectors around the world. In 2004, she decided to relocate to Poland and in 2014, she assumed the position of Managing Partner for Central and Eastern Europe at PwC. For 15 years she was responsible for business development and overseeing projects in 29 countries, in a company with 12,000 employees. She became the first female member of the PwC Strategy Council which comprises 20 top leaders of the PwC Network.

She retired from PwC in 2019 and currently serves as a strategic advisor and Mentor.

Moreover, until today she performs among other the following functions: Member of the Council of the Silesian University, Member of the Supervisory Board of Zabka Group; founder and CEO of the Experiential Learning Hub - Villa Poranek.

Since 24 March 2021 Member of the Supervisory Board of Bank Millennium S.A.

6. Anna Jakubowski - Member of the Supervisory Board (independent member)

Ms Anna Jakubowski graduated with a Bachelor of Business Administration (1990) from Wilfrid Laurier University, Waterloo, Ontario, Canada.

Her professional career started with Procter & Gamble Canada (1991 - 1993), where she was the National Account Manager. Between 1993 and 1998 she held different positions, from Pharmacy Channel Manager to Trade Marketing Manager and Area Sales Manager in P&G Poland. In 1998 she became Regional Customer Business Development Manager in P&G Central Eastern Europe while between 1999 and 2007 she was New Business Development Manager and (from 2002) Strategy, Business Development Director in P&G Western Europe. She continued her career in Switzerland in the P&G the Fabric Care Division (2007 - 2009) as an Associate Director: Marketing. Between 2011 and 2016 she connected her professional career with The Coca-Cola Company where she held the following positions: the International Group Marketing/Strategy Director in Coca-Cola Hellenic Bottling Company (2011 - 2013), Business Capability Director in the Coca-Cola Company (2013) and from 2013 - 2016 Management Board Member - Managing Director in Coca-Cola Poland Services Sp. z o.o. and Franchise General Manager - Poland/Baltics in The Coca-Cola Company, Management Board Member in Multivita Sp. z o. o, Management Board Member - Managing Director in Coca-Cola Balti Jookide AS. In 2018 she held the role of General Manager for Poland and Baltics for Marie Brizard Wine & Spirits Sp. z o.o. In 2019-2020, she held the role of General Manager of Avon Cosmetics Polska Sp. z o.o.. In 2023-2024 was the interim CEO at a biotech start up - FamicordTx S.A.. She is currently co-investor/owner in Life Institute Sp. z o.o. Sp. k. She is an independent Supervisory Board member of Artic Paper S.A.

She has also been involved with the following organizations and associations: Women's International Networking Leadership Forum - Board of Advisors (2004 - 2012), Organization of Women in International Trade - Board of Directors (2005 - 2010) and in 2008 as an Executive Vice President as well as in 2009 as the President (2005 - 2010) in Geneva Women in International Trade, across 2015 - 2016 she served also as a Member of the Board of Directors of the American Chamber of Commerce in Poland, 2015 - 2018 as a Management Board Member, Vice President International Association of Advertising (IAA) in Poland (Warsaw, Poland). Currently is a Member of the Board of the Polish - Canadian Chamber of Commerce, an Adviser and Mentor in the Global Shapers - Mentor4Starters initiative, and a mentor of the CFA Society Poland.

In 2011 she was awarded the TIAW - The World of Difference 100 Award (Recognizes individuals whose efforts have advanced the economic empowerment of women) and in 2016 she was awarded Woman of Charisma: Business & Social Enterprise Award (Poland).

Since 21 May, 2015 Member of the Supervisory Board of Bank Millennium S.A. From 31 May 2019 to the day of merger with Bank Millennium S.A. i.e. 1 October 2019, also Member of the Supervisory Board of Euro Bank S.A.

7. Grzegorz Jędrys - Member of the Supervisory Board (independent member)

Mr Grzegorz Jędrys graduated from the Production Economics Faculty of the Warsaw School of Economics and from a post-graduate course at the Warsaw School of Economics in Strategic Marketing Management as well as real estate agency operation. Moreover, Mr G. Jędrys attended many courses and training sessions, i.a. for candidates for members of supervisory boards of State Treasury companies (2008).

He began his professional career in 1994 in the Housing Finance and Municipal Advisory Programme for Poland/PADCO - a joint Poland-USAID programme. In 1996 he worked as Manager of the Building Projects Financing Team in Polsko-Amerykański Bank Hipoteczny S.A. From 1997 to 1999 he was employed in Jedenasty Narodowy Fundusz Inwestycyjny S.A., initially as an Investment Analyst, then as Project Director. Between 1999 and 2005 he was Investment Director in Trinity Management Sp. z o.o. - a company which managed the assets of Jupiter NFI S.A. as well as Pekao Fundusz Kapitałowy Sp. z o.o. From 1997 to 2005 he was a Member of Supervisory Boards of many companies. Starting

from 2005 he has been Head of the Poland's Representative Office of the Polish American Freedom Foundation, and since beginning of 2023 he is also acting as Foundation's Chief Operating Officer.

Since 11 April 2013 Member of the Supervisory Board of Bank Millennium S.A. From 31 May 2019 to the day of merger with Bank Millennium S.A., i.e. 1 October 2019, also Member of the Supervisory Board of Euro Bank S.A. Since July 9, 2020, acting as a Member of the Supervisory Board of Millennium Bank Hipoteczny S.A.

8. Alojzy Nowak - Member of the Supervisory Board (independent member)

Mr Alojzy Nowak in 1984 graduated from the Warsaw School of Economics; earned a Ph.D. in 1991 and Habilitation in 1995. Moreover in 1992 - as part of an annual scholarship from the A. Mellon Foundation - he studied economics at the University of Illinois at Urbana-Champaign, USA; in 1993, as a scholarship holder of the United Kingdom Government under the Know-How Fund, he studied banking, finance and capital markets at the University of Exeter; in 1996, as part of a semester scholarship from the German Government, he studied economics at Freie Universität in Berlin, and in 1997 as part of a semester scholarship of the Belgian Government, he studied international economics at the RUC University in Antwerp.

In 2002 he became Professor of Economics.

He has won a number of prestigious awards, including the Rector's Award for Scientific Achievements (annually since 1997), Award of the Minister of Education for the book "Integracja europejska. Szansa dla Polski?" and the book „Banki a gospodarstwa domowe - dynamika rozwoju”. Member of many scientific organizations and professional editorial boards of periodicals, among others "Foundations of Management" (member of the editorial board), "Journal of Interdisciplinary Economics" (editor-in-chief), "Yearbook on Polish European Studies", "Mazovia Regional Studies", "Gazeta Bankowa" and a reviewer in PWE SA Warszawa publishing company. For many years committee member of "Teraz Polska" Award and scientific council member of "Studia Europejskie". Author of over 300 publications in Poland and abroad.

He gained his professional experience working among others as Head of the International Business Relations Section at the Management Faculty, University of Warsaw, Head of National Economy Chair at the Management Faculty UW, Director of European Center at the University of Warsaw, Deputy Dean in charge of foreign cooperation at the Management Faculty, University of Warsaw, next as Dean at the Management Faculty, University of Warsaw and Vice-Rector for Research and Liaison, University of Warsaw. Since September June 2020 he has become the Rector of the University of Warsaw. He is a lecturer at the University of Warsaw, and also in France, UK, USA, Russia, China and Korea.

Further, he worked and still works as: advisor to the Prime Minister, to the Minister of Agriculture, CEO of the University Sports Association in Poland and at the University of Warsaw, member of the NewConnect advisory committee at the Management Board of the Warsaw Stock Exchange, member of the Foundation Council of the National Bank of Poland, chairman of the Council of the Scientific of the National Bank of Poland. Over the years he sat on supervisory boards of various institutions, including among others: PZU S.A., PTE WARTA S.A., PKO BP S.A., Cyfrowy Polsat S.A., ZE PAK S.A., JSW S.A., Chairman and Deputy Chairman of the Supervisory Board in EUROLOT S.A.

He was a member of the National Development Council appointed by President Andrzej Duda. Currently in the Council for Higher Education, Science and Innovation within the NRR. Since December 2018 he has been a member of the Scientific Council of the Institute of New Structural Economics at the University of Beijing, where he is among 22 outstanding scientists from around the world, including 4 Nobel laureates in the field of economic sciences.

Since 26 March 2018 Member of the Supervisory Board of Bank Millennium S.A.

9. José Miguel Bensliman Schorcht da Silva Pessanha - Member of the Supervisory Board

Mr José Miguel Bensliman Schorcht da Silva Pessanha has a Master's Degree in Economics from Université Catholique de Louvain and a Master's Degree in Operational Research (academic portion) from Instituto Superior Técnico and also has a Licentiate Degree in Economics, Universidade Católica Portuguesa. He attended the PADE (Corporate Senior Management Programme) at Associação de Estudos Superiores de Empresa (AESE), the Eurohko Program in INSEAD, he had a Scholarship from Invotan (NATO) and received a scholarship linked to the Award Joseph Bech, granted by the Government of Luxembourg for commitment to the European Union.

From 1982 to 1989 he worked as a financial services advisor - Banco Português do Atlântico, Banco Nacional Ultramarino, Banco Espírito Santo, Manufacturers Hannover Trust, between 1982 - 1995 he was Professor in charge of the courses of Statistics I and II and Econometrics - Universidade Católica Portuguesa. He was responsible for risk control, ALM, financial markets research and capital markets areas in the Financial Division - Banco Português do Atlântico, S.A. from 1989 to 1995 and Advisor to the Chairman of the Plan National Council from 1990 to 1993. Between 1993 and 2002 he was a Member of the Board of Directors of Corretora Atlântico - Soc. Financeira de Corretagem S.A. and of Servimédia - Sociedade Mediadora de Capitais, S.A. and Chairman of the Board of Directors of Servimédia - Sociedade Corretora S.A. and Head of the Assets and Liabilities Management Division of BPA (1995 - 1998), and of BCP (1998 - 2000). At Banco Comercial Português, S.A. he was Head for the "Year 2000" Project of Group BCP (1999 - 2000) and was responsible for the design, development and launching of the "cidadebcp" bank website (2000 - 2002). From 1998 to 2003 he coordinated the Investment Products Unit of Banco Comercial Português, S.A. From 2003 to 2015 he was the Group Risk Officer of Banco Comercial Português, S.A. In 2014 he was a lecturer responsible for the banking in a global context course at Universidade Católica Portuguesa.

Currently he is a Member of the Board of Directors and of the Executive Committee of Banco Comercial Português, S.A., Member of the Board of Directors of ActivoBank, Vice-Chairman of the Board of Directors and Chairman of the Audit Board of Millennium bcp Ageas Grupo Segurador, SGPS, S.A., Vice-Chairman of the Board of Directors and Chairman of the Audit Board of Ocidental - Companhia Portuguesa de Seguros de Vida, S.A. and Vice-Chairman of the Board of Directors and Chairman of the Audit Committee of Ageas - Sociedade Gestora de Fundos de Pensões, S.A. (formerly Ocidental - Sociedade Gestora de Fundos de Pensões, S.A.).

He is also Member of the Board of Directors and Chairman of the Audit Committee of BIM - Banco Internacional de Moçambique, S.A. (Mozambique) and Vice-Chairman of the Board of Directors and Chairman of the Audit Committee of Banco Millennium Atlântico, S.A. (Angola). Since 26 March 2018 Member of the Supervisory Board of Bank Millennium S.A.

10. Miguel Maya Dias Pinheiro - Member of the Supervisory Board

Mr Miguel Maya Dias Pinheiro graduated from Instituto Superior das Ciências do Trabalho e da Empresa (ISCTE) with a bachelor's degree in Business Organization and Management, having also completed a Senior Management Programme (PADE) at AESE, an Advanced Management Programme at INSEAD and a Corporate Governance Programme also at AESE.

From 1987 to 1990 he held commercial and financial functions in a SME company. Joined Banco Português do Atlântico in 1990, institution where he assumed functions in the corporate banking area and led the coordination of the Economic and Financial Research.

Between 1996 and 2007 he assumed several senior management positions within Banco Comercial Português (BCP) Group both in Portugal and Spain, namely head of the Corporate Banking Marketing Division of BCP, Coordinator of the Retail Banking network of NovaRede, CEO of Manager Land in Barcelona, head of Innovation and Commercial Division of BCP. From 2007 to 2009 he was Chief of Staff of the Chairman of the Executive Board of Directors of BCP.

In 2009 Mr Miguel Maya was appointed Member of the Executive Board of Directors of BCP, Member of the Board of Directors of Fundação Millennium BCP and Chairman of the Board of Directors of Banco ActivoBank, S.A.

Between 2012 and 2016 he was Chairman of the Board of Directors of Banco Millennium Angola, S.A and in 2016, following the merger of this institution with Banco Privado Atlântico, S.A. which resulted in the creation of Banco Millennium Atlântico, S.A., Mr Miguel Maya was appointed Vice-Chairman and Member of the Board of Directors of the new entity - position that he held until 2022.

From 2012 to 2019 Mr Miguel Maya was Chairman of the Board of Directors of Interfundos - Gestão de Fundos de Investimento Imobiliário, S.A.

Currently Mr Miguel Maya holds the following positions in BCP's Group governing bodies: Chief Executive Officer (CEO) and Vice-Chairman of the Board of Directors of BCP, Chairman of the Board of Directors of ActivoBank, S.A., Manager of BCP Africa, SGPS, Lda. and Member of the Board of Directors of Banco Internacional de Moçambique, S.A.

Since 21 May 2015 he has been a Member of the Supervisory Board of Bank Millennium S.A.

11. Beata Stelmach - Member of the Supervisory Board (independent member)

Ms Beata Stelmach is a graduate of the Finance and Statistics Faculty at the Warsaw School of Economics, she also holds an MBA from Calgary University and an MBA at INSEAD.

For many years she was involved with the capital and financial markets - from the start of economic transformation she worked in the Securities and Exchange Commission, then she held management functions in capital market entities, including MCI Capital TFI SA, Intrum Justitia TFI SA, she stood at the head of the Polish Association of Listed Companies (currently chairing the supervisory board). Ms B. Stelmach also has management experience in other industries: during 2001 - 2005 she sat on the governing bodies of Prokom Software SA; in 2013 she became the CEO and Director General of General Electric (Poland and Baltics). During 2018 - 2020 she was the President of PZL Świdnik SA.

Moreover she held advisory functions in the World Bank and also sat on the Supervisory Boards i.a. of Bank BPH SA and HSBC BANK POLSKA SA; currently also an independent member of Supervisory Board of KRUK SA, and Stalexport Autostrady S.A.

During 2011 - 2013 she was Undersecretary of State in the Ministry of Foreign Affairs, responsible for global economic policy as well as public and cultural diplomacy.

Ms B. Stelmach was decorated with the Knight's Cross of Polonia Restituta Order for outstanding contribution in the Foreign Service and work achievements undertaken for the benefit of the country and diplomatic activity.

Since 24 March 2021 Member of the Supervisory Board of Bank Millennium S.A. Ms Beata Stelmach resigned from the position of Member of the Bank's Supervisory Board with effect from January 31, 2025 - Current Report No. 2/2025 of January 22, 2025.

12. Lingjiang Xu - Member of the Supervisory Board

Mr Lingjiang Xu has a Bachelor's Degree in German from the Foreign Studies University of Beijing, a Master's Degree in World Economics from the Nan Kai University, Tianjin and a Master's Degree in Finance from the London Business School.

From July 1993 to February 1995 he worked as Desk Officer at the European Affairs Department of the Chinese Ministry of Foreign Trade and Economic Cooperation in Beijing. He was Third Secretary of the Commercial Office of the Chinese Consulate General in Hamburg from February 1995 to October 1998. Between October 1998 and February 2006 he was the Division Director of the European Affairs Department of Chinese Ministry of Commerce in Beijing. From February 2006 to January 2010 he was the First Secretary of the Commercial Office of the Chinese Embassy in London. In September 2011 he was elected Associate Director of Vermilion Partner LLP (London) (to March 2012). From March 2012 to December 2013 was Partner to RH Regent Investment Management Co Ltd (Shanghai). During the years of 2015 to 2017, he was Non-Executive Director of Luz Saúde, S.A. and Non-executive Director of Multicare - Seguros de Saúde, S.A., as well as Non-executive Director of the Board of

Directors of Fidelidade Assistência - Companhia de Seguros S.A. From 18 October 2016 to 31 March 2017 he held the position of Non-executive Member of the Board of Directors of Chiado (Luxembourg) S.à.r.l. From November 2019 to December 2023, he held position as Non-executive Member of the Board of Directors of Luz Saude, S.A. Currently he is Non-executive Member of the Board of Directors, Member of the Committee for Nominations and Remunerations and Member of the Committee for Corporate Governance, Ethics and Professional Conduct of Banco Comercial Português, S.A. He is also Non-executive Member of the Board of Directors of Fidelidade - Companhia de Seguros, S.A., Chairman of the Board of Directors of Longrun Portugal, SGPA, S.A. Mr Lingjiang works as non-executive chairman of the board of the directors at Longrun Portugal SGPA, S. A. from 23 November 2020 to 26 September 2024.

Since 26 March 2018 Member of the Supervisory Board of Bank Millennium S.A.

Standing Committees of the Supervisory Board

The Supervisory Board may establish standing or ad hoc committees, composed of members of the Supervisory Board, to carry out specific supervisory tasks. The Standing Committees of the Supervisory Board are: the Audit Committee, Personnel Committee, Strategic Committee and Committee for Risk Matters.

Detailed information regarding the composition of the committees and the issues raised during the meetings of the Committees in 2024 is to be found in the “Annual Report of the Supervisory Board for the financial year 2024”, published on Bank Millennium’s website.

Audit Committee

The Audit Committee is a standing committee of the Supervisory Board, established in 2000 and supporting the Supervisory Board in supervision over the execution of the internal audit function in the Bank. Furthermore, the Audit Committee focuses on financial reporting, internal control and risk management at the Bank.

Pursuant to the Act of 11 May 2017 on statutory auditors, audit firms and public oversight the Audit Committee consists of at least three Members. The Members of the Audit Committee have knowledge and skills in accounting or auditing of financial statements, as well as in the banking sector, which is confirmed by the history of their professional career and the duties hitherto performed by them. The majority of the Members of the Audit Committee, including its Chairman, are independent of the Bank. The Audit Committee meets on a regular basis (once every quarter) upon the initiative of the Chairman of the Committee and in the extraordinary mode it is convened by the Chairman of the Supervisory Board on his own initiative or at the request of a Member of the Supervisory Board or a Member of the Management Board.

The main responsibilities of the Audit Committee include specifically:

- (I) monitoring the process of financial reporting,
- (II) monitoring the effectiveness of the internal control systems and risk management systems, and internal audit, including in the area of financial reporting,
- (III) monitoring financial audit activities,
- (IV) preparing for the Supervisory Board opinions providing the basis of performing by the Supervisory Board assessments of the adequacy and effectiveness of the internal control system, including the annual review of the adequacy and effectiveness of the control function, Compliance Department and Internal Audit Department, and
- (V) controlling and monitoring the independence of a statutory auditor and audit firm, particularly in the case when other services than audit of financial statements are provided for the Bank by an audit firm.

In 2024 eight meetings of the Audit Committee of the Supervisory Board took place, at the following dates:

1Q24:	26.01.2024, 27.02.2024,
2Q24:	06.05.2024,
3Q24:	25.07.2024, 09.08.2024 (by circulation),
4Q24:	04.10.2024, 25.10.2024, 13.12.2024.

Detailed information regarding the issues raised during the meetings of the Committee in 2024 is to be found in the „Report on activities of the Supervisory Board of Bank Millennium S.A. in 2024” in the chapter „Activities of the Audit Committee in the reporting period”.

In the period from 01.01.2024 to 31.12.2024 the Audit Committee of the Supervisory Board of Bank Millennium S.A. functioned in the following composition:

Chairman of Committee: Mr. Grzegorz Jędrys	independent member
Member of Committee: Mr. Miguel de Campos Pereira de Bragança	
Member of Committee: Ms. Olga Grygier-Siddons	independent member
Member of Committee: Ms. Anna Jakubowski	independent member
Member of Committee: Mr. Alojzy Nowak	independent member
Member of Committee: Mr. José Miguel Bensliman Schorcht da Silva Pessanha	

The composition of the Audit Committee satisfied the criteria stipulated in Art. 129 section 1 and 3 of the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Oversight.

Personnel Committee

The Personnel Committee has existed at the Bank since 2000. Its responsibilities include in particular:

- (I) evaluating candidates for Members of the Bank’s Management Board,
- (II) defining and conditions of employment of newly appointed Members of the Bank’s Management Board,
- (III) negotiating change of terms and conditions of employment of Members of the Bank’s Management Board,
- (IV) with respect to Members of the Management Board defining evaluation criteria, evaluating work as well as deciding on annual bonuses,
- (V) determining terms and conditions of termination of employment of Members of the Bank’s Management Board,
- (VI) evaluating policy on variable components of remuneration, and issuing recommendations regarding:
 - a) remuneration amount and components, guided by prudential and stable risk, capital and liquidity management as well as long-term benefit of the Bank,
 - b) variable remuneration of persons occupying management positions in the Bank involved with risk management and with compliance of the Bank’s activity with legal and internal regulations.

During the period from 1 January 2024 to 31 December 2024 the composition of the Committee was as follows:

1. Alojzy Nowak - Chairman
2. Miguel de Campos Pereira de Bragança
3. Bogusław Kott
4. Olga Grygier-Siddons
5. Anna Jakubowski

Strategic Committee

The Strategic Committee has existed at the Bank since 2013. The tasks of the Strategic Committee are in particular:

- (I) study of macroeconomic trends,
- (II) study new trends, developments and new solutions in the banking industry,
- (III) analyse Bank competitive position and benchmarking,
- (IV) analyse and recommend long-term strategy, goals and objectives for the Bank.

During the period from 1 January 2024 to 31 December 2024 the Committee worked in the following composition:

1. Bogusław Kott - Chairman
2. Nuno Manuel da Silva Amado
3. Miguel de Campos Pereira de Bragança
4. Anna Jakubowski
5. Miguel Maya Dias Pinheiro
6. Dariusz Rosati
7. Lingjiang Xu

Committee for the Risk Matters

The Committee for the Risk Matters was set up on 4 December 2015. Its competences include the tasks stipulated for such committee in the Banking Law and allocated to it in other regulations applicable to banks as well as supervisory recommendations implemented by the Bank ,in particular:

- (I) provision of opinions on overall, current and future readiness of the Bank to undertake risk,
- (II) provision of opinions on the strategy of management of risk inherent in the Bank operations, as developed by the Bank Management Board and on information regarding implementation of the said strategy, as submitted by the Bank Management Board,
- (III) provision of support to the Bank Supervisory Board in supervision of implementation of the risk management strategy relative to the Bank operations by the Bank's senior management staff,
- (IV) provision of opinions on the assessment Risk Management Function and Validation Function as well as on exceptional transactions that may impact the Bank risk profile;
- (V) provision of opinion on whether incentives provided by the remuneration policies and practices take into consideration the institution's risk, capital and liquidity and the likelihood and timing of earnings.

(VI) verification whether prices of assets and liabilities offered to Clients fully take into account the Bank's business model, its risk strategy and in case the prices fail to reflect types of risk appropriately and in keeping with the said model and strategy, submission of proposals to the Bank Management Board to ensure adequacy of prices of assets and liabilities relative to relevant types of risk.

During the year 2024, the composition of the Committee was as follows:

1. Mr. Dariusz Rosati - Chairman,
2. Mrs. Beata Stelmach,
3. Mr. Miguel de Campos Pereira de Bragança,
4. Mr. Grzegorz Jędrys,
5. Mr. José Miguel Bensliman Schorcht da Silva Pessanha.

According to the „*Policy of Remuneration of Members of the Supervisory Board of Bank Millennium S.A.*”, adopted by the General Meeting, members of the Supervisory Board of the Bank are entitled to monthly remuneration for sitting on the Supervisory Board. The amount of the remuneration is defined by a resolution adopted by the General Meeting with the consideration of the principles stipulated in the Policy, including the principle of its adequacy to the scale of the Bank's operation. The remuneration may be diversified in view of the function performed in the Supervisory Board and should be correlated with the involvement in the work of the Supervisory Board and the level of remuneration received by members of supervisory bodies of institutions with a similar scope and scale of operation. Irrespective of the remuneration for sitting on the Supervisory Board, members of standing committees of the Supervisory Board are entitled to separate remuneration in connection with the tasks performed by them as part of these committees. If the Supervisory Board delegates its member to individually exercise supervision on a permanent basis, the Supervisory Board may assign to such Supervisory Board member additional remuneration for the duration of the delegation, however its monthly amount cannot exceed 100% of the base remuneration for sitting on the Supervisory Board. In case of standing committees of the Supervisory Board the remuneration is payable for participation in their meetings. The total remuneration due to a Supervisory Board member for participation in meetings of committees of the Supervisory Board in a given accounting year cannot exceed 100% of his base remuneration for sitting on the Supervisory Board of the Bank. In connection with remuneration paid, the Bank shall make appropriate deductions under relevant legal regulations. Each of the Supervisory Board members may make a declaration to refrain from collection of all or part of the remuneration. Declarations to such effect shall be submitted to the Chairman of the Supervisory Board.

Remuneration paid to members of the Supervisory Board in 2024 (in PLN thousand):

Name and surname	Remuneration for serving on the Supervisory Board	Remuneration for participation in Committee	Other benefits	Total
Bogusław Kott	240	65	25.89	330.89
Nuno Manuel Da Silva Amado	120	25		145
Dariusz Rosati	120	75		195
Miguel De Campos Pereira De Bragança	120	95		215
Olga Grygier-Siddons	120	45		165
Anna Jakubowski	120	75		195
Grzegorz Jędrys	120	85		205
Alojzy Nowak	120	65		185
José Miguel Bensliman Schorcht da Silva Pessanha	120	60		180
Miguel Maya Dias Pinheiro	120	25		145
Beata Stelmach	120	25		145
Lingjiang Xu	120	25		145
TOTAL	1 560	665	25.89	2 250.89

Remuneration from other entities of the Bank Millennium SA Group (in PLN thousand)

Name and surname	Remuneration for serving on the Supervisory Board	Remuneration for participation in Committee	Other benefits	Total
Grzegorz Jędrys	120	20	0	140

In 2024, Grzegorz Jędrys received remuneration for his membership in the Supervisory Board of Millennium Bank Hipoteczny.

The Bank's shares held by Supervisory Board Members (performing their functions on 31 December 2024):

Name and surname	Function	Number of shares 31.12.2024	Number of shares 31.12.2023
Bogusław Kott	Chairman of the Supervisory Board	1 000	1 000
Nuno Manuel da Silva Amado	Deputy Chairman of the Supervisory Board	0	0
Dariusz Rosati	Deputy Chairman and Secretary of the Supervisory Board	0	0
Miguel de Campos Pereira de Bragança	Member of the Supervisory Board	0	0
Olga Grygier-Siddons	Member of the Supervisory Board	0	0
Anna Jakubowski	Member of the Supervisory Board	0	0
Grzegorz Jędryś	Member of the Supervisory Board	0	0
Alojzy Nowak	Member of the Supervisory Board	0	0
Board José Miguel Bensliman	Member of the Supervisory Board	0	0
Schorcht da Silva Pessanha	Member of the Supervisory Board	0	0
Miguel Maya Dias Pinheiro	Member of the Supervisory Board	0	0
Beata Stelmach	Member of the Supervisory Board	0	0
Lingjiang Xu	Chairman of the Supervisory Board	0	0

13.4. MANAGEMENT BOARD

The Management Board is the management body of the Bank and manages the entirety of the Bank's operations. In legal terms, the Management Board operates pursuant to the Code of Commercial Companies and other regulations, the Bank's Articles of Association, resolutions of the General Meeting of Shareholders and the Supervisory Board, as well as provisions of the "*Bank Millennium S.A. Management Board's Operations bylaws*" adopted by the Supervisory Board, which is available from the Bank's website on the "*About the Bank > Corporate Bodies and Governance*" tab, link to website <https://www.bankmillennium.pl/about-the-bank/corporate-bodies-and-governance>.

The competences of the Management Board include all matters that are not reserved for other bodies of the Bank.

The Management Board makes decisions collectively. Resolutions of the Management Board are adopted by ordinary majority of votes of the Management Board Members participating in the voting. In the case of equal votes the Chairman of the Management Board has a decisive vote. Resolutions of the Management Board may be adopted, if at least half of the Management Board Members participate in the voting.

The following persons are authorized to make declarations of will regarding the Bank's property rights and obligations and to sign documents on behalf of the Bank:

- (I) the Chairman of the Management Board individually,

(II) two other Members of the Management Board acting jointly or one Member of the Management Board acting jointly with a registered proxy or two registered proxies.

Attorneys-in-fact may be appointed to perform specified activities, and shall act individually within the scope of their authorization.

The Management Board of the Bank is composed of at least three persons, including the Chairman of the Management Board. At least half of the Members of the Management Board should be Polish nationals. The Management Board is appointed by the Supervisory Board. The term of office of a Management Board is 3 years. A Member of the Management Board may be recalled by the Supervisory Board at any time.

The Bank's Management Board during the period from 1 January 2024 to 31 December 2024 remained unchanged and consisted of the following persons:

- 1) Joao Nuno Lima Bras Jorge - Chairman of the Management Board
- 2) Fernando Maria Cardoso Rodrigues Bicho - Deputy Chairman of the Management Board
- 3) Wojciech Haase - Member of the Management Board
- 4) Andrzej Gliński - Member of the Management Board
- 5) Wojciech Rybak - Member of the Management Board
- 6) António Pinto Júnior - Member of the Management Board
- 7) Jarosław Hermann - Member of the Management Board

Members of the Bank's Management Board met the requirements set out in Article 22aa of the Banking Law.

1. Joao Bras Jorge - Chairman of the Management Board



Mr Joao Nuno Lima Bras Jorge, graduate of the Management Studies at Universidade Catolica Portuguesa, PADE Advance Management Programme under AESE and International Director Programme IDP-C from INSEAD.

He started his professional career as a stockbroker in 1990. In the ensuing 10 years he worked in investment banking, inter alia, as Member of the Management Board at an investment bank. He also sat on the Board of the Lisbon Stock Exchange.

During the 5 years prior to his move to Poland he held the position of Head of the Retail Banking Customer Division and Coordinator of the Retail Network at Millennium bcp. Since 19 July 2006 - Member of the Management Board of Bank Millennium S.A., in the years 2006-2008 Head of the Retail Banking Division and from 2009 - Head of the Corporate Banking Area. From 22 April 2010 - Deputy Chairman of the Management Board and since 24 October 2013 - Chairman of the Management Board of Bank Millennium S.A.

2. Fernando Bicho - Deputy Chairman of the Management Board



Mr Fernando Maria Cardoso Rodrigues Bicho graduated from the Economic Department at Universidade Catolica Portuguesa in 1984. In 1993 he obtained an MBA from Universidade Catolica Portuguesa.

He gained his professional experience inter alia in the Portuguese Foreign Investment Institute, Lloyds Bank Plc in Lisbon and Uniao de Banco Portugueses (UBP), later renamed to Banco Mello. He performed duties as fund manager and later in the bank, as Head of the Financial Division, he was in charge of inter alia the treasury and capital markets, securities operations, asset and liabilities management, issues on international capital markets, capital management and investor relations. After the purchase of Banco Mello by Banco Comercial Portugues (BCP) in 2000, Mr Fernando Bicho worked in the BCP Corporate Centre and from June 2001 he was Head of the Asset and Liabilities Management Department of the BCP Group.

Since 1 August 2002 Member of the Management Board of Bank Millennium S.A. (CFO - Chief Financial Officer) and since 20 April 2012 Deputy Chairman of the Management Board. From 3 June 2019 until the day of merger with Bank Millennium S.A., i.e. 1 October 2019, also Deputy Chairman of the Management Board of Euro Bank S.A.

Since 17 September 2020, Chairman of the Supervisory Board of Millennium Bank Hipoteczny S.A.

He supervises treasury, accounting, financial reporting and control, taxes, capital investments, relations with investors and financial institutions, management information and central acquisition, as well as coordination of Group entities (other than leasing, brokerage, related to investment funds and startups).

3. Wojciech Haase - Member of the Management Board



Mr Wojciech Haase graduated from the Faculty of Production Economics at Gdańsk University.

He worked at the National Bank of Poland in Gdańsk to be then transferred to the group organising Bank Gdański S.A. In 1989-1997 he worked at Bank Gdański S.A. - first in the Credit Department and then in the Treasury Department. From 1993 he was Deputy Chairman of the Management Board of Bank Gdański S.A. and, next, acting Chairman of the Management Board of that Bank.

Since 27 June 1997 Member of the Management Board of Bank Millennium S.A. Since 4 December 2015 the Bank's material risk management supervisor. Moreover, he supervises risk management, risk models, credit and ratings processes, liabilities collection and treasury control.

4. Andrzej Gliński - Member of the Management Board



Mr Andrzej Gliński graduated from the Poznań University of Technology (1994) and completed his post-graduate studies in banking and finance at the Warsaw School of Economics. In 2024, he completed the Advanced Management program (AMP) at IESE Business School, one of the world's leading executive development programs.

From the beginning of his professional career associated with the financial sector: in 1994 he started working at Bank Handlowy S.A. in Warsaw - initially in the Capital Operations Center, from 1995 in the part of the Bank responsible for servicing enterprises, then in managerial positions as a branch director and sales director in the Asset Financing Department. In the years 2001-2004 he was the Vice-President of the Management Board of Handlowy Leasing S.A. Since 2004 he has been associated with the Bank Millennium S.A. Capital Group, initially as the Chairman of Millennium Leasing Sp. z o.o., and then as the Head of the Corporate Banking Area of Bank Millennium S.A.

Member of the Management Board of Bank Millennium S.A. since 22 April 2010.

6. Wojciech Rybak - Member of the Management Board



Mr Wojciech Rybak graduated in economics from the University of Szczecin (1993) and Tempus - Portassist Programme of the University of Antwerp (1992).

Since the beginning of his professional career, he has been associated with banking.

Since May 1996 he has been working in the Bank Millennium S.A. Group.

From August 2003 he was a Member of the Management Board of Millennium Leasing Sp. z o.o., supervising, inter alia, the sales network and from June 2009 until June 2016 - Chairman of the Management Board of Millennium Leasing Sp. z o.o. In 2011 - 2016 a member of the Executive Committee of the Polish Leasing Association, including its Chairman in 2015 - 2016.

Member of the Management Board of Bank Millennium S.A. since 6 June 2016. From 3 June 2019 until the day of merger with Bank Millennium S.A., i.e. 1 October 2019, also Deputy Chairman of the Management Board of Euro Bank S.A.

He supervises the retail sales network, its optimization and support, private banking and direct banking.

6. António Pinto Júnior - Member of the Management Board



Mr António Pinto Júnior graduated in Economics (1985-1990) from Oporto University and Corporate Finance from Minho University (1993-1994).

He started his professional career in Banco Português do Atlântico (1990), since 1994 part of Millenniumbcp Group, gaining experience in Retail and Corporate Banking by holding managerial positions in the marketing and sales support areas.

Between 2002 and 2011 he worked in Bank Millennium, S.A., as Head of Departments in charge of Marketing, Quality, Processes and Operations, and, from April 2010, as a Member of the Management Board. In the following 7 years he held the position of Head of Retail Banking Marketing Department in Millenniumbcp in Portugal, and between July 2016 and May 2018 was also a non-executive Member of the Management Board of ActivoBank.

Since 20 April 2018 Member of the Management Board of Bank Millennium S.A. From 3 June 2019 until the day of merger with Bank Millennium S.A., i.e. 1 October 2019, also Deputy Chairman of the Management Board of Euro Bank S.A.

He supervises electronic banking, sales campaigns, retail and corporate banking marketing, processes support management, administration and infrastructure, complaints and quality of services, coordination of Group entities from the area of investment funds and startups.

7. Jarosław Hermann - Member of the Management Board



Mr Jarosław Hermann graduated from the Applied Mathematics and Physics Faculty at the Warsaw University of Technology in 1994 and Carlson School of Management MBA program in 2002.

He gained broad IT & Operations practice working on managerial positions in PepsiCo, Pioneer Financial Services and Accenture, where he conducted mid / large scale projects in the banking sector in Poland and CEE countries.

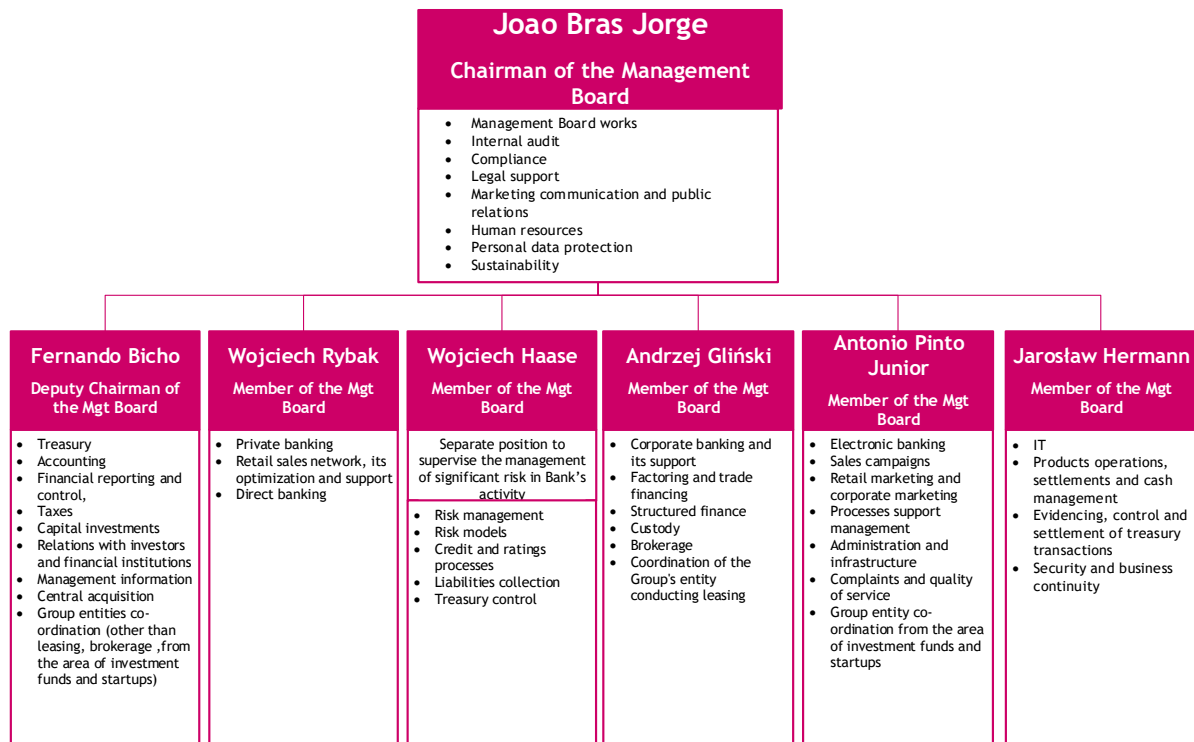
Between 2005-2010 he was Board Member of First Data Poland responsible for providing IT and operational services for card acquiring and financial solutions business lines.

Between 2010-2016 he was Board Member of AXA companies in Poland responsible for IT & Operations.

From 2016 to 2018 he was Vice President of Polskie ePłatności, emerging card acquirer.

Since 1 August 2018 Member of the Management Board of Bank Millennium S.A. He supervises IT, products operations, settlement and cash management, evidencing, control and settlement of treasury transactions, security and business continuity.

The organisational structure of the Bank is consistent with the strategy, modern approach to business and complies with the principles of corporate governance for financial institutions. The division of the tasks between the members of Management Board of the Bank is presented on the following diagram:



The principles of remuneration of the Management Board Members with the amount of salaries, bonuses and other benefits received in 2024 can be found in chapter 12 of this report, part 12.3 entitled "*Remuneration policy*".

In accordance with the above-mentioned principles of remuneration, in 2024 Members of the Bank's Management Board were not granted Bank's shares as part of the implementation of the incentive program. Therefore, the status of shares owned by the Management Board Members who performed their functions on 31 December 2024 was as follows:

Name and surname	Function	Number of shares 31.12.2024	Number of shares 31.12.2023
Joao Bras Jorge	Chairman of the Management Board	380 259	380 259
Fernando Bicho	Deputy Chairman of the Management Board	176 252	176 252
Wojciech Haase	Member of the Management Board	151 107	151 107
Andrzej Gliński	Member of the Management Board	10 613	113 613
António Pinto Júnior	Member of the Management Board	13 613	143 613
Wojciech Rybak	Member of the Management Board	113	43 613
Jarosław Hermann	Member of the Management Board	0	6 000

13.5. INTERNAL CONTROL SYSTEM AND EXTERNAL AUDITOR

Internal Control System

The Bank's internal control system is organised in the framework of the so-called three independent lines of defence, which comprise:

- 1st line - the Bank's operating units not belonging to the 2nd and 3rd line of defence,
- 2nd line - Compliance Department and units designated by the Management Board (mainly units managing risk),
- 3rd line - Internal Audit Department.

The internal control system covers all organisational units of the Bank and subsidiaries belonging to the capital group.

The main objectives of the internal control system are to ensure:

- effectiveness and efficiency of the Bank's operations,
- credibility of financial information (including: completeness, correctness and comprehensiveness of administrative and accounting procedures and fair and true internal and external reporting),
- observance of risk management principles at the Bank,
- compliance of the Bank's activity with laws, internal regulations and market standards.

Based on the developed selection criteria the Bank identified material processes, and then linked them to the general and specific objectives of the internal control system. For material processes the Bank selected controls (control mechanisms) functioning within such processes and selected out of them certain controls of key importance for achieving the objectives of the internal control system assigned to a given process. Key controls have been covered by the monitoring of their observance, such monitoring performed independently by organisational units belonging to the 1st and the 2nd line of defence in the internal control system.

The linking of the general objectives of internal control and specific objectives isolated as part of them with material processes functioning at the Bank and key controls and principles of independent monitoring of their observance is documented in the form of the Control Function Matrix. The Bank in the Matrix also specified the responsibility of particular organizational units for employing control mechanisms, as well as their independent monitoring.

The Bank has a formalized path of reporting about the results of monitoring controls, ascertained irregularities and status of implementing remedial and disciplining measures. From time to time this information is also transferred to the Internal Audit Department, the Bank's Management Board and Audit Committee of the Supervisory Board.

The Bank's Management Board is responsible for the implementation and functioning of an adequate, effective and efficient internal control system.

The Bank's Supervisory Board exercises supervision and performs an annual assessment of adequacy and effectiveness of internal control system (including the control function, Compliance Department, Internal Audit Department).

Internal Audit (3rd line of defence)

The Internal Audit Department is within the internal control system a specialized unit of the 3rd line of defence which carries out an independent review of processes and internal control in the Bank and the capital group, verifying the implementation of tasks assigned to the 1st and 2nd line of defence.

The aim of the activities is providing the Bank's management with an assessment of the effectiveness and adequacy of the risk management system and the internal control system, as well as adding value and streamlining processes in the Bank and the capital group. When implementing its mission Internal Audit takes into account the strategic objectives and tasks of the organization, as laid down by the Management Board and Supervisory Board of the Bank. The audit process is performed according to the Audit Charter and Internal Audit Methodology, fostering international standards of internal audit and good banking practices.

The Internal Audit Department is an independent unit, directly reporting to the Chairman of the Management Board of the Bank and the results of its activities are reported to the Management Board, Audit Committee of the Supervisory Board and the Supervisory Board of the Bank.

The activity of Internal Audit is a planned and continuous activity, resulting from the implementation of the mission and objectives, as well as the adopted Department Strategy and based on an annual audit plan. The basis of the planning process is the assessment of the risk of particular areas and processes of the Bank in order to identify increased risk and support the specification of priorities and resources for the implementation of tasks. The planning process takes into account consultations with senior management and owners of key processes. The annual audit plan is approved by the Bank's Supervisory Board and implemented on a quarterly basis by experienced and highly qualified professionals.

Internal Audit performs independent and objective assurance and consulting activities. Assurance activity is carried out as part of process audits, independent review function, branch audits, preventive audits and investigations. Assurance activity includes assessment of the adequacy and effectiveness of the risk management system and internal control system in all areas of banking activity. Advisory services are aimed at supporting the organization in achieving its goals and are provided, as far as their nature does not put under threat the independence, effectiveness and objectivity of Internal Audit's assurance activity, nor is related to the designing of control mechanisms and risk management system.

In 2024 Internal Audit Department performed audit tasks in the Bank, its subsidiaries, external entities to which the Bank, to the extent permitted by regulations, outsourced banking and bank-related operations, as well as within the BCP Capital Group. The planned activity of the Department covered among others audits of key business and support processes and also branch audits and those of compliance with external regulatory requirements. The tasks performed by the Internal Audit Department also included investigations and prevention audits.

The results of the review of the functioning of the entire internal control system as well as its selected components, carried out by the Compliance and Internal Audit Departments in cooperation with the External Auditor, are presented cyclically and are subject to evaluation by the Audit Committee of the Bank's Supervisory Board and once a year to the Bank's Supervisory Board.

Internal Control System with respect to the Process of Preparing Financial Reports

Implemented solutions regarding the internal control system protect to a significant extent the Bank from financial reporting errors and provide the Bank's Management with information which helps evaluate the correctness, efficiency and security of the functioning of the process of preparing financial reports, also in order to ensure the highest possible effectiveness in managing identified types of risks accompanying the process.

The internal control system, introduced by the Management Board of the Bank and incorporating the financial report preparation process, has been designed to facilitate the control of process risk while maintaining appropriate supervision over the correctness of gathering, processing and presentation of data necessary for the preparation of financial reports in keeping with effective laws.

An important element of the internal control system in the process of preparing financial reports is the cooperation of the Audit Committee of the Bank's Supervisory Board with an audit firm providing financial audit services. The Bank prepared the policy of selecting an audit firm for carrying out an audit and policy for providing by an audit firm carrying out an audit, by entities connected with such

audit firm and by a member of an audit firm network - permitted services not being an audit. The above-mentioned policies are captured in the document „*Policy of Selecting and Cooperation with Audit Firms*”, which was approved by the Audit Committee of the Supervisory Board. The policy specifies:

- 1) The principles of selecting the audit firm to conduct statutory audit and voluntary audit,
- 2) Principles of providing permitted services not being a statutory or voluntary audit by Audit Firm, entities connected with Audit Firm or member of an Audit Firm network,
- 3) Procedure of accepting performance by Other Audit Firms of services other than the statutory audit and the voluntary audit,
- 4) Principles of the Bank’s cooperation with audit firms, entities connected with an audit firm or members of the audit firm network with respect to conducting statutory or voluntary audits and providing permitted services.

The external auditor is selected by the Supervisory Board on the basis of a recommendation issued by the Audit Committee of the Supervisory Board. In addition, in the interest of the quality of financial data presented in the remaining published quarterly reports, the Bank, together with the external auditor, has implemented cooperation procedures ensuring - on an on-going basis - the consultation of important issues connected with the recognition of economic events in the books and financial reports. At meetings of the Audit Committee of the Supervisory Board the external auditor presents key findings relative to financial reporting, consults with the Audit Committee of the Supervisory Board draft reports and proposes an approach to the audit of the annual financial report.

The Bank is covered by the consolidated financial report of the Millennium BCP capital group. In this connection, the annual review of the Bank’s internal control system supporting the process of preparing and disclosure of financial information is also subject to the terms and requirements of consolidated supervision, which is performed by the Bank of Portugal and the European Central Bank. The external auditor of the Millennium BCP capital group participated in 2022 in review of the adequacy and effectiveness of the part of the Bank’s internal control system supporting the process of preparing and disclosure of financial information (financial reporting) and issued an appropriate opinion in this respect.

Information on the agreements with the entity authorised to audit financial reports

On December 11, 2023, the Supervisory Board of the Bank approved the selection of Deloitte Assurance Polska spółka z ograniczoną odpowiedzialnością sp. k. (former: Deloitte Assurance sp. z o.o.) as an entity authorized to audit the financial statements of Bank Millennium S.A. and the Bank’s Capital Group for the years 2023 and 2024. The audit agreement was concluded on December 13, 2023.

Remuneration received by the auditor on account of services provided to the Capital Group of Bank Millennium S.A. in accordance with the service agreement for the year covered by the financial statement audit.

Auditor's Remuneration* (in PLN'000)	2024		2023	
	Bank	Subsidiaries	Bank	Subsidiaries
Statutory audit within the meaning of art. 2 point 1 of the Act on Statutory Auditors	1,578	721**	1,416	654**
Other assurance services	2,771	252**	1,830	250**
Tax advisory services	-	-	-	-
Other services	-	-	-	-

*The indicated remuneration amounts do not include additional cost surcharges incurred by the auditor up to a total limit of 3% for the supervision fee (in the amount resulting from the Act on Statutory Auditors, Audit Firms, and Public Oversight) and other costs resulting from the provision of services.

**The data does not include the remuneration for Millennium Bank Hipoteczny S.A., which is audited by another audit firm

Services other than statutory audit:

- a review of the stand-alone and consolidated interim condensed financial reports of Bank Millennium S.A. drawn up as at June 30, 2024,
- review of the interim condensed financial reports of Millennium TFI SA investment funds prepared as at June 30, 2024,
- review of the reporting package of Millennium Leasing sp. z o.o., prepared for the period of 6 months, ended on 30 June 2024,
- review of the reporting package of Millennium Bank Hipoteczny S.A., prepared for the 6 months, ended on 30 June 2024,
- review of the consolidation documentation and the reporting package of Bank Millennium S.A. capital group for the period of 6 months, ended on 30 June 2024, prepared in accordance with instructions and group rules of BCP capital group,
- audit of the consolidation documentation and the reporting package of Bank Millennium S.A. capital group for the period of 12 months, ended on 31 December 2024, prepared in accordance with instructions and group rules of BCP capital group,
- procedures for verification of consolidation documentation and the reporting package of the Bank Millennium S.A. capital group for the period of 3 months, ended on 31 March 2024, prepared in accordance with group principles,
- procedures for verification of consolidation documentation and the reporting package of the Bank Millennium S.A. capital group for the period of 9 months, ended 30 September 2024, prepared in accordance with group principles,
- assurance service concerning requirements for safekeeping of customers' assets for 2024 for Bank Millennium S.A.,
- assurance service concerning evaluation of adequacy of the risk management system in 2024 in Millennium TFI S.A.,
- assurance service concerning verification of the internal control system of Bank Millennium S.A. and Millennium Leasing, in accordance with instructions of the group auditor for the period from 1 December 2023 to 30 November 2024,
- assurance service in accordance with KSUA 3000, concerning verification of the remuneration report of Bank Millennium S.A. for 2024,
- assurance service in accordance with KSUA 3000 on non-financial elements with regard to sustainability reporting

- Issuance of Comfort Letter in accordance with the National Standard on Related Services 4401 “Engagements to perform agreed-upon procedures regarding transactions in securities which require preparation of a prospectus”

14. ADDITIONAL INFORMATION

Other information regarding:

- Guarantees and sureties granted,
- Transactions with related companies,
- List of the relevant court cases, arbitration proceedings before an authority or public administration,

can be found in the Annual Consolidated Report of the Bank Millennium S.A. Capital Group for the 12-month period ending 31st December 2024.

II. SUSTAINABILITY REPORTING

15. GENERAL DISCLOSURES (ESRS 2)

15.1. BASIS OF PREPARATION

[BP-1] This statement has been prepared under:

- the provisions of Chapter 6c of the Accounting Act of September 29, 1994 (Journal of Laws 2023, item 120, as amended) (the “Accounting Act”),
- sustainability reporting standards as defined in Commission Delegated Regulation (EU) 2023/2772 of July 31, 2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council with regard to sustainability reporting standards (“ESRS”), including the requirement that the process carried out to identify reported information is consistent with its description in sustainability reporting,
- the reporting requirements contained in Article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on establishing a framework to facilitate sustainable investment, amending Regulation (EU) 2019/2088 (“Regulation (EU) 2020/852”).

