Interim Condensed Consolidated Financial Statements of the Capital Group of Bank Handlowy w Warszawie S.A. for the first quarter of 2025

This document is a translation from the original Polish version. In case of any discrepancies between the Polish and English versions, the Polish version shall prevail.

SELECTED FINANCIAL DATA	PLN '000		EUR '000	
	Third quarter accruals period from 01.01.25 to 31.03.25	Third quarter accruals period from 01.01.24 to 31.03.24	Third quarter accruals period from 01.01.25 to 31.03.25	Third quarter accruals period from 01.01.24 to 31.03.24
Data related to the interim condensed consolidated financial statements				
Interest income and similar income	1,095,778	1,105,639	261,847	255,870
Fee and commission income	181,072	172,225	43,269	39,857
Profit before tax	554,056	577,411	132,397	133,626
Net profit	434,980	454,027	103,943	105,072
Comprehensive income	484,866	568,757	115,864	131,623
Net cash flows	880,922	(196,089)	210,505	(45,379)
Total assets	77,162,064	72,478,103	18,442,617	16,961,878
Amounts due to banks	3,322,289	4,435,817	794,065	1,038,104
Amounts due to customers	58,191,537	53,985,032	13,908,444	12,633,988
Equity	10,357,273	9,868,531	2,475,507	2,309,509
Ordinary shares	522,638	522,638	124,916	122,312
Number of shares (in pcs)	130,554,745	130,581,136	130,554,745	130,581,136
Book value per share (PLN/EUR)	79.33	75.57	18.96	17.69
Total capital adequacy ratio (%)	23.1	21.2	23.1	21.2
Earnings per share (PLN / EUR)	3.33	3.47	0.80	0.80
Diluted earnings per share (PLN / EUR)	3.33	3.47	0.80	0.80
Data related to the interim condensed standalone financial statements				
Interest income and similar	1,095,778	1,105,639	261,847	255,870
Fee and commission income	181,076	172,229	43,270	39,858
Profit before tax	553,378	576,291	132,235	133,367
Net profit	434,401	453,080	103,804	104,853
Comprehensive income	484,376	567,856	115,747	131,415
Net cash flows	880,922	(196,089)	210,505	(45,379)
Total assets	77,253,129	72,569,193	18,464,382	14 902 869
Amounts due to banks	3,322,289	4,435,817	794,065	1 022 340
Amounts due to customers	58,297,564	54,090,588	13,933,785	10 803 595
Equity	10,343,735	9,855,483	2,472,271	1 684 386
Ordinary shares	522,638	522,638	124,916	111 439
Number of shares (in pcs)	130,554,745	130,581,136	130,554,745	130 659 600
Book value per share (PLN / EUR)	79.23	75.47	18.94	17.66
Total capital adequacy ratio (%)	22.8	20.9	22.8	20.9
Earnings per share (PLN/EUR)	3.33	3.47	0.80	0.80
Diluted earnings per share (PLN / EUR)	3.33	3.47	0.80	0.80
Paid dividends per share (PLN/EUR)	-	-	-	-

Explanations to the table:

1) Comparative data according to balance sheet and total capital ratio as at 31 December 2024.

2) Additional information on TCR calculation has been described in the note no. 7 and "Information on capital adequacy of Bank Handlowy w Warszawie S.A. as at 31 March 2025" subject to publication on the Bank's website.

3) The following exchange rates were applied to convert PLN to EUR: for the statement of financial position - NBP average exchange rate as at 31 March 2025 – 4.1839 (as at 31 December 2024: PLN 4.2730; as at 31 March 2024 – PLN 4.3009); for the income statement, a statement of comprehensive income and cash flow statement - the arithmetic mean of NBP end-of-month exchange rates in the I quarter of 2025 - PLN 4.1848 (in the I quarter of 2024: PLN 4.3211).

Contents

Consolidated income statement

PLN '000 For a period	I quarter accruals period from 01.01.25 to 31.03.25	I quarter accruals period from 01.01.24 to 31.03.24
Interest income	1,043,590	1,035,533
Similar income	52,188	70,106
Interest expense and similar charges	(306,142)	(307,724)
Net interest income	**789,636**	**797,915**
Fee and commission income	**181,072**	**172,225**
Fee and commission expense	(30,305)	(27,927)
Net fee and commission income	**150,767**	**144,298**
Dividend income	**89**	**93**
Net gain/(loss) on trading financial instruments and revaluation	**90,608**	**135,458**
Net gain/(loss) on debt investment financial assets measured at fair value through other comprehensive income	**40,067**	**(6,123)**
Net gain/(loss) on equity investments and other at fair value through income statement	**1,598**	**2,961**
Net gain/(loss) on hedge accounting	**(2,430)**	**7,753**
Other operating income	**4,476**	**6,251**
Other operating expenses	(7,954)	(7,991)
Net other operating income and expense	**(3,478)**	**(1,740)**
General administrative expenses	**(462,925)**	**(440,745)**
Depreciation and amortization	**(13,090)**	**(29,527)**
Profit on sale of other assets	**1,072**	**1,847**
Provisions for expected credit losses on financial assets and provisions for contingent liabilities	**2,435**	**10,438**
Operating profit	**594,349**	**622,628**
Tax on certain financial institutions	**(40,293)**	**(45,217)**
Profit before tax	**554,056**	**577,411**
Income tax expense	**(119,076)**	**(123,384)**
Net profit	**434,980**	**454,027**
Including:		
Net profit attributable to Bank's shareholders	434,980	454,027
Weighted average number of ordinary shares (in pcs)	130,554,745	130,659,600
Earnings per share (in PLN)	3.33	3.47
Diluted net earnings per share (in PLN)	3.33	3.47

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

Consolidated statement of comprehensive income

PLN '000 For a period	I quarter accruals period from 01.01.25 to 31.03.25	I quarter accruals period from 01.01.24 to 31.03.24
Net profit	**434,980**	**454,027**
Other comprehensive income, that is or might be subsequently reclassified to income statement:	**49,886**	**114,730**
Remeasurement of financial assets measured at fair value through other comprehensive income (net)	82,429	109,816
(Profit)/Loss reclassification to income statement after derecognition of financial assets measured at fair value through other comprehensive income (net)	(32,454)	4,960
Currency translation differences	(89)	(46)
Other comprehensive income net of tax	**49,886**	**114,730**
Total comprehensive income	**484,866**	**568,757**
Including:		
Comprehensive income attributable to Bank's shareholders	484,866	568,757

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

Consolidated statement of financial position

as at *PLN '000*	31.03.2025	31.12.2024
ASSETS		
Cash and cash equivalents	6,675,209	5,794,345
Amounts due from banks	8,370,006	8,787,780
Financial assets held-for-trading	4,434,376	4,436,319
Hedging derivatives	11,871	54,140
Debt financial assets measured at fair value through other comprehensive income, including:	30,708,954	30,088,771
Assets pledged as collateral	203,743	*200,309*
Equity and other instruments measured at fair value through income statement	174,546	172,948
Amounts due from customers	24,818,097	21,367,246
Tangible fixed assets	500,330	521,131
Intangible assets	872,612	872,875
Deferred tax asset	56,346	82,284
Other assets	539,717	300,264
Total assets	**77,162,064**	**72,478,103**
LIABILITIES		
Amounts due to banks	3,322,289	4,435,817
Financial liabilities held-for-trading	2,321,477	2,755,905
Hedging derivatives	91,797	72,737
Amounts due to customers	58,191,537	53,985,032
Provisions	116,251	120,992
Current income tax liabilities	4,080	99,600
Deferred tax provision	11	13
Other liabilities	2,757,349	1,139,476
Total liabilities	**66,804,791**	**62,609,572**
EQUITY		
Ordinary shares	522,638	522,638
Share premium	3,001,260	3,001,260
Own shares	(15,624)	(20,577)
Revaluation reserve	(14,893)	(64,868)
Other reserves	4,037,861	4,039,027
Retained earnings	2,826,031	2,391,051
Total equity	**10,357,273**	**9,868,531**
Total liabilities and equity	**77,162,064**	**72,478,103**

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

Consolidated statement of changes in equity

PLN '000	Ordinary shares	Share premium	Own shares	Revaluation reserve	Other reserves	Retained earnings	Total equity
Balance as at 1 January 2025	**522,638**	**3,001,260**	**(20,577)**	**(64,868)**	**4,039,027**	**2,391,051**	**9,868,531**
Total comprehensive income, including:	**-**	**-**	**-**	**49,975**	**(89)**	**434,980**	**484,866**
Net profit	-	-	-	-	-	434,980	434,980
Other comprehensive income:	-	-	-	49,975	(89)	-	49,886
Currency translation differences from the foreign operations' conversion	-	-	-	-	(89)	-	(89)
Net valuation of financial assets measured at fair value through other comprehensive income	-	-	-	49,975	-	-	49,975
Equity awards program	**-**	**-**	**4,953**	**-**	**(1,077)**	**-**	**3,876**
Balance as at 31 March 2025	**522,638**	**3,001,260**	**(15,624)**	**(14,893)**	**4,037,861**	**2,826,031**	**10,357,273**

PLN '000	Ordinary shares	Share premium	Own shares	Revaluation reserve	Other reserves	Retained earnings	Total equity
Balance as at 1 January 2024	**522,638**	**3,001,260**	**-**	**128,406**	**3,190,659**	**2,886,528**	**9,729,491**
Total comprehensive income, including:	**-**	**-**	**-**	**114,776**	**(46)**	**454,027**	**568,757**
Net profit	-	-	-	-	-	454,027	454,027
Other comprehensive income:	-	-	-	114,776	(46)	-	114,730
Currency translation differences from the foreign operations' conversion	-	-	-	-	(46)	-	(46)
Net valuation of financial assets measured at fair value through other comprehensive income	-	-	-	114,776	-	-	114,776
Equity awards program	**-**	**-**	**(3,591)**	**-**	**49,394**	**-**	**45,803**
Balance as at 31 March 2024	**522,638**	**3,001,260**	**(3,591)**	**243,182**	**3,240,007**	**3,340,555**	**10,344,051**

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

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

Condensed consolidated statement of cash flows

PLN '000 For a period	I quarter accruals period from 01.01.25 to 31.03.25	I quarter accruals period from 01.01.24 to 31.03.24
Cash at the beginning of the reporting period	**5,794,361**	**1,241,874**
Cash flows from operating activities	895,421	(167,359)
Cash flows from investing activities	(352)	(21,699)
Cash flows from financing activities	(14,147)	**(7,031)**
Cash at the end of the reporting period	**6,675,283**	**1,045,785**
Increase/(decrease) in net cash	**880,922**	**(196,089)**

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

Supplementary notes to the interim condensed consolidated financial statements

1 General information about the Bank and the Capital Group

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

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

The Bank and its subsidiaries are expected to continue the business activity for an unspecified period of time.

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

The majority and strategic shareholder of the Bank is Citibank Europe Plc based in Dublin, Ireland – a company in the Citi Group (parent company of the Bank). The ultimate parent is Citigroup Inc.

Citi is a leading global provider of a wide range of financial services and products for corporations, institutional investors, public administration and individual clients, operating in more than 160 countries and jurisdictions. Citi provides services to business entities with international ambitions and is also a global leader in the field of wealth management services. Also, Citi offers banking services for individual clients in the United States. For more information, please visit website: **https://www.citigroup.com/global/about-us**

Bank Handlowy w Warszawie S.A. is a universal bank that offers a wide range of banking and brokerage services for individuals and corporate customers.

These interim condensed consolidated financial statements present financial data of the Capital Group of Bank Handlowy w Warszawie S.A. ('the Group"), that is composed of Bank Handlowy w Warszawie S.A. ('the Bank") as the parent company and its subsidiaries entities.

The Group consists of the following subsidiaries:

Subsidiaries	Registered office	% of votes at the General Meeting of Shareholders	
		31.03.2025	31.12.2024
Entities fully consolidated			
Handlowy Financial Services Sp. z o. o.	Warsaw	100.00	100.00
Handlowy-Leasing Sp. z o.o. *(apart from indirect shareholding via Handlowy-Inwestycje Sp. z o.o. where the share in equity equals 2.53%).)*	Warsaw	97.47	97.47
Handlowy Investments S.A.	Luxembourg	100.00	100.00
Handlowy-Inwestycje Sp. z o.o.	Warsaw	100.00	100.00

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

2 Declaration of conformity

The interim condensed consolidated financial statements of the Group have been prepared for the period from 1 January 2025 to 31 March 2025 and for the consolidated statement of financial position as at 31 March 2025. Comparative financial data are presented for the period from 1 January 2024 to 31 March 2024 and for the consolidated statement of financial position as at 31 December 2024.

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

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard IAS 34 *Interim Financial Reporting* ("IAS 34"), adopted by European Union and with other applicable regulations.

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

In accordance with the Decree of the Ministry of Finance dated 29 March 2018 regarding current and periodic information provided by issuers of securities and the requirements for recognition of information required by the law of a non-Member State as equivalent (Official Journal from 2018, No. 757, as amended) ("Decree") the Bank is obliged to publish its financial results for the 3-month period ended 31 March 2025 which is deemed to be the current interim financial reporting period.

3 Significant accounting policies

The interim condensed consolidated financial statements of the Group for the 3-month period ended 31 March 2025 have been prepared in accordance with accounting principles adopted and described in the annual consolidated financial statements of the Group for the financial year ended 31 December 2024, except for the income tax expense that was calculated according to the rules of IAS 34.

The preparation of interim condensed consolidated financial statements of the Group with accordance to International Financial Reporting Standards requires that the Management should make certain estimates and adopt related assumptions that affect the amounts reported in the financial statements. These financial statements are based on the same estimation rules which were used in the annual consolidated financial statements of the Group for the financial year ended 31 December 2024.

The estimations and respective assumptions are made based on historical data available and multiple other 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. Actual values may differ from estimation values.

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

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

Standards and interpretations applicable from 1 January 2025:

- IAS 21 "Effects of changes in foreign exchange rates", issued August 15, 2023, clarifies when a currency is convertible into other currencies, how an entity determines the exchange rate when a currency is non-convertible, and specifies the scope of disclosures that will help the financial statements' users to understand the impact of the lack of convertibility of currency on entity's financial position, financial performance and cash flows.

The Group believes that the change in the standard will not have a significant impact on the financial statements.

Standards and interpretations issued but awaiting endorsement by the European Union and not yet obligatory

- 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 Group is in the process of assessing the impact of the new standard on the financial statements.

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

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

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

- On 18 July 2024, amendments to the International Financial Reporting Standards and International Accounting Standards (Volume 11) were issued, resulting from the annual review. These changes are intended to clarify the wording used in the standards, in order to improve their legibility, consistency and eliminate possible ambiguities. The changes introduced in this review relate to IFRS 1 ' First-time Adoption of International Financial Reporting Standards', IFRS 7 'Financial Instruments: Disclosures', IFRS 9 'Financial Instruments', IFRS 10 'Consolidated Financial Statements', IAS 7 "Statement of Cash Flows". The changes 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 (PPAs) in mitigating the effects of climate change and decarbonizing production processes, the International Accounting Standards Board has introduced amendments to IFRS 9 “Financial Instruments” and IFRS 7 “Financial Instruments: Disclosures” (issued on 18 December 2024), which are intended to help better reflect the impact of such agreements on financial statements. The amendments will be effective from 1 January 2026 and will not affect the Bank's financial statements.

