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PKO Bank Hipoteczny SA Directors' Report for the six months ended 30 June 2025

SELECTED FINANCIAL DATA

INCOME STATEMENT IN PLN MILLION	01.01.2025 – 30.06.2025	01.01.2024 – 30.06.2024	Change y/y
Net interest income	142.5	104.7	37.8
Net fee and commission income	(3.3)	(2.2)	(1.1)
Net foreign exchange gains / (losses)	(0.2)	2.3	(2.5)
Net allowance for expected credit losses	3.2	6.2	(3.0)
Net other operating income and expenses	0.2	0.1	0.1
Administrative expenses	(25.7)	(22.5)	(3.2)
Regulatory charges	(17.0)	(17.1)	0.1
Tax on certain financial institutions	(24.1)	(26.1)	2.0
Operating profit	75.6	45.4	30.2
Profit before tax	75.6	45.4	30.2
Corporate income tax	(20.4)	(12.9)	(7.5)
Net profit	55.2	32.5	22.7

STATEMENT OF FINANCIAL POSITION IN PLN MILLION	30.06.2025	31.12.2024
Cash and balances with the Central Bank	0.0	0.4
Amounts due from banks	6.6	10.2
Derivative hedging instruments	0.1	0.0
Securities	781.2	749.3
Loans and advances to customers	16,371.9	16,600.7
Other assets ¹	17.2	16.1
TOTAL ASSETS	17,177.0	17,376.7
Amounts due to banks	5,008.1	5,342.8
Derivative hedging instruments	22.9	208.7
Liabilities in respect of mortgage covered bonds issued	7,759.0	7,233.4
Liabilities in respect of bonds issued	2,553.5	2,721.3
Other liabilities and provisions ²	124.1	127.0
Equity	1,709.4	1,743.5
TOTAL LIABILITIES AND EQUITY	17,177.0	17,376.7

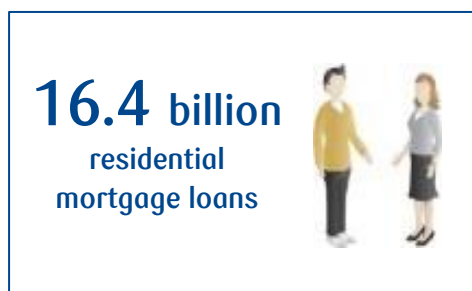
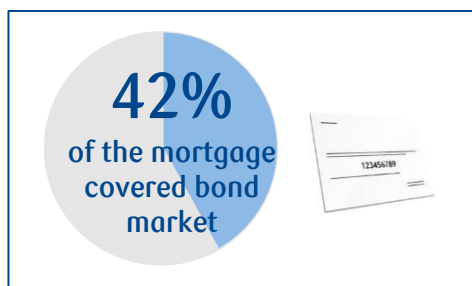
¹ It covers the following items of the statement of financial position: intangible assets, property, plant and equipment, and other assets.

² It covers the following items of the statement of financial position: amounts due to customers; other liabilities, current income tax liabilities, deferred income tax provision and other provisions.

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1. INTRODUCTION



PKO Bank Hipoteczny SA (the "Bank") specializes in granting residential mortgage loans to individual customers and purchasing receivables in respect of such loans. The Bank acquires loans for its portfolio based on strategic cooperation with PKO Bank Polski SA.

PKO Bank Hipoteczny SA is the leader of the Polish mortgage bank market in terms of both total assets and the volume of residential mortgage loans. The Bank is also the largest issuer of mortgage covered bonds in Poland (as at the end of June 2025) with a share of 42% of the total value of outstanding mortgage covered bonds issued by mortgage banks operating in Poland. It was the only bank in Poland to carry out benchmark issues of EUR-denominated mortgage covered bonds, including the first green covered bond issue in Central and Eastern Europe.

As at 30 June 2025, 10 series of mortgage covered bonds issued by the Bank with a total nominal value of PLN 7.7 billion were outstanding.

As at the end of June 2025, the Bank's total assets amounted to more than PLN 17.2 billion, of which PLN 16.4 billion consisted of a high-quality portfolio of residential loans, whose main sources of funding were mortgage covered bonds.

EVALUATION OF PKO BANK HIPOTECZNY SA'S FINANCIAL CREDIBILITY – RATINGS

The financial credibility of PKO Bank Hipoteczny SA and of the mortgage covered bonds issued by the Bank is assessed by the Moody's Investors Service Ltd international rating agency ("Moody's").

As at 30 June 2025, PKO Bank Hipoteczny SA had the following ratings assigned by Moody's:

	Rating	Outlook	Date of initial rating / rating confirmation date
Long-term issuer rating	A3	Stable	
Short-term issuer rating	P-2	n/a	
Opinion on long-term counterparty risk	A2(cr)	n/a	
Opinion on short-term counterparty risk	P-1(cr)	n/a	
Long-term counterparty risk rating	A2	n/a	
Short-term counterparty risk rating	P-1	n/a	

The ratings take into account Moody's assessment of the Bank's mutual relations with its Parent Company – PKO Bank Polski SA – and reflect a low probability that, should financial tensions occur within the Group, the Parent Company would consider ranking the Bank's liabilities at a lower priority than the Parent Company's liabilities.

As at 30 June 2025, the mortgage covered bonds of PKO Bank Hipoteczny SA had the following ratings assigned by Moody's:

	Rating	Rating confirmation date
Mortgage covered bonds denominated in PLN	Aa1	
Mortgage covered bonds denominated in EUR	Aa1	

The rating assigned to the mortgage covered bonds of PKO Bank Hipoteczny SA is the highest rating achievable by Polish securities. The limit for the ratings is the Polish country ceiling³ for debt instruments, which currently is at the level of Aa1.

MORTGAGE COVERED BONDS ISSUED

In the first half of 2025, PKO Bank Hipoteczny SA carried out two issues of mortgage covered bonds.

On 27 February 2025, the Bank issued Series 15 variable coupon mortgage covered bonds with a nominal value of PLN 800 million. It was one of the largest PLN-denominated issues in the Bank's history. Bonds were issued under the International Mortgage Covered Bonds Issue Programme and are traded on the Luxembourg Stock Exchange and on the parallel regulated market of the Warsaw Stock Exchange.

On 25 June 2025, after a 3-year break on the international markets, PKO Bank Hipoteczny issued Series 16 fixed-coupon mortgage covered bonds amounting to EUR 500 million. The issue was conducted under the International Mortgage Covered Bonds Issue Programme of PKO Bank Hipoteczny and is listed on the regulated market of the Luxembourg Stock Exchange.

WAR IN UKRAINE AND ITS IMPACT ON THE BANK'S OPERATIONS

Due to the ongoing military conflict, the Bank identifies geopolitical risks that have or may have an indirect impact on the operations of the Bank as an issuer.

The Bank is monitoring the developments relating to the conflict in Ukraine and adjusting its actions accordingly.

CURRENT AND ANTICIPATED FINANCIAL POSITION OF THE BANK

In the opinion of the Management Board, the financial position and business outlook of PKO Bank Hipoteczny remain stable. The Bank operates with a high level of security, both in terms of the quality and level of collateralization of the loan portfolio and in all areas of risk control and supervision, to which a solid capital base also contributes.

PKO BANK POLSKI SA'S STRATEGY FOR THE YEARS 2023 – 2025

In the first quarter of 2023, the Bank's Management Board adopted and the Supervisory Board approved an updated Strategy of PKO Bank Hipoteczny SA for the years 2023 – 2025.

The Bank's strategic goals under the strategy comprise:



³ Maximum country rating.

SELECTED PROJECTS

Development of a special offer to support sustainable development – mortgage loans

The special offer is being developed as part of ESG sustainability activities. The strategic objective of the initiative is to create an offer that will support sustainable development of the PKO BP Group's mortgage offer and build the potential to issue Green Covered Bonds.

Currently, in cooperation with PKO Bank Polski SA, the Bank is promoting such an offer and granting preferential price terms in return for the customer providing an energy efficiency certificate confirming the low carbon performance of the funded property (required to meet a certain EP value, i.e. an indicator defining the building's annual demand for non-renewable primary energy).

