Condensed Interim Stand-alone Financial Statements of Bank Handlowy w Warszawie S.A. for the 6-month period ended 30 June 2025

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Condensed income statement

For a period *PLN'000*	Note	II quarter 01.04. - 30.06. 2025	I half of the year 01.01. - 30.06.2025	II quarter 01.04. - 30.06. 2024	I half of the year 01.01. - 30.06. 2024
CONTINUING OPERATIONS					
Interest income		720,478	1,429,691	695,450	1,387,186
Similar income		98,471	150,569	73,127	143,225
Interest expense and similar charges		(289,763)	(504,551)	(211,556)	(431,230)
Net interest income		**529,186**	**1,075,709**	**557,021**	**1,099,181**
Fee and commission income		127,371	255,992	121,543	238,843
Fee and commission expense		(20,853)	(38,836)	(17,775)	(34,838)
Net fee and commission income		**106,518**	**217,156**	**103,768**	**204,005**
Dividend income		**13,809**	**13,898**	**45,074**	**45,167**
Net income on trading financial instruments and revaluation		**92,556**	**174,762**	**135,556**	**262,903**
Net gain/(loss) on debt investment financial assets measured at fair value through other comprehensive income	10	**105,348**	**145,415**	**20,537**	**14,414**
Net gain/(loss) on equity and other instruments measured at fair value through income statement		**(7,797)**	**(6,199)**	**(9,621)**	**(6,660)**
Net gain/(loss) on hedge accounting		**4,117**	**1,687**	**1,807**	**9,560**
Other operating income		6,722	10,401	5,589	9,254
Other operating expense		(16,232)	(19,340)	(19,431)	(22,556)
Net other operating income and expense		**(9,510)**	**(8,939)**	**(13,842)**	**(13,302)**
General administrative expense		**(158,515)**	**(426,030)**	**(160,863)**	**(420,579)**
Depreciation and amortization		**(11,626)**	**(22,335)**	**(12,239)**	**(24,164)**
Profit on sale of other assets		**(569)**	**570**	**(131)**	**1,789**
Provision for expected credit losses on financial assets and provisions for contingent commitments	6	**(1,179)**	**(9,015)**	**(11,175)**	**(14,224)**
Tax on some financial institutions		**(35,890)**	**(64,180)**	**(33,878)**	**(63,843)**
Profit before tax from continuing activity		**626,448**	**1,092,499**	**622,014**	**1,094,247**
Income tax expense		**(110,166)**	**(216,839)**	**(121,736)**	**(237,280)**
Net profit from continuing operations		**516,282**	**875,660**	**500,278**	**856,967**
Net profit from discontinued operations		**(348,661)**	**(273,638)**	**(72,517)**	**23,874**
Net profit from continuing and discontinued operations		**167,621**	**602,022**	**427,761**	**880,841**
Including:					
Net profit from continuing operations attributable to Bank's shareholders (in PLN)			602,022		880,841
Weighted average number of ordinary shares (in pcs)			130,544,519		130,659,600
Earnings per share (in PLN)			4.61		6.74
Diluted net earnings per share (in PLN)			4.61		6.74

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

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

Condensed statement of comprehensive income

PLN'000	Note	II quarter 01.04. – 30.06. 2025	I half of the year 01.01. – 30.06. 2025	II quarter 01.04. – 30.06. 2024	I half of the year 01.01. – 30.06. 2024
Net profit from continuing and discontinued operations		**167,621**	**602,022**	**427,761**	**880,841**
Other comprehensive income, that is or might be reclassified to the income statement		**51,133**	**101,108**	**(63,522)**	**51,254**
Remeasurement of financial assets measured at fair value through other comprehensive income (net)	9	136,465	218,894	(46,887)	62,929
(Profit)/Loss reclassification to income statement after derecognition of financial assets measured at fair value through other comprehensive income (net)	9	(85,332)	(117,786)	(16,635)	(11,675)
Other comprehensive income net of tax		**51,133**	**101,108**	**(63,522)**	**51,254**
Total comprehensive income from continuing and discontinued operations		**218,754**	**703,130**	**364,239**	**932,095**

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

Condensed statement of financial position

PLN '000	As at Note	30.06.2025	31.12.2024
ASSETS			
Cash and balances with the Central Bank		10,986,438	5,794,345
Amounts due from banks		8,688,151	8,787,780
Financial assets held-for-trading		5,891,321	4,436,319
Hedging derivatives		1,601	54,140
Debt investment financial assets measured at fair value through other comprehensive income, including:		31,879,823	30,088,771
Assets pledged as collateral		*712,499*	*200,309*
Shares in subsidiaries		91,003	91,299
Equity and other instruments measured at fair value through income statement		166,749	172,948
Amounts due from customers	7	18,630,323	21,367,246
Tangible fixed assets		454,724	521,131
Intangible assets	8	874,144	872,875
Current income tax receivables		10	-
Deferred tax asset		150,749	82,273
Other assets		470,037	300,066
Assets classified as held for sale	4	6,105,866	-
Total assets		**84,390,939**	**72,569,193**
LIABILITIES			
Amounts due to banks		4,528,912	4,435,817
Financial liabilities held-for-trading		3,092,265	2,755,905
Hedging derivatives		217,549	72,737
Amounts due to customers		41,765,170	54,090,588
Provisions		100,216	120,529
Current income tax liabilities		48,463	99,568
Deferred tax liabilities		-	-
Other liabilities		3,054,188	1,138,566
Liabilities classified as held for sale	4	22,359,075	-
Total liabilities		**75,165,838**	**62,713,710**
EQUITY			
Ordinary shares		522,638	522,638
Share premium		2,944,585	2,944,585
Treasury stock		(15,624)	(20,577)
Revaluation reserve		36,240	(64,868)
Other reserves		5,135,240	4,039,644
Retained earnings		602,022	2,434,061
Total equity		**9,225,101**	**9,855,483**
Total liabilities and equity		**84,390,939**	**72,569,193**