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 tax rate that would be applicable to expected total annual result, that is, 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 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 trade financial instruments and revaluation income.

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

PLN		31 March 2025	31 December 2024	31 March 2024
1	USD	3.8643	4.1012	3.9886
1	CHF	4.3875	4.5371	4.4250
1	EUR	4.1839	4.2730	4.3009

4 Macroeconomic conditions and the situation in money, foreign exchange and capital markets

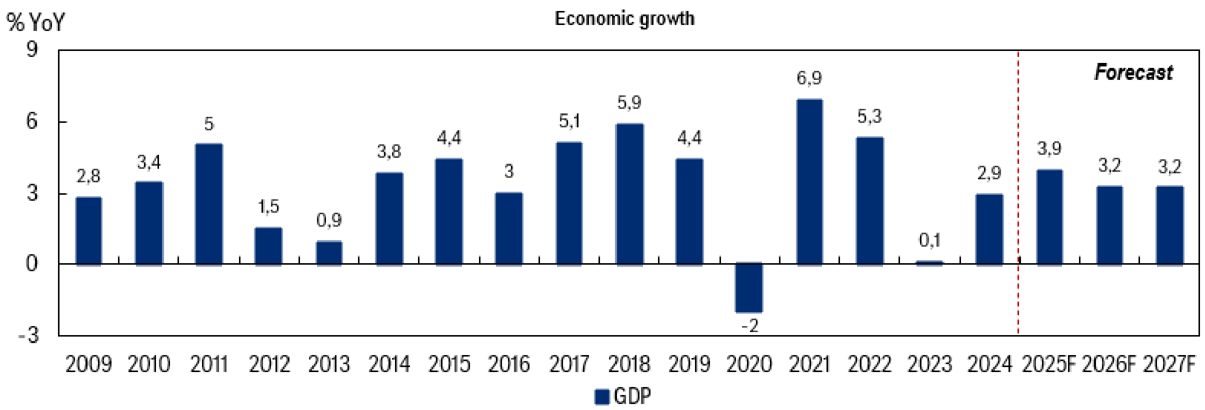
1. Macroeconomic conditions and the situation in money and foreign exchange markets

The Group expects GDP growth to accelerate to around 3.9% this year, compared to 2.9% in 2024.

After a growth by 0.9% YoY in the fourth quarter of 2024, industrial output slowed down in the first quarter of 2025, to -0.2% YoY. Polish industry continues to be influenced by the slowdown in the eurozone and the low volume of orders. In the first two months of the first quarter of 2025, imports increased by 5.6% YoY on average, while exports decreased by 0.6% YoY on average. The cumulated 12-month current account balance in the balance of payments was negative at -0.1% GDP after February, as compared to about 0.2% of the GDP as at the end of the fourth quarter of 2024. At the same time, construction and assembly production increased by 1% YoY in the first quarter of 2025, as compared to a decrease by 9% YoY in the fourth quarter of 2024.

The growth rate of average wages in the companies sector fell to 8.3% YoY in the first quarter of 2025, from 10.2% YoY in the fourth quarter of 2024. As a result of higher inflation, the growth in real wages was lower than in the previous quarters and in the first quarter of 2025 leveled at 3.2% YoY. Retail sales slowed down to 1.3% YoY in the first quarter of 2025, as compared to 2.1% YoY in the fourth quarter of 2024.

The condition of the labor market remains good. The registered unemployment rate in March 2025 was 5.3% as compared to 5.1% in December 2024.



Source: Chief Statistical Office, Citi Handlowy forecast

Prices of consumer goods and services in the first quarter of 2025 rose, on average, by 4.9% YoY as compared to 4.8% in the fourth quarter of 2025. Inflation remained elevated, among other things, due to an increase in excise tax rates. Net inflation, calculated excluding prices of food, fuel and energy, fell to 3.6% YoY in the first quarter of 2025 from 4.1% YoY in the fourth quarter of 2024. The Group expects inflation to decline to around 4% in the coming months. Price growth in the near future will probably approach the upper part of the National Bank of Poland's inflation target band (2.5% +/- 1 percentage point).

In the face of increased inflation, the Monetary Policy Council has maintained the reference rate at 5.75%, unchanged since October 2023.

The first quarter of 2025 saw a PLN appreciation versus a majority of the main currencies. The Polish zloty strengthened against EUR and USD by 2.1% and 6.6%, respectively.

Yields on Polish 2-year bonds decreased as at the end of March 2025 by 9 bps (to 5.06%) against the end of December 2024. Yields on 5-year bonds decreased as at the end of March 2025 by 17 bps (to 5.36%) against the end of December 2024. Yields on 10-year bonds dropped by 17 bps, down to 5.73%. WIBOR 3M did not change from the end of December 2024 and stood at 5.84% as at the end of March 2025.

2. Capital market situation

The Polish stock market achieved impressive growth in the first quarter of 2025, clearly beating both global and regional benchmarks. Positive returns were provided by medium and small companies, mWIG40 and sWIG80 closed the quarter with increases of 17.35% and 12.64% QoQ, respectively. The WIG index increased by 20.58% QoQ, reaching 95,953.33 points, while WIG20 soared even higher (+22.68% QoQ to 2,689.05 points). For the aggregated WIG, this was the fourth best quarterly result since 2005, second only to the increases from the period of recovery after the financial crisis (second quarter and third quarter of 2009) and the pandemic (fourth quarter of 2020). The attempt to break through the psychological barrier of 100,000 points has not so far been successful due to a significant deterioration in external sentiment. It is worth noting that over last five years Polish indices have significantly outperformed global markets - WIG gained 130.5% and mWIG40 as much as 152.1%, while S&P 500 increased by 117.1% and EuroStoxx 50 only by 88.3%.

On sector level, the strongest growth was achieved by fuel companies (WIG-Paliwa [WIG-Fuels] +43.09% QoQ), IT companies (WIG-Informatyka [WIG-IT] +33.39% QoQ) and banks (WIG-Banki [WIG-Banks] +29.84% QoQ). The particularly impressive result of the banking sector resulted from an improvement in interest margins and expected stabilization of interest rates. On the other hand, the media sector (WIG-Media +2.77% QoQ) and automotive sector (WIG-Motoryzacja [WIG-Automotive] -1.70% QoQ) clearly lagged behind the market, which resulted from regulatory pressure and the consumer slowdown.

In contrast to the bull market in Poland, the main US indices declined: S&P: 500; -4.6% QoQ (the weakest quarter since the second quarter of 2022) and Nasdaq Composite -10.4% QoQ, while the European EuroStoxx 50 and Stoxx 600 rose by 7.2% and 5.2% QoQ, respectively. Expectations of intensified fiscal stimulus and the possibility of de-escalation of the conflict in Ukraine reduced the persistently high discount in valuations based on the multiples method between Europe and the USA.

The advantage of emerging markets over developed markets was also clearly visible – the MSCI Emerging Markets index gained 2.4% QoQ, while the MSCI World lost 2.1% QoQ, with the EMEA region as the best performer among emerging markets (+16.6% QoQ), with Poland as a key player in that region.

Equity market indices

Index	31.03.2025	31.12.2024	Change (%) QoQ	31.03.2024	Change (%) YoY
WIG	95,953.33	79,577.32	20.6%	82,745.58	16.0%
WIG-PL	100,381.95	83,145.56	20.7%	86,331.50	16.3%
WIG-div	2,035.52	1,712.82	18.8%	1,656.85	22.8%
WIG20	2,689.05	2,192.01	22.7%	2,436.05	10.4%
WIG20TR	5,663.33	4,615.99	22.7%	4,883.89	16.0%
WIG30	3,431.89	2,805.76	22.3%	3,022.06	13.6%
mWIG40	7,184.44	6,122.32	17.3%	6,326.51	13.6%
sWIG80	26,576.28	23,594.64	12.6%	24,256.95	9.6%
WIG-Banks	16,029.62	12,345.94	29.8%	13,524.76	18.5%
WIG-Construction	7,900.07	6,786.32	16.4%	8,498.15	(7.0%)
WIG-Chemicals	8,555.55	7,642.64	11.9%	9,816.89	(12.8%)
WIG- Energy	3,075.75	2,491.54	23.4%	2,419.55	27.1%
WIG-Games	16,038.50	14,000.06	14.6%	15,592.59	2.9%
WIG- Mining	4,171.87	3,822.78	9.1%	4,000.49	4.3%
WIG-IT	7,567.18	5,673.05	33.4%	4,835.69	56.5%
WIG-Medicines	3,374.46	3,134.33	7.7%	2,736.58	23.3%
WIG-Media	7,053.38	6,863.45	2.8%	8,764.00	(19.5%)
WIG-Automotive	7,810.89	7,946.26	(1.7%)	8,844.70	(11.7%)
WIG- Developers	4,658.40	4,148.98	12.3%	4,230.23	10.1%
WIG-Clothing	13,093.49	11,063.68	18.3%	8,746.28	49.7%
WIG- Fuel	7,472.89	5,222.62	43.1%	6,659.93	12.2%
WIG -Food	3,018.59	2,692.89	12.1%	2,185.81	38.1%

Source: WSE, Brokerage Department of Bank Handlowy.

In the first quarter of 2025, the IPO market saw little activity, but in February Diagnostyka S.A. entered the Main Market of the Warsaw Stock Exchange (WSE). The value of the offering (PLN 1.7 billion) makes it one of the largest offerings on the WSE in recent years. At the same time, the delisting trend continued (4 companies left the market), hence at the end of March 408 companies were traded on the WSE, including 43 foreign ones. Total capitalization of companies listed on the main floor reached PLN 1,865.2 billion, 47.8% of which was represented by domestic companies (PLN 890.6 billion in nominal terms).

Equity and bond trading value and derivatives trading volumes on WSE

	Q1 2025	Q4 2024	Change (%) QoQ.[2]	Q1 2024	Change (%) YoY.[2]
Shares (PLN million)[1]	227,276	173,171	31.2%	169,430	34.1%
Bonds (PLN million)	2,468	1,780	38.7%	2,426	1.7%
Futures (in thousand contracts)	7,280	5,633	29.2%	7,231	0.7%
Options (in thousand contracts)	118	116	1.7%	88	34.1%

1) *excluding calls*
2) *differences may result from rounding*

Source: WSE, Brokerage Department of Bank Handlowy.

5 Banking sector

According to data published by the National Bank of Poland, at the end of March 2025, the volume of loans granted to non-financial companies increased by 1.8% YoY (PLN 7.4 billion) to PLN 417 billion. The strongest increase was recorded in investment loans (+4.0% YoY, PLN 6.1 billion). Current loans came next, with a volume increase of 2.4% YoY (PLN 3.9 billion). However, in the category of real estate loans, there were no significant changes. In terms of loan currency, the increase in the volume of PLN loans (+2.4% YoY, PLN 6.8 billion) was significantly higher than the increase in the volume of foreign currency loans (+0.5% YoY, PLN 596 million).

In terms of maturities, the highest growth rate was recorded in the category of loans with maturities up to 1 year (+4.5% YoY). A similar growth trend (+4.1% YoY) occurred for the volume of loans with maturities from 1 to 5 years. The weakest portfolio was long-term loans (maturity over 5 years), the volume of which increased by only 1.6% YoY.

As at the end of March 2025, receivables from households increased by +2.9% YoY, or PLN 22.2 billion, and reaching the level of almost PLN 794 billion. At the same time, the downward trend in the volume of receivables in foreign currencies continued (-24.0% YoY, PLN 17.1 billion), while the volume of PLN-denominated receivables increased (+5.6% YoY, PLN 39.3 billion). This trend results from changes in the category of mortgage loans portfolio, as new loans in foreign currencies are rarely granted any more, and the existing portfolio is being converted or paid back on a regular basis (-24.0% YoY, PLN 16.6 billion), coupled with strong demand for PLN loans (+6.2% YoY, PLN 26.6 billion). In total, the volume of mortgage loans went up by 2.0% YoY, to PLN 10.0 billion. Slightly worse dynamics was recorded in the portfolio of current loans for entrepreneurs and individual farmers (+1.1% YoY, PLN 0.5 billion), while the investment loan portfolio saw a large decline in volume (-6.5% YoY, PLN 1.1 billion). The volume of consumer loans, on the other hand, showed an increase by +6.3% YoY, to PLN 12.5 billion.

In terms of the maturity structure, the highest growth was recorded for loans with maturities of 1 to 5 years (+12.6% YoY), with only a slight increase in loans with longer maturities (+2.0% YoY) resulting from the trends in mortgage loans described above, while the volume of current loans (up to 1 year) fell by 3.6% YoY.

Year over year, the quality of the loan portfolio in the banking sector improved with the share of non-performing loans (stage 3) granted to clients from the non-financial sector (together with the public sector) at 4.7% as at the end of February 2025, which means an improvement by 0.4 p.p. as compared to prior year. The strongest improvement was achieved in the segment of consumer loans (-1.7 p.p. YoY, to 6.6%), and for the portfolio of loans for small and medium-sized enterprises (-1.0 p.p. YoY, up to 6.8%). PLN mortgage loans to households show the best quality among all types of loans (1.3%, -0.2 p.p. YoY). The quality of mortgage loans in other currencies also improved (-3.3 p.p. YoY, to 5.3%). On the other hand, timeliness of repayment of loans to large companies deteriorated significantly (+3.1 p.p. YoY, to 7.0%), as a result of which, for the first time in history, the quality of the loan portfolio for large companies is worse than that of the SME loan portfolio.

The volume of deposits of non-financial companies increased by 5.9% YoY, or PLN 28.2 billion, reaching above PLN 505 billion at the end of March 2025. This growth was driven by a high increase in term deposits (+9.8% YoY, PLN 16.1 billion), and also the higher volume of current deposits by 3.9% YoY, PLN 12.1 billion).

At the same time, the volume of liabilities of banks to households maintained a much faster dynamics, exceeding the level of PLN 1,368 billion (+9.8% YoY, PLN 121.6 billion). In this case, the dynamics of the volume of current deposits (+11.4% YoY, PLN 97.6 billion) was almost twice as high as the dynamics of the volume of term deposits (+6.2% YoY, PLN 24.0 billion).

The banking sector started the year 2025 well, generating almost PLN 8.2 billion in net profit in the first two months, which is +11.1% (PLN 815 million) more than in the same period of 2024. The high growth of revenues is still maintained. The interest income increased by PLN 1.6 billion (+9.3% YoY). On the other hand, the fees and commissions income declined (-1.7% YoY, PLN 56 million). Other revenues rose by PLN 184 million (+20.6% YoY). In total, the banking sector revenues exceeded PLN 23.1 billion, which is PLN 1.7 billion (+8.1% YoY) more than in January-February 2024. Banks recorded higher cost growth (+9.4% YoY, or PLN 788 million, to PLN 9.2 billion), as well as a high increase in depreciation & amortization (+7.4% YoY, or PLN 63 million, to PLN 914 million), which resulted in a slight deterioration of the cost efficiency ratio (costs/income) from 43% to 44%. The already announced increase in the contributions to the

Compulsory Resolution Fund and the reinstatement of collecting the contributions to the Bank Guarantee Fund will translate into higher costs for the sector and will be booked in March 2025, leading to a further deterioration of the cost-to-income ratio. However, the main reason for the increase in costs remains the strong growth of employee costs, as well as increasing prices of goods and services purchased by banks. In the first two months of 2025, banks also incurred relatively low costs from the set up provisions and credit losses totaling PLN 1.1 billion (-16% YoY, or PLN 215 million). It is most likely that In March 2025 there will be another increase in the amount of provisions related to ongoing proceedings concerning mortgage loans in foreign currencies. A further increase in the banking levy is also expected. Its amount for the first two months of 2025 was around PLN 1 billion. The income tax paid by banks was PLN 2.7 billion, which is +6.3% YoY, (PLN 162 million).