The scope of companies covered by this statement does not differ from the scope of companies covered by financial reporting and is presented in part I of the report in section 1. *Brief characteristics of Bank Millennium and the Bank Millennium Group.* As is the case with the financial statements, this statement also takes into account any and all changes in the structure of the Bank Millennium Group. No such changes occurred in 2024. This statement does not take into account any adjustments to the information on minority interests. The information presented herein is for the period from 1 January 2024 to 31 December 2024 unless stated otherwise. This statement also considers direct upstream and downstream relationships within the Bank Millennium Group’s value chain in terms of material impacts, risks and opportunities. Due to the absence of information on indirect relationships within the value chain (such as information on our customers’ suppliers), these have not been included in our analysis.

In formulating this statement, the option to omit specific information pertaining to intellectual property, know-how or the outcomes of innovations has not been exercised, nor has the exemption from the obligation to disclose information related to expected events or matters under negotiation provided for in Article 63x(7) of the Accounting Act of 29 September 1994 been used. **[BP-2]** No special circumstances have affected the scope and content hereof.

[BP-2] The timeframes adopted in this statement have been defined in accordance with European Sustainability Reporting Standards (ESRS 1 section 6.4 *Definition of short-, medium- and long-term for reporting purposes*), namely:

1. short-term time horizon - reporting period (1 year),
2. medium-term time horizon - up to 5 years,
3. long-term time horizon - more than 5 years.

For the purpose of preparing this report, selected metrics related to the Bank Millennium Group’s value chain have been estimated. These metrics are described in the Environment part hereof in section 16. *Climate Change (ESRS E1)*, subsection 16.3 *Metrics and targets*.

Due to the reporting period being the first year of application of sustainability reporting standards, it has not been possible to identify any changes in the preparation and presentation of sustainability information compared to the previous reporting period, and no material errors have been identified in previous periods.

Some of the disclosures have been incorporated by reference in accordance with ESRS 1 section 9.1 *Incorporation by reference*. A table listing these is provided below:

List of references

No.	ESRS requirement	ESRS data point	Document to which the reference is applied
1.	BP-1 - General basis for preparation of the sustainability statement	BP-1: 5	Part I. MANAGEMENT REPORT ON ACTIVITY Section 1. <i>Brief description of Bank Millennium and the Bank Millennium Group</i>
2.	SBM 1 - Description of the business model and value chain	SBM-1: 42	Part I. MANAGEMENT REPORT ON ACTIVITY Section 1. <i>Brief description of Bank Millennium and the Bank Millennium Group</i> Section 2. <i>Summary of consolidated BM Group results in 2024</i> Section 8. <i>Financial situation</i> Section 9. <i>Presentation of business activity</i>
3.	SBM-1 - Strategy, business model and value chain	SBM-1: 40b	Part I. MANAGEMENT REPORT ON ACTIVITY Section 2. <i>Summary of consolidated BM Group results in 2024</i> Section 8. <i>Financial situation</i>

15.2. CORPORATE GOVERNANCE

[GOV-4] In all its business operations, the Bank Millennium Group is guided by the principles set out in the UN International Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. The Group is guided by the regulations applicable to the banking sector, including the Act of 29 August 1997 entitled “Banking Law” and the recommendations issued by the Polish Financial Supervision Authority. Accordingly, due diligence is maintained in all processes and with respect to sustainability matters.

Core elements of due diligence

Core elements of due diligence	Area	Pharagraph
Embedding due diligence in governance, strategy and business model	E, S i G G	15.3. Sustainability management 20. Business conduct (ESRS G1)
Engaging with affected stakeholders in all key steps of the due diligence	E, S i G S	15.4.1. Description of the process for identifying and assessing material impacts, risks and opportunities 15.4.2. Key stakeholders 17.1.1. Interests and views of stakeholders 18.2. Management of impacts, risks and opportunities 19.1.1. Interests and views of stakeholders 19.2. General customer engagement processes 19.4.2. General customer engagement processes in terms of the safety of deposited funds 19.5.2. Customer engagement processes in terms of privacy 19.1.1. Customer engagement processes in terms of access to information

Core elements of due diligence	Area	Paragraph
Identifying and assessing adverse impacts		19.9. Remediation of negative impacts
	G	20. Business conduct (ESRS G1)
	E, S i G	15.4.1. Description of the process for identifying and assessing material impacts, risks and opportunities 15.4.3. Identified impacts, risks and opportunities
	S	17.1. Strategy for the workforce area 19.2. General customer engagement processes
	G	19.9. Remediation of negative impacts 20. Business conduct (ESRS G1)
Taking actions to address those adverse impacts	E	16.2. Management of impacts, risks and opportunities
	S	17.1.2. Material impacts, risks and opportunities and their interaction with strategy and business model 19.1.2. Material impacts, risks and opportunities and their interaction with strategy and business model 19.4.3. Measures to ensure the safety of deposited funds 19.5.3. Measures related to privacy 19.6.3. Measures related to access to information
	G	20. Business conduct (ESRS G1)
	E, S i G	15.3.1. Governance structure 15.3.3. Sustainability reporting
Tracking the effectiveness of these efforts and communicating	E	16.3. Benchmarks and objectives
	S	17.1.2. Material impacts, risks and opportunities and their interaction with strategy and business model 19.4.4. Objectives related to the pursuit of the policies and activities 19.5.4. Objectives related to the pursuit of the policies and activities 19.6.4. Objectives related to the pursuit of the policies and activities
	G	20. Business conduct (ESRS G1)

15.2.1. BUSINESS MODEL AND VALUE CHAIN

Business model

[SBM-1] Bank Millennium and its subsidiaries constitute the Bank Millennium. The Bank Millennium Group offers services in the retail segment, that is to individual customers and micro-enterprises, and, within corporate banking, to small, medium-sized and large companies. The Bank Millennium Group successfully competes in all segments of the financial market.

The Bank and its subsidiaries operate in the Republic of Poland, treated as the Group's area of business, and therefore all disclosures included in this statement refer to Poland. With 6,836

employees (as at 31 December 2024), the Group operates throughout Poland and has no branches outside of its borders. No changes occurred in the markets or customer groups served during the reporting period.

The Bank Millennium Group achieves its economic goals while striving to balance the needs of key stakeholders, in accordance with the Group's growth strategy, taking into account the principles declared in the *Code of Ethics*. Information on the structure of costs and revenues generated by the Bank's Group, along with the results posted by each segment, is provided in part I in section 8. *Financial standing*.

The Bank Millennium's mission is to support its customers in the achievement of financial success now and in the future. The Bank builds its competitive advantage on values forming the basis for running its business.

The Bank's business model rests on the following six pillars:

1. Superior customer service and a broad offering for the retail customer.
2. Bank of first choice for business customers (micro-enterprises).
3. Strategic development partner for corporate customers.
4. Innovative solutions with a leading User Experience in electronic channels (with a leading role for the mobile application).
5. Sustainable organisation on the path towards climate neutrality.
6. Friendly workplace for existing employees and talent.

Details of the Bank's business model are described in part I of this report in section 1. *Brief characteristics of Bank Millennium and the Bank Millennium Group*. The information on the business model is expanded in section 9. *Description of business* in part I, containing an explanation of the customer service channels and the product offering for retail and corporate banking customers.

Value chain

A significant element of our business model is the core value chain. The Bank Millennium Group's core business is banking and therefore the key value chain for the Group primarily consists of the Bank's customers. In the course of our analyses, we have also classified into the Bank's key value chain our employees and business partners (franchisees).

A detailed description of our business model and value chain is provided in part I. MANAGEMENT REPORT ON ACTIVITY, *section 1. Section 2. Section 8. Section 9*. The following key areas have been identified while examining the Group's value chain:

Key areas of the value chain

Value chain and tier	Identified value chain element and its key areas
Suppliers Upstream	Suppliers of material categories of goods and services purchased by the Group examined within the following subcategories: <ul style="list-style-type: none"> - Administration - ICT & cyber resilience - Marketing and advertising - Key sources of financing
Own operations	Bank's Head Office: <ul style="list-style-type: none"> - Marketing

Value chain and tier	Identified value chain element and its key areas
	<ul style="list-style-type: none"> - Sales - Risk management - ICT & cyber resilience - HR - Administration <p>Own branches</p> <p>Subsidiaries:</p> <ul style="list-style-type: none"> - Millennium Leasing - Millennium Bank Hipoteczny - Millennium TFI <p>Bank Millennium Foundation</p>
<p>Recipients</p> <p>Downstream</p>	<p>Corporate banking customers</p> <p>Retail banking customers</p> <p>Millennium Leasing customers</p> <p>Distribution channels (brokerage and franchise network)</p> <p>Millennium TFI:</p> <ul style="list-style-type: none"> - Investors - Unit distributors - Transfer agents - Investee companies

Potential impacts, risks and opportunities and their possible interconnections with our own business model and value chain are presented in section 15.4.3. *Identified impacts, risks and opportunities* and in section 8.2. *Results of business segments*.

15.2.2. SUSTAINABILITY STRATEGY

[SBM-1] Sustainability plays a significant role in our strategy and has served as one of its pillars for years. ESG matters were included in the Group’s Strategy for 2022-2024 entitled *Millennium 2024: People Inspire Us*, and further developed and elaborated in more detail in the *Bank Millennium Group ESG Strategy for 2022-2024* adopted in 2022. Currently, they also drive the pursuit of our new Strategy for 2025-2028 entitled *Strategy 2028: Value and Growth*, published in October 2024, as one of its success factors. *The Strategy* addresses all major groups of our products and services, that is those offered to both retail and corporate customers.

[SBM-1] As a socially responsible institution, we emphasise the significance not only of the achievement of the objectives provided for in our *Strategy*, but also of the means by which such achievement is materialised - with a commitment to society and the environment, in line with stringent standards of quality and ethics in the sales process and the services offered. In our *Strategy*, business objectives and ESG goals form a coherent whole. One of the most important aspects of our efforts is the fact that we are engaged in pursuing them together as the Bank Millennium Group. We act jointly with our stakeholders: employees, customers, business partners and shareholders. Based on the goals set out in *the Strategy*, we will support our customers in the transition to a low-carbon economy (PLN 5 billion to finance sustainable investments). We will also achieve the objectives adopted in our *Strategy* by investing appropriately in our key assets: people and technology, and will

continue to build our position as the most attractive employer for top talent in our strategically vital areas.

Our sustainability-related activities in the new *Strategy 2028: Value and Growth* have been categorised into the following three areas:

- Environmental (E)
- Social (S)
- Governance (G)

In the environmental area, our objectives are:

- **Moving towards 'net zero' emissions**, that is to achieve climate neutrality in scopes 1 and 2 by 2030² and to achieve full climate neutrality, including in scope 3, by 2050.
We will gradually reduce our carbon footprint by continuing our energy and water efficiency initiatives across our branches, increasing the share of zero-emission vehicles in our fleet, maintaining 100% electricity with guarantees of origin and adopting a transition plan (including decarbonisation targets and actions) by 2026.
- **Sustainable financing**, that is supporting customers' transition and growth by providing sustainable financing - we have planned to **provide PLN 5 billion in financing** for sustainability projects.
We intend to achieve this goal by providing sustainable financing to companies, raising awareness and expertise on public programs/green projects, maintaining a policy of providing no financing to the mining and carbon-based energy generation sectors, expanding the green retail offering and portfolio of sustainable assets at Millennium TFI, and continuing initiatives to raise customer awareness of sustainability.

In the social area, our objectives are:

- **Top employer**, that is maintaining the well-being and professional development of our employees as well as promoting diversity, equity and inclusion across our business operations and beyond. We will ensure that we continuously improve employee satisfaction and maintain our Top Employer certification.
Our planned activities in this area include implementing initiatives that respond to the outcomes of the Employee Satisfaction Survey, further developing a transparent remuneration policy, continuing to narrow down the gender pay gap, promoting a culture of lifelong learning, continuously improving initiatives that affect the well-being of our people, and strengthening the culture of diversity, equity and inclusiveness (DEI) in our organisation.
- **Inclusive and accessible banking** that provides secure access to financial services for all customers, embracing their diversity. We will expand our offering and, with a view to maintaining the high quality of service accessibility, we will continue to work with external expert institutions.
The activities we have planned in this area include the continuation of improvement in ensuring the accessibility of services and education for customers, promotion of regular savings and investments, deployment of dedicated solutions for young customers, and provision of financial education to children through the Bank Millennium Foundation's initiatives.
- **Community engagement**, that is supporting local businesses by financing and providing business tools and engaging employees in local community activities as well as promoting cultural development.
We will pursue this objective by developing a financing program for micro and small companies, offering educational initiatives for micro and small companies, further developing the Bank Millennium Foundation's employee volunteerism grant program and maintaining our

² Emission reduction activities will continue, but offsets may be applied for the remaining emissions.

position as an ambassador of culture in Poland (including by continuing to support the Millennium Docs Against Gravity film festival).

In the governance area, we will focus on the following objectives:

- ESG risk management**, by developing a methodologies for measuring the financial effects of ESG risks and refining ESG risk management processes with contribution to the transition plan. We will ensure the successful completion of the European Banking Authority’s and our own climate stress tests within specify dates as well as the deployment of a framework for assessing anticipated financial impacts by 2025.
For the pursuit of this goal, we have scheduled specific actions: refining ESG risk assessment and management coupled with further integration in the credit decision process, further developing ESG risk metrics in the Risk Appetite Statement (RAS), monitoring climate risk exposures, developing methodologies and conducting climate stress tests with scenario analysis, and supporting the transition plan through ESG risk management.
- Maintaining best-in-class governance** through the strong pillars of an organisation built on high ethical standards and mature ESG governance to support sustainable growth and regulatory compliance, including by timely implementation of new ESG regulations and further enhancement of ESG reporting in keeping with evolving requirements.
We will strive to achieve this goal through implementation of new regulatory requirements, alignment of our internal processes, ongoing review and application of existing ESG regulations, further development of ESG data management and comprehensive ESG awareness-building initiatives.

The pursuit of the Bank’s Strategy, including the key success factors of which sustainability is a pillar, is subject to a continuous monitoring process under the Bank’s internal management system. Our progress in going after the strategic ESG initiatives is monitored on an ongoing basis by the Sustainability Committee. This process is described in more detail in section 15.3. *Sustainability management*.

Our *Strategy 2028: Value and Growth* is available on the Bank’s website at:

https://www.bankmillennium.pl/documents/d/guest/bankmillennium_strategy2025_2028?mv=3mv.

Currently, our sustainability-related products account for less than 10% of the Bank’s revenues and are unrelated to the Bank’s material actual impacts or material potential negative impacts. The share of sustainable financing in the Bank’s assets, in accordance with the GAR, is specified in section 21. *Disclosure of information in accordance with EU Taxonomy (Art. 8 of Regulation (EU) 2020/852)*.

15.3. SUSTAINABILITY MANAGEMENT

15.3.1. GOVERNANCE STRUCTURE

[GOV-1] [GOV-2]

Sustainability management

The basis for defining the approach to sustainability managing is an agenda formulated by the United Nations that includes 17 goals, 169 targets and 304 indicators.

Bank Millennium has signed the Declaration for the UN Sustainable Development Goals in 2017 and is guided by all 17 goals. However, the Bank focuses predominantly on the pursuit of the following goals:

3. Good health and well-being
4. Quality education

- 5. Gender equality
- 8. Decent work and economic growth
- 9. Industry, innovation and infrastructure
- 13. Climate action
- 17. Partnering for the goals

In Bank Millennium, actions taken with sustainability in mind form an integral part of our business strategy. The ESG area is also included in the new Group Strategy for 2025-2028 adopted by the Management Board and approved by the Supervisory Board. This is discussed in detail in subsection 15.2.2. *Sustainability strategy*.

Sustainability policies

Bank Millennium has laid down the fundamental sustainability-related principles at the level of the whole Bank Millennium Group in the *Sustainability Policy of Bank Millennium S.A.* adopted by the Bank's Management Board, of which the following documents, published on the Bank's website (<https://www.bankmillennium.pl/o-banku/esg#zasady-esg>), form an integral part:

- *Policy on sustainability principles*
- *Anti-corruption policy*
- *Social impact policy*
- *Human rights policy*
- *Diversity management policy*
- *Corporate volunteering policy*
- *Environmental policy*
- *Responsible financing policy*

Moreover, the Bank has published the following document for suppliers on its website:

- *Supplier Sustainability Guidelines* (approved by a member of the Bank's Management Board).

Sustainability policies integrate environmental, social and governance dimensions, including:

- Aligning decision-making, in all areas of the Bank Millennium Group, with the pursuit of the United Nations Sustainable Development Goals ("UN Sustainable Development Goals") as well as universally applicable laws and national and international sustainability standards.
- Taking into account the UN Sustainable Development Goals in the development and offering of financial products.
- Transparency of disclosures regarding the conduct of sustainability activities by the Bank Millennium Group.
- Building awareness among employees, customers and other stakeholders of the Group in the sustainability area.
- Adherence to the highest standards of operation, including the Corporate Governance Principles for Supervised Institutions and the Best Practices for WSE Listed Companies, and striving to continuously ensure full compliance with generally applicable laws and business standards.
- Building partnerships and an ongoing commitment to working with communities - both external and internal - in the search for opportunities to create social value by supporting cultural, educational and financial literacy initiatives as well as employee volunteerism activities.

Based on the UN Sustainable Development Goals, the commitments arising from the Bank's signature Diversity Charter, internal policies and best practices, we have made the following commitments:

- Integrate environmental and social risks into our customer risk assessment process and include ESG risk factors in sector policies for corporate customers.
- Define a list of sectors and activities to which no financing will be provided by the Bank Millennium Group - the Group identifies business sectors or projects the financing of which is incompatible with the Bank Millennium Group's commitment to protect the environment, promote sustainability, combat climate change and preserve biodiversity. For this reason, the Bank Millennium Group has identified sectors excluded from financing or sectors that may receive only conditional financing (the financing of activities or projects in these sectors may be granted only if additional conditions have been fulfilled).
- Finance environmentally friendly and energy-efficient projects, including projects related to the replacement of coal-fired generation with low-carbon energy sources.
- Carry out activities aimed at reducing the carbon footprint.
- Respect for human rights - the Bank Millennium Group takes into account and promotes the fundamental principles of human rights by applying ethical business practices towards various stakeholder groups, including employees, customers, shareholders, suppliers and local communities. Such practices are clearly defined in the Bank Millennium Group's pertinent internal regulations.
- Develop sustainability competencies - we offer training and initiatives for employees to grow their sustainability competencies.
- Promote a culture of responsible consumption - the Bank Millennium Group has adopted, as part of its Supplier Sustainability Guidelines, a set of requirements for suppliers where sustainability matters are covered.
- Influence society - promote a culture of social responsibility, develop activities for and with various stakeholder groups, while directly or indirectly supporting social development.

The foregoing Sustainability Policy commitments apply to all activities and business relationships of the Bank Millennium Group.

Sustainability management [GOV-1] [GOV-2] [G1 GOV-1]

The Bank's Management Board is responsible for the effective management of the Bank's sustainability area, in terms of environmental, social and governance issues, including responsibility for developing, approving and updating the organisation's sustainability-related goals, values, mission, strategies, policies and targets. The Bank's Supervisory Board oversees this process. The governance arrangements adopted in the Bank Millennium Group do not involve assigning responsibilities, tasks or powers in respect of one-off impacts, risks and opportunities identified in the double materiality analysis.

The Management Board approves sustainability reporting and sustainability-related policies. Sustainability-related policies are approved by the Management Board in accordance with the schedule for updating such documents, but not less frequently than once every two years. Sustainability reporting is also adopted and subsequently approved by the Supervisory Board.

Within the Management Board, the sustainability area is overseen by the President of the Management Board, while ESG risk management is overseen by the Bank's Management Board member responsible for risk.

The Management Board is provided with information to control and oversee the processes aimed at identifying and managing its economic, environmental and social impacts, including periodic reports on the achievement of targets in all key areas of the Bank's operations. To this end, the Management Board's control activities are also carried out by committees established within the Bank's structures. In this process, information obtained from the Bank's stakeholders is also taken into account, such as

that regarding employee matters or issues arising from complaints or customer service surveys. For instance, the Process and Operational Risk Committee prepares reports on customer complaints and actions taken by the Bank on issues identified in the complaint handling process and reports on the quality of the customer service process and studies of customer needs. The Sustainability Committee also plays a key role in this regard.

The Supervisory Board also receives, on a quarterly basis, in some instances through its committees, information on key aspects of the Bank's business, including aspects related to its economic, environmental and social impacts. Moreover, a global assessment of the Bank's activities, including the management of economic, environmental and social issues, is performed by the Supervisory Board based on the Bank's annual reports. They are analysed and presented to the Shareholder Meeting and form the basis for granting a discharge to the Bank's Management Board on the performance of its duties in a given financial year.

Bearing in mind the growing significance of sustainability matters for the Bank Millennium Group's business, the Bank has established within its structures the Sustainability Committee and the Sustainability Department.

The Bank's Management Board participates in the process of managing sustainability matters through its full representation in the work of the Sustainability Committee. The Committee is composed of all members of the Bank's Management Board, as well as representatives of the units performing tasks related to sustainable development in the Bank and the Bank Group. The Sustainability Committee is chaired by the President of the Management Board. The Committee meets at least quarterly.

The Committee's scope of work includes participation in the development of proposals for the Bank's strategic initiatives in the area of sustainability, adoption of operational plans related to the execution of strategic sustainability initiatives, monitoring and evaluation of the pursuit of planned activities in terms of their completeness and quality, meeting the required deadlines and the planned budget, approving and monitoring metrics related to strategic sustainability initiatives. Committee meetings also discuss the most relevant ESG matters on an ongoing basis, including those related to the management of identified material impacts, risks and opportunities.

The Sustainability Department is overseen directly by the President of the Management Board. The purpose of the Sustainability Department is to oversee and coordinate the observance of sustainability principles within the Bank and the Bank Millennium Group. The scope of tasks of the Sustainability Department includes coordination of work related to the sustainability strategy, cooperation with other units of the Bank and Group entities in the pursuit of sustainability principles, ensuring identification of risks related to climate change in the Bank's activities, cooperation with other units of the Bank in the roll-out of sustainable products, conducting activities aimed at promoting sustainability principles among the Bank's employees.

The Risk Department is responsible for integrating ESG risks into the Bank's risk management system. The Risk Department's key tasks include consideration of ESG risk within the risk appetite, analysis of the materiality of the impact of ESG risk on the Bank's risk profile, development of ESG risk assessment methodologies within the framework of existing risk assessment methodologies and processes, and monitoring the impact of ESG risk on the area of capital adequacy.

The Bank has also established a Risk Committee, which is responsible for risk control, including for reviewing the principles, policies, rules and practices related to risk management, also by managing ESG risks and making decisions on key elements of lending policy, including those related to ESG risks. The Risk Committee, which comprises all members of the Management Board, prepares quarterly summary information and materials for the Supervisory Board Risk Committee and the Supervisory Board, addressing key issues related to the impact of risks - including ESG risks - on the Bank's overall risk profile. The Committee meets at least quarterly.

Moreover, sustainability activities (including the management, control and monitoring of impacts and related activities) in the distinct areas of competence are the responsibility of other units of the Bank and the Bank Group in accordance with their areas of responsibility, forming an integral part of the business, with each area of business assigned to specific senior managers (that is individuals reporting

directly to the President of the Management Board or members of the Management Boards of either the Bank or Group companies).

The Bank's Management Board and Supervisory Board

Information on the composition of the administrative, management and supervisory bodies, their roles and responsibilities and their access to expertise and skills, including a description of the powers of members of the Bank's Supervisory Board and the Bank's Management Board relevant, among other aspects, to the management of the company's economic, environmental and social impact, are described in part I of this report in sections 13.3 *Supervisory Board* and 13.4 *Management Board* as well as on the Bank's website:

<https://www.bankmillennium.pl/o-banku/wladze-banku-i-lad-korporacyjny/zarząd>

Annually, Bank Millennium conducts a comprehensive appraisal of the performance of each member of its corporate bodies and evaluates the collective suitability of those bodies, based on the provisions of the Banking Law, the EBA and ESMA Guidelines (EBA/GL/2021/06) on assessing the suitability of members of the management body and persons performing key functions, the methodologies for assessing the suitability of members of the bodies supervised by the Polish Financial Supervision Authority and the policies in force in the Bank for selecting and appraising the suitability of Supervisory Board members and Management Board members.

Supervisory Board

The Supervisory Board has 12 members, of which currently 3 are women and 9 are men, meaning that the average ratio of women to men among the Supervisory Board members is 33.3%. There are currently 5 independent members in the Supervisory Board (42%). There are no employee representatives on the Supervisory Board. According to the Commercial Company Code and the Banking Law, the Supervisory Board is a non-executive body (the number of its non-executive members is 12).

In the course of the appraisal, the individual and collective competence profiles of the Supervisory Board members were examined and it was concluded that the Supervisory Board members - both individually and collectively - meet the expected competence requirements. In particular, the diversity of the composition of the Supervisory Board in terms of age, gender, professional experience, knowledge and skills and the fact that it includes both business representatives and academics reflect due care in ensuring that the Supervisory Board's views on the performance of the Management Board are as diverse as possible. Among the required competencies of the Supervisory Board members, those related to sustainability were also evaluated. The *Methodology for assessing the suitability of members of corporate bodies of supervised entities - Polish Financial Supervision Authority* is applied to evaluate such competences. Moreover, the level of competence is appraised using a scale that takes into account factors such as knowledge, experience and practical skills in the respective area.

Seven members of the Supervisory Board, including its Chairman, are Polish citizens. Seven of the Supervisory Board members are not related to any shareholder with at least 5% of the Bank's shares.

The Bank's Management Board

The Bank's Management Board consists of 7 members. There is currently no gender diversity in the composition of the Bank's Management Board - all members of the Management Board are men. However, this aspect will be taken into account as one of the factors when making changes to the composition of the Management Board. As part of the appraisal, the competence profile of the Management Board in terms of general management, risk management, knowledge of business lines and soft skills was evaluated. The individual profiles and the collective competence profile were compared and it was concluded that the Management Board meets the expected competence requirements. The composition of the Management Board fulfils the diversity criteria in terms of professional experience, in particular in terms of experience gained in different markets (Polish and Portuguese markets), as well as in terms of education and age, thus enabling different views to

be presented while managing the Bank. Four members of the Management Board are Polish citizens. There is currently no gender diversity in the composition of the Management Board.

Members of the Bank's Management Board and members of the Management Boards of Bank Millennium Group companies undergo training, consistent with their roles, knowledge and experience. Such training is also designed to enhance their knowledge, skills and experience in the sustainability area.

All members of the Management Boards of Bank Millennium Group companies participated in a comprehensive ESG training program held in 2023, the topics of which included key ESG regulations, sustainable financing, ESG risk management, organisation of the ESG process and supervisory requirements in this area.

In the first half of 2024, members of the Bank's Management Board and members of the Management Boards of Bank Millennium Group companies participated in a workshop on sustainability reporting consistent with the CSRD and ESRS requirements, including in terms of double materiality analysis. In the second half of 2024, they participated in a workshop on preparing a transition plan.

Information provided to administrative, management and supervisory bodies and sustainability matters pursued by them

The Sustainability Committee is responsible for monitoring sustainability-related matters. The Committee's powers are described in subsection 15.3.1. *Governance structure*. The Sustainability Committee meets at least quarterly.

During the Committee's meetings, the range of issues discussed includes the progress made in implementing the Sustainability Strategy and ongoing activities carried out by the Bank in this area. The Bank's Management Board, through the direct participation of all Management Board members in the Sustainability Committee meetings, is provided with relevant information about all sustainability matters.

In 2024, key sustainability matters were presented at the Sustainability Committee meetings. The topics covered during the reporting period covered all relevant risks, impacts and opportunities, including matters related to the monitoring and execution of the ESG strategy, including:

- Striving for climate neutrality
- Reduction of resource consumption
- Product offering to support sustainability
- Responsible lending policy
- Development of sustainable finance - partnerships with organisations
- Educational activities
- Employee development and support
- Promotion of gender equality and diversity
- Supporting customers in growing their business and finance
- Banking without barriers
- Education and security
- Charity and cultural support
- Organisational excellence - continuous organisational improvement in the ESG area
- Corporate governance and compliance policy
- Reporting and disclosures
- Climate risk management
- Sustainable supply chain policies
- Plain-language communication

Furthermore, other topics discussed during the Committee's meetings included current relevant issues related to the ESG area, such as the issuance of green bonds, ongoing ESG risk management activities, interactions with regulators in the ESG area, preparation of the transition plan, and changes in internal sustainability-related regulations.

In 2024, members of the Sustainability Committee and members of the Management Boards of the Bank's Group companies, participated in a workshop on the preparation of a double materiality analysis. Committee members discussed the material risks, impacts and opportunities identified as a result of the double materiality assessment process and then validated the results of the analysis.

Sustainability-related matters are also addressed at the quarterly Risk Committee meetings the participants of which include all members of the Bank's Management Board.

In 2024, key ESG risk management issues were presented at the Risk Committee meetings, including the following:

- The Risk Materiality Assessment for 2023/2024 was approved, including in respect of the impact of ESG factors.
- ESG factors were included in the taxonomy of risks.
- Changes were made to the sector policy in the micro-enterprise segment (ESG risks were taken into account in the new lending policy and excluded sectors were defined on this basis).
- Amendments were made to the lending policy for the corporate segment (principles for integrating ESG matters into the lending policy were defined).

The Risk Committee periodically reports to the Bank's Management Board on key issues related to the impact of risk - including ESG risk - on the Bank's overall risk profile.

In January 2025, the Bank's Management Board approved the results of the double materiality analysis. It also actively participated in the preparation of strategic ESG initiatives in the Bank's Strategy for 2025-2028 and approved the Strategy. The Management Board also approved the Risk Strategy, a component of which is a materiality analysis of risks that also takes into account the materiality of climate-related and environmental factors.

In 2024, the Supervisory Board Audit Committee received information on sustainability, including sustainability reporting. Furthermore, the Supervisory Board Audit Committee took note of the results of the double materiality analysis approved by the Bank's Management Board. While meetings are held on a quarterly basis, the said matters related to the ESG area were discussed in Q4 2024 and in Q1 2025.

The Supervisory Board Risk Committee recommended the Risk Strategy (including in respect of ESG risks) for approval by the Supervisory Board and received information on risk appetite metrics, including those related to the ESG area, on a quarterly basis. The Committee meets once every quarter.

In 2024, the Supervisory Board participated in the oversight of the sustainability area through the Committees mentioned above as well as by adopting the ESG Report of Bank Millennium and the Bank Millennium Group for 2023 and approving the Bank's *Strategy 2025-2028 - Value and Growth* and the *Risk Strategy for 2025-2028*. On a quarterly basis, the Supervisory Board also received information on Risk Appetite Statement (RAS) metrics, including those related to the ESG area.

15.3.2. INTEGRATION OF SUSTAINABILITY-RELATED PERFORMANCE IN INCENTIVE SCHEMES

[GOV-3] Sustainability-related performance is taken into account by the Bank in the incentive schemes applied as part of the Bank's employee compensation policies. Such incentive schemes apply to members of the Bank's Management Board and key managers involved in the pursuit of strategic initiatives in the ESG area.

The rules for compensating members of the highest governance bodies are set forth in the *Compensation Policy for Bank Millennium S.A. Management Board and Supervisory Board Members*. Senior management (employees identified as exerting a material impact on the Group's risk profile, also known as Risk Takers) are subject to the provisions of the *Compensation Policy for Risk Takers in the Bank Millennium Group*. The policy aims to provide a formal framework for

determining the compensation of all the Group's employees from the perspective of corporate governance, institutional safety and the suitability of compensation to the Group's standing, scale of operation and growth potential, by defining fixed and variable compensation elements. The terms and conditions of employee compensation, including incentive schemes, are updated and approved by the President of the Management Board on an annual basis. In turn, the terms and conditions of compensation payable to Management Board members are approved by the Supervisory Board Personnel Committee.

The compensation principles put in place have been formulated in such a manner as to avoid creating incentives that might incline people to engage in activities and take decisions that pose a threat to the Bank's long-term welfare and transcend the acceptable risk profile, to take actions at odds with the best interests of the Group's customers and investors and to introduce risks to sustainable development in the activity of Group companies.

Such (and amendments thereto) are approved by the Bank's Supervisory Board.

[E1 GOV-3] [GOV-3] As regards members of the Management Board and senior management, their performance is appraised in relation to all adopted strategic sustainability objectives. For 2024, the benchmarks were set in the form of objectives defined in the *Bank Millennium Group ESG Strategy for 2022-2024* (www.bankmillennium.pl/documents/d/guest/bankmillennium_strategy2025_2028?mv=3mv).

The aspect assessed is the degree of delay in the pursuit of the strategic initiatives implementing specific goals. The assessment is made with reference to the adopted benchmarks (% of delays). In 2024, among the initiatives assessed in terms of the timeliness of their implementation were climate-related issues such as the pursuit of climate neutrality, the reduction in resource consumption, and the development of sustainability-supporting product offerings. These goals were unrelated to the reduction in greenhouse gas emissions.

Moreover, in the case of the Management Board members, the achievement of the objective *Initiatives with social impact in PLN millions* is also evaluated in relation to the value threshold adopted.

The Management Board evaluation is based on the financial and business performance of the Bank as a whole, combined with an assessment of qualitative and quantitative indicators related to principles and behaviours that foster prudent risk management as well as an assessment of the Bank's risk profile. The assessment of sustainability activities is included in the qualitative assessment process through which the initial bonus value may be modified. For senior management, the ESG criterion accounts for 10% of the assessment factors. Timely implementation of sustainability initiatives means that this component of the bonus is awarded. The assessment of the progress of the initiative is carried out by the head of the Sustainability Department.

15.3.3. SUSTAINABILITY REPORTING

[GOV-5] The principles related to the management and control of the ESG area at the level of the whole Bank Millennium Group are governed by the document entitled *ESG - Principles of Management and Control* adopted by the Management Board. The main objective of these principles is to provide the Bank Millennium Group with a robust framework for the management and control of the ESG area (including the management and control of ESG risks) in full compliance with legal and regulatory requirements, applicable internal regulations and best market practices. The document also describes the responsibility of the Sustainability Department for ESG reporting.

Bank Millennium has internal guidelines in place that govern the sustainability reporting process. These guidelines include rules for obtaining and verifying data and preparing the report in accordance with the applicable standards.

The Sustainability Department, as the unit responsible for the sustainability reporting process, is responsible for:

- Coordinating data acquisition activities from other competent areas,
- Ensuring that the report complies with legal and regulatory requirements,
- Verifying the completeness and integrity of the data provided by the various substantive units.

The sustainability reporting process is designed to be transparent and reliable. It includes the following stages:

- Defining the content of the report,
- Acquiring data,
- Verifying data,
- Preparing the final content of the sustainability reporting,
- External validation,
- Approval by the Bank's competent authorities.

The process of preparing sustainability reporting involves cooperation with various organisational units of the Bank Millennium Group. All participants in the process have had the opportunity to familiarise themselves with the new reporting requirements in accordance with the European Sustainability Reporting Standards (ESRS) as part of the ongoing Double Materiality Analysis (DMA) process.

Identifying and managing sustainability reporting risks is an important part of responsible governance. As part of our responsible approach to managing these risks, we regularly identify and evaluate risks that may affect the completeness, reliability and compliance of our sustainability reporting with the applicable regulations.

The risks identified in this regard in the Bank Millennium Group are:

- Risk of data completeness and integrity - potential omission of material information or misrepresentation of data,
- Risk of accuracy of estimated results - potential deviations due to the methodology or assumptions used in the estimate,
- Value chain data availability risk - limited availability or absence of data from suppliers and/or other value chain partners,
- Timeliness risk - delays in the provision of key data that may affect the timeline for sustainability reporting.
- Regulatory risk - non-compliance with the applicable laws or regulations.

The assessment of these risks is carried out by the Sustainability Department using an expert method of discussing the risks during regular department meetings, prioritising them and planning actions to address them. Due to the rapid development of sustainability reporting regulations as well as increasing data requirements, currently all risks listed above are assessed as having equivalent weights. For this reason, we integrate the findings from the risk assessment and internal controls with regard to the sustainability reporting process into the relevant internal processes on an ongoing basis by adding appropriate provisions in the relevant policies and procedures applied to the Group's operations.

To effectively manage these risks, we have implemented the following solutions:

- Internal regulations - we have prepared internal procedures governing the reporting process which define the roles, responsibilities and data quality standards.
- Control activities related to data verification at the source level, checking data consistency and compliance with regulations.

- Awareness building within the bank on reporting obligations and responsibility for the completeness and accuracy of the reported data (meetings, workshops).
- Source documentation - all data presented in the report are appropriately documented, enabling their verification.
- Process automation - work is underway in the Bank Millennium Group to deploy a comprehensive data management system in order to reduce the risk of errors to a minimum.
- Subjecting sustainability reporting to an independent assurance service.

The process of preparing sustainability reporting described above has been discussed at the meetings of the Sustainability Committee and the Supervisory Board Audit Committee.

15.4. DOUBLE MATERIALITY ASSESSMENT

15.4.1. DESCRIPTION OF THE PROCESS FOR IDENTIFYING AND ASSESSING MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

[IRO-1] In accordance with the requirements of the sustainability reporting standards, serving as the basis for determining the scope of the disclosures and the related application requirements has been a process for identifying the impacts, risks and opportunities, and assessing which of them are material. This process has been carried out taking into account the principle of double materiality, that is both the environmental and social impacts of the Bank Millennium Group have been taken into account (impacts on the external environment, also referred to as impact materiality) and the impact of external factors: environmental, social and governance-related on the Bank Millennium Group (impact of the environment on the Bank Millennium Group, also referred to as financial materiality).

[IRO-1] [BP-1] In both identifying and assessing materiality, we have taken into account the impacts arising from our own operations and business relationships in the value chain. The starting point of the process has been an understanding of the Group's own operations, business model, products, services and data management and a mapping of the whole value chain (upstream and downstream), as part of which we have identified the issues to be further analysed for materiality.

The Group's core business is banking and, as such, a crucial area of our value chain to be analysed has been the loan portfolio by business segment (retail and corporate), including in the context of financed sectors. Due to the business carried out by the Bank Millennium Group (financial/service activities) in the area of resource dependency, we have primarily identified dependency on human resources. The assessment of financial materiality has been carried out from the perspective of those users of the Bank Millennium Group's financial statements who make decisions (if need be) taking into account all available information, including in the area of sustainability. Accordingly, and any such information is omitted or distorted, this may affect the user's decision. This is the case for risks and opportunities causing or likely to cause significant financial impacts for the Group in the future.

[IRO-1] The outcomes of the double materiality assessment have been subjected to input from all stakeholders (interested parties) of the Bank Millennium Group, identified in the course of the analyses and appropriately involved in the process of identifying and assessing specific impacts, risks and opportunities. Stakeholder engagement has been driven by a desire to understand how the Group affects the stakeholders. The main forms of stakeholder engagement have been surveys, workshop sessions and, in the case of the environment, desktop studies, that is analyses of selected studies and reports made available by organisations representing environmental interests, such as WWF Poland and Climate Strategies Poland. A survey of stakeholders' interests and views on ESG matters identified in the ESRS was conducted in December 2023. The survey covered all employees of the Bank Millennium Group and selected external stakeholders (specifically, customers and business partners). Additional surveys were conducted in June 2024 and targeted our key business partners: mortgage brokers and franchisees. The results of the double materiality assessment were also determined by

the responses given by employees in the Bank's satisfaction survey. The Voice of Customer (VOC) complaint root cause elimination program has also been analysed for ESG matters raised by customers requiring action on the Bank's part. Internal dialogue sessions were also held in June 2024 with representatives of selected Bank departments and subsidiaries in order to identify the value chain and plan stakeholder engagement, among other issues. The information collected from stakeholders has been used to complete the list of actual and potential impacts and has been taken into account in the final assessment of the identified impacts concerning the respective stakeholder group.

The Sustainability Department was responsible for conducting the double materiality assessment. The identified impacts, risks and opportunities as well as the proposals for their assessment have been subject to verification with internal documentation and confirmation with the responsible units, primarily the Risk Department and the Compliance Department. The outcomes of the double materiality analysis have been subject to approval by the Sustainability Committee and by the Bank's Management Board and subsequently presented to the Bank's Audit Committee.

For the purpose of ensuring appropriate knowledge of sustainability reporting requirements, training sessions and workshops have been held with management and staff involved in the double materiality analysis process, including representatives of Bank Millennium Group subsidiaries.

[IRO-1] [BP-1] For the identification of impacts, risks and opportunities, we have resorted to multiple sources of information, including reputable external sources, such as the UNEP FI Portfolio Impact Analysis Tool for Banks and the SASB Materiality Finder tool. In particular, these tools have been used to identify impacts in relation to the Group's core business, that is the Group's loan portfolio.

[E1 IRO-1] Information regarding identified climate-related impacts, risks and opportunities can be found in section 15.4.3. *Identified impacts, risks and opportunities*, in the part: *Climate related impacts, risks and opportunities - identification and assessment*.

[E2 IRO-1] Actual and potential impacts, risks and opportunities related to pollution of air, water and soil (excluding greenhouse gas emissions and waste), microplastics and substances of concern, as well as dependence on ecosystem services within the Millennium Bank Group's own operations and upstream and downstream value chain were identified using the UNEP FI Portfolio Impact Analysis Tool and SASB Materiality Finder. The Bank did not consult on pollution, as no significant concentration of the Group's operations and its value chain in the sectors identified by the aforementioned sources as having a significant impact on pollution was identified. Nor were the local communities affected by such activities identified.

[E3 IRO-1] Actual and potential impacts, risks and opportunities related to water and marine resources within the Millennium Bank Group's own operations and upstream and downstream value chain were identified using the UNEP FI Portfolio Impact Analysis Tool and SASB Materiality Finder. The Bank did not consult on water and marine resources, as no significant concentration of the Group's operations and value chain was identified in the sectors identified by the aforementioned sources as having a significant impact on water and marine resources. Nor have local communities been identified as being affected by such activities.

[E4 IRO-1] Actual and potential impacts, risks and opportunities related to biodiversity and ecosystems within the Millennium Bank Group's own operations and upstream and downstream value chain were identified using the UNEP FI Portfolio Impact Analysis Tool and SASB Materiality Finder. Direct impact factors on biodiversity loss, impacts on the status of species, and impacts on the extent and condition of ecosystems were analysed. The Bank did not consult on biodiversity and ecosystems, as no significant concentration of the Group's operations and value chain was identified in the sectors identified by the aforementioned sources as having a significant impact on biodiversity and ecosystems. Nor were the local communities affected by such activities identified.

The Bank has not identified and assessed dependencies on biodiversity and ecosystems and related services in its own upstream and downstream locations and value chain, nor has it considered systemic

risk and conducted scenario analyses. The Bank assesses the scope and level of detail of the analyses carried out as tailored to its operations across the value chain.

The Bank has no locations in or near biodiversity-sensitive areas. No need to implement biodiversity loss mitigation measures, such as those set forth in:

- Directive 2009/147/EC of the European Parliament and of the Council on the conservation of wild birds;
- Council Directive 92/43/EEC on the conservation of natural habitats and wild fauna and flora;
- Environmental Impact Assessment (EIA) as defined in Article 1(2)(g) of Directive 2011/92/EU of the European Parliament and of the Council (76) on the assessment of the effects of certain public and private projects on the environment.

[E5 IRO-1] Actual and potential impacts, risks and opportunities related to resource use (input and output resources) and the circular economy (waste management, including hazardous waste and non-hazardous waste) within the Millennium Bank Group's own operations and upstream and downstream value chain were identified using the UNEP FI Portfolio Impact Analysis Tool and SASB Materiality Finder. The Bank did not consult on resource use and the circular economy, as no significant concentration of the Group's operations and its value chain were identified in the sectors identified by the aforementioned sources as having a significant impact on resources and the circular economy. Nor were the local communities affected by such activities identified.

[G1 IRO-1] The process of identifying material impacts, risks and opportunities in the area of corporate governance was conducted in accordance with the methodology adopted by the Bank and described in Section 15.4. The criteria used in the process took into account the specifics of the Bank's banking and leasing activities in Poland, including the Group's applicable laws and regulations, as well as the significant impacts, risks and opportunities previously identified by the Group or its parent company.

[IRO-1] The double materiality assessment process was conducted in 2024 for the first time. The double materiality analysis carried out in accordance with the ESRS is subject to approval by the Management Board each time new, previously unidentified impacts, risks and opportunities are identified or their assessment changes. Such situations may arise from significant changes in the Group's business activities or significant external factors. When events are identified that may change the outcomes of the double materiality analysis, and at least annually regardless of the occurrence of such events, the double materiality analysis gets reviewed.

15.4.2. KEY STAKEHOLDERS

Key stakeholders

Engagement with interested parties (stakeholders) affected by the entity plays a fundamental role in the ongoing due diligence process carried out by the entity. Stakeholders are parties that may affect or be affected by the Bank Millennium Group's actions. Stakeholders are broken down into two the following main groups:

- (a) stakeholders affected by the Bank Millennium Group: individuals or groups whose interests are or may be affected, positively or negatively, by our activities and the Group's direct and indirect business relationships across the value chain, and
- (b) users of sustainability statements: primary users of financial reporting for general purposes (existing and potential investors, lenders and other creditors, including asset managers, credit institutions, insurance companies) as well as other users of sustainability statements, including our business partners, trade unions and social partners, civil society, NGOs, governments, analysts and academics.

[SBM-2] The Bank Millennium Group conducts its business taking into account the views, interests and rights of the key stakeholders it impacts, which include:

1. Employees and the trade unions that represent them,
2. Key business partners (franchisees, brokers, product and service providers),
3. Our customers (corporate and retail),
4. Investors holding more than 5% of Bank Millennium shares, including our major shareholder Banco Comercial Português (BCP),
5. Natural environment (also referred to as a silent stakeholder represented by environmental organisations).

The identification of our material stakeholders has been carried out in the course of a double materiality analysis taking into account the analysis of the Bank Millennium Group's operational activities and based on interviews with employees.

Employees of the Bank Millennium Group

[SBM-2] A significant pillar of our business model is creating a welcoming workplace for existing employees and talent. We see employee engagement and satisfaction as key prerequisites for achieving the goals we set and the success we achieve as well as for the long-term development of our organisation. We conduct annual satisfaction surveys of our employees. Their outcomes are meticulously examined in order to make necessary changes to the relevant processes. Employees may also report irregularities through dedicated online channels and an email address. They may share their comments and opinions via the Viva Engage social network and the Millennium World corporate intranet. Additionally, under the agreements in place, the Bank and the trade unions agree on internal regulations relevant to employees, such as compensation regulations, bonus regulations, remote work regulations and the social fund spending plan. The Bank also consults with the trade unions on case-by-case employee issues.

These communication channels enable us to obtain information from all employees - our own personnel (head office and own branches) and those working in the value chain (employees of franchise branches). Any information so obtained regarding interests, views and rights is then thoroughly analysed and used to make adjustments to our business model and strategy.

Our customers

[SBM-2] Bearing in mind our business model in which we focus on a tailored offering to our customers and the highest quality of customer service, the identification of customer needs is an ongoing, initial element of every project. Research is carried out on samples of retail, corporate and micro (small business) customers. In 2024, Bank Millennium conducted quantitative and qualitative research in the area of market trends and specific assumptions in the area of products and service quality. This information is supplemented by projects using the Service Design methodology, in which a full understanding of customer needs plays a key role. The results of the research are presented to the relevant business units as well as at a special meeting - the CX Forum, which is held every two weeks with selected members of the Management Board. The purpose of these meetings is to show current information on how the Bank's customers evaluate products and services as well as to make decisions on how to improve the customer experience. Customer research is used both to improve the quality of service and to develop the product offering. Such an approach allows us to verify and then modify a process, product, communication or customer service model. Regularly performing this research makes it possible to maintain the quality of service at the highest possible level in every service channel and observe trends on the financial services market. In order to continuously improve the product offering and the quality of customer service, the Bank also analyses customer requests and complaints; details related to this form of cooperation with customers is presented in sections 19.2. *General customer engagement processes* and 19.9. *Remediation of negative impacts*.

The analyses also take into account key business partners, which include franchisees, brokers, product and service providers. Franchisees, as an important distribution channel for banking services, constitute the group of business partners most significantly affected by the Group and are described in detail in the section about employees in the value chain.

In the group of investors holding more than 5% of Bank Millennium's shares, the stakeholder engagement process has taken into account the interests and opinions of the Bank Millennium Group's main shareholder, BCP, through direct communication with its representatives, OFE PZU *Złota Jesień* through the analysis of the *Sustainable Investment Policy of PZU SA and PZU Życie SA (2024)*, Allianz Polska OFE through the analysis of the *Sustainability Report 2023* and Nationale-Nederlanden OFE through the analysis of the *NN Responsible Investment Framework Policy (2024)*.

The natural environment has been identified as a stakeholder affected by environmental impacts. NGOs and research and scientific institutions speak on behalf of the environment. Among the reports taken into account have been the following: *Zero Emission Poland 2050 - WWF (2020)* and *Reporting alone will not protect the climate. Decarbonising your business - climate competitiveness 2.0 - Climate Strategies Poland Foundation (2024)*.

Stakeholder engagement in the double materiality assessment process

[SBM-2] The key stakeholders we impact through our operations have also been involved in the process of identifying impacts, risks and opportunities and assessing their materiality. The process serves as a basis for identifying the scope of this statement. Through participation in surveys and workshop meetings, stakeholders have been given the opportunity to provide their views on topics of importance to them, related to the Millennium Group's activities. As regards the specific stakeholder in the form of the natural environment, which we impact through our value chain, we have used the opinions and studies of selected organisations representing environmental interests in our analyses.

Engagement of Bank Millennium Group corporate bodies in dialogue with stakeholders

The opinions of the stakeholders we impact are analysed in depth and communicated at all levels of management in the Bank. The outcomes of customer needs surveys are discussed twice a month at the CX Forum - a meeting organised with selected Board Members and representatives of pertinent business units. In terms of other forms of communication with stakeholders and gathering information on stakeholder opinions, dedicated workshop meetings are organised with representatives of relevant areas. Sustainability matters are given special attention by the Sustainability Committee at its regular meetings. The extent of involvement of the Management Board, the Supervisory Board Audit Committee and the Sustainability Committee in the double materiality analysis process carried out in the preparation of this statement (including: communicating the views and interests of the Bank's affected stakeholders) is described in section 15.4.3. *Identified impacts, risks and opportunities*.

15.4.3. IDENTIFIED IMPACTS, RISKS AND OPPORTUNITIES

[SBM-3] As part of the double materiality analysis on the basis of which the list of issues considered in this sustainability statement has been determined, we have examined the impacts, risks and opportunities in all areas of sustainability: environmental, social and governance, and we have evaluated them in terms of materiality across the Bank Millennium Group's value chain.

As a result of our analysis, we have identified the following material impacts and risks within the sustainability themes covered by the ESRS. We have not identified any material opportunities.