A new approach to the offer is also planned in order to increase the scale of loans obtained to support sustainable growth.

Within the PKO BP Group, the Bank is the leader in creating a comprehensive range of mortgage loans to support sustainable development and is a centre of excellence in this area.

ESG Centre of Excellence in PKO Bank Hipoteczny SA

The ESG Centre of Excellence is another aspect of achieving the Bank's 2023 - 2025 strategic goal with respect to sustainability activities.

The Centre of Excellence's task is to ensure that the organization has the necessary, comprehensive and up-to-date ESG knowledge to meet its business objectives in line with the rapidly evolving sustainability regulatory environment.

Implementation of external communication to educate customers

In the first half of 2025, PKO Bank Hipoteczny continued its customer education activities through the publication of articles on the Bankomania website. By 30 June 2025, the following articles have been published:

- 10th anniversary of PKO Bank Hipoteczny – historical background
- Modern solutions in construction: dome houses
- Modern solutions in construction: solar systems
- Modern solutions in construction: heat pumps

Further topics awaiting publication in July 2025:

- Green housing - a new trend in construction
- Energy ratings for residential buildings - what do you need to know?
- The Energy Performance of Buildings Directive (EPBD) - what is worth knowing?

Links to the articles are published on the website, as well as on the Bank's profile on the LinkedIn platform, where educational posts on living in harmony with the environment are also published. Behaviours such as household energy conservation, careful waste sorting or choosing environmentally friendly modes of transport – such as commuting to work by bicycle – are promoted. The values promoted in external communication are consistent with the activities carried out within the organization. During the reporting period, the Bank strengthened its internal competence in the area of communication to become more effective in developing knowledge and awareness of the environment (including customers) in the future.

Optimization and automation of processes

The strategic goal of the initiative is to digitize and simplify the Bank's processes.

Among other things, the Bank participates in the PKO BP Group's 'Digital Mortgage' project, which aims to optimize and digitize the mortgage lending and servicing process. As part of this project, in the first half of 2025, two borrowers were offered the possibility of being granted a loan and purchasing an apartment on the primary market.

As part of the project, PKO BH developed the terms for implementing the mortgage lending process by PKO BH. Further work leading to the implementation of the Digital Mortgage agency process will be carried out in the third and fourth quarter of 2025.

The Bank regularly implements improvements and automates activities forming part of other processes, including, among others, simplifying loan agreements and other documents provided to customers.

Development of a uniform template for a residential real estate loan agreement

The strategic aim of the project is to develop a template of mortgage loan agreement clauses in terms of improving readability and reducing the risks associated with the mortgage product. As part of the consultations with the supervisory and control authorities, work continued on drafting a uniform template of a mortgage loan agreement proposed by the Office of Competition and Consumer Protection (UOKiK), in which the Bank is taking an active part. The UOKiK aims to make the uniform template of the loan agreement statutorily implemented and mandatory for newly concluded agreements, which will contribute to the full standardization of this type of agreement on the market.

The Bank's adaptation to the benchmark reform

In connection with the planned replacement of WIBOR with another benchmark as part of the reform, the WIBOR Benchmark Reform Taskforce (the "Taskforce") was established within the Bank. The objective of the Taskforce is to prepare the Bank for the implementation of the new interest rate benchmark and to replace the currently used WIBOR benchmark. The Taskforce's objectives include, in particular:

- aligning contracts with counterparties and customers and changing the product offer;
- adapting valuation and risk management methodologies and tools;
- adapting accounting methodologies and tools (including, among other things, hedge accounting and transfer pricing);
- implementing changes to IT systems;
- estimating the impact of the reform on the Bank's financial results.

Programme of Mortgage Covered Bonds Issuance

This is a new national programme for the issuance of mortgage covered bonds, under which mortgage covered bonds are to be issued following the approval of a prospectus by the Polish Financial Supervision Authority. The programme will be addressed to institutional and individual investors in Poland. In May 2025, PKO Bank Hipoteczny applied to the Polish Financial Supervision Authority for approval of the prospectus for this programme.

2. EXTERNAL OPERATING CONDITIONS

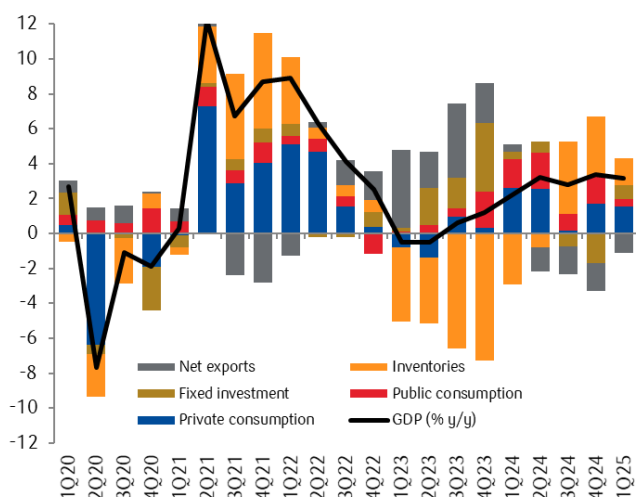
Macroeconomic environment
Residential real estate market
Residential loan market
Mortgage covered bonds market
Regulatory and legal environment

2.1. MACROECONOMIC ENVIRONMENT

The macroeconomic factors which shaped the national economy in the first half of 2025 are presented below.

CONTINUED ECONOMIC RECOVERY

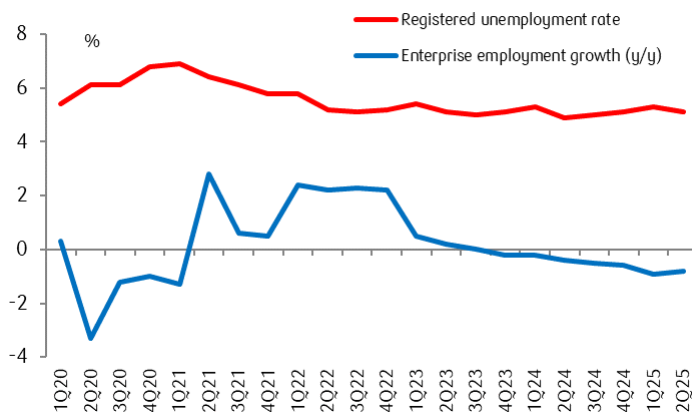
The pace and decomposition of GDP growth (% y/y) and its components (p.p.)



At the beginning of 2025, Polish economy was growing at a solid pace. In the first quarter of 2025, GDP was 3.2% higher than in the previous year, with growth likely to have accelerated in the second quarter of 2024. The start of the year has seen real wage growth in the national economy slow down to around 5% y/y, against almost 10% y/y on average in 2024. This, coupled with a persistently high propensity to save, resulted in private consumption growth falling to 2.5% y/y in the first quarter of the year. Investments came as a positive surprise, with gross fixed capital formation in the first quarter of the year increasing by 6.3% y/y, following a six-month period of decline. This was mainly due to public spending, with general government investments increasing by 28% y/y; at the same time the data shows a significant decrease in decline in private investments. Investments funded by the National Recovery Plan have been slow to accelerate, but the second half of the year should bring a breakthrough. In the first quarter, net exports continued to make a negative contribution to GDP, due to real exports of goods and services increasing by 1.1% y/y and imports by 3.5% y/y. Exports are negatively affected by the slow economic recovery of major trading partners and increased uncertainty over the tariff policies of Donald Trump's administration. At the same time, imports are driven by growing domestic demand, including investments, and also the supply of defence equipment. The external balance deteriorated at the beginning of 2025, but the current account deficit, reported at around 1% of GDP at the end of May 2025, does not pose a threat to the macroeconomic balance.