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

Condensed statement of changes in equity

PLN '000	Share capital	Supplementary capital	Treasury shares	Revaluation reserve	Other reserves	Retained earnings	Total equity
Balance as at 1 January 2025	**522,638**	**2,944,585**	**(20,577)**	**(64,868)**	**4,039,644**	**2,434,061**	**9,855,483**
Total comprehensive income, including:	**-**	**-**	**-**	**101,108**	**-**	**602,022**	**703,130**
Net profit	-	-	-	-	-	602,022	602,022
Other comprehensive income	-	-	-	101,108	-	-	101,108
Currency translation differences from the foreign operations' conversion	-	-	-	-	-	-	-
Net valuation of financi assets measured at fair value through other comprehensive income	-	-	-	101,108	-	-	101,108
Capital reward program		**-**	**4,953**				
Dividends to be paid	-	-	-	-	-	**(1,342,777)**	**(1,342,777)**
Transfer to capital	-	-	-	-	**1,091,284**	**(1,091,284)**	**-**
Balance as at 30 June 2025	**522,638**	**2,944,585**	**(15,624)**	**36,240**	**5,135,240**	**602,022**	**9,225,101**

PLN '000	Share capital	Supplementary capital	Treasury shares	Revaluation reserve	Other reserves	Retained earnings	Total equity
Balance as at 1 January 2024	**522,638**	**2,944,585**	**-**	**128,406**	**3,191,946**	**2,880,445**	**9,668,020**
Total comprehensive income, including:	**-**	**-**	**-**	**51,254**	**-**	**880,841**	**932,095**
Net profit	-	-	-	-	-	880,841	880,841
Other comprehensive income	-	-	-	51,254	-	-	51,254
Currency translation differences from the foreign operations' conversion	-	-	-	51,254	-	-	51,254
Capital reward program	**-**	**-**	**(18,812)**	**-**	**59,377**	**-**	**40,565**
The effect of intra-group transformations	**-**	**-**	**-**	**-**	**-**	**(1,454,930)**	**(1,454,930)**
Dividends paid	**-**	**-**	**-**	**-**	**-**	**16,827**	**16,827**
Transfer to capital	**-**	**-**	**-**	**-**	**800,260**	**(800,260)**	**-**
As at 30 June2024	**522,638**	**2,944,585**	**(18,812)**	**179,660**	**4,051,583**	**1,522,923**	**9,202,577**

PLN '000	Share capital	Supplementary capital	Treasury shares	Revaluation reserve	Other reserves	Retained earnings	Total equity
Balance as at 1 January 2024	**522,638**	**2,944,585**	**-**	**128,406**	**3,191,946**	**2,880,445**	**9,668,020**
Total comprehensive income, including:	**-**	**-**	**-**	**(193,274)**	**(7,913)**	**1,791,979**	**1,590,792**
Net profit	-	-	-	-	-	1,791,979	1,791,979
Other comprehensive income	-	-	-	(193,274)	(7,913)	-	(201,187)
Net valuation of financi assets measured at fair value through other comprehensive income	-	-	-	(193,274)	-	-	(193,274)
Net actuarial profits/(losses) on specific services prograr valuation	-	-	-	-	(7,913)	-	(7,913)
Capital reward program	**-**	**-**	**(20,577)**		**55,351**	**-**	**34,774**
Dividends paid	**-**	**-**	**-**	**-**	**-**	**(1,454,930)**	**(1,454,930)**
Transfer to capital	**-**	**-**	**-**	**-**	**800,260**	**(800,260)**	**-**
As at 31 December2024	**522,638**	**2,944,585**	**(20,577)**	**(64,868)**	**4,039,644**	**2,434,061**	**9,855,483**

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

Condensed statement of cash flows

PLN '000	For a period 01.01.–30.06.2025	01.01.–30.06.2024-restarted
A. OPERATING ACTIVITIES		
I. Net profit from continuing and discontinued operations	**602,022**	**880,841**
II. Adjustments:	**4,289,663**	**(1,881,438)**
Current and deferred income tax recognized in income statement	146,855	256,902
Depreciation and amortization	27,508	58,153
Net impairment due to financial assets value loss	3,137	(15,115)
Net impairment due to non-financial assets value loss	-	180,064
Net provisions	11,124	17,411
Net interest income	(1,549,814)	(1,599,777)
Dividend income	(13,898)	(45,167)
Profit/loss on sale of fixed assets	(88)	(1,716)
Net unrealized exchange differences	236	(384)
Net gain/(loss) on equity and other instruments measured at fair value through income statement	6,199	6,660
Revaluation of assets and liabilities held for sale to fair value	467 000	-
Other adjustments	24 217	29,476
Change in amounts due from banks	152,642	11,109,797
Change in amounts due from customers	(3,395,303)	(1,168,385)
Change in debt securities measured at fair value through other comprehensive income	(1,088,873)	(8,956,611)
Change in financial assets held-for-trading	(1,394,445)	(919,880)
Change in derivative hedging instruments	52,539	(64,252)
Change in other assets	(283,740)	(105,237)
Change in amounts due to banks	103,147	245,222
Change in amounts due to customers	9,713,990	(945,861)
Change in liabilities held-for-trading	336,360	(369,845)
Change in amounts due to hedging derivatives	144,812	5,615
Change in other liabilities	826,058	401,492
Interest received	**1,533,213**	**1,583,933**
Interest paid	**(640,209)**	**(609,572)**
Income tax paid	**(348,323)**	**(630,497)**
III. Net cash flows from operating activities- continuing and discontinued operations	**5,436,366**	**(656,733)**
B. INVESTING ACTIVITIES		
Inflows	**30,279**	**15,164**
Disposal of tangible fixed assets	27,190	1,273
Disposal of fixed assets held-for-sale	-	11,368
Dividends received	3,089	2,523
Outflows	**(40,187)**	**(65,141)**
Purchase of tangible fixed assets	(25,808)	(43,629)
Purchase of intangible assets	(14,379)	(21,512)
Net cash flows from investing activities- continuing and discontinued operations	**(9,908)**	**(49,977)**
C. FINANCING ACTIVITIES		
Inflows	**-**	**-**
Outflows	**(27,113)**	**(25,474)**
Outflows for own shares purchase	-	(18,812)
Repayment of long-term loans from financial sector entities	(20,321)	-
Outflows from lease payments	(6,792)	(6,662)
Net cash flows from financing activities- continuing and discontinued operations	**(27,113)**	**(25,474)**