Identified impacts and risks (in accordance with ESRS)

Area	ESRS	Thematic unit	Sub-theme	Impacts		Risks	
				Description	Classification	Description	Classification
Environment	E1 Climate change	Climate change mitigation	-	Not identified		Risks to the corporate loan portfolio arising from the financing of customers in high-emission sectors and related to potential reduction targets for scope 3 of category 15	Risks in the downstream value chain in the medium to long term
						Risks associated with the transition of corporate customers towards a low-carbon economy	Risks in the downstream value chain in the medium to long term
Social	S1 Own workforce	Working conditions of own workforce	Work-life balance	Impact resulting from measures in place to support employees' work-life balance	Actual (within the timeframe corresponding to the reporting period) positive impact in own operations	Not identified	
			Job security	Impact related to ensuring job security for employees through stable forms of employment, programs dedicated to employees approaching retirement age and a broad range of fringe benefits	Actual (within the timeframe corresponding to the reporting period) positive impact in own operations		
			Working time	Impact resulting from strictly defined working hours and overtime monitoring	Actual (within the timeframe corresponding to the reporting period) positive impact in own operations		
			Adequate compensation	Impact related to measures taken to ensure adequate compensation	Actual (within the timeframe corresponding to the reporting period) positive impact in own operations		
			Freedom of association, existence of works councils and employees' rights to information, consultation and participation	Impact through ensuring freedom of association of employees and cooperation with trade unions	Actual (within the timeframe corresponding to the reporting period) positive impact in own operations		

Area	ESRS	Thematic unit	Sub-theme	Impacts		Risks	
				Description	Classification	Description	Classification
			Social dialogue	Impact through establishing effective channels of communication with employees	Actual (within the timeframe corresponding to the reporting period) positive impact in own operations		
			Occupational health and safety	Impact related to ensuring a safe working environment	Actual (within the timeframe corresponding to the reporting period) positive impact in own operations		
				Impact related to potential exposure to acts of violence among branch employees (due to handling of cash)	Potential negative impact in own operations across all timeframes		
		Equal treatment and equal opportunities for all		Gender equality and equal pay for work of equal value	Impact related to the promotion of gender neutrality, including in the area of employee compensation	Actual (within the timeframe corresponding to the reporting period) positive impact in own operations	Not identified
				Training and skills development	Impact related to attention to the development of employees' skills, including through training	Actual (within the timeframe corresponding to the reporting period) positive impact in own operations	
				Measures to prevent violence and harassment in the workplace	Impact related to taking measures to prevent violence	Actual (within the timeframe corresponding to the reporting period) positive impact in own operations	
				Diversity	Impact related to the promotion of diversity	Actual (within the timeframe corresponding to the reporting period) positive impact in own operations	
		Other work-related rights	Privacy	Impact related to the protection of privacy and personal data of the Group's own workforce	Actual (within the timeframe corresponding to the reporting period) positive impact in own operations	Not identified	
		S2 Workers in the value chain	Working conditions	Job security, Working time, Adequate compensation, Social dialogue, Freedom of	Impact related to the commitment of suppliers and business partners to respect the ethical principles and working conditions that apply in the Bank Millennium Group	Actual (within the timeframe corresponding to the reporting period) positive impact in the upstream value chain	Not identified

Area	ESRS	Thematic unit	Sub-theme	Impacts		Risks	
				Description	Classification	Description	Classification
			association, including the existence of works councils, Collective bargaining, Work-life balance, Occupational health and safety	Impact related to the commitment of suppliers and business partners to respect the ethical principles and working conditions that apply in the Bank Millennium Group	Actual (within the timeframe corresponding to the reporting period) positive impact in the downstream value chain		
S4 Consumers and end-users	Information-related impacts on consumers or end-users	Access to (high-quality) information		Impact resulting from taking numerous actions to ensure that customers have access to reliable information about product offerings across all sales channels	Actual (within the timeframe corresponding to the reporting period) positive impact in own operations	Risks arising from increasing consumer protection	Risks in own operations across all timeframes
				Impact on retail customers due to potential under-information of customers	Potential negative impact in own operations across all timeframes		
		Privacy		Impact resulting from measures to ensure privacy and confidentiality and security of customer data as well as processes for handling data breaches and ensuring transparent information about data breaches	Actual (within the timeframe corresponding to the reporting period) positive impact in own operations	Not identified	
				Impact resulting from exposure to potential leaks of personal data and bank secrecy, including as a result of a cyber attack	Potential negative impact in own operations across all timeframes		
		Social inclusion of consumers or end-users	Responsible marketing practices	Impact related to providing clear and understandable information about the Bank's products and services	Actual (within the timeframe corresponding to the reporting period) positive impact in own operations		
			Non-discrimination	Impact related to ensuring inclusiveness of products and services.	Actual (within the timeframe corresponding to the reporting period) positive impact in own operations		

Area	ESRS	Thematic unit	Sub-theme	Impacts		Risks	
				Description	Classification	Description	Classification
Corporate governance	G1 Conduct of business	Corporate culture	-	Impact resulting from the principles of corporate culture implemented in our policies, procedures, rules and regulations, and embedded in all processes within the Group	Actual (within the timeframe corresponding to the reporting period) positive impact in own operations	Not identified	
		Whistleblower protection	-	Impact related to the whistleblower protection procedures in place and the anonymous channel for reporting violations	Actual (within the timeframe corresponding to the reporting period) positive impact in own operations		
		Corruption and bribery	-	Impact related to anti-corruption measures taken	Actual (within the timeframe corresponding to the reporting period) positive impact in own operations		
			-	Impact on our suppliers resulting from their commitment to comply with the Bank Millennium Group's anti-corruption policy.	Actual (within the timeframe corresponding to the reporting period) positive impact in the upstream value chain		

Moreover, in the course of our analysis, we have identified additional material impacts and risks specific to the Bank Millennium Group. We have not identified any material opportunities.

Identified (sector-specific) impacts and risks

Area	Thematic unit Sub-theme	Impacts		Risks	
		Description	Classification	Description	Classification
Sector-specific	Theme specific to the Bank Millennium Group: S4 Impacts on consumers or end users related to the safety of deposited funds	Impact related to the security exposure of deposited funds due to cyber attacks	Potential negative impact in own operations across all timeframes	Risk of data leakage, loss of trust and financial losses due to cyber attacks	Risks in own operations across all timeframes
		Impact resulting from cybersecurity measures taken	Actual (within the timeframe corresponding to the reporting period) positive impact in own operations		

[SBM-3] In light of the limited availability of data and quantitative applicable criteria, the assessment of the current financial effects from material risks and opportunities in 2024 has been carried out in an expert-like manner, based on qualitative criteria.

Corporate and retail customer financing provided in the form of loans, advances or leases forms the basis of our business model. This business is primarily funded through deposits from customers accepted by Bank Millennium. As such, the Bank recognises that to understand the resilience of the Bank's business model to climate risk it is critical to determine the materiality of the impact of climate risk on the Bank's credit and liquidity risk profile.

In 2024, the Bank Millennium Group conducted a comprehensive materiality assessment of the impact of climate and environmental risks on the Bank's traditional risks, that is credit, operational, market, liquidity, strategic, reputational and economic risks. The conclusions of this assessment will be used as a background to a full-scale resilience analysis which will be the part of the Transition Plan.

The impact of climate risk on credit risk:

The materiality assessment covered the following portfolios:

Portfolio of financing provided to companies (corporations and small business):

- **Transition risk assessment:** As part of the materiality assessment, the Bank has conducted a review of its portfolio in terms of emission intensity. This analysis has demonstrated that the Bank has a low exposure to industries exposed to medium or high transition risk (approximately 5% of the Bank's total loan portfolio). The Bank Millennium Group refrains from financing new coal mines and coal-fired power generation projects, except for new projects related to pollution reduction. New financing in the energy sector is only possible if it serves the commitment to non-carbon based energy sources and the energy transition to non-carbon based energy sources. Actions in this area reflect the stated strategy to integrate climate risk into the Bank Millennium Group's risk management policies as well as to promote innovation and the transition to a low-carbon economy.
- **Physical risk assessment:** the Bank has no concentration of exposures in sectors typically characterised by higher exposure to physical risks related to climate change (such as agriculture). In addition, based on its analysis of climate risk maps for Poland (Klimada 2.0 database), the Bank concludes that it has a negligible volume of exposures in regions with elevated physical risk (about 1% of the Bank's total credit portfolio).

Portfolio of consumer mortgage loans:

- **Transition risk assessment:** based on its estimates, the Bank currently has a marginal exposure to loans financing properties that fall into the two lowest/worst energy efficiency classes. The Bank monitors on an ongoing basis legislative changes regarding the introduction of criteria for specific classes of energy efficiency in Poland and the development of the regulatory environment in terms of possible restrictions on the possibility of selling/renting energy inefficient properties.
- **Physical risk assessment:** the Bank's portfolio is dispersed and geographically diversified across Poland. The Bank does not have a concentration of financed properties in areas with higher physical risk. Geographic diversity provides greater resilience to physical risks associated with climate change, such as flooding or inundations. The regulations implemented by the Bank are designed to minimize the Bank's exposure to potential damage and loss, while enhancing operational and financial stability.

Portfolio of (unsecured) consumer loans extended to consumers:

- **Transition risk assessment:** as estimated by the Bank, it does not identify in its portfolio a concentration of exposures related to sectors significantly exposed to transition risk.
- **Physical risk assessment:** the Bank's portfolio is dispersed and geographically diversified across Poland, and as a result there is no concentration of financing for consumers residing in regions with higher physical risk.

The impact of climate risk on liquidity risk:

- **Transition risk assessment:** the Bank has implemented and applies concentration limits on deposits accepted from individual businesses as part of its risk management strategy, thereby minimising the potential risk of over-reliance on financing from single large depositors, thereby enhancing the Bank's financial stability. As part of its analysis of the materiality of transition risk in liquidity risk, the Bank has reviewed the twenty largest corporate depositors - none of the companies operate within emission intensive sectors and therefore higher exposure to transition risk.
- **Physical risk assessment:** The dispersed geographical distribution of depositors across Poland (both corporates and consumers, whose deposits account for the majority of the Bank's financing) means lack of concentration in locations with higher physical risk. The Bank does not currently identify a material risk of deterioration in the Bank's liquidity due to physical risk.

The Bank intends to implement a methodology and process for conducting climate stress tests, which will provide a complementary and more sophisticated quantitative approach to assessing the resilience of the Bank's business model to climate change under pre-set climate change scenarios and time horizons.

Assessment of social and governance impacts and risks:

The Bank believes that its strategy and business model are resilient to negative impacts. Details of the measures building our resilience are described in the sections below:

- *17.6 Health and safety of employees*
- *19.4 Safety of deposited funds*
- *19.5 Privacy*
- *19.6 Access to (high-quality) information*

The Group, in the first year of preparation of the statement, uses the exemption provided by Appendix C of ESRS 1 and does not present disclosures on the anticipated financial effects from material physical and transition risks and potential climate-related opportunities (ESRS disclosure requirement E1-9). Due to the first year of preparing the statement in accordance with the applicable European Sustainability Reporting Standards (ESRS), the Group does not disclose an indicator on the change in material impacts, risks and opportunities compared to the previous reporting period.

Materiality of impact

[IRO-1] The identified impacts have been classified by their nature, as positive or negative, and type, as actual or potential. Following our internal methodology for assessing the materiality of impacts, based on the European Sustainability Reporting Standards, we then assessed each identified impact against a set of qualitative criteria. The assessment was based on expert judgement and included components such as the scale of the impact and its scope, the likelihood for potential impacts, and irremediability. A summary of the assessment components used is presented below:

Summary of assessment components

Type of impact	Scale	Scope	Irremediability	Likelihood
Negative actual	+	+	+	
Negative potential	+	+	+	+
Positive actual	+	+		
Positive potential	+	+		+

The assessment is based on a 5-point scale in which the maximum number of points corresponds to the greatest strength of impact. The criteria adopted for awarding the sub-assessments are based on the following assumptions:

- the **scale** for environmental impacts reflects the degree of exposure of the environment, people and organisms (from imperceptible to catastrophic/very positive), while for social impacts and internal governance, the degree of impact on human health or quality of life or internal governance;
- the **scope** of environmental impacts is linked to the size of the geographical area (global or local impact) and, for social impacts and internal governance, to the size of the affected population (number of social groups affected and percentage of the population within these groups);
- the **irremediability** of the negative impact, that is the lack of possibility of restoring the baseline given the necessary efforts, resources and time horizon;
- the **likelihood** of potential environmental, social and internal governance impacts.

Particular attention has also been paid to verifying whether the impact assessed is related to human rights. Where a potential negative impact on human rights has been identified, an assessment of the severity of the impact takes precedence over its likelihood.

In order to determine which impacts are material to the Bank Millennium Group’s operations, based on the rating scale adopted, we have selected a cut-off point below which we considered our impacts to be immaterial. This threshold was set based on expert judgement so that the percentage of material impacts among all identified impacts would allow for transparency and relevance of disclosures to the audience.

The process of identifying, assessing, prioritising and monitoring the potential and actual impacts of the Bank Millennium Group on people and the environment has been carried out based on the due diligence process set out in the international instruments of the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises.

Financial materiality

As part of the financial materiality assessment process, we have analysed the Bank Millennium Group’s dependencies on natural, human and social resources, which may act both a source of financial risks or opportunities. The analysis has covered both:

- matters under our control (in line with the adopted consolidation), related to our own operations and arising mainly from the identified impacts and the Strategy of the Bank Millennium Group,
- matters arising from our business relationships.

The starting point of the assessment is a list of identified environmental and social impacts of the Bank Millennium Group, which we have analysed for possible links and dependencies with the risks and opportunities that may arise from these impacts.

The assessment of financial materiality includes a scale of financial impacts and probability (from 1 to 5, similarly to impacts), where the maximum number of points corresponds to the highest scale and the highest probability of occurrence. The sub-assessments of risks and opportunities in 2024 have been based on qualitative criteria, due to the limited availability of quantitative criteria that might be applied. From a financial perspective, we have considered sustainability matters that cause, or may reasonably be expected to cause material financial effects due to their influence on our Group's development, financial position, financial performance, cash flows, access to finance or cost of capital in the short, medium or long term. As with the impact assessment, in order to identify risks and opportunities that are material to the operations of the Bank Millennium Group, we have set a quantitative cut-off point below which we consider a risk or opportunity to be immaterial. The threshold has been determined based on expert judgement with a view to maintaining transparency and relevance of disclosures to the audience.

An important role in the materiality assessment process has been played by the Bank Millennium Risk Department, which is responsible for managing the traditional risks identified in the operations of the Bank Millennium Group, that is credit, concentration, market, liquidity, operational (including reputational) and strategic risks. In accordance with supervisory guidelines, environmental and social issues are taken into account as factors affecting the level of traditional risk categories. For this purpose, the Risk Department has established a process for periodically assessing the materiality of the impact of environmental and social risk factors and has developed a methodology for climate and environmental risk materiality assessment. For material climate and environmental risks Bank Millennium identifies their transmission channels to traditional banking risks. At present, the Bank considers that the implementation of detailed solutions to identify, measure, control and report ESG risks is relevant for credit and liquidity risk. The Bank has also started developing climate scenario analysis and coordinating this analysis with the overall internal stress testing framework.

The Bank Millennium Group also recognises business potential related to sustainability, primarily related to financing the transition to a low-carbon and climate-resilient economy, as outlined in section 16. *Climate change (ESRS E1)* of this statement.

Climate-related impacts, risks and opportunities - identification and assessment

[E1 IRO-1] The Bank has identified and assessed climate-related impacts, risks and opportunities in accordance with the adopted methodology outlined above and taking into account the current level of greenhouse gas emissions from our own operations (scope 1 and 2) and value chain (scope 3), with a particular focus on our loan portfolio and lease activities. Information on GHG emissions for all relevant scopes and categories is presented in sections 16.3.1 *Climate-related targets* and 16.3.3. *Gross Scopes 1, 2, 3 and Total GHG emissions*. We have also included in the analysis planned activities - both those that may act as a source of new GHG emissions and those related to their reduction for the planned achievement of climate neutrality from all Group operations (Scopes 1-3) by 2050, a list of which will be expanded as a result of the development of the Transition Plan. Potential future greenhouse gas emissions in the Bank Millennium Group will come from new financing.

Physical risk

Climate-related physical risks result from climate change, can be event-driven (acute) or from longer-term shifts (chronic) in climate patterns.

Acute physical risks arise from particular hazards, especially weather-related events such as storms, floods, fires or heatwaves. Chronic physical risks arise from longer-term changes in the climate, such as temperature changes, and their effects on rising sea levels, reduced water availability, biodiversity loss and changes in land and soil productivity.

Bearing in mind that the Group's financial activities relate to Poland, from the broad list of physical risk factors defined in the EU Taxonomy (in Appendix A of the Delegated Climate Regulation, which defines the technical criteria for considering an activity as environmentally sustainable), we have selected for analysis the physical risk factors relevant to the geographical scope of our financial activities based on the Intergovernmental Panel on Climate Change (IPCC) study, in the short, medium and long term. The factors relevant to the region in which we conduct our financial activities are:

- floods / inundations,
- droughts / water stress,
- heat waves.

The Group's assets and business activities exposed to physical risks include the loan portfolio to the extent that it finances physical assets. Due to the nature of the Bank Millennium Group's business, which covers the whole country and a broad cross-section of business sectors, the analysis of climate risk has been performed on a geographical basis for physical risk (at postal code level) and at PKD code level of the main corporate customer business.

For the identification and assessment of physical risks, the climate scenarios defined in the most recent IPCC report (the latest version of the report from March 2023) have been used:

- **RCP 8.5 (SSP5-8.5)** - the scenario assumes very high greenhouse gas emissions and an increase in the Earth's average temperature by more than 4°C relative to the pre-industrial era, leading to increased materialisation of physical climate risks.
- **RCP 4.5 (SSP2-4.5)** - the scenario assumes a relatively ambitious reduction in greenhouse gas emissions with an initial small increase until around 2040, followed by a 50% reduction in global emissions by 2080. This scenario is broadly consistent with the GHG emissions profile that will result from the implementation of the 2030 Sustainable Development Goals and will keep temperature increases below 3°C relative to the pre-industrial era (but will not meet the 2°C cap agreed under the Paris Agreement).

The above scenarios refer to the following time horizons:

1. short and medium term - 2021-2030 horizon,
2. long-term - 2041-2050 horizon.

We have not identified any material physical risks in relation to our own operations or within our value chain, particularly at downstream, covering our business and retail customers (mortgage and consumer loans).

For the 2024 financial reporting, quantitative data calculated or estimated using climate scenarios have not been used. The analyses for 2024 are qualitative in nature.

Transition risk

Transition risks arise from the transition to a low-carbon and climate-resilient economy. They typically include policy risks, legal risks, technology risks, market risk and reputational risks. For the Bank Millennium Group, we have recognised the following factors/events related to the downstream value chain (loan portfolio) and own operations - assessed in the short, medium and long term:

Scope of transition factors

Categories of transition risk factors

Climate-related transition events

Political and legal	<p>Introducing regulations on:</p> <ul style="list-style-type: none"> reducing greenhouse gas emissions, mandatory purchase of greenhouse gas emission allowances, carbon footprint tax mechanisms, banning the production of certain goods (e.g., combustion cars).
Technological	<ul style="list-style-type: none"> Technological changes related to energy efficiency, low-carbon transportation and increasing use of non-fossil fuels or other technologies, Existing business models of companies may rely on technologies that may be replaced or on the use of energy sources that may become more expensive as a result of policy actions (whether through higher efficiency standards or the introduction of carbon taxes).
Market-based	<ul style="list-style-type: none"> Investor preferences and changing expectations with regard to climate change, which require climate risk issues to be taken into account, Consumer preferences changing towards more climate-friendly consumption. For this reason, retail customers may expect their savings or investments to go toward climate-friendly causes. Increased awareness and clear demand for climate-friendly financial products and investments provide a potential incentive for companies and banks to adjust their business strategies, regardless of potential regulatory or supervisory approaches.
Reputation-related	<p>Unfavourable perception of financing for energy-intensive or carbon-intensive (CO₂) sectors.</p>

The analysis carried out considers the climate scenarios developed by The Network for Greening the Financial System (NGFS):

- Net Zero 2050 - the scenario assumes curbing the increase in the Earth's average temperature to 1.5°C relative to the pre-industrial era by strengthening policies and introducing innovations to achieve net zero CO₂ emissions in 2050. The scenario assumes that climate policies will be swiftly implemented and there will be rapid technological change to support the transition.
- Current Policies - the most pessimistic climate scenario assuming a continuation of the current rate of growth of greenhouse gas emissions ("business as usual") and an increase in the Earth's average temperature by 2.9°C relative to the pre-industrial era, leading to an increased materialisation of physical climate risks. The scenario assumes that only current climate policies will be implemented (climate policy ambitions will not be increased) and that technological change to support the transition will take place slowly.
- Delayed transition - the scenario assumes that global annual emissions will not decrease until 2030 due as no new climate policies will be introduced until that year. It is therefore only after 2030 that a reduction in temperature increase below 2°C relative to the pre-industrial era may be expected. The scenario assumes that climate policies will be implemented with a delay, while technological changes supporting the transition will occur at a varying pace, depending on the region.

The above transition risk scenarios refer to the following time horizons and their endpoints:

1. short-term - reporting period (1 year) - 2025.
2. medium-term - up to 5 years - 2030
3. long-term - more than 5 years - 2040.

The findings from the transition risk assessment have been used in our double materiality analysis. As material transition risks we assessed the impact of the transition to a climate-neutral economy on customers in the corporate portfolio (including SMEs) from energy-intensive or carbon-intensive sectors, including:

- insolvency risk - increased risk of insolvency if changes in regulation, the market or customer preferences affect the ability to and/or way of conducting business,
- collateral risk - collateral may be devalued if it is linked to industries susceptible to transition risk,
- liquidity risk - sudden changes in legislation or the market may lead to increased liquidity needs and the ability to meet debt obligations.

Scale of financial impact: Sectors with high exposure to transition risk (such as energy production, automotive, land and air transport, cement, lime and gypsum production, metal production, rubber and plastic products and chemicals) account for around 24% of our corporate portfolio. According to estimates by the European Central Bank (2023), the transition to climate neutrality will reduce the profitability of EU companies by an average of 2 to 3 percentage points, and double that for energy-intensive sectors. Debt will also go up (with a leverage ratio increased by 3-4 percentage points, with up to 3 to 4 times more for energy-intensive sectors). The Bank Millennium Group is not significantly exposed to oil and gas mining, service activities supporting this sector or to the production and processing of oil and gas mining products. Financing for these activities represents 0.2% of the corporate portfolio and less than 0.1% of the total portfolio.

Likelihood: Energy-intensive and CO₂e-intensive sectors are facing tighter regulations to reduce carbon emissions. It is assumed that regulations will become more stringent over time to meet EU and Polish decarbonisation targets. Most targets are set for 2030 and 2040. We estimate that these risks may materialise in the medium to long term.

Time horizon: Medium and long-term horizon.

- The risk of having to reduce the customer base and, as a consequence, a decline in profitability resulting from the withdrawal of financing from customers in carbon-intensive sectors.

Scale of financial impact: The Bank Millennium Group's exposure to corporate customers operating in the coal and mining sectors is already very low, and the Bank Millennium Group has implemented a strict policy on new financing for these sectors. This notwithstanding, the expected increase in materiality of the impact of transition risk factors may potentially result in the need to reduce financing for customers failing to take transition actions, especially in high-emission sectors (mainly power generation, CRE, cement, steel and aluminium, transport, manufacturing), which may affect the revenues and consequently the profitability of the Bank Millennium Group.

Likelihood: Increasing pressure from the Bank Millennium Group's stakeholders and the adoption of the Transition Plan including reduction targets for financed emissions, might reduce some revenues in the absence of appropriate actions to transform the financing offer. We estimate that this risk may only materialise in the long term.

Time horizon: Medium and long-term horizon.

Climate-related changes may also bring business potential, especially in the context of developing a portfolio of financial assets that support the green transition of the economy and sustainable development. In our double materiality analysis, we have not identified any material climate change-related opportunities for our business (above the adopted materiality threshold).

The Group is in the process of identifying assets where the transition to a climate-neutral economy has not been taken into account or where significant efforts are required to take this into account (for example, due to significant locked-in greenhouse gas emissions or failure to meet Taxonomy-aligned compliance requirements under Commission Delegated Regulation (EU) 2021/2139).

15.4.4. LIST OF REQUIREMENTS

[IRO-2] For a list of disclosure requirements fulfilled in the preparation of the sustainability statement following a materiality assessment, see section 22. *Attachments*.

A list of the data points contained in the cross-cutting standards and thematic standards that derive from other EU legislation is presented in section 22. *Attachments*.

The starting point for determining the scope of information disclosed within the sustainability statement is the assessment of impact materiality and financial materiality. Sustainability matters are considered “material” if they meet the double materiality principle, that is the criteria defined for either impact materiality or financial materiality, or both. Irrespective of the outcome of the materiality assessment, the scope of the statement also includes all the information and data points required under *ESRS 2 General disclosures* and as set out in the thematic ESRs related to the disclosure requirement IRO-1 *Description of the process to identify and assess material impacts, risks and opportunities* (including in their data points).

For the purpose of determining which detailed data points require disclosure, the Sustainability Reporting Standards and EFRAG *Implementation Guidance 3: Detailed ESRS Datapoints* have been relied upon.

In addition to the application of the disclosure requirements defined for the environmental, social and governance areas for disclosures related to impacts, risks and opportunities specific to the Bank Millennium Group, guidance has been applied for disclosures not covered or insufficiently detailed by the ESRS standards.

Due to the qualitative nature of the disclosures, no materiality threshold has been applied at the stage of selecting material information requiring disclosure in relation to impacts, risks and opportunities considered material by the Bank during the double materiality analysis. The exception is the estimation of carbon dioxide and other greenhouse gas emissions, as detailed in section 16.3.3. *Gross Scopes 1, 2, 3 and Total GHG emissions*.

16. CLIMATE CHANGE (ESRS E1)

In this chapter, the Bank Millennium Group discloses information about the sub-topic “Climate Change Mitigation”, which was identified during the double materiality analysis. The other sub-topics of the environmental area have not been assessed as material.

[E1 GOV-3] Disclosure regarding Integration of sustainability-related performance in incentive schemes. is described in chapter 15.3.2 *Integration of sustainability-related performance in incentive schemes*.

16.1. STRATEGY

[E1 SBM-3] The sub-topic “Climate change mitigation” is recognized as material based on an assessment of identified impacts, risks and opportunities, the following of which are considered to be material:

1. Risk associated with the portfolio of corporate loans resulting from financing customers from high-emission sectors and related to potential objectives for reducing emissions in Scope 3, category 15 - climate-related transition risk;
2. Risk associated with corporate customers’ transition towards low-carbon economy - climate-related transition risk.

In Q4 2024, the Bank Millennium Group, with regard to the key element of the value chain, which is the credit portfolio, conducted a comprehensive analysis, as required by prudential regulations, of materiality of the impact of climate risk on traditional banking risks, i.e. credit, operational, market, liquidity, strategic, reputational and economic risks. The analysis did not cover own operations and other elements of the value chain than the credit portfolio. The analysis was based on internally prepared methodology for assessment of the materiality of climate and environmental risks (updated in 2024 to take into account the regulatory guidelines). The analysis ensures the exposure of the Bank’s portfolio and traditional risk categories to climate and environmental risk factors, including climate-related transition risk and climate-related physical risk. No material physical risks and transition risks were excluded from the analysis. The sensitivity analysis was carried out for various climate scenarios and time horizons correlated with periods of preparing strategic plans by the Bank Millennium Group. In particular, for the needs of materiality assessment of the climate-related transition risk, climate scenarios were used recommended by the Network for Greening the Financial System, i.e. Net Zero 2050, Current Policies, Delayed Transition. The scenarios define critical assumptions about how the transition to a low-emission and sustainable economy will impact the prevailing macro-economic trends, consumption of energy and energy mix as well as assumptions for using technologies. Due to limited availability of data and quantitative applicable criteria, the assessment of the anticipated financial effects from material physical risks and transition risks was based on expert judgement and qualitative criteria.

Detailed results of materiality assessment of the impact of climate and environmental risks on the Bank’s traditional risks can be found in chapter 15.4.3. *Identified impacts, risks and opportunities*, and the GHG reduction targets can be found in chapter 16.3.1. *Climate-related targets*.

As of 2024 the findings are qualitative in nature and constitute one of the factors taken into account in updating the strategy and shaping our credit policy, which determines, among other things, activities excluded from financing or subject to the system of limits. The assumptions and conclusions of the materiality assessment will serve as a background for a comprehensive resilience analysis of the Bank’s strategy and business model to climate change with regard to the physical risk and the transition risk.

In addition to the results of the climate and environmental materiality assessment, credit decisions are also shaped by the exclusion policy. We identify areas of uncertainty related to the materiality assessment, based on the data availability, and we expect improvement in the methodologies and

risk maps in the future. Based on analysis conducted we have not identified a negative impact of climate-related transition risk on our ability to correct the strategy and business model, access to financing or the opportunity to change the product portfolio. We did not consider the time horizon in terms of our ability to adjust or adapt our strategy and business model to climate change in the short, medium and long term.

[E1-1] At present, the Bank Millennium Group is preparing to develop the Transition Plan for climate change mitigation (Transition Plan). The document, including objectives for emissions reduction and decarbonisation measures, is planned to be adopted by 2026.

16.2. MANAGEMENT OF IMPACTS, RISKS AND OPPORTUNITIES

Disclosure Requirement related to ESRS 2 IRO-1 - Description of the processes to identify and assess material climate-related impacts, risks and opportunities - can be found in Chapter 15.4.3 *Identified impacts, risks and opportunities*.

Policies related to climate change mitigation and adaptation

[E1-2] Environmental matters, apart from social and managerial issues, have an important role to play in the management of the Bank Millennium Group, making up a significant part of our strategic actions and a material element of our organizational culture.

Bank Millennium defined fundamental sustainability principles at the level of the entire Bank Millennium Group in the policies related to climate change mitigation and adaptation adopted by the Bank's Management Board. The policies are generally available documents published on Bank Millennium's website and on the corporate site for employees and include:

- Policy on Sustainability Principles,
- Environmental Policy,
- Responsible Financing Policy,
- Supplier Sustainability Guidelines.

Responsibility for the implementation of the commitments resulting from the above policies is allocated in accordance with the allocation of the responsibilities of individual organizational units and their managers. The correctness of the implementation of the policies is supervised by the Bank Millennium's Management Board Members in accordance with the division of their powers.

Issues of climate change mitigation and adaptation are also taken into account of in the Bank's Strategy.

Strategy of Bank Millennium and the Bank Millennium Group

The basic initiatives in the environmental area are defined in the Strategy of Bank Millennium and the Bank Millennium Group 2025-2028 [Strategy 2028 - Value and Growth](#) and include the implementation of measures supporting the transition to an environmentally sustainable economy, which means, among others, taking into consideration environmental factors in the risk management process at the Bank and preparation of the offer of products and services as well as actions supporting decarbonisation of our own business activities.

Policy on Sustainability Principles

The policy refers to, among others, issues related to climate change mitigation and adaptation. In accordance with its assumptions, promoting measures for climate change mitigation and adaptation, protection of natural resources, biodiversity and the natural environment is an integral part of a responsible business model of the Bank Millennium Group.

Based on the principles, best practices and the UN's Sustainable Development Goals, in the Policy for sustainability principles, we have committed ourselves to:

- include environmental risks (physical risk and transition risk) and social risks to the risk assessment process,
- define a list of sectors and business activities not financed by the Bank Millennium Group,
- create sustainable solutions - financing environmentally-friendly and energy-saving projects,
- stimulate sustainable growth and achievement of environmental goals,
- take measures aimed to reduce our own carbon footprint,
- develop sustainability-related competences,
- promote a responsible consumption culture.

The policy is made available to the Group's employees on the intranet site and to customers and external entities on Bank Millennium's website.

We have also undertaken to ensure the right sustainability management process at Bank Millennium S.A., setting up a Sustainability Committee and the Sustainability Department, responsible, among other things, for issues of environmental protection (including climate-related ones).

Environmental Policy

The policy supplements the Group's Code of Ethics, strategies and business policies as well as the sustainability policy, in which the Group undertakes to be responsible for environmental protection, management and monitoring of adverse impact, both direct and indirect, of its own activity, products and services, by adding, among other issues, those related to climate change mitigation and adaptation.

The **Environmental policy** includes the fundamental principles of the Group's own pro-ecological measures, development of pro-ecological products and responsible financing as well as undertaking to provide ecological education, covering promotion of the culture of environmental responsibility and counteracting climate change.

Responsible Financing Policy

The responsible financing policy refers to offering by the Bank Millennium Group sustainable financial products and conducting a responsible credit policy.

The document defines both exclusions and limitations in view of the assumed obligations regarding promotion of sustainability and counteracting climate change, which the Bank takes into consideration when making a decision to grant financing or engage in a project or an investment transaction on its own account.

In the Policy, we declare that we do not finance projects or perform investment transactions on our own account for, among others:

- Extraction of petroleum and coal mining
- Coal-based energy production.

Also, in accordance with the Supplier Sustainability Guidelines approved by the Bank’s Management Board Member the Bank Millennium Group encourages its business partners (upstream of the value chain) to, among others, responsibility for the environment, using of innovative and clean technologies and reducing the consumption of natural resources.

Climate change mitigation actions which have been taken

[E1-3] Matters related to climate change for years are an integral part of the Bank Millennium Group’s business strategy. In the Strategy of the Bank and the Bank Millennium Group for years 2025-2028 *Strategy 2028 - Value and Growth* adopted and published in 2024, we have planned actions for climate change mitigation. The table below presents climate-friendly measures taken in 2024 by the Bank Millennium Group.

Climate change mitigation actions taken in 2024

Measure	Scope	Description
Purchase of energy from renewable sources	Action referring to the natural environment as a stakeholder covered by the action, taken within the Bank Millennium Group’s own operations.	<ul style="list-style-type: none"> 100% of electrical energy purchased by the Bank Millennium Group comes from renewable sources, to which zero GHG emissions rate may be attributed.
Energy efficient buildings of the Bank’s head office in Warsaw, Wrocław and Gdańsk	Action referring to the natural environment as a stakeholder covered by the action, taken within the Bank Millennium Group’s own operations.	<ul style="list-style-type: none"> The Warsaw head office buildings have the BREEAM certificate, the ones in Wrocław were awarded the LEED GOLD certificate. The modernized building in Gdańsk at Al. Grunwaldzka 19/23 received the LEED GOLD certificate. At the Bank’s head offices located in Warsaw and Wrocław, smart building management systems (BMS) are installed, which support our efforts to optimize the consumption of utilities. In 2024, due to the photovoltaic system installed in 2023, 22.64 MWh of electrical energy was produced. Our entire head office space is equipped with LED lighting; we replaced nearly 14,000 fixtures (the total number for the head office buildings in Gdańsk, Warsaw and Wrocław) using the old fluorescent technology with modern LED lighting, thereby reducing lighting energy consumption by 54%.

Measure	Scope	Description
Reduction of the operating time of technical equipment	Action referring to the natural environment as a stakeholder covered by the action taken within the Bank Millennium Group's own operations.	<ul style="list-style-type: none"> In 2024, the optimization of the operating time of the installations in the buildings progressed. To this effect, the settings and technical parameters of various devices, for example, operating time of office lighting, operating time of ventilation and air conditioning and temperature settings in individual areas, were changed. These optimizations have helped minimize electricity consumption at the Bank's head offices.
Energy savings in branches	Action referring to the natural environment as a stakeholder covered by the action, taken within the Bank Millennium Group's own operations.	<ul style="list-style-type: none"> In all the branches, we use energy-saving LED advertising banners. Time control of advertising banner lighting using astronomical clocks. We have consistently increased the number of branches with LED lighting. At the end of 2024, 210 branches used LED lighting. LED lighting is standard in all modernized Corporate Centres. All the outlets have restricted air conditioning operation by installing timers to regulate the running time of air conditioning units.
Rational management of energy consumption	Action referring to the natural environment as a stakeholder covered by the action, taken within the Bank Millennium Group's own operations.	<ul style="list-style-type: none"> In the Bank's head offices, the air conditioning is set at 21 degrees Celsius and ceases to operate after working hours. During visits of Experts in the Bank's branches, a campaign promoting conscious use of air conditioning in the context of electricity consumption and environmental protection is conducted. Virtualization of servers has made it possible to reduce the number of physical hardware in the computer centre, which drove down energy consumption for power supply and air conditioning.

Measure	Scope	Description
Utility consumption control	Action referring to the natural environment as a stakeholder covered by the action, taken within the Bank Millennium Group's own operations.	<ul style="list-style-type: none"> Performed on an ongoing basis. Based on the financial data, a consumption ranking of energy recipients is prepared. Branches with the highest energy consumption rates are controlled and recommendations for building administrator companies are implemented. Similarly, in the event of high utility bills, it is verified whether the consumption is correct and whether or not any devices or installations have broken down. In 2024, the education campaign for network employees regarding social spaces was continued - in all locations that have not yet been equipped with light sensors and air conditioning. The campaign encouraged employees to consume electricity rationally.
Infrastructure and activities supporting ESG objectives	Action referring to the natural environment and own employees as stakeholders covered by the action, taken within the Bank Millennium Group's own operations.	<ul style="list-style-type: none"> In order to promote measures reducing CO₂ emissions, the Bank encourages employees to ride bicycles instead of using public transport and cars. In each location of the Bank's head office, the Bank has built parking spots for cyclists and sanitary facilities. By installing a parcel machine at the Warsaw head office, the Bank promotes the reduction of CO₂ emissions, because employees no longer have to drive to get parcels. A single parcel machine reduces CO₂ emissions by almost 14,000 kg. The Bank Millennium Group organizes an employee volunteerism program <i>Our People'24: Save the Planet</i>. Cash collected in the project have been earmarked for various kinds of ecological initiatives.
Hybrid vehicles	Action referring to the natural environment as a stakeholder covered by the action, taken within the Bank Millennium Group's own operations.	<ul style="list-style-type: none"> Gasoline combustion cars in the Bank's fleet have been replaced with new hybrid vehicles, which translated into even greater reductions in exhaust emissions into the environment. The percentage of plug-in hybrid or fully electric vehicles is gradually increased.

Measure	Scope	Description
Limiting the amount of business travel	Action referring to the natural environment as a stakeholder covered by the action, taken within the Bank Millennium Group's own operations.	<ul style="list-style-type: none"> In order to minimize business travel, limits are used for respective types of transportation (air travel is limited and the low-carbon railway is recommended, as shown by the increased number of railway kilometres travelled) and remote communication methods are used, such as: e-learning courses, tele- and videoconferencing.

Planned climate change mitigation actions

Measure	Scope	Description
Reduction of the carbon footprint	Action referring to the natural environment and corporate and retail banking customers as stakeholders covered by the action, taken within the Bank Millennium Group's own operations and in the credit portfolio (a lower level value chain).	<ul style="list-style-type: none"> Further initiatives for energy and water efficiency in the branches (medium-term horizon). Increase in the share of low-emission vehicles (medium-term horizon). Maintenance of 100% of electricity with guarantees of origin (long-term horizon). Adoption of a climate-related Transition Plan (including objectives and actions for decarbonisation) up to 2026.
Sustainable financing	Action referring to the natural environment and corporate and retail banking customers as stakeholders covered by the action, taken within the credit portfolio and managed assets (a lower level value chain).	<ul style="list-style-type: none"> Ensuring financing of sustainable transition of companies (long-term horizon). Increasing awareness and expertise with respect to public programs / green projects (medium-term horizon). Continuation of the policy of no financing for the coal sector and coal-based energy (long-term horizon). Expanding the green retail offering and the portfolio of sustainable assets in Millennium TFI (long-term horizon). Continuation of initiatives increasing ESG awareness of customers (medium-term and long-term horizon).

[E1-3] The Bank assesses that the currently taken and planned climate change mitigation actions do not require significant monetary amounts. Actions aimed to grant sustainable financing do not require incurring capital expenditures or considerable operational expenses and are a part of the Bank's basic business activity related to granting loans. A budget of PLN 5 billion is however planned to grant new sustainable financing in 2025-2028.

Actions aimed to reduce own Scope 1 and 2 emissions (accounting for 0.15% of the Bank's total emissions) are also a part of operational activities related to the maintenance of buildings and purchase of utilities.

The effects of the actions taken to date for climate change mitigation in the perspective of the Strategy for 2022-2024 involved: reduction of Scope 2 GHG emission by 36% using the location-based method and by 33% using the market-based method as compared to 2022. Expected effects of the planned measures involve further reduction of emissions until the achievement of net zero emissions in Scopes 1 and 2. With respect to Scope 3 emissions, it will be possible to quantify expected effects after adopting the Group's Transition Plan.

The capability to complete the actions included in the Strategy 2025-2028 is embedded in the context of macroeconomic perspectives and assumptions for the situation of the banking sector in these timeframes. In our Strategy, we have taken into consideration forecasts and risks specific for the banking sector in Poland, which may affect the financial standing and thus the possibility of financing the planned actions by the Group. The Group's dependence on the availability of resources is limited.

16.3. METRICS AND TARGETS

16.3.1. CLIMATE-RELATED TARGETS

[E1-4] The Bank Millennium Group set simplified climate-related targets concerning reduction of emission of greenhouse gases. In accordance with the adopted Strategy for 2025-2028, we aim to achieve net zero emissions in 2050 both in our own operations (Scopes 1 and 2) and in our own value chain (Scope 3). By 2030, we are planning to achieve climate neutrality in our direct operations (Scopes 1 and 2) by reducing GHG emissions in conjunction with a possible use of compensation of residual emissions.

The objectives concerning reductions are set by us taking into account the present volumes of emissions in our operations (Scopes 1 and 2) and in business relations (selected categories from Scope 3). Organizational limits for reduction targets are coherent with those adopted for the calculation of emission of greenhouse gases (more in Chapter 16.3.3 *Gross Scopes 1, 2, 3 and total GHG emissions*). The adopted targets for reducing GHG emissions are absolute and progress in their achievement will be measured in tonnes of CO₂e.

The targets set in previous years do not meet some of the current requirements for GHG emission reduction targets and do not take into account the value chain. The Group has not set targets meeting the ESRS E1-4 requirements because it does not have a fully prepared Climate-related Transition Plan. The update of the targets, including the inclusion of emissions consistent with the organizational limits described below in the section on emissions, as well as expressing them in values that do not include compensation for the residual emissions, will take place as part of the preparation of the climate-related Transition Plan.

Specific GHG emission reduction targets for individual sectors will be set with the involvement of relevant stakeholders at the stage of preparing the Transition Plan.

16.3.2. ENERGY CONSUMPTION AND MIX

[E1-5] Consumption of energy from processes performed or managed by the Bank Millennium Group are calculated with the use of the same organizational boundaries as for the calculation of Scopes 1 and 2 GHG emissions (disclosure E1-6).

Energy consumption from fuel combustion in stationary and mobile sources was calculated based on physical fuel consumption data. The above consumption does not include the use of the Group's vehicles for private purposes.

Electricity consumption was calculated in about 70% of the locations based on physical data from the energy supplier, and in 30% of the locations consumption was estimated based on expenses. The electricity consumption by plug-in hybrid vehicles is calculated together with the electricity consumption of the office building (internal charging) or is invoiced by the supplier of cards that allow for charging at external stations. For the entire volume of electricity consumed in 2024 (at all outlets), guarantees of origin have been purchased and redeemed, certified by the Polish Power Exchange (Towarowa Gielda Energii) through Certificates provided by the energy supplier for Bank Millennium and Millennium Leasing. Accordingly, using the market-based method, all of the electricity purchased in 2024 was classified as coming from renewable sources. In addition, Bank Millennium has its own photovoltaic system on the roofs of Bank Millennium Group's buildings in Gdańsk. The energy generated from the PV plant is consumed on-site for our own needs.

The calculation of heat consumption was based on physical data or was estimated based on expenses. The Bank Millennium Group did not acquire steam, while the purchase of cooling was determined to be immaterial in the calculation of energy consumption for 2024. No limitations to the estimation methods used were identified.

The Group does not operate in sectors with a significant impact on the climate and does not consume fuels as raw materials in its operations - all raw materials consumed are burned to produce energy. Neither does it consume energy from nuclear sources. The consumption of self-generated renewable energy by the Group refers only to energy produced without fuel. The Group does not offset energy consumption even if the energy produced on site is sold to and used by a third party. Energy acquired within organizational limits is not calculated as purchased or acquired energy. Steam, heat or waste cooling from industrial processes are not extracted. The Group does not use hydrogen as an energy source.

Energy consumption data has not been subjected to external attestation or validation by the third party other than the assurance service provider.

Energy consumption and mix in 2024

Energy consumption and mix of the Bank Millennium Group	Year 2024
1) Total consumption of energy from fossil fuels [MWh]	25,786.2
Share of fossil fuels in the total consumption of energy [%]	60.2
2) Consumption of purchased or acquired electricity and heat from renewable sources [MWh]	17,022.0
3) Consumption of self-generated non-fuel renewable energy [MWh]	22.6
4) Total consumption of renewable and low-emission energy [MWh]	17,044.6
Share of renewable sources in the total consumption of energy [%]	39.8
Total energy consumption [MWh] (calculated as the sum total of lines 1 and 4)	42,830.8

16.3.3. GROSS SCOPES 1, 2, 3 AND TOTAL GHG EMISSIONS

[E1-6] The Bank Millennium Group is presenting for the first time GHG emissions in accordance with the ESRS standards. To this end, we have conducted an analysis of the materiality process of all Scope 3 categories, and as a result we present greenhouse gas emissions in this report in categories: 1 - Purchased goods and services, 3 - Fuel and energy-related activities (not included in Scope 1 or Scope 2) - by location-based and market-based approach, 13 - Downstream leased assets and 15 - Investments.

Below is presented information on the amount of GHG emissions in 2024 for Scope 1 and 2 and for the above-mentioned Scope 3 categories assessed as material, as well as information on the calculation methodology. Greenhouse gas emissions were reported separately for Bank Millennium S.A. (as the entity responsible for most of the Group's emissions) and for all companies of the Bank Millennium Group.

Carbon footprint
GHG emissions in tonnes of CO₂ equivalent for Bank Millennium in 2024

Scope of GHG emissions	Emissions [tCO ₂ e] in 2024
Scope 1 GHG emissions	
Total Scope 1 GHG emissions	2,218.09
Percentage of Scope 1 GHG emissions from regulated emissions trading schemes	-
Scope 2 GHG emissions	
Total location-based Scope 2 GHG emissions	14,035.57
Total market-based Scope 2 GHG emissions	5,187.61

Scope of GHG emissions
Emissions [tCO₂e] in 2024
Significant Scope 3 GHG emissions (material categories)**

Total indirect (Scope 3) GHG emissions (location-based)	4,972,496.48
Total indirect (Scope 3) GHG emissions (market-based)	4,969,570.24
Cat. 1 Purchased goods and services	44,694.19
Cat. 3 Fuel and energy-related activities (not included in Scope 1 or Scope 2) (location-based)	4,080.84
Cat. 3 Fuel and energy-related activities (not included in Scope 1 or Scope 2) (market-based)	1,154.60
Cat. 13 Downstream leased assets	0.00
Cat. 15 Investments, including:	4,923,721.45
Business loans - general purpose	1,566,237.09
Equity investments and corporate bonds	2,105.48
Project finance	0.00
Commercial real estate	21,022.44
Mortgages	439,091.12
Sovereign debt***	2,895,265.32

Total GHG emissions

Total GHG emissions (location-based)	4,988,750.14
Total GHG emissions (market-based)	4,976,975.94

*Bank Millennium does not conduct activities reported under the European Emissions Trading Scheme (EU ETS).

** Scope 3 categories assessed as material in 2024 based on the materiality assessment process of the Bank Millennium Group.

*** Sovereign debt emissions including land use, land use change and forestry (LULUCF). Emissions excluding this sector amounted to 3,046,814.46 tCO₂e.

GHG emissions in tonnes of CO₂ equivalent for the Bank Millennium Group in 2024
Scope of GHG emissions
Emissions [tCO₂e] in 2024
Scope 1 GHG emissions

Total Scope 1 emissions	2,462.82
Percentage of Scope 1 emissions from regulated emissions trading schemes	-

Scope of GHG emissions
Emissions [tCO₂e] in 2024
Scope 2 GHG emissions

Total location-based Scope 2 emissions	14,924.05
Total market-based Scope 2 emissions	5,395.96

Significant scope 3 GHG emissions (material categories)**

Total indirect (Scope 3) emissions (location-based)	6,101,114.67
Total indirect (Scope 3) emissions (market-based)	6,097,963.48
Cat. 1 Purchased goods and services	46,762.52
Cat. 3 Fuel and energy-related activities (not included in Scope 1 or Scope 2) (location-based)	4,416.95
Cat. 3 Fuel and energy-related activities (not included in Scope 1 or Scope 2) (market-based)	1,265.76
Cat. 13 Downstream leased assets	1,095,704.32
Cat. 15 Investments, including:	4,954,230.88
Business loans - general purpose	1,566,237.09
Equity investments and corporate bonds	2,105.48
Project finance	0.00
Commercial real estate	21,022.44
Mortgages***	469,600.55
Sovereign debt****	2,895,265.32

Total GHG emissions

Total GHG emissions (location-based)	6,118,501.54
Total GHG emissions (market-based)	6,105,822.26

* Entities of the Bank Millennium Group do not conduct activities reported under the European Emissions Trading Scheme (EU ETS).

** Scope 3 categories assessed as material in 2024 based on the materiality assessment process of the Bank Millennium Group.

*** 6% of emissions from this asset class are generated by the operations of Millennium Bank Hipoteczny S.A.

**** Sovereign debt emissions including land use, land use change and forestry (LULUCF). Emissions excluding this sector amounted to 3,046,814.46 tCO₂e.

GHG emission intensity in tonnes of CO₂e per million PLN of net revenue for Bank Millennium

Scope of GHG emissions	Total GHG emissions / million PLN of net revenue [tCO ₂ e/million PLN] in 2024
Total GHG emissions (location-based) per net revenue	510.82
Total GHG emissions (market-based) per net revenue	509.61

The amount of net income (denominator) for Bank Millennium was determined using the table below

Revenue item - standalone [million PLN]	01.01.2024-31.12.2024
Net revenues used to calculate GHG intensity:	
Interest income and other of similar nature	8,658.94
Fee and commission income	917.83
Dividend income	38.74
Result on financial assets and liabilities held for trading	(6.57)
Result on non-trading financial assets mandatorily at fair value through profit or loss	18.13
Result on exchange differences	(179.40)
Other operating income	318.50
Total	9,766.18

GHG emission intensity in tonnes of CO₂e per million PLN of net revenue for the Bank Millennium Group

Scope of GHG emissions	Total GHG emissions / million PLN of net revenue [tCO ₂ e/million PLN] in 2024
Total GHG emissions (location-based) per net revenue	606.25
Total GHG emissions (market-based) per net revenue	605.00

The amount of net revenues (denominator) for the Bank Millennium Group was determined using the table below:

Revenue item - consolidated [million PLN]	01.01.2024-31.12.2024
Net revenues used to calculate GHG intensity:	
Interest income and other of similar nature	8,823.13
Fee and commission income	1,058.32
Dividend income	3.63
Result on financial assets and liabilities held for trading	(7.21)
Result on non-trading financial assets mandatorily at fair value through profit or loss	19.13
Result on exchange differences	(178.87)
Other operating income	374.20
Total	10,092.33

Calculation methodology used

The calculations of Scope 1, 2 and 3 greenhouse gas emissions have been prepared in accordance with the ESRS standards (Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council as regards sustainability reporting standards) and taking into account the principles, requirements and guidelines provided by the *GHG Protocol Corporate Standard (The Greenhouse Gas Protocol A Corporate Accounting and Reporting Standard Revised Edition, GHG Protocol Scope 2 Guidance, GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard)*. In addition, as the Bank Millennium Group includes entities that are financial institutions, Scope 3 emissions for category 15 (Investments) are disclosed, taking into account the requirements of the Standard developed by the Partnership for Carbon Accounting Financials (PCAF): *GHG Accounting and Reporting Standard for the Financial Industry - part A "Financed issues"* (version as of December 2022).