SLIGHT COOLING OF LABOUR MARKET CONDITIONS

Unemployment and employment (end of period, %)

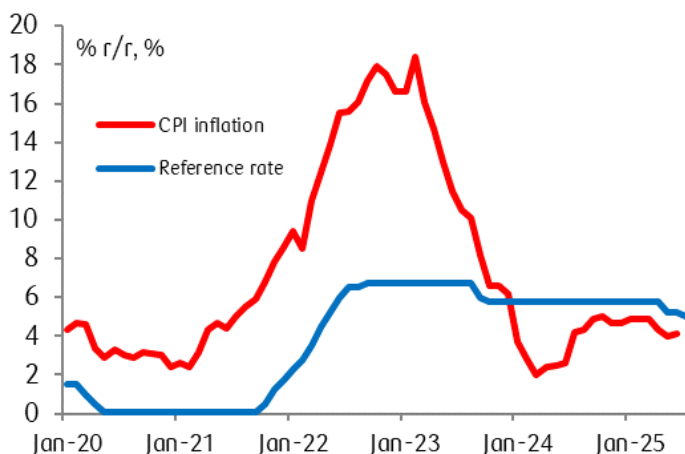


The situation on the domestic labour market remains good, although there are some signs of a decline in labour demand. The registered unemployment rate increased at the beginning of the year, influenced by seasonal factors, but its level of 5.1% in June this year is only 0.3 p.p. higher than the minimum multi-year level recorded for the corresponding period of the previous year. The unemployment rate according to the Labour Force Survey rose to 3.4% in the first quarter of the year, and its quarterly increase of 0.6 p.p. was much stronger than that observed at the corresponding periods in previous years. The data shows that employees are less inclined to change their place of employment.

Average employment in the enterprise sector in the first half of 2025 continued its decline, which, alongside lower labour demand, reflected demographic trends and fewer people of working age. In the first half of 2025, wage growth gradually decelerated, which, in addition to weaker labour demand, was due to a smaller increase in the minimum wage than in previous years. In the first quarter of the year, wages in the national economy grew (nominally) by 10% y/y, the weakest growth since the beginning of 2022.

INFLATION ON TRACK TO MEET THE TARGET OF THE NATIONAL BANK OF POLAND (NBP)

Inflation (% y/y) and reference rate (% monthly data)

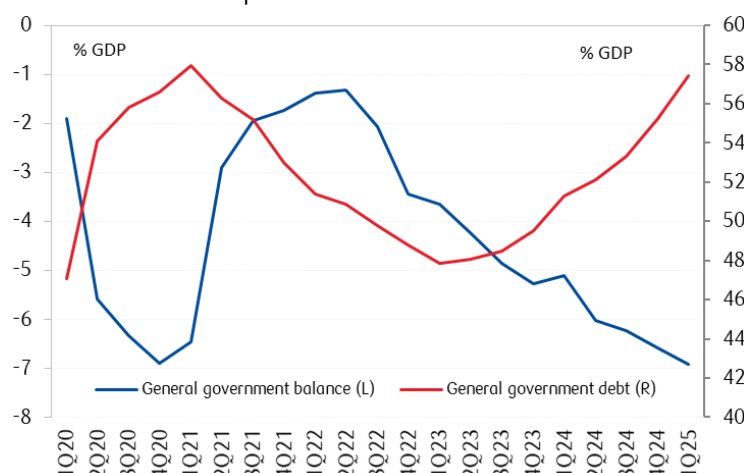


Inflation was still elevated at the beginning of 2025, not least due to the previous year's increases in regulated prices, but the peak of 4.9% y/y it reached in the first quarter of the current year was below expectations. In the first half of 2025, inflation was gradually lowered by fuel prices, whose annual decline deepened to a maximum of -11.4% y/y in May this year. A decline in core inflation (CPI excluding food and energy), which did not exceed 3.5% y/y throughout the second quarter, was also evident in the period under review.

CPI inflation stood at 4.1% y/y in June this year, and available forecasts indicate that in July it will return to the band of acceptable deviation from the target of the National Bank of Poland (2.5% +/- 1p.p.).

CONTROLLED TENSIONS IN PUBLIC FINANCES

Deficit and debt of the public sector



The government deficit (ESA) at the end of 2024 increased to 6.6% of GDP from 6.0% of GDP after the first half of 2024. The fiscal condition remained tight at the beginning of 2025, with the deficit widening to 6.9% of GDP in the first quarter 2025. At the same time, the ratio of government debt to GDP increased to 57.4% after the first quarter, up from 55.3% in 2024, reflecting military equipment procurement in addition to the growing deficit. Poland is subject to an excessive deficit procedure of the European Commission, which, however, is unlikely to be very severe – at Poland's request, the EC has triggered the so-called exit clause in relation to military spending.

INTEREST RATE ADJUSTMENT

The Monetary Policy Council (MPC) cut interest rates by 0.50 p.p. in May. This was the first rate change since October 2023. The MPC justified the adjustment of interest rates on the basis of a lower-than-expected trajectory of inflation at the beginning of the year, but emphasized the continuing uncertainty about its outlook, related, among other things, to the future administrative solutions regarding household energy prices, as well as loose fiscal policy and strong wage growth. Although the MPC has not referred to interest rate changes as a 'cycle', it made another cut of 0.25 p.p. in July. Its rationale was that inflation was about to approach the NBP's target. In their statements, MPC members do not rule out further adjustments in 2025, by a total of 0.25-0.50 p.p.

NBP interest rates:

Rate	Q2 2025 [%]
reference	5.25
bill of exchange rediscount	5.30
bill of exchange discount	5.35
Lombard	5.75
deposit	4.75

*) following the MPC's decision, starting from 3 July 2025, applicable rates will be 25 basis points lower than those presented above

2.2. RESIDENTIAL REAL ESTATE MARKET

CONDITION OF THE RESIDENTIAL REAL ESTATE MARKET IN POLAND

For over a year (since the second quarter 2024), residential property prices have followed a horizontal trend, pursuant to an earlier surge triggered by the 2% Safe Loan programme, which stimulated a strong increase in residential sales in the second half of 2023. Over the course of 2024, we have seen a gradual recovery in demand previously weakened by the expiration of the borrower support programme and continued high interest rates and residential prices. The recovery in demand was supported by a stable labour market, a low unemployment rate and a high annual wage growth rate of around 10 per cent, accompanied by a stabilization of housing prices. In 2025, an additional, very significant driver of demand for residential property has emerged, namely interest rate cuts. The above factors translated into an increase in residential loan sales of around 20% in terms of volume during the first

half of 2025. According to data from Biuro Informacji Kredytowej SA (a credit information bureau), the average monthly number of people applying for residential loans 24% higher in the first half of 2025 than in 2024.

However, recovery in demand for residential property is not driving residential property prices up, due to the record high supply of apartments offered by developers in the primary market. According to data published by the otodom.pl portal, which monitors the developments in the primary markets of seven large cities⁴, the total size of the developers' offer at the end of the first half of 2025 was at the level of 62,000 apartments, while as at 31 December 2023 (i.e. at the time of the expiry of the 2% Safe Loan preferential loan programme) it had been less than 35,000 apartments. In 2024, developers offered 45% more apartments than they sold, and 27% more in the first half of 2025, causing the volume of apartments on offer to almost double. The length of the average offer sale period increased from less than three quarters to almost seven over this period.

The high supply is expected to be effective in dampening upward pressure on housing prices, even in the light of the projected increase in sales, at least until the end of 2025. The main factor affecting the housing market in 2026 will be the persistence of disinflationary processes in the economy and the further monetary easing by the Monetary Policy Council.

2.3. RESIDENTIAL LOAN MARKET

Based on NBP data, amounts due to banks in respect of residential loans in Poland were PLN 503 billion as at 30 June 2025, up by 2.4% y/y. As at 30 June 2025, PLN-denominated loans amounted to PLN 453 billion (90.1% of the total amounts due to banks in respect of residential loans in Poland), up by 6.6% y/y. In the first half of 2025, lending activity was supported by market interest rate cuts and an increase in the average loan amount.