PLN '000	For a period 01.01.–30.06.2025	01.01.–30.06.2024-restarted
D. Exchange rates differences resulting from cash and cash equivalent calculation	**(8,653)**	**71**
E. Net increase/(decrease) in cash and cash equivalent	**5,390,692**	**(732,113)**
F. Cash and cash equivalent at the beginning of reporting period	**5,794,361**	**1,241,873**
G. Cash and cash equivalent at the end of reporting period	**11,185,053**	**509,760**

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

Explanatory notes are integral part of the condensed interim standalone financial statement.

Supplementary notes to the condensed interim standalone financial statement

1. General information about the Bank

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

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

The Bank was set up for an unspecified period of time.

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

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

The Bank operates on the basis of applicable regulations and its Articles of Association.

The Bank Handlowy S.A. is a universal commercial bank that offers a wide range of banking services for individuals and corporate clients, and through Brokerage Department provides brokerage services for individual and institutional clients.

2. Declaration of conformity

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

- for the three- and six-month periods ended June 30, 2024 – with respect to the consolidated income statement and consolidated statement of comprehensive income,
- or the six-month period ended June 30, 2024 – with respect to the consolidated statement of changes in equity and consolidated statement of cash flows,
- as at December 31, 2024 – with respect to the consolidated statement of financial position and consolidated statement of changes in equity.

The interim condensed standalone financial statements are presented in PLN, rounded to the nearest thousand.

The condensed standalone interim financial statements of Bank Handlowy w Warszawie S.A. ("Bank") has been prepared in accordance with International Accounting Standard IAS 34 '*Interim Financial Reporting*' adopted by European Union and other applicable regulations.

The financial statements do not include all of the information required for full annual financial and should be read in conjunction with the standalone annual financial statements of the Bank for year ended 31 December 2024 and the consolidated interim financial statements of the Capital Group of Bank Handlowy w Warszawie S.A. for the six-month period ended 30 June 2025, in relation to which it does not contain any significant differences.

The condensed standalone interim financial statements of the Bank were approved by the Board of Directors on 27 August 2025.

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

3. Significant accounting policies

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

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

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

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

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

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

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

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

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

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

Estimates related to the presentation of discontinued activity

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

1. The liabilities attributable to discontinued operations exceed its assets and therefore the transaction assumes the transfer of additional funds in the form of liquid assets (so called liquidity surplus to be transferred as a transaction settlement). The Expected amount of assets to be transferred as a part of the transaction settlement is not included in the Statement of Financial Position as Assets classified as held for sale as these assets will be determined in the future and are not precisely known as at reporting date
2. The Retail Business includes dual-currency deposits with embedded derivatives. The fair value of embedded derivatives used to be presented in the statement of Financial Position in the position "Financial assets held-for-trading" and was reclassified to "Assets classified as held for sale".
3. In connection with the recognized gross result on the Transaction, a deferred tax asset has been created. Given that the tax will be settled by the Group, the deferred tax asset is not classified as Assets classified as held for sale.

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

1. The result on the sale of the Retail Business was recognized in the second quarter of 2025 and was accounted for as Net profit / (loss) from discontinued operations . The transaction price assumed certain variable components, so the Group estimated the result on the transaction using best estimate which is described in Note 4.

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

Standards and interpretations applicable from 1 January 2025:

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

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

Standards and interpretations European Union's approval:

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

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

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

Standards and their interpretations for European Union's approval:

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

  The amendments to the aforementioned standards also introduce additional disclosure requirements for financial assets and liabilities whose contractual terms make cash flows contingent on contingent events and for equity instruments designated at fair value through other comprehensive income. The amendments will be

applicable from January 1, 2026. The Bank is in the process of assessing the impact of the new standard on the financial statements.