Sometimes the Group did not have enough data to estimate emissions in accordance with the adopted methodology. In such cases, it was not decided to use metrics with a high level of measurement uncertainty - the Group refrained from such estimates. In no case did this lead to an underestimation of the level of estimated emissions.

Greenhouse gas emissions were calculated for all companies of the Bank Millennium Group, in accordance with the organizational boundaries adopted in the financial statements for the year 2024, excluding two companies in liquidation:

1. Piast Expert sp. z o.o. in liquidation.
2. Lubuskie Fabryki Mebli S.A. in liquidation.

These companies did not conduct any operating activities in 2024. The Group's organizational boundaries for the purpose of calculating emissions were defined using the operational control method.

The companies included in the calculations of GHG emissions for the Bank Millennium Group are:

- Bank Millennium S.A.
- Millennium Consulting S.A.
- Millennium TFI S.A. (subsidiary of Millennium Consulting S.A.)
- Millennium Leasing sp. z o.o.
- Millennium Bank Hipoteczny S.A.
- Millennium Goodie sp. z o.o.
- Millennium Service sp. z o.o.
- Millennium Telecommunication Services sp. z o.o. (including 2% affiliated entity Millennium Leasing S.A.).

The calculation methodology includes greenhouse gases in accordance with the GHG Protocol: carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), sulphur hexafluoride (SF₆), nitrogen trifluoride (NF₃) as well as hydrofluorocarbons (HFCs) and perfluorocarbons (PFCs).

The reference unit for the disclosed emissions is carbon dioxide equivalent (CO₂e). Non-CO₂ emissions were calculated by multiplying their amount by a GWP100 (100-year perspective) with a value consistent with the latest data published in the IPCC (Intergovernmental Panel on Climate Change) reports.

The scope of disclosed greenhouse gas emissions of the Bank Millennium Group and Bank Millennium included, in accordance with the GHG Protocol:

- direct emissions from Scope 1 from the combustion of fuels in own or controlled energy sources,
- Scope 2 indirect emissions from the production of purchased electricity and heat energy,
- all other indirect greenhouse gas emissions (not covered by Scope 2) in the value chain of the Bank Millennium Group and Bank Millennium (Scope 3).

Scope 1 emissions were calculated using physical data on fuel consumption. Some of the source data used for the calculations was estimated based on expenditures.

The calculations consider emissions from the stationary combustion sources (heating boilers using natural gas and fuel oil), from mobile combustion sources (vehicles used by companies powered by gasoline and diesel oil) and uncontrolled emissions resulting from leaks of refrigerants from air conditioning equipment.

Combustion of fuels in stationary combustion sources:

Natural gas - physical data (in m³) on gas consumption were obtained or estimated, and the emission factor from the DEFRA2024 database were used.

Heating oil - physical data on fuel oil consumption were obtained or estimated, and emission factor from the DEFRA 2024 database were used.

Fuel combustion in mobile combustion sources:

Diesel oil, gasoline - physical data (in litres) on fuel consumption for business purposes were obtained and emission factors from the Defra 2024 database were used. The calculated greenhouse gas emissions do not include the use of the Group's vehicles for private purposes.

Fugitive emissions:

Refrigerants - physical data (in kg) on refrigerant losses from equipment under the operational control of the Bank Millennium Group were obtained and emission factors from the Defra 2024 database were used. In the process of inventorying GHG emission streams, the area of the used fleet of vehicles equipped with air conditioning was identified, however, taking into account the low GWP potential of R1234yf and incidental leaks in air conditioning systems in vehicles used by the Bank Millennium Group, this stream was not included in the emission calculations for 2024.

Biogenic emissions from the addition of biofuel to diesel and gasoline were calculated based on actual fuel consumption, according to Scope 1 data. They are included as "out-of-scope" emissions. The Defra 2024 emission factor was used. For Bank Millennium, they amounted to 112.37 tCO₂e, and for the Bank Millennium Group, 126.23 tCO₂e.

Scope 2 emissions were calculated with the use of physical data on electricity and heat consumption. Some of the source data used for the calculations was estimated based on expenditures.

The calculations consider indirect emissions from purchased electricity and heat. The Bank Millennium Group did not obtain steam, and the purchase of cold was identified as irrelevant in the emission calculations for 2024.

The calculation of Scope 2 emissions was carried out using two required methodological approaches, namely the location-based method (using the average emission factor for Poland) and the market-based method (using emission factors specific to energy providers from which the reporting entity makes contractual purchases of electricity in combination with contractual instruments such as Guarantee of Origins or energy Renewable Energy Certificates).

Electricity - data on electricity consumption (in kWh) in about 70% of locations was obtained from the energy supplier. In the remaining 30% of locations, electricity consumption is settled on the basis of re-invoices calculated as a share in the rented space or the cost of electricity. A small number of these facilities have an electricity submeter. Calculations of the value of annual electricity consumption are based on cost and quantitative data (expressed in physical units). Source of emission factors: for location-based - KOBIZE 2024; for market-based - emission factor provided by energy supplier confirmed by Guarantees of Origin together with a document confirming their cancellation.

The electricity consumption of plug-in hybrid vehicles is calculated together with the electricity consumption of the office building (internal charging) or is invoiced by the card provider that enables charging at external charging stations.

For the entire volume of energy consumed in 2024 (in all branches), Guarantees of Origin were purchased and redeemed, certified by the Towarowa Giełda Energii (the Polish Power Exchange) through Certificates provided by the energy supplier to Bank Millennium and Millennium Leasing. As a result, indirect emissions in Scope 2 (according to the market-based method) for electricity purchased in 2024 amounted to zero tonnes of CO₂e.

In addition, Bank Millennium has its own photovoltaic system on the roofs of Bank Millennium Group buildings located in Gdańsk. The energy generated from the PV installation is consumed on-site, for our own needs, which results in a lower demand for purchased electricity.

Heat - calculations of the annual heat consumption value are based on quantitative data (expressed in physical units). Some of the source data used for the calculations was estimated based on expenditures. Source of emission factors: for location-based - URE 2022; for the market-based method, the emission factor was not taken into account due to high dispersion and many heat suppliers.

Biogenic carbon dioxide (CO₂) emissions from the combustion or biodegradation of biomass for Scope 2 amounted to 1,551.53 tCO₂e for Bank Millennium according to the location-based method and 1,018.10 tCO₂e according to the market-based method. For the Group, these figures were 1,633.40

tCO₂e according to the location-based method and 1,058.99 tCO₂e according to the market-based method.

Scope 3 emissions are indirect emissions resulting from the Bank Millennium Group's operations, but originating from sources not owned or controlled by the Group. They were calculated using physical and cost data.

The GHG emission calculations were made for the relevant Scope 3 categories, selected based on a materiality assessment process considering impacts, financial expenditures, transition risks, opportunities and stakeholder opinions related to the upstream and downstream value chain, and after considering any specific value chain requirements in other ESRs.

The assessment of materiality was based on the method of estimating the impact of the Bank Millennium Group's activities, and the criteria for each category were assessed using the expert method. For most of the estimated GHG emission calculations (i.e. for categories 1 and 2, 5, 6), the basis was financial data. Data from Exiobase 3 (data for Poland, marked "PL") were used as indicators to convert financial data to greenhouse gas emissions, taking into account the exchange rate (the EUR 2024 exchange rate was PLN 4.3064¹) and the inflation rate 2019-2024 (0.81²). Scope 3 categories: 4 (Upstream transportation and distribution), 9 (Downstream transportation and distribution), 10 (Processing of sold products), 12 (End-of-life treatment of sold products) - did not apply to the operations of the Bank Millennium Group in 2024 and no estimated emissions calculations were made for them.

Based on the materiality assessment process, the following Scope 3 categories were considered relevant in 2024:

- Category 1 - Purchased goods and services (material in terms of financial expenditure; but not material in terms of impact and transition risks; no opportunities and materiality or immateriality in relation to stakeholder opinions were identified);
- Category 3 - Fuel- and energy-related activities not included in Scope 1 and 2 (material in terms of financial expenditure, impact, transition risks and stakeholder opinions);
- Category 13 - Downstream leased assets (material for financial expenditures, impact, transition risks and stakeholder opinions);
- Category 15 - Investment (material in terms of financial expenditure, impact, transition risks and stakeholder opinions).

Scope 3 categories: 2 (Capital goods), 5 (Waste generated in operations), 6 (Business travel), 7 (Employee commuting), 8 (Upstream leased assets), 11 (Use of sold products), 14 (Franchises) were considered immaterial based on the materiality analysis.

Main assumptions and data used to calculate Scope 3 emissions and the emission factors used:

Category 1- Purchased goods and services

Category 1 includes emissions related to the production of goods and services delivered to Bank Millennium in the current year.

GHG emissions for Category 1 were calculated according to the GHG Protocol Spend-based method and emission factors available in the external database (Exiobase) were adopted.

Category 3 - Fuel- and energy-related activities not included in Scope 1 and 2

Category 3 includes emissions related to the extraction, production and transport of fuels and energy purchased by Bank Millennium in 2024 that were not included in Scope 1 or 2. This category also includes losses on the transmission of electricity and heat.

The data on which the calculations in this category were based were physical data used for calculations in Scope 1 and 2 derived from the consumption of natural gas, heating oil, diesel oil and gasoline (Scope 1) and from the consumption of electricity and heat (Scope 2). Emission factors were taken from the Defra database (2024, v.1_1; GWP100, AR5).

Category 13 - Downstream leased assets (from the lessor's perspective)

Category 13 includes emissions from the operation of assets owned by Millennium Leasing (acting as a lessor receiving payments for this service) and leased to other entities during the reporting year, which are not covered by Scope 1 or Scope 2.

For the calculation of emissions in Category 13, the GHG Protocol lessor-specific method was applied, which includes data on Scope 1 and Scope 2 emissions of lessors and the allocation of these emissions to the respective leased assets.

The carbon footprint of Bank Millennium regarding leased assets was calculated for the following groups:

- Light transport
- Heavy transport (trucks over 3.5 tonnes and tractor units)
- Buses and coaches
- Other means of transport
- Machinery and equipment
- Real estate.

Greenhouse gas emissions for light transport were calculated as the product of the emission factor and the estimated annual mileage for the entire year of 2024. The emission factor was obtained from the DEFRA database, taking into account the national energy mix. For vehicles with an unknown type of drive, a separate emission factor was calculated, considering data on the percentage share of vehicles with a given drive/fuel in Poland and DEFRA emission factors. The annual mileage of leased vehicles was estimated by the Bank based on data from CEPIK (Centralna Ewidencja Pojazdów i Kierowców - Central Record of Vehicles and Drivers).

Greenhouse gas emissions for heavy transport were calculated as the product of the emission factor and the estimated or actual fuel consumption obtained from clients for the entire year 2024. The emission factor was sourced from the study *Ślad węglowy w leasingu STANDARD 2.0* as part of the ESG project carried out by the ZPL (Związek Polskiego Leasingu - Polish Leasing Association). Fuel consumption was estimated using the average annual mileage calculated based on CEPIK data and the average fuel consumption per 100 km derived from the European Environment Agency database.

Greenhouse gas emissions for buses and coaches were calculated as the product of the emission factor and the estimated or actual fuel or electricity consumption obtained from clients for the entire year of 2024. The emission factor for electric vehicles was sourced from KOBIZE while for other vehicles, it was obtained from study *Ślad węglowy w leasingu STANDARD 2.0* as part of the ESG project carried out by the ZPL. Fuel consumption was estimated using the average annual mileage calculated based on CEPIK data and the average consumption per 100 km derived from data of the Miejski Zakład Autobusowy w Warszawie (Municipal Bus Company in Warsaw) for electric vehicles and data obtained from clients for other vehicles.

Emissions of greenhouse gases for other means of transport were calculated as the product of the emission factor and the estimated or actual fuel consumption obtained from clients for the entire year of 2024. The emission factor was sourced from the *Ślad węglowy w leasingu STANDARD 2.0* report, part of the ESG project conducted by the ZPL. Due to the diversity of other means of transport, the highest emission factors—those for vehicles over 3.5 tonnes - were applied. For vehicles with an unknown type of fuel, an average was taken from the emission factors for each type of fuel. Fuel consumption was estimated using average annual mileage calculated based on CEPIK data or the

average for the entire group of other means of transport, and the average fuel consumption per 100 km was derived from data provided by clients or the report *The Economic Importance of Motorcycles to Europe* by ACEM.

The machinery and equipment portfolio was divided into categories, with following data and calculation approaches applied:

- Forklifts: calculations were based on estimated annual operating hours and the emission intensity of electricity.
- Construction Machinery: Calculations were based on estimated annual fuel consumption and the emission intensity of diesel fuel.
- Photovoltaic Installations and Energy Storage: These were considered non-greenhouse gas emitting, with zero emissions assumed for Scope 1 and Scope 2.
- Non-energy-consuming Equipment: Items such as halls, containers, and shelves were assumed to have zero emissions in Scope 1 and Scope 2.
- Others: In cases where there was insufficient data to estimate the energy consumption of the leased asset, emissions were estimated based on financial indicators, such as emission factors based on the client's revenue from sales (calculated using data from Główny Urząd Statystyczny - GUS - Central Statistical Office - or sourced from the Exiobase database). These calculated client emissions were multiplied by the proportion of the total value of the leased asset to the client's total balance sheet.

For the carbon footprint calculations of real estate in the leasing portfolio, publicly available PCAF emission factors for commercial real estate from the year 2020 were used, expressed in tonnes of CO₂ equivalent per square meter of building.

Category 15 - Investments

Category 15 is intended for investors and financial service providers, including commercial banks, whose investment activities (including equity and debt investments as well as project financing) are not covered under Scope 1 and Scope 2. The guidelines developed by the GHG Protocol set out the framework for calculating greenhouse gas emissions across all scopes. However, for Scope 3, Category 15 (Investments), emission calculations are carried out based on a detailed methodology developed by the Partnership for Carbon Accounting Financials (PCAF) as outlined in the *GHG Accounting and Reporting Standard for the Financial Industry*, Part A "Financed Emissions" (December 2022 version).

The GHG emissions according to the PCAF Standard are calculated for 7 asset classes, of which 6 were considered for the Group's needs:

1. Business loans and unlisted equity.
2. Listed equity and corporate bonds.
3. Project finance.
4. Commercial real estate.
5. Mortgages.
6. Sovereign debt.

The Bank Millennium Group does not have a portfolio of motor vehicle loans.

The calculation of financed emissions was carried out separately for each asset class, taking into account the emissions of each activity and the appropriate attribution factor that determines the share of Bank Millennium Group's financial involvement in financing the specific activity or asset.

1. Business loans and unlisted equity

The asset class "Business loans and unlisted equity" includes balance sheet credit exposures that are not intended for trading and are designated for general corporate purposes, meaning the specific use

of funds is unknown. These are directed towards enterprises, non-profit organizations, and other organizations. Within the Bank Millennium Group, this asset class includes the corporate loan portfolio, defined as exposures to corporate clients maintaining accounting records, excluding project finance and commercial real estate purchases.

The financed emissions for the asset class of corporate loans were calculated as the product of the attribution factor and the total emissions of a given company (reported by the company or estimated by the Group). When company emissions data was unavailable, a method was applied where the attribution factor was multiplied by the company's revenue and by an emission factor (specific to the sector, calculated based on data from GUS). In cases where client revenue data was missing, the average corporate client revenue was estimated based on financial data and the number of non-financial enterprises in various sectors published by GUS. For clients in the financial industry, due to the lack of uniform statistical data, the average revenue of enterprises was estimated using the Group's internal client database.

For some clients of the Group, due to the inability to estimate the necessary financial data, attribution factors were based on the estimated share of the Group in the client's liabilities, without considering that the company may partially finance its operations through equity. This approach might lead to an overestimation of the calculated emissions for these clients.

According to the PCAF methodology, the attribution factor is determined as the ratio of the outstanding loan amount to the total financing of the company, expressed as:

- The sum of equity and debt for non-listed companies, or
 - EVIC (Enterprise Value Including Cash) for publicly listed companies
2. Equity investments and corporate bonds

According to PCAF standard we defined the asset class "Equity investments and corporate bonds" as follows:

- "Listed equities and corporate bonds": These include all listed shares and corporate bonds used for financing general corporate purposes, meaning the specific use of the funds is unknown, as per the GHG Protocol.
- "Unlisted equities": These refer to unlisted equity investments with an unspecified purpose of funds in companies, non-profit organizations, and other entities.

In the calculations of financed emissions, securities of companies serviced by the Treasury Department were included. Each investment was treated individually, analyzing whether it was a debt or equity investment and whether the security was traded on the market.

Financed emissions for this asset class were calculated as the product of the attribution factor and the total emissions of the given company (reported by the company or estimated by the Group). When company emissions data was unavailable, emission factors based on revenue (specific to the sector, calculated using data from Główny Urząd Statystyczny) were applied.

According to the PCAF methodology, the attribution factor is determined as the ratio of the investment value to the total financing of the company's operations, expressed as:

- The sum of equity and debt for unlisted companies, or
 - EVIC (Enterprise Value Including Cash) for publicly listed companies.
3. Project finance

The "project finance" asset class includes all loans and equity investments in projects or activities with a designated purpose, meaning the use of funds is known, as defined by the GHG Protocol.

Financed activities include, for example, the construction and energy production from a gas power plant or photovoltaic or wind installations.

In its corporate portfolio, the Bank Millennium Group has exposures that constitute financing for renewable energy sources, for which financed emissions were calculated as the product of the attribution factor and the total emissions of the project, either estimated by the Group or reported. Since the renewable energy sources financed by the Bank are photovoltaic installations and wind farms, the Bank Millennium Group adopted the approach that they do not emit greenhouse gases into the atmosphere. The Group did not use the options provided by the PCAF standard to calculate avoided or removed emissions due to the lack of necessary data for the calculation.

According to the PCAF methodology, the attribution factor is determined as the ratio of the outstanding loan amount to the total financing of the project, expressed as the sum of equity and debt of the project.

4. Commercial real estate

The PCAF standard defines commercial real estate loans as balance sheet exposures intended for the purchase or refinancing of commercial real estate. This includes:

- Properties used for the borrower's own operations, and
- Properties leased or rented by the borrower for residential or commercial purposes of the tenant.

The scope of calculations for this asset class includes emissions from buildings that are in use and, optionally, emissions from their construction.

When an equity investment in commercial real estate is traded on the stock exchange, it is included in the calculations of financed emissions for the asset class of listed equity. Additionally, commercial real estate loans that are secured by commercial real estate but intended for other purposes, such as general corporate purposes, are excluded from the "commercial real estate" asset class. Emissions from these assets are instead included in the calculations for "business loans".

For the asset class "commercial real estate" the financed emissions calculations covered the largest structured financing provided by the Group for which detailed data on the financed properties were available. In cases where data was unavailable, emissions from these properties were included in the calculations for the "business loans" asset class.

Financed emissions from the commercial real estate portfolio were calculated as the product of the attribution factor and the total emissions of the commercial property estimated by the Group or the reported. For most properties, the Group had energy consumption data from the building's energy performance certificate or estimates based on the EPC model. The emissions from the properties were calculated using the building's area in m² from the loan agreement, annual energy demand, and emission factors from the PCAF database (broken down by building type and emissions in tCO₂e/MWh). In the absence of energy demand data, PCAF emission factors based on the property's area were used. In the case of loans granted in a consortium, both the initial value and the building area were allocated proportionally to the Bank's share in the consortium.

In accordance with the PCAF methodology, the attribution factor was determined as the ratio of the outstanding loan amount to the initial value of the property. If the initial property value at the time of financing was not known, the Group used the current property valuation available at the start of the carbon footprint calculation. In the case of significant loan modifications, as defined by the PCAF standard as increased financing amount, financing renewal, refinancing, or extension, the property value was updated. The outstanding amount represented the borrower's debt, which decreased over time until it reached zero at the end of the loan term.

5. Mortgages

The asset class "mortgages" includes loans for the purchase and refinancing of residential properties, meaning properties used solely for residential purposes and not for commercial activities. This asset class does not include consumer loans secured by real estate or credit lines secured by real estate, as these are typically general-purpose consumer loans for which the PCAF has not yet developed an emissions calculation methodology.

The Bank Millennium Group included in its emissions calculations exposures that finance residential properties and developed land, used by the end-user as of the balance sheet date. Mortgage loans for the construction or modernization of a building are considered optional under the PCAF standard and were not included in the Group's financed emissions due to a lack of available data. For land and properties under construction (not in use as of the balance sheet date), zero emissions were assumed.

In addition, a loan that refinances a mortgage provided by the original lender replaces the original loan. However, in the case of refinancing by a different institution, the exposure and associated emissions are transferred to the refinancing institution.

Financed emissions for mortgages were calculated as the product of the attribution factor and the total emissions of the residential property estimated by the Group. For calculating emissions from residential properties, information from the energy performance certificate was used. In the absence of such data, emissions were estimated based on the property's annual energy demand in kWh per square meter using an accepted EPC model. (the property area data in m² was sourced from the Bank's internal database, and emission factors were drawn from the PCAF database, categorized by type of residential property and emissions in tonnes of CO₂e per MWh).

According to the PCAF standard, the attribution factor corresponds to the LTV (Loan-To-Value) ratio, which is the ratio of the outstanding loan amount to the initial property value. If the initial property value at the time of financing was unknown, the current property valuation at the start of the carbon footprint calculation was used.

6. Sovereign debt

The "public debt" asset class includes government loans and bonds denominated in any currency. Exposures to central banks are excluded from this methodology unless the central banks issue public debt on behalf of governments, as well as exposures to local government units and municipal enterprises are excluded. It is possible to include supranational issuers in this asset class, provided it does not lead to double counting of a country's emissions.

The Bank Millennium Group calculates the carbon footprint from its sovereign debt securities, excluding the trading book.

Financed emissions for "sovereign debt" were calculated according to the PCAF standard as the product of the attribution factor and the emissions of the respective country. The attribution factor for public debt was adopted from the PCAF standard and is defined as the ratio of the book value of the bonds to the country's gross domestic product (GDP) adjusted for purchasing power parity (PPP). Since the GDP adjusted for PPP published by the World Bank for each country is expressed in international dollars (U.S. dollars), the book values of treasury securities expressed in PLN were converted to U.S. dollars using the NBP Table A exchange rate.

State greenhouse gas emissions are defined by PCAF in 3 scopes, of which the Bank Millennium Group has included only Scope 1 in calculations - domestic emissions from sources located within the territory of a given country. Scope 2 - emissions related to the domestic consumption of electricity, steam, heating or cooling imported from another territory and Scope 3 - emissions related to imports of goods and services are not included in the calculation of "sovereign debt" emissions, due to the cessation of publication of the necessary data for the last period by the OECD (data source indicated

by the PCAF) and that the indicators made available for a fee to PCAF members relate only to Scope 1.

Information on biogenic emissions is not available for all of the Group's assets generating Scope 3 category 15 emissions.

Percentage of GHG emissions calculated with the use of primary data obtained from suppliers or other partners in the value chain (Scope 3) for Bank Millennium

Sources of primary data	Emissions [tCO ₂ e]	Percentage of emissions in Scope 3 calculated with the use of primary data
Cat.1	44,694.19	4.72%
Cat.3	1,154.60	0.12%
Cat.15 Corporate reports:	837,417.80	88.47%
In the portfolio of listed equity and corporate bonds	832,558.34	87.95%
In the portfolio business loans and unlisted equity	10.44	0.00%
In the commercial real estate portfolio	4,849.02	0.51%
Cat. 15 Energy Performance Certificates in the mortgage portfolio	63,328.64	6.69%
Total	946,595.23	100.0%

Percentage of GHG emissions calculated with the use of primary data obtained from suppliers or other partners in the value chain (Scope 3) for the Bank Millennium Group

Sources of primary data	Emissions [tCO ₂ e]	Percentage of emissions in Scope 3 calculated with the use of primary data
Cat.1	46,762.52	4.58%
Cat.3	1,265.76	0.12%
Cat.13 Customer survey data	66,019.68	6.47%
Cat.15 Corporate reports:	837,417.80	82.07%
In the portfolio of listed equity and corporate bonds	832,558.34	81.60%

Sources of primary data	Emissions [tCO ₂ e]	Percentage of emissions in Scope 3 calculated with the use of primary data
In the portfolio of business loans and unlisted equity	10.44	0.00%
In the commercial real estate portfolio	4,849.02	0.48%
Cat. 15 Energy Performance Certificates in the mortgage portfolio	68,848.14	6.75%
Scope 3 total	1,020,313.90	100.0%

16.3.4. GHG REMOVALS AND GHG MITIGATION PROJECTS FINANCED THROUGH CARBON CREDITS

[E1-7] The objective of the disclosure of information about GHG removals and GHG mitigation projects financed through carbon credits is to provide an understanding of the undertaking's actions to permanently remove or actively support the removal of GHG from the atmosphere, potentially for achieving net-zero targets and to provide an understanding of the extent and quality of carbon credits the undertaking has purchased or intends to purchase from the voluntary market, potentially for supporting its GHG neutrality claims. The scope of the disclosures is inadequate to the business activities conducted by the Bank Millennium Group, because it does not perform such projects in the area of its own operations and neither does it finance such projects.

16.3.5. INTERNAL CARBON PRICING

[E1-8] The Bank Millennium Group does not apply any internal carbon pricing systems.

17. BANK MILLENNIUM GROUP EMPLOYEES (ESRS S1)

17.1. STRATEGY FOR THE WORKFORCE AREA

17.1.1. INTERESTS AND VIEWS OF STAKEHOLDERS

[SBM-2] The Bank treats the views of employees as a key component of its management process and of building an organizational culture based on dialogue and mutual respect, as has also been reflected in our new strategy for 2025-2028 providing for, among other aspects, the pursuit of initiatives responding to the outcomes of the Employee Satisfaction Survey.

The Bank provides its employees with channels of communication to submit their views, ideas and comments through regular employee surveys, dedicated feedback boxes (electronic and physical), open meetings with the Bank's management, and an established process for the submission of anonymous notifications that ensures the safety of the notifying individual.

Every view submitted by an employee is thoroughly reviewed and considered. The Bank takes employee views into account and uses them to continuously improve its work environment and processes. The consequences of actions taken on the basis of submitted information are communicated to employees, depending on their nature, through the internal Intranet site, during team meetings, etc.

The process of collecting and analysing employee views is conducted on a regular basis, annually, to monitor changes in employee needs and expectations. The Bank evaluates the effectiveness of any solutions that have been implemented based on subsequent surveys and employee engagement indicators.

17.1.2. MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

[SBM-3] The issue of material impacts, risks and opportunities and their interaction with strategy and business model covers all own workforce, as is discussed later on in section 17.2 *Employee characteristics*.

In the course of identifying impacts in the own workforce area, we have categorized a total of thirteen significant issues. These include one negative impact and twelve positive ones. We have not identified any risks or opportunities in this area.

The material issues are categorized under the following three sub-topics from the ESRS guidelines:

1. Working conditions:

- Health and safety
- Secure employment
- Work-life balance
- Working time
- Adequate compensation
- Social dialogue with employees
- Freedom of association, existence of works councils and employees' rights to information, consultation and participation

2. Equal treatment and opportunities for all:

- Gender equality and equal pay for work of equal value
- Training and skills development
- Measures against violence and harassment in the workplace

- Diversity

3. Other work-related rights:

- Privacy

Measures to ensure health and safety of employees:

The Bank has implemented numerous initiatives and solutions to ensure the highest standards of employee health and safety, including:

- Medical care - to ensure that employees have access to comprehensive medical care for themselves and on preferential terms also for their families;
- Health and safety training - regular occupational health and safety training;
- Preventive support - promoting preventive health care and regular check-ups.

Measures to ensure secure employment:

The Bank provides its employees with job stability and security by:

- Hiring employees under indefinite-term employment contracts; minimizing hiring under other forms of employment;
- Dedicated fringe benefits - for instance, implementing fringe benefit packages that include health insurance, gym cards and retirement benefits.

Work-life balance:

The Bank complies with the Labour Code, including by providing its employees with the opportunity to take a family leave

In response to the changing needs of employees and out of concern for their well-being, the Bank has implemented programs to support work-life balance, providing for a hybrid work model and offering workshops and webinars on mental health, stress management and methods to build mental resilience.

Measures to ensure that employees are hired on a full-time basis and their overtime is properly managed:

- Hiring employees on a full-time contract basis
- Overtime management - complying with regulations applicable to overtime, proper recording and compensation arrangements.

Employee compensation consistent with benchmarks and subject to regular reviews:

- Transparent employee compensation system - the Bank ensures that its employees are compensated in accordance with relevant benchmarks. The Bank carries out regular market reviews to ensure that its employees receive competitive and fair compensation,
- Pay equality - ensuring the absence of pay gaps between genders or between similar positions.

Social dialogue with employees:

- Consultation mechanisms - the Bank has adopted regular consultation processes, including surveys and open meetings for employees with the Bank's management.
- Openness to feedback - provision of mechanisms for anonymous submission of comments and opinions by employees.

Freedom of association:

- The Bank respects employees' rights of association and engages in active cooperation with union representatives.

Promoting gender equality and gender neutrality in the employee compensation area:

- To counteract any discriminatory practices, the Bank endeavours to ensure that the process of setting employee compensation ensures gender neutrality.

Providing workforce with the means to support their skill development:

- Regularly investing in employees' skill development by means of internal and external training.
- The Bank supports employees in building career paths aligned with their needs.

Measures to provide employees with instruments against harassment:

- The application of any discriminatory practices bearing the characteristics of bullying or harassment against employees is prohibited as provided for in pertinent policies and internal regulations. The Bank has put in place a system for reporting any breaches of employee rights.

Supporting diversity:

- The Bank actively supports diversity by promoting openness and respect towards all employees.

Personal data protection:

- The Bank ensures compliance with data protection regulations
- The Bank provides regular training on data protection and cyber security.

All these issues are dealt with in detail in the ESRS S1 thematic sections of the report concerning the area of own workforce.

The impacts identified in the course of the double materiality analysis are reflected in the Millennium Bank Group's Bank Strategy 2025-2028, in the Bank's internal regulations and in the organization's business model.

The Bank's new Strategy has laid down a set of clearly defined goals related to sustainability, employee engagement and organizational innovation. All initiatives described in the area of own resources support the achievement of such goals, specifically:

1. Ensure talent acquisition and development plan matching key strategic goals:

- Acquire talents for strategic business lines
- Develop new onboarding process
- Create and deploy development process for strategic area

2. Increase the attractiveness of the Bank as a place to work:

- Maintain Top Employer certificate
- Keep increasing satisfaction of employees
- Maintain Bank Millennium as inclusive and wellbalanced workplace

3. Keep competitiveness and compliance of remuneration policy:

- Mitigate the attrition of staff
- Keep competitive remuneration policy versus the Polish banking sector
- Further develop remuneration policy under ESG and transparency standards

4. Elevate values and corporate culture to support new strategy:

- Adjust corporate culture to internal and external changes
- Refresh and amplify the corporate culture by redefining and communicating the vision, mission and values
- Continue to build lifelong learning culture

5. Constantly improve HR services:

- Further improve employee experience by introducing digital employee services
- Design and implement a service model based on HR business partners
- Keep optimising HR processes

Under the sub-topic “Health and safety”, we have identified one negative impact: the potential for employees in branches to be exposed to robbery associated with their handling of physical cash. Ensuring the safety of employees is a fundamental responsibility of the employer as an entity required to protect the health and lives of employees by ensuring safe working conditions. Accordingly, the Bank is taking all possible steps to thwart any and all incidences of robbery in its branches, in particular by reducing to a minimum the handling of cash by branch staff. Factors that reduce the risk of robbery on a Bank branch are low amounts of cash and a high likelihood of incarceration. The Bank recorded no incidents of robbery in its branches in 2024.

The Bank has adopted the *Manual on physical safety and cash handling at Bank Millennium S.A.’s own network outlets*, which defines physical security and operating procedures for dealing with cash and performing treasury activities at its own network outlets.

The fulfilment of the tasks provided for in the Bank’s new strategy will require the involvement of all employees. The Bank understands the need to invest properly in its most important assets: people and technology, and is adamant about building and developing its position as a top employer.

We have plans to extend educational activities for our workforce to include the topics of climate and nature protection, volunteerism activities to support the pursuit of initiatives related to environmentalism in its broadest sense, environmental protection, and encouraging grassroots environmental and socially beneficial initiatives.

We understand the significance of dialogue with employees. Our primary objective is to ensure the engagement of employees by actively listening to their opinions and being open to change. By engaging in open communication, we enable the possibility of identifying additional areas for improvement and taking action to improve the work environment that we offer.

We understand how concerned our employees are when it comes to the Bank’s impact on the natural environment. In 2024, Bank Millennium began preparing a Transition Plan to reduce its negative environmental impacts and increase the green and climate-neutral nature of its operations. As part of the development of this plan, an analysis of the impact of activities to be carried out as a result of its adoption on the Bank’s employees will be taken into account.

17.1.3. POLICIES RELATED TO OWN WORKFORCE

[S1-1] The Human Resources Department has been put in charge of monitoring alignment with the objectives pursued by all internal regulations, described in chapter 17, related to own workforce. This is served by the tools selected for the deployment of specific processes that are available to all employees of the Bank, enabling their measurability and effectiveness, including: a channel for reporting violations, a system for handling training, a system for working time and vacations, HR portal for reporting problems or questions related to the HR area, and a system for reporting technical problems related to the workplace. Thanks to these solutions, employees have easy access to the necessary information and can actively participate in the organization’s internal processes, and the employer can monitor compliance with rules and regulations on an ongoing basis, analyzes their effectiveness and, if necessary, implements appropriate changes to internal regulations.

Work Rules and Regulations in Bank Millennium

In the Bank Millennium Group, the underlying document defining the rights and obligations of employees and the standards applicable to the safety and organization of work is the Work Rules and Regulations, as approved by the Bank’s Management Board after prior approval by the Trade Unions under the Collective Bargaining Agreement. The employer’s actions are performed by: President of the Management Board, Management Board Member in charge of supervising the Human Resources Department and the Head of the Human Resources Department.

The provisions of the Rules and Regulations apply to all employees of Bank Millennium. The transparency of the rules and regulations in place ensures that all employees enjoy a feeling of certainty about their terms of employment, procedures and principles applied in the workplace. Among other aspects, the document governs issues related to employment stability and job security.

Code of Ethics of the Bank Millennium Group

The Bank considers the conduct of business in a sustainable and ethical manner to be among the fundamental principles of its operation, stemming directly from the Bank's mission and values. The Code of Ethics serves as the primary tool laying down the ethical and professional standards followed by the Bank's workforce. It is a collection of values and principles that guide the Bank in its relations with employees, business partners and local communities. It promotes a work culture based on honesty, respect and equality, fostering a sense of security and stability among employees.

The Code of Ethics has been approved by the Supervisory Board and applies to all employees of the Bank Millennium Group. The Compliance Department is responsible for articulating the principles of the Code of Ethics, communicating and promoting ethical values in the Bank and evaluating the adherence to the principles of ethics.

Compensation policy for employees of the Bank Millennium Group, Compensation policy for Members of the Bank Millennium Management Board and Supervisory Board, Compensation policy for risk takers in the Bank Millennium Group.

The *Compensation policy for employees of the Bank Millennium Group* articulates the assumptions used to shape the fixed and variable components of compensation for all employees in the Group while taking into account the tasks and degrees of power assigned to the teams and units concerned. The policy aims to provide a formal framework for shaping the practice of compensating all the Group's employees from the perspective of corporate governance, institutional safety and the adequacy of compensation to the Group's standing, scale of operations and growth potential. All individual solutions concerning compensation systems are prepared according to the principles prescribed by this policy.

The *Compensation policy for Members of the Bank Millennium S.A. Management Board and Supervisory Board* governs the principles of employee compensation for the Bank's top management bodies.

The *Compensation policy for risk takers in the Bank Millennium Group* provides a formal framework for shaping employee compensation for a separate group of senior managers in the Bank Millennium Group, identified as exerting a material impact on the Group's risk profile - also known as Risk Takers.

The Bank's Management Board is responsible for the implementation of all the above Compensation Policies. The Bank's Management Board develops, implements, maintains and ensures the operation of the Compensation Policies that are suitable for the management system and risk strategy and the internal control system in the Bank Millennium Group.

The Bank's Supervisory Board is responsible for approving the Compensation Policies. Once a year, the Bank's Supervisory Board prepares and presents to the Bank's Shareholder Meeting a report on the assessment of the functioning of Compensation Policies in the Bank Millennium Group.

The implementation of the Compensation Policies in the Bank Millennium Group is subject to opinions by the Personnel Committee of the Bank's Supervisory Board. In its report to the Bank's Supervisory Board, the Personnel Committee of the Bank's Supervisory Board presents its conclusions regarding the functioning of the Compensation Policies.

The Bank's Shareholder Meeting is responsible for assessing whether the approved Bank Millennium Group Compensation Policies support growth and security. The Bank's Shareholder Meeting makes the above assessment on the basis of the annual report on the assessment of the functioning of the Compensation Policies in the Bank Millennium Group, which is prepared and presented by the Bank's Supervisory Board.

The compensation of key managers is set by the Personnel Committee of the Bank's Management Board and the compensation of the Bank's Management Board Members is determined by the Personnel Committee of the Bank's Supervisory Board.

Human rights policy

The human rights policy is approved by the Bank's Management Board and applies to all employees of the Bank Millennium Group.

Respect for human rights is embedded in the fundamental objectives and commitments of the Bank Millennium Group, which is to conduct its business on the basis of social responsibility, in particular by pursuing the United Nations Sustainable Development Goals. As the Bank Millennium Group, we are committed to respecting human rights, ensuring compliance with the provisions of Polish and international law (including the United Nations Universal Declaration of Human Rights) and the 10 Principles of the UN Global Compact, and defining internal practices and procedures in this area.

In the Policy, we have adopted the following principles related to respecting and advancing human rights:

- **Prohibition of forced labour, child labour and human trafficking** - we reject all forms of forced labour related to human trafficking, forced labour and child labour or any modern form of slave labour, in compliance with the provisions of Polish and international law in this respect.
- **Prohibition of discrimination and violation of labour rights** - we promote a culture of tolerance and reject all forms of discrimination based on origin, gender, sexual orientation, family situation, nationality, ethnicity, religion, membership in social groups and political beliefs, or any kind of individual physical characteristics, health conditions or disabilities. We provide a healthy and safe work environment, free from discrimination, bullying, harassment and any and all forms of violence.
- **Freedom of association** - we respect the freedom of association and comply with the rules that permit employees to associate, and we create conditions for employee organizations, including trade unions, to operate in accordance with applicable laws.
- **Employee compensation** - we promote fair and equitable compensation for our employees, based on their qualifications, experience, responsibilities and functions. We comply with national and international laws, particularly the Labour Code, and all pertinent internal regulations.
- We promote conditions that ensure a balance between professional career and personal life as well as other personal needs of our employees.
- **Employee relations** - we promote human rights in our relations with employees by adopting and applying relevant internal regulations, including the Bank Millennium Group's Code of Ethics, which defines principles that shape healthy and transparent relations with this group of stakeholders.

Diversity management policy

Our diversity management policy is aimed at promoting a culture of mutual respect, identifying diversity, ensuring equal opportunities, preventing exclusion and avoiding discrimination - all this in respect of all employees of the Bank Millennium Group. The Bank's Management Board is responsible for implementing the policy.

In accordance with the provisions of the diversity management policy, the Bank Millennium Group operates while respecting human dignity, adheres to the law on equal treatment regardless of age, gender, ethnic or national origin, financial situation, religion, family status, sexual orientation, health condition, religious and ideological convictions, trade union membership and other reasons that might trigger discrimination.

The Bank Millennium Group takes into account the principle of respect for diversity in all pertinent internal regulations and puts it into practice in the following areas: appropriate working conditions, building awareness and developing employees.

In accordance with the adopted policy, the Bank Millennium Group promotes among all employees the values of unqualified respect for human dignity and diversity, with zero tolerance for any form of discrimination. The only criteria affecting employee compensation and access to specific positions involve the employee's competence and performance. Employee compensation is defined in accordance with function, career and degree of achievement of established goals, promoting a 1:1 pay ratio between men and women holding comparable functions and having similar levels of responsibility and career progression.

Procedure for dealing with reports from employees, including those suggesting bullying, mobbing or discrimination in Bank Millennium

[S1-1] In order to ensure the implementation of adopted commitments and principles in policies and other internal regulations, the Bank has put in place a procedure, which is a supporting tool for preventing and mitigating discrimination and taking action after its detection as well as increasing diversity and overall inclusion.

The procedure governs and describes the process of employee notifications, which may include, in particular: suspected bullying, discrimination, inappropriate behaviour, breaches of personal rights or violation of the Bank's rules of social coexistence.

The procedure applies to all employees of the Bank and is issued by way of communication from the Director of the Human Resources Department.

HR policy

The HR policy is based on Bank Millennium's mission and values and defines the framework for the operation of the HR area in the Bank Millennium Group. It describes both the HR management model and the regulations that serve as the legal basis for the HR management system in the Bank Millennium Group.

The policy also outlines the HR Department's key areas of operation, such as recruitment and onboarding, compensation and benefits, training and development, leadership, employee opinion surveys, digitalization of HR processes and data analysis, defines the objectives within these areas that stem from the Bank Millennium Group's strategy, and addresses the ambitions and aspirations that guide the HR management area. The document aims to ensure consistency and transparency in human resources management, support employee development, promote organizational values and align HR processes with the latest trends and labour market requirements.

The HR policy is approved by the Bank's Management Board and applies to all Group employees. The HR Department is responsible for implementing the policy.

Instructions for participation in training programs at Bank Millennium

Training and development activities in the Bank are carried out with a view to improving the competencies of employees, enhancing the quality and efficiency of work, and as a result - contributing to current and future strategic goals.

The Instructions constitute an internal operational document that contains the rules and describes all necessary information on the process of providing training to Bank employees.

The document is approved by the Bank's Management Board and the Human Resources Department, which is in charge of arranging training for employees within the scope of its powers and is responsible for its implementation and updating.

Instructions for managing occupational health and safety and fire protection in Bank Millennium

[S1-1] Occupational Health and Safety activities are regulated in the *Instructions for managing occupational health and safety and fire protection in Bank Millennium*. They include standard occupational health and safety topics, fire protection, labour law basics and training in these areas for all employees of Bank Millennium.

Pursuing the task of implementing and updating the Instructions is the responsibility of the Occupational Health and Safety Team with the participation of the Bank's relevant units. The Management Board is responsible for approving the Instructions as a document applicable to all employees of Bank Millennium.

The Bank does not have a separate policy in place dealing with issues related to the prevention and management of accidents at work, as these issues are governed by legislation, adhered to by the Bank. In accordance with current practice, the Bank determines the circumstances and causes of accidents at work and applies appropriate measures to prevent accidents on the basis of the applicable provisions of the Labour Code and the Regulation of the Council of Ministers of 1 July 2009 on determining the circumstances and causes of accidents at work.

Bylaws of the Company Social Benefits Fund in Bank Millennium

[S1-11] The Bylaws lay down the principles for the creation and conditions for the use, by Bank Millennium employees, of services and benefits financed by the Company Social Benefits Fund.

Individuals entitled to use the benefits provided by the Fund are full-time and part-time Bank Millennium employees, their family members and former employees of the Bank who either retired or received a disability pension immediately after the termination of their employment relationship with the Bank. The Fund's resources are administered by the Director of the Human Resources Department, acting under the authority of the Bank's Management Board.

Personal data security policy in Bank Millennium

The Bank has adopted the *Personal data security policy in Bank Millennium S.A.*, which describes the general rules regarding the protection of data processed by the Bank. The purpose of the Policy is to define the rules for processing personal data in compliance with the requirements of the applicable legal regulations on personal data protection. The Policy applies to all employees of Bank Millennium.

The Bank's Management Board is responsible for approving, implementing and amending the Personal Data Security Policy. The Data Protection Department is in charge of supervising the implementation of the Policy.

Instructions for processing personal data in Bank Millennium

The document contains detailed information on the purposes and duration of the employer's processing of employees' personal data, the categories of entities that have access to personal data and the rights of employees related to the processing of their personal data. The scope of the information provided corresponds to the requirements under EU data protection legislation, i.e. Regulation (EU) 2016/679 of the European Parliament and of the Council (hereinafter: "Regulation").

Supervision over the proper processing of personal data is exercised by the Data Protection Officer.

17.1.4. PROCEDURES FOR COOPERATION WITH OWN WORKFORCE AND EMPLOYEE REPRESENTATIVES REGARDING IMPACTS

[S1-2] In implementing the provisions of the Code of Ethics, Bank Millennium regularly surveys employee opinions and conducts extensive communication and dialogue with employees:

Employee satisfaction surveys

The employee satisfaction survey is a process by which the Bank collects opinions directly from its employees on various aspects of their work and work environment. The purpose of the survey is to understand how employees evaluate their work experience, thus enabling the Bank to identify areas for improvement and make appropriate changes within the organization. The survey is conducted annually.

The survey covers various aspects of work, such as terms and conditions of employment, relationships with superiors and co-workers, work organization, professional development opportunities, compensation, job stress and other elements that affect overall employee satisfaction.

Employees receive information about general outcomes of the survey through a message posted and communicated to employees via the World of Millennium intranet site, and detailed results are discussed at managers' meetings and departmental meetings with employees.

In 2024, 63% of the Bank's employees participated in the survey.

The outcomes of the survey are reviewed and used to evaluate the organization's activities, improve strategy and plan future assignments. The outcomes of the 2023-2024 satisfaction survey were taken into account in:

- Preparing a multi-level approach to employee training and development, which includes individual training, development plans for areas and departments, programs for managers, self-learning platforms as well as specialized development and certification programs.
- Employee compensation reform, which consisted of comprehensive job reform and compensation updates, the introduction of new job titles, a competency evaluation system and an approach to raises and promotions based on individual evaluation.
- Changes in work organization and improvement of communication based in particular on building a new knowledge base and information on the intranet, implementing a new onboarding process and introducing a voluntary lunch break.
- Designing activities to reduce occupational stress, for instance through the creation of an intranet-based Me Zone, available to all employees, broad access to webinars on health and stress reduction techniques, and a cancer prevention program.

The Bank's unit responsible for implementing this process and reporting the results to the Management Board is the Human Resources Department, in particular the Director of the Human Resources Department who heads it. The Human Resources Department remains under direct oversight of the President of the Management Board.

Participation in the survey conducted among Bank employees is voluntary and responses are anonymous in order to provide respondents with the comfort and freedom to express their opinions. The survey and review of its outcomes are conducted through an external company.

Meetings between employees and the Management Board

The Management Board emphasizes communication and dialogue with the Bank's employees. The Bank holds periodic meetings to discuss issues of importance to employees:

- Periodic meetings with the Bank’s managers to discuss the Bank’s quarterly results, ongoing projects and plans.
- Regular working meetings of managers with Management Board Members to discuss the Bank’s current activities.
- Meetings of Management Board Members with specific employee groups - such meetings are open to employees who may directly ask questions or submit their suggestions to Management Board Members. As part of an organized initiative, interested employees may share their opinions on a specific topic and then participate in business lunches held for a smaller group of participants. Such meetings are attended by the President of the Management Board or other Management Board Members. They provide an opportunity for employees to directly share their opinions regarding work in Bank Millennium. In 2024, the meetings concerned the survey on *How to work more efficiently in Bank Millennium*. Feedback was provided by 100 individuals, following which we categorized 238 ideas. Employees who provided their responses were invited to participate in direct meetings with a small group of decision makers. Lunch meetings were held in 3 Bank Millennium head offices - in Warsaw, Wrocław and Gdańsk.

The Bank encourages open communication. The employee social network Viva Engage and the World of Millennium intranet site serve this purpose. These tools serve to inform employees of the most important issues relating to the Bank while making it possible to submit remarks and exchange opinions on various topics. Additionally, the HR Department runs an Employee Zone intranet site on which it regularly posts all information of interest to employees about employee-related matters.

Cooperation with trade unions

In accordance with the provisions of the human rights compliance policy implemented in Bank Millennium, we respect the freedom of association and comply with the rules that permit employees to associate, and we create conditions for employee organizations, including trade unions, to operate in accordance with applicable laws.

Two trade union organizations operate in Bank Millennium and one trade union organization operates in Millennium Leasing. There are no trade union organizations in other Group companies.

Employees of the Bank and Bank Millennium Group companies are not covered by a collective bargaining agreement. The advancement of collective bargaining agreement negotiations is 0%. 100% of employees are represented by trade unions.

The Bank, in accordance with the applicable laws, cooperates with the trade unions within the scope defined by the legal regulations and the Trade Unions Act of 23 May 1991.

Under the agreements in place, the Bank and the trade unions agrees on internal regulations relevant to employees, such as reward regulations, bonus regulations, remote work regulations and the social fund spending plan. The Bank also consults with the trade unions on case-by-case employee issues. The HR Department is responsible for cooperation with the trade unions.

The Bank provides employees with information on changes regarding relations with it as an employer, taking into account the criterion of relevance, with the advance notice specified by labour legislation, that is a minimum of 30 days.

17.2. WORKFORCE CHARACTERISTICS

17.2.1. CHARACTERISTICS OF THE ENTITY'S WORKFORCE

[S1-6] The Bank treats the Republic of Poland as the area of its business activity, and therefore all employee disclosures refer to Poland without the Bank isolating any other locations relevant to its business activity. At the end of 2024, the headcount in the Bank Millennium Group was 6,836 people. Most of the employed workers were women (65%), and the average age of employees was 40. In the Millennium Bank Group, we did not experience any significant fluctuations in the number of Group employees between the reporting periods. We do not hire employees during unguaranteed working hours.

Workforce characteristics by gender in the Bank Millennium Group and Bank Millennium³

Gender	Headcount	FTE	Headcount	FTE
	Group		Bank	
Males	2,419	2,373	2 269	2,260
Females	4,417	4,341	4,206	4,190
Other	0	0	0	0
Not reported	0	0	0	0
Total of employees	6,836	6,714	6,475	6,450

Characteristics of the Bank Millennium Group's employees, categorized by form of employment and working hours

Number of people	Females	Males	Other	Not reported	Total
Number of employees	4,417	2,419	0	0	6,836
Number of permanent employees	3,930	2,080	0	0	6,010
Number of temporary workers	487	339	0	0	826
Number of employees who are not guaranteed working hours	0	0	0	0	0
Number of full-time employees	4,285	2,362	0	0	6,647
Number of part-time employees	132	57	0	0	189

³ Includes the Group's employees working under an employment relationship (fixed-term and indefinite-term contracts, substitutions) as at 31 December 2024. Data are provided for the Group in total and for the Bank individually, in persons, as well as in full-time equivalents (FTEs) - for instance, if an employee is employed 50% of the time equivalent to a full-time employment contract, we report 0.5 FTEs. The number of employees disclosed in this report is identical to the number of employees disclosed in the Report of the Management Board on the activities of Bank Millennium and the Bank Millennium Capital Group for 2024.