The total balance of residential loans in relation to the Gross Domestic Product as estimated by PKO Bank Polski at market prices stood at 13.4% at the end of the second quarter of 2025. This amount was significantly below the average for the European Union, which was approx. 35% according to the latest available data after the end of the first quarter of 2025. This shows that the residential loan market in Poland has a great potential for further development.

2.4. MORTGAGE COVERED BONDS MARKET

As at 30 June 2025, five mortgage banks were operating in Poland:

- PKO Bank Hipoteczny SA;
- mBank Hipoteczny SA;
- Pekao Bank Hipoteczny SA;
- ING Bank Hipoteczny SA;
- Millennium Bank Hipoteczny SA.

The Polish mortgage covered bond market is relatively small and moderately liquid. As at the end of June 2025, total outstanding mortgage covered bonds issued by the mortgage banks operating in Poland amounted to PLN 18.5 billion, i.e. PLN 1.5 billion more than as at 30 June 2024. As at 30 June 2025, outstanding mortgage covered bonds issued by Polish banks accounted for less than 4% of the amount of residential loans granted by banks.

PKO Bank Hipoteczny SA is the largest issuer of mortgage covered bonds on the Polish market. As at 30 June 2025, outstanding mortgage covered bonds issued by PKO Bank Hipoteczny SA amounted to PLN 7.7 billion, representing approximately 42% of the total value of outstanding mortgage covered bonds issued by Polish mortgage banks.

⁴ Warsaw, Wrocław, Kraków, Poznań, Tricity, Łódź, Katowice

2.5. REGULATORY AND LEGAL ENVIRONMENT

In the first half of 2025, the following legal and regulatory solutions significantly affecting the operations of PKO Bank Hipoteczny SA came into force:

SOLUTION	IMPACT
DORA REGULATION	
Regulation 2022/2554 on digital operational resilience for the financial sector	Effective date: 17 January 2025. A number of new obligations relating to ICT risk management have been imposed on financial sector entities, requiring the identification of contracts covering ICT services (including providers supporting critical/important functions), the creation of a register of such contracts, the updating of security regulations, including online banking security (e.g. resilience testing, ICT incident reporting procedures, reporting).
MORTGAGE LOANS	
Act on ensuring that economic operators meet the accessibility requirements of certain products and services	Effective date: 28 June 2025 The Act defines the accessibility requirements for products and services for persons with disabilities and the obligations of economic operators to ensure that these requirements are met; it sets out the principles and procedures for market surveillance in ensuring compliance with the requirements. The Bank has adapted its internal procedures to the requirements of the Act, and has carried out work to simplify model contracts and letters to the customer.
Act on credit servicers and credit purchasers	Effective date: 5 April 2025. While the Act does not apply to mortgage loans, its Article 68 has introduced an amendment to the mortgage loan agreement, increasing the Bank's information obligations (30 days before a change in terms and conditions of the agreement, a description of the changes and information about the right to lodge a complaint must be provided on a durable medium).
REPORTING	
Act amending the Accounting Act, the Act on Statutory Auditors, Audit Firms and Public Supervision and certain other acts	Effective date: 1 January 2025. Implementation of the CSRD in relation to corporate sustainability reporting (reporting of non-financial information). The Act expanded reporting obligations by, among other things, introducing the mandatory application of European Sustainability Reporting Standards, broadening the scope of reported information.

3. FINANCIAL PERFORMANCE AND CAPITAL ADEQUACY

Key financial indicators of PKO Bank Hipoteczny SA
Statement of financial position of PKO Bank Hipoteczny SA
Income statement of PKO Bank Hipoteczny SA
Requirements regarding own funds (Pillar I)
Internal capital (Pillar II)
Disclosures (Pillar III)

3.1. KEY FINANCIAL INDICATORS OF PKO BANK HIPOTECZNY SA

	30.06.2025	31.12.2024	30.06.2024
Total assets (in PLN M)	17,177.0	17,376.7	17,924.9
ROA ⁵	0.6%	0.7%	0.4%
ROE ⁶	6.3%	7.8%	3.9%
Total capital ratio (TCR)	26.1%	22.9%	22.5%
Leverage ratio (LR)	9.5%	9.5%	9.1%
Cost/income ratio (C/I) ⁷	21.2%	22.6%	21.3%

3.2. STATEMENT OF FINANCIAL POSITION OF PKO BANK HIPOTECZNY SA

in PLN million	30.06.2025	31.12.2024	30.06.2024
Cash and balances with the Central Bank	0.0	0.4	180.1
Amounts due from banks	6.6	10.2	2.7
Derivative hedging instruments	0.1	0.0	8.8
Securities	781.2	749.3	750.0
Loans and advances to customers	16,371.9	16,600.7	16,966.8
Other assets ⁸	17.2	16.1	16.5
TOTAL ASSETS	17,177.0	17,376.7	17,924.9

in PLN million	30.06.2025	31.12.2024	30.06.2024
Amounts due to banks	5,008.1	5,342.8	4,615.8
Derivative hedging instruments	22.9	208.7	238.2
Liabilities in respect of mortgage covered bonds issued	7,759.0	7,233.4	8,391.8
Liabilities in respect of bonds issued	2,553.5	2,721.3	2,965.5
Other liabilities and provisions ⁹	124.1	127.0	97.4
Equity	1,709.4	1,743.5	1,616.2
TOTAL LIABILITIES AND EQUITY	17,177.0	17,376.7	17,924.9

⁵ Annualized ratio expressed as a ratio of the net profit/(loss) for a given period and the average balance of assets as at the beginning and as at the end of the reporting period, and interim monthly periods.

⁶ Annualized ratio calculated by dividing the net profit/(loss) for a given period by the average balance of total equity as at the beginning and as at the end of the reporting period, and interim monthly periods.

⁷ The ratio does not take into account the tax on other financial institutions.

⁸ It covers the following items of the statement of financial position: intangible assets, property, plant and equipment and other assets.

⁹ It covers the following items of the statement of financial position: amounts due to customers; other liabilities, current income tax liabilities, deferred income tax provision and other provisions.

As at 30 June 2025 the total assets of PKO Bank Hipoteczny SA amounted to PLN 17,177.0 million. Residential loans were the key component of the Bank's assets. Their carrying amount, taking into account allowances for expected credit losses recognized as at 30 June 2025, amounted to PLN 16,371.9 million, of which loans granted by PKO Hipoteczny SA amounted to PLN 9,017.9 million, whereas loans purchased from PKO Bank Polski SA amounted to PLN 7,354.0 million.

As at the end of June 2025, the carrying amount of mortgage covered bonds was PLN 7,759.0 million, i.e. 45.2% of the balance sheet total. This represents an increase of 3.6 p.p. compared to the end of 2024, due to the issuance of mortgage covered bonds in the first half of 2025.

As at 30 June 2025, financial liabilities to PKO Bank Polski SA constituted a significant item of the Bank's liabilities and equity. They consisted of liabilities in the form of loans, overdraft facilities under the available limit, liabilities in respect of the mortgage covered bonds and unsecured bonds acquired by PKO Bank Polski SA and other liabilities to PKO Bank Polski SA. Their total balance was PLN 5,552.9 million. Unsecured bonds issued by the Bank also constituted a significant source of funding the Bank's operations. As at 30 June 2025, they amounted to PLN 2,553.5 million, which is a 6.2% decrease compared with the end of 2024.

3.3. INCOME STATEMENT OF PKO BANK HIPOTECZNY SA

in PLN million	01.01.2025 – 30.06.2025	01.01.2024 – 30.06.2024	Change y/y
Net interest income	142.5	104.7	37.8
Net fee and commission income	(3.3)	(2.2)	(1.1)
Net gain/(loss) on financial instruments measured at fair value through profit or loss	0.0	0.0	0.0
Net foreign exchange gains / (losses)	(0.2)	2.3	(2.5)
Net allowance for expected credit losses	3.2	6.2	(3.0)
Net other operating income and expenses	0.2	0.1	0.1
Administrative expenses	(25.7)	(22.5)	(3.2)
Regulatory charges	(17.0)	(17.1)	0.1
Tax on certain financial institutions	(24.1)	(26.1)	2.0
Operating profit	75.6	45.4	30.2
Profit before tax	75.6	45.4	30.2
Corporate income tax	(20.4)	(12.9)	(7.5)
Net profit	55.2	32.5	22.7

PKO Bank Hipoteczny SA ended the first half of 2025 with a net profit of PLN 55.2 million, PLN 22.7 million up compared to the corresponding period of 2024. The increase in net profit is caused by recognizing an adjustment reducing the gross carrying amount of mortgage loans by PLN 60.8 million in connection with entry into force of the Act on crowdfunding for businesses and aid to borrowers.