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

Comparative data

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

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

Stand-alone income statement	01.01.2024 – 30.06.2024 before transformation	Change	01.01.2024 – 30.06.2024 after transformation
CONNTINUING OPERATIONS			
Interest income	2,063,763	(676,577)	1 387,186
Interest income and similar	143,254	(29)	143,225
Interest expense and similar charges	(607,240)	176,010	(431,230)
Net interest income	**1,599,777**	**(500,596)**	**1,099,181**
Fee and commission income	347,995	(109,152)	238,843
Fee and commission expense	(55,854)	21,016	(34,838)
Net fee and commission income	**292,141**	**(88,136)**	**204,005**
Dividend income	**45,167**	**-**	**45,167**
Net income on trading financial instruments and revaluation	**279,386**	**(16,483)**	**262,903**
Net gain/(loss) on debt investment financial assets measured at fair value through other comprehensive income	**14,414**	**-**	**14,414**
Net gain/(loss) on equity and other instruments measured at fair value through income statement	**(6,660)**	**-**	**(6,660)**
Net gain/(loss) on hedge accounting	**9,560**	**-**	**9,560**
Other operating income	12,536	(3,282)	9,254
Other operating expense	(31,087)	8,531	(22,556)
Net other operating income and expense	**(18,551)**	**5,249**	**(13,302)**
General administrative expenses	**(766,376)**	**345,797**	**(420,579)**
Depreciation and amortization	**(58,153)**	**33,989**	**(24,164)**
Net impairment on non-financial assets	**(180,064)**	**180,064**	**-**
Profit on sale of other assets	**1,716**	**73**	**1,789**
Provision for expected credit losses on financial assets and provisions for contingent commitments	**19,057**	**(33,281)**	**(14,224)**
Tax on some financial institutions	**(93,671)**	**29,828**	**(63,843)**
Profit before tax	**1,137,743**	**(43,496)**	**1,094,247**
Income tax expense	**(256,902)**	**19,622**	**(237,280)**
Net profit from discontinued operations	**-**	**(23,874)**	**23,874**

Stand-alone income statement	01.01.2024 – 30.06.2024 before transformation	Change	01.01.2024 – 30.06.2024 after transformation
Net profit from continuing and discontinued operations	**880,841**	**-**	**880,841**

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

Stand-alone income statement	01.01.2024 – 30.06.2024 before transformation	Change	01.01.2024 – 30.06.2024 after transformation
CONNTINUING OPERATIONS			
Interest income	1,028,230	(332,781)	695,449
Similar income	73,148	(21)	73,127
Interest expense and similar charges	(298 108)	86 552	(211 556)
Net interest income	**803,270**	**(246,250)**	**557,020**
Fee and commission income	175,766	(54,223)	121,543
Fee and commission expense	(27,927)	10,153	(17,774)
Net fee and commission income	**147,839**	**(44,070)**	**103,769**
Dividend income	**45,074**	**-**	**45,074**
Net income on trading financial instruments and revaluation	**143,958**	**(8,402)**	**135,556**
Net gain/(loss) on debt investment financial assets measured at fair value through other comprehensive income	**20,537**	**-**	**20,537**
Net gain/(loss) on equity and other instruments measured at fair value through income statement	**(9,621)**	**-**	**(9,621)**
Net gain/(loss) on hedge accounting	**1,807**	**-**	**1,807**
Other operating income	6,261	(672)	5,589
Other operating expense	(23,109)	3,678	(19,431)
Net other operating income and expense	**(16,848)**	**3,006**	**(13,842)**
General administrative expenses	**(325,935)**	**165,072**	**(160,863)**
Depreciation and amortization	**(28,626)**	**16,388**	**(12,238)**
Net impairment on non-financial assets	**(180,064)**	**180,064**	**-**
Profit on sale of other assets	**(131)**	**-**	**(131)**
Provision for expected credit losses on financial assets and provisions for contingent commitments	**8,646**	**(19,822)**	**(11,176)**
Tax on some financial institutions	**(48,454)**	**14,576**	**(33,878)**
Profit before tax	**561,452**	**60,562**	**622,014**
Income tax expense	**(133,691)**	**11,955**	**(121,736)**
Net profit from discontinued operations	**-**	**(72,517)**	**(72,517)**
Net profit from continuing and discontinued operations	**427,761**	**-**	**427,761**

In the condensed financial statement of Bank Handlowy w Warszawie S.A. for the year ended 31 December 2024, the Group changed the presentation of the variation margin for derivative instruments, cleared by central counterparty KDPW_CCP S.A. The Group applied a similar approach in the consolidated financial statements for the first half-year ended 30 June 2025 and restated the comparative data accordingly.

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

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

The presentation change did not impact the income statement.

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

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

Income tax in interim financial statements

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

Foreign currency

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

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

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

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

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

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

On 27 May 2025, the Bank signed an Agreement with VeloBank S.A. („VeloBank"), Promontoria Holding 418 B.V. (the only shareholder of VeloBank) („Promontoria") and Citibank Europe Plc regarding the merger by separation of the consumer business (the "Consumer Business") of the Bank in favor of VeloBank.

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

In the registration day by the registry court VeloBank

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

The agreement also contains provisions for the Bank to grant indemnification for certain identified risks, with a specified amount limit. As of the date of preparation of the financial statements, the Bank does not consider the probability of their materialization to be high. Consequently, there was no need to quantify these risks in the financial statements.

The number of shares acquired by Bank due to the demerger will be determined in relation with the mechanism specified in the division plan, provided that it does not reach 25% of all shares in the share capital of VeloBank.

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

1. Permanent value component payable in connection with transaction closing in the estimated amount of PLN 432 million based on net assets transferred by the Bank to VeloBank in the moment of transaction closing and with the subject to any standard price adjustments that may occur upon closing of the transaction; and

2. Variable component payable in connection with achieved business volumes form Consumer Business Segment in the day of transaction closing in the amount not higher than PLN 100 million

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

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

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

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

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

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

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

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

PLN '000	30.06.2025
Cash and cash equivalents	198,602
Financial assets held-for-trading	17,081
Amounts due from customers	6,131,488
Tangible fixed assets	42,677
Deferred income tax asset	57,967
Other assets	125,051
Total assets	**6,572,866**
Impairment of assets not held-for-sale	(467,000)
Total assets held-for-sale	**6,105,866**
Amounts due to customers	22,077,833
Provisions	28,019
Other liabilities	253,223
Total liabilities	**22,359,075**
Net assets and liabilities held-for-sale	**(16,253,209)**
Expected amount of assets to be transferred as a part of the transaction settlement	**16,682,664**
Assets and liabilities held-for-sale after including assets to be transferred as a part of the transaction settlement	**429,455**