Characteristics of the Bank Millennium employees, categorized by employment type and working hours

Number of people	Females	Males	Other	Not reported	Total
Number of employees	4,206	2,269	0	0	6,475
Number of permanent employees	3,726	1,943	0	0	5,669
Number of temporary workers	480	326	0	0	806
Number of employees who are not guaranteed working hours	0	0	0	0	0
Number of full-time employees	4,141	2,253	0	0	6,394
Number of part-time employees	65	16	0	0	81

Employee turnover in the Bank Millennium Group and Bank Millennium

Number of people	Headcount		FTE	
	Group	Bank	Group	Bank
Number of total employees who left the unit	1,034	982	1,016.3	979.8
Employee initiative	558	533	555.7	531.8
Mutual agreement	106	92	93.2	91.6
Dismissal	336	326	335.5	325.8
Retirement	30	28	28.6	27.6
Death	4	3	3.3	3.0
Employee turnover rate	15.1%	15.2%	15.1%	15.2%

17.2.2. CHARACTERISTICS OF NON-EMPLOYEES CONSTITUTING OWN EMPLOYEE RESOURCES

[S1-7] As at 31 December 2024, the Bank cooperated with 1,567 persons that were non-employees. This group mainly includes 508 contract employees providing highly specialized IT services in the Bank's development projects. The vast majority of the remainder are 850 franchisee employees bound by an employment relationship with the Bank as a Natural Person Providing Agency Services (NPPAS).

Characteristics of persons not employed by the Bank Millennium Group breakdown by type of employment contract

Number of people	Females	Males	Other	Not reported	Total
Number of non-employees	953	614	0	0	1,567
Contracts of mandate, contracts for specific work, civil law agreements for the Supervisory Board, trust contracts, agreements based on the resolution	74	135	0	0	209
Contracts of mandate NPPAS	741	109	0	0	850
B2B	118	247	0	0	365
Outsourcers	20	123	0	0	143

Characteristics of persons not employed by Bank Millennium breakdown by type of employment contract

Number of people	Females	Males	Other	Not reported	Total
Number of non-employees	828	354	0	0	1,182
Contracts of mandate, contracts for specific work, civil law agreements for the Supervisory Board, trust contracts, agreements based on the resolution	67	122	0	0	189
Contracts of mandate OFWCA	741	109	0	0	850
B2B	0	0	0	0	0
Outsourcers	20	123	0	0	143

17.3. EMPLOYMENT SECURITY, FRIENDLY PLACE TO WORK

17.3.1. POLICIES RELATED TO EMPLOYMENT SECURITY

[S1-1] In the Bank Millennium Group, the underlying document defining the rights and obligations of all employees and the standards applicable to the safety and organization of work is the Work Rules and Regulations.

The document is described in more detail in section *17.1 Strategy for the workforce area*.

17.3.2. ACTIONS TAKEN TO IMPLEMENT POLICY OBJECTIVES

[S1-4] The Bank Millennium Group operates in Poland, where employment conditions and practices are strictly regulated by law. All employees work under employment contracts and enjoy guaranteed working hours. The Bank Millennium Group's employment structure consists mainly of full-time (97% of employees in 2024) and indefinite-term contracts (88%). 99% of employees are employed locally (Polish citizens working in Poland). The forms of employment adopted in the Bank provide employees with a sense of security and stability.

Bank Millennium recognizes employment security and stability as key elements of responsible and sustainable human resources management. Our approach is based on two pillars: adherence to the Labour Code as the supreme external document governing the rights and obligations of the employer and employees, and internal regulations designed to ensure the highest standards of safety, ethics and social responsibility.

Bank Millennium regularly surveys employee opinions and conducts extensive communication and dialogue with employees. The purpose of the survey is to understand how employees evaluate their work experience, thus enabling the Bank to identify areas for improvement and make appropriate changes within the organization. These activities are described in more detail in section *17.1 Strategy for the workforce area*.

We promote conditions that ensure a balance between professional career and personal life as well as other personal needs of our employees. Creating a friendly workplace that fosters work-life balance is not only a key sustainability element, but also a major factor contributing to employee productivity, commitment and loyalty.

In addition to providing attractive working conditions, development and social support, Bank Millennium supports employees returning to work after a maternity/parental leave, and encourages participation in charitable activities, employee volunteerism, sports and cultural activities.

Bank Millennium permits its employees to customize their form and working hours by offering various systems, such as fixed, shift-based, task-based or equivalent, as well as work under a hybrid model. For more information, see section *17.5 Working time*.

The Bank established an intranet-based Me Zone, available to all employees, broad access to webinars on health and stress reduction techniques, and a cancer prevention program. In addition, we organize numerous webinars on the topics of diversity and broadly construed well-being.

Employee volunteerism

Within these activities, employee volunteerism plays a special role, which not only supports local communities, but also fosters a sense of meaning, community and commitment among teams. Volunteer activities enable employees to pursue their passions and values while favourably affecting workplace relations and building an organizational culture based on social responsibility.

In 2024, employee volunteerism focused on environmental initiatives. Moreover, due to the flood crisis that unfolded in southern Poland, volunteers had the opportunity to submit projects to support those affected by the calamity.

Social safety [S1-11]

Bank Millennium operates under the provisions of the Labour Code, which guarantees, without limitation, protection to all employees against loss of income due to serious life emergencies, such as illness, unemployment, work accident, acquired disability, parental leave and retirement.

All Bank Millennium Group employees are offered the same social and financial benefits regardless of the type of employment contract (for a definite/indefinite term), working time (part-time/full-time) or the place of work:

- Support activities for employees approaching retirement/post-retirement

Approximately 14% of Bank Millennium Group employees are over the age of 50. Retired employees may continue private medical care after termination of employment on preferential terms and may apply for an allowance in challenging financial or health situations. At the request of retiring employees, training related to employment continuity and facilitating the retirement process is provided. In the event of retirement, the Bank pays the employee a retirement allowance based on length of service, which is higher than that provided for in the Labour Code.

- Social benefits

The amount and scope of benefits depend on the employee's life and financial situation. The Bylaws of the Company Social Benefit Fund regulate the Bank's social activity. According to these Bylaws, the Bank pursues the following initiatives:

- conducting leisure, cultural, sporting, recreational and tourist activity,
- organising events and group meetings,
- providing material or financial assistance,
- providing financial assistance in individual events of chance, a particularly difficult financial, family or life situation (financial assistance that does not have to be repaid), also in states of emergency or epidemiological risks. The benefit may also be used by employees who retired or received a disability pension immediately after the cessation of their employment relationship.

The Bank provides employees with access to a **private medical care program** throughout Poland. Under individually prepared ranges of medical subscriptions, all employees have access to basic and specialist medical consultations, detailed diagnostic tests and prevention programs. Medical subscriptions on preferential terms may also be used by family members of a current or retiring employee.

For employees who want additional financial security for unforeseen life situations, we offer an extensive **life insurance program**. Life insurance constitutes a cornerstone of financial security. Owing to the Bank's extremely favourable agreement with Poland's largest insurer, employees may join a group insurance program and benefit from terms they would not be able to obtain if they insured themselves individually. Joining the insurance is voluntary. The protection covers the life and health of the employee and their family members.

17.3.3. OBJECTIVES RELATED TO THE IMPLEMENTATION OF POLICIES AND ACTIVITIES

[S1-5] Bank Millennium has set a goal in its Strategy for 2025-2028 to maintain a competitive, transparent and compliant employee compensation policy and to enhance the Bank’s attractiveness as a place to work by among other maintaining its position as a Top Employer.

Ongoing progress in implementing strategic sustainability initiatives (as described in the ESG Strategy for 2022-2024) has been monitored on a quarterly basis by the Sustainability Committee. The managers of the substantive units are responsible for the achievement of individual goals, and they report on the level of the goal’s achievement in their area. On this basis, a report is prepared after each Committee meeting.

The same monitoring model will be maintained in subsequent years, for the Strategy for 2025-2028.

Targets were set in consultation with the units involved in their pursuit.

17.3.4. WORK-LIFE BALANCE METRICS

[S1-15]

Employees of the Bank Millennium Group eligible to take a leave of absence for family-related reasons

Number of people/FTE	Females	Males	Other	Not reported	Total
Employees entitled to a family reasons’ leave					
Maternity, paternity, parental leave	372	133	0	0	505
Child care leave (Article 188 of the Labor Code)	1,507	433	0	0	1,940
Care leave to provide personal care or support to a person who is a family member or resides in the same household (5 days)	4,417	2,419	0	0	6,836
Employees who took a family reasons’ leave					
Maternity, paternity, parental leave	221	130	0	0	351
Child care leave (Article 188 of the Labor Code)	1,507	433	0	0	1,940
Care leave to provide personal care or support to a person who is a family member or resides in the same household (5 days)	45	16	0	0	61
Percentage of employees eligible to a family reasons’ leave					
Maternity, paternity, parental leave	8%	5%	0%	0%	7%
Child care leave (Article 188 of the Labor Code)	34%	18%	0%	0%	28%

Number of people/FTE	Females	Males	Other	Not reported	Total
Care leave to provide personal care or support to a person who is a family member or resides in the same household (5 days)	100%	98%	0%	0%	100%
The percentage of eligible employees who took a family reasons' leave					
Maternity, paternity, parental leave	59%	98%	0%	0%	70%
Child care leave (Article 188 of the Labor Code)	100%	100%	0%	0%	100%
Care leave to provide personal care or support to a person who is a family member or resides in the same household (5 days)	1%	1%	0%	0%	1%

Employees of the Bank Millennium eligible to take a leave of absence for family-related reasons

Number of people/FTE	Females	Males	Other	Not reported	Total
Employees entitled to a family reasons' leave					
Maternity, paternity, parental leave	362	124	0	0	486
Child care leave (Article 188 of the Labor Code)	1,459	409	0	0	1,868
Care leave to provide personal care or support to a person who is a family member or resides in the same household (5 days)	4,209	2,269	0	0	6,475
Employees who took a family reasons' leave					
Maternity, paternity, parental leave	216	122	0	0	338
Child care leave (Article 188 of the Labor Code)	1,459	409	0	0	1,868
Care leave to provide personal care or support to a person who is a family member or resides in the same household (5 days)	43	15	0	0	58
Percentage of employees eligible to a family reasons' leave					
Maternity, paternity, parental leave	9%	5%	0%	0%	8%
Child care leave (Article 188 of the Labor Code)	35%	18%	0%	0%	29%
Care leave to provide personal care or support to a person who is a family member or resides in the same household (5 days)	100%	100%	0%	0%	100%

The percentage of eligible employees who took a family reasons' leave

Maternity, paternity, parental leave	60%	98%	0%	0%	70%
Child care leave (Article 188 of the Labor Code)	100%	100%	0%	0%	100%
Care leave to provide personal care or support to a person who is a family member or resides in the same household (5 days)	1%	1%	0%	0%	1%

Employees eligible to take a leave of absence for family-related reasons:

- Individuals remaining in employment at the end of the reporting period who were on maternity, parental or paternity leave for at least one day during the reporting period.
- Individuals remaining in employment at the end of the reporting period who declared the use of leave for childcare (Article 188 of the Labour Code).
- Individuals remaining in employment at the end of the reporting period who were eligible to take care leave for the personal care or support of a person who is a family member or resides in the same household (5 days).

Employees who took a leave of absence for family-related reasons:

- Employees who completed their maternity, parental or paternity leave during the reporting period.
- Employees who took childcare leave (Article 188 of the Labour Code) during the reporting period (who applied for childcare leave)
- Employees who took at least 1 day of childcare leave during the reporting period for the personal care or support of a person who is a family member or resides in the same household.

Percentage of employees eligible for family care leave is expressed as the ratio of employees eligible for family care leave to the number of individuals in employment at the end of the reporting period.

The percentage of eligible employees who took a leave of absence for family-related reasons is expressed as the ratio of the number of employees who took a leave of absence for family-related reasons to the number of employees eligible to take such leave.

17.4. EMPLOYEE COMPENSATION

17.4.1. POLICIES RELATED TO EMPLOYEE COMPENSATION

[S1-1] Bank Millennium has implemented a uniform *Compensation policy for employees of the Bank Millennium Group* which articulates the assumptions used to shape the fixed and variable components of compensation for all employees in the Group while taking into account the tasks and degrees of power assigned to the teams and units concerned.

Policies pertaining to the employee compensation area are described in more detail in section *17.1 Strategy for the workforce area*.

17.4.2. ACTIONS TAKEN TO IMPLEMENT POLICY OBJECTIVES

[S1-4] Employees have employment contracts and fixed compensation makes up a major part of their overall compensation.

Our internal regulations ensure transparency, fairness and competitiveness in compensation. We set clear criteria defining the rules for determining employee compensation, bonuses and fringe benefits, enabling us to motivate our employees, build commitment and support their professional development. Bank Millennium's employee compensation system is aligned with sustainability principles - we promote employee compensation that takes into consideration gender balance and counteracts inequalities.

At the Bank, regular salary and position reviews are conducted. Pursuant to an assessment of the Group's financial condition and its business environment, the Bank's Management Board may make a decision to award a pool of funds to be used to modify employees' base salaries.

In accordance with the Employee Compensation Policy, the Bank incorporates information in the compensation policy concerning the market levels of compensation for similar positions. Employee compensation is periodically checked on the basis of the Bank's current strategy, market data, job performance assessments and employee career stages.

Moreover, in the Bank Millennium Group, we use variable employee compensation as an additional motivational element of the overall compensation, shaped using differentiated bonus schemes whose purpose is to motivate employees to achieve their business and organizational plans.

The bonus systems and periodic evaluation criteria in the Bank Millennium Group have been adapted to the specific nature of work performed by employees in the Group's various areas. The rules for granting bonuses are defined for individual employee groups in the Rules and regulations of performance assessment and conditions for granting bonuses.

The Bank does its best for the motivation mechanisms addressed to the employees of sales units and other units involved in processes related to client service to be devised in such a way that they do not lead to a conflict of interest or incentives that may incline Group employees to place their own interests or the firm's interest first thereby creating a prospective loss for any Group client. The bonus pool amount depends each time on overall results and on the general condition of the Bank.

The Trade Unions active in Bank Millennium provide consultation of any changes that are introduced to the rules governing basic salary and to bonus systems.

External consultants are not directly involved in the process to determine compensation levels, however the Bank does analyse data from compensation reports provided by consultants from Korn Ferry and Sedlak&Sedlak.

17.4.3. OBJECTIVES RELATED TO THE IMPLEMENTATION OF POLICIES AND ACTIVITIES

[S1-5] Bank Millennium has set a goal in its Strategy for 2025-2028 to maintain a competitive, transparent and compliant employee compensation policy (for details, see section *17.1 Strategy for the workforce area*).

Ongoing progress in implementing strategic sustainability initiatives (as described in the ESG Strategy for 2022-2024) has been monitored on a quarterly basis by the Sustainability Committee. The managers of the substantive units are responsible for the achievement of individual goals, and they report on the level of the goal's achievement in their area. On this basis, a report is prepared after each Committee meeting.

The same monitoring model will be maintained in subsequent years, for the Strategy for 2025-2028.

Targets were set in consultation with the units involved in their pursuit.

17.4.4. ADEQUATE WAGES

[S1-10] All Bank Millennium employees receive adequate compensation.

Salary levels are reviewed taking into account the periodic assessment of performance and skills and are compared with salary information presented in salary studies on the financial markets.

Ratio of salaries of entry-level employees to the minimum wage: 1.33.

17.4.5. COMPENSATION METRICS

[S1-16] The ratio of the annual total compensation for 2024 of the highest paid person in the organization to the median annual total compensation of all employees (excluding the highest paid person) is 38. The ratio of the percentage increase in annual total compensation for 2024 of the highest paid person in the organization to the median percentage increase in annual total compensation for all employees (excluding the highest paid person) is 59%.

The Bank analyses on an ongoing basis the compensation structure and equality of earnings and jobs by gender, age and nationality. Interviews are held from time to time with persons leaving the Bank to grasp the reasons for them to leave.

Gender pay gap in the Bank Millennium Group

Unadjusted gender pay gap	Average unadjusted pay gap between men and women	33,7%	The gender pay gap calculated as the difference between the average total annual wage paid to men and women expressed as a percentage of the average total annual wage paid to men for the Group. The salaries of part-time employees were converted to full-time.
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The pay gap indicator is not only used for sustainability reporting but is also reported to other authorities (KNF, EBA). In order to maintain consistency in reporting, we have adopted a different calculation method - converting the total remuneration per FTE using a monthly rather than an hourly rate. The total remuneration includes both fixed and variable remuneration, i.e. basic remuneration from engagement, bonuses, rewards, overtime, severance pay, holiday equivalents, non-cash benefits added to income (i.e. all components included in PIT). The unadjusted gap takes into account all employees employed at the end of the year and their total remuneration.

The difference in the average compensation of women and men does not include the differences in geographic location, scope of duties and headcount structure of men and women in various positions in different areas of the Bank. It should be emphasized that the last factor in particular is of major significance for the shaping of the average employee compensation. Most women are hired in the sales network (74%), while men work chiefly in high technology areas (in the “technicians” category). The Bank reviews in detail all factors that may contribute to the differences in employee compensation between men and women.

17.5. WORKING TIME

17.5.1. POLICIES RELATED TO WORKING TIME

[S1-1] The Bank Millennium Group has the Work Rules and Regulations in place, which establish the organization and order of work and the related rights and duties of the employer and employees, including issues related to working time.

The document is described in more detail in section *17.1 Strategy for the workforce area*.

17.5.2. ACTIONS TAKEN TO IMPLEMENT POLICY OBJECTIVES

[S1-4] Fixed full-time working hours

97% of the Millennium Bank Group's employees work full-time, predominantly according to a schedule of fixed working hours. Individual work schedules and remote work are permissible on the basis of individual contracts.

Bank Millennium Group employees are subject to one of the following working hour schedules: fixed (the main one), shift-based, task-based, balanced, continuous. The selection of a system depends on the type, organisation and place of work and the business requirements in a specific area.

Individual approach to the form and time of work

In response to an employee's written request, their superior may set an individual work time schedule within the framework of the system applicable to that employee. Working remotely is also possible through individual arrangements. Employees may work part-time insofar as the conditions for the Group to operate in a given area facilitate that. Many employees with parental rights are taking advantage of this solution.

Work in a hybrid mode

The hybrid work mode has been introduced in the Bank Millennium Group. The Bank recommends that employees work 50% of time in the office and 50% on a remote basis, with the organizational unit Managers being authorized to modify these proportions as the needs require in connection with the tasks and projects in progress and the effectiveness achieved by employee teams. Such a solution makes it possible to combine the needs of the employees with the interest of the employer.

Overtime management

In Bank Millennium, overtime is managed through the TETA system, which is available to all employees. Registration of overtime during the reporting period is carried out in accordance with the Polish labour law. Employees are familiarized with the rules for registering and receiving overtime through the HR Portal on the intranet.

Bank Millennium makes every effort to ensure that employees have full knowledge of working time rules, applicable laws and internal regulations. To this end, we arrange time management training courses that are tailored to different groups of employees. The topics covered during such training include:

- Labour Code regulations on working time, including working time standards and dimensions, overtime and days off,
- Bank's internal regulations - such as procedures for reporting overtime and vacation planning rules,

- effective work time management - techniques for planning and organizing tasks to increase efficiency and minimize stress associated with excessive duties.

Training-related issues in Bank Millennium are described in more detail in section 17.8. *Training and development*

17.5.3. OBJECTIVES RELATED TO THE IMPLEMENTATION OF POLICIES AND ACTIVITIES

[S1-5] Bank Millennium strives to create a friendly work environment that takes into account the various needs of employees also in terms of their working hours, while remaining in compliance with the Labour Code and Work Rules and Regulations. The following are the main goals we pursue to manage our employees' working time in a transparent and effective manner:

1. **Ensure compliance with the law** - the Bank ensures compliance with standards for working hours, rest periods and overtime compensation rules.
2. **Enabling flexible working time** - we promote a flexible approach to the organization of working time which enables employees to better adapt working hours to their needs (hybrid work model, individual working time established under the provisions of the Work Rules and Regulations)
3. **Ensuring compliance with working time rules** - regular monitoring and optimization of working time to ensure that employees obtain enough rest and avoid excessive workload.
4. **Developing a culture of responsible work** - management is encouraged to promote transparency and support the individual needs of employees in the organization of their working time as part of building trust and long-term commitment of the team.

Monitoring the achievement of individual goals is supported by tools available to all employees of the Bank, enabling their measurability and effectiveness: time and leave management system and HR portal to report problems or questions related to the HR area.

17.6. EMPLOYEE HEALTH AND SAFETY

17.6.1. POLICIES RELATED TO EMPLOYEE HEALTH AND SAFETY

Occupational Health and Safety activities are regulated in the *Instructions for managing occupational health and safety and fire protection in Bank Millennium*.

The document is described in more detail in section 17.1 *Strategy for the workforce area*.

17.6.2. ACTIONS TAKEN TO IMPLEMENT POLICY OBJECTIVES

[S1-4] Bank Millennium's fundamental activity with regard to the health and safety of its employees is the continuous provision of proper occupational health and safety conditions. The OHS activity is a scheduled activity based on the annual audit plan, which covers at least 50% of all the Bank's branches in any given year, as well as periodic inspections of offices for compliance with fire protection and OHS rules. In order to be able to effectively implement the requirements prescribed in the regulations, a process has been developed at the Bank for the actions taken in this respect:

1. Periodic inspections of the state of occupational health and safety at all of the Bank's locations are carried out by an external company specializing in the OHS area.
2. Inspection reports are prepared and forwarded to the Bank's Occupational Health and Safety Office.
3. The Occupational Health and Safety Office verifies all information contained in such reports, following which it implements the recommendations issued within the scope of its powers or

forwards them to the relevant responsible units of the Bank that exert an impact on employee occupational health and safety issues.

4. Each year, the Occupational Health and Safety Office prepares an annual analysis of the state of occupational health and safety, which includes a summary of all inspections carried out during the year and the identification of directions for improvement in the OHS area for the whole organization.

The causes and circumstances of work-related accidents are investigated not only to fulfil insurance obligations but also to educate and prevent any additional undesirable events (post-accident recommendations). All new employees are familiarised with the occupational risk assessment for individual jobs.

The key risks related to failing to observe OHS rules pertain to the possibility of employees sustaining unfavourable health consequences (chiefly falling, getting hit, mental and physical burdens), the ensuing absence from work and the requirement to disburse damages. The essence of the adopted solutions is to ensure the Bank's capacity to continuously identify hazards in all areas of its business, including those arising from cooperation with other entities, cooperation with subcontractors, and to manage the risks associated with these hazards.

In order to minimize this risk, all newly hired employees participate in mandatory OHS and fire protection training. The management staff is additionally obliged to attend regular refresher and complementary training in this field. Depending on the needs, the Training Team organises first aid training.

The Bank's relevant organisational units develop and disseminate among employees the normative acts, instructions (e.g. for the operation of equipment) and training materials necessary to perform safe work on a dedicated internal intranet site.

The system for reporting technical defects in the form of the MSERV application, as currently being implemented, serves the purpose of improving efficiency related to the rapid identification and direct elimination of hazards.

During initial training in occupational health and safety, all newly hired employees are informed about the available MSERV application on the intranet site. Each social labour inspector acting as an employee representative is additionally notified by email from the OHS Department.

The Bank restricts cash handling in retail outlets, which significantly mitigates risks related to and adverse effects of crime (physical and mental injuries). The low amounts of cash in the outlets and the high risk of incarceration suppress the number of robberies. The Bank recorded no incidents of robbery in its branches in 2024.

The Bank has adopted the *Manual on physical safety and cash handling at Bank Millennium S.A.'s own network outlets*, which describes the rules related to maintaining security at the Bank's outlets and the cash handling process.

The Bank conducts security inspections at its outlets, focuses on maintaining the constant efficiency of security systems (awareness programs) and provides network employees with threat warnings on an ongoing basis.

In the rare event of a robbery at an outlet, the Bank provides support to employees in the form of psychological and substantive assistance.

Employees are entitled to receive benefits for accidents at work and occupational diseases in accordance with the Act of 30 October 2002 on Social Insurance for Accidents at Work and Occupational Diseases. The health care provided to employees comprises occupational medicine

services, including preventive healthcare examinations for employees during their working hours and at the employer's expense.

Consultations with employee representatives are carried out as part of regular (at least quarterly) meetings of the Occupational Health and Safety Commission held in Bank Millennium. The Commission's meetings are minuted in detail and forwarded to the Director of the Human Resources Department, who serves as the Commission's chairperson responsible for overseeing the taking of actions specified in the minutes. During these meetings, employee representatives submit proposals for areas of improvement in occupational health and safety conditions. Actions resulting from the work of the Commission that do not require significant financial expenditures or major changes in the processes operating in the Bank are implemented on an ongoing basis by the Bank's relevant organizational units, while those actions that require greater financial resources and changes in the organization are forwarded by the Director of the Human Resources Department or the Head of the Occupational Health and Safety Office to the Management Board for approval before their implementation.

The Bank cooperates on an ongoing basis with trade union representatives within the framework of the OHS Committee and with Social Labour Inspectors whom it consults about OHS issues and working conditions.

In accordance with the requirements of the Social Labour Inspection Act of 24 June 1983, in order to improve cooperation, the employer has developed and shared with the social labour inspectors, who work at the Bank's various locations throughout the country, a book of comments and recommendations in the form of an electronic application for making records. When a record is made by a social labour inspector, the Occupational Health and Safety Office, the Human Resources Department and the Administration Department receive notification from the application and take immediate action - analyse and determine ways to implement the comments and recommendations made.

17.6.3. OBJECTIVES RELATED TO THE IMPLEMENTATION OF POLICIES AND ACTIVITIES

[S1-5] Bank Millennium's goals for the continuous provision of occupational health and safety conditions for all its employees derive directly from the Labour Code and the needs reported by employees in this regard. In order to effectively manage them, Bank Millennium has implemented an internal document, *Instructions for managing occupational health and safety and fire protection in Bank Millennium*, in which they are included as a permanent component of the Bank's operations. In accordance with its provisions, the Bank, as an organizational unit hiring employees, takes into account in its activities the needs of all employees in ensuring safe and healthy working conditions and fire protection, including by:

- 1) supervising compliance with the rules and regulations pertaining to occupational health and safety and fire protection,
- 2) taking into account in the development programs of the Bank's organizational units the improvement of occupational health and safety conditions and fire protection,
- 3) ensuring that the planned tasks are determined while taking into account the requirements of occupational health and safety and fire protection,
- 4) controlling and evaluating the status of implementation of tasks in the field of occupational health and safety and fire protection in the Bank's units, and determining the directions for improvement of this status.

Monitoring of the achievement of individual goals is supported by the Bank's established process for monitoring the health and safety status of all Bank's location units, as well as dedicated tools available to all Bank's employees for measurability and effectiveness, such as: HR portal for reporting problems or questions related to the HR area, and a system for reporting technical problems in the workplace.

17.6.4. OCCUPATIONAL HEALTH AND SAFETY METRICS

[S1-14] In the Bank Millennium Group, the occupational health and safety management system based on legal requirements or recognized standards or guidelines covers 100% of employees.

Accidents at work in the Bank Millennium Group⁴

Number of people	Females	Males	Other	Not reported	Total
Number of incidents involving work-related injuries	18	11	0	0	29
Number of days of absence related to work-related injury incidents	354	191	0	0	545
Accident rate (occurrence of accidents) ⁵	0,0004%	0,0005%	0	0	0,0004%
Accident severity rate ⁶	39	32	0	0	71
Number of cases of work-related poor health	0	0	0	0	0
Number of fatal accidents	0	0	0	0	0

Accidents at work in Bank Millennium⁷

Number of people	Females	Males	Other	Not reported	Total
Number of incidents involving work-related injuries	17	11	0	0	28
Number of days of absence related to work-related injury incidents	315	191	0	0	506
Accident rate (occurrence of accidents) ⁸	0,0004%	0,0005%	0	0	0,0004%
Accident severity rate ⁹	39	32	0	0	71
Number of cases of work-related poor health	0	0	0	0	0
Number of fatal accidents	0	0	0	0	0

17.7. PROMOTING DIVERSITY AND EQUAL EMPLOYEE COMPENSATION

⁴ The number of work-related injury incidents consists of accidents at work, accidents treated as equivalent to accidents at work and accidents on the way to or from work.

⁵ A different method has been adopted for calculating the accident rate, which, in the Bank's opinion, is more transparent and clear for the recipient. According to the adopted methodology, the accident rate is the number of injured persons per 1000 workers.

⁶ Accident severity rate: this is the number of days of incapacity for work in relation to the number of accidents at work, i.e. the quotient of the number of days of incapacity for work caused by accidents at work by the number of accidents at work.

⁷ The number of work-related injury incidents consists of accidents at work, accidents treated as equivalent to accidents at work and accidents on the way to or from work.

⁸ A different method has been adopted for calculating the accident rate, which, in the Bank's opinion, is more transparent and clear for the recipient. According to the adopted methodology, the accident rate is the number of injured persons per 1000 workers.

⁹ Accident severity rate: this is the number of days of incapacity for work in relation to the number of accidents at work, i.e. the quotient of the number of days of incapacity for work caused by accidents at work by the number of accidents at work.

17.7.1. POLICIES RELATED TO EMPLOYEE COMPENSATION AND DIVERSITY

[S1-1] Bank Millennium has implemented a uniform *Compensation policy for employees of the Bank Millennium Group* which provides a formal framework for shaping the Group's employee compensation practices with respect for dignity and against discrimination.

Issues related to the gender-neutrality of employee compensation principles and the goals set in this respect are included in the Diversity Policy in the Bank Millennium Group.

Moreover, issues related to respecting diversity in the Bank's Group are also governed by the Work Rules and Regulations, the Code of Ethics and the Human Rights Compliance Policy.

These documents are described in more detail in section *17.1 Strategy for the workforce area*.

17.7.2. ACTIONS TAKEN TO IMPLEMENT POLICY OBJECTIVES

[S1-4] The Bank Millennium Group implements the principles of respecting and honouring diversity, including ensuring equal compensation for all employees through taking measures such as:

1. Formal framework for shaping the practice of compensating all employees of the Group - regardless of their position or level of responsibility, always taking into account the values of unqualified respect for human dignity and diversity, with zero tolerance for any form of discrimination. The only criteria affecting employee compensation and access to specific positions involve the employee's competence and performance. Employee compensation is defined in accordance with function, career and degree of achievement of established goals, promoting a 1:1 pay ratio between men and women holding comparable functions and having similar levels of responsibility and career progression.
2. Adhering to the Human Rights Compliance Policy and Work Rules and Regulations, according to which employees in Bank Millennium are not allowed to engage in any discriminatory practices, direct or indirect, against any other employee. We promote a culture of tolerance and reject all forms of discrimination based on origin, gender, sexual orientation, family situation, nationality, ethnicity, religion, membership in social groups and political beliefs, or any kind of individual physical characteristics, health conditions or disabilities.

The right to equality applies in particular to:

- Selection criteria and conditions of employment.
 - Opportunities for professional development, access to training and opportunities to change the unit in which the employee works, including for the purposes of gaining practical experience.
 - Salary and other financial benefits, promotion to all levels of organizational hierarchy;
 - Membership in collective representation structures or in any organization whose members practice a specific profession (for example, associations, chambers of legal counsel).
3. During employee recruitment, the Bank does not apply criteria putting one in jeopardy of discriminatory behaviour. These rules also apply to the termination of employment, terms of employment, promotions and access to training to raise professional qualification. Candidates are selected based on objective criteria, such as in particular: education, professional experience, general and specific competences, proficiency in foreign languages and the overall match with the profile. Employees must refrain from making decisions on the basis of discriminatory criteria that will affect another person's access to a job, promotion, salary or any other work-related decision, or those that create an intimidating, hostile or humiliating work environment.

4. Mandatory training for all employees on the Bank’s Code of Ethics, which prohibits any form of discrimination. During training, managers are taught how to manage diverse teams. Training is an important part of developing the right attitudes - also to overcome stereotypes and promote openness to employees’ various convictions and mould their own responsibility and that of their reports.
5. We have launched the **Diversity is OK!** Initiative to educate employees, promote mutual understanding, raise awareness of the importance of synergy in teams, and build skills to influence the development of teams through effective communication and collaboration among employees. The purpose of the initiative is to demonstrate that differences can unite and bring tangible benefits. We want to make sure that every person in the organization feels important and valued. To reach as many employees as possible, we host regular webinars that can be viewed live or listened to on the Cornerstone training platform. So far, we have covered topics such as gender equality, body positivity, the pay gap, communicating in multigenerational teams, as well “she and he in business - the synergy effect, and feminatives”.
6. Bank Millennium is a signatory to the **Diversity Charter**, which is a pledge signed by organizations that choose to prohibit discrimination in the workplace and work to create and promote diversity.

17.7.3. OBJECTIVES RELATED TO THE IMPLEMENTATION OF POLICIES AND ACTIVITIES

[S1-5] The Bank’s strategy for 2025-2028 also includes goals related to promoting diversity, equality and inclusion in our business activities. In pursuit of the objective formulated as *Further developing compensation policies aligned with ESG and transparency standards*, the Bank will strive to ensure the highest standards required in this respect for all Group employees.

Ongoing progress in implementing strategic sustainability initiatives (as described in the ESG Strategy for 2022-2024) has been monitored on a quarterly basis by the Sustainability Committee. The managers of the substantive units are responsible for the achievement of individual goals, and they report on the level of the goal’s achievement in their area. On this basis, a report is prepared after each Committee meeting.

The same monitoring model will be maintained in subsequent years, for the Strategy for 2025-2028.

Targets were set in consultation with the units involved in their pursuit.

17.7.4. DIVERSITY METRICS

[S1-9] Senior management - positions of Key Director, Senior Director and Director. Management - other managerial positions. Data are provided for the Group in total and for the Bank individually, in persons.

Employment structure by age in Bank Millennium Group

	Number of people	<30 years old	%	30-50 years old	%	>50 years old	%	Total	%
Board of directors		0	0%	0	0%	7	100%	7	100%
Senior management		0	0%	53	46%	63	54%	116	100%
Management		30	3%	687	76%	189	21%	906	100%
Sales employees		1,004	29%	2,080	61%	322	9%	3,406	100%
Technical employees		288	12%	1,552	67%	472	20%	2,312	100%
Other employees		2	2%	53	60%	34	38%	89	100%
Total		1,324	19%	4,425	65%	1,087	16%	6,836	100%

Employment structure by age in Bank Millennium

	Number of people	<30 years old	%	30-50 years old	%	>50 years old	%	Total	%
Board of directors		0	0%	0	0%	7	100%	7	100%
Senior management		0	0%	48	48%	51	52%	99	100%
Management		30	4%	645	76%	169	20%	844	100%
Sales employees		1,003	30%	2,041	61%	312	9%	3,356	100%
Technical employees		266	13%	1,399	67%	424	20%	2,089	100%
Other employees		2	3%	48	60%	30	38%	80	100%
Total		1,301	20%	4,181	65%	993	15%	6,475	100%

Employment structure by gender in Bank Millennium Group

	Number of people	Females	%	Males	%	Total	%
Board of directors		0	0%	7	100%	7	100%
Senior management		39	34%	77	66%	116	100%
Management		516	57%	390	43%	906	100%

Number of people	Females	%	Males	%	Total	%
Sales employees	2,510	74%	896	26%	3,406	100%
Technical employees	1,307	57%	1,005	43%	2,312	100%
Other employees	45	51%	44	49%	89	100%
Total	4,417	65%	2,419	35%	6,836	100%

Employment structure by gender in Bank Millennium

Number of people	Females	%	Males	%	Total	%
Board of directors	0	0%	7	100%	7	100%
Senior management	35	35%	64	65%	99	100%
Management	475	56%	369	44%	844	100%
Sales employees	2,481	74%	875	26%	3,356	100%
Technical employees	1,175	56%	914	44%	2,089	100%
Other employees	40	50%	40	50%	80	100%
Total	4,206	65%	2,269	35%	6,475	100%

17.8. TRAINING AND DEVELOPMENT

17.8.1. POLICIES RELATED TO TRAINING AND DEVELOPMENT

[S1-1] The Bank Millennium Group has put in place the Work Rules and Regulations that guarantee all Bank employees the opportunity for professional development through participation in courses and training. The issue of training is also governed by the HR Policy, which includes our main objectives in the area of training and development for the Bank's employees as well as the actions we are implementing to achieve them. The rules for employee participation in training are governed by the *Instructions for participation in training programs at Bank Millennium S.A.*

These documents are described in more detail in section 17.1 *Strategy for the workforce area.*

17.8.2. ACTIONS TAKEN TO IMPLEMENT POLICY OBJECTIVES

[S1-4] Training in Bank Millennium is a major part of daily activity and is treated as an investment in human capital and as activities that boost the professional development of employees. With this in mind, our activities in this respect include such components as:

- Continuous improvement of our training programs and training offerings to be in line with the latest trends and best market practices.
- Building employee engagement by investing in their professional development.
- Offering a broad range of training programs that range from technical training to soft skills training.
- Using an e-learning platform to enable employees to learn at a time and place of their choosing.
- Enabling the Bank's employees to participate annually in external and internal training, conferences and congresses.
- Implementing the majority of training in remote or hybrid arrangements convenient for employees. Some of the training has been delivered in the form of e-learning. If the subject matter of the training requires it, it may also be held in a traditional, stationary format.

Scope of training offered to Bank employees

Introductory training for new employees of Bank Millennium Group was conducted remotely using MS Teams software and on-site. Webinars with trainers are interspersed with in-branch practice, e-learning training and in-house work.

Millennium Campus

This is a program to develop knowledge and skills with the objective of supporting the growth of innovation across the organization. The offer to participate in this program is addressed to all employees, it allows them to look at many topics from a different perspective. Lectures are held online, while recordings and aids are made available on the training platform and via the intranet under the *World of Millennium*.

Development Fridays

The program aims at enabling the exchange of knowledge and experience among the Bank's employees. Speakers include specialists who share their knowledge and experience through lectures. The offer to participate in this program is addressed to all of the Bank's employees. Lectures are held online, while recordings and aids are made available on the training platform and via the intranet under the *World of Millennium*.

External training platforms

Youniversity

Youniversity is a website providing access to the knowledge and experience of the best trainers from Poland and abroad. It is a unique content ensuring development both in business and in private life. It makes it possible for Managers to develop their competences through the use of a streaming service and knowledge from over 57 thematic areas. New series and video courses are launched even a few times a month. This allows managers to build a regular development routine.

Coach Hub platform

CoachHub is a coaching platform available to our key managers and regional directors from the retail and corporate network.

Through one-on-one meetings, the coachee identifies and selects areas for development and then achieves their goals with the help of a certified coach.

The program is carried out online. This allows its participants to develop anywhere and at their preferred time.

EU DORA Regulation - training for board members and employees of financial institutions

In connection with the EU DORA Regulation, which came into force on 17 January 2025, mandatory training was prepared for board members and employees of companies defined as financial institutions. In cooperation with an external provider, the following was prepared:

- online webinars for management board members,
- e-learning - broken down into an advanced module (for IT employees) and a basic module (for non-IT employees).

Management programs

Manager Certification - a training program for the managers of retail outlets in the Bank's own network. The program's goal is to improve the practical managerial skills of defining, communicating and controlling goals, building team commitment towards their active achievement and sales team management. Particular attention is focused on planning development activities and working on competences of employees in reference to the allocated tasks.

Development training for heads of retail outlets - a training program supporting managers in the continuation of development of their skills. In 2024, we implemented training courses on the income model, managing a multi-generational team, managing one's use of time, and knowledge of motivators and how to recognize them. Regional Directors of the Retail Banking Department also participated in development training.

M#leaders

In 2024, the Bank completed another edition of the M#leaders leadership skills improvement program. This year's edition of the program was addressed to persons holding managerial positions in the head office and in the Bank's companies.

Training in the form of webinars under the Me Zone initiative

We are committed to ensuring that individuals employed in Bank Millennium, in their active professional lives, take care of their own mental resilience and well-being. This is why we have created the Me Zone to reduce stress and improve the well-being of our employees, increase their productivity and creativity, help them better cope with the challenges of everyday life, discover their potential and help them develop in the chosen direction. Every person employed in our organization may participate in webinars on dealing with stress, emotions, managing one's own energy, ways to relax, taking care of the mental state of women and men and reconciling social roles. Moreover, we are building employees' health awareness and organizing activities in the form of a Week for Health and Cancer Prevention, which includes thematic webinars, stationary and online exercises, and the opportunity to obtain vouchers for preventive medical check-ups.

ESG training

In 2024, a training course was conducted in the form of a webinar for all employees, covering issues related to the ESG area. During the training, participants learned about basic ESG issues, the impact of sustainability on the financial sector, and the most significant EU sustainability regulations. The training also covered issues related to sustainable financing, the greenwashing phenomenon and greenhouse gas emissions.

Green Academy

The Green Academy is a proprietary development program for corporate banking advisors, which aims to enhance the relationship managers' competence in green investment financing and broadly defined ESG issues. The goal of the program was also to support the development of the green financing portfolio, including investment financing, in line with the bank's ESG strategy. The Green Academy program is one of the elements enabling the Bank to achieve its sustainability goals. Knowledge and competencies in business-relevant areas of sustainability from a business perspective make it possible to actively support companies in the implementation of green investments. This enables them to implement and develop their long-term transitional strategies with significant participation from the Bank.

Comprehensive training is also regularly provided to specific groups of employees across all business lines, for instance:

- Training for branch and franchise network employees
- Training for Direct Banking Department employees
- Training for Corporate Banking Department employees
- Training for employees selling insurance products
- Development training for Regional Directors
- Training for the Affluent Client Banking Department

17.8.3. OBJECTIVES RELATED TO THE IMPLEMENTATION OF POLICIES AND ACTIVITIES

[S1-5] In its operations, Bank Millennium strives to enhance the competences of employees, which translates into improving quality and work productivity and achieving current and future business objectives. Bank Millennium's key objectives in the training area are specified in the HR Policy, they are:

- **Improving qualifications:** We provide employees with access to training and development programs that will enable them to acquire new skills and knowledge.
- **Increasing engagement:** We build employee engagement by investing in their professional development.
- **Preparing for future challenges:** We support the development of the Bank Millennium Group by preparing employees for taking more responsible roles and acquiring competencies for the future.

In the Strategy for 2025-2028, the Bank established the goal of Aligning the talent acquisition and development plan with the organization's key strategic objectives, within which it set out to provide an attractive development offer for employees in strategic areas and to update the onboarding process. The Bank has also adopted the goal of continuing to build a culture of continuous learning.

Ongoing progress in implementing strategic sustainability initiatives (as described in the ESG Strategy for 2022-2024) has been monitored on a quarterly basis by the Sustainability Committee. The managers of the substantive units are responsible for the achievement of individual goals, and they report on the level of the goal's achievement in their area. On this basis, a report is prepared after each Committee meeting. The same monitoring model will be maintained in subsequent years, for the Strategy for 2025-2028.

Targets were set in consultation with the units involved in their pursuit.

17.8.4. TRAINING AND SKILLS DEVELOPMENT METRICS

Employees of the Bank Millennium participating in the evaluation - gender breakdown

Percentage of active employees participating in the evaluation by gender	Females	%	Males	%	Total	%
Rated	3 985	98,13%	2 319	97,60%	6 304	97,93%
Not rated	76	1,87%	57	2,40%	133	2,07%
Total	4 061	100%	2 376	100%	6 437	100%

In Bank Millennium, all employees are subject to periodic performance evaluations. Depending on the group and the tasks performed, employees are evaluated on a monthly, quarterly or semi-annual basis. In order to be included in a given evaluation process, an employee must meet the requirements specified in the internal regulations regarding minimum seniority and working time in the period under evaluation. Approximately 98% of employees participate in cyclical evaluation processes (excluding employees who do not meet the indicated requirements).

The Bank determines the percentage of employees participating in the evaluation based on a sample consisting of a verification of the inclusion in the evaluation carried out in the last quarter of the year for each employee employed under an employment contract in the Millennium Bank Group in the last quarter of the year. Employees who are on long-term leave and who worked less than 15 days in the last quarter of the year are excluded from the survey. Employees who are employed by more than one company in the Bank Millennium Group are included in the survey at the company where they work the most.

Average number of training hours by employees gender

Average number of training hours by gender

Females	58,9
Males	46,8
Total	106

Data refers to persons employed in Bank Millennium S.A. on a full-time basis as of 31 of December 2024.

17.9. COUNTERING VIOLATIONS IN THE WORKPLACE

17.9.1. POLICIES RELATED TO COUNTERING VIOLATIONS

[S1-1] In the Bank Millennium Group, the use of any discriminatory practices with features of bullying or harassment in relation to employees is prohibited. The main documents that define the rights and obligations of employees and standards regarding these issues are the Code of Ethics and the Work Rules and Regulations.

The process of reporting employee-related violations in the Bank is governed by the Procedure for dealing with reports from employees, including those suggesting bullying or discrimination in Bank Millennium S.A. and the Bank Millennium S.A. Whistleblower Manual.

These documents are described in more detail in section *17.1 Strategy for the workforce area*.

17.9.2. ACTIONS TAKEN TO IMPLEMENT POLICY OBJECTIVES

[S1-4] In order to ensure compliance with ethical principles and prevent violations, we conduct the following activities:

1. Code of Ethics - lays down our ethical principles. Newly hired employees are required to familiarize themselves with the contents of the Code of Ethics and sign a statement of knowledge of the principles contained in the Code and their application.
2. Ethics Officer - the function of the Ethics Officer is exercised by the head of the Compliance Department. The Ethics Officer's responsibilities include safeguarding compliance with the Code of Ethics by Bank employees, promoting and disseminating information about ethical standards, ordering inspections of compliance with ethical principles and verifying cases of their breach.
3. Ethics training system - a dedicated e-learning course *Code of Ethics* has been prepared for all Bank employees. Every new employee is required to undergo it. Moreover, every employee is required to participate in refresher training, conducted annually.
4. Communication with employees - informing employees of all changes in the ethics area - the Code of Ethics is posted on an intranet site accessible by all Bank employees.
5. Breach reporting system - upon discovery or reasonable suspicion of a breach by another employee of the law, applicable procedures or the Code of Ethics, each employee is required to promptly report such discovery to: naruszenia@bankmillennium.pl
6. Rules of ethics compliance monitoring system - the Compliance Department at least annually assesses the risks associated with ethics violations in the Bank. A report from the assessment is drafted and presented to the Bank's Management Board. The Bank's Management Board periodically verifies and assesses compliance with the rules of ethics in order to adjust them to the changing internal situation in the bank and the bank's environment, and at least once a year informs the Bank Millennium Supervisory Board about the results of the assessment.

17.9.3. OBJECTIVES RELATED TO THE IMPLEMENTATION OF POLICIES AND ACTIVITIES

[S1-5] Bank Millennium is an employer that, in its relations with its employees, is guided primarily by ethical principles and acts in accordance with generally applicable laws and internal regulations. In the Bank Millennium Group Strategy for 2025-2028, we have focused, among other aspects, on caring for the well-being of our employees, including through the promotion of diversity and equality. Included in this objective are the measures implemented by the Bank to prevent any discriminatory practices against our employees, as described in section *17.9.2 Actions taken to implement policies* and section *17.9.4 Processes for remediation of negative impacts and channels for reporting violations*.

Ongoing progress in implementing strategic sustainability initiatives (as described in the ESG Strategy for 2022-2024) has been monitored on a quarterly basis by the Sustainability Committee. The managers of the substantive units are responsible for the achievement of individual goals, and they report on the level of the goal's achievement in their area. On this basis, a report is prepared after each Committee meeting.

The same monitoring model will be maintained in subsequent years, for the Strategy for 2025-2028.

Targets were set in consultation with the units involved in their pursuit.

17.9.4. PROCESSES FOR REMEDIATION OF NEGATIVE IMPACTS AND CHANNELS FOR REPORTING VIOLATIONS

[S1-3] A Communication from the Director of the Human Resources Department was addressed to all Bank Millennium employees on the introduction of the *Procedure for dealing with reports from employees, including those suggesting bullying or discrimination*. The procedure specifies in detail how an employee may submit a report and how the investigation proceeds.

Any employee in possession of information or a reasonable suspicion of a breach of the law, applicable policies, procedures or provisions of the Bank Millennium Group's Code of Ethics is required to report such information promptly through any of the dedicated reporting channels.

The report may be sent by email to: NARUSZENIA@BANKMILLENNIUM.PL or directly to the Director of the Human Resources Department. The report may be sent from the company's mailbox or anonymously from an external domain or may be placed personally by the employee in a special HR correspondence box (located in the Bank), or sent by mail.

The HR Department maintains a register in which all reports of violations are recorded. They are reported to the Process and Operational Risk Committee. The processing of a report is carried out on the basis of a procedure that describes the detailed course of analysis of such reports.

The investigative activities carried out are mainly individual interviews, conversations and anonymous questionnaires conducted with the employee group in question. If bullying or discrimination is confirmed, the Bank implements adequate measures, to be reviewed and verified as part of internal management processes.

A summary of the steps taken and explanations carried out is documented and presented in the form of a report to the Management Board Member overseeing the affected unit, the President of the Management Board and the Director of the Compliance Department.

There is also a separate place on the Bank's intranet site with detailed information for employees on countering bullying behaviours:

- what actions not to take,
- how to respond to behaviour that may constitute workplace bullying,
- how to prevent bullying from occurring.

Bank Millennium also provides employees with opportunities to bring up inquiries, concerns and complaints regarding:

- ethical issues - to the Ethics Officer,
- conflicts of interest - to a specially designated function box,
- anti-corruption - to a specially designated function box,
- employees' own transactions in financial instruments - to a specially designated function box.

We ensure anonymous channels for submitting reports, the confidentiality of all whistleblowing reports and refrain from taking any action against anyone who, in good faith, reports information regarding potential breaches of the law and/or adopted policies, procedures or the Code of Ethics, or who participates in the procedure for reviewing whistleblowing reports.

These measures ensure that inquiries, concerns and reports received through all designated channels are addressed and employees receive their responses.

The Bank has internal communication systems in place to provide employees with real-time, up-to-date information and allow them to access the information they need to perform their professional duties and exercise their employee rights. We also enable employees to present their own information and opinions through internal and external channels.

On an ongoing basis, we also cooperate with trade unions, with which (in the event that an employee provides them with information about their report) we discuss the outcomes of the investigation.

[S1-17] In 2024, the Bank did not identify any work-related complaints or incidents of discrimination, including harassment. Accordingly, it was not required to pay any fines, penalties or compensation for damages resulting from such complaints or violations. Nor did the Bank record any incidents of human rights violations (such as forced labour or child labour). No sanctions, fines or damages related to human rights violations were imposed on the Bank.

17.10. PRIVACY

17.10.1. POLICIES RELATED TO PRIVACY

[S1-1] With regard to privacy, the Bank operates on the basis of the *Personal data security policy in Bank Millennium S.A.*, which describes the general rules regarding the protection of data processed by the Bank. The purpose of the Policy is to define the rules for processing personal data in compliance with the requirements of the applicable legal regulations on personal data protection.

An internal document entitled *Instructions for processing personal data in Bank Millennium S.A.* has been implemented for employees hired by the Bank under an employment contract. The document is intended to provide information and explain the principles adopted in Bank Millennium for processing employees' personal data.

The document contains detailed information on the purposes and duration of the employer's processing of employees' personal data and the rights of employees related to the processing of their personal data. The scope of the information provided corresponds to the requirements under EU data protection legislation, i.e. Regulation (EU) 2016/679 of the European Parliament and of the Council (hereinafter: "Regulation").

These documents are described in more detail in section *17.1 Strategy for the workforce area*.

17.10.2. OBJECTIVES RELATED TO THE IMPLEMENTATION OF POLICIES AND ACTIVITIES ACTIONS TAKEN TO IMPLEMENT POLICY OBJECTIVES

[S1-4] Ensuring the privacy of employee data is an important factor in a safe working environment. To this end, we implement the following measures (among others): conducting annual reviews and necessary updates of the Policy, testing and evaluating the effectiveness of the technical and organizational measures implemented and providing periodic training on data privacy. The training *Personal data protection* is intended for all Bank's employees. It is a compulsory cyclical training repeated once a year. The Personal Data Inspector supervises the implementation of this training. The degree of implementation of this training by Bank's employees is monitored.