6 The impact of the war in Ukraine

On February 24, 2022, an unprecedented event took place – the invasion of the independent state of Ukraine by Russian troops. The outbreak of war in a country neighboring Poland has a significant impact on the economic and operational environment in which the Group operates.

The Bank's Management Board monitors the situation of the outbreak of war in Ukraine and its direct impact on lending activities and operational risk (mainly threats in cyberspace). In the case of lending activities, the Bank does not operate in Ukraine, Russia or Belarus, and the Bank's credit exposure to companies significantly involved in these countries is insignificant.

7 Financial analysis of the results of the Capital Group of the Bank

1. Consolidated statement of financial position

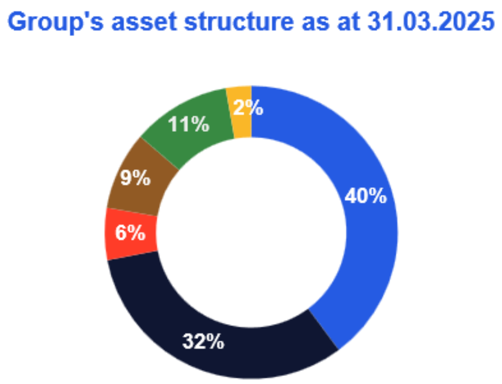
As at the end of the first quarter of 2025 **total assets** stood at PLN 77.2 billion, up by PLN 4.7 billion (or 6.5%) compared to the end of 2024.

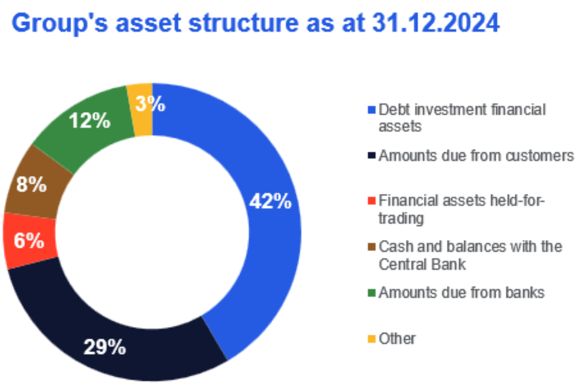
In terms of assets, the biggest nominal changes in the balance sheet took place in line **amounts due from customers** which amounted to PLN 24.8 billion at the end of March 2025 and were higher by PLN 3.5 billion (i.e. 16.2% or 5.2% excluding reverse repo transactions) compared to the end of 2024 due to a significant increase in credit volumes in the Institutional Banking segment. The share of amounts due from customers in total assets amounted to 32.2% at the end of March 2025.

The largest share in total assets at the end of the first quarter of 2025, amounting to 39.8%, was held by **investment debt financial assets,** the balance of which increased by PLN 620.2 million (i.e. 2.1%) compared to the end of 2024, due to the higher volume of NBP money bills.

The value of net loans in the Institutional Banking segment, representing the sum of amounts due from both financial sector and non-financial sector entities – institutional clients, amounted to PLN 18.8 billion, up by almost PLN 3.5 billion (i.e. 22.7%) compared to the end of 2024 (7.5% excluding reverse repo transactions and concerned higher loan volumes). At the same time, non-financial sector clients - corporate clients – also showed higher demand for loans, in the first quarter of 2025, the value of newly granted loans, increases or extensions of existing financing increased threefold compared to the first quarter of 2024 and twice compared to the fourth quarter of 2024. A detailed breakdown of assets by individual segments in the management view is provided in Note 9.

The volume of net loans granted to individual customers slightly decreased compared to the end of December 2024 by PLN 36.3 million, i.e. 0.6% and amounted to slightly above PLN 6.0 billion. The decrease mentioned above relates unsecured receivables caused by lower credit card balances (down PLN 90.3 million, i.e. 4.4% YoY), which was partially offset by an increase in cash loans (up PLN 35.1 million, i.e. 2.2% YoY), thanks to a return to higher consumption observed among individual customers.





Amounts due from customers

PLN '000	31.03.2025	31.12.2024	Change	
			PLN '000	%
Amounts due from financial sector entities, including:	**8,245,276**	**5,107,751**	**3,137,525**	**61.4%**
Loans, placements and advances, debt financial assets unlisted and deposits pledged as collateral	5,581,830	4,804,343	777,487	16.2%
Receivables related to reverse repo transactions	2,663,446	303,408	2,360,038	777.8%
Amounts due from non-financial sector entities, including:	**16,572,821**	**16,259,495**	**313,326**	**1.9%**
Institutional clients*	10,571,384	10,221,799	349,585	3.4%
Individual clients, including:	6,001,437	6,037,696	(36,259)	(0.6%)
unsecured receivables	3,650,179	3,691,071	(40,892)	(1.1%)
mortgage loans	2,351,258	2,346,625	4,633	0.2%
Total receivables from customers	**24,818,097**	**21,367,246**	**3,450,851**	**16.2%**

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

Amounts due from customers as per credit risk classification

PLN '000	31.03.2025	31.12.2024	Change	
			PLN '000	%
Receivables not impaired (Stage 1), including	**22,089,063**	**18,569,574**	**3,519,489**	**19.0%**
financial institutions	8,247,958	5,110,359	3,137,599	61.4%
non-financial sector entities	13,841,105	13,459,215	381,890	2.8%
institutional clients*	9,158,887	8,878,518	280,369	3.2%
individual customers	4,682,218	4,580,697	101,521	2.2%
Receivables not impaired (Stage 2), including	**2,645,980**	**2,702,016**	**(56,036)**	**(2.1%)**
financial institutions	11	15	(4)	(26.7%)
non-financial sector entities	2,645,969	2,702,001	(56,032)	(2.1%)
institutional clients*	1,376,830	1,282,206	94,624	7.4%
individual customers	1,269,139	1,419,795	(150,656)	(10.6%)
Receivables impaired (Stage 3), including:	**612,770**	**622,047**	**(9,277)**	**(1.5%)**
non-financial sector entities	612,770	622,047	(9,277)	(1.5%)
institutional clients*	264,421	280,708	(16,287)	(5.8%)
individual customers	348,349	341,339	7,010	2.1%
Purchased or originated credit-impaired loans:	**19,401**	**19,320**	**81**	**0.4%**
non-financial sector entities	19,401	19,320	81	0.4%
institutional clients*	316	875	(559)	(63.9%)
individual customers	19,085	18,445	640	3.5%
Total gross loans to customers, including:	**25,367,214**	**21,912,957**	**3,454,257**	**15.8%**
financial institutions	8,247,969	5,110,374	3,137,595	61.4%
non-financial sector entities	17,119,245	16,802,583	316,662	1.9%
institutional clients*	10,800,454	10,442,307	358,147	3.4%
individual customers	6,318,791	6,360,276	(41,485)	(0.7%)
Provisions for expected credit losses	**(549,117)**	**(545,711)**	**(3,406)**	**0.6%**
Total net amounts due from customers	**24,818,097**	**21,367,246**	**3,450,851**	**16.2%**
Provisions coverage ratio	**68.0%**	**66.2%**		
institutional clients*	62.7%	58.9%		
individual customers	73.7%	73.7%		
Non-performing loans ratio (NPL)**	**2.5%**	**2.9%**		

**Institutional clients include enterprises, public sector, public and private companies, cooperatives, individual enterprises, non-commercial institutions operating for households.*
***The ratio of non-performing loans is defined as the ratio of Receivables impaired and Purchased or originated credit-impaired loans to total gross loans to customers*

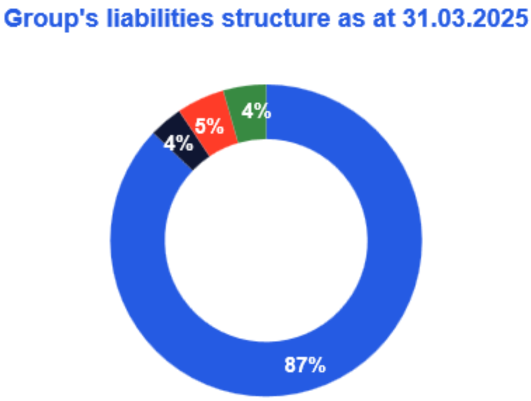
As at the end of the first quarter of 2025 **total liabilities** amounted to PLN 66.8 billion, up by PLN 4.2 billion (i.e. 6.7%) compared to the end of 2024. In the first quarter of 2025 **amounts due to customers - deposits** were the dominant source of financing of the Group's activity (they accounted for 75.4% of the Group's liabilities and equity) and as at March

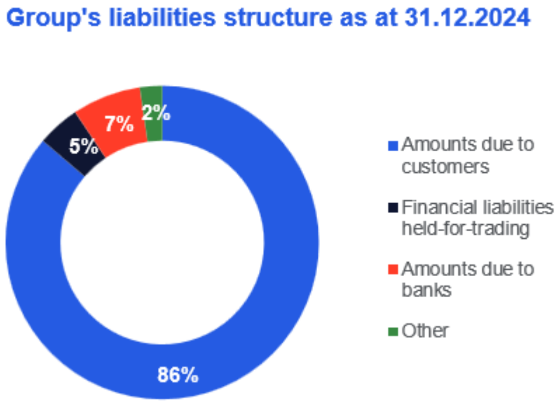
31, 2025 they reached PLN 58.2 billion, which means an increase of PLN 4.2 billion (i.e. 7.8%) compared to the end of 2024 which is a consequence of an increase in term deposit balances by PLN 7.1 billion, i.e. 40.7%. mainly in the public sector in the Institutional Clients segment.

The above increase was partially offset by a lower balance of current deposits (down by PLN 2.7 billion, i.e. 7.5% compared to the end of 2024) mainly among corporate clients of non-financial sector.

The deposit volumes in the Institutional Banking segment as of the end of the first quarter of 2025 amounted to PLN 37.5 billion, up by almost PLN 4.2 billion (i.e. 12.5%) compared to the end of 2024. An increase mentioned above concerned mainly corporate clients and public sector term deposit balance. A detailed breakdown of liabilities by segments in the management view is provided in Note 9.

The deposit volumes in the Consumer Banking segment amounted to PLN 20.2 billion and slightly increased by PLN 165.5 million (i.e. 0.8%) compared to the end of December 2024 as a consequence of a higher balance of term deposits by PLN 320 million (i.e. 3.7%) due to their attractive interest rates for customers from the strategic customer group (Citigold Private Client and Citigold).





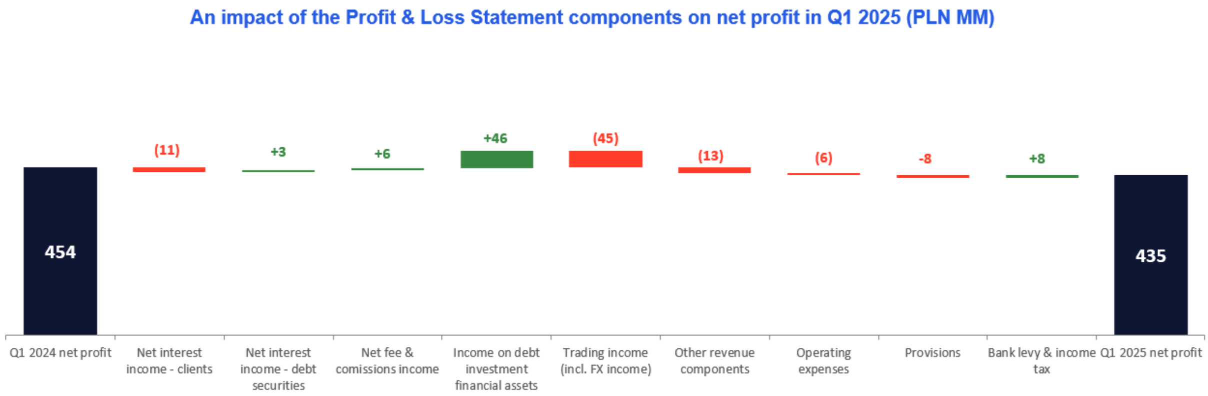
Loan-to-deposit ratio amounted to 43% as at the end of March 2025 comparing to 40% as at December 31, 2024, and comparing to 39% as at March 31, 2024.

Amounts due to customers

PLN '000	31.03.2025	31.12.2024	Change PLN '000	%
Current accounts, including:	**33,379,007**	**36,099,094**	**(2,720,087)**	**(7.5%)**
financial sector entities	1,743,953	1,748,848	(4,895)	(0.3%)
non-financial sector entities, including:	31,635,054	34,350,246	(2,715,192)	(7.9%)
institutional clients*	20,405,078	22,965,002	(2,559,924)	(11.1%)
individual clients	11,229,976	11,385,244	(155,268)	(1.4%)
Term deposits, including:	**24,392,562**	**17,338,138**	**7,054,424**	**40.7%**
financial sector entities	2,363,037	2,249,188	113,849	5.1%
non-financial sector entities, including:	22,029,525	15,088,950	6,940,575	46.0%
institutional clients*	13,014,298	6,394,520	6,619,778	103.5%
individual customers	9,015,227	8,694,430	320,797	3.7%
Total customers deposits	**57,771,569**	**53,437,232**	**4,334,337**	**8.1%**
Other amounts due to customers	**419,968**	**547,800**	**(127,832)**	**(23.3%)**
Total amounts due to customers	**58,191,537**	**53,985,032**	**4,206,505**	**7.8%**

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

2. Consolidated income statement



In the first quarter of 2025 the Group delivered a **consolidated net profit** of PLN 435.0 million, which means a decrease by PLN 19.0 million (i.e. 4.2%) compared to the first quarter of 2024 mainly as a result of lower revenues due to lower results on hedge accounting (other revenues).

Net interest income

- **Net interest income** amounted to PLN 789.6 million and was slightly lower by PLN 8.3 million (i.e. 1.0%) compared to the first quarter of 2024.
- **Interest income** in the first quarter of 2025 was slightly lower by PLN 9.9 million (i.e. 0.9%) compared to the corresponding period of 2024 and amounted to slightly below PLN 1,1 billion. After excluding "interest income from instruments in hedge accounting", interest income increased by PLN 12.8 million YoY (i.e. 1.2% YoY) mainly due to higher interest income from financial sector clients (an increase of PLN 30.7 million, i.e. 50.0% YoY), thanks to higher credit volumes. At the same time, the largest nominal decrease in interest income was recorded by amounts due from banks, by PLN 25.2 million (i.e. 22.2% YoY), partially offset by higher interest income from balances with the Central Bank, by PLN 17.8 million (i.e. 35.0% YoY).
- **Interest expenses** of the Group in the first quarter of 2025 were slightly lower by PLN 1.6 million (i.e. 0.5%) as compared to the corresponding period of 2024 and amounted to PLN 306.1 million. After excluding "interest expense on hedge accounting instruments", interest expenses increased by PLN 25.5 million YoY, i.e. 9.7% YoY). The largest share in interest expense are amounts due to customers, which increased by PLN 29.5 million YoY (i.e. 13.0% YoY) due to the higher volume of term deposits.