In the period under analysis, the Bank generated interest income of PLN 621.8 million. This amount mainly consists of interest income on residential loans of PLN 596.6 million and income from debt securities. In that period the Bank incurred interest expense of PLN 479.3 million. The interest expense incurred resulted primarily from the mortgage covered bonds issued and the costs of hedging transactions. The respective interest expense amounted to PLN 257.4 million in total. The Bank also incurred interest expense of PLN 142.9 million on loans received and utilization of the overdraft limit, and PLN 77.0 million on bonds issued.

The Bank's turnover in 2025 (understood as the sum of interest income and fee and commission income) amounted to PLN 624.4 million. The realized turnover was generated entirely from the Bank's operations in Poland.

In 2025, the Bank incurred administrative expenses of PLN 25.7 million. Material costs of PLN 14.4 million were a significant item in the structure of administrative expenses.

In the first half of 2025, the Bank also incurred regulatory charges totalling PLN 17.0 million. A contribution to the Bank Guarantee Fund's resolution fund which amounted to PLN 14.0 million was the main component of this item.

Tax on certain financial institutions of PLN 24.1 million in the reporting period was another material item of the cost of the Bank's activities.

In the first half of 2025, due to the improved performance and amortization of the portfolio, the Bank reduced allowances for expected credit losses. This had an impact on net allowance for expected credit losses, which amounted to PLN 3.2 million, and translated into a credit risk cost ratio of -0.02%. The cost of risk is at a very low level in consequence of maintaining strict control over credit risk, which translates into the very good quality of the loan portfolio.

DIVIDEND PAID

On 27 June 2025, the Ordinary General Shareholders' Meeting of PKO Bank Hipoteczny SA adopted a resolution on the appropriation of the net profit for the financial year 2024 as follows:

- PLN 32.6 million, i.e. 25% of the profit, was earmarked for transferring to the Bank's supplementary capital pursuant to Article 348 and Article 396 of the Commercial Companies Code and a recommendation of the PFSA;
- PLN 97.7 million, i.e. the remaining portion of the profit, was earmarked for payment of dividend. On 30 June 2025, the funds for the payment of dividend to PKO Bank Polski SA were transferred to the non-public market companies' shareholders register maintained by the Brokerage Office of PKO Bank Polski SA.

THE BANK'S FUNDING STRUCTURE

The table below presents the structure of the Bank's funding sources:

	30.06.2025	31.12.2024
Mortgage covered bonds issued	45.2%	41.6%
Funds from the Parent Company	29.2%	30.8%
Bonds issued	14.9%	15.7%
Equity	9.9%	10.0%
Other	0.8%	1.9%
Total	100%	100.0%

As at 30 June 2025 and as at 31 December 2024, the Bank was not in default in respect of any contractual liabilities.

3.4. REQUIREMENTS REGARDING OWN FUNDS (PILLAR I)

GENERAL INFORMATION

Starting from 1 January 2025, changes were made to the calculation of capital requirements for credit and operational risk and the estimation of own funds, in accordance with 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 (CRR 3 Regulation).

In accordance with the CRR, the Bank calculates requirements regarding own funds for the following risks:

- credit risk – according to the standardized approach;
- credit valuation adjustment (CVA) risk – according to the standardized approach;
- settlement and delivery risk – according to the standardized approach;
- operational risk – according to the standardized approach based on the business indicator component (BIC),
- market risk (foreign exchange risk only) – using the basic approaches.

As at 30 June 2025 and as at 31 December 2024, own fund requirements regarding the risk of credit valuation adjustment, settlement and delivery, and market risk were nil, therefore, the total requirement in respect of own funds comprised the requirements for credit and operational risks.

Own funds requirements	30.06.2025	31.12.2024
Credit risk (in PLN millions)	466.4	531.6
Operational risk (in PLN millions)	41.3	49.3
Total own funds requirement (in PLN millions)	507.7	581.0
Common equity Tier 1 capital ratio (CET1)	26.1%	22.9%
Tier 1 capital ratio (T1)	26.1%	22.9%
Total capital ratio (TCR)	26.1%	22.9%

The following tables show exposure values, risk-weighted assets (RWA) and own funds requirements, by exposure class:

	Gross exposure	Exposure value ¹⁰	Risk-weighted assets (RWA)	Own funds requirement
Retail exposures ¹¹	4,449.0	4,429.6	3,322.2	265.8
Exposures secured by mortgages on real estate	12,213.4	12,185.3	2,437.1	195.0
Exposures to central governments or central banks	781.3	781.3	-	-
Exposures to institutions	487.6	487.6	-	-
Exposures in default	80.7	48.2	53.3	4.3
Other exposures	122.6	122.6	91.9	7.4
Total	18,028.9	17,948.8	5,829.4	466.4

	Gross exposure	Exposure value ¹²	Risk-weighted assets (RWA)	Own funds requirement
Retail exposures ¹³	1,996.5	1,933.0	1,449.8	116.0
Exposures secured by mortgages on real estate	14,715.0	14,669.4	5,134.3	410.7
Exposures to central governments or central banks	749.7	749.7	-	-
Exposures to institutions	74.7	74.7	-	-
Exposures in default	78.3	42.3	45.4	3.6
Other exposures	15.8	15.8	15.8	1.3
Total	17,629.9	17,484.9	6,645.2	531.6

CREDIT RISK ADJUSTMENTS

For the purpose of specific credit risk adjustments, the Bank uses impairment loss, which was recognized in the Bank's Tier 1 capital in accordance with the CRR and implementing legislation.

The approach applied by the Bank to identifying exposures at risk of impairment and methods for estimating allowances for expected credit losses and provisions for financial liabilities granted are described in Note 45.2 "Impairment of credit exposures" to the financial statements of PKO Bank Hipoteczny SA for the year ended 31 December 2024.

¹⁰ The value of balance-sheet exposures and the balance-sheet equivalent of contingent liabilities and transactions, taking into account specific credit risk adjustments and the CCF (Credit Conversion Factor).

¹¹ These result from that part of the exposure which is not fully and completely secured, i.e. which exceeds an MLV of 80% or is in a transitional period, i.e. until collateral has been put up.

¹² The value of balance-sheet exposures and the balance-sheet equivalent of contingent liabilities and transactions, taking into account specific credit risk adjustments and the CCF (Credit Conversion Factor).

¹³ They result from the portion of the exposure which is not fully and completely secured, i.e. which exceeds 80% of MLV or is in a transitory period, i.e. until the collateral is fully set up.

USE OF CREDIT RISK MITIGATION TECHNIQUES

The Bank uses mortgage collateral to classify exposures to classes of exposures secured by mortgages on real estate and to apply preferential risk weights. Detailed information about the main types of collateral accepted by the Bank and the method of determining the mortgage lending value may be found in Note 47 "Residual risk management" to the financial statements of PKO Bank Hipoteczny SA for the year ended 31 December 2024.

3.5. INTERNAL CAPITAL (PILLAR II)

Internal capital is the estimated amount of capital required to cover all material risks identified in the Bank's activities, as well as the effect of changes in the business environment, taking into account the expected level of risk.

PKO Bank Hipoteczny SA periodically monitors the materiality of individual risks associated with the Bank's activities.

The Bank separately estimates its internal capital for the following risks considered to be material:

- credit risk;
- liquidity risk;
- operational risk;
- interest rate risk;
- business risk;
- model risk.