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

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

The analysis of the result on discontinued operations presented below:

PLN '000	II quarter 01.01.-30.06.2025	I half 01.01.-30.06.2025	II quarter 01.01.-30.06.2024	I half 01.01.-30.06.2024
Interest income	329,972	664,350	332,781	676,577
Similar income	72	162	21	29
Interest expense and similar expenses	(98,090)	(190,407)	(86,552)	(176,010)
Interest income	**231,954**	**474,105**	**246,250**	**500,596**
Interest income and similar charges	54,035	106,490	54,223	109,153
Interest expense and similar charges	(13,721)	(26,043)	(10,153)	(21,016)
Net fee and commission income	**40,314**	**80,447**	**44,070**	**88,137**
Net income from trading financial instruments and revaluation	**8,395**	**16,735**	**8,402**	**16,483**
Other operating income	1,311	3,250	672	3,282
Other operating expenses	(6,199)	(12,163)	(3,678)	(8,532)
Net income from other operating income and expenses	**(4,888)**	**(8,913)**	**(3,006)**	**(5,250)**
General and administrative expenses	**(220,031)**	**(415,093)**	**(165,072)**	**(345,797)**
Depreciation of property, plant and equipment and intangible assets	**(2,793)**	**(5,173)**	**(16,388)**	**(33,989)**
Net impairment of non-financial assets	**-**	**-**	**(180,064)**	**(180,064)**
Net income from the sale of other assets	**(415)**	**(482)**	**-**	**(73)**
Net income from expected credit losses on financial assets and provisions for contingent liabilities	**1,446**	**11,685**	**19,822**	**33,281**
Operating profit	**53,982**	**153,311**	**(45,986)**	**73,324**
Tax on certain financial institutions	**(14,793)**	**(26,796)**	**(14,576)**	**(29,828)**
Profit before tax	**39,189**	**126,515**	**(60,562)**	**43,496**
Income tax expense	**82,287**	**69,984**	**(11,955)**	**(19,622)**
Net profit	**121,476**	**196,499**	**(72,517)**	**23,874**
Revaluation of assets and liabilities held-for-sale of at goodwill less costs to sell	**(470,137)**	**(470,137)**	**-**	**-**
Net profit from discontinued operations	**(348,661)**	**(273,638)**	**(72,517)**	**23,874**

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

The Bank determined the level of interest income/net interest income generated by the Corporate Banking segment for the Retail Banking Segment based on this surplus using the formally adopted internal transfer rate methodology between the mentioned segments and presented it separately in Note 7 (Adjustment for excess liquidity related to discontinued operations). The internal transfer rate system is based on market rates at the relevant dates. For products with fixed maturities, rates corresponding to the maturities are selected, while for products with undefined schedules, these rates are adjusted based on behavioral assessments (primarily O/N or 1Y). The revenues thus determined in the amount of PLN 495,496 thousand in the first half of 2025 and PLN 508,731 thousand in the first half of 2024 were reduced by the cost of financing credit products in the amount of PLN 166,934 thousand in the first half of 2025 and PLN 171,072 thousand in the first half of 2024using 3M rates for retail loans and 0/N, 3M, and 1Y rates for credit cards.

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

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

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

5. Segment reporting

Information on operating segments is presented in the Condensed Interim Consolidated Financial Statements of the Capital Group of Bank Handlowy w Warszawie S.A. for the 6-month period ended 30 June 2025.

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

PLN '000	II quarter 01.04. - 30.06. 2025	I half of the year 01.01. - 30.06. 2025	II quarter 01.04. - 30.06. 2024	I half of the year 01.01. - 30.06. 2024
Provision for expected credit losses on equity				
creation of write-offs	-	(32)	-	(27)
reversal of write-offs	15	15	11	11
	15	**(17)**	**11**	**(16)**
Provision for expected credit losses on amounts due				
Provision creation	(877)	(1,325)	(398)	(1,071)
Provision reversal	664	1,466	144	1,657
Provision reversal	**(213)**	**141**	**(254)**	**586**
Provision for expected credit losses on amounts due				
Provision creation and reversals	**(10,898)**	**(12,588)**	**888**	**7,783**
Provision creation	(47,225)	(96,374)	(53,840)	(109,540)
Provision reversal	39,491	89,993	57,716	123,864
Other	(3,164)	(6,207)	(2,988)	(6,541)
Recoveries from sold debts	**10,125**	**10,134**	**10,266**	**10,276**
	(773)	**(2,454)**	**11,154**	**18,059**
Provision for expected credit losses on debt				
Provision creation	(1,367)	(3,083)	(1,017)	(4,472)
Provision reversal	1,258	2,276	383	958
	(109)	**(807)**	**(634)**	**(3,514)**
Provision for expected credit losses on financial assets	**(1,080)**	**(3,137)**	**10,277**	**15,115**
Created provisions for granted financial and guarantee	(4,241)	(9,832)	(8,625)	(13,355)
Release of provisions for granted financial and	5,588	15,639	6,994	17,297
Provision for expected credit losses for contingent	**1,347**	**5,807**	**(1,631)**	**3,942**
Provision for expected credit losses on financial assets	**267**	**2,670**	**8,646**	**19,057**

The table above presents profit from discontinued operations in the amount of PLN 11,685 thousand for I half of 2025 and in the amount of PLN 33,281 thousand for the I half of 2024. Additional information presented in Note 4 „Assets and liabilities classified as held for sale and profit from discontinued operations".