PLN '000	01.07 – 31.03.2025	01.07 – 31.03.2024	Change	
			PLN '000	%
Interest income	**1,043,590**	**1,035,533**	**8,057**	**0.8%**
Financial assets measured at amortized cost	**561,479**	**551,900**	**9,579**	**1.7%**
Balances with the Central Bank	68,509	50,729	17,780	35.0%
Amounts due from banks	88,521	113,749	(25,228)	(22.2%)
Amounts due from customers, in respect of:	404,449	387,422	17,027	4.4%
financial sector	92,156	61,429	30,727	50.0%
non-financial sector, including:	312,293	325,993	(13,700)	(4.2%)
credit cards	67,694	74,878	(7,184)	(9.6%)
Financial assets measured at fair value through comprehensive income	**482,111**	**483,633**	**(1,522)**	**(0.3%)**
Debt investment financial assets measured at fair value through comprehensive income	482,111	483,633	(1,522)	(0.3%)
Similar income	**52,188**	**70,106**	**(17,918)**	**(25.6%)**
Debt securities held-for-trading	20,373	15,755	4,618	29.3%
Liabilities with negative interest rate	104	10	94	940.0%
Derivative instruments in hedge accounting	31,711	54,341	(22,630)	(41.6%)
	1,095,778	**1,105,639**	**(9,861)**	**(0.9%)**
Interest expense and similar charges for				
Financial liabilities measured at amortized cost	**(288,284)**	**(262,797)**	**(25,487)**	**9.7%**

PLN '000	01.07 – 31.03.2025	01.07 – 31.03.2024	Change	
			PLN '000	%
Transactions with the Central Bank	(1)	(1)	-	-
Amounts due to banks	(20,262)	(34,657)	14,395	(41.5%)
Amounts due to customers	(256,634)	(227,102)	(29,532)	13.0%
Amounts due to financial sector entities	(38,187)	(34,466)	(3,721)	10.8%
Amounts due to non-financial sector entities	(218,447)	(192,636)	(25,811)	13.4%
Loans and advances acquired	(10,302)	-	(10,302)	-
Amounts due to leasing	(1,085)	(1,037)	(48)	4.6%
Assets with negative interest rate	**(17,858)**	**(44,927)**	**27,069**	**(60.3%)**
	(306,142)	**(307,724)**	**1,582**	**(0.5%)**
Net interest income	**789,636**	**797,915**	**(8,279)**	**(1.0%)**

Net fee and commission income

- **Net fee and commission income** in the amount of PLN 150.8 million compared to PLN 144.3 million in the corresponding period of 2024 - an increase by PLN 6.5 million, i.e. 4.5% YoY due to higher revenues from activities related to capital markets, as a result of which the highest nominal increase was recorded in revenues from brokerage activities by PLN 12.5 million, i.e. 98.1% YoY, mainly as a result of the IPO transaction of Diagnostyka S.A. and the transaction related to the issue of a new series of shares of CCC S.A. At the same time, the Bank recorded an increase in revenues from custody services by PLN 4.1 million, i.e. 13.6% YoY, mainly thanks to new clients acquisition.

  The increases mentioned above were partially offset by a decrease in commission income from servicing bank accounts by PLN 3.7 million, i.e. 12.8% YoY, a decrease in income from the provision on clients' cash on account management services by PLN 2.3 million, i.e. 30.0% YoY, and a decrease in income from payment and credit cards by PLN 2.1 million, i.e. 7.2% YoY, among others due to lower FX income.

  Fee and commission expenses in the first quarter of 2025 amounted to PLN 30.3 million, up by PLN 2.4 million YoY (i.e. 8.5% YoY). This increase was mainly related to brokerage activities due to higher turnover on the WSE, in which the Bank acted as an intermediary.

PLN '000	01.07 – 31.03.2025	01.07– 31.03.2024	Change	
			PLN '000	%
Fee and commission income				
Credit activities (other than income covered by the calculation of the effective interest rate process)	11,863	12,231	(368)	(3.0%)
Servicing bank accounts	25,481	29,211	(3,730)	(12.8%)
Insurance and investment products distribution	11,774	12,186	(412)	(3.4%)
Payment and credit cards	26,931	29,025	(2,094)	(7.2%)
Payment services	26,881	28,067	(1,186)	(4.2%)
Custody services	34,056	29,992	4,064	13.6%
Brokerage operations	25,332	12,789	12,543	98.1%
Clients' cash on account management services	5,307	7,577	(2,270)	(30.0%)
Financial liabilities granted	10,917	8,204	2,713	33.1%
Other	2,530	2,943	(413)	(14.0%)
	181,072	**172,225**	**8,847**	**5.1%**
Fee and commission expense				
Payment and credit cards	(9,895)	(9,550)	(345)	3.6%
Brokerage activity	(5,014)	(4,154)	(860)	20.7%
Fees paid to the National Depository for Securities (KDPW)	(8,820)	(8,310)	(510)	6.1%
Brokerage fees	(851)	(1,202)	351	(29.2%)
Other	(5,725)	(4,711)	(1,014)	21.5%
	(30,305)	**(27,927)**	**(2,378)**	**8.5%**
Net fee and commission income	**150,767**	**144,298**	**6,469**	**4.5%**

- **Other operating income** (i.e. non-interest and non-commission income) amounted to PLN 126.5 million as compared to PLN 138.4 million in the first quarter of 2024 and recorded a decrease by PLN 11.9 million, i.e. 8.6% YoY) mainly due to lower result on trading financial instruments and revaluation (drop by PLN 44.8 million, i.e. 33.1% YoY) and due to the recorded loss on the result on hedge accounting (PLN 2.4 million compared to a net profit of PLN 7.8 million in the first quarter of 2024), which was partially offset by an increase in the result on debt investment financial assets by PLN 46.2 million, i.e. 754.4% YoY).

General administrative expenses and depreciation expenses

- **General administrative and depreciation expenses** of PLN 476.0 million compared to PLN 470.3 million in the first quarter of 2024 – up by PLN 5.7 million (i.e. 1.2% YoY) due to increase in staff expenses by PLN 17.0 million, i.e. 8.8% YoY) and due to and higher costs of Bank Guarantee Fund by PLN 8.4 million, i.e. 9.3% YoY (higher contribution to the compulsory bank restructuring fund within the BGF by PLN 5.9 million), partially offset by a decrease in depreciation by PLN 16.4 million (55.7% YoY) – concerning Consumer Banking Segment and a decrease in real estate maintenance and rent costs by PLN 5.1 million, i.e. 22.6% YoY) in connection with the completion of the renovation of the Bank's headquarters and a decrease in the costs of telecommunications fees and hardware purchase costs by PLN 2.9 million (i.e. 4.8% YoY) and . All costs related to software used in the retail business segment are recognized in current period.

PLN '000	01.07 – 31.03.2025	01.07 – 31.03.2024	Change PLN '000	Change %
Staff expenses	**(210,910)**	**(193,927)**	**(16,983)**	**8.8%**
Remuneration costs	(155,310)	(141,730)	(13,580)	9.6%
Bonuses and rewards	(25,480)	(24,489)	(991)	4.0%
Social security costs	(30,120)	(27,708)	(2,412)	8.7%
Administrative expenses	**(252,015)**	**(246,818)**	**(5,197)**	**2.1%**
Telecommunication fees and hardware purchase costs	(57,290)	(60,150)	2,860	(4.8%)
Costs of external services, including advisory, audit, consulting services	(17,675)	(16,577)	(1,098)	6.6%
Real estates maintenance and rent costs	(17,419)	(22,500)	5,081	(22.6%)
Advertising and marketing costs	(12,818)	(10,594)	(2,224)	21.0%
Costs of cash management services, costs of clearing services and other transaction costs	(7,611)	(9,372)	1,761	(18.8%)
Costs of external services related to distribution of banking products	(15,286)	(13,161)	(2,125)	16.1%
Postal services, office supplies and printmaking costs	(1,203)	(1,456)	253	(17.4%)
Banking and capital supervision costs	(10,799)	(9,105)	(1,694)	18.6%
Bank Guarantee Funds costs	(98,243)	(89,850)	(8,393)	9.3%
Other expenses	(13,671)	(14,053)	382	(2.7%)
Depreciation	**(13,090)**	**(29,527)**	**16,437**	**(55.7%)**
General administrative expenses and depreciation expenses, total	**(476,015)**	**(470,272)**	**(5,743)**	**1.2%**

Provisions for expected credit losses on financial assets and provisions for off–balance sheet commitments

- **Provision for expected credit losses** on financial assets and provisions for off-balance sheet commitments amounted to PLN 2.4 million (positive impact) at the end of the first quarter of 2025 compared to PLN 10.4 million (positive impact) in the first quarter of 2024 mainly in the Consumer Banking due to the release of provisions in the first quarter of 2024.

PLN '000	01.07 – 31.03.2025	01.07 – 31.03.2024	Change PLN '000	Change %
Provision for expected credit losses on amounts due from banks and cash equivalents				
Provision creation	(448)	(390)	(58)	14.9%
Provision release	802	1,234	(432)	(35.0%)
	354	**844**	**(490)**	**(58.1%)**
Provision for expected credit losses on amounts due from customers				

PLN '000	01.07 – 31.03.2025	01.07 – 31.03.2024	Change PLN '000	%
Provision creation and reversals	**(1,690)**	**6,895**	**(8,585)**	**(124.5%)**
Provision creation	(49,149)	(55,700)	6,551	(11.8%)
Provision release	50,502	66,148	(15,646)	(23.7%)
Other	(3,043)	(3,553)	510	(14.4%)
Recoveries from debt sold	**9**	**11**	**(2)**	**(18.2%)**
	(1,681)	**6,906**	**(8,587)**	**(124.3%)**
Provision for expected credit losses on debt investment financial assets measured at fair value through other comprehensive income				
Provision creation	(1,716)	(3,456)	1,740	(50.3%)
Provision release	1,018	571	447	78.3%
	(698)	**(2,885)**	**2,187**	**(75.8%)**
Provision for expected credit losses on financial assets	**(2,025)**	**4,865**	**(6,890)**	**(141.6%)**
Created provisions	(5,591)	(4,730)	(861)	18.2%
Release of provisions	10,051	10,303	(252)	(2.4%)
Provision for expected credit losses for contingent liabilities	**4,460**	**5,573**	**(1,113)**	**(20.0%)**
Provision for expected credit losses on financial assets and provisions for contingent liabilities	**2,435**	**10,438**	**(8,003)**	**(76.7%)**

3. Financial Ratio

In the first quarter of 2025, the key efficiency ratios were as follows:

Total financial ratios	Q1 2025	Q1 2024
ROE*	19.8%	26.4%
ROA**	1.8%	2.9%
Cost/Income	44%	44%
Loans/Deposits	43%	39%
Loans/Total assets	32%	27%
Net interest income/Revenue	74%	74%
Net fee and commission income/Revenue	14%	13%

**Sum of net profit for the last four quarters to the average equity for the last four quarters (excluding 100% of net profit for the current year).*
***Sum of net profit for the last four quarters to the average assets for the last four quarters.*
Cost is the sum of the following items from the condensed consolidated income statement: General administrative expenses and Depreciation and amortization.
Income is the sum of the following items from the condensed consolidated income statement: Net interest income, Net fee and commission income, Dividend income, Net gain/(loss) on trading financial instruments and revaluation, Net gain/(loss) on debt investment financial assets measured at fair value through other comprehensive income, Net gain/(loss) on equity investments and other at fair value through income statement, Net gain/(loss) on hedge accounting, Net other operating income and expense.
Loans are items of Amounts due from customers from the condensed consolidated statement of financial position.
Deposits are items of Amounts due to customers from the condensed consolidated statement of financial position.

Group employment

In full time job equivalents (FTE)	01.01 – 31.03.2025	01.01 – 31.03.2024*	Change FTEs	%
Average employment in the first quarter	3,059	3,020	39	1.3%
Employment at the end of quarter	3,058	3,011	47	1.6%

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

Capital adequacy

Capital ratios were calculated according to the rules stated in the Regulation no 575/2013 of the European Parliament and of the Council (EU) of 26 June 2013 on prudential requirements for credit institutions and investment firms amending Regulation (EU) no 648/2012 with amendments ("CRR").

The table below presents the financial data used to calculate the Group's capital adequacy ratio.

PLN'000	31.03.2025	31.12.2024
I Common Equity Tier 1 Capital	**7,150,866**	**7,124,915**
Common Equity Tier 1 Capital	**7,150,866**	**7,124,915**
II Total capital requirements, including:	**2,478,886**	**2,687,736**
credit risk capital requirements	1,980,377	1,751,377
counterparty risk capital requirements	80,797	101,817
credit valuation correction capital requirements	7,388	8,688
exceeding the limit of large exposures	-	-
total market risk capital requirements	70,713	113,887
operational risk capital requirements	339,611	711,967
Common Equity Tier 1 Capital ratio (%)	**23.1%**	**21.2%**
Total Capital ratio (%)	**23.1%**	**21.2%**

On 16 December 2024 PFSA informed Bank that in the supervisory assessment process Bank's sensitivity to the possible materialization of stress scenarios affecting the level of own funds and risk exposure was assessed as low. Having regard to the above, the PFSA did not impose on Bank an additional capital add-on (P2G) for absorption of potential losses resulting from the occurrence of stress conditions.

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

The Bank as a resolution entity that is part of non-EU G-SII (Citigroup) in accordance with the definition contained in CRR and according to Art. 92a CRR must satisfy the following requirements for own funds and eligible liabilities:

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

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

In accordance with the CRR regulations, the amount of the required TLAC TREA plus the combined buffer requirement for the Bank as of 31 March 2025 is 20.84%, while TLAC TREA of the Bank on a consolidated level was 26.45%.

The Bank meets the TLAC TREA requirement after increasing the combined buffer requirement as of March 31, 2025.

On 6 June 2024, Bank concluded a subordinated loan agreement with Citibank Europe PLC with the registered office in Dublin. On 19 November 2024, in in accordance with the information presented in current announcement No. 37/2024 of 19 November 2024, the Management Board of the Bank decided to use EUR 250 million of the subordinated loan from the total amount granted in the framework subordinated loan agreement. Information on the implementation of the provisions of the subordinated framework loan agreement was made public in the current announcement. Value of the loan drawn as at 31 March 2025 is approximately PLN 1,046 million. The loan is classified as eligible liabilities, credited towards meeting the TLAC and MREL requirements.

01 January 2025 came into force the main changes resulting from Regulation CRR3 (i.e. Regulation (EU) 2024/1623 of the European Parliament and of the Council of 31 May 2024 amending Regulation (EU) No 575/2013 as regards requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor) which has impact on Group capital adequacy. The values as at the end of March 2025 take into account changes in the regulations applicable from 1 January 2025.

The impact of the new regulations resulted in an increase in the credit risk requirement with a simultaneous decrease in the operating requirement.

The change of methods for calculating the capital requirement for market risk will come into force on 1 January 2026.