The internal capital required to cover individual risks is determined in accordance with the methods set out in the Bank's internal regulations. The total internal capital is the sum of the internal capital required to cover all the risks material for the Bank.

Internal capital structure	30.06.2025	31.12.2024
For credit risk	64.3%	66.1%
For liquidity risk	3.9%	5.4%
For operational risk	5.7%	6.1%
For interest rate risk	11.8%	9.8%
For business risk	14.1%	12.4%
For model risk	0.2%	0.2%
Total	100%	100.0%

As at 30 June 2025, the ratio of the Bank's own funds to its internal capital remained above both the statutory and internal limits.

In order to estimate the amount of capital required to operate safely in times of recession, the Bank regularly conducts stress tests.

3.6. DISCLOSURES (PILLAR III)

Taking into account the scale and specific nature of its operations, the Bank discloses, in particular, the following information on the Bank's activities in the financial statements and the Directors' Report¹⁴:

- risk management objectives and strategies;
- own funds for capital adequacy purposes;
- capital buffers;

¹⁴In accordance with the Disclosure Policy of PKO Bank Hipoteczny SA concerning capital adequacy and other reportable information, the disclosure requirements of Recommendations R and Z are effective from 1 January 2022. The full scope of the said information is published by the Bank on an annual basis, as at 31 December each year. Changes in capital buffer information are published on a semi-annual basis, as at 30 June each year.

- leverage;
- capital requirements;
- credit risk adjustments;
- credit risk mitigation techniques used;
- the Bank's remuneration policy, in line with Recommendation Z;
- the main provisions of the Principles for the Management of Conflicts of Interest in line with Recommendation Z;
- the requirements referred to in Article 111a of the Banking Law and Recommendation H;
- operational risk, in line with Recommendation M;
- credit risk and information on impairment of financial assets in line with Recommendation R and IFRS 9;
- liquidity risk management system and liquidity position, in accordance with Recommendation P;
- the impact of applying the transitional arrangements related to the implementation of International Financial Reporting Standard 9 (IFRS 9) on capital adequacy.

The Bank, operating within the PKO Bank Polski Group, also provides information to the Parent Company for inclusion in the consolidated data.

Detailed information on the scope of disclosures, the manner of their verification and publication is contained in the Disclosure Policy of PKO Bank Hipoteczny SA concerning capital adequacy and other reportable information, which is available on the Bank's website:

<https://www.pkobh.pl/en/about-us/information-required-by-law/information-policy-regarding-capital-adequacy-and-other-information-subject-to-disclosure/>

4. BUSINESS OF PKO BANK HIPOTECZNY SA

Sale of residential mortgage loans under the agency model
Acquisition of residential mortgage loan receivables
Structure of the residential mortgage loan portfolio
Mortgage covered bonds
Financial market operations
Bonds – Bond Issue Programme Agreement concluded with PKO Bank Polski SA

4.1. SALE OF RESIDENTIAL MORTGAGE LOANS UNDER THE AGENCY MODEL

PKO Bank Hipoteczny SA has been granting residential loans in Polish zloty since 1 April 2015. Residential loans are sold under the agency model, through Poland's largest network of branches, agents and intermediaries of PKO Bank Polski SA. The Bank accepts apartments and single-family houses as collateral.

In the first half of 2025 the Bank granted mortgage loans of PLN 481.9 million.

In accordance with Recommendation S of the Polish Financial Supervision Authority, the Bank only grants loans for which the loan-to-value ratio does not exceed 80%.¹⁵ Moreover, in compliance with the Polish Act on Covered Bonds and Mortgage Banks, the Bank only grants loans whose value in relation to the mortgage lending value of the real estate does not exceed 100%.

The main criteria applied by PKO Bank Hipoteczny SA in the process of granting mortgage-secured loans are shown in the table below:

CRITERIA	AGENCY MODEL
Loan amount/market value of the real estate	Max 80% ¹⁶
Loan amount/mortgage lending value of the real estate	Max 100%
Legal title to the real estate	Ownership
Loan collateral	First mortgage Recorded in Section IV of the Land and Mortgage Register
Currency	PLN
Purpose	Residential

The Bank offers both variable-interest loans and loans bearing interest based on a five-year fixed base rate. It also allows the option of changing the variable rate to the five-year fixed base interest rate.

4.2. ACQUISITION OF RESIDENTIAL MORTGAGE LOAN RECEIVABLES

As part of its business activities, PKO Bank Hipoteczny SA acquires residential mortgage loan receivables from PKO Bank Polski SA based on a framework agreement signed in 2015.

In the first half of 2025, PKO Bank Hipoteczny SA purchased portfolios of residential mortgage loan receivables with a total value of PLN 497.3 million from PKO Bank Polski SA.

The main criteria applied by PKO Bank Hipoteczny SA in the process of acquiring residential mortgage loan receivables are shown in the table below.

CRITERIA	POOLING MODEL
Loan amount/mortgage lending value of the real estate	Max 100%
Legal title to the real estate	Ownership
Loan collateral	First mortgage

¹⁵ If the required own down payment is insured, the Bank allows granting a loan where the ratio does not exceed 90%.

¹⁶ If the required own down payment is insured, the Bank allows granting a loan where the ratio does not exceed 90%.

CRITERIA	POOLING MODEL
	Recorded in Section IV of the Land and Mortgage Register
Currency	PLN
Days past due or impairment indicators	None
Purpose	Residential
Assessment of borrower's creditworthiness	Positive

4.3. STRUCTURE OF THE RESIDENTIAL MORTGAGE LOAN PORTFOLIO

PORTFOLIO STRUCTURE BY LTV

The structure of the portfolio of residential mortgage loans in the statement of financial position of PKO Bank Hipoteczny SA by the LTV ratio based on market valuation¹⁷ and the LTV ratio based on the MLV is presented in the tables below.

Gross loans granted to customers by LTV based on market valuation	30.06.2025	31.12.2024
below 50%	91.4%	92.7%
51% - 60%	3.3%	3.4%
61% - 70%	2.2%	1.9%
71% - 80%	1.7%	1.3%
81% - 90%	1.4%	0.7%
more than 90%	0.0%	0.0%
Total, gross	100.0%	100.0%
Average LTV based on market valuation	31.4%	31.4%

Gross loans granted to customers by LTV based on mortgage lending value	30.06.2025	31.12.2024
below 50%	27.1%	26.0%
51% - 60%	14.6%	14.2%
61% - 70%	17.8%	17.7%
71% - 80%	20.4%	21.1%
81% - 90%	17.1%	18.4%
more than 90%	3.0%	2.6%
Total, gross	100.0%	100.0%
Average LTV based on MLV	61.8%	62.4%

In the first half of 2025, the average LTV based on the market valuation of the loan portfolio remained unchanged (down 1.6 p.p. in the first half of 2024), as a result of the combination of stabilization of the market values of properties securing the Bank's loans, the amortization of the portfolio and increased sales characterized by significantly higher LTV ratios compared to the portfolio average. For the LTV ratio based on MLV, there was a slight decrease in the average value (-0.6 p.p.). The MLV determined as at the moment of granting the loans did not require updating – in the Bank's opinion, it is at a safe level, lower than the market value, and meets the requirements of the Rules for Setting the Mortgage Lending Value of Real Estate by PKO Bank Hipoteczny SA.

INTEREST ON LOANS

The Bank grants loans bearing an interest rate based on WIBOR 6M and a periodically fixed interest rate. In the past, the Bank also offered loans based on WIBOR 3M.

The base reference rates used for the Bank's loans are the WIBOR 6M and WIBOR 3M and a fixed base rate, which amounted to 5.47%, 5.61% and 4.99% on average, respectively, in the first half of 2025.

¹⁷ The current level of LTV is calculated according to the value of the real estate as at the moment of granting the loan, updated using statistical methods based on an analysis of the real estate market.

4.4. MORTGAGE COVERED BONDS

One of PKO Bank Hipoteczny SA's key objectives is issuing mortgage covered bonds which are the main source of long-term funding for loans secured with real estate.