7. Amounts due from customers

PLN '000	30.06.2025	31.12.2024
Amounts due from financial sector entities		
Loans, placements and advances	2,616,357	2,190,586
Debt financial assets unlisted	1,002,508	1,002,896
Receivables due to purchased securities with a repurchase agreement	1,306,404	303,408

PLN '000	30.06.2025	31.12.2024
Guarantee funds and deposits pledged as collateral	1,881,987	1,613,484
Total gross value	**6,807,256**	**5,110,374**
Provision for expected for credit losses	(5,256)	(2,623)
Total net value	**6,802,000**	**5,107,751**
Amounts due from non-financial sector entities		
Loans and advances	15,820,759	13,920,199
Purchased receivables	2,572,799	2,840,285
Realized guarantees	30,479	30,533
Other receivables	29,053	11,493
Total gross value	**18,453,090**	**16,802,510**
Provision for expected for credit losses	(493,345)	(543,015)
Total net value	**17,959,745**	**16,259,495**
Total net value of receivables from customers	**24,761,745**	**21,367,246**

The table above presents assets in disposal groups held-for-sale in the amount of PLN 6,131,422 thousand. Additional information disclosed in Note 4 "Assets and liabilities classified as held for sale and profit from discontinued operations".

Movement in amounts due from customers presents as follows:

PLN '000	Stage 1	Stage 2	Stage 3	Originated credit-impaired assets	Total
Provision for expected credit losses - amounts due from customers					
Provision for expected credit losses as at 1 January 2025	**(41,995)**	**(79,207)**	**(425,169)**	**733**	**(545,638)**
Transfer to Stage 1	(11,245)	10,688	557	-	-
Transfer to Stage 2	2,881	(4,422)	1,541	-	-
Transfer to Stage 3	224	9,499	(9,723)	-	-
Transfer to Purchased or originated credit-impaired assets	-	-	5,176	(5,176)	-
(Creation)/Releases in the period through the income statement	4,910	(10,904)	(6,827)	233	(12,588)
Decrease in provisions due to write-offs	-	-	3,613	-	3,613
Decrease in provisions in connection with the sale of receivables	-	-	68,344	1,470	69,814
Changes in accrued interest in Stage 3 other than written off and sale of receivables	-	(14)	(18,264)	(317)	(18,595)
Decrease in provisions due to derecognition from the balance sheet as a result of significant change	-	-	-	5,149	5,149
Foreign exchange and other movements	141	307	(832)	28	(356)
Provision for expected credit losses as at 30 June 2025	**(45,084)**	**(74,053)**	**(381,584)**	**2,120**	**(498,601)**

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

PLN '000	Stage 1	Stage 2	Stage 3	Originated credit- impaired assets	Total
Provision for expected credit losses - amounts due from customers					
Provision for expected credit losses as at 1 January 2024	**(52,475)**	**(99,751)**	**(585,363)**	**470**	**(737,119)**
Transfer to Stage 1	(19,025)	17,839	1,186	-	-

PLN '000	Stage 1	Stage 2	Stage 3	Originated credit- impaired assets	Total
Provision for expected credit losses - amounts due from customers					
Transfer to Stage 2	7,181	(10,083)	2,902	-	-
Transfer to Stage 3	1,088	17,520	(18,608)	-	-
Transfer to impaired assets	-	-	13,295	(13,295)	-
(Creation)/Releases in the period though the income statement	24,064	(8,339)	(14,788)	1,961	2,898
Decrease in provisions due to writ offs	-	-	115,024	-	115,024
Decrease in provisions in connect with the sale of receivables	-	-	90,521	2,141	92,662
Changes in accrued interest in Sta 3 other than written off and sale o receivables	10	3	(32,884)	(3,400)	(36,271)
Reduction of impairment losses d to de-balance sheet as a result of material change	-	-	-	12,188	12,188
Foreign exchange and other movements	(2,838)	3,604	3,546	668	4,980
Provision for expected credit losses as at 31 December 2024	**(41,995)**	**(79,207)**	**(425,169)**	**733**	**(545,638)**

8. Intangible assets

Intangible assets in the amount of PLN 874,144 thousand as at 30 June 2025(as at 31 December 2024: PLN 872,875thousand) include goodwill in the amount of PLN 851,205 thousand (as at 31 December 2024: PLN 851,205thousand).

In Group's consolidated financial statement, goodwill arises as a result of the merger between Bank Handlowy w Warszawie S.A. and Citibank (Poland) S.A. which happened on 28 February 2001 and from acquisition of organized part of the banking enterprise ABN Amro Bank (Polska) S.A which happened on 1 March 2005 (PLN 2,331 thousand). The Group has separated two cash-generating unit (the Consumer Banking Segment and the Institutional Banking Segment) and allocated its goodwill there.

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

The allocation of goodwill to cash-generating units is presented in the table below.

PLN'000	30.06.2025	31.12.2024
Corporate Bank	851,206	851,206
Consumer Bank	-	-
	851,206	**1,031,269**

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

9. Financial instruments disclosures

Fair value of financial assets and liabilities

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

PLN '000	Note	30.06.2025		31.12.2024	
		Balance value	Fair value	Balance value	Fair value
Assets					
Amounts due from banks		8,688,217	8,688,348	8,787,780	8,787,781
Amounts due from customers	7	24,761,745	24,896,288	21,367,246	21,381,621
Amounts due from institutional customers		18,647,008	18,695,141	15,329,548	15,321,331
Amounts due from individual customers		6,114,737	6,201,147	6,037,698	6,060,290
Liabilities					
Amounts due to banks		4,529,125	4,529,080	4,435,817	4,435,873
Amounts due to customers		63,842,790	63,812,987	54,090,588	54,068,781

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

Valuation methods and assumptions used for the purposes of fair value

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

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

  The Bank applies the following methods of measurement of particular types of derivative instruments:
  - FX forwards – discounted cash flow model;
  - options – option market-based valuation model;
  - interest rate transactions – discounted cash flow model;
  - futures – current quotations.