8 Segment reporting

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

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

The allocation of Group's assets, liabilities, income and expenses to operating segments was made on the basis of internal information prepared for management purposes. Transfer of funds between Group's segments is based on prices derived from market rates. The transfer prices are calculated using the same rules for both segments and any difference results solely from maturity and currency structure of assets and liabilities. The basis for assessment of the segment performance is gross profit or loss.

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

Institutional Banking

Within the Institutional Banking segment, the Group provides comprehensive financial services to the largest Polish companies and strategic companies with a large potential of growth, and also to the largest financial institutions and to companies from the public sector. The offer in the Institutional Banking segment includes among others:

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

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

A shared characteristic of the institutional banking clients is that they need advanced financing products and advice relating to financial services. In this area, the Group ensures a coordinated offer of investment banking, treasury and cash management products and prepares loan proposals that cover differentiated forms of financing.

Consumer Banking

Within the Consumer Banking segment, the Group provides products and financial services to individual clients, micro enterprises and individual entrepreneurs. The whole range of banking products in Consumer Banking segment includes:

- Bank accounts and providing extensive credit and deposit products,
- Cash loans,
- Mortgage loans,
- Credit cards,
- Asset management services,
- Acting as an agent in investment and insurance products sale.

Consolidated income statement of the Group by business segment

For the period	01.01 – 31.03.2025			01.01 – 31.03.2024		
PLN '000	Institutional Banking	Consumer Banking	Total	Institutional Banking	Consumer Banking	Total
Net interest income	523,574	266,062	789,636	520,777	277,138	797,915
Internal interest income, including:	(163,311)	163,311	-	(169,083)	169,083	-
Internal income	-	163,311	163,311	-	169,083	169,083
Internal expenses	(163,311)	-	(163,311)	(169,083)	-	(169,083)
Net fee and commission income	117,151	33,616	150,767	106,487	37,811	144,298
Dividend income	26	63	89	35	58	93
Net gain/(loss) on trading financial instruments and revaluation	82,260	8,348	90,608	127,367	8,091	135,458
Net gain/(loss) on debt investment financial assets measured at fair value through other comprehensive income	40,067	-	40,067	(6,123)	-	(6,123)
Net gain/(loss) on equity investments and other measured at fair value through income statement	1,202	396	1,598	1,994	967	2,961
Net gain/(loss) on hedge accounting	(2,430)	-	(2,430)	7,753	-	7,753
Net other operating income	1,881	(5,359)	(3,478)	2,069	(3,809)	(1,740)
General administrative expenses	(241,555)	(221,370)	(462,925)	(244,019)	(196,726)	(440,745)
Depreciation and amortization	(8,089)	(5,001)	(13,090)	(6,384)	(23,143)	(29,527)
Profit on sale of other assets	1,139	(67)	1,072	1,920	(73)	1,847
Provisions for expected credit losses on financial assets and provisions for off–balance sheet commitments	(7,804)	10,239	2,435	(3,021)	13,459	10,438
Operating income	**507,422**	**86,927**	**594,349**	**508,855**	**113,773**	**622,628**
Tax on certain financial institutions	(28,290)	(12,003)	(40,293)	(29,965)	(15,252)	(45,217)
Profit before tax	**479,132**	**74,924**	**554,056**	**478,890**	**98,521**	**577,411**
Income tax expense			(119,076)			(123,384)
Net profit			**434,980**			**454,027**

State as at	31.03.2025			31.12.2024		
PLN '000	Institutional Banking	Consumer Banking	Total	Institutional Banking	Consumer Banking	Total
Total assets	**70,586,532**	**6,575,532**	**77,162,064**	**65,975,771**	**6,502,332**	**72,478,103**
Total liabilities and equity, including:	**54,046,385**	**23,115,679**	**77,162,064**	**49,279,721**	**23,198,382**	**72,478,103**
Liabilities	45,007,512	21,797,279	66,804,791	40,912,716	21,696,856	62,609,572

The Group introduced a more detailed approach to equity allocation between operating segments which is based on calculation of capital requirement generated by each capital adequacy requirements generated by each segment, including as of 31 March2025. The change was also adequately incorporated in comparative data.

9 Activities of the Group

1 Institutional Banking

1.1. Summary of segment results

PLN '000	01.07 – 31.03.2025	01.07 – 31.03.2024	Change PLN '000	%
Net interest income	523,574	520,777	2,797	0.5%
Net fee and commission income	117,151	106,487	10,664	10.0%
Net income on dividends	26	35	(9)	(25.7%)

PLN '000	01.07 – 31.03.2025	01.07 – 31.03.2024	Change PLN '000	%
Net gain/(loss) on trading financial instruments and revaluation	82,260	127,367	(45,107)	(35.4%)
Net gain/(loss) on debt investment financial assets measured at fair value through other comprehensive income	40,067	(6,123)	46,190	(754.4%)
Net gain/(loss) on equity investments and other measured at fair value through income statement	1,202	1,994	(792)	(39.7%)
Net gain/(loss) on hedge accounting	(2,430)	7,753	(10,183)	(131.3%)
Net other operating income	1,881	2,069	(188)	(9.1%)
Total income	**763,731**	**760,359**	**3,372**	**0.4%**
General administrative expenses and depreciation	(249,644)	(250,403)	759	(0.3%)
Profit on sale of other assets	1,139	1,920	(781)	(40.7%)
Provisions for expected credit losses on financial assets and provisions for off–balance sheet commitments	(7,804)	(3,021)	(4,783)	158.3%
Tax on certain financial institutions	(28,290)	(29,965)	1,675	(5.6%)
Profit before tax	**479,132**	**478,890**	**242**	**0.1%**
Cost/Income	**33%**	**33%**		

The key highlights that impacted the gross profit of the Institutional Banking Segment in the first quarter of 2025 compared to the corresponding period of the previous year were as follows:

- **an increase in net interest income** mainly due to higher customer interest income, mainly from non-financial sector entities due to higher loan volumes,
- **an increase in net fee and commission income** due to higher commission income from brokerage operations and custody activities);
  a decrease in other operating income (i.e. non-interest and non-commission income) due to the decrease in the result on hedge accounting;
- **operating costs** remained almost unchanged which reflects good cost control in this segment.

1.2. Institutional Bank and the Capital Markets

Institutional Bank

As at the end of the first quarter of 2025, the number of institutional clients (which include strategic clients, global clients and commercial bank clients) amounted to 5,500 i.e. maintaining the level from the end of the first quarter of 2024.

In terms of client's acquisition in the Commercial Bank segment the Bank attracted 135 new clients in the first quarter of 2025, including 12 Large Company, 6 Small and Medium-Sized Companies, 18 International Clients of Commercial Banking Segment, 5 Digital and 94 Public Sector Entities. In the strategic and global client segments, the Bank established 9 new client relationships.

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

Assets

PLN million	31.03.2025	31.12.2024	31.03.2024	Change* (1)/(2)		Change* (1)/(3)	
	(1)	(2)	(3)	PLN million	%	PLN million	%
Enterprises, including:	4,916	4,771	4,049	144	3%	867	21%
SMEs	1,786	1,749	1,663	37	2%	123	7%
MMEs	3,130	3,022	2,386	107	4%	744	31%
Public Sector	178	180	1	(2)	(1%)	177	-
Global Clients	5,060	4,843	4,697	217	4%	363	8%
Corporate Clients	4,598	3,868	3,261	730	19%	1,337	41%
Other	46	47	47	-	-	-	-
Total Institutional Banking	**14,798**	**13,709**	**12,054**	**1,090**	**8%**	**2,744**	**23%**

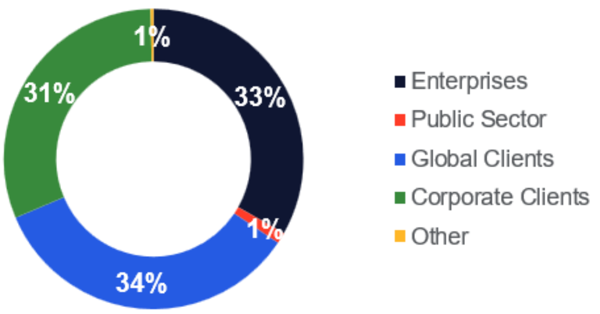
** differences may arise from rounding*

Liabilities

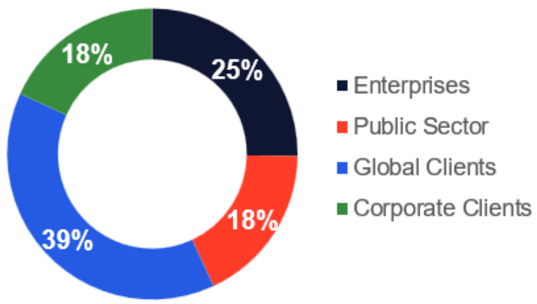
PLN million	31.03.2025	31.12.2024	31.03.2024**	Change* (1)/(2)		Change* (1)/(3)	
	(1)	(2)	(3)	PLN million	%	PLN million	%
Enterprises, including:	9,103	9,079	8,494	24	-	610	7%
SMEs	6,774	6,590	5,709	184	3%	1,066	19%
MMEs	2,329	2,489	2,785	(160)	(6%)	(456)	(16%)
Public Sector	6,443	3,367	4,865	3,076	91%	1,577	32%
Global Clients	13,973	15,314	14,687	(1,340)	(9%)	(714)	(5%)
Corporate Clients	6,551	4,384	4,363	2,167	49%	2,188	50%
Other	16	17	46	(1)	(6%)	(30)	(64%)
Total Institutional Banking	**36,087**	**32,162**	**32,455**	**3,925**	**12%**	**3,631**	**11%**

** differences may arise from rounding*
***comparative data for the value of institutional client deposits as at March 31, 2024 have been adjusted in relation to the disclosures in the financial statement for the first quarter of 2024.*

Structure of the Institutional Bank assets as of 31.03.2025



Structure of the Institutional Bank liabilities as of 31.03.2025



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

Credit activity	<u>**Granting new financing or increasing/extending existing ones in the amount of almost PLN 1.4 billion:**</u> • PLN 950 million for Corporate Clients including a client from the fuel and energy industry and for a client from the public sector; • PLN 791 million for Commercial Bank clients including for one of the largest groups in Poland operating in the recycling and recycled raw materials sector , for a client providing modern solutions in the field of metal processing and automation of production processes ; for a leader in the outsourcing sector in Poland, offering comprehensive facility management services that cover a wide range of activities from cleaning through property management to advanced technical services , for leading medical centers conducting coordinated, specialized diagnosis and treatment of patients; • PLN 578 million for Global clients including for a client dealing with a comprehensive and innovative range of mobile services, for a client operating in the brewing industry, for a US energy and defense corporation, for a client operating in the lifting equipment sector and for the operator of a direct recycling program.
Transactional Banking	<u>**Increasing shares in banking services and transaction banking**</u> • Winning 13 mandates for comprehensive banking services or extending the Bank's cooperation with its clients; • Signing new agreements or increasing amounts of existing agreements on letters of credit, credit commitments, factoring or bank guarantees for a total amount of PLN 341 million.

Activity and business achievements of the Financial Markets and Corporate Banking Sector (treasury activity)

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

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

- Development of solutions enabling automation of currency exchange processes,
- Constant contact with clients by sharing comments and analyses covering events that affect financial markets,
- Meetings and webinars with the Bank's Chief Economist and financial market experts,
- Implementation of the *System Administrator* functionality on the CitiFX Pulse currency platform to allow clients to independently manage employee access without exchanging additional documentation with the Bank.

The Investor Services Department and the Structured Finance Department in the Financial Markets and Corporate Banking Sector were active in the primary market for debt securities by arranging two issues for the European Investment Bank (EIB) **in the amount of PLN 1 billion for general purposes related to the EIB's activities (including those intended for the implementation of sustainability goals).**

First quarter of 2025 was yet another quarter when the Bank remained among the top banks in terms of spot trading, being one of the leaders in the Treasury BondSpot.

Transactional banking

In the first quarter of 2025, Citi Handlowy continued to implement its strategy of digital transformation of transactional banking services. Implemented solutions, such as Digital Signer Management and new functionalities of the CitiDirect platform, respond to clients' needs in terms of optimizing processes, improving operational efficiency and maximizing the value provided by digital innovations.

Electronic Banking	Citi Handlowy continues its strategic digitization of corporate account processes, with the goal of increasing operational efficiency and improving client experience. In the first quarter of 2025, the Bank achieved significant progress, focusing on the development of the **CitiDirect® Digital Onboarding** platform and the implementation of the **Digital Signer Management** (DSM) module. The first phase of Digital Onboarding – including automation of back-end processes – was successfully completed. As at the end of March 2025, the full onboarding process for global clients is carried out on a new path and the volume of applications for opening an additional account is gradually increasing. By eliminating paper documentation and simplifying procedures, clients have gained the ability to activate banking services faster. DSM, as a new module in CitiDirect, allows clients to manage data of persons authorized to act on accounts in a completely digital way. This functionality allows for independent addition, modification and removal of signatories, which increases transparency and access control. The solution also supports the centralization of authorizations within groups of companies operating globally. DSM offers advanced reporting functions and generates real-time data summaries, which supports compliance with audit requirements and improves operational oversight. This solution is already available to the Bank's global clients who have previous experience with CitiDirect in other markets, and is currently being gradually implemented for other clients in Poland. Digitization is also reflected in statistics – in the first quarter of 2025, **as many as 61% of documents were signed with a qualified electronic signature (QES**), which means **an increase by 9 percentage points** year on year. In addition, **the number of audit certificates sent via confirmation.com increased by 15%** compared to the first quarter of 2024.
Payments and receivables	In the first quarter of 2025, Citi Handlowy significantly developed its electronic banking platform – CitiDirect – by implementing further refinements aimed at improving the quality of customer service and operational efficiency. The Bank focused on expanding functionality, improving the ergonomics of the system and strengthening security-related aspects.

In February 2025, a new payment authorization model was implemented. The simplified process significantly shortened the order execution time and minimized the risk of operational errors. Clients gained a more intuitive and efficient work environment.

New functionalities were also introduced, enabling quick copying of recurring payments and commenting, which allows for adding notes to transactions. These solutions have improved the transparency of operations and streamlined internal communication in clients' organizations. Users also receive more detailed information on the status of transactions, which has improved control over financial flows.

To support users in adapting to new functions, the Bank organized a series of training sessions for clients. Feedback was also regularly collected for the purposes of further development of the system.

At the same time, Citi Handlowy continued to promote advanced authorization methods, such as Mobile Token and biometric login, which increase the security and comfort of users of the platform.

As a result of these activities, in the first quarter of 2025, **over 8.9 million transactions were processed via CitiDirect, which means an increase of 1%** compared to the first quarter of 2024.

Payments and receivables

Payment volumes continued to increase in the first quarter of 2025. In the area of domestic transactions, the Bank recorded **a 10% increase in Express Elixir instant payment volumes** compared to the prior year period. The growing popularity of Express Elixir among the clients corroborates the Bank's strategic assumption to focus its support on the need to automate processes and settlements in real time, in particular from the perspective of entities using the Bank's services in the Banking as a Service (BaaS) model and entities making urgent payments to their consumers.