Moreover, we have adopted a process for dealing with data protection violations, where the basic principle is to respond promptly and to treat each incident with special care.

We provide all employees with a channel for reporting violations: abuse@bankmillennium.pl. Furthermore, any employee may contact the Data Protection Officer on all matters related to the processing of their data via a designated email address.

Information on the principles of personal data processing and privacy policy have been uploaded to our official Bank Millennium website at www.bankmillennium.pl/ochrona-danych

17.10.3. OBJECTIVES RELATED TO THE IMPLEMENTATION OF POLICIES AND ACTIVITIES

[S1-5] The Bank's goal in implementing the objectives adopted in the Policy is to ensure data security. All information provided by our employees is protected using state-of-the-art technologies, in accordance with applicable legal standards, security requirements and confidentiality rules.

Monitoring the achievement of individual goals is supported by tools available to all employees of the Bank, enabling their measurability and effectiveness, including: dedicated channel for reporting violations, a system for handling training, and an HR portal for reporting problems or questions related to the HR area.

The activities and goals for protecting employee privacy are the same as those covering Customers, which is described in more detail in Section *19.5 Privacy*.

18. WORKERS OF THE BANK MILLENNIUM GROUP'S VALUE CHAIN (ESRS S2)

18.1. STRATEGY

[SBM-3] The Bank cooperates with many business partners, which specifically include franchisees, brokers and suppliers of goods and services. The cooperation between the Bank Millennium Group Companies and their business partners is regulated primarily by agency agreements (mainly for franchisees). Agency agreements are concluded with business entities independent of the Bank, which act on behalf of and for the account of the Bank based on powers of attorney granted by the Bank. The Group also cooperates with brokers to whom it entrusts activities connected with intermediacy in the sales of mortgage and leasing products (since 2021) based on agency agreements which are usually outsourcing agreements. As for suppliers of goods and services, the key business partners render services associated with the lease of and support for branches and office space, services and purchase of IT equipment as well as security and marketing services.

In connection with a significant scale of cooperation with business partners, two material positive impacts have been identified. Both material positive impacts concern working conditions for employees in the value chain. Bank Millennium Group has not identified any adverse impacts or risks and opportunities related to persons working in the Bank Millennium Group's value chain, particularly to employees of: franchisees operating on behalf of the Bank Millennium Group, suppliers of goods and services and brokers cooperating with the Bank. We assess the impacts as positive and they follow from the requirements regarding human rights and workers' rights, which are conditions for cooperating with the Bank Millennium Group and also values guiding us in our activity and the adopted business model. Both the Strategy adopted for 2022-2024 and the newest Strategy for 2025-2028 do not refer to identified impacts in the process of double materiality analysis. In the year of the double materiality analysis, the Bank did not identify material risks and opportunities relating to persons working in the value chain.

[SBM-3] [S2-4] The Bank takes a number of measures aiming to achieve material positive impacts on persons working in the value chain. The measures taken include i.a. access to a number of training courses or standards of outlets as work establishments are the same as for employees in our own branches and franchises. Details of performed measures and the way to track and assess their effectiveness are presented in *Chapter 17. Bank Millennium Group employees (ESRS S1)*. In case of our remaining business partners (i.e. brokers and suppliers), we mainly require them to sign and comply with the rules found in the Sustainability Guidelines for Suppliers.

[SBM-3] Among persons working in the value chain on whom we exert positive impact, we may distinguish employees working for entities in the entity's value chain at a lower level (franchisees and brokers).

The Bank has 242 partner outlets throughout the territory of Poland, where a total of 870 people work, including - 169 people acting as managers of the outlets, and 143 people representing franchisees (business entities cooperating with the Bank). 49% employees are women. 87% outlets are located in towns with population below 50 thousand inhabitants, due to which employees may be recruited from the local labour market.

The Group purchases goods and services primarily from domestic suppliers (according to the data concerning issued invoices), operating in the same legal and ethical system as the Bank, i.e. they are obliged to, among others, compliance with employment principles provided for in the Labour Code.

[SBM-2] A description of the impact of interests, views and rights of persons working in the value chain on the Bank's strategy and business model is described in sub-chapter 15.3.2. *Key stakeholders*.

18.2. MANAGEMENT OF IMPACTS, RISKS AND OPPORTUNITIES

[S2-1] All business partners are obliged to adhere to the *Code of Ethics of the Bank Millennium Group*, which includes a number of principles regarding human rights and workers' rights in compliance with the UN Universal Declaration of Human Rights, addressing, among others, issues of human trafficking, forced or compulsory labour and child labour. The issues of respecting human rights are also described in the *Diversity Policy* as well as in anti-discrimination and anti-harassment procedures. These documents are described in more detail in section 17.1. *Strategy for the workforce area (ESRS S1-1)*. The condition follows from the endeavour to consolidate the policies across the value chain of the Bank Millennium Group with respect to all individuals cooperating with us. The group of stakeholders for whom it is especially important to observe ethical principles are employees of our franchise (partner) outlets, which are an important distribution channel for products offered by the Bank. Because of the lack of appropriate tools, the Bank does not monitor the compliance with the principles following from the above documents by business partners.

Our franchisees are bound by provisions of the *Code of Ethics of the Bank Millennium Group*, which the agency agreement explicitly refers to, granting it the status of the so called "internal regulation", which the franchisee is obliged to comply with. To supplement the *Code of Ethics*, in the franchise model used by the Bank, there is an absolute rule that each person employed by a franchisee and authorized to act on behalf of Bank Millennium must have an employment contract, which entails the necessity to apply provisions of the Labour Code to such employees. Franchisees, on the other hand, as entrepreneurs are tied directly to the Bank by the agency agreement.

The Bank decided to introduce such a solution for several reasons, which include:

- ensuring observance of the Banking Law with regard to sub-outsourcing,
- ensuring utmost protection of employees of franchise branches as provided for in the Labour Code,
- ensuring a uniform approach to responsibility and risk management of anyone acting on behalf of the Bank.

The Code of Ethics is described in detail in *Chapter 20. Business Conduct (ESRS G1)*.

[S2-1] The rules of cooperation with suppliers of Bank Millennium are described in the *Instructions for the selection of suppliers for procurement and outsourcing*, which was adopted by a Management Note of the Deputy Chairman of the Bank Millennium S.A. Management Board. These instructions define, among other things, how the procurement process is organized, the roles played by the various process participants and the supplier selection criteria. Suppliers are selected in tenders, which allows the Bank to use objective selection criteria. To ensure transparency of the procurement process, the substantive and commercial evaluations of bids are done by independent Bank units. Monitoring the correct compliance with the *Instructions for the selection of suppliers for procurement and outsourcing* is part of the tasks of the Internal Audit Department.

The Bank's suppliers selected in tenders (regardless of the geographical location of the entity's registered office) are obliged to adhere to not only the requirements of the Code of Ethics of the Bank Millennium Group but also to accept the ESG principles (*Sustainability Guidelines for Suppliers*) including also compliance with law; compliance with human rights and workers' rights; prevention, health and security for employees; environmental protection; improvement of management process. Acceptance of the above issues is required already at the stage of entering tenders by signing a relevant statement by the supplier, which is supervised by the Central Procurement Department. *Sustainability Guidelines for Suppliers* have been accepted by the Bank's Management Board Member, and it is the Central Procurement Department which is responsible for their implementation in Bank. The responsibility for reviews of the document, carried out every two years, and for updating it rests with the Sustainability Department, in cooperation with the Central Procurement Department. The Bank does not monitor the observance of the principles described in the guidelines by external partners because of the lack of tools in this regard.

Furthermore, our suppliers are encouraged to provide additional information using an ESG survey and undertake to cooperate with Bank in providing information making it possible to assess the conformity of the processes with the above principles by verification measures, including survey interviews or visits to the place where business activity is conducted. To prove the assumed obligations to implement the above principles, suppliers:

- shall develop a code of conduct binding employees,
- may prepare a sustainability policy,
- shall provide information about sustainability (e.g. initiatives implemented in the environmental or social areas) internally or outside of the company.

The undertaking of our suppliers to adhere to *Sustainability Guidelines for Suppliers* and the *Code of Ethics* implemented in the entire Millennium Group is an important element of the Bank's procurement regulations aimed to make the Bank's impact in the whole value chain more coherent and to prevent potential adverse impacts on any employees engaged in the Bank's activity.

[S2-2] As at 31 December 2024, the Bank did not implement a general cooperation procedure for people working in the value chain.

[S2-3] The Bank, while promoting ethical values and establishing processes allowing for minimizing adverse impacts, provides employees (also those employed by franchisees, or people working in the value chain) as well as suppliers and brokers with the opportunity to report violations of ethical standards by email or by traditional mail (also anonymously). Whenever an irregularity is discovered in the business conduct of the Bank's employees (other than Management Board Members), it may be reported by e-mail to a dedicated address or by a letter sent directly to the President of the Bank's Management Board (this channel ensures the whistleblower's anonymity). As regards the identification of irregularities in the business conduct of the Bank's Management Board Members or Supervisory Board Members, the respective report should be made by letter directly to the Chairman of the Audit Committee of the Bank's Supervisory Board. Details can be found in Chapter 20. Business Conduct, in sub-chapter 20.3. *Whistleblower reporting and protection*. The Bank provides franchise employees with *Reporting Violations at Bank Millennium* training, which is repeated annually. The Bank does not assess and monitor whether workers in the value chain trust the process described above as a system for reporting, resolving and addressing their concerns and needs.

[S2-4] The requirements imposed by us to adhere to the Code of Ethics of the Millennium Group both by our franchisees and suppliers are aimed to ensure for all individuals working in the Bank's value chain that their employers' conduct complies with law and the best practices of ethical conduct. The attitudes promoted by us include:

- zero tolerance for violations of human rights of any kind, prohibiting any form of harassment, discrimination, coercion, abuse, violence or exploitation in the area of impact;
- respecting workers' rights, prohibiting the use of forced or child labour, and providing fair and just remuneration, guaranteeing equal opportunities and a balance between work, family and personal life in a work environment free of discrimination, harassment, threats and physical or psychological aggression; providing regular training for its employees;
- identifying, monitoring and preventing hazards to avoid occupational accidents and diseases, encouraging behaviour that promotes employees' physical and mental well-being and safety, including the provision of appropriate protective measures and training.

The above activities will be continued in the future as well.

The documents adopted in the Bank Millennium Group, describing sustainability principles (including the Human Rights Policy, Diversity Policy, Sustainability Guidelines for Suppliers) are made available all the time in the ESG tab on the Bank's website. Due to the above, the Bank's business partners may familiarize themselves with possible amendments introduced to currently binding policies. For the

Bank's employees, including employees of franchise partners, information campaigns are conducted to make them remember the prevailing principles in the area and inform them about changes to the regulations. The latest information campaign about current sustainability principles took place in December 2024 with an article published in the corporate intranet *Świat Millennium* [World of Millennium].

[S2-4] Our suppliers undertake to cooperate in providing information making it possible to assess the conformity of the compliance with the above principles by verification measures - responses to surveys (to the Central Procurement Department) or visits to the place where the business activity is conducted.

Sustainability surveys for suppliers include questions about the company's ESG efforts:

- does the company have a Sustainability Policy and communicate it to its employees,
- does the company provide sustainability information internally to its employees or outside of the company,
- does the company have a Code of conduct binding its employees,
- does the company have environmental or social responsibility certificates.

The received surveys are delivered to the Sustainability Department.

[S2-4] The Department which is responsible for supporting our franchise partners, including ensuring the compliance with relevant standards is the Retail Banking Department - Franchise and Instalment Sales, which consists of the Franchise Outlet Support Division and the Hire-Purchase Division. In addition, there is a team of Regional Directors, located in 3 Regions, managed by 3 Macroregional Directors. The total number of employees in the Department is 35, of which 31 are directly responsible for managing and supporting the franchise network.

Relations with suppliers are the area of responsibility of the Central Procurement Department. Responsibility for cooperation with our leasing brokers rests with the structures of Millennium Leasing Sp. z o.o. On the other hand, relations with brokers of mortgage loans are supervised by the Retail Banking Marketing Department.

Management of material impacts on people working in the value chain is carried out within ongoing operating activity of the above departments.

[S2-4] In 2024, no serious issues or incidents were reported which would concern the violation of human rights in the Bank's value chain. **[S2-1]** The Bank received no reports of cases of non-compliance with the UN Guiding Principles on Business and Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work or the OECD Guidelines for Multinational Enterprises.

18.3. BENCHMARKS AND OBJECTIVES

[S2-5] The aim of the Bank Millennium Group is to maintain the positive impact on persons working in the value chain, therefore all the business partners accept the above ESG principles and policies. There is no possibility of signing an agreement with the Bank or join an organized tender procedure without a written acceptance of relevant documents regulating ESG issues, including those concerning working conditions. In connection with this, our ambition is to cover 100% of the Group's business partners with our ethics and ESG principles. The objective is monitored on an ongoing basis by the organizational units involved in handling agreements with our partners. The Bank has not set other measurable and time-bound objectives in this area and has no plans to set such objectives in the near future.

19. BANK MILLENNIUM CUSTOMERS (ESRS S4)

19.1. CUSTOMER STRATEGY

19.1.1. INTERESTS AND VIEWS OF STAKEHOLDERS

[SBM-2] In Bank Millennium’s value chain, customers are a key stakeholder. We target both the retail segment, that is individual customers and micro-entrepreneurs, and, as part of corporate banking, small, medium-sized and large companies.

In order to best respond to the needs of our customers, we thoroughly examine the feedback we obtain from them. Our customers’ needs, expectations and feedback constitute a fundamental value for shaping our strategy and business model, including our service model. We take this input into account when innovating and improving the Bank’s products, services and operations.

Customer feedback is also processed in the CX Loop and Voice of Customer software (as described in more detail in section 19.2 *General customer engagement processes*), based on which we make improvements, counteract negative impacts and amplify positive impacts. We obtain these from the following sources:

- Outlets, mobile and internet banking,
- Intranet, community forum,
- Hotline,
- Complaints,
- Satisfaction surveys.

The observance of human rights is incorporated into the main goals and commitments of the Bank Millennium Group. For more on this, see section 19.3 *Respect for human rights in customer relations*.

19.1.2. MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

[SBM-3] In the course of identifying impacts, risks and opportunities in the customer area (S4: consumers and end users), we have identified a total of ten material issues. These include five positive impacts, three negative impacts and two risks; we have not identified any material opportunities.

The material issues are categorized under the following four sub-topics from the ESRS guidelines (seven issues) and one sub-topic specific to a financial institution (three issues):

- [ESRS] Impact of information on consumers or end users:
 1. Access to (high-quality) information.
 2. Privacy.
- [ESRS] Social inclusion:
 3. Responsible marketing practices.
 4. Non-discrimination.
- [Sector-specific]
 5. Safety of deposited funds.

Ensuring the safety of funds deposited in the bank by customers coupled with access to high-quality information and privacy, security of personal information and bank secrecy are at the core of our business and of what defines banking. The impacts, risks and opportunities identified in the course of double materiality analysis are reflected in the Bank Millennium Group’s *Strategy for 2025-2028 - Value and Growth* and in the Bank’s internal regulations. The Bank is ready to effectively face the challenges of impacts and risks in the banking sector, including those identified in the double materiality analysis. All negative impacts are of a potential nature, meaning that they may not

materialize at all in the Bank's daily operations. However, the Bank takes into account the risk of their occurrence.

A potential loss of safety of deposited funds and a potential breach of personal data and bank secrecy might affect all groups of the Bank's customers, that is both retail and corporate banking customers. As regards cyber-attacks, the most vulnerable customer groups are seniors and teenagers, which is why the Bank is ramping up education efforts targeted at these groups with a view to preventing data breaches and compromising the safety of deposited funds. The impact involving potential failure to provide customers with sufficient amount of information applies only to retail customers, as they are the ones who may lack specialized knowledge of financial products and/or services. Due to its sector-specific nature, the Bank is subject to regulatory requirements that entail the provision of detailed information about the Bank's offerings in compliance with the established legal norms.

Two of the identified material negative impacts on customers - concerning the potential loss of security of deposited funds and potential breaches of personal data and bank secrecy are associated with systemic external threats, such as cyber-attacks. In fact, they pose a threat to the whole banking sector. Bank Millennium is developing its own processes to counter these threats. As regards the impact stemming from the potential provision of insufficient information to customers, we are dealing with both a systemic factor (namely changes in regulations or their interpretation) and factors involving proper management on the Bank's side of the dissemination of information to consumers.

In the Bank, we take numerous steps boosting the positive impact on our stakeholders. As regards customers, the Bank's material positive impacts pertain to activities in the areas of safety of deposited funds, privacy, access to (high-quality) information, responsible marketing practices and non-discrimination (inclusive banking).

In the area of safety of deposited funds, cybersecurity plays a crucial role. In addition to continuous monitoring and improvements to IT solutions, we conduct frequent audits and tests of our information systems - both external and internal. We have adopted an information security management model that defines a comprehensive system for protecting all information processed by the Bank, including information about customers. We constantly examine new threats and the methods used by criminals. We have established a special team to ensure the security of all channels used to access our products and services. It is also crucial to raise the maturity of employees in the area of cybersecurity, which is why we take care of the provision of education and the verification of knowledge internally in our organization. Moreover, we educate various customer groups, including seniors, teenagers and parents of younger children. We join sector-wide activities. We also publish warnings about new methods applied by criminals on our website and in our electronic channels: www.bankmillennium.pl/bankowosc-elektroniczna/bezpieczenstwo?languageChange=true.

In terms of privacy, that is the security of our customers' personal data, we have put in place appropriate processes, policies and responsibilities (Data Protection Officer). We are ceaselessly improving our technical and organizational measures to ensure the protection of personal data processing. The rules for our processing of personal data are presented each time in an information clause - customers have the opportunity to familiarize themselves with the information clause before they enter into a contract for banking products or services and they may also read its wording posted on the Bank's website at any time.

We also prevent data breaches by conducting educational activities targeted at employees. Customers' personal data are additionally covered by banking secrecy.

To ensure that our customers receive high-quality information from us, we focus strongly on compliance of documentation and customer service with all applicable regulatory requirements. We thoroughly review and approve our products in accordance with internally adopted guidelines. We keep monitoring regulatory progress to identify changes and implement them in the Bank's internal rules. We apply the service and sales standards we have introduced to reduce the risk of unethical sales and providing insufficient information to customers. We monitor and regularly evaluate

compliance with the standards as well as the scope and quality of information we provide to our customers.

We have also adopted internal regulations laying down the principles for creating our information and advertising materials. They must comply with legal regulations and good practices defined by the Polish Financial Supervision Authority, the Polish Bank Association, the Advertising Council, the Advertising Ethics Commission and other pertinent institutions. They precisely define the steps we must take during the process of preparing and publishing advertising materials. These steps help us ensure that the Bank's products and services are communicated in a clear and comprehensible manner.

As regards inclusive banking, that is non-discrimination, we conduct activities oriented towards the search for innovative and inclusive (anti-exclusion) products and distribution channels and in our approach to customer service. We have identified two risks: that of potential data leakage, loss of trust and financial losses due to cyber-attacks, and the risk arising from increasing consumer protection resulting from the regulator's actions in the local and European markets, which may trigger certain compliance, financial and reputational risks, requiring sectoral proactive dialogue with the regulator and early identification of the potential impact of new requirements. In our Strategy for 2025-2028, we directly address how to manage these risks in order to effectively mitigate them. In the area of cybersecurity, we will continue to steadily ramp up our technological and organizational resilience to protect our organization against current and future cyber risks. In terms of mitigating the risks associated with increasing consumer protection, we will continue to actively participate in sector-driven initiatives and dialogue with the regulator as well as emphasize early identification of potential impacts of proposed changes.

19.2. GENERAL CUSTOMER ENGAGEMENT PROCESSES

[S4-2] The Bank's goal is to build the best possible customer experience in the daily use of our services, to understand their needs and potential barriers they face in their relationship with the Bank. We make sure that the degree of customer satisfaction with our services is constantly increasing, which is why we listen to customer opinions and thoroughly review any comments and needs they report.

Our customers are welcome to provide their feedback through a variety of channels: at the outlet, by phone, through electronic banking, by letter and in mobile app stores. We thoroughly analyse the information about the perceived imperfections, but also the needs that customers report to us, and use it to improve our products and processes.

We involve customers at the design stage of the Bank's digital solutions. For more than ten years now, the Bank has had a UX Lab, where researchers conduct in-depth analyses, user interviews and test new solutions. Customers are always at the centre of new solutions - all projects and implemented improvements in online banking and applications are inspired by their needs, habits, language and the world surrounding them.

Moreover, cooperation with customers is carried out through the complaints process we have put in place. It is supported by the VOC (Voice of Customer) complaint cause elimination program. It strives to detect and eliminate any potential irregularities by carefully examining customer requests. The details of customer requests are consulted with process owners and substantive units. This is aimed at rectifying irregularities, changing processes and, as a consequence, preventing any future potential complaints. As part of the complaint process, we provide the customer with a response through the customer's preferred channel of contact. In each and every instance when the customer's expectations are not met, we indicate the available paths of appealing against the decision made.

With regard to identified impacts, the Bank strives to ensure that all customer feedback is addressed properly. Customer feedback is forwarded to the units put in charge of managing the impact in

question, and it is then their job to examine the request. In many cases, further processing depends on the type of customer feedback. The Bank, as an institution of public trust operating in a regulated financial market is subject to sector-specific laws. This includes cybersecurity activities and ensuring the privacy of customer data. This means that the Bank, acting in the best interest of the customer, takes customer feedback into account in compliance with all applicable regulations.

The Quality Department and, in terms of designing digital solutions, the Electronic Banking Department are responsible for customer cooperation processes. Both these units report to the Bank's pertinent Management Board Member.

Assessment of the effectiveness of cooperation with customers is reflected in the Bank's customer satisfaction surveys and in the ongoing monitoring of Voice of Customer (VOC) program notifications.

19.3. RESPECT FOR HUMAN RIGHTS IN CUSTOMER RELATIONS

[S4-1] The observance of human rights is incorporated into the main goals and commitments of the Bank Millennium Group. The Group's conducts its business on the basis of social responsibility, in particular by pursuing the United Nations Sustainable Development Goals. As the Bank Millennium Group, we are committed to respecting human rights, ensuring compliance with the provisions of Polish and international law (including the United Nations Universal Declaration of Human Rights) and the 10 Principles of the UN Global Compact, and defining internal practices and procedures in this area. The document that lays down our approach to the protection of and respect for human rights is our *Human Rights Compliance Policy*. This document has been put in place as part of our *Sustainability Policy*, and is available to customers on the Bank's website. The Bank's Management Board is responsible for approving and implementing the document.

We treat customers with respect, prohibiting any and all forms of discrimination based on any aspect of diversity, including origin, gender, sexual orientation, family situation, nationality, ethnicity, religion, social status and political beliefs, as well as any individual physical characteristics, health conditions or disabilities. We provide financial products and services tailored to the individual needs of our customers. We adopt policies and procedures that provide an adequate approach to customers, while observing their right to privacy and ensuring the confidentiality and security of their data. We promote sustainable financing by encouraging customers to engage in a sustainable transition of their businesses.

The Human Rights Compliance Policy also governs mechanisms for evaluating and monitoring compliance with human rights. With respect to customers, these include promoting the provisions of the Code of Ethics among the Bank's employees, monitoring risks of non-compliance with human rights, providing a special confidential (anonymous, if so chosen) channel for reporting irregularities and breaches, including in the area of human rights, and implementing a process for examining any detected incidents. The *Policy* covers actions with respect to all Group customers.

In Bank Millennium, we treat each case of violation individually. In the event of a potential violation of human rights, the processes put in place by the Bank will ensure that appropriate corrective steps are taken.

The Human Rights Compliance Policy is aligned with the UN Guiding Principles on Business and Human Rights in terms of the company's policy-level commitment to take responsibility for respecting human rights by putting procedures and solutions in place for taking remedial action in the event of a negative impact on human rights caused or contributed to by the Bank. According to the *Guiding Principles*, the *Policy* gets approved at the company's highest level, is based on the knowledge and experience accumulated within the Bank, includes the Bank's human rights expectations for employees, business partners and others directly related to its operations, is publicly available on the Bank's website, and is reflected in the Bank's day-to-day operations. The Bank will be implementing the Corporate Sustainability Due Diligence Directive (CSDDD). These activities will be associated with

a re-review of the compliance of the Bank’s internal documents pertaining to respect for human rights with universally applicable guidelines (for example, the UN Guiding Principles on Business and Human Rights, the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work and the OECD Guidelines for Multinational Enterprises).

Within the Bank Millennium Group’s own operations, no cases were reported of non-compliance with the UN Guiding Principles on Business and Human Rights, the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work or the OECD Guidelines for Multinational Enterprises that affected any customers.

In 2024, no human rights violations were reported in the area of customer relations.

19.4. SAFETY OF DEPOSITED FUNDS

19.4.1. POLICIES RELATED TO THE SAFETY OF DEPOSITED FUNDS

[S4-1] Ensuring safety of the funds deposited by customers is a priority in the activity of the Bank Millennium Group. As part of our double materiality analysis, we have identified a topic specific to Bank Millennium: impacts on consumers or end users related to the safety of deposited funds. Under this topic, we have identified the risk of data leakage, loss of trust and financial losses due to cyber-attacks, the potential negative impact related to compromising the safety of deposited funds due to cyber-attacks, and the actual positive impact resulting from our cybersecurity measures. Our management of this area is based on activities compliant with our internal security regulations, including the *Bank’s Security Policy*, the *Bank’s Digital Resilience Strategy* and the *Security Incident Handling Procedure*.

The Bank’s Security Policy supports the organization’s assurance of compliance with regulations, industry standards and regulatory expectations in the area of security, which is crucial for maintaining reputation and trust among our stakeholders, including customers. *The Policy* provides the basis for planning, implementing and maintaining: the information system security in the Bank, the physical security in the Bank, and the business continuity program.

The Policy defines the framework and direction for the protection of the Bank’s physical and information assets through the establishment of effective security management mechanisms, including in the areas of ICT risk management, by countering adverse events and taking corrective actions as they occur. *The Policy* establishes rules for the pursuit of tasks related to security in its broadest sense and serves as the glue of all of the Bank’s procedures, regulations and standards in this area. *The Policy* is developed on an ongoing basis by the Security Department. The Bank’s Management Board is responsible for approving, implementing and modifying *the Policy*.

The Bank’s Digital Resilience Strategy is a document describing Bank Millennium’s ICT risk management strategy, which seeks to minimize ICT risks with a view to ensuring data integrity, confidentiality, availability and authenticity as well as the Bank’s business continuity, regulatory compliance, cost optimization, process improvement, fostering innovation and maintaining a favourable image and customer confidence.

The Strategy includes the management of various ICT risks, including operational risk, reputational risk, legal risk, business risk and strategic risk. *The Strategy* is developed on an ongoing basis by the Security Department. The Bank’s Management Board is responsible for approving, implementing and monitoring *the Strategy*.

Key objectives of ICT risk management include:

- Ensuring data integrity, confidentiality, availability and authenticity.

- Business continuity: supporting the process of ensuring the continuity of the Bank’s ICT operations, even in circumstances involving disruptions to or failure of ICT systems.
- Regulatory compliance: ensuring the Bank’s compliance with applicable regulations on digital resilience, data protection, user privacy and other technology-related issues.
- Cost optimization: minimizing technology management expenses by efficiently allocating resources and avoiding unnecessary investments.
- Process improvement: identifying and minimizing ICT risks to improve the Bank’s processes and operations.
- Innovation and growth: supporting the Bank’s innovation and growth by enabling the secure deployment of new technologies and solutions.
- Image and trust: maintaining a positive image and trust of customers, business partners and stakeholders by ensuring a secure and reliable technological environment.

The Security Incident Handling Procedure describes detailed rules for handling information security incidents. *The Procedure* covers the identification, reporting, analysis, remediation and closure of incidents. The document includes definitions of key terms such as information security incident, cyber threat, ICT incident and major ICT incident.

The Procedure is designed to ensure compliance with applicable legal requirements and security standards, including ENISA guidelines, NCS Act, GDPR and DORA. The document also includes information on incident handling responsibilities and the organizational structure of incident management teams.

The Procedure is developed, approved and deployed by the Director of the Security Department (CISO).

These regulations were revised last year and supplemented with the requirements of the upcoming Digital Operational Resilience Act (DORA). The Bank’s internal regulators serve the prevention and identification of various risks related to the conduct of banking business, among other tasks.

In the Bank, all internal regulations are reviewed at least annually by the document owner, that is the unit director/process owner responsible for developing the regulation. The document owner updates the document on an as-needed basis.

The Security Department is in charge of monitoring compliance with the assumptions of the internal regulations put in place for the security of deposited funds, as mentioned earlier in this section, and for reviewing and updating these documents. To this end, it applies the tools (for instance, ongoing reports and monitoring of critical indicators) established in respect of specific processes, thus enabling the continuous monitoring of activities and evaluation of their effectiveness. The information security management system consists of a set of the documented processes and regulations in force in the Bank and in the part aligned with the profile of the activity they conduct. The Bank’s ITC security management system complies with both the National Cyber Security System Act and the previously mentioned DORA.

Commitments to respect human rights at Bank Millennium, including in respect of the safety of deposited funds, are presented collectively for all relevant impacts in section *19.3 Compliance with human rights in customer relations*.

19.4.2. GENERAL CUSTOMER ENGAGEMENT PROCESSES IN TERMS OF THE SAFETY OF DEPOSITED FUNDS

[S4-2] In the process of ensuring the safety of funds deposited by customers, the Bank cooperates with customers both at the operational level in the event of a security incident and by building customer awareness of digital threats.

In the event of a cyber-attack, we use several mechanisms to work with customers to ensure effective protection and reduce any damage to a minimum in accordance with the Security Incident Handling Procedure described in the section above. First of all, we notify customers of the threat and provide instructions on how to secure their accounts. We monitor and prevent the execution of suspicious transactions to thwart any further losses. We also cooperate with law enforcement agencies and Internet service providers with a view to shutting down fraudulent sites.

In practice, cooperation with the customer is as follows: when an incident is detected, the customer is promptly notified of the threat and provided with detailed instructions on what to do next. The Bank monitors the situation and takes corrective action, such as preventing the execution of suspicious transactions and cooperating with relevant authorities. The customer is kept informed of the progress and actions taken by the Bank to resolve the problem.

Cooperation with the customer also includes a standard complaint path, which is more dynamic in the case of active cyber-attacks. Details on the complaint process are provided in section *19.9 Remediation of negative impacts*.

In terms of building customer awareness of digital threats, the Bank conducts educational activities, as described in more detail in section *19.4.3 Measures to ensure the safety of deposited funds*.

Details on general customer engagement processes are described in section *19.2 General customer engagement processes*.

19.4.3. MEASURES TO ENSURE THE SAFETY OF DEPOSITED FUNDS

[S4-4] In Bank Millennium, we carry out a number of activities aimed at managing the risks and impacts identified in our double materiality analysis focused on the safety of deposited funds. We keep confidential any information on the processes by which we determine the type of measures to be taken or how we assess their effectiveness. At the same time, we ensure that the activities we do carry out are appropriate and effective. They are conducted on the basis of best market practices and expertise of the Bank's experts.

We regularly subject our information systems to security audits/tests - both external and internal ones. In addition to the audits required by the provisions of the National Cyber Security System Act, performed at least once every two years, the Bank carries out a number of pertinent audits/tests on an as-needed basis. The audit processes concern systems in operation, with a particular focus on systems that process customer data, systems made available online as well as modifications, new solutions and systems that are being rolled out. In connection with the DORA requirements being introduced, the Bank is preparing to participate in mandatory Threat-Led Penetration Tests (TLPTs), which will be carried out in accordance with the recommendations of the Polish Financial Supervision Authority. TLPTs are a key component under DORA to assess the resilience of financial institutions to advanced cyber threats.

The accepted information security management model determines the comprehensive system for protecting all information processed in the Bank, including information on customers, employees, business partners and transactions. In order to achieve this goal, we use a broad range of organizational, procedural and technical measures, and in particular device protection mechanisms, systems, applications, databases and communication channels. The information security management model was constructed to safeguard against influence being exerted by key risks such as a potential loss of information concerning financial transactions, a leak of confidential information and inaccessibility of services.

We use our best efforts to ensure the protection of customers' funds and privacy. To this end, risk analyses are conducted both before the preparation of new products and services and globally - describing the whole ICT environment of the Bank.

We attach particular importance to the security of our customers using electronic channels to access banking products and services and we continue to improve technical and operational security measures. We have been using tested and safe methods to confirm identity of IT system users and we continue to develop them to ensure safe and convenient access to the Bank's systems. Our customers may use innovative identification methods such as biometry.

New threats and methods employed by criminals are undergoing constant analysis to be able to counter them even more effectively. In addition, we have been actively collaborating with other financial sector entities in Poland and internationally, sharing our knowledge about the latest threats, trends and the evolving methods of abuse.

The data and resources of our Bank's customers remain under constant oversight of a dedicated specialist team ensuring security of all the channels used to access our products and services. Within the Bank's organizational structure, a unit has been established and put in charge of ensuring security in the broadest sense, with teams that deal with all aspects of security: from physical security, to all aspects of cyber security and ICT security, to fraud risk management. Also, within this security unit, a dedicated team is responsible for performing ongoing vulnerability checks on the Bank's systems. Such checks are performed on a continuous basis. The Bank acts proactively against potential security incidents through monitoring and ongoing operation of the Security Operation Center (24/7).

We educate various customer groups, including seniors, teenagers and parents of younger children. The Bank joins sector-wide activities coordinated by the Polish Bank Association, but also conducts its own communication activities. Educational messages are directed to customers through various channels, including the mobile application, online banking and social media. We also publish warnings about new methods applied by criminals on our website and in our electronic channels:

www.bankmillennium.pl/bankowosc-elektroniczna/bezpieczenstwo#zasady-bezpieczenstwa.

In each case, the Bank tailors the content of its communications to the needs of the specific customer group and seeks new, more accessible forms of expression - in 2024, we used push-video for the first time in educational campaigns conducted in the Bank's channels. We also study customer expectations and their reception of these communications. We conduct qualitative research in the Bank's UX Lab and quantitative research using third parties. Based on the research and historical data, we build customer profiles for personalized educational communications.

The obligatory educational program applicable to all employees forms a major part of our information security system. It contains a set of information about the best practices in personal data protection, banking secrets, company secrets and other confidential data. Employees are trained regularly on the rules for preventing abuse and ensuring protection of the customers' funds and data. Additionally, a number of technical safeguards operating in a multi-layer model (defence in depth) have been implemented in this area. Moreover, we conduct regular controlled phishing campaigns, thereby further increasing the level of security maturity of our employees. The Bank monitors the delivery of training efforts in security-related areas, including digital security, by employees, and reports the outcomes to the units responsible for monitoring risk indicators.

In order to achieve a positive impact in terms of the safety of deposited funds, we are taking numerous measures in the cybersecurity area. This is done primarily to support the Bank's innovation and development by enabling the secure implementation of new technologies and solutions as well as the early identification and minimization of ICT risks to improve the Bank's operational processes and activities. Furthermore, we are focused on educating various customer groups, including seniors, teenagers and parents of younger children, about cybersecurity.

In order to mitigate the negative impact of potential cyber-attacks on the financial system and public trust, it is absolutely crucial to ensure a secure and reliable technological environment. To this end, our process for ensuring the continuity of the Bank's ICT operations, taking into account any disruptions and failures of ICT systems, plays a significant role. As part of the process, we take steps

to minimize potential inconvenience to customers and take into account the provision of relevant information to stakeholders, commensurate with the level of threat and potential consequences resulting from possible attacks.

To manage the risk of loss of safety of deposited funds due to a cyber-attack, we take care to ensure the integrity, confidentiality, availability and authenticity of data. We proactively operate a Security Operation Center (available 24/7) and conduct ongoing monitoring to promptly respond to any potential security incidents. On a continuous basis, we perform ongoing vulnerability checks on the Bank's systems. We also use the best technological and organizational solutions to ensure the security of our ICT environment.

Our goal is to ensure a high degree of security of customer funds by identifying and minimizing risks associated with cyber-attacks and other ICT threats. All these activities are continuous in nature and are developed and improved on an ongoing basis.

In order to monitor the safety of customer funds, including in the context of cyber-security, we implement a number of activities and use various tools. The primary elements of these endeavours include key performance indicators (KPIs) and key risk indicators (KRIs) for ICT security. For instance, we monitor the number of ICT security incidents related to receiving or attempting to send unsolicited content. Monitoring is carried out on an ongoing basis, and reports are generated quarterly. For security incidents, reporting is performed both internally and to external authorities. We use advanced tools to analyse and monitor transactions and ICT systems. We use incident classification in accordance with ENISA's Reference Incident Classification Taxonomy.

Monitoring results are reported to the units responsible for risk monitoring and to the Bank's Management Board. In the event of serious incidents, reports are also submitted to the national or sectoral Computer Security Incident Response Team (CSIRT).

The Bank refrains from disclosing information on specific targets, metrics and ways to track and evaluate activities in the area of safety of customer funds. These constitute company secrets.

In our opinion, the Bank's own practices in the area of security of customer funds do not cause or contribute to any significant negative impacts on customers.

The Bank has put in place appropriate organizational structures to effectively manage the identified impacts and risks, and provides resources for the operation of such structures. In this respect, a key role is played by the Security Department, which has been put in charge of ensuring the security of the organization by managing both physical and information-related risks. The Department's key tasks focus on identifying potential risks and on developing and implementing strategies to minimize them. The Security Department cooperates with the Bank's other organizational units and external regulators to ensure business continuity and improve security.

19.4.4. OBJECTIVES RELATED TO THE PURSUIT OF POLICIES AND ACTIVITIES

[S4-5] Security objectives are among the important elements of our strategy. In Bank Millennium's *People Inspire Us Strategy for 2022-2024*, security, including cybersecurity, and a proactive approach to countering threats was one of 17 strategic initiatives.

These activities continue and are also included in the Bank's Strategy for 2025-2028, entitled *Strategy 2028 - Value and growth*. The technology development plan, which is designed to support business strategy initiatives and provide security to our customers and the organization, is broken down into seven areas. One of these areas is digital resilience and security, under which the following two main goals have been specified:

- Continuous enhancement of technological and organizational resilience to protect the Bank and its customers from current and future cybersecurity risks.

- Further development of information and communications technology (ICT) risk management to prepare for new threats.

Strategic goals are monitored and reported on a quarterly basis. The Bank refrains from disclosing information on the details of its targets, their baselines and desired levels related to the security of customer funds. These constitute company secrets.

We cooperate with other players in the Polish financial market with a view to exchanging experience and information, including information on cyber threats. In the process of setting targets for resilience and digital security, the Bank has used the knowledge and experience of its experts without any input from customers in this regard.

19.5. PRIVACY

19.5.1. POLICIES RELATED TO PRIVACY

[S4-1] In Bank Millennium, we process personal data in order to operate bank accounts, securely execute instructions, perform obligations imposed by law on the Bank, and to inform the market about new services and products. Acting as a data controller, we make every effort to meet the requirements of Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data and repealing Directive 95/46/EC (General Data Protection Regulation) ("GDPR") and thus protect personal data. Personal data of Bank Millennium's customers, in accordance with banking law, are also covered by banking secrecy, which entails the obligation to provide even more far-reaching data protection.

To ensure compliance with the requirements of GDPR, we have adopted the *Bank Millennium Personal Data Security Policy*. The purpose of *the Policy* is to define the rules for processing personal data in compliance with the requirements of the applicable legal regulations on personal data protection. *The Policy* establishes general rules for the processing of personal data, which should be observed and applied by all persons processing personal data in Bank Millennium, both in IT systems and traditionally (in paper form). The principles described in *the Policy* enable effective management of the identified impacts: the potential negative impact associated with a breach of personal data protection and the actual positive impact resulting from actions to ensure the privacy, confidentiality and security of customer data. Actions taken under *the Policy* are monitored by a unit established especially for this purpose: the Personal Data Protection Department. The Department monitors legislation on an ongoing basis and, in the event of changes in legislation, makes recommendations for changes to the Bank's existing internal regulations.

The Bank Millennium Personal Data Security Policy establishes general rules for the processing of personal data, which should be observed and applied by all persons processing personal data in Bank Millennium. The scope of *the Policy* includes the following issues:

- Principles of personal data processing,
- Responsibilities of the Data Protection Officer,
- Rights and responsibilities of IT systems users,
- Data processing transparency,
- Data subjects' rights,
- Data processing risk analysis and impact assessment,
- Subcontracting of personal data processing and data sharing,
- Technical and organizational measures to ensure the security of personal data,
- Handling of data breaches.

Within the framework of the adopted rules for the processing of personal data, the Bank ensures that only certain persons with relevant authorization and rights have access to personal data. Access control is implemented both by restricting access to rooms where paper-based information is stored and by ensuring that appropriate procedures are in place for access to all sets of personal data in electronic form.

Personal data entrusted to the Bank may be processed only based on a valid legal basis for such processing in respect of each instance of personal data processing.

Each employee of the Bank is required to comply with *the Policy*. The Bank's Management Board is responsible for approving, implementing and modifying the Policy.

The Personal Data Protection Department is responsible for monitoring compliance with the *Personal Data Security Policy*. Monitoring is carried out on a continuous basis as part of reviewing processes, documents, contracts and others. Moreover, as part of the handling of incidents, the Department recommends taking appropriate mitigating actions.

On the website <https://www.bankmillennium.pl/en/data-protection?languageChange=true>, we provide detailed information for customers on personal data processing in Bank Millennium and our privacy policy. This site includes documents containing detailed information on the processing of personal data in Bank Millennium, as well as information on customers' rights in this area.

Commitments to respect human rights at Bank Millennium, including in respect of personal data protection, are presented collectively for all relevant impacts in section *19.3 Respect for human rights in customer relations*.

19.5.2. CUSTOMER ENGAGEMENT PROCESSES IN TERMS OF PRIVACY

[S4-2] The principles of personal data protection and banking secrecy of the Bank's customers are governed by the laws that form the basis for conducting the business of a financial institution (in particular: GDPR, Personal Data Protection Act, Banking Law). Accordingly, the Bank is absolutely required to act in accordance with the provisions of the legislation. Moreover, the process for working with customers in the area of privacy follows directly from the applicable regulations.

To this end, the Bank, acting as a personal data controller, has appointed a Data Protection Officer to monitor compliance with data protection laws and policies adopted by the Bank. Data subjects may contact the Data Protection Officer on all matters related to the processing of their personal data and the exercise of their rights under GDPR.

The Data Protection Officer's contact details are published on the Bank's website and are included in the wording of information obligations provided to customers.

The Bank's customers enjoy a number of rights regarding their personal data, including the right to access, change, restrict the processing of such data, and the right to withdraw consents granted for particular purposes of data processing. To this end, they may contact the Data Protection Officer directly, as well as the Bank's employees in branches, through the TeleMillennium hotline, may submit a request in the Millenet Internet banking system, and may send a letter to the Bank Millennium address.

The Bank is required to provide the information requested by the customer in accordance with the time limits set by law.

In the event of any irregularities identified in data processing, the Bank must take all reasonable corrective measures. Any personal data collected in violation of the law or any personal data that are incorrect or unnecessary in light of the purposes of their processing must be rectified or deleted.

Details on general customer engagement processes are described in section *19.2 General customer engagement processes*.

19.5.3. MEASURES RELATED TO PRIVACY

[S4-4] In Bank Millennium, we process customers' personal data using technical and organizational resources necessary to ensure the security of such data. Personal data are among the Bank's key resources, which is why their security is a top priority for us. The activities carried out by the Bank enable effective management of any identified privacy impacts.

Key activities conducted by the Bank in this area are as follows:

- Continuous improvement of the technical and organizational resources used to ensure the protection of personal data processing, in particular the protection of data against unauthorized access, loss or unauthorized alteration. The goal is to ensure the broadest possible protection of personal data processing.
- Employees are trained to ensure the highest standards of privacy in respect of the Bank's customers, and personal data are covered by banking secrecy, which also imposes on us the obligation to protect customer data to the greatest possible degree. We require all employees to undergo periodic training on personal data protection. Each new employee is required to participate in a training course on personal data processing immediately after hiring, while all employees undergo refresher training annually. We monitor the degree of training completion and strive to ensure that 100% of employees fulfil their training obligations within the set time limit.
- Also, each time we introduce a new project or process in the Bank, we review it for its impact on the processing of personal data, examining the risk level of the process or project for privacy violations. The purpose of such examination is to minimize the risk of violating the rights or freedoms of individuals.
- We have adopted a process for dealing with data protection violations, where the basic principle is to respond promptly and to treat each incident with special care. The Bank provides resources and properly functioning processes for responding to breaches, affecting the mitigation of the risk of negative consequences of a breach. Details of this process are provided in section *19.9. Remediation of negative impacts*. The goal is to reduce the risk of negative consequences of a breach of an individual's personal data protection rights.

All of the above activities are being carried out continuously and will continue in future years as well. The effectiveness of the activities in this area is monitored and reported on a quarterly basis. If an increase in the number of personal data violation incidents is recorded, the Bank takes appropriate corrective actions.

In planning its privacy activities, the Bank continuously monitors and analyses legal regulations, performs an analysis of potential threats, and prepares the scope of its activities in accordance with the current legal environment and ongoing threats. The Bank addresses privacy issues in all its products and services. The Bank cooperates with industry organizations in communicating privacy and cybersecurity risks.

In the event of a security incident resulting in a violation of customer data protection, the Bank takes measures to reduce the incidence of such situations in the future. The measures applied are commensurate with the cause of the violation. In particular, they include educational activities, changes in processes and changes in IT systems.

The Bank monitors the level of incidents related to the processing of personal data, analyses the causes of incidents and implements mitigating measures to reduce their number in the future.

The Bank ensures that processes related to marketing, sales and use of data function in accordance with legal regulations. Accordingly, the Bank's practices do not contribute to any material negative impacts on consumers.

In managing the broadly construed privacy process, the Bank has appropriate organizational structures in place, including departments whose goals and tasks are related to the area of ensuring the privacy of our customers' data: the Data Protection Department whose job is to provide advice, support and supervision of the fulfilment of obligations in the area of personal data processing, and the Security Department. The Bank provides resources for the operation of these units. Moreover, the Bank Millennium Group has had a Data Protection Officer (DPO) in place for many years to oversee proper data processing and data protection regulations.

19.5.4. OBJECTIVES RELATED TO THE PURSUIT OF POLICIES AND ACTIVITIES

[S4-5] The goal of privacy activities is to ensure data security for customers and to reduce to minimum the incidence of potential data violations. All information provided by our customers is protected using state-of-the-art technologies, in accordance with applicable legal standards, security requirements and confidentiality rules. The Bank is actively developing its privacy and customer security systems by rolling out new organizational and technical safeguards.

19.6. ACCESS TO (HIGH-QUALITY) INFORMATION

19.6.1. POLICIES RELATED TO ACCESS TO (HIGH-QUALITY) INFORMATION

[S4-1] Bank Millennium has a number of internal regulations in place to ensure that documents prepared for customers, and information contained in them, are reliable, transparent and in compliance with the law. The Bank uses multi-level verification tools, the use of which suppresses the risks and negative impacts on consumers. Every new or modified product or service in the Bank, regardless of which customer group it is aimed at, is subject to the guidelines of the *Policy for Approval of New Products and Services* and lower-level documents.

The Policy defines the general rules and procedures applicable to the marketing of new products and modifications to existing products. The scope of the document includes:

- preparatory process for the introduction of a new product, implementation of a new service, introduction of significant changes to existing products and services, etc.,
- opinion and approval process, which is carried out in cooperation with the Risk Department, the Compliance Department, the Legal Department and other units that are relevant to the product or service,
- process for setting product prices.

Lower-level documents clarify the rules of conduct for *the Policy* - they define the principles and procedures applicable in Bank Millennium when marketing new products and modifying existing products and services offered by the Bank. They include:

- details of the preparation and consultation process for the marketing of a new product or modification of an existing product, including an analysis of compliance with the Bank's Strategy, an analysis of compliance with regulatory requirements, and the identification of opinion-giving bodies for specific products,
- details of the review and decision-making process for the marketing of a new product or modification of an existing product,
- reporting principles,
- process of taking action after obtaining approval to implement a change,
- details of the process of making changes to the price list of services,

- preparation and approval of marketing communication plans and budget,
- information on the responsibilities of the unit requesting the marketing of a new product or modification of an existing product, and references to any other internal regulations of the Bank - specific to the product group.

The *Policy for Approval of New Products and Services* and lower-level documents are internal documents applicable to all of the Bank's products and services targeted at both retail and corporate customers. A review of the documents is conducted annually. The Bank's Management Board is responsible for approving, implementing and modifying the Policy. Ongoing monitoring of regulations and updates of the above documents in this regard is supervised by the Compliance Department. Each quarter, a report of the Compliance Department is prepared and presented at a meeting of the Bank's Management Board and the Supervisory Board Audit Committee. The report includes information on the most material regulatory changes identified in the respective quarter, relations with regulators (including the Office of Competition and Consumer Protection, the Polish Financial Supervision Authority and the Financial Ombudsman), as well as information on instances of compliance risk identified by the Compliance Department - both with generally applicable regulations and with the guidelines of the indicated regulators.

Moreover, the Bank's employees, while serving customers at retail outlets, are required to follow the guidelines set forth in the *Customer Service Standards for the Retail Segment*. The document organizes and structures customer service and product sales processes. It also supports the development of high-quality customer service, establishing positive relations with customers and the provision of transparent and reliable information to customers about the Bank's offerings.

The guidelines set forth in the *Book of Customer Service Standards* obligate employees to do the following in particular: analyse customer needs, present the Bank's offering clearly, discuss the rules on how the product works, present cost information, diagnose customer doubts, provide explanations and ultimately - confirm that the rules on how the product works are comprehensible to the customer prior to signing an agreement.

We attach great significance to the quality of customer service, including the quality of information provided to customers. Our employees are further supported in this by *Customer Call Scripts* for everyday banking products, credit products or savings and investment solutions. These scripts have been in operation for several years and are updated and optimized successively. Each implementation of a new script involves a mass implementation of the solution among direct customer service employees and training sessions. All the changes made to the scripts centre on ensuring complete transparency in terms of the information provided and customer education so that they can benefit from the services offered by the Bank with full awareness.

We design *the Models and Standards* based on a thorough analysis of our customers' preferences. We take into account different needs, barriers and types of customers in order to best adapt to their expectations.

The Quality Department is responsible for developing, monitoring and implementing the *Customer Service Standards* and the *Customer Call Scripts*. The Management Board Member responsible for the respective business line is responsible for approval. The customer engagement model and tools, when implemented or changed, are subject to review by the Compliance Department. Monitoring of the implementation of activities in accordance with the provisions of the *Customer Service Standards* and *Call Scripts* is carried out through regular mystery shopper studies.

The rules of conduct described in the documents presented above enable effective management of the identified impacts: the actual positive impact resulting from taking numerous measures to ensure that customers have access to reliable information about product offerings in all sales channels and the potential negative impact on retail customers related to insufficient information provided to customers, as well as management of risks resulting from increasing consumer protection.

Commitments to respect human rights at Bank Millennium, including in the area of access to quality information, are presented collectively for all relevant impacts in section 19.3 *Respect for human rights in customer relations*.

19.6.2. CUSTOMER ENGAGEMENT PROCESSES IN TERMS OF ACCESS TO INFORMATION

[S4-2] When marketing a new product or making changes to an existing product, the Bank ensures that it is tailored to the needs of its users. The Bank monitors the fit of a new product or changes to an existing product with the users, in particular by monitoring the sales process and analysing complaints and claims made by customers.