- For valuation of securities' transactions - current quotations are used. In case of lack of quotations, adequate models based on discount and forward curves including decrease of credit spread if needed, are used for valuation.

- The fair value of other assets and financial liabilities (excluding described above) are estimated in accordance to commonly accepted models of valuation based on discounted cash flow analysis taking into account fluctuations in market interest rates and changes in margins during the financial period.

Fair value included in standalone statement of financial position

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

- Level I: financial assets / liabilities valued directly on the basis of prices quoted in an active market, where regular quotations are available and turnover is sufficient.

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

The tables below present values of financial assets and liabilities in the standalone statement of financial position, in accordance with a fair value, classified by above levels.

As at 30 June 2025

PLN '000	Note	Level I	Level II	Level III	Total
Financial assets					
Financial assets held-for-trading		3,541,889	2,366,513	-	5,908,402
derivatives		11,569	2,366,513	-	2,378,082
debt securities		3,459,043	-	-	3,459,043
Equity instruments		71,277	-	-	71,277
Hedging derivatives		-	1,601	-	1,601
Debt financial assets measured at fair value through other comprehensive income		30,381,572	1,498,251	-	31,879,823
Equity and other investments measured at fair value through income statement		37,497	-	129,252	166,749
Financial liabilities					
Financial liabilities held-for-trading		380,904	2,711,361	-	3,092,265
short sale of securities		380,793	-	-	380,793
derivatives		111	2,711,361	-	2,711,472
Hedging derivatives		-	217,549	-	217,549

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

As at 31 December 2024

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

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

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

PLN '000	Fair value	Scenario	Fair value in positive scenario	Fair value in negative scenario
Capital instruments compulsorily measured at fair value through profit or loss	129,252	Change of the key parameter (cost of capital by - 10% / + 10% or conversion rate by + 10% / - 10%)	144,814	117,379

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

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

PLN '000	Equity and other investments measured at fair value through income statement	
	01.01-30.06.2025	01.01.-31.12.2024
As at the beginning of period	**134,831**	**121,756**
VISA stock conversion – transfer to Level I	**-**	**(8,346)**
Revaluation	(5,579)	21,421
As at the end of period	**129,252**	**134,831**

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

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

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

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

PLN '000	II quarter 01.04. - 30.06. 2025	I half of the year 01.01. - 30.06. 2025	II quarter 01.04. - 30.06. 2024	I half of the year 01.01. - 30.06. 2024
Net gain/(loss) on debt investment financial assets measured at fair value through other comprehensive income				
Polish treasury bonds	27,541	40,629	20,525	14,402
EBI securities	-	1,932	12	12
Other	77,807	102,854	-	-
	105,348	**145,415**	**20,537**	**14,414**

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

11. Seasonality or periodicity of business activity

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

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

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

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

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

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

Since the beginning of the share buyback, i.e. from January 2024 until the date of submission of this report, the Bank has acquired a total of 485,920 shares with the nominal value of PLN 4.00 representing 0.3718977% of the Bank's share capital and authorizing to 485,920 votes at the General Meeting of Shareholders of the Bank which constitutes 0.3718977% of the total number of votes at the General Meeting of Shareholders of the Bank. During the period in which the Bank owned its own shares, the Bank did not exercise the voting rights attached to these shares.

In 2025 the Bank issued free of charge. (i.e. initiated the transfer) to eligible Bank employees a total of 102,139 treasury shares previously acquired by the Bank. Issued shares represent 0.0781718% of the Bank's capital and authorize to 0.0781718% of the total number of votes at the General Meeting of Shareholders of the Bank and completed the issuance of treasury shares in 2025.

13. Paid or declared dividends

On June 27, 2025, the Ordinary General Meeting of Shareholders of the Bank adopted a resolution on distribution of net profit for 2024. Pursuant to the resolution the net profit for 2024 in the amount of PLN1,791,978,477.05 was distributed as follows:

- Dividend for shareholders: PLN 1,342,776,931.65, i.e. PLN 10.29/per share,
- Reserve capital: PLN 449,201,545.40 was left undivided.

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

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

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

14. Changes in the Bank's structure

In the first half of 2025 the structure of the Bank has not changed compared to the end of 2024.

15. Changes in granted and received financial and guarantee commitments

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

PLN '000	State as at		Change	
	30.06.2025	31.12.2024	PLN '000	%
Contingent liabilities and guarantees granted				
Letters of credit	142,941	245,189	(102,248)	(41.7%)
Guarantees granted	3,826,150	4,035,116	(208,966)	(5.2%)
Credit lines granted	15,142,483	16,261,305	(1,118,822)	(6.9%)
Other financial liabilities	525 155	160 607	364 548	227,0%
Other guaranteed liabilities	22,744	22,433	311	1.4%
	19,659,473	**20,724,650**	**(1,065,177)**	**(5.1%)**
Letters of credit				
Import letters of credit issued	142,941	245,189	(102,248)	(41.7%)
Export letters of credit confirmed	-	-	-	-
	142,941	**245,189**	**(102,248)**	**(41.7%)**

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

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

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

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

16. Information about shareholders

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

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

	Number of shares	% Shares	Number of votes at GM	% votes at GM
Citibank Europe PLC, Ireland	97,994,700	75.00	97,994,700	75.00
Other shareholders	32 664 900	25,00	32 664 900	25,00
	130,659,600	**100.00**	**130,659,600**	**100.00**

17. Contingent liabilities and litigation proceedings

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

In the case of legal proceedings involving the risk of cash outflow as a result of meeting the Bank's commitments, the appropriate provisions are created.