Clients from the "new economy" category (Digital Natives) use the full range of the Bank's payment solutions, however their demand for domestic payments seems to be greater than for foreign payments when juxtaposed against the Bank's total number of clients, showing that the Bank plays an important role as a local partner in the context of Citi's global knowledge and geographical footprint. **Volumes of domestic payments of clients from the "new economy" area increased by 20%** compared to the previous year.

Taking into account the growing needs of clients regarding process automation, agility of transaction execution, access to data at the right time, with the right coverage and structure, the Bank continued to revamp the architecture of its systems. The investments made in the platforms are aimed at standardizing formats, higher bandwidth and compatibility, also in terms of the ISO 20022 requirements.

While pursuing its strategy of providing flexible and intelligent treasury and trade solutions, the Bank offered and developed **Citi Payment Insights**, which, among other things, allows for tracking the status of payments or generating confirmations at the beneficiary's request. The Bank also actively offered **Citi Payment Outlier Detection**, which, thanks to advanced analytics and algorithms, enables real-time monitoring and control of the company's payments, as well as the identification of transactions that differ significantly from previous trends.

In the first quarter of 2025, **the Bank maintained a high share in the Direct Debit market at 37.8% (data as at the end of March 2025), which means an increase of 2 percentage points compared to the first quarter of 2024.**

Corporate cards

In the first quarter of 2025, the Bank recorded **an increase in the number of activated business cards by 1%** , compared to the number of cards at the end of the first quarter of the previous year.

In the period under review, a decrease in the value of cashless transactions was observed for all business cards (a decrease of 4% YoY) and in the number of transactions (also a decrease of 4% YoY). At the same time, **an increase in the value of cashless transactions was noted for debit business cards by 4% YoY.**

Trade finance products

In the first quarter of 2025, **the Bank recorded a 12% increase in the value of invoices financed under factoring. The value of assets covered by trade finance products increased by 49%,** compared to the same period in 2024.

The Bank once again proved its position as a reliable business partner for its clients, providing services that clients expect in times of international turmoil. The increase in the value of granted funding indicates the consistently high interest in trade finance products, and the attractiveness and flexibility of the offer is additionally supported by the global experience of Citi group, local knowledge and dedicated teams.

Companies continue to seek diverse sources of funding for their current operations, and the Bank enables its clients to achieve their goals and fulfil their international ambitions.

The value of export letters of credits advised in the first quarter of 2025 increased by 13% compared to the same period of the previous year. **Guarantees issued in electronic form in the first quarter of 2025 accounted for nearly 90 of all guarantees granted** (compared to 62% in the first quarter of 2024). The Bank's clients are increasingly using this form, appreciating how quickly they can receive the document and how easily the signatures can be verified. Products that support the security and settlement of transactions, both domestic and international, are still an important element of cooperation with clients.

Custody services

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

As part of its statutory activities, under a license issued by the Polish Securities and Exchange Commission (at present, the Polish Financial Supervisory Authority (KNF)), the Bank maintains securities accounts, settles securities transactions, processes dividend and interest payments, provides valuations of asset portfolios, delivers individual reports and arranges representation at general meetings of shareholders of listed companies. The Bank keeps collective accounts for authorized foreign entities. In addition, the Bank provides services consisting in maintenance of registers of foreign securities, under which it acts as intermediary in settlements of transactions executed by domestic clients in foreign markets.

As at 31 March 2025, the Bank maintained over 16,800 securities accounts and collective accounts.

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

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

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

Brokerage activities

The Group runs brokerage activities in the capital market via a separate organizational unit which is a brokerage house – the Brokerage Department of Bank Handlowy.

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

After the first quarter of 2025, the Bank was the intermediary in in-session transactions accounting for 4.7% of equity turnover in the secondary market. The value of the in-session transactions concluded via Bank in the equity market on the WSE was PLN 10.3 billion. After the first quarter of 2025, the Bank was ranked 7th in terms of session turnovers on the WSE main market and 2nd as a local WSE member.

The number of investment accounts maintained by the Brokerage Department of Bank Handlowy was 15.8 thousand as at the end of the first quarter of 2025 and increased by 13% as compared to the same period in 2024. Higher number of accounts in the reporting period is a result of acquisition process of new clients and the growing interest of customers in investing in foreign markets, in particular foreign Treasury bonds.

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

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

2. Consumer Banking

2.1. Summary of the segmental results

PLN '000	Q1 2025	Q1 2024	Change	
			PLN '000	%
Net interest income	266,062	277,138	(11,076)	(4.0%)
Net fee and commission income	33,616	37,811	(4,195)	(11.1%)
Dividend income	63	58	5	-
Net gain/(loss) on trading financial instruments and revaluation	8,348	8,091	257	3.2%
Net gain/(loss) on equity and other instruments measured at fair value through income statement	396	967	(571)	(59.0%)
Net other operating income	(5,359)	(3,809)	(1,550)	40.7%
Total income	**303,126**	**320,256**	**(17,130)**	**(5.3%)**
General administrative expenses and depreciation	(226,371)	(219,869)	(6,502)	3.0%
Profit on sale of other assets	(67)	(73)	6	(8.2%)
Provisions for expected credit losses on financial assets and provisions for off–balance sheet commitments	10,239	13,459	(3,220)	(23.9%)
Tax on certain financial institutions	(12,003)	(15,252)	3,249	(21.3%)
Profit before tax	**74,924**	**98,521**	**(23,597)**	**(24.0%)**
Cost/Income	**75%**	**69%**		

The following factors influenced the profit before tax in the Consumer Banking Segment in the first quarter of 2025:

- **Decrease in net interest income** by 4% YoY mainly due to lower loan balances of high-margin products (credit card and installment products), lower level of commission on granted loans and lower interest rates (USD and EUR);
- **Decrease in net fee and commission income** caused by lower revenues related to credit cards ((including on insurance sales, annual fee and currency conversion commission), as well as lower fees on deposit products;
- **The result on equity investments and other at fair value through income statement** – change in share valuation.
- **Lower result on other operating income and expenses** related to the provision related to the proceedings of the Competition and Consumer Protection Office regarding so-called unauthorized transactions.;
- **Increase in operating and general administrative costs** due to higher staff expenses and a higher contribution to the Bank Guarantee Fund;
- **The result on expected credit losses on financial assets** had a positive impact on the result of the Consumer Banking Segment, which was caused by the release of provisions as a result of the improved portfolio quality. However, the positive impact is slightly lower than in the first quarter of 2024.

2.2. Selected business data

PLN '000	Q1 2025	Q4 2024	Q1 2024	Change QoQ	Change YoY
Number of individual customers	561.8	564.5	566.8	(2.7)	(5.0)
Number of current accounts	530.5	529.2	521.6	1.3	8.9
Number of saving accounts	121.7	121.0	118.0	0.7	3.7
Number of credit cards	455.8	461.8	465.5	(6.0)	(9.7)
Number of debit cards	271.6	270.8	267.4	0.8	4.2

Net amounts due from individual clients – management view

PLN '000	31.03.2025 (1)	31.12.2024 (2)	31.03.2024 (3)	Change (1)/(2)		Change (1)/(3)	
				PLN '000	%	PLN '000	%
Unsecured receivables, including:	3,650,179	3,691,071	3,671,624	(40,892)	(1.1%)	(21,445)	(0.6%)
Credit cards	1,898,787	1,991,875	2,015,735	(93,088)	(4.7%)	(116,948)	(5.8%)

PLN '000	31.03.2025 (1)	31.12.2024 (2)	31.03.2024 (3)	Change (1)/(2) PLN '000	Change (1)/(2) %	Change (1)/(3) PLN '000	Change (1)/(3) %
Cash loans	1,706,051	1,668,216	1,623,722	37,835	2.3%	82,329	5.1%
Other unsecured receivables	45,341	30,980	32,167	14,361	46.4%	13,174	41.0%
Mortgage loans	2,351,258	2,346,625	2,272,652	4,633	0.2%	78,606	3.5%
Net client receivables	**6,001,437**	**6,037,696**	**5,944,276**	**(36,259)**	**(0.6%)**	**57,161**	**1.0%**

2.3. Key Business Highlights

Bank accounts

Current accounts

The total balance on the current accounts was above PLN **8.6 billion** at the end of the first quarter of 2025 i.e. decreased by 2% as compared to the end of the first quarter of 2024. The change in the balance on current accounts was the result of a decline in the balance on current currency accounts.

The number of personal accounts at the end of March 2025 was **530,000 (increase by 2% YoY)**, including 285,000 accounts kept in PLN, and 245,000 accounts kept in foreign currencies. The bank not only continued promotional activities related to the Citikonto online offer launched in 2020, but also widely promoted the offer of Citigold and Citigold Private Client account, all these offers enjoyed great popularity among customers.

Savings accounts

The number of savings accounts at the end of the first quarter of 2025 increased as compared to the first quarter of 2024 and amounted to **122,000**, the total balance of funds accumulated on those accounts amounted to almost PLN **2.4 billion** compared to PLN 2.1 billion in the same period of the previous year. The 12% year-on-year increase in the balance is due to the high interest in promotional offers for new clients, which offered attractive interest rates for funds accumulated in PLN savings accounts.

Changes in the offer

In the first quarter of 2025, the Bank continued the special offer "Twoja Lokata" with an 5.6% p.a. rate for a period of 3 months up to PLN 20,000.

Credit cards

At the end of the first quarter of 2025, the number of credit cards was 456 thousand.

The total debt on the credit cards amounted to **PLN 1.9 billion** as at the end of the first quarter of 2025, which means that the Bank maintained the strong position in the credit card market, in terms of the credits granted on the credit cards, with a market share of 15.7% according to data as at the end of March 2025.

A high level of activation and transactions was maintained for newly acquired clients. In the first quarter of 2025, the acquisition structure of credit cards was dominated by the Citi Simplicity card, with a 62% share in acquisition.

Cash loans and cash loans associated with credit card accounts

In the first quarter of 2025 the sales volume of unsecured loans (cash loans and loans on credit card) amounted to **PLN 248 million** and was **higher by 6% YoY.**

At the end of the first quarter of 2025, the balance of the unsecured loan portfolio amounted to **PLN 1.7 billion**, i.e. **up by 3%** as compared to the first quarter of 2024.

Mortgage products

The mortgage loans offer was constantly dedicated to selected client segments, i.e. Citigold Private Client, CitiGold and Citi Priority - all the newly originated mortgage and home equity loans were granted in those client segments.

	The mortgage products sold in the first quarter of 2025 reached **PLN 106 million**, i.e. decreased by 30% as compared to the first quarter of 2024 due to significantly lower customer interest in mortgage loans as a result of the persistently high interest rates. In the first quarter of 2025, customers most often chose the offer with periodically fixed interest, this offer accounted for 70% of acquisitions. As at the end of that period, the mortgage portfolio amounted to **PLN 2.3 billion** as compared to PLN 2.2 billion in the corresponding period of 2024, i.e. **increased by 3% YoY.**
Insurance and investment products	As at the end of the first quarter of 2025, the funds under management as part of investment products (including insurance products, without dual currency investments) acquired by retail clients via the Bank were **16% higher** than as at the first quarter of 2024. This increase resulted from an increase in the value of assets within investment funds and products available as part of brokerage services.

2.4. Development of distribution channels

Online Banking

The online platform for retail clients is built in a responsive technology, i.e. it can adapt itself to the device used by a client. Design was inspired by clients' expectations and extended functionality means that customers increasingly choose to manage products themselves via the Internet. One of the improvements is for credit card holders, which can manage their card limit, define transaction limits or convert transactions into installments. The clients can construct and update their investment profile coherent with the MiFID II regulation.

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

The number of active users of Citibank Online, i.e. those who logged in to the online or mobile banking service via a browser or the Citi Mobile application at least once in every 90-day period, was **344,000** as at the end of the first quarter of 2025, i.e. decrease by 2% YoY. The share of active Citibank Online users in the entire client portfolio of the Bank was **64%** as at the end of the first quarter of 2025, which means maintaining the level from the same period of 2024.

At the same time, **digital users** accounted for **90% of all transactionally active clients** at the end of the first quarter of 2025, i.e**. up by 6 p.p.** comparing to the first quarter of 2024.

Mobile Banking

Responsive technology gives the client access to all functionalities in Citibank Online on any device they may use. The Citi Mobile application features such functions as free Push notifications, which keep the client updated of changes on the account or card, and login activation with the use of a fingerprint or face image, which makes access to the application even easier. The clients have had access to, among other functionalities, simplified and intuitive navigation, a modern layout and a mobile authorization service - Citi Mobile Token. The application also offers a currency exchange module, Citi Kantor, and a multi-currency service, Citibank Global Wallet, which permits automatic currency account alignment with the transaction currency without manually reassigning the card. The application presents offers of products and services tailored to customer needs and permits recommending of Bank's products to friends. It also enables to update contact details, including telephone number and email address.

As at the end of the first quarter of 2025, the **number of active users of mobile banking**, i.e. those who used mobile banking at least once in every 90-day period via the Citi Mobile application or Citibank Online in responsive technology, amounted to **257,000,** which means **an increase by 2%** compared to the first quarter of 2024.

The share of active users of mobile banking in the retail client portfolio of Citi Handlowy was **48%**, i.e. **increased by 2 p.p.** as compared to the same period in 2024.

At the same time, at the end of the first quarter of 2025, **mobile users accounted for 68% of all transactional active customers**, which means an **increase by 4 p.p.** as compared to the first quarter of 2024.

Electronic payment methods are also constantly gaining popularity. One of the payment methods that has gained the most popularity recently is **BLIK**. The BLIK payment method allows payments at online, traditional and service outlets and ATM withdrawals, as well as instant BLIK Phone Transfers between the clients of different banks. The **number of transactions using the BLIK code** made by the Bank's clients in the first quarter of 2025 amounted to **812,000**, i.e. **increased by 23%** as compared to the first quarter of 2024. The number of BLIK phone transfers amounted to **426,000**, which is an **increase of 29%** as compared to the first quarter of 2024.

Other payment methods have also enjoyed undiminished popularity, among others: **Apple Pay and Google Pay**. These are virtual wallets in clients' phones that give them independence and possibility to make payments anywhere in the world. In the first quarter of 2025 clients made a total of over **5.6 million transactions** using these payment methods, which represents a **growth by 8%** as compared to the same period of 2024 (including an **increase by 10% YoY for Apple Pay and an increase by 5% YoY for Google Pay**).

Social Media

The first quarter of 2025 was a continuation of the Bank's active operations in the Social Media channels. The Bank is present on Facebook, X, LinkedIn, Instagram, TikTok and YouTube. Communications in Social Media are based on areas that build brand awareness, promote the product offer, activate client portfolios, build client engagement and inform clients about the Bank's ESG activities. The Social Media are also a channel for acquiring new customers.

In the first quarter of 2025, the Bank's communications on Facebook and Instagram reached over **3.3 million unique users** (from paid activities), representing **an increase by above 302,000 QoQ and an decrease by 239,000 YoY.** The unique reach on Facebook alone in the first quarter of 2025 was about 2.8 million users, i.e. decrease by 114,000 YoY.

Facebook and Instagram users had an average of 1.8 contacts with the Bank's marketing material, compared to 2.0 in the fourth quarter of 2024 and 3.8 in the first quarter of 2024. In the first quarter of 2025, 42 posts were published on Facebook.

In the first quarter of 2025, **Bank responded to 856 customer inquiries** regarding Bank products and services via the Messenger, compared to 684 in the fourth quarter of 2024 and almost 1,200 in the first quarter of 2024.