MORTGAGE COVERED BOND ISSUES UNDER THE DOMESTIC PROGRAMME OF MORTGAGE COVERED BONDS ISSUANCE

From the beginning of its operations, PKO Bank Hipoteczny SA has issued thirteen series of Polish mortgage covered bonds, including two issues of Green Covered Bonds. These issues were conducted under the Domestic Issues of Mortgage Covered Bond Programme of PKO Bank Hipoteczny SA.

The total value of outstanding mortgage covered bonds issued by PKO Bank Hipoteczny SA for the domestic market (at nominal value) was PLN 560 million as at 30 June 2025.

All series of domestic mortgage covered bonds issued are traded on regulated parallel market of the Warsaw Stock Exchange and on the BondSpot regulated market. They are also accepted in repo transactions by the National Bank of Poland.

The Bank currently only conducts mortgage covered bond issuance activities under the International Programme of Mortgage Covered Bonds Issuance.

In the first half of 2025, PKO Bank Hipoteczny SA redeemed two series of mortgage covered bonds with a total nominal value of PLN 230 million.

Chart: Purchasers of domestic issues of PKO Bank Hipoteczny SA's covered bonds in the years 2015-2025

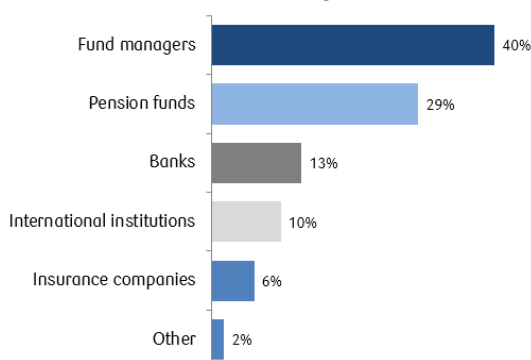
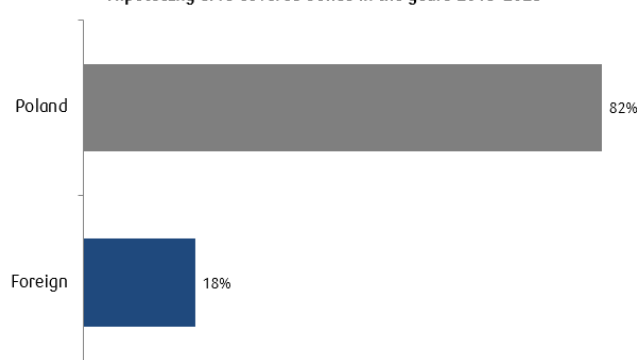


Chart: Geographical distribution of domestic issues of PKO Bank Hipoteczny SA's covered bonds in the years 2015-2025



PLN-denominated issues of mortgage covered bonds of PKO Bank Hipoteczny SA outstanding as at 30 June 2025:

Series	Mortgage covered bond number (ISIN)	Issue date	Redemption date	Series value (in PLN million)	Interest rate	Currency	Rating of the issue	Listing
9	PLPKOHP00090			500	WIBOR3M +0.62%	PLN	Aa1	Bondspot, WSE parallel regulated market
10	PLPKOHP00108			60	3.4875%	PLN	Aa1	Bondspot, WSE parallel regulated market

MORTGAGE COVERED BOND ISSUES UNDER THE INTERNATIONAL PROGRAMME OF MORTGAGE COVERED BONDS ISSUANCE

As at 30 June 2025, PKO Bank Hipoteczny SA has issued 16 series of mortgage covered bonds under the International Programme of Mortgage Covered Bonds Issuance since its inception, including 9 issues denominated in EUR and 7 denominated in PLN.

In the first half of 2025, PKO Bank Hipoteczny SA carried out an issue of Series 15 floating-coupon mortgage covered bonds with a nominal value of PLN 800 million and an issue of Series 16 fixed-coupon mortgage bonds with a nominal value of EUR 500 million.

In the first half of 2025, PKO Bank Hipoteczny SA redeemed one series of mortgage covered bonds with a total value of EUR 500 million.

As at 30 June 2025 the total value of issued and outstanding mortgage covered bonds under PKO Bank Hipoteczny SA's International Programme of Mortgage Covered Bonds Issuance denominated in EUR and PLN (at nominal value) amounted to EUR 500 million and PLN 5,050 million, respectively, which, using the average euro exchange rate announced by the National Bank of Poland at the end of June 2025, gives a total amount of PLN 7,170.9 million.

All series of mortgage covered bonds issued under the International Programme of Mortgage Covered Bonds Issuance are traded on the Luxembourg Stock Exchange and on the parallel regulated market of the Warsaw Stock Exchange. Mortgage covered bonds denominated in EUR are also accepted in repo transactions by the NBP and the European Central Bank.

Chart: Purchasers of EUR-denominated issues of PKO Bank Hipoteczny SA's covered bonds in the years 2016-2025

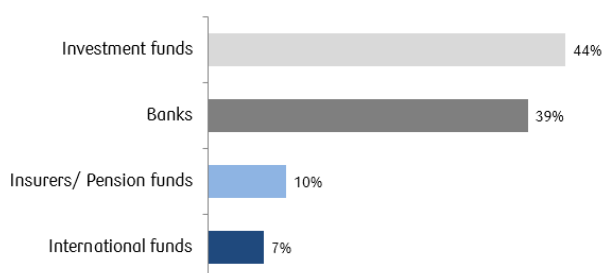


Chart: Geographical distribution of purchasers of EUR-denominated covered bonds of PKO Bank Hipoteczny SA's in the years 2016-2025

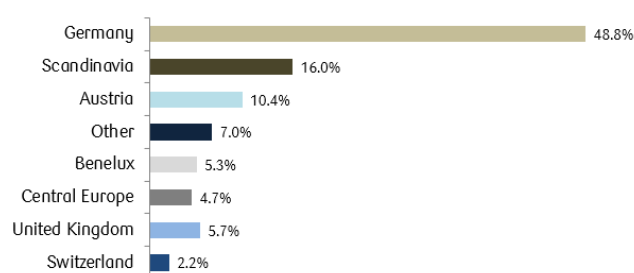


Chart: Purchasers of PKO Bank Hipoteczny SA's PLN covered bonds issues in the years 2023-2025

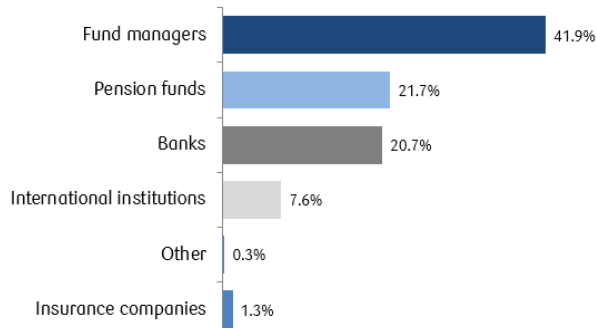


Chart: Geographical distribution of PLN covered bonds of PKO Bank Hipoteczny SA in the years 2023-2025



Mortgage covered bonds of PKO Bank Hipoteczny SA issued under the International Programme of Mortgage Covered Bonds Issuance and outstanding as at 30 June 2025:

Series	Mortgage covered bond number (ISIN)	Issue date	Redemption date	Series value (in million)	Currency	Coupon	Rating of the issue	Listing
9	XS2583335943			500	PLN	WIBOR 3M + 0.85%	Aa1	LuxSE, WSE parallel regulated market
10	XS2641919639			500	PLN	WIBOR 3M + 0.78%	Aa1	LuxSE, WSE parallel regulated market
11	XS2711876370			750	PLN	WIBOR 3M + 0.78%	Aa1	LuxSE, WSE parallel regulated market
12	XS2787873541			1,000	PLN	WIBOR 3M + 0.55%	Aa1	LuxSE, WSE parallel regulated market

Series	Mortgage covered bond number (ISIN)	Issue date	Redemption date	Series value (in million)	Currency	Coupon	Rating of the issue	Listing
13	XS2854926701			500	PLN	WIBOR 3M + 0.55%	Aa1	LuxSE, WSE parallel regulated market
14	PLL219200010			1000	PLN	WIBOR 3M + 0.70%	Aa1	WSE parallel regulated market
15	PLL219200036			800	PLN	WIBOR 3M + 0.80%	Aa1	WSE parallel regulated market
16	XS3097942141			500	EUR	2.5%	Aa1	LuxSE

The funds raised from the issues of mortgage covered bonds have been used by PKO Bank Hipoteczny SA to grant residential loans and to purchase mortgage loan receivables from PKO Bank Polski SA.