Details on general customer engagement processes are described in section 19.2 *General customer engagement processes*.

19.6.3. MEASURES RELATED TO ACCESS TO INFORMATION

[S4-4] Measures related to the provision of transparent and clear information to customers place a strong emphasis on compliance of documentation and customer service with all applicable regulatory requirements. Accordingly, we conduct numerous activities in this regard.

Key activities in this regard include:

- Detailed review and approval of (new and modified) products and services in accordance with the guidelines of *the New Products and Services Approval Policy and the Products and Services Rollout Instructions*. This applies to each new or modified product and service of the Bank. As part of this process, the Compliance Department verifies the compliance risk of the proposed product or service and the reputational risk, in particular, compliance with the requirements to provide potential customers with adequate information before signing the contract, obligations in terms of the contract and service regulations, information obligations during the provision of the financial service, and areas of potential conflicts of interest. Only products and services that have received positive feedback from the units required in the opinion process in accordance with *the Policy and Instructions* (including, mandatorily, the Compliance Department) may be processed further.
- Ongoing monitoring of regulatory progress to identify changes and implement them in the Bank's internal rules. Ongoing regulatory monitoring and updates are supervised by the Legal Department and the Compliance Department. Each month, the Legal Department prepares a newsletter containing draft or final versions of commonly applicable regulations from the Bank's area of interest published in the respective month. Each month, the Compliance Department prepares a newsletter containing drafts or final versions of guidelines of the regulators - EBA, ESMA and EIOPA - published in the respective month. Each quarter, a report of the Compliance Department is prepared and presented at a meeting of the Bank's Management Board and the Supervisory Board Audit Committee. The report includes information on the most material regulatory changes identified in the respective quarter, relations with regulators (including the Office of Competition and Consumer Protection, the Polish Financial Supervision Authority and the Financial Ombudsman), as well as information on instances of compliance risk identified by the Compliance Department - both with generally applicable regulations and with the guidelines of the indicated regulators.
- The application of service and sales standards (which include *Customer Service Standards and Call Scripts*), and consequently the provision of clear and understandable product information to customers in all sales and customer service channels. All the employees who provide customers with information are properly trained in the scope required by the law, sectoral regulations, best practices and quality standards implemented

by the Bank. Bank employees are informed on an ongoing basis about any significant changes in sales and customer service, which is done through the Bank's various internal communication channels. The product sales process is executed on the basis of standardized models making it possible to present an offer to customers that is adjusted to their needs and expectations with options that may be of interest to them, along with the information necessary to make an informed decision about the scope of the given product purchased. Implementing service and sales standards in sales units (including ethical sales) is achieved under the following: preliminary training, e-learning training and post-implementation activities by the persons and units appointed to do that (including bosses). Customer service in accordance with the *Customer Service Standards* and *Call Scripts* is constantly monitored by the Quality Management Team - a unit specially established for this purpose within the Quality Department. The outcomes are communicated both to the Bank's Management Board and to the direct superiors of the employees subject to evaluation, and are used to take remedial efforts across the Bank. Compliance with sales standards is also monitored independently of the Bank by using various types of service quality rankings. The Bank attaches great importance to them and takes into account all the conclusions drawn from them.

These initiatives are pursued to mitigate risks in the area of increased consumer protection resulting from the regulator's actions in the local and European markets and the negative impacts in the form of inadequate information to customers, and support the positive impacts resulting from taking numerous measures to ensure that customers have access to reliable information about product offerings in all sales channels.

In planning our activities in the area of access to (high-quality) information, the Bank keeps track of and analyses legal regulations, analyses the legal environment, follows the outcomes of surveys and the results of external audits of customer service quality (including rankings conducted by independent institutions or the media), and conducts its own surveys of service quality and customer satisfaction. The Bank addresses the information obtained in the products and services it implements and in its customer service models.

All of the above activities are being carried out continuously and will continue in future years as well. The effectiveness of such activities is monitored and reported by the units responsible for verifying their performance.

Monitoring and evaluation of the effectiveness of the activities carried out is carried out by means of the Voice of Customer (VOC) program, under which we analyse customer reports, including in the area of access to information. The program is aimed at detecting and eliminating potential irregularities. Details of the notification are consulted with process or product owners and substantive units to eliminate any potential irregularities and make changes to processes.

The Bank ensures that processes related to marketing, sales and use of data function in accordance with legal regulations, including regulations covering financial products and services. Accordingly, the Bank's practices do not contribute to any material negative impacts on consumers.

The Bank has put in place appropriate organizational structures to effectively manage the identified impacts and risks, and provides resources for the operation of such structures. In the area of mitigating risks related to enhanced consumer protection, the key units involved in this process are the business owner of the product or service, the Compliance Department and the Legal Department. In the area of mitigating the negative impact in the form of insufficient information to customers as well as supporting the positive impact resulting from the numerous activities related to ensuring that customers have access to reliable information, in addition to the said units, the Quality Department is also involved.

19.6.4. OBJECTIVES RELATED TO THE PURSUIT OF POLICIES AND ACTIVITIES

[S4-5] Reliable, clear and comprehensible information to customers serves as the basis for our activities. Our ambition is to ensure full compliance with the law, a goal that is not measurable. The management strategy we have adopted is based on early identification and minimization of potential risks and ensuring regulatory compliance.

We invariably focused on this goal in 2024 and will continue this approach in the years to come. In the *Bank's Strategy for 2025-2028*, we have included the following points as core elements of our business model, which will complement the Bank's strategic development:

- minimizing legal risks and ensuring compliance with regulatory requirements (WIBOR transit to another benchmark, foreign currency loans, AML, KYC).
- mitigating risks in the area of consumer protection.

In accordance with the provisions of the *Bank's Strategy*, we are constantly monitoring changes in legal regulations as well as providing ongoing supervision and taking action on contractual documentation used by the Bank. Accordingly, we will focus on active and effective participation in sector-wide initiatives (information campaigns) and dialogue with regulators as well as early identification of the potential impact of regulatory changes and, following these actions, defining appropriate implementation projects.

In line with *the Strategy*, our goal is also to strengthen our customer experience (CX) management, monitoring and qualitative approach in order to improve the customer experience and be in the Top 3 in the Net Promoter Score (NPS) retail customer satisfaction survey results. A crucial component in this area is the high quality of information provided to customers.

These goals are related to impact and risk management related to providing customers with information. In the process of setting the goals, the Bank did not cooperate directly with customers.

These activities are formulated in the *Bank's Strategy for 2025-2028*. The Bank monitors the outcomes of its activities on an ongoing basis, and reports them to the Bank's Management Board on a quarterly basis.

19.7. RESPONSIBLE MARKETING PRACTICES

19.7.1. POLICIES RELATED TO RESPONSIBLE MARKETING PRACTICES

[S4-1] Bank Millennium has also adopted internal regulations laying down the principles for creating our information and advertising materials. They precisely define the steps that the Bank must follow when preparing and publishing advertising materials for customers. This helps achieve a positive impact related to providing clear and understandable information about the Bank's products and services.

1. *Instructions -rules for devising informational and advertising materials for banking products and services in Bank Millennium S.A.* for insurance, loan and savings products.

The Instructions lay down the rules for devising materials on products and services offered by the Bank (excluding financial products and instruments), which are targeted at the Bank's customers or potential customers. The document is designed to ensure that the materials prepared comply with the applicable laws and internal regulations. *The Instructions* are approved by the President of the Bank's Management Board.

The document defines the process of preparing information and advertising materials targeted at the customer through the types of communication with the customer adopted by the Bank, including through electronic banking channels and means of remote communication. It covers the duties of the unit preparing the materials, the process of providing opinions and granting approval. It defines the principles of reliability and completeness of the information contained in the materials, information on fees, commissions and non-monetary benefits, or comparison of products. It covers all products and services of the Bank, except for financial products and instruments.

2. *Instructions - rules for devising materials, including commercial publications on products and financial instruments in Bank Millennium S.A. for financial products and instruments.*

The Instructions lay down the rules for creating materials on products and financial instruments targeted at the Bank's customers or potential customers. The document is designed to ensure that the materials prepared comply with the applicable laws and internal regulations. *The Instructions* are approved by the President of the Bank's Management Board.

The document specifies in detail how the materials should be prepared, taking into account the general principles of the standard of information and the manner of its communication, balancing information on benefits and risks, comparisons of offerings, indication of past performance, simulation of results and information on future performance. It also defines the method of presentation of information about fees. It covers financial instruments within the meaning of Article 2 of the Act of 29 July 2005 on Trading Financial Instruments, and financial products, including structured and combined products.

In addition, the information and advertising materials prepared by Bank Millennium is compliant with the laws and regulations applicable to this area, including in particular:

- Recommendations laid down by the Code of Ethics in Advertising developed by the Advertising Council and the Advertising Ethics Commission,
- Principles for Advertising of Banking Services of 2008 laid down by the Polish Financial Supervision Authority,
- Best Practices on consumer loans advertising standards of the Polish Bank Association of 2015,
- Consumer Credit Act of 12 May 2011,
- Act of 23 March 2017 on Mortgage Loans and Supervision of Mortgage Brokers and Agents,
- Act of 29 July 2005 on Trading Financial Instruments.

Commitments to respect human rights at Bank Millennium, including in the area of responsible marketing practices, are presented collectively for all relevant impacts in section 19.3 *Respect for human rights in customer relations*.

19.7.2. MEASURES RELATED TO RESPONSIBLE MARKETING PRACTICES

[S4-4] In the process of developing marketing communication we adhere to the following recommendations and principles: the Bank's advertisements are not misleading and show the important features of the products and services and related benefits and costs. They also depict their legal nature and provide information about the level of possible risk carried by the customer. If the message pertains to a promotional offer, its conditions are specified. Customers are also advised on where they can obtain detailed information about a particular product, service or promotion.

Any change or introduction of a document or marketing material for buyers of respective products is preceded by consultations within the Bank, verification by the product, legal and compliance teams, in order to provide customers with a clear and reliable, legally-required information about the products offered. Implementation of the marketing communication standards reduces the reputation risk and the risk of sanctions for non-compliance with the regulations.

Monitoring of activities in the area of reliable marketing communications is carried out as part of the compliance function exercised by the Compliance Department. This process is carried out on the basis of *Bank Millennium S.A.'s Compliance Policy*. Its provisions include a description of the instruments used to manage compliance risk, including with respect to responsible marketing practices. These instruments include monitoring of products, collection of data on incidents, assessment of compliance risks and controls, key indicators and risks, analysis of customer complaints and complaints to supervisory authorities, results of internal audits involving the discovery of irregularities. The results of Bank product monitoring endeavours are reported quarterly to the Bank's Management Board and the Supervisory Board Audit Committee. All of the above activities are being carried out continuously and will continue in future years as well.

Bank Millennium has a Marketing Communications Department whose task, in cooperation with other organizational units of the bank, is to work out and devise information and advertising materials, in accordance with the provisions of the Instructions. The department is staffed by people with experience and specialized expertise in marketing communications. Units from the product, compliance and legal areas are involved in the process of reviewing advertising materials. The Bank provides resources for the operation of these units.

19.7.3. OBJECTIVES RELATED TO THE PURSUIT OF POLICIES AND ACTIVITIES

[S4-5] The Bank, as an institution of public trust, provides reliable information of the Bank's offerings to customers as the basis of its activities, including in marketing communications. Our ambition - unchanged over the years - in this regard is to ensure full compliance with the law, a goal that is not measurable.

Our goal for responsible marketing practices was successfully implemented in 2024 and is also consistent with the *Bank's Strategy for 2025-2028*.

We are planning activities aimed at strengthening our leadership position in the area of customer experience (CX), a component of which is reliable advertising. As part of *the Strategy*, we ultimately want to be the main Bank for 70 percent of our customers, which must be supported by responsible and reliable marketing practices. We strive to ensure that our marketing communications fully comply with the guidelines set forth in our internal regulations and applicable laws.

The Bank has not cooperated directly with customers in the process of establishing the goal of providing reliable information to customers about banking products, including in its marketing practices.

19.8. NON-DISCRIMINATION (INCLUSIVE BANKING)

19.8.1. POLICIES RELATED TO NON-DISCRIMINATION

[S4-1] In Bank Millennium, we operate in accordance with the provisions of the *Social Impact Policy* and the *Diversity Management Policy*, which are documents that support activities related to non-discrimination, including in the area of relations with all of the Bank's customers.

In accordance with our *Social Impact Policy*, our direct commitment to the United Nations Sustainable Development Goals is reflected in strategic activities oriented toward finding innovative and inclusive (anti-exclusion) products and distribution channels and in our approach to customer service. The Policy indicates our areas of commitment to customers, including those oriented to the search for innovative and inclusive (anti-exclusion) products and distribution channels and in our approach to customer service and respect for human rights.

Our *Diversity Management Policy* is aimed at promoting a culture of mutual respect, identifying diversity, ensuring equal opportunities, preventing exclusion and avoiding discrimination. It defines our commitments in the area of respect for diversity and equal treatment.

Both documents are part of the *Bank's Sustainability Policy*, a document that the Bank's Management Board is responsible for implementing.

The Sustainability Department is responsible for reviewing and updating *the Policies*. Monitoring of the principles described in these documents with regard to customers is carried out using Voice of Customer (VOC) customer analysis tools, which enable ongoing monitoring of activities and evaluation of their effectiveness.

Commitments to respect human rights at Bank Millennium, including in the area of non-discrimination, are presented collectively for all relevant impacts in section *19.3 Respect for human rights in customer relations*.

19.8.2. MEASURES RELATED TO NON-DISCRIMINATION

[S4-4] In Bank Millennium, we work to make sure that each group of customers, who have different needs and expectations, is properly taken care of. Employees and designed solutions help customers comfortably bank and use various services at a time and pace that suits them. We are working to maintain the synergy between the digital message and the traditional form of customer contact with the bank.

The Bank is taking steps to digitize customers in various areas. Electronic banking channels cooperate closely with traditional channels. We know that many customers establish a relationship with the Bank in one of its brick-and-mortar outlets, so the branch is the place where they learn about mobile and internet banking. The role of employees is therefore crucial, which is why they are properly supported in this process during periodic meetings and webinars (such as the Digital Ambassadors program).

For Bank Millennium, it is crucial not only to digitize new users, but also to activate those less involved. We use a personalized approach to digitization. After activating access to digital channels, we familiarize customers with the opportunities offered by such channels, educate customers on the principles of cybersecurity and support them in sales processes, such as through contextual chat. This digitalization path is not identical for every customer, but we tailor it based on analysis of activity and preferences, while communications are sent to the customer in real time.

We continue our efforts to enhance customer satisfaction also in terms of the transparency of communication and simplifying the language used. We are changing the texts provided to customers from account opening to information on handling their products. We gradually transfer experiences

from the retail segment to the corporate banking area. We continue to train advisors and gradually introduce the principles of simple language into more types of texts - internal and external. We have obtained a Simple Language Certificate for responding to complaints. The websites and all customer communications are also written in simple language that is easily understandable for the user and may be read by automated text readers. The content is created in accordance with the plain language principles and the plain language index (PLI) is monitored on an ongoing basis.

The Bank is striving for all our customers, including those with disabilities, to have convenient access to services. We are constantly working to remove digital and physical barriers to accessing financial and non-financial services. Most of our facilities have wheelchair access. In facilities where there are architectural barriers, we try to remodel them as much as possible so that the barriers are eliminated. Clearly, the solution used depends on the type of such barrier. Moreover, all of our establishments have seated customer service desks with ramp access for people using wheelchairs.

We have introduced many facilities for the blind, visually impaired and wheelchair users, such as:

- elevators and ramps in the Bank's branches,
- documents in braille, audio recordings,
- documents written in very large font,
- "blind notch" solution in Millennium 360 debit cards, which consists of a semi-circular cut-out on one of the sides. The solution is conceived as a convenience for the visually impaired and blind. The cut-out makes using the card, for example when withdrawing from an ATM, much easier.

Bank Millennium's website, the Millenet internet banking system and the Bank Millennium mobile app are continuously being adapted to meet the needs of blind and visually impaired individuals. A visually impaired user can use the website with a keyboard - the mouse is not needed to navigate the portal. Moreover, the site has a text zoom feature and is designed for high-contrast reading. Also, our mobile application is adapted to the needs of blind and visually impaired persons owing to its compatibility with access-enhancing services such as Google TalkBack (Android) and VoiceOver (iOS) that enable the presentation of information using speech.

The Bank's customers may use mobile devices and computers to access our services, but also a number of additional solutions, such as in the mobile application, customers may purchase public transportation and parking tickets. The electronic banking system also allows customers to use digital identity and engage in remote contact with Polish government offices.

Customers can also use the assistance of a chatbot in the Bank's application. Our automatic assistant available 24 hours a day, 7 days a week may also serve as a valuable guide to daily banking. Customers may use the assistance of Milla in Bank Millennium's mobile application. It is capable not only of greeting and responding to various questions, it can also perform orders such as submitting a wire transfer.

We have also developed a special procedure for serving blind or visually impaired customers at our branches. Among other aspects, it includes indications for product presentation and customer contact. When serving a blind or visually impaired customer, we take care to provide a full description of the product or transaction being discussed, avoid long pauses in speech, and always inform the customer of the actions we are performing, such as an employee saying: "I'm entering data into the system now," "I'm printing the contract," "I'm stepping away from the desk for a moment, please wait." We keep the customer informed of the actions we are taking so that they can get an idea of what is going on around them.

Blind or visually impaired persons or people who cannot read can still sign an agreement with the Bank on their own in the presence of two employees of the outlet and - upon the customer's express wish - a witness the customer considers to be a trusted individual. In such cases, an outlet employee

can also read the agreement aloud and/or in the case of customers who cannot write, they can sign using an ink fingerprint.

Customers with special needs have the right to receive the general terms and conditions of agreements and bylaws in forms that make it easier for them to familiarize themselves with their contents, for instance a document prepared using a large font size, an audio file or a file prepared in braille.

We prepare such documents at the customer's request. If the customer requests it, we agree with the customer what kind of document they want to receive, in what form it should be prepared and how to deliver it to them.

Customers taking their first steps in the area of digital banking have the following site at their disposal: www.bankmillennium.pl/en/firststeponline.

Ukrainian citizens can find information in Ukrainian on the bank's website. They may also use a special hotline, where they will be served in their own language. In addition, they can fill out an online application for family benefits in this language. They also receive communications in their language, regarding important matters such as application deadlines and cyber security warnings.

The Bank has prepared a special version of the mobile application available to children aged 7 to 12. This app is not only a helpful gadget, but it is also a tool to introduce children to the world of finance and use technology safely. During activation the application recognizes the user and adapts the version to his or her age. The children's app supports payments by phone or BLIK. It is friendly to the youngest users and it was designed together with them - it has a simplified menu, children-friendly language and a made-for-children design. At the same time, it gives parents total control over a child's spending, special transaction limits and the option for the parents to block a card using their application. The app grows with the child. After turning 13 years of age the version of the app installed in the birthday child's phone automatically changes to the currently available version for people up to 18 years of age.

Disabled people with movement impairments can use ATMs and deposit machines fitted with a numeric keypad instead of function buttons next to the screen, which means that they do not have to reach too high. In addition, ATM's number keypad makes it easier to use the device also by disabled people with vision impairments. After headphones are connected to the ATM, the user may enter instructions through voice messages. Additionally, persons with vision impairments may use a special black and white screen mode to enhance contrast and the legibility of displayed messages. 100% of Bank Millennium's own ATMs are customized to meet the needs of people with disabilities.

We carry out the above described measures continuously and we keep developing them based on audits conducted by independent expert institutions. Various departments are involved in these activities, including: Electronic Banking Department, Retail Banking Marketing Department and Sales Support Department. Audits of the "We Are Seen" Foundation took place in 2024, covering the areas of digital processes for Account 360, customer onboarding, electronic banking navigation, debit cards and credit cards.

19.8.3. OBJECTIVES RELATED TO THE PURSUIT OF POLICIES AND ACTIVITIES

[S4-5] Our goal is to provide products and services that promote the prevention of social exclusion, including by providing support to the part of society with fewer opportunities to use digital banking solutions as well as spreading access to financial products.

Barrier-free banking - that is, supporting people with special needs in using banking services and helping customers navigate the digital world - was part of the *Bank Millennium Group's ESG Strategy for 2022-2024*, and is also continued in the new *Strategy for 2028 - Value and Growth*. In this regard,

according to the provisions of the new Strategy, we aim, among other goals, to have 95 percent of customers digitally active in 2028, an increase by nearly 5 percentage points from 2024.

Also, our level of ambition is to strive to ensure that all customers, including people with disabilities, have convenient access to financial services. We promote a culture of mutual respect, respect for diversity, providing equal opportunities, preventing exclusion and avoiding discrimination. This goal is not measurable, but we make every effort to ensure that any possible violation of our policies in this regard is identified and that potential harm is remedied.

We monitor the progress of initiatives aimed at increasing the availability of banking services and products and promoting the prevention of social exclusion. We monitor the effectiveness and evaluation of the measures taken by analysing the voices of our customers from the Bank's customer satisfaction surveys, also as part of the ongoing monitoring of Voice of Customer (VOC) program submissions described in more detail in Section 19.2 *General customer engagement processes*. Progress in implementing *the Strategy*, including activities in the area of non-discrimination, is reported on a quarterly basis.

Representatives of the Bank participate in the work of the Polish Bank Association on accessibility of places and services for people with disabilities. In the process of setting the goal of inclusiveness and non-discrimination, we have used knowledge from the experience of our customers, including cooperation within the Polish Bank Association as well as representatives of the "We Are Seen" Foundation.

19.9. REMEDIATION OF NEGATIVE IMPACTS

[S4-3] In Bank Millennium, issues related to remedying the effects of negative impacts are governed by internal documents, that is product regulations and the *Complaints Handling Instructions*, which define the principles and procedure for handling complaints, which are the responsibility of the Customer Relations Department. The Bank has implemented internal regulations aimed at ensuring compliance with the Act on Complaint Examination by Financial Market Entities and on the Financial Ombudsman and the Financial Education Fund, and the Payment Services Act.

Employees process claims in accordance with the *Rules for Processing Claims*, the *Complaints Processing Instructions*, as well as the powers contained in the *Regulations on Pricing and Commercial Powers*.

In the event of a personal data breach, the general rules of conduct are set forth in the *Personal Data Security Policy*, as described in more detail in section 19.5. *Privacy*. Moreover, the *Security Incident Handling Procedure* describes detailed rules for handling information security incidents, including as a result of cyber threats. The procedure covers the identification, reporting, analysis, remediation and closure of incidents, including those related to privacy and loss of security of funds deposited in the Bank.

The customer has the opportunity to report a complaint through multiple channels of contact with the Bank, in accordance with the customer's preferences and capabilities: at the branch, by phone, through electronic banking, by e-mail and by letter. We register all complaints (retail and corporate) in the central complaint registry MilleResolver2, which is used to record and handle claims. The MilleResolver2 system automatically assigns requests to designated teams and their employees or robots supporting the process at certain stages. The employee verifies the request and confirms or changes the categorization, type of request, source and date of the request to the correct type or value. The employee also sends an inquiry to the appropriate substantive unit if consultation is needed. In the case of a personal data breach, the customer may also report the incident directly to the Data Protection Officer. The Bank is required to provide the information requested by the

customer in accordance with the time limits set by law, and strives to respond to all notifications as soon as possible.

In the case of notifications in the privacy area, the basic principle is to respond promptly and to treat each incident with special care. All incidents, even potential incidents, are reported to a team working 24/7 and then referred to data protection specialists for further analysis if the matter involves the processing of personal data. Based on these analyses, the Bank continuously improves its security measures. If the occurrence of a violation has been ascertained related to the protection of personal data of which the Bank is the data controller, the Data Protection Department assesses the impact of the violation on the rights and freedoms of the individuals affected by it. If the assessment indicates at least a high impact of the violation on the rights and freedoms of individuals, we notify the data protection authority and, in certain situations, the data subject, as required by Articles 34 and 35 of GDPR, in the manner and within the timeframe specified in these provisions. If an incident involves identity theft, the Bank cooperates fully with the relevant law enforcement authorities.

We evaluate the effectiveness of our actions based on the results of satisfaction surveys conducted among customers, which supports us in continuously improving our processes. All these channels of contact with the Bank have been established by the Bank.

We provide customers with various forms of contact with the Bank. During our contacts with customers, employees inform them about the available contact channels. This is especially emphasized when establishing a new relationship - when opening an account. Bank employees encourage contact and inform customers about the possibility of contacting Bank Millennium 24 hours a day, 7 days a week.

The complaint process is carefully monitored by tracking key performance indicators. These indicators help us evaluate the effectiveness and efficiency of our operations in various areas, such as service time, the number of complaints, costs, and how we resolve cases of unauthorized transactions. They are important for monitoring progress, achieving business goals and ensuring high-quality customer service and efficient complaint management. With these indicators, we are also able to effectively identify areas for improvement and take appropriate corrective action.

We periodically conduct a Close The Loop survey of the Bank's complaint process, including by assessing the ease of the process. The outcomes of the survey indicate that customers are aware of the ways to file complaints with the Bank, and have confidence in the process. Also, all Bank Millennium employees are bound by the provisions of the Code of Ethics. Adherence to the Code protects the customer from potential retaliation.

20. BUSINESS CONDUCT (ESRS G1)

20.1. CORPORATE CULTURE AND BUSINESS ETHICS

[G1 IRO-1] In the identification process aiming at impacts, risks and opportunities in the corporate governance area, we have identified the following three major spheres of impact: corporate culture, corruption and bribery, and whistleblower protection. We have not, however, identified any material risks or opportunities in this area. All relevant and applicable criteria for this process, such as location, business, sector and transaction structure, are described in more detail in section 15.3. *Double materiality assessment*.

The Bank Millennium Group operates its business in a sustainable manner, while considering adherence to ethical principles to be of paramount significance for its corporate culture and business conduct. This follows from our mission as a financial sector operator and the Group's professed values, which we consider crucial.

[G1-1] The fundamental document that governs these issues within the Bank Millennium Group is *The Bank Millennium Group Code of Ethics*. *The Code of Ethics* is a set of principles that must be adhered to by all employees of the Bank Millennium Group. *The Code of Ethics* contains principles and values that should guide employees in the performance of their duties and in their relations with their colleagues and with the Bank as an employer. The Code also sets out guidelines for relations with clients, the market and suppliers, referring to such areas as: respect for human rights, quality of service, ethical sales, fair competition and communication, focus on ensuring long-term continuity and sustainable development, principles for conducting business relations, anti-money laundering, prevention of conflicts of interest, anti-corruption, including rules on accepting and giving benefits, and participation in and organization of tenders. *The Code of Ethics* also applies to franchisees and employees at franchise locations.

Every employee is required to become familiar with *the Code* by completing a mandatory e-learning course, confirm their knowledge and apply the principles included in *the Code* in their daily work. The scope of the training covers conflict-of-interest management, anti-corruption, confidential information, personal transactions and other topics. The knowledge and materials provided during the training are intended to sensitize employees on how to identify and handle situations which in any way may cause a conflict between the interests of Bank Millennium and the client, as well as how to handle information which is or may be price-sensitive and the disclosure of which might affect the price of financial instruments. As part of such training, employees also learn what responsibilities (including legal orders and prohibitions) are associated with conflict situations and with coming into possession of price-sensitive information. The role of employees as those who must actively identify their own behaviour as well as that of other employees and clients is highlighted in the examples. All the above-mentioned training makes up a mandatory package of regulatory training that every Bank employee is required to undergo. Such training must be attended by every newly hired employee of the Bank Millennium Group. Moreover, every Group employee is required to participate in refresher training, conducted annually.

The tasks of the **Ethics Officer** include overseeing compliance with *the Code of Ethics*. The function of the Ethics Officer is exercised by the head of the Compliance Department. The responsibilities of the Ethics Officer, in addition to overseeing compliance with *the Code of Ethics*, include promoting ethical standards, ordering inspections of compliance with ethical principles and examining cases of their breach.

The Code of Ethics is subject to annual review and updates on an as-needed basis. *The Code of Ethics* may also be updated depending on current needs, supervisory recommendations or detected irregularities, in particular as regards adjusting to changes in the regulatory environment, changes in the risk profile and size of the Bank, as well as factors of the economic environment in which we operate.

The Code of Ethics has been uploaded to our corporate website and is available on the Intranet (in MilleTeko).

20.2. ANTI-CORRUPTION

[G1-1] The Bank has put in place various formalized policies for preventing, detecting, investigating and responding to allegations or incidents of corruption or bribery - these issues are governed by the following internal documents: *Anti-corruption in Bank Millennium S.A. Policies and guidelines* and *Anti-corruption policy*, applicable to all employees of the Bank Millennium Group. Both these documents are consistent with the United Nations Convention against Corruption.

Anti-corruption in Bank Millennium S.A. Policies and guidelines lays down the principles of conduct applicable to various contexts, including relations with contractors and government employees as well as with other organizations, including political parties and non-profit organizations, for the purpose of preventing incidents of corruption and bribery. The document also sets out the rules applicable to the acceptance and offering of gifts as well as participation in business-related and other events by Bank employees.

Anti-corruption in Bank Millennium S.A. Policies and guidelines has been uploaded to the Bank's Intranet site in the manner customary for such documents. Its contents are disseminated to and shared with 100% of business partners and each participating supplier. The anti-corruption principles are made available to business partners and other stakeholders on the Bank's website. Moreover, the Compliance Department publishes regular reminders on the application of the anti-corruption principles, including on the acceptance and offering of gifts.

[G1-3] The responsibility for counteracting corruption rests with all Bank employees, which means that they are required, in the event of suspicion that an act of this kind has been committed, to immediately inform the Compliance Department by sending a message to a dedicated email box: *CORRUPTION (for internal communications) or to: MBF0084@bankmillennium.pl (for external communications). In the event that the reporting person sees any reason to fear repercussions of their bringing the matter to the attention of relevant services, the Bank also consents to such reports being submitted on a fully anonymous basis, from any email box other than that bearing the Bank's domain name, or in hardcopy form addressed to the Compliance Department, or to a selected employee of that unit.

If a corruption incident occurs, the Head of the Compliance Department is required to promptly bring the matter to the attention of the President of the Management Board and the Chairperson of the Supervisory Board, and then take action in cooperation with the relevant Management Board members to look into the matter, assess its potential unfavourable consequences, take corrective steps and decide on the consequences of the discovery of the corrupt activity. The Compliance Department, as the unit exercising the compliance function referred to in Article 3(1)(2) of the Regulation issued by the Minister of Finance, Funds and Regional Policy on 8 June 2021 on the risk management system and internal control system and compensation policy in banks, operates as a unit independent from other units within the Bank. It has been vested with the authority and powers suitable for fulfilling the duties described above.

On a regular basis, the Head of the Compliance Department notifies the Management Board and the Supervisory Board Audit Committee of all identified instances of corruption (if they take place), both in its quarterly reports and in the annual report on the evaluation of the Bank's compliance system.

In order to prevent corruption in purchasing processes, the Bank has also introduced the principles of cooperation with Bank Millennium's suppliers, as laid down in the *Instructions for selecting suppliers and making purchases*. These instructions define, among other things, how the procurement process is organized, the role played by the various process participants and the supplier selection criteria. Suppliers are selected in tenders, which allows the Bank to use objective selection criteria. To ensure

transparency of the procurement process, the substantive and commercial evaluations of bids are done by independent Bank units. Every supplier taking part in a tender procedure must undertake to observe the rules included in *the Bank Millennium Group's Code of Ethics*, including the respect of human rights and compliance with anti-corruption policies, by signing a representation to that effect. In addition, a clause confirming supplier compliance with *the Code of Ethics* has been included in currently concluded supplier agreements.

As part of the assessment of individual components of operational risk, also the aspect of vulnerability to corruption risk of different types of the Bank's activities is reviewed by the Internal Audit Department in the course of audit activities. Past experience in this area confirms the adequacy and effectiveness of the control mechanisms implemented for this purpose, such as procedures, segregation of duties, authorisations and limits. Periodic audits carried out by the Internal Audit Department cover all activities of the Bank and all business processes within the Bank Millennium Group.

The Bank also holds periodic (annual) training courses on preventing corruption. They have been prepared as a separate group of training courses for Bank Millennium employees and franchise employees and as a component of compliance training for members of the Bank's Management Board and Supervisory Board. The purpose of such training is to familiarize participants with anti-corruption policies, potential causes and forms of corruption, areas at risk of corruption and ways of acting and behaving in special situations, for instance when accepting gifts or attending external events. Information on the percentage of employees who have failed to undergo the training is provided periodically (quarterly) to the Bank's Management Board and the Supervisory Board Audit Committee.

Participation in anti-corruption training in 2024

	Persons at risk of corruption to whom training was assigned	Persons who completed the training	Persons who failed to undergo the training	Training in progress (not yet completed)
Employees	7,274	6,770	376	128
Percentage	100%	93.07%	5.17%	1.76%
Of which employees in managerial positions	1,139	1,076	50	13
Percentage	100%	94.47%	4.39%	1.14%

[G1-4] In 2024, no cases of corruption were detected in the Bank Millennium Group. Nor were there any cases of confirmed incidents in which employees were dismissed or disciplined for corruption, confirmed incidents in which contracts with business partners were terminated or not renewed due to corruption-related breaches, or public corruption-related litigation brought against the Bank or its employees. Moreover, no court judgments were issued convicting any employees and/or imposing any fines for breaches of anti-corruption or anti-bribery laws.

20.3. WHISTLEBLOWER REPORTING AND PROTECTION

[G1-1] Bank Millennium has two whistleblowing processes in place. The first one pertains to reporting breaches under *the Whistleblower Protection Act of 14 June 2024 and the second one concerns reports submitted under other regulations (e.g., the Act of 29 July 2005 on Public Offering, Terms and Conditions for Introducing Financial Instruments to an Organized Trading System and on Public Companies, the Regulation issued by the Minister of Finance, Funds and Regional Policy on 8 June 2021 on the risk management system and internal control system and compensation policy in banks, the Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC, the Act of 1 March 2018 on Combating Money Laundering and Financing Terrorism, or the Regulation of the Minister of Finance of 29 May 2018 on the detailed technical and organizational conditions for investment firms, the banks referred to in Article 70(2) of the Act on Trading in Financial Instruments, and custodian banks).*

As part of the former process, any breaches of the law within the meaning of *the Whistleblower Protection Act* may be reported, that is various types of unlawful acts or omissions or those aimed at circumventing the law in the areas of corruption, public procurement, financial services, products and markets, anti-money laundering and terrorist financing, product safety and compliance, environmental protection, consumer protection, protection of privacy and personal data, security of networks and ICT systems, financial interests of the State Treasury of the Republic of Poland, local government units and the European Union, or the internal market of the European Union, including rules governing public competition, state aid and corporate taxation. As part of this process, whistleblowing reports may be submitted by Bank employees, persons performing work under a civil law contract, commercial proxies, shareholders, members of the Bank's Management Board, members of the Bank's Supervisory Board, persons performing work under the supervision and direction of a contractor, subcontractor or supplier, apprentices and volunteers (during the course of their relationship with the Bank and thereafter). Reports submitted under *the Whistleblower Protection Act* are not anonymous.

As part of the latter process, any breaches involving non-compliance with the law and the Bank's procedures or ethical standards may be reported. Whistleblowing reports under this process may only be made by Bank employees or members of the Bank's Management Board. However, reports obtained from outside the organization will also be reviewed. Any employee in possession of information or a reasonable suspicion of a breach of the law, applicable policies, procedures or provisions of the Bank Millennium Group's Code of Ethics is required to report such information promptly through any of the dedicated reporting channels. Such reports may be submitted by email to naruszenia@bankmillennium.pl (a channel ensuring the whistleblower's anonymity) or to the *NARUSZENIA [*BREACHES] mailbox accessible only from the Bank's internal employee resource (a channel that does not ensure the whistleblower's anonymity). A whistleblowing report may also be submitted by letter - in a sealed envelope delivered by external mail marked as "breach report" and "for the attention of the addressee only," placed in another sealed envelope, addressed to the President of the Management Board or the Chairperson of the Supervisory Board Audit Committee (if the breach concerns a Management Board member), to the Bank's registered office address.

The rules governing these processes are laid down in internal regulations: *the Bank Millennium S.A. Whistleblower Manual* and *the Bank Millennium S.A. Supervisory Board Whistleblower Policy*. Both these documents have been uploaded to the Bank's Intranet site. Key information on the whistleblowing system is also published on the Bank's Intranet site in the Compliance Department section, and with regard to the process of accepting reports submitted under *the Whistleblower Protection Act of 14 June 2024* - on the Bank's website.

With regard to the whistleblowing process, the Bank implemented separate training for employees in 2024, to be refreshed annually. The process governing the submission of whistleblowing reports and the conduct of investigations has also been included in training for members of the Bank's

Management Board and Supervisory Board. The area of training for Bank employees is governed by the *Instructions for participation in training programs at Bank Millennium S.A.*, which is described in more detail in section 17.1.3. *HR policies*.

In the regulation *Anti-corruption in Bank Millennium S.A. Policies and guidelines*, the areas that, in the Bank's opinion, are the riskiest in terms of the possibility of the commission of corrupt acts have been identified. These areas include: relations with contractors, government employees and other external organizations, the acceptance and offering of gifts, business and PR events. In principle, all employees may perform duties in the areas indicated, which means that the Bank takes into account the risk of exposure to corruption and bribery for each employee.

We ensure the confidentiality of all whistleblowing reports and refrain from taking any action against anyone who, in good faith, reports information regarding potential breaches of the law and/or adopted policies, procedures or *the Code of Ethics*, or who participates in the procedure for reviewing whistleblowing reports, unless a false report or information was provided in bad faith. According to sec. 6(1) of *the Bank Millennium S.A. Whistleblower Manual*, the Bank is required to provide the whistleblower with protection against any repression, discrimination or other types of unfair treatment or resulting in the deterioration of their legal or factual situation, or involving threats against them, in particular actions that unfavourably affect their working conditions or terms of employment. Such protection is afforded by guaranteeing the confidentiality of information pertaining to the whistleblowing report, thereby reducing the risk of retaliation against the employee. In a situation where the whistleblower has a reasonable suspicion of possible retaliation against him/her in connection with the submission of a whistleblowing report or experiences such retaliation, he/she should promptly inform the Head of the Human Resources Department or file a separate report in accordance with *the Bank Millennium S.A. Whistleblower Manual*, indicating that it contains information about retaliation related to a whistleblowing report submitted in accordance with the Manual. Subsequently, a dedicated Management Board member or the Head of the Human Resources Department are required to take all actions provided by law and *the Work Rules and Regulations* to ensure that the whistleblower is fully protected from any retaliation. The whistleblower must cooperate with the dedicated Management Board member or the Head of the Human Resources Department in the implementation of measures to protect him/her from retaliation.

In turn, section 7 of *the Manual* governs the Bank's provision of protection from any retaliation to whistleblowers who report information about a breach of the law or make an external report or a public disclosure. Only whistleblowers who, at the time of reporting, have a reasonable basis for the veracity of their reported information are covered by such protection. No retaliation or attempted or threatened retaliation may be applied against the whistleblower. In a situation where the whistleblower has a reasonable suspicion of possible retaliation against him/her in connection with the submission of a whistleblowing report or experiences such retaliation (including attempts and/or threats to apply such actions), he/she should promptly inform the Head of the Human Resources Department (if the whistleblower is an employee) or file a separate report in accordance with *the Bank Millennium S.A. Whistleblower Manual*, indicating that it contains information about retaliation related to the submission of information on a breach of the law, external report or public disclosure made in accordance with the Manual. Subsequently, the Human Resources Department or the Compliance Department, as the case may be, takes all actions prescribed by law and *the Work Rules and Regulations* to ensure that the whistleblower is protected from retaliation.

Reports submitted under the whistleblowing process are summarized annually by the Compliance Department as part of its report duties to the Bank's Management Board, the Supervisory Board Audit Committee and the Supervisory Board. In 2024, there were no reports that met the definition of *the Bank Millennium S.A. Whistleblower Manual* or *the Bank Millennium S.A. Supervisory Board Whistleblower Policy*.

The policies described in section 20. *Business conduct* are posted on the Bank's website. In turn, procedures and instructions (including policies) are disseminated among employees via the corporate Intranet. Through various communication channels, including the "help desk" formula, employees

may also obtain advice on the pursuit of the Company's policies and practices of responsible business conduct (including those related to reporting breaches or counteracting corruption) by referring to the pertinent units, depending on the area in which the advice is sought. For instance, as regards the pursuit of the policy to ensure compliance with supervisory laws and regulations and with internal procedures, the Compliance Department is the competent unit; for the HR policy, the HR Department is the place to go to; for issues related to credit risk, it is the Risk Department. For issues related to responsible business conduct practices, the Compliance Department is the appropriate unit for consultation.

21. DISCLOSURE OF INFORMATION IN ACCORDANCE WITH THE EU TAXONOMY (ART. 8 REGULATION (EU) 2020/852)

Legal basis for the Group's reporting obligations under the EU Taxonomy

The Bank Millennium Group is required to publish EU Taxonomy information under Article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 ("EU Taxonomy").

The Group prepares EU Taxonomy disclosures in accordance with Regulation 2021/2178¹⁰ as amended by Regulation 2022/1214¹¹ and by Regulation 2023/2486.¹²

Based on the requirements set out in Annex V of Regulation 2021/2178, Bank Millennium prepares EU Taxonomy disclosures on a consolidated basis according to the scope of prudential consolidation applied by the Bank for capital adequacy purposes.

The Bank's subsidiaries subject to prudential consolidation include:

- Millennium Bank Hipoteczny S.A.
- Millennium Leasing sp. z o.o.
- Millennium Consulting S.A.
- Millennium TFI S.A.
- Millennium Service sp. z o.o.
- Millennium Goodie sp. z o.o.
- Millennium Telecommunication Services sp. z o.o.

Pursuant to Article 10(5) of Regulation 2021/2178, since 1 January 2024, the Group has disclosed **key performance indicators for credit institutions (in particular the Green Asset Ratio - GAR)**, including all relevant accompanying information, based on Annexes V, VI, XI and XII of the Regulation (with sec. 1.2.3 and 1.2.4 of Annex V applicable as of 1 January 2026). This information relates to the financing of activities specified in Regulation 2021/2139¹³ concerning economic activity which qualifies as contributing substantially to climate change mitigation or climate change adaptation (as amended by Regulation 2022/1214).

In turn, under Article 10(7) of Regulation 2021/2178, in the period from 1 January 2024 to 31 December 2025, the Group only discloses the percentage indicators of EU Taxonomy eligible and non-eligible activities (along with relevant qualitative information) - for the activities specified in Regulation 2023/2485¹⁴ (amending Regulation 2021/2139) and for the activities specified in Regulation 2023/2486 which concerns an economic activity which qualifies as contributing substantially to the sustainable use and protection of water and marine resources, to the transition to a circular economy,

¹⁰ Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation.

¹¹ Commission Delegated Regulation (EU) 2022/1214 of 9 March 2022 amending Delegated Regulation (EU) 2021/2139 as regards economic activities in certain energy sectors and Delegated Regulation (EU) 2021/2178 as regards specific public disclosures for those economic activities.

¹² Commission Delegated Regulation (EU) 2023/2486 of 27 June 2023 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to the sustainable use and protection of water and marine resources, to the transition to a circular economy, to pollution prevention and control, or to the protection and restoration of biodiversity and ecosystems and for determining whether that economic activity causes no significant harm to any of the other environmental objectives and amending Commission Delegated Regulation (EU) 2021/2178 as regards specific public disclosures for those economic activities.

¹³ Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives.

¹⁴ Commission Delegated Regulation (EU) 2023/2485 of 27 June 2023 amending Delegated Regulation (EU) 2021/2139 establishing additional technical screening criteria for determining the conditions under which certain economic activities qualify as contributing substantially to climate change mitigation or climate change adaptation and for determining whether those activities cause no significant harm to any of the other environmental objectives

to pollution prevention and control, or to the protection and restoration of biodiversity and ecosystems.

EU Taxonomy-eligible financing granted by the Group are exposures that finance activities (or objectives/projects related to these activities) listed in Delegated Regulation 2021/2139 (as amended) or Delegated Regulation 2023/2486 - irrespective of whether these activities meet the Taxonomy technical screening criteria for sustainability. For the purpose of preparing the table in accordance with template 2 of Annex V, we have assumed that the sectors covered by the Taxonomy are listed in the file available on the EU Taxonomy Navigator website at the date of preparation of this statement.

EU Taxonomy-aligned financing granted by the Group (green/sustainable financing as defined in the EU Taxonomy) are exposures that finance activities (or objectives/projects related to these activities) that meet the substantial contribution criteria and “do no significant harm” (DNSH) criteria set out in Delegated Regulation 2021/2139 (as amended) or 2023/2486, and are in compliance with the minimum social safeguards laid down in Article 18 of Regulation 2020/852. EU Taxonomy-aligned financing is a subset of EU Taxonomy-eligible financing.

Contextual information on key performance indicators for the activities laid down in Regulation 2021/2139 as amended by Regulation 2022/1214

The Bank prepares and discloses quantitative information on key performance indicators for the activities laid down in Regulation 2021/2139 as amended by Regulation 2022/1214 (i.e. **for the original scope of activities that can substantially contribute to the first two environmental objectives - climate change mitigation and climate change adaptation**) in accordance with the tabular disclosure templates in Annexes VI and XII of Regulation 2021/2178, as amended. The Bank also uses Regulation 2023/2486 with regard to the eligibility aspect.

Annex V of Regulation 2021/2178 (taking into account the amendments introduced with Regulation 2023/2486) distinguishes between the following (partial) key performance indicators for credit institutions relating to assets:

1. Total Green Asset Ratio (GAR) for financing activities directed at financial undertakings;
2. Total GAR for financing activities directed at non-financial undertakings;
3. GAR for residential real estate exposures, including house renovation loans (for the objective of climate change mitigation);
4. Green Asset Ratio (GAR) for retail car loans (for the objective of climate change mitigation);
5. Green Asset Ratio (GAR) for loans to local governments for house financing and other use-of-proceeds lending;
6. Green Asset Ratio (GAR) for commercial and residential repossessed real estate collateral held for sale (repossessed in the collection process).

Total GAR is an indicator that accumulates all the partial ratios listed in items 1-6 above.

For each of the above indicators of EU Taxonomy-aligned exposures, the disclosure templates set out in Annexes VI and XII of Regulation 2021/2178 also provide for the disclosure of the corresponding percentages of EU taxonomy-eligible assets.

Additionally, Annex V to Regulation 2021/2178 requires the Group to disclose key EU Taxonomy indicators with respect to off-balance sheet exposures - i.e. for certain financial guarantees issued and for assets managed by the investment fund company (TFI) belonging to the Bank’s Group.

The Bank discloses quantitative information on the above indicators using detailed tabular formulas laid down in Annex VI to Regulation 2021/2178.

For exposures to financial and non-financial undertakings included in the partial indicators on assets and off-balance sheet items, the Group has adopted the following methodology to assess EU Taxonomy eligibility and alignment, in accordance with the requirements of Annex V of Regulation 2021/2178:

- **for general purpose financing** - the assessment of eligibility and alignment is based on the EU Taxonomy key performance indicators, for revenue and capital expenditure (CapEx) published by the Group's customers and by identified subsidiaries of the Group's clients or by parent companies of the Group's clients¹⁵ - **therefore, in accordance with the requirements in Regulation 2021/2178, the Group calculates its key performance indicators twice (first on the basis of its clients' revenue indicators and second on the basis of its clients' CapEx indicators),**
- **for use-of-proceeds financing** - the assessment of eligibility and alignment is based on the Bank's own analysis of the characteristics of the purpose of the financing and the information needed to verify compliance with the technical screening criteria of the EU Taxonomy and minimum social safeguards.

In the process of determining the key performance indicators for the green asset ratio with regard to flow, the Bank has taken into account the gross carrying amount as at 31 December 2024 only of those exposures that were first recognised in the Group's balance sheet in 2024.

Financing of non-financial and financial undertakings

The Bank identifies entities eligible for inclusion in the GAR numerator (i.e. entities required to report under the EU Taxonomy themselves (as well as identified subsidiaries of such entities) or included in such reporting through consolidation by the parent entity) based on the database published by InStrat Foundation and the database maintained on the ESG Platform developed by Biuro Informacji Kredytowej S.A and based on expert portfolio review (for subsidiaries of entities included in InStrat's database and for entities located outside Poland). The same approach was applied to financial undertakings.

Financing of households

For the purpose of calculating the partial ratio related to the financing of households related to residential properties, the Group has assumed that:

- all mortgage loans granted for the construction/purchase of a house/apartment are EU taxonomy-eligible under the "climate change mitigation" environmental objective - activity 7.7,
- the Group assesses the EU Taxonomy alignment of mortgage loans based on the technical screening criteria as defined in Regulation 2021/2139 (as amended) based on data from building energy performance certificates and physical risk maps for Poland (Klimada 2.0), making it possible to assess whether the location where the financed property is located is not significantly exposed to flooding or inundations. The Bank has adopted the above risks for assessment, guided by analyses of the Intergovernmental Panel on Climate Change (IPCC), which specify in detail types of physical risk material for Central and Eastern Europe, including Poland. The Bank has found that in the local situation, the key physical risk factors which may adversely affect the value of collateral of mortgage loans are flooding and inundations. Nevertheless, the Bank will monitor whether the assessment of physical risks material to Poland is still valid. In the physical risk assessment, the Bank has followed the *Methodology for identification of increased physical risk in the mortgage portfolio*, adopted by the Bank. The Bank identifies an increased physical risk in the mortgage loan portfolio per exposure, according to the location of the collateral in the form of real property.

¹⁵ For the Group's customers that are financial undertakings, the Group uses the taxonomy indicators published by the Group's customers and based on the revenues or on the capital expenditures of the entities financed by the Group's customers.

If it follows from our analysis that there is a significant risk for the respective location, the Bank excludes the exposure from the portfolio of Taxonomy-aligned loans.

- To establish compliance with the technical screening criteria, it has been assessed whether the financed buildings:
 - a. built after 31 December 2020 meet the standards of primary energy need at least 10% lower than the threshold defined for nearly zero-energy buildings under national measures implementing Directive 2010/31/EU of the European Parliament and of the Council,
 - b. built before 31 December 2020 belong to 15% of the most efficient buildings in Poland. For the purpose of defining qualification thresholds for 15% of the most energy-efficient buildings in Poland, the Bank has applied the primary energy demand limits published by the Ministry of Economic Development and Technology ([Taxonomy of sustainable financing of investments - buildings - Ministry of Economic Development and Technology - gov.pl portal](#)).
- To assess compliance with the above criteria, the Bank has based its decisions on data acquired from energy performance certificates found in the Central Register of Energy Performance of Buildings maintained by the Minister of Economic Development and Technology. To ensure the highest data quality, the Bank has solicited the support of an external firm specializing in data regarding the Polish real estate market, which has performed an additional verification of the data from the said register.
- In assessing compliance with the EU Taxonomy for retail mortgage loans, the Bank has taken the following approach to the issue of investigating minimum social safeguards. The Bank has concluded that, in respect of real property sellers who are natural persons, investigating this issue is unfeasible in practice. As for real properties purchased on the primary market, with regard to property development companies erecting buildings and apartments financed by the Bank, the Bank has assumed that the minimum social safeguards are met. The justification for this approach is that the Bank only finances real properties built on the Polish market, and Poland is a country that observes the UN Guidelines on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. Poland is also one of the founders of the International Labour Organization and abides by the principles adopted by this organisation. In particular, the provisions of the Labour Code ensure respect for human rights in relations with employees. The Bank has no information about any controversies regarding human rights violations by real property development companies operating in Poland.
- Household loan products related to improving the energy efficiency of residential properties are considered EU Taxonomy-eligible under the “climate change mitigation” environmental objective, while in the current reporting cycle the Bank does not have the source data to reliably assess the EU Taxonomy alignment of these credit products.