Indirect and Direct Customer Acquisition

Citigold and Smart outlets

In the first quarter of 2025, the Retail Branches Network did not change and comprised 18 branches, 9 of which were Hub Gold branches, 8 were Smart units and 1 was a Corporate Branch.

The structure of the Retail Branch Network responds to current business needs, ensuring the implementation of designated operational tasks and assumed sales plans. Modernization activities undertaken by the Bank are aimed at ensuring a high standard of service in branches and maintaining the applicable technological standards unchanged. Thanks to the consistent actions and commitment of the team, the Bank took fourth place in the "Branches" category in the prestigious Golden Banker ranking. This award proves the Bank's focus on client needs and high service standards.

Changes to the network of outlets

Number of branches and other Points of Sale /touch points

	31.03.2025 (1)	31.12.2024 (2)	31.03.2024 (3)	Change (1)/(2)	Change (1)/(3)
Number of branches*:	**18**	**18**	**18**	**-**	**-**
Hub Gold	9	9	9	-	-
Smart branch	8	8	8	-	-
Corporate branch	1	1	1	-	-

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

10 Rating

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

On 17 July 2024, after the annul rating review, Fitch maintained the viability rating ("VR") of the Bank on the rating watch negative. Simultaneously, Fitch affirmed the other ratings of the Bank as follows:

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

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

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

In the justification for the rating, the rating agency stated that the Bank's VR balances a low-risk business model, solid capital and liquidity buffers and the Bank's moderate risk appetite. The fact that VR is kept on the watch list reflects the risks to the Bank's business and financial profile resulting from the planned exit from the retail business. A lower share of retail activities could impact the assessment of the Bank's financing and liquidity, as well as its business model. VR can be kept on the watch list longer than six months. The Bank's VR may be removed from the watch list if Fitch believes that the retail banking divestment will have only a moderate adverse impact on the Bank's business and financial profile or if the transaction is cancelled.

Fitch believes that the operating environment for banks in Poland balances a relatively resilient, sizeable and diversified European Union-based economy with increased legal and governmental risks in the banking sector. Revenue levels are adequate, while a gradually improving overall economic backdrop should support banks' ability to generate good quality new business. However, intervention and legal risks make it difficult for banks to strategically plan and achieve their goals.

For the full announcement published by Fitch please visit:
Fitch Affirms Bank Handlowy's IDR at 'A-'; Maintains VR on RWN (fitchratings.com)

11 Financial instruments disclosure

Fair value of financial assets and liabilities

The table below presents the fair value of financial assets and liabilities valued at amortized cost in consolidated statement of financial position.

PLN '000	31.03.2025		31.12.2024	
	Balance sheet value	Fair value	Balance sheet value	Fair value
Financial assets				
Amounts due from banks	8,370,006	8,370,006	8,787,780	8,787,781
Amounts due from customers	24,818,097	24,912,963	21,367,246	21,381,622
Amounts due from institutional customers	18,816,660	18,846,579	15,329,548	15,321,332
Amounts due from individual customers	6,001,437	6,066,384	6,037,698	6,060,290
Financial liabilities				
Amounts due to banks	3,322,289	3,322,325	4,435,817	4,435,873
Amounts due to customers	58,191,537	58,165,746	53,985,032	53,963,225

Valuation methods and assumptions used for the purposes of fair value

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

- The fair value of financial instruments not quoted in active markets is determined using valuation techniques which are periodically assessed and verified. All the models are tested and approved before application. As far as possible, only observable data are used in the models, although in some areas, the Bank's management must use estimates. Changes in the assumptions relating to the estimated factors may affect the fair value of financial instruments disclosed.
  The Group applies the following methods of measurement of particular types of derivative instruments:
  - FX forwards – discounted cash flows model;
  - options – option market-based valuation model;
  - interest rate transactions – discounted cash flow model;
  - futures – current quotations.
- For valuation of securities' transactions current quotations are used. In case of lack of quotations, adequate models based on discount and forward curves, including decrease of credit spread, if needed, are used for valuation.
- The fair value of other assets and financial liabilities (excluding described above) are estimated in accordance to commonly accepted models of valuation based on discounted cash flow analysis, taking into account fluctuations in market interest rates and changes in margins during the financial period.

Fair value included in consolidated statement of financial position

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

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

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

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

As at 31 March 2025

PLN '000	Level I	Level II	Level III	Total
Financial assets				
Financial assets held-for-trading	2,452,558	1,981,818	-	4,434,376
derivatives	21,734	1,981,818	-	2,003,552
debt securities	2,391,475	-	-	2,391,475
equity instruments	39,349	-	-	39,349
Hedging derivatives	-	11,871	-	11,871
Debt investment financial assets measured at fair value through other comprehensive income	25,215,975	5,492,979	-	30,708,954
Equity investments and other measured at fair value through income statement	39,161	-	135,385	174,546
Financial liabilities				
Financial liabilities held-for-trading	118,155	2,203,322	-	2,321,477
short sale of securities	118,123	-	-	118,123
derivatives	32	2,203,322	-	2,203,354
Hedging derivatives	-	91,797	-	91,797

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 investment financial assets measured at fair value through other comprehensive income	29,089,569	999,202	-	30,088,771
Equity investments and other 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

PLN'000	Level I	Level II	Level III	Total
derivatives	-	2,599,197	-	2,599,197
Hedging derivatives	-	72,737	-	72,737

As at March 31, 2025, the structure of Visa Inc shares held by the Bank not changed compared to December 31, 2024.

As at March 31, 2025, the amount of financial assets classified to level III includes the value of the share in Visa Inc. in the amount of PLN 11.503 thousand (privileged series C) and also the value of other minority shareholding in the amount of PLN 123,882 thousand (as at December 31, 2024 PLN 10,949 thousand and PLN 123,882 thousand, respectively).

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 shareholdings in structured companies are measured at fair value taking into account, inter alia, the expected discounted dividends using an assumed cost of capital and the history of profit distribution in the particular companies. Changes in the valuation are taken to the Income statement and presented in the Net gain/(loss) on equity and other instruments measured at fair value through income statement.

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

	Equity and other investments measured at fair value through income statement	
PLN '000	01.01.-31.03.2025	01.01.-31.12.2024
As at 1 January	**134,831**	**121,756**
Conversion of shares - transfer to Level I	**-**	**(8,346)**
Revaluation	**554**	**21,421**
As at the end of period	**135,385**	**134,831**

In the 3-month period of 2025 the Group has not made any changes in classification criteria of financial instruments (presented in the consolidated statement of financial position at fair value) to each category reflecting the fair value (level I, level II, level III).

In the same period the Group has not made any changes in financial assets classification that could result from asset's purpose or usage change.

12 Provision for expected credit losses on financial assets and provisions for off–balance sheet commitments

Changes in the provision for expected credit losses on financial assets are presented in the table below:

PLN '000	Stage 1	Stage 2	Stage 3	Total
Provision for expected credit losses - amounts due from banks				
Provision for expected credit losses as at 1 January 2024	**(168)**	**(483)**	**-**	**(651)**
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	8	(8)	-	-
Transfer to Stage 3	-	-	-	-
(Creation)/Releases in the period though the income statement	(44)	460	-	416
Foreign exchange and other movements	6	-	-	6
Provision for expected credit losses as at 31 March 2025	**(198)**	**(31)**	**-**	**(229)**

PLN '000	Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired assets	Total
Provision for expected credit losses - amounts due from customers					

PLN '000	Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired assets	Total
Provision for expected credit losses as at 1 January 2024	**(41,995)**	**(79,207)**	**(425,242)**	**733**	**(545,711)**
Transfer to Stage 1	(9,981)	9,651	330	-	-
Transfer to Stage 2	1,307	(2,296)	989	-	-
Transfer to Stage 3	88	6,308	(6,396)	-	-
Transfer to purchased or originated credit-impaire assets	-	-	2,623	(2,623)	-
(Creation)/Releases in the period though the incon statement	4,101	(7,883)	1,747	345	(1,690)
Decrease in provisions due to write-offs	-	-	2,147	-	2,147
Changes in accrued interest in Stage 3 other than written off and sale of receivables	-	(32)	(8,381)	(744)	(9,157)
Decreasing in write-downs due to derecognition as a result of material change	-	-	-	2,623	2,623
Foreign exchange and other movements	220	514	1,920	17	2,671
Provision for expected credit losses as at 31 March 2025	**(46,260)**	**(72,945)**	**(430,263)**	**351**	**(549,117)**

PLN '000	Stage 1	Stage 2	Stage 3	Total
Provision for expected credit losses - amounts due from banks				
Provision for expected credit losses as at 1 January 2024	**(364)**	**(541)**	**-**	**(905)**
Transfer to Stage 1	(69)	69	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
(Creation)/Releases in the period though the income statement	258	(11)	-	247
Foreign exchange and other movements	7	-	-	7
Provision for expected credit losses as at 31 December 2024	**(168)**	**(483)**	**-**	**(651)**

PLN '000	Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired assets	Total
Provision for expected credit losses - amounts due from customers					
Provision for expected credit losses as at 1 January 2024	**(52,475)**	**(99,751)**	**(585,436)**	**470**	**(737,192)**
Transfer to Stage 1	(19,025)	17,839	1,186	-	-
Transfer to Stage 2	7,181	(10,083)	2,902	-	-
Transfer to Stage 3	1,088	17,520	(18,608)	-	-
(Creation)/Releases in the period though the inco statement	-	-	13,295	(13,295)	-
Decrease in provisions due to write-offs	-	-	115,024	-	115,024
Decrease in provisions in connection with the sale of receivables	-	-	90,521	2,141	92,662
Changes in accrued interest in Stage 3 other than written off and sale of receivables	10	3	(32,884)	(3,400)	(36,271)
Decreasing in write-downs due to derecognition 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)**	**(425,242)**	**733**	**(545,711)**

**concerns changes resulting from the implementation of the R Recommendation*

The value of provisions for expected credit losses for off–balance sheet commitments amounted to PLN 28,508 thousand as at 31 March 2025 (31 December 2024: PLN 33,256 thousand, 31 March 2024: PLN 29,359 thousand).

In the period from 1 January to 31 March 2025, the Group did not create write-offs for impairment of tangible fixed assets, intangible assets and reversals of write-offs of that title.

13 Deferred tax asset and provision

PLN '000	31.03.2025	31.12.2024
Deferred tax asset	754,429	842,941
Deferred tax provision	(700,002)	(762,775)
Net asset due to deferred income tax of a parent company	**54,427**	**80,166**

Deferred income tax asset and liabilities are presented in the statement of financial position on net basis at the level of the legal entity within the Group.

Deferred tax on acquisition of the organized part of the enterprise in the value of PLN 1,908 thousand as at 31 March 2025 will be settled with the liability to the Tax Office until August 2027.

14 Acquisitions and disposals of tangible fixed assets

In the period from 1 January to 31 March 2025 the value of purchased by the Group components of "tangible fixed assets" equaled PLN 13,128 thousand (in 2024: PLN 76 ,58 thousand) and the value of disposals of "tangible fixed assets" amounted to PLN 22,698 thousand (in 2024: PLN 7 ,76 thousand).

As at 31 March 2025 the Group has no significant commitments to purchase of tangible fixed assets.

15 Default or breach of credit agree, meant in respect of which there were no corrective action until the end of the reporting period

Between 1 January and 31 March 2025 in the Group has been no occurrence of default or breach due to received credit agreement.

16 Seasonality or periodicity of business activity

The business activity of the Group is not significantly influenced by seasonal or cyclical factors.

17 Issue, redemption and repayment of debt and equity securities

In the 3-month period of 2025 no issue, pay back or equity securities had place.

Due to implementation of the incentive programs referred to in the resolutions adopted by the Extraordinary General Meeting of the Bank on December 16, 2022, in 2024 the Group converted a specific part of the awards settled in cash into awards settled in equity instruments of Bank Handlowy w Warszawie S.A., which resulted in a change of method of recognizing certain equity awards in accordance with IFRS 2 "Share-based payments".

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

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

On March 19, 2025 the Bank initiated the transfer to the Bank's eligible employees, free of charge, of 52,692 own shares previously bought back by the Bank in 2024. The transferred shares represent 0.040328% of the Bank's share capital and authorize to 0.040328% of the total number of votes at the Bank's General Meeting.

As of the end of March 2025, the Bank retained a total of 166,215 own shares representing a total of 0.1272122% of the Bank's share capital and entitling to a total of 0.1272122% of the total number of votes at the General Meeting of Shareholders of the Bank.

18 Paid (or declared) dividends

With regard to the individual dividend recommendation of the Polish Financial Supervision Authority received by the

Bank on March 13, 2025, the Bank's Management Board adopted a resolution on the acceptance the Polish Financial Supervision Authority recommendations, i.e.:

- not paying by Bank a dividend from its net profit earned in the period from January 1, 2024 to December 31, 2024 in an amount greater than 75%, however, the maximum amount of the payment cannot exceed the amount of the annual net profit less the profit earned in 2024 already included in own funds;
- not taking, without prior consultation with the Supervisory Authority, other actions, in particular those outside the scope of the Bank's current business and operational activities, which could result in a reduction of the Bank's own funds, including possible dividend payments from undistributed profit from previous years as well as repurchases or buybacks of own shares.

19 Changes in granted financial and guarantee commitments

The detailed specification of granted financial and guarantee commitments as at 31 March 2025 and changes in comparison with the end of 2024 are as follows:

PLN '000	State as at		Change	
	31.03.2025	31.12.2024	PLN '000	%
Contingent liabilities granted	**17,096,408**	**16,667,101**	**429,307**	**2.6%**
Financial	174,763	245,189	(70,426)	(28.7%)
Import letters of credit issued	15,526,665	16,261,305	(734,640)	(4.5%)
Credit lines granted	**17,096,408**	**16,667,101**	**429,307**	**2.6%**
Other	1,394,980	160,607	1,234,373	768.6%
Guarantees	**3,836,863**	**4,057,549**	**(220,686)**	**(5.4%)**
Guarantees granted	3,814,576	4,035,116	(220,540)	(5.5%)
Other	22,287	22,433	(146)	(0.7%)
	20,933,271	**20,724,650**	**208,621**	**1.0%**
Contingent liabilities received				
Guarantees (guarantees received)	12,904,140	12,910,800	(6,660)	(0.1%)
	12,904,140	**12,910,800**	**(6,660)**	**(0.1%)**

20 Changes in Group's structure

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

21 Fulfilment of 2025 forecast results

The Bank, as the dominant entity, did not disclose its forecast results for the year 2025.

22 Information about shareholders

In the period from the publication of the previous interim report, it was the consolidated annual report for 2024, i.e. from March 12, 2025 to the date of publication of this report for the first quarter of 2025, the ownership structure of significant blocks of the Bank's shares did not change.