In accordance with applicable regulations, the Bank recognizes impairment losses for receivables subject to legal proceedings.

PLN '000	31.06.2025	31.12.2024
Provisions for disputes, including:		
provisions for option cases on derivative instruments	17,127	16,718
provisions for individual cases relating TSUE judgements	26,623	25,446
Other provisions	24,627	10,419
Provisions for disputes	**68,377**	**52,583**

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

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

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

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

  On 10 February 2020 the Bank received a statement of claim submitted by Rotsa Sales Direct sp. z o.o. for the payment of PLN 419,712.468.48 along with statutory interest for delay from the date of filing the claim to the payment date and the amount of PLN 33,047,245.20 including statutory interest for delay from the date of filing the claim to the date of payment. The statement of claim refers to the agency agreement, which covered intermediary services for the Bank's products and services, primarily in the segment of Retail Banking, and was terminated in 2014. The court referred the matter to mediation proceedings, so the case is pending before the court of first instance.

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

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

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

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

- The Bank was a party to proceedings initiated by the President of the Office of Competition and Consumer Protection (UOKiK) against the Visa and Europay payment system operators and banks - issuers of Visa cards and Europay/Eurocard/Mastercard cards. The Bank was one of the addressees of the President of UOKiK's decision in the case. The proceedings have concerned alleged practices limiting competition on the payment cards market in Poland consisting in the fixing of interchange fees for transactions made with Visa and Europay/Eurocard/Mastercard cards, as well as limiting access to the market for operators who do not belong to the unions of card issuers, against whom the proceedings were initiated. The President of UOKiK's decision was the subject of legal analyses in appeal proceedings. On April 22, 2010, the Appeal Court overturned the verdict of the Court of Competition and Consumer Protection (SOKiK) and referred the case back to the court of first instance. On 21 November 2013 SOKiK gave a judgment, under which a penalty imposed on the Bank was modified and set in the amount of PLN 1,775,720. On October 6, 2015 the Appeal Court modified the verdict of the Competition and Consumer Protection Court and denied all appeals from the decision of the President of the Competition and Consumer Protection Office, including the changes of amounts of the fines that were imposed upon banks. As a result, the fine in the amount of 10,228,470 PLN that was originally imposed upon the Bank has been reinstated. As the Bank submitted extraordinary appeal on the 25 October 2017 the Supreme Court has overturned the Appeal Court's verdict and the case has been returned to the Appeal Court for a second review. The appeals proceedings has begun again. In the first quarter of 2018, the Bank received the reimbursed. By the judgment of November 23, 2020, the Appeal Court set aside the judgment of November 21, 2013 and remitted the case to the court of first instance for reconsideration.

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

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

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

  As at June 30, 2025, the Bank was sued in 92 cases relating to a CHF-indexed loan for a total amount of approximately PLN 40.4 million. 48 cases were legally lost, and the Bank decided to file two cassation appeals (one

appeal was rejected on formal grounds, as to the second the Supreme Court refused to accept the cassation appeals for consideration). Most of the cases are in the first instance.

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

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

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

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

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

18. Transactions with the key management personnel

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

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

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

Changes in the composition of the Management Board of the Bank

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

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

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

Changes in the composition of the Supervisory Board of the Bank

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

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

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

19. Related parties

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

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

The transactions with related entities result from present Bank's activity and mainly include deposits, guarantees and derivatives transactions.

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

Transactions with subsidiaries

The receivables and liabilities towards subsidiaries are as follows.

PLN '000	30.06.2025	31.12.2024
Deposits		
Current accounts	27,763	296
Term deposits	78,810	105,269
	106,573	**105,565**
Deposits		
Balance at the beginning of period	105,565	154,597
Balance at the end of period	106,573	105,565

PLN '000	01.01. - 30.06. 2025	01.01. - 30.06. 2024
Interest and commission income	10	20
Interest and commission expense	1,989	2,834
Other operating income	24	59

On 30 June 2025 and 31 December 2024 there were no write-offs due to value loss of receivables and contingent liabilities granted.

Transactions with other Citigroup Inc. entities

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

PLN '000	30.06.2025	31.12.2024
Receivables	**8,365,675**	**7,304,663**
Liabilities, including*:	**3,683,024**	**3,197,334**
Deposits*	1,406,102	2,096,072
Received credits	1,064,407	1,073,387
Balance-sheet valuation of derivative transactions		
Assets held-for-trading	874,113	1,595,239
Liabilities held-for-trading	905,158	942,136
Contingent liabilities granted	**255,622**	**269,064**
Contingent liabilities received	**205,424**	**220,724**

PLN '000	30.06.2025	31.12.2024
Contingent derivative transactions (liabilities granted/received), including:	**109,247,448**	**119,673,376**
Interest rate instruments	18,442,753	44,035,640
Currency instruments	90,350,675	75,382,595
Securities transactions	454,020	244,219
Commodity transactions	-	10,922

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

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

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

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

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

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

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

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

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

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

20. Major events after the balance sheet date

On 22 August 2025, it was advised by the Polish Financial Supervision Authority ("PFSA") that the PFSA did not have any objections to the potential payout by the Bank of the dividend (advance dividend) from the 2019 profit in the amount of PLN 449,201, 545.40.

The payment of advance dividend to shareholders depends on the final decisions of the Management Board and the Supervisory Board of the Bank.

After the balance sheet date, there were no other material events that should be additionally included in these financial statements.

Members of the Management Board

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