At year-end 2024, the Bank does not identify any assets in its portfolio that could qualify for partial indices for consumer car financing, for use-of-proceeds financing for local governments, or for real estate taken into the Bank's ownership in the loan loss recovery process.

Approach to the Bank Millennium Group entities

In the Taxonomy-related disclosures of the Group, the Bank did not single out data about Millennium Leasing.

Contextual information on key performance indicators for the activities laid down in Regulations 2023/2485 and 2023/2486

In accordance with Article 10(7) of Regulation 2021/2178, for the period from 1 January 2024 to 31 December 2025, and for the activities laid down in Regulations 2023/2485 and 2023/2486 (i.e. **for the new extended scope of activities that can substantially contribute to one or more of the six environmental objectives specified in the EU Taxonomy**), the Group only discloses the percentage indicators of EU Taxonomy eligible and non-eligible activities (along with relevant qualitative information).

The Group has reviewed its portfolio (from a balance sheet and off-balance sheet perspective) with respect to its eligibility for the above-mentioned activities and concluded that the loans related to residential real estate granted by the Bank to consumers and use-of-proceeds financing for businesses qualify only for the original scope of activities under the climate change mitigation objective and do not qualify for the “new” activities. With regard to general financing for financial and non-financial undertakings, information about eligibility for other objectives was determined on the basis of non-financial statements of customers for 2023 because these are the most recent reliable data published by the Bank’s customers as at the date of the publication of this report.

Description of alignment with EU Taxonomy in the Group's business strategy, product design processes and engagement with customers and business partners

Over 95% of EU Taxonomy-aligned exposures are mortgage loans for households. The change from the green asset ratio presented last year is due to the constitution of the alignment assessment approach for the mortgage portfolio, whereby the Group decided to disclose alignment in this portfolio - in the previous year, zero Taxonomy alignment was reported for this portfolio. The degree of alignment of newly issued mortgage financing is dependent on energy performance of residential buildings, which, according to existing regulations in this area, should improve in the future.

With respect to off-balance sheet exposures, the Group has recorded an increase in the green asset ratio for managed assets especially visible in the key performance indicator for off-balance sheet exposures regarding capital expenditures. This shows increased efforts of entities in the Millennium TFI portfolio to invest in sustainable businesses and the increase in entities reporting sustainability data compared to the previous year.

The Bank Millennium Group takes steps aimed at developing the portfolio of assets financing Taxonomy-aligned activities.

The Bank Millennium Group’s *Strategy for 2025-2028 - Value and Growth* contains objectives of actively supporting customers in their decarbonization efforts and granting PLN 5 billion of financing for sustainable for the customers of the Bank’s Group over the next 4 years.

Our goal is to launch an offering of products that would support sustainability in various business segments in the areas of energy efficiency, the use of renewable energy sources and the circular economy, as well as to increase the financing allocated to sustainability projects through active participation in governmental and EU transition programs to reduce adverse environmental impacts. The Bank is taking proactive measures aiming to build a portfolio of assets that finance environmentally sustainable activities, while adhering to the Environmental Policy and the Responsible Financing Policy. The Bank has implemented a comprehensive project to build and implement a process for classifying green assets - based on the Bank’s internal business criteria based on best market practices and based on the EU Taxonomy.

Quantitative disclosure in accordance with the templates specified in Annex VI to Regulation 2021/2178

1.0 Summary of key performance indicators to be disclosed by credit institutions under Article 8 of the Taxonomy Regulation

1.1.1 Assets for the calculation of the Green Asset Ratio - turnover-based - for 2024

1.1.2. Assets for the calculation of the Green Asset Ratio - turnover-based - for 2023

1.2.1 Assets for the calculation of the Green Asset Ratio - capital expenditures-based - for 2024

1.2.2 Assets for the calculation of the Green Asset Ratio - capital expenditures-based - for 2023

2.1 GAR sector information - turnover-based

2.2 GAR sector information - capital expenditures-based

3.1.1 GAR KPI stock - turnover-based - for 2024

3.1.2 GAR KPI stock - turnover-based - for 2023

3.2.1 GAR KPI stock - capital expenditures-based - for 2024

3.2.2 GAR KPI stock - capital expenditures-based - for 2023

4.1 GAR KPI flow - turnover-based

4.2 GAR KPI flow - capital expenditures-based

5.1 KPI off-balance sheet exposures - turnover-based

5.2 KPI off-balance sheet exposures - capital expenditures-based

6. Quantitative disclosures prepared in accordance with the formulas laid down in Annex XII of Regulation 2021/2178 - Nuclear and fossil gas related disclosures

With regard to tables:

1.1.2 Assets for the calculation of the Green Asset Ratio - turnover-based - for 2023

1.2.2 Assets for the calculation of the Green Asset Ratio - capital expenditures-based - for 2023

3.1.2 GAR KPI stock - turnover-based - for 2023

3.2.2 GAR KPI stock - capital expenditures-based - for 2023

an adjustment was made to data presented in 2023 in the item “26. Households/including loans for renovation of buildings”. The adjustment resulted from an error concerning the failure to disclose loans for renovation of buildings worth PLN 743,618 thousand.

1.0 Summary of key performance indicators to be disclosed by credit institutions under Article 8 of the Taxonomy Regulation

		Total environmentally sustainable assets (PLN '000)	KPI****	KPI*****	% coverage (over total assets)***	% of assets excluded from the numerator of the GAR (Article 7 (2) and (3) and Section 1.1.2. of Annex V)	% of assets excluded from the denominator of the GAR (Article 7 (1)) and Section 1.2.4 of Annex V)
Main KPI	Green asset ratio (GAR) stock	1 312 050	1.53%	1.57%	60.66%	17.52%	39.34%
		Total environmentally sustainable activities (PLN '000)	KPI	KPI	% coverage (over total assets)	% of assets excluded from the numerator of the GAR (Article 7 (2) and (3) and Section 1.1.2. of Annex V)	% of assets excluded from the denominator of the GAR (Article 7 (1)) and Section 1.2.4 of Annex V)
Additional KPIs	GAR (flow)	232 513	1.19%	1.26%	48.03%	19.01%	51.97%
	<i>Trading book*</i>	n/a	n/a	n/a			
	<i>Financial guarantees</i>	0	0.00%	0.00%			
	<i>Assets under management</i>	69 273	1.93%	7.46%			
	<i>Fees and commissions income**</i>	n/a	n/a	n/a			

* For credit institutions that do not meet the conditions of Article 94(1) of the CRR or the conditions set out in Article 325a(1) of the CRR

** Fees and commissions income from services other than lending and AuM

*** % of assets covered by the KPI over banks' total assets

**** Based on the Turnover KPI of the counterparty

***** Based on the CapEx KPI of the counterparty, except for lending activities where for general lending Turnover KPI is used

1.2.1 Assets for the calculation of the Green Asset Ratio - capital expenditures-based - for 2024

PLN '000	Total (gross) carrying amount	2024-12-31																																
		Climate Change Mitigation (CCM)						Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)			TOTAL (CCM + CCA + WTR + CE + PPC + BIO)							
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)						Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)			Of which environmentally sustainable (Taxonomy-aligned)							
		Of which environmentally sustainable (Taxonomy-aligned)		Of which transitional		Of which enabling		Of which environmentally sustainable (Taxonomy-aligned)		Of which transitional		Of which enabling		Of which environmentally sustainable (Taxonomy-aligned)		Of which transitional		Of which enabling		Of which environmentally sustainable (Taxonomy-aligned)		Of which transitional		Of which enabling		Of which environmentally sustainable (Taxonomy-aligned)		Of which transitional		Of which enabling				
GAR - Covered assets in both numerator and denominator																																		
1	Loans and advances, debt securities and equity instruments not eligible for GAR calculation	61 117 549	34 313 620	1 345 094	1 248 699	22 738	4 655	46 416	5 710	0	5 594	6	0	0	0	33 943	0	0	222	533	40	0	0	0	1 310	0	0	0	34 395 829	1 350 844	1 248 699	22 738	10 471	
2	FINANCIAL UNDERTAKINGS	10 000	8 100	50	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
3	Credit institutions	10 000	8 100	50	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
4	Loans and advances	10 000	8 100	50	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
5	Debt securities, including UoP	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
6	Equity instruments	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
7	Other financial corporations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
8	Of which investment firms	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
9	Loans and advances	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
10	Debt securities, including UoP	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
11	Equity instruments	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
12	Of which management companies	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
13	Loans and advances	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
14	Debt securities, including UoP	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
15	Equity instruments	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
16	Of which insurance undertakings	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
17	Loans and advances	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
18	Debt securities, including UoP	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
19	Equity instruments	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
20	NON-FINANCIAL UNDERTAKINGS	2 142 263	772 872	97 395	1 050	22 738	4 655	46 416	5 710	0	5 594	6	0	0	0	33 943	0	0	222	533	40	0	0	1 310	0	0	0	855 081	103 145	1 050	22 738	10 471		
21	Loans and advances	2 142 263	772 872	97 395	1 050	22 738	4 655	46 416	5 710	0	5 594	6	0	0	0	33 943	0	0	222	533	40	0	0	1 310	0	0	0	855 081	103 145	1 050	22 738	10 471		
22	Debt securities, including UoP	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
23	Equity instruments	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
24	HOUSEHOLDS	58 945 050	33 532 510	1 247 649	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	33 532 510	1 247 649	0	0	0	0		
25	Of which loans collateralised by residential immovable property	38 972 436	32 811 481	1 247 649	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	32 811 481	1 247 649	1 247 649	0	0	0		
26	Of which building renovation loans	721 030	721 030	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	721 030	0	0	0	0	0		
27	Of which motor vehicle loans	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
28	LOCAL GOVERNMENTS FINANCING	20 098	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
29	Housing financing	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
30	Other local government financing	20 098	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
31	Collateral obtained by taking possession: residential and commercial immovable properties	137	137	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	137	0	0	0	0	0		
32	Assets excluded from the numerator for GAR calculation (covered in the denominator)	24 827 606																																
33	FINANCIAL AND NON-FINANCIAL UNDERTAKINGS	16 145 885																																
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure	16 093 892																																
35	Loans and advances	16 046 050																																
36	Of which loans collateralised by commercial immovable property	2 146 391																																
37	Of which building renovation loans	0																																
38	Debt securities	4 996																																
39	Equity instruments	42 845																																
40	Non-EU country counterparties not subject to NFRD disclosure obligations	51 793																																
41	Loans and advances	4																																
42	Debt securities	51 790																																
43	Equity instruments	0																																
44	Derivatives	112 365																																
45	On demand interbank loans	278 897																																
46	Cash and cash-related assets	1 065 998																																
47	Other categories of assets (e.g. Goodwill, commodities etc.)	7 224 660																																
48	Total GAR assets	85 945 155	34 313 620	1 345 094	1 248 699	22 738	4 655	46 416	5 710	0	5 594	6	0	0	0	33 943	0	0	222	533	40	0	0	1 310	0									

2.1 GAR sector information - turnover-based

breakdown by sector - NACE 4 digits level (code and label)	Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)	
	Non-financial corporation (subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-financial corporation (subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-financial corporation (subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-financial corporation (subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-financial corporation (subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-financial corporation (subject to NFRD)		SMEs and other NFC not subject to NFRD	
	[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
	PLN 100	Of which environmentally sustainable (CCA)	PLN 100	Of which environmentally sustainable (CCA)	PLN 100	Of which environmentally sustainable (CCA)	PLN 100	Of which environmentally sustainable (CCA)	PLN 100	Of which environmentally sustainable (WTR)	PLN 100	Of which environmentally sustainable (CE)	PLN 100	Of which environmentally sustainable (PPC)	PLN 100	Of which environmentally sustainable (BIO)	PLN 100	Of which environmentally sustainable (BIO)	PLN 100	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)	PLN 100	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)		
1 21.20 - Manufacture of medicines and other pharmaceutical products	328	0			0	0			0	0			0	0					327,65	0,01				
2 22.22 - Manufacture of plastic packing goods	546	0			0	0			0	0			0	0					546,46	0,00				
3 24.70 - Manufacture of pig iron, ferro-alloys, basic iron and steel and metallic articles	1 654	0			0	0			0	0			0	0					1 653,69	0,00				
4 24.51 - Casting of iron	0	0			0	0			0	0			0	0					0,00	0,00				
5 25.11 - Manufacture of metal structures and parts of structures	917	93			0	0			0	0			0	0					916,99	93,32				
6 25.12 - Manufacture of metal elements of building woodwork	0	0			0	0			0	0			0	0					0,00	0,00				
7 25.29 - Manufacture of other tanks, reservoirs and containers of metal	0	0			0	0			0	0			0	0					0,00	0,00				
8 26.31 - Manufacture of instruments and appliances for measuring, testing and navigation	0	0			0	0			0	0			0	0					0,00	0,00				
9 27.31 - Manufacture of electric domestic appliances	3 842	0			159	1			0	0			0	0					21	0				
10 29.32 - Manufacture of other parts and accessories for motor vehicles excluding motorcycles	8	0			8	0			122	0			0	0					4 146,00	0,97				
11 30.20 - Manufacture of railway locomotives and rolling stock	5	4			0	0			0	0			0	0					4,66	3,89				
12 31.13 - Repair and maintenance of electronic and optical equipment	0	0			0	0			0	0			0	0					0,00	0,00				
13 33.20 - Installation of industrial machinery and equipment	2 446	0			0	0			0	0			0	0					2 445,84	0,00				
14 38.11 - Collection of non-hazardous waste	1 347	0			0	0			0	0			0	0					1 347,33	0,00				
15 38.22 - Hazardous waste processing and neutralising	501	0			0	0			0	0			0	0					501,11	0,00				
16 41.70 - Realisation of building projects related to erection of buildings	289	0			0	0			0	0			0	0					288,51	0,00				
17 41.20 - Building works related to erection of residential and non-residential buildings	5 092	71			0	0			0	0			0	0					5 091,68	71,31				
18 42.11 - Works related to construction of roads and motorways	5 155	0			0	0			0	0			0	0					5 155,00	0,00				
19 42.12 - Works related to construction of railways and underground railways	43 751	0			0	0			0	0			0	0					43 751,22	0,00				
20 42.99 - Works related to construction of other civil engineering projects not elsewhere classified	594	0			0	0			0	0			0	0					594,00	0,00				
21 42.99 - Other specialised construction activities not elsewhere classified	2 580	77			0	0			0	0			0	0					2 579,90	76,73				
22 46.18 - Agents specialised in the sale of other particular products	31	0			0	0			0	0			0	0					30,88	0,00				
23 46.35 - Wholesale of tobacco products	12	0			0	0			0	0			0	0					12,47	0,00				
24 46.46 - Wholesale of pharmaceutical goods	5 901	0			60	0			0	0			222	20					6 183,23	25,14				
25 46.51 - Wholesale of computers, peripheral equipment and software	596	0			25	0			2 206	0			0	0					2 927,56	0,00				
26 46.79 - Wholesale of food and related products	6 868	0			0	0			0	0			0	0					6 868,47	0,00				
27 46.80 - non-specialised wholesale trade	3 203	0			0	0			0	0			0	0					1 303,33	0,00				
28 47.11 - Retail sale in non-specialised stores with food, beverages or tobacco predominating	70	70			0	0			0	0			0	0					69,51	69,51				
29 47.19 - Other retail sale in non-specialised stores	0	0			0	0			0	0			0	0					0,00	0,00				
30 47.99 - Other retail sale not in stores, stalls or markets	251	0			0	0			0	0			0	0					250,85	0,00				
31 49.30 - Transport via pipeline	1	0			0	0			0	0			0	0					0,63	0,21				
32 52.21 - Service activities incidental to land transportation	7 854	0			0	0			0	0			0	0					7 853,51	0,00				
33 52.24 - Cargo handling	0	0			0	0			0	0			0	0					0,00	0,00				
34 52.29 - Other transportation support activities	0	0			0	0			0	0			0	0					0,00	0,00				
35 60.20 - Public and licence television programmes broadcasting	0	0			0	0			0	0			0	0					0,16	0,15				
36 61.10 - Wired telecommunications activities	979	979			0	0			0	0			0	0					979,14	979,14				
37 61.20 - Wireless telecommunications activities, excluding satellite telecommunications activities	64 618	11 242			44 935	44 935			0	0			0	0					991	0				
38 61.30 - Satellite telecommunications activities	1 503	1 164			4 632	4 632			0	0			0	0					96	0				
39 62.01 - Computer programming activities	37	0			0	0			0	0			0	0					36,60	0,00				
40 65.12 - Other personal and property insurance	0	0			0	0			0	0			0	0					0,00	0,00				
41 68.20 - Rental and operating of own or leased real estate	172	0			0	0			0	0			0	0					171,76	0,00				
42 71.12 - Engineering activities and related technical consultancy	0	0			0	0			0	0			0	0					0,00	0,00				
43 72.11 - Research and experimental development on biotechnology	0	0			0	0			0	0			0	0					0,00	0,00				

2.2 GAR sector information - capital expenditures-based

Breakdown by sector - NACE 4 digits level (code and label)	Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)		Water and marine resources (WTR)		Circular economy (CE)		Pollution (PPC)		Biodiversity and ecosystems (BE)		TOTAL (CCM + CCA + WTR + CE + PPC + BE)		
	Non-financial corporates (subject to NFRD)		Non-financial corporates (subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-financial corporates (subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-financial corporates (subject to NFRD)		SMEs and other NFC not subject to NFRD		
	[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		
	PLN 1000	Of which environmentally sustainable (CCM)	PLN 1000	Of which environmentally sustainable (CCA)	PLN 1000	Of which environmentally sustainable (WTR)	PLN 1000	Of which environmentally sustainable (CE)	PLN 1000	Of which environmentally sustainable (PPC)	PLN 1000	Of which environmentally sustainable (BE)	PLN 1000	Of which environmentally sustainable (TOTAL)	
1 21.20 - Manufacture of medicines and other pharmaceutical products	339	1	0	0	0	0	0	0	0	0	0	0	0	338,84	1,26
2 22.22 - Manufacture of plastic coking goods	546	0	0	0	0	0	0	0	0	0	0	0	0	546,46	0,00
3 24.70 - Manufacture of pig iron, ferro-alloys, basic iron and steel and metallic articles	1 054	0	0	0	0	0	0	0	0	0	0	0	0	1 053,69	0,00
4 24.53 - Casting of iron	0	0	0	0	0	0	0	0	0	0	0	0	0	0,00	0,00
5 25.11 - Manufacture of metal structures and parts of structures	123	11	0	0	0	0	0	0	0	0	0	0	0	122,79	10,56
6 25.12 - Manufacture of metal elements of building woodwork	0	0	0	0	0	0	0	0	0	0	0	0	0	0,00	0,00
7 25.29 - Manufacture of other tanks, reservoirs and containers of metal	0	0	0	0	0	0	0	0	0	0	0	0	0	0,00	0,00
8 26.31 - Manufacture of instruments and appliances for measuring, testing and navigation	0	0	0	0	0	0	0	0	0	0	0	0	0	0,00	0,00
9 27.51 - Manufacture of electric domestic appliances	5 312	0	2 117	0	0	0	0	0	0	0	17	0	0	7 446,36	0,00
10 29.32 - Manufacture of other parts and accessories for motor vehicles excluding motorcycles	18	6	18	0	0	0	0	10	0	0	0	0	0	-45,78	6,17
11 30.20 - Manufacture of railway locomotives and rolling stock	4	3	0	0	0	0	0	0	0	0	0	0	0	4,13	3,32
12 33.13 - Repair and maintenance of electronic and optical equipment	0	0	0	0	0	0	0	0	0	0	0	0	0	0,00	0,00
13 33.20 - Installation of industrial machinery and equipment	2 646	0	0	0	0	0	0	0	0	0	0	0	0	2 645,84	0,00
14 38.11 - Collection of non-hazardous waste	1 347	0	1 347	0	0	0	0	0	0	0	0	0	0	1 347,33	0,00
15 38.22 - Hazardous waste processing and neutralizing	501	0	0	0	0	0	0	0	0	0	0	0	0	501,13	0,00
16 41.21 - Realisation of building projects related to erection of buildings	289	0	0	0	0	0	0	0	0	0	0	0	0	288,51	0,00
17 41.20 - Building works related to erection of residential and non-residential buildings	5 092	71	0	0	0	0	0	0	0	0	0	0	0	5 091,48	71,31
18 42.11 - Works related to construction of roads and motorways	5 155	0	0	0	0	0	0	0	0	0	0	0	0	5 155,00	0,00
19 42.12 - Works related to construction of railways and underground railways	43 751	0	0	0	0	0	0	0	0	0	0	0	0	43 751,22	0,00
20 42.99 - Works related to construction of other civil engineering projects not elsewhere classified	594	0	0	0	0	0	0	0	0	0	0	0	0	594,02	0,00
21 43.99 - Other specialised construction activities not elsewhere classified	1 927	9	0	0	0	0	0	0	0	0	0	0	0	1 926,85	8,48
22 46.18 - Agents specialised in the sale of other particular products	32	0	0	0	0	0	0	0	0	0	0	0	0	32,08	0,14
23 46.25 - Wholesale of tobacco products	9 107	0	0	0	0	0	0	0	0	0	0	0	0	9 107,02	0,00
24 46.46 - Wholesale of pharmaceutical goods	31 356	2 659	0	0	0	0	0	124	40	0	0	0	0	31 879,68	2 698,84
25 46.53 - Wholesale of computers, peripheral equipment and software	21 427	1 962	643	0	0	0	0	0	0	0	0	0	0	22 069,40	1 962,34
26 46.71 - Wholesale of fuels and related products	6 868	0	0	0	0	0	0	0	0	0	0	0	0	6 868,47	0,00
27 46.80 - Non-specialised wholesale trade	24 929	0	0	0	0	0	0	0	0	0	0	0	0	24 929,09	0,00
28 47.11 - Retail sale in non-specialised stores with food, beverages or tobacco predominating	37 536	209	37 328	0	0	0	0	33 783	0	0	0	0	0	108 546,61	208,53
29 47.19 - Other retail sale in non-specialised stores	388 366	33 482	0	0	0	0	0	0	0	0	0	0	0	388 366,19	33 479,84
30 47.99 - Other retail sale not in stores, stalls or markets	251	0	0	0	0	0	0	0	0	0	0	0	0	250,85	0,00
31 49.30 - Transport via pipeline	3	2	0	0	0	0	0	0	0	0	0	0	0	2,75	1,94
32 52.21 - Carriage activities incidental to land transportation	7 854	0	0	0	0	0	0	0	0	0	0	0	0	7 853,21	0,00
33 52.24 - Cargo handling	0	0	0	0	0	0	0	0	0	0	0	0	0	0,00	0,00
34 52.29 - Other transportation support activities	0	0	0	0	0	0	0	0	0	0	0	0	0	0,00	0,00
35 55.20 - Public and service television programming broadcasting	0	0	0	0	0	0	0	0	0	0	0	0	0	0,15	0,11
36 55.10 - Wired telecommunication activities	979	979	0	0	0	0	0	0	0	0	0	0	0	979,14	979,14
37 57.20 - Wireless telecommunication activities, excluding satellite telecommunications activities	49 142	45 280	5 104	5 069	0	0	0	0	0	0	1 173	0	0	55 418,53	50 349,13
38 57.30 - Satellite telecommunication activities	5 087	4 688	528	525	0	0	0	0	0	0	121	0	0	5 273,00	5 213,30
39 57.51 - Computer programming activities	14	0	0	0	0	0	0	0	0	0	0	0	0	13,87	0,00
40 65.12 - Other personal and property insurance	0	0	0	0	0	0	0	0	0	0	0	0	0	1,00	0,00
41 68.20 - Buying and operating of new or leased real estate	172	0	0	0	0	0	0	0	0	0	0	0	0	171,26	0,00
42 71.12 - Engineering activities and related technical consultancy	0	0	0	0	0	0	0	0	0	0	0	0	0	0,00	0,00
43 72.11 - Research and experimental development on biotechnology	0	0	0	0	0	0	0	0	0	0	0	0	0	0,00	0,00

3.1.2 GAR KPI stock - turnover-based - for 2023

		2023-12-31																															
%	(% compared to total covered assets in the denominator)	Climate Change Mitigation (CCM)			Climate Change Adaptation (CCA)			Water and marine resources (WTR)			Circular economy (CE)			Pollution (PPC)			Biodiversity and Ecosystems (BIO)			TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				Proportion of total assets covered									
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)													
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)													
		Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds		Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling				
GAR - Covered assets in both numerator and denominator																																	
1	Loans and advances, debt securities and equity instruments not HTF eligible for GAR calculation	41.56%	0.01%	0.00%	0.01%	0.00%	0.13%	0.02%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	41.69%	0.03%	0.00%	0.01%	0.00%	72.72%
2	Financial undertakings	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.01%	0.00%	0.00%	0.00%	0.00%	0.05%
3	Credit institutions	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.01%	0.00%	0.00%	0.00%	0.00%	0.05%
4	Loans and advances	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.01%	0.00%	0.00%	0.00%	0.00%	0.05%
5	Debt securities, including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
6	Equity instruments	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
7	Other financial corporations	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
8	Of which investment firms	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
9	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
10	Debt securities, including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
11	Equity instruments	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
12	Of which management companies	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
13	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
14	Debt securities, including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
15	Equity instruments	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
16	Of which insurance undertakings	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
17	Loans and advances	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
18	Debt securities, including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
19	Equity instruments	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
20	Non-financial undertakings	0.35%	0.01%	0.00%	0.01%	0.00%	0.13%	0.02%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.48%	0.03%	0.00%	0.01%	0.00%	2.69%
21	Loans and advances	0.35%	0.01%	0.00%	0.01%	0.00%	0.13%	0.02%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.48%	0.03%	0.00%	0.01%	0.00%	2.69%
22	Debt securities, including UoP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
23	Equity instruments	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
24	Households	41.21%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	41.21%	0.00%	0.00%	0.00%	0.00%	69.96%
25	Of which loans collateralised by residential immovable property	40.32%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	40.32%	0.00%	0.00%	0.00%	0.00%	47.49%
26	Of which building renovation loans	0.89%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.89%	0.00%	0.00%	0.00%	0.00%	0.89%
27	Of which motor vehicle loans	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
28	Local governments financing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.02%
29	Housing financing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
30	Other local government financing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.02%
31	Collateral obtained by taking possession: residential and commercial immovable properties	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
32	Total GAR assets	41.56%	0.01%	0.00%	0.01%	0.00%	0.13%	0.02%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	41.69%	0.03%	0.00%	0.01%	0.00%	100.00%

6. Quantitative disclosures prepared in accordance with the formulas laid down in Annex XII of Regulation 2021/2178 - Nuclear and fossil gas related disclosures

Nuclear energy related activities

1.	The Bank funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The Bank funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3.	The Bank funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO

Fossil gas related activities

4.	The Bank funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The Bank funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	YES
6.	The Bank funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

Taxonomy-aligned economic activity (denominator) - turnover-based

	Economic activities	Amount and proportion					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		PLN '000	%	PLN '000	%	PLN '000	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%	0	0.00%	0	0.00%
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%	0	0.00%	0	0.00%
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%	0	0.00%	0	0.00%
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%	0	0.00%	0	0.00%
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%	0	0.00%	0	0.00%
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%	0	0.00%	0	0.00%
7.	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	1 312 030	0.00%	1 262 442	0.00%	49 588	0.00%
8.	Total applicable KPI	1 312 030	0.00%	1 262 442	0.00%	49 588	0.00%

Taxonomy-aligned economic activity (numerator) - turnover-based

	Economic activities	Amount and proportion					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		PLN '000	%	PLN '000	%	PLN '000	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0.00%	0	0.00%	0	0.00%
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0.00%	0	0.00%	0	0.00%
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0.00%	0	0.00%	0	0.00%
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0.00%	0	0.00%	0	0.00%
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0.00%	0	0.00%	0	0.00%
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0.00%	0	0.00%	0	0.00%
7.	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	1 312 030	100.00%	1 262 442	100.00%	49 588	100.00%
8.	Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI	1 312 030	100.00%	1 262 442	100.00%	49 588	100.00%

Taxonomy-eligible but not Taxonomy-aligned economic activity - in terms of turnover

	Economic activities	Amount and proportion					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		PLN '000	%	PLN '000	%	PLN '000	%
1.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		0.00%	0	0.00%	0	0.00%
2.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%	0	0.00%	0	0.00%
3.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%	0	0.00%	0	0.00%
4.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%	0	0.00%	0	0.00%
5.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	1 645	0.00%	1 645	0.00%	0	0.00%
6.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%	0	0.00%	0	0.00%
7.	Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	32 496 325	0.04%	32 495 642	0.04%	683	0.00%
8.	Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI	32 497 970	0.04%	32 497 288	0.04%	683	0.00%

Taxonomy non-eligible economic activities - turnover-based

	Economic activity	PLN '000	%
1.	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%
2.	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%
3.	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%
4.	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%
5.	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%
6.	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%
7.	Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	52 185 425	100.00%
8.	Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI	52 185 425	100.00%

Taxonomy-aligned economic activity (denominator) - capital expenditures-based

	Economic activities	Amount and proportion					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		PLN '000	%	PLN '000	%	PLN '000	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%	0	0.00%	0	0.00%
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%	0	0.00%	0	0.00%
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%	0	0.00%	0	0.00%
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%	0	0.00%	0	0.00%
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%	0	0.00%	0	0.00%
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%	0	0.00%	0	0.00%
7.	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	1 350 804	0.00%	1 345 094	0.00%	5 710	0.00%
8.	Total applicable KPI	1 350 804	0.00%	1 345 094	0.00%	5 710	0.00%

Taxonomy-aligned economic activity (numerator) - capital expenditures-based

	Economic activities	Amount and proportion					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		PLN '000	%	PLN '000	%	PLN '000	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0.00%	0	0.00%	0	0.00%
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0.00%	0	0.00%	0	0.00%
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0.00%	0	0.00%	0	0.00%
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0.00%	0	0.00%	0	0.00%
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0.00%	0	0.00%	0	0.00%
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0.00%	0	0.00%	0	0.00%
7.	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	1 350 804	100.00%	1 345 094	100.00%	5 710	100.00%
8.	Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI	1 350 804	100.00%	1 345 094	100.00%	5 710	100.00%

Taxonomy-eligible but not Taxonomy-aligned economic activity - in terms of capital expenditures

	Economic activities	Amount and proportion					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		PLN '000	%	PLN '000	%	PLN '000	%
1.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%	0	0.00%	0	0.00%
2.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%	0	0.00%	0	0.00%
3.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%	0	0.00%	0	0.00%
4.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%	0	0.00%	0	0.00%
5.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	195	0.00%	195	0.00%	0	0.00%
6.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%	0	0.00%	0	0.00%
7.	Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	33 009 037	0.04%	32 968 332	0.04%	40 706	0.00%
8.	Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI	33 009 232	0.04%	32 968 526	0.04%	40 706	0.00%

Taxonomy non-eligible economic activities -capital expenditures-based

	Economic activity	PLN '000	%
1.	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%
2.	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%
3.	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%
4.	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%
5.	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%
6.	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.00%
7.	Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	51 631 535	100.00%
8.	Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI	51 631 535	100.00%

22. APPENDICES

List of disclosure requirements fulfilled in the preparation of the sustainability statement following a materiality assessment.

ESRS	Disclosure requirement	Chapter in the sustainability statement	
ESRS 2	BP-1	15.1.	Basis of preparation
		15.4.1.	Description of the process for identifying and assessing material impacts, risks and opportunities
	BP-2	15.1.	Basis of preparation
	GOV-1	15.3.1.	Governance structure
	GOV-2	15.3.1.	Governance structure
	GOV-3	15.3.2.	Integration of sustainability-related performance in incentive schemes
	GOV-4	15.2.	Corporate governance
	GOV-5	15.3.3.	Sustainability reporting
	SBM-1	15.2.1.	Business model and value chain
		15.2.2.	Sustainability strategy
	SBM-2	15.4.2.	Key stakeholders
	SBM-3	15.4.3.	Identified impacts, risks and opportunities
	IRO-1	15.4.1.	Description of the process for identifying and assessing material impacts, risks and opportunities
		15.4.3.	Identified impacts, risks and opportunities
IRO-2	15.4.4.	List of requirements	
	22.	Appendices	
E1	SBM-3	16.1.	Strategy
	IRO-1	15.4.3.	Identified impacts, risks and opportunities
	GOV-3	15.3.2.	Integration of sustainability-related performance in incentive schemes
	E1-1	16.1.	Strategy
	E1-2	16.2.	Management of impacts, risks and opportunities
	E1-3	16.2.	Management of impacts, risks and opportunities
	E1-4	16.3.1.	Climate-related targets
	E1-5	16.3.2.	Energy consumption and mix
	E1-6	16.3.3.	Gross Scopes 1, 2, 3 and total GHG emissions
E1-7	16.3.4.	GHG removals and GHG mitigation projects financed through carbon credits	
E1-8	16.3.5.	Internal carbon pricing	
E1-9	15.4.3.	Identified impacts, risks and opportunities	
E2	IRO-1	15.4.1.	Description of the process for identifying and assessing material impacts, risks and opportunities
E3	IRO-1	15.4.1.	Description of the process for identifying and assessing material impacts, risks and opportunities
E4	IRO-1	15.4.1.	Description of the process for identifying and assessing material impacts, risks and opportunities
E5	IRO-1	15.4.1.	Description of the process for identifying and assessing material impacts, risks and opportunities
S1	SBM-2	17.1.1.	Interests and views of stakeholders
	SBM-3	17.1.2.	Material impacts, risks and opportunities and their interaction with strategy and business model
	S1-1	17.1.3.	Policies related to own workforce
		17.3.1.	Policies related to employment security
		17.4.1.	Policies related to employee compensation

ESRS	Disclosure requirement	Chapter in the sustainability statement
		17.5.1. Policies related to working time
		17.6.1. Policies related to employee health and safety
		17.7.1. Policies related to compensation and diversity
		17.8.1. Policies related to training and development
		17.9.1. Policies related to countering violations
		17.10.1. Policies related to privacy
S1-2	17.1.4.	Procedures for cooperation with own workforce and employee representatives regarding impacts
S1-3	17.9.4.	Processes for remediation of negative impacts and channels for reporting violations
S1-4	17.3.2.	Actions taken to implement policy objectives
	17.4.2.	Actions taken to implement policy objectives
	17.5.2.	Actions taken to implement policy objectives
	17.6.2.	Actions taken to implement policy objectives
	17.7.2.	Actions taken to implement policy objectives
	17.8.2.	Actions taken to implement policies
	17.9.2.	Actions taken to implement policies
	17.10.2.	Actions taken to implement policies
S1-5	17.3.3.	Objectives related to the implementation of policies and activities
	17.4.3.	Objectives related to the implementation of policies and activities
	17.5.3.	Objectives related to the implementation of policies and activities
	17.6.3.	Objectives related to the implementation of policies and activities
	17.7.3.	Objectives related to the implementation of policies and activities
	17.8.3.	Objectives related to the implementation of policies and activities
	17.9.3.	Objectives related to the implementation of policies and activities
	17.10.3.	Objectives related to the implementation of policies and activities
S1-6	17.2.1.	Characteristics of the entity's workforce
S1-7	17.2.2.	Characteristics of non-employees constituting own employee resources
S1-9	17.7.4.	Diversity metrics
S1-10	17.4.4.	Adequate wages
S1-11	17.3.2.	Actions taken to implement policies
S1-13	17.8.4.	Training and skills development metrics
S1-14	17.6.4.	Occupational health and safety metrics
S1-15	17.3.4.	Work-life balance metrics
S1-16	17.4.5.	Compensation metrics
S1-17	17.9.4.	Processes for remediation of negative impacts and channels for reporting violations
S2	SBM-2	15.4.2. Key stakeholders
	SBM-3	18.1. Strategy
	S2-1	18.2. Management of impacts, risk and opportunities
	S2-2	18.2. Management of impacts, risk and opportunities
	S2-3	18.2. Management of impacts, risk and opportunities
	S2-4	18.1. Strategy

ESRS	Disclosure requirement	Chapter in the sustainability statement	
		18.2. Management of impacts, risk and opportunities	
	S2-5	18.3. Benchmarks and objectives	
S4	SBM-2	19.1.1. Interests and views of stakeholders	
	SBM-3	19.1.2. Material impacts, risks and opportunities and their interaction with strategy and business model	
	S4-1	19.3.	Respect for human rights in customer relations
		19.4.1.	Policies related to the safety of deposited funds
		19.5.1.	Policies related to privacy
		19.6.1.	Policies related to access to (high quality) information
		19.7.1.	Policies related to responsible marketing practices
	S4-2	19.8.1.	Policies related to non-discrimination
		19.2.	General customer engagement processes
		19.4.2.	General customer engagement processes in terms of the safety of deposited funds
		19.5.2.	Customer engagement processes in terms of privacy
	S4-3	19.6.2.	Customers engagement processes in terms of access to information
		19.9.	Remediation of negative impacts
	S4-4	19.4.3.	Activities related to the security of entrusted funds
		19.5.3.	Measures related to privacy
19.6.3.		Measures related to access to information	
19.7.2.		Measures related to responsible marketing practices	
19.8.2.		Measures related to non-discrimination	
S4-5	19.4.4.	Objectives related to the pursuit of policies and activities	
	19.5.4.	Objectives related to the pursuit of policies and activities	
	19.6.4.	Objectives related to the pursuit of policies and activities	
	19.7.3.	Objectives related to the pursuit of policies and activities	
	19.8.3.	Objectives related to the pursuit of policies and activities	
G1	IRO-1	20.1.	Corporate culture and business ethics
		15.4.1.	Description of the process of identifying and assessing material impacts, risks and opportunities
	GOV-1	15.3.1.	Governance structure
	G1-1	20.1.	Corporate culture and business ethics
		20.2.	Anti-corruption
		20.3.	Whistleblower reporting and protection
	G1-3	20.2.	Anti-corruption
	G1-4	20.2.	Anti-corruption

Table consistent with Appendix B: List of datapoints in cross-cutting and topical standards that derive from other EU legislation

Disclosure requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Sustainability statement - section
ESRS 2 GOV-1 Board's gender diversity, sec. 21(d)	Indicator 13 in Table 1 of Annex I		Annex II to Commission Delegated Regulation (EU) 2020/1816		15.3.1. Governance structure
ESRS 2 GOV-1 Percentage of independent board members, sec. 21(e)			Annex II to Commission Delegated Regulation (EU) 2020/1816		15.3.1. Governance structure
ESRS 2 GOV-4 Statement on due diligence, sec. 30	Indicator 10 in Table 3 of Annex I				15.2. Governance
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities, sec. 40 (d)(i)	Indicator 4 in Table 1 of Annex I	Article 449a of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, Table 1: Qualitative information on Environmental risk, and Table 2: Qualitative information on Social risk	Annex II to Commission Delegated Regulation (EU) 2020/1816		Immaterial
ESRS 2 SBM-1 Involvement in activities related to chemical production, sec. 40(d)(ii)	Indicator 9 in Table 2 of Annex I		Annex II to Commission Delegated Regulation (EU) 2020/1816		Immaterial
ESRS 2 SBM-1 Involvement in activities related to controversial weapons, sec. 40(d)(iii)	Indicator 14 in Table 1 of Annex I		Article 12(1) of Delegated Regulation (EU) 2020/1818, Annex II to Delegated Regulation (EU) 2020/1816		Immaterial
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco, sec. 40(d)(iv)			Article 12(1) of Delegated Regulation (EU) 2020/1818, Annex II to Delegated Regulation (EU) 2020/1816		Immaterial

Disclosure requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Sustainability statement - section
ESRS E1-1 Transition plan to reach climate neutrality by 2050, sec. 14				Article 2(1) of Regulation (EU) 2021/1119	16.1. Strategy
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks, sec. 16(g)		Article 449a of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, Template 1: Banking book - Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Articles 12(1)(d) to (g) and Article 12(2) of Delegated Regulation (EU) 2020/1818		Data point material, however not applicable due to lack of transformation plan disclosure in Section 16.1. Strategy.
ESRS E1-4 GHG emission reduction targets, sec. 34	Indicator 4 in Table 2 of Annex I	Article 449a of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, Template 3: Banking book - Climate change transition risk: alignment metrics	Article 6 of Delegated Regulation (EU) 2020/1818		16.3.1. Climate-related objectives
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors), sec. 38	Indicator 5 in Table 1 and Indicator 5 in Table 2 of Annex I				16.3.2. Energy consumption and mix
ESRS E1-5 Energy consumption and mix, sec. 37	Indicator 5 in Table 1 of Annex I				16.3.2. Energy consumption and mix
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors, sec. 40-43	Indicator 6 in Table 1 of Annex I				16.3.2. Energy consumption and mix

Disclosure requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Sustainability statement - section
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions, sec. 44	Indicators 1 and 2 in Table 1 of Annex I	Article 449a of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, Template 1: Banking book - Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Articles 5(1), 6 and 8(1) of Delegated Regulation (EU) 2020/1818		16.3.3. Gross Scope 1, 2, 3 and Total GHG emissions
ESRS E1-6 Gross GHG emissions intensity, sec. 53-55	Indicator 3 in Table 1 of Annex I	Article 449a of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, Template 3: Banking book - Climate change transition risk: alignment metrics	Article 8(1) of Delegated Regulation (EU) 2020/1818		16.3.3. Gross Scope 1, 2, 3 and Total GHG emissions
ESRS E1-7 GHG removals and carbon credits, sec. 56				Article 2(1) of Regulation (EU) 2021/1119	16.3.4. GHG removals and GHG mitigation projects financed through carbon credits
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks, sec. 66			Annex II to Delegated Regulation (EU) 2020/1818, Annex II to Delegated Regulation (EU) 2020/1816		Material, but the information is not disclosed due to transitional provision

Disclosure requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Sustainability statement - section
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk, sec. 66(a) ESRS E1-9 Location of significant assets at material physical risk, sec. 66(c)		Article 449a of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, sec. 46 and 47; Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk.			Material, but the information is not disclosed due to transitional provision
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes, sec. 67(c)		Article 449a of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, sec. 34; Template 2: Banking book - Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral			Material, but the information is not disclosed due to transitional provision
ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities, sec. 69			Annex II to Delegated Regulation (EU) 2020/1818		Material, but the information is not disclosed due to transitional provision
ESRS E2-4 Amount of each pollutant listed in Annex II of the EPRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, sec. 28	Indicator 8 in Table 1 of Annex I, Indicator 2 in Table 2 of Annex I, Indicator 1 in Table 2 of Annex I, Indicator 3 in Table 2 of Annex I				Immaterial
ESRS E3-1 Water and marine resources, sec. 9	Indicator 7 in Table 2 of Annex I				Immaterial

Disclosure requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Sustainability statement - section
ESRS E3-1 Dedicated policy, sec. 13	Indicator 8 in Table 2 of Annex I				Immaterial
ESRS E3-1 Sustainable oceans and seas, sec. 14	Indicator 12 in Table 2 of Annex I				Immaterial
ESRS E3-4 Total water recycled and reused, sec. 28(c)	Indicator 6.2 in Table 2 of Annex I				Immaterial
ESRS E3-4 Total water consumption in m ³ per net revenue on own operations, sec. 29	Indicator 6.1 in Table 2 of Annex I				Immaterial
ESRS 2 SBM 3-E4, sec. 16(a)(i)	Indicator 7 in Table 1 of Annex I				Immaterial
ESRS 2 SBM 3-E4, sec. 16(b)	Indicator 10 in Table 2 of Annex I				Immaterial
ESRS 2 SBM 3-E4, sec. 16(c)	Indicator 14 in Table 2 of Annex I				Immaterial
ESRS E4-2 Sustainable land/agriculture practices or policies, sec. 24(b)	Indicator 11 in Table 2 of Annex I				Immaterial
ESRS E4-2 Sustainable oceans/seas practices or policies, sec. 24(c)	Indicator 12 in Table 2 of Annex I				Immaterial
ESRS E4-2 Policies to address deforestation, sec. 24(d)	Indicator 15 in Table 2 of Annex I				Immaterial
ESRS E5-5 Non recycled waste, sec. 37(d)	Indicator 13 in Table 2 of Annex I				Immaterial
ESRS E5-5 Hazardous waste and radioactive waste, sec. 39	Indicator 9 in Table 1 of Annex I				Immaterial
ESRS 2 SBM-3-S1 Risk of incidents of forced labour, sec. 14(f)	Indicator 13 in Table 3 of Annex I				Immaterial

Disclosure requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Sustainability statement - section
ESRS 2 SBM-3-S1 Risk of incidents of child labour, sec. 14(g)	Indicator 12 in Table 3 of Annex I				Immaterial
ESRS S1-1 Human rights policy commitments, sec. 20	Indicator 9 in Table 3 and Indicator 11 in Table 1 of Annex I				17.1.3. Policies related to own workforce
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labour Organisation Conventions 1 to 8, sec. 21			Annex II to Commission Delegated Regulation (EU) 2020/1816		17.1.3. Policies related to own workforce
ESRS S1-1 Processes and measures for preventing trafficking in human beings, sec. 22	Indicator 11 in Table 3 of Annex I				17.1.3. Policies related to own workforce
ESRS S1-1 Workplace accident prevention policy or management system, sec. 23	Indicator 1 in Table 3 of Annex I				17.1.3. Policies related to own workforce
ESRS S1-3 Grievance/complaints handling mechanisms, sec. 32(c)	Indicator 5 in Table 3 of Annex I				17.9.4. Processes for remediation of negative impacts and channels for reporting violations
ESRS S1-14 Number of fatalities and number and rate of work-related accidents, sec. 88(b) and (c)	Indicator 2 in Table 3 of Annex I		Annex II to Commission Delegated Regulation (EU) 2020/1816		17.6.4. Occupational health and safety metrics
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness, sec. 88(e)	Indicator 3 in Table 3 of Annex I				17.6.4. Occupational health and safety metrics

Disclosure requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Sustainability statement - section
ESRS S1-16 Unadjusted gender pay gap, sec. 97(a)	Indicator 12 in Table 1 of Annex I		Annex II to Commission Delegated Regulation (EU) 2020/1816		17.4.5. Compensation metrics
ESRS S1-16 Excessive CEO pay ratio, sec. 97(b)	Indicator 8 in Table 3 of Annex I				17.4.5. Compensation metrics
ESRS S1-17 Incidents of discrimination, sec. 103(a)	Indicator 7 in Table 3 of Annex I				17.9.4. Processes for remediation of negative impacts and channels for reporting violations
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD Guidelines, sec. 104(a)	Indicator 10 in Table 1 and Indicator 14 in Table 3 of Annex I		Annex II to Delegated Regulation (EU) 2020/1816, Article 12(1) of Delegated Regulation (EU) 2020/1818		17.9.4. Processes for remediation of negative impacts and channels for reporting violations
ESRS 2 SBM-3-S2 Significant risk of child labour or forced labour in the value chain, sec. 11(b)	Indicators 12 and 13 in Table 3 of Annex I				Immaterial
ESRS S2-1 Human rights policy commitments, sec. 17	Indicator 9 in Table 3 and Indicator 11 in Table 1 of Annex I				18.2. Management of impacts, risks and opportunities
ESRS S2-1 Policies related to value chain workers, sec. 18	Indicators 11 and 4 in Table 3 of Annex I				18.2. Management of impacts, risks and opportunities
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights and OECD Guidelines, sec. 19	Indicator 10 in Table 1 of Annex I		Annex II to Delegated Regulation (EU) 2020/1816, Article 12(1) of Delegated Regulation (EU) 2020/1818		18.2. Management of impacts, risks and opportunities

Disclosure requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Sustainability statement - section
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labour Organisation Conventions 1 to 8, sec. 19			Annex II to Commission Delegated Regulation (EU) 2020/1816		18.2. Management of impacts, risks and opportunities
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain, sec. 36	Indicator 14 in Table 3 of Annex I				18.2. Management of impacts, risks and opportunities
ESRS S3-1 Human rights policy commitments, sec. 16	Indicator 9 in Table 3 of Annex I and Indicator 11 in Table 1 of Annex I				Immaterial
ESRS S3-1 Non-respect of UNGPs on Business and Human Rights, ILO principles or OECD Guidelines, sec. 17	Indicator 10 in Table 1 of Annex I		Annex II to Delegated Regulation (EU) 2020/1816, Article 12(1) of Delegated Regulation (EU) 2020/1818		Immaterial
ESRS S3-4 Human rights issues and incidents, sec. 36	Indicator 14 in Table 3 of Annex I				Immaterial
ESRS S4-1 Policies related to consumers and end-users, sec. 16	Indicator 9 in Table 3 and Indicator 11 in Table 1 of Annex I				19.3. Respect for human rights in customer relations
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD Guidelines, sec. 17	Indicator 10 in Table 1 of Annex I		Annex II to Delegated Regulation (EU) 2020/1816, Article 12(1) of Delegated Regulation (EU) 2020/1818		19.3. Respect for human rights in customer relations
ESRS S4-4 Human rights issues and incidents, sec. 35	Indicator 14 in Table 3 of Annex I				19.3. Respect for human rights in customer relations

Disclosure requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Sustainability statement - section
ESRS G1-1 United Nations Convention against Corruption, sec. 10(b)	Indicator 15 in Table 3 of Annex I				Not applicable - the entity has the adequate policy - more detailed information in section 20.2. Anti-corruption
ESRS G1-1 Protection of whistle-blowers, sec. 10(d)	Indicator 6 in Table 3 of Annex I				Not applicable - the entity has the adequate policy - more detailed information in section 20.3. Whistleblower reporting and protection
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws, sec. 24(a)	Indicator 17 in Table 3 of Annex I		Annex II to Commission Delegated Regulation (EU) 2020/1816		20.2. Anti-corruption
ESRS G1-4 Standards of anti-corruption and anti-bribery, sec. 24(b)	Indicator 16 in Table 3 of Annex I				20.2. Anti-corruption

III. STATEMENTS OF MANAGEMENT BOARD

Presentation of asset and financial position of the Bank and Capital Group in the financial reports

According to the best knowledge, the Annual Financial Statements of Bank Millennium and Capital Group of Bank Millennium S.A. as at 31 December 2024 and the comparable data, were prepared in line with the accounting principles, and reflect, truly, reliably, and clearly, the asset and financial position of the Bank and Capital Group of Bank Millennium and their financial results. This Annual Management Board Report on the activity of Bank Millennium and the Group contains a true picture of development, achievements and condition of Bank Millennium and the Capital Group of Bank Millennium.

Selection of an entity authorized to audit financial reports

The entity authorized to review financial reports that audits Annual Financial Statements of Bank Millennium and the Capital Group of Bank Millennium SA as at 31 December 2024, was selected in accordance with the regulations of law. The entity and chartered accountants, who performed the audit, satisfied all the conditions required to issue an unbiased and independent audit report, as required by the national law.

SIGNATURES:

Date	Name and surname	Position/Function	Signature
24.02.2025	Joao Bras Jorge	Chairman of the Management Board	signed with a qualified electronic signature
24.02.2025	Fernando Bicho	Deputy Chairman of the Management Board	signed with a qualified electronic signature
24.02.2025	Wojciech Haase	Member of the Management Board	signed with a qualified electronic signature
24.02.2025	Andrzej Gliński	Member of the Management Board	signed with a qualified electronic signature
24.02.2025	Wojciech Rybak	Member of the Management Board	signed with a qualified electronic signature
24.02.2025	António Pinto Júnior	Member of the Management Board	signed with a qualified electronic signature
24.02.2025	Jarostaw Hermann	Member of the Management Board	signed with a qualified electronic signature