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

	Number of shares	% Shares	Number of votes at GM	% votes at GM
Citibank Europe PLC, Ireland	97,994,700	75.00	97,994,700	75.00
Other shareholders	32,664,900	25.00	32,664,900	25.00
	130,659,600	**100.00**	**130,659,600**	**100.00**

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

Information on the total number and par value of the Bank's shares held by members of the Management Board and members of the Supervisory Board as of March 31, 2025 is presented in table below:

Name and surname	Function	Shares of Bank Handlowy w Warszawie SA	
		Number of shares (in pcs)	Par value (PLN)
Elżbieta Światopełk-Czetwertyńska	President of the Management Board	10,375	41,500
Maciej Kropidłowski	Vice President of the Management Board	20,064	80,256
Andrzej Wilk	Vice President of the Management Board	9,550	38,200
Barbara Sobala	Vice President of the Management Board	2,612	10,448
Patrycjusz Wójcik	Vice President of the Management Board	1,670	6,680
Katarzyna Majewska	Vice President of the Management Board	2,291	9,164
Ivan Vhrel	Member of the Management Board	2,003	8,012
Sławomir Sikora	Chairman of the Supervisory Board	20,117	80,468
Total		**68,682**	**274,728**

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

Information on the total number and par value of the Bank's shares held by members of the Management Board and members of the Supervisory Board as of December 31, 2024 is presented in table below:

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

24 Information on pending court proceedings

No proceedings regarding receivables or liabilities of the Group conducted in the third quarter of 2024 in court, public administration authorities or an arbitration authority is of significant value. In Group's opinion no proceedings conducted in court, public administration authority or an arbitration authority, pose a threat to the Group's financial liquidity, individually or in total.

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

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

PLN '000	31.03.2025	31.12.2024
Provisions for disputes		
provisions for option cases on derivative instruments	16,924	16,718
provisions for individual cases relating to CJEU judgments	27,603	25,446
other	11,597	10,882
Provisions for disputes	**56,124**	**53,046**

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

In the first quarter of 2025, the Group did not make any significant settlement due to court ended with the 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 consumer 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 consumer 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 number 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.

- As at 31 March 2025, the Bank was among others a party to 10 court proceedings associated with derivative transactions. Among these, 7 proceedings have not been terminated with a legally binding conclusion, and 3 have been terminated and cassation proceedings were pending. and 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 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 have 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 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 31 March 2025, the Bank had receivables under CHF-indexed retail mortgage loans at the gross carrying amount of PLN 25.7 million. The Bank maintained a collective provision in the amount of PLN 20.3 million (compared to PLN 22.8 million as at 31 December 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 consolidated financial statement under Provisions.

As at 31 March 2025, the Bank was sued in 93 cases relating to a CHF-indexed loan for a total amount of approximately PLN 42.8 million. 44 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.

- 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. At this stage of the proceedings, the amount of the potential penalty cannot be estimated reliably.

- On 22 November 2023, the Polish Financial Supervision Authority ("KNF") started administrative proceedings against the Bank that might result in a penalty being imposed on the Bank under Article 176i(1)(4) of the Act on trading in financial instruments. At this stage of the proceedings, it is not possible to reliably estimate its potential outcome.

- As of 31 March 2025, the Bank was the defendant in a total of 225 court cases concerning claims arising from the free credit sanction related to consumer loans offered by the Bank. The total value of the dispute in these cases as of the above date was PLN 4.5 MM
  The Bank noted the preliminary questions submitted by Polish courts in cases concerning Polish financial market entities, which concern issues related to the free credit sanction, and is closely following the course of proceedings in which these questions are to be resolved.
  In particular, the Bank noted the judgment of the CJEU of February 13, 2025 in case C-472/23, in which the CJEU found that

  1) providing in a consumer credit agreement the APR taking into account the costs resulting from a contractual provision subsequently deemed unlawful does not in itself constitute a breach of the information obligation;
  2) modification clauses included in consumer credit agreements should give the consumer the opportunity to discern the scope of the charges awaiting him;
  3) the sanction of a free credit is not disproportionate, even if it is not differentiated depending on the seriousness of the breach, if it is imposed in connection with a breach that may undermine the consumer's ability to assess the scope of his obligation.

  The Bank closely monitors court decisions in cases concerning the free credit sanction. Currently, the rulings in the Bank's cases are overwhelmingly favorable to the Bank.

25 Information about significant transactions with related entities on non-market terms

In the first quarter of 2025, the Bank and its subsidiaries entered into transactions with related entities. All transactions with related entities were dealt on market terms.

26 Information about significant guarantee agreements

In the first quarter of 2025 Bank and its subsidiaries did not grant guarantee – jointly to one entity or a subsidiary of that entity, which total value would be significant.

27 Significant events after the balance sheet date not included in the financial statements

On April 9, 2025 Bank received information that Ms. Katarzyna Majewska placed resignation from the role of Vice President of the Management Board effective May 31st,

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

28 Factors and events which could affect future financial performance of the Bank's Capital Group

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

As in previous months, the ongoing war between Russia and Ukraine remains one of the major risk factors for the coming quarters. In the event of a peace agreement that will be unfavorable for Ukraine, increased defense spending in Poland and other countries in the region could result in a worsening of the long-term fiscal trajectory. In an adverse scenario, a possible extension or escalation of the armed conflict cannot be ruled out either, which could translate into an increased influx of refugees, a depreciation of the zloty due to an increase in the risk premium, and a renewed increase in commodity prices.
From the global economy's perspective, the escalation of the armed conflict in the Middle East is also a significant threat. This could contribute to higher prices of crude oil, especially if the conflict resulted in disruptions in oil supply or affected its extraction levels. Higher oil prices would contribute to a resurgence of inflationary pressures and push back the prospect of achieving the targets set by individual central banks. In such an environment, the prospect of interest rate cuts would recede.

Interim condensed standalone financial statements of the Bank for the first quarter of 2025

Income statement

PLN '000	For a period	I quarter accruals period from 01.01.25 to 31.03.25	I quarter accruals period from 01.01.24 to 31.03.24
Interest income		1,043,590	1,035,533
Similar income		52,188	70,106
Interest expense and similar charges		(307,105)	(309,132)
Net interest income		**788,673**	**796,507**
Fee and commission income		181,076	172,229
Fee and commission expense		(30,305)	(27,927)
Net fee and commission income		**150,771**	**144,302**
Dividend income		**89**	**93**
Net gain/(loss) on trading financial instruments and revaluation		**90,548**	**135,428**
Net gain/(loss) on debt investment financial assets measured at fair value through other comprehensive income		**40,067**	**(6,123)**
Net gain/(loss) on equity investments and other at fair value through income statement		**1,598**	**2,961**
Net gain/(loss) on hedge accounting		**(2,430)**	**7,753**
Other operating income		4,493	6,275
Other operating expenses		(7,946)	(7,978)
Net other operating income and expense		**(3,453)**	**(1,703)**
General administrative expenses		**(462,577)**	**(440,441)**
Depreciation and amortization		**(13,090)**	**(29,527)**
Profit on sale of other assets		**1,072**	**1,847**
Provisions for expected credit losses on financial assets and provisions for contingent liabilities		**2,403**	**10,411**
Tax on certain financial institutions		**(40,293)**	**(45,217)**
Profit before tax		**553,378**	**576,291**
Income tax expense		**(118,977)**	**(123,211)**
Net profit		**434,401**	**453,080**
Weighted average number of ordinary shares (in pcs)		130,554,745	130,659,600
Earnings per share (in PLN)		3.33	3.47
Diluted net earnings per share (in PLN)		3.33	3.47

Statement of comprehensive income

PLN '000	For a period	I quarter accruals period from 01.01.25 to 31.03.25	I quarter accruals period from 01.01.24 to 31.03.24
Net profit		**434,401**	**453,080**
Other comprehensive income, that is or might be subsequently reclassified to income statement:		**49,975**	**114,776**
Remeasurement of financial assets measured at fair value through other comprehensive income (net)		82,429	109,816
(Profit)/Loss reclassification to income statement after derecognition of financial assets measured at fair value through other comprehensive income (net)		(32,454)	4,960
Total comprehensive income		**484,376**	**567,856**

Statement of financial position

as at *PLN '000*	31.03.2025	31.12.2024
ASSETS		
Cash and cash equivalents	6,675,209	5,794,345
Amounts due from banks	8,370,006	8,787,780
Financial assets held-for-trading	4,434,376	4,436,319
Hedging derivatives	11,871	54,140
Debt investment financial assets measured at fair value through other comprehensive income, including:	30,708,954	30,088,771
Assets pledged as collateral	*203,743*	*200,309*
Shares in subsidiaries	91,267	91,299
Equity investments and other measured at fair value through income statement	174,546	172,948
Amounts due from customers	24,818,097	21,367,246
Tangible fixed assets	500,330	521,131
Intangible assets	872,612	872,875
Deferred tax asset	56,337	82,273
Other assets	539,524	300,066
Total assets	**77,253,129**	**72,569,193**
LIABILITIES		
Amounts due to banks	3,322,289	4,435,817
Financial liabilities held-for-trading	2,321,477	2,755,905
Hedging derivatives	91,797	72,737
Amounts due to customers	58,297,564	54,090,588
Provisions	115,780	120,529
Current income tax liabilities	4,051	99,568
Other liabilities	2,756,436	1,138,566
Total liabilities	**66,909,394**	**62,713,710**
EQUITY		
Ordinary shares	522,638	522,638
Share premium	2,944,585	2,944,585
Own shares	(15,624)	(20,577)
Revaluation reserve	(14,893)	(64,868)
Other reserves	4,038,567	4,039,644
Retained earnings	2,868,462	2,434,061
Total equity	**10,343,735**	**9,855,483**
Total liabilities and equity	**77,253,129**	**72,569,193**

Statement of changes in equity

PLN '000	Ordinary shares	Share premium	Own 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:	**-**	**-**	**-**	**49,975**	**-**	**434,401**	**484,376**
Net profit	-	-	-	-	-	434,401	434,401
Other comprehensive income	-	-	-	49,975	-	-	49,975
Net changes in value of financial assets measured at fair value through other comprehensive income	-	-	-	49,975	-	-	49,975
Equity awards program	**-**	**-**	**4,953**	**-**	**(1,077)**	**-**	**3,876**
Balance as at 31 March 2025	**522,638**	**2,944,585**	**(15,624)**	**(14,893)**	**4,038,567**	**2,868,462**	**10,343,735**

PLN '000	Ordinary shares	Share premium	Own 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:	**-**	**-**	**-**	**114,776**	**-**	**453,080**	**567,856**
Net profit	-	-	-	-	-	453,080	453,080
Other comprehensive income	-	-	-	114,776	-	-	114,776
Net changes in value of financial assets measured at fair value through other comprehensive income	-	-	-	114,776	-	-	114,776
Net actuarial gains on defined benefit plan	-	-	-	-	-	-	-
Purchase and transfer of own shares to employees	-	-	(3,591)	-	49,394	-	45,803
Balance as at 31 March 2024	**522,638**	**2,944,585**	**(3,591)**	**243,182**	**3,241,340**	**3,333,525**	**10,281,679**

PLN '000	Ordinary shares	Share premium	Own 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 financial assets measured at fair value through other comprehensive income	-	-	-	(193,274)	-	-	(193,274)
Net actuarial profits/(losses) on defined benefit program valuation	-	-	-	-	(7,913)	-	(7,913)
Equity awards program	**-**	**-**	**(20,577)**	**-**	**55,351**	**-**	**34,774**
Effect of intragroup transformations	**-**	**-**	**-**	**-**	**-**	**(1,454,930)**	**(1,454,930)**
Dividends paid	**-**	**-**	**-**	**-**	**-**	**16,827**	**16,827**
Transfer to capital	**-**	**-**	**-**	**-**	**800,260**	**(800,260)**	**-**
Balance as at 31 December 2024	**522,638**	**2,944,585**	**(20,577)**	**(64,868)**	**4,039,644**	**2,434,061**	**9,855,483**

Condensed summary statement of cash flows

PLN '000 For a period	I quarter accruals period from 01.01.25 to 31.03.2025	I quarter accruals period from 01.01.24 to 31.03.2024
Cash at the beginning of the reporting period	**5,794,361**	**1,241,874**
Cash flows from operating activities	895,421	(167,359)
Cash flows from investing activities	(352)	(21,699)
Cash flows from financing activities	(14,147)	(7,031)
Cash at the end of the reporting period	**6,675,283**	**1,045,785**
Increase/(decrease) in net cash	**880,922**	**(196,089)**

Condensed additional information

1. Declaration of conformity

These interim condensed standalone financial statements have been prepared in accordance with International Accounting Standard IAS 34 *Interim Financial Reporting ("IAS 34")*, adopted by European Union and with other applicable regulations.

These interim condensed standalone financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the standalone financial statements of the Bank for the financial year ended 31 December 2024 and interim condensed consolidated financial statements of the Group for the first quarter of 2025.

In accordance with Decree of the Ministry of Finance dated 29 March 2018 regarding current and periodic information provided by issuers of securities and the requirements for recognition of information required by the law of a non-Member State as equivalent (Official Journal from 2018, item 757, as amended) ("Decree") the Bank is obliged to publish its financial results for the 3-month period ended 31 March 2025 which is deemed to be the current interim financial reporting period.

2. Significant accounting policies

Interim condensed standalone financial statements of the Bank for the first quarter of 2025 have been prepared in accordance with the Decree by virtue of which the issuer, being a parent entity, is not obliged to provide interim separate financial statements, on condition that it includes in the interim consolidated financial statements consisting of balance sheet, profit and loss account, statement of changes in equity, cash flow statement and condensed supplementary notes, comprising of information and data significant for the assessment of the issuer's financial standing and its profit or loss, but not presented in the interim consolidated financial statement. In addition, it's required to prepare the interim condensed financial statements in accordance with accounting principles adopted in the preparation process of the annual financial statements including changes described in condensed consolidated financial statements of the Capital Group of Bank Handlowy w Warszawie S.A. for the first quarter of 2025.

Principles adopted in the preparation process of these interim condensed standalone financial statements are consistent with the principles, described in the annual standalone financial statements of the Bank for the financial year ended 31 December 2024 taking into account the changes described in the interim condensed consolidated financial statements of the Group for the first quarter of 2025.

Other information and explanations presented in interim condensed consolidated financial statements for the first quarter of 2025 also contain all information and explanatory data essential for these interim condensed standalone financial statements.

The summary of Bank's financial results for the first quarter of 2025 is presented below.

Bank's financial results

In the first quarter of 2025, the Bank generated a profit before tax of PLN 553.4 million, compared to PLN 576.3 million in the corresponding period of 2024 (i.e. decrease by PLN 22.9 million, 4.0 % YoY).

Net profit earned in the period from January to March 2025 amounted to PLN 434.4 million compared to PLN 453.1 million of net profit in the corresponding period of 2024.

The net profit of the Bank in the first quarter of 2025 was driven mainly by lower revenues due to lower results on hedge accounting (other revenues).

The interim condensed consolidated financial statements for the first quarter of 2025 will be available on the website of Bank Handlowy w Warszawie SA. **www.citihandlowy.pl.**

Signatures of Management Board Members

Date	Name	Position/function
07.05.2025	Elżbieta Światopełk-Czetwertyńska	President of the Management Board
07.05.2025	Maciej Kropidłowski	Vice-President of the Management Board
07.05.2025	Katarzyna Majewska	Vice-President of the Management Board
07.05.2025	Barbara Sobala	Vice-President of the Management Board
07.05.2025	Andrzej Wilk	Vice-President of the Management Board
07.05.2025	Patrycjusz Wójcik	Vice-President of the Management Board
07.05.2025	Ivan Vrhel	Member of the Management Board