PREMIUM LABEL

Pursuant to Article 7d of the Polish Covered Bonds and Mortgage Banks Act of 29 August 1997, mortgage covered bonds may be labelled as European Covered Bonds or European Covered Bonds (premium). Mortgage covered bonds of PKO Bank Hipoteczny are labelled as European Covered Bonds (premium). The "premium" label allows easy and unequivocal identification of whether the mortgage covered bonds meet the requirements of Article 129 of the CRR, which is to facilitate assessment of their quality by investors and therefore increase their attractiveness as an investment instrument both in the EU and in other countries.

The list of mortgage covered bonds issues which include mortgage covered bonds labelled as European Mortgage Bonds or European Mortgage Bonds (premium) is available on the PFSA website:

https://www.knf.gov.pl/podmioty/Podmioty_sektora_bankowego/Banki_hipoteczne

THE COVERED BOND LABEL

On 6 February 2018, PKO Bank Hipoteczny as the first issuer of mortgage covered bonds from Poland joined The Covered Bond Label. The Covered Bond Label is a quality certificate, whose purpose is to build awareness of the safety and high quality of assets such as mortgage covered bonds among investors.

The Bank's details on the website of The Covered Bond Label are available at:

<https://coveredbondlabel.com/issuer/132-pko-bank-hipoteczny-spolka-akcyjna>

ENERGY EFFICIENT MORTGAGE LABEL

The Energy Efficient Mortgage Label was created by the European Mortgage Federation – European Bond Council (EMF-ECBC) as a clear and transparent quality label for consumers, lenders and investors, aimed at identifying energy-efficient residential mortgage loans.

PKO Bank Hipoteczny was the first Polish bank to join the Energy Efficient Mortgage Label in 2021. This initiative is aimed at supporting the Green Deal and climate neutrality by 2050, and at adapting the product portfolio to regulatory changes such as the new EU taxonomy.

The Bank's details on the website of Energy Efficient Mortgage Label are available at:

<https://www.energy-efficient-mortgage-label.org/issuer/22-pko-bank-hipoteczny-spolka-akcyjna>

GREEN COVERED BONDS

In 2019, PKO Bank Hipoteczny SA published the Green Covered Bond Framework - GCBF for the first time. In June 2022 the GCBF was published by the Bank in an updated version, in connection with the planned issue of Green Covered Bonds. The GCBF specifies, among other things, the principles for selecting assets to secure the Green Covered Bond issues. Green issues by PKO Bank Hipoteczny SA are secured with mortgages that meet the highest energy efficiency and CO2 emissions standards.

In June 2019 and then in June 2022, PKO Bank Hipoteczny SA obtained a second party opinion for its Green Covered Bond Framework from Sustainalytics, a specialized and certified international institution. PKO Bank Hipoteczny SA's Green Covered Bonds are certified by the Climate Bond Initiative (CBI) - the last post-issue certification took place in May 2023. The CBI certificate is awarded to bonds and mortgage covered bonds that meet the highest standards in terms of positive environmental impact.

On 27 August 2024, in order to standardize the framework for the issuance of green debt instruments by PKO Bank Polski S.A. Group companies, PKO Bank Hipoteczny adopted the PKO Bank Polski S.A. Group Green Bond Framework. The Green Bond Framework is a framework document containing the principles of green and sustainable financing in the Bank's Group. It is based on the International Capital Market Association's (ICMA) 2021 Green Bond Principles. The document defines the objectives of green financing and the types of investments for which funds obtained from green issues can be used, and indicates the distribution of tasks related to its topic.

The proceeds from Green Covered Bonds are used exclusively to provide full or partial funding or refunding of new and/or existing projects which have been classified as green assets. The Green Covered Bonds of PKO Bank Hipoteczny SA satisfy the criteria set by the International Capital Market Association (ICMA), which are known as Green Bond Principles (GBP). The GBP are a set of guidelines concerning the purpose of funding, assessment and selection of assets, managing the proceeds from the issue and reporting the allocation of funds.

At least once a year the Bank publishes a report on the allocation and impact of the issues of the Green Covered Bonds on the environment.

For more detailed information concerning Green Covered Bonds issued by the Bank, please visit:

<https://www.pkobh.pl/en/covered-bond/green-covered-bonds/>

4.5. FINANCIAL MARKET OPERATIONS

PKO Bank Hipoteczny SA enters into treasury transactions on the wholesale financial market. The purpose of the transactions is to manage liquidity (over short-, mid- and long-term horizons) and the Bank's foreign currency position. Additionally, the Polish Covered Bonds and Mortgage Banks Act imposes an obligation on PKO Bank Hipoteczny SA to mitigate the risk caused by fluctuations in exchange rates.

For the purpose of funding residential loans and acquiring receivables from residential loans granted by PKO Bank Polski SA, PKO Bank Hipoteczny SA issues mortgage covered bonds and unsecured bonds, takes out credit lines and assumes liabilities for purchased receivables.

In the Management Board's opinion, as at 30 June 2025, there were no indications of a risk of late payment of the liabilities incurred by the Bank. As at 30 June 2025, the Bank complied with all internal and regulatory liquidity limits. Details of the levels of the Bank's liquidity limits are provided in Note 34 "Liquidity risk management" to the financial statements of PKO Bank Hipoteczny SA for the six months ended 30 June 2025.

As far as the issue of EUR-denominated mortgage covered bonds is concerned, for the purpose of hedging interest rate risk and foreign exchange risks, PKO Bank Hipoteczny SA entered into Cross-Currency Interest Rate Swap (CIRS) transactions, under which the Bank pays a coupon in PLN based on a variable interest rate, and receives a coupon based on a fixed interest rate for EUR. If PKO Bank Hipoteczny SA is declared bankrupt by a court, the CIRS transactions will automatically be extended by 12 months on the terms set on the transaction date. Additionally, the Bank has executed a series of FX-Forward contracts, which hedge currency exposures which mature on the payment dates of the coupons for the EUR-denominated mortgage covered bonds.

As far as the issue of fixed-interest rate mortgage covered bonds in PLN is concerned, PKO Bank Hipoteczny SA entered into IRS transactions to hedge interest rate risk. Under the IRS transactions, the Bank pays a coupon based on a floating PLN rate, and receives a coupon based on a fixed PLN rate.

4.6. BONDS – BONDS ISSUE PROGRAMME AGREEMENT CONCLUDED WITH PKO BANK POLSKI SA

On 30 September 2015, PKO Bank Hipoteczny SA concluded an Own Bonds Issue Programme Agreement with PKO Bank Polski SA, based on which zero coupon bonds, variable coupon bonds and fixed coupon bonds with maximum tenors up to 36 months may be issued.

In the first half of 2025, the Bank issued bonds with a total nominal value of PLN 2,589.5 million under this Programme. At the same time, the Bank redeemed bonds with a total nominal value of PLN 2,760.5 million. The balance of bonds issued under the Programme was PLN 2,589.5 million as at 30 June 2025. The Bank intends to continue raising funds under this Programme.

5. INTERNAL OPERATING CONDITIONS

Lending process and cooperation with PKO Bank Polski SA Internal governance Internal control system Risk management Measurement of residential mortgage loan collaterals Cover Pool for Mortgage Covered Bonds Cover Pool Monitor Statutory limits

5.1. LENDING PROCESS AND COOPERATION WITH PKO BANK POLSKI SA

PKO Bank Hipoteczny SA purchases residential mortgage loans for its portfolio as part of its strategic cooperation with PKO Bank Polski SA. The banks work together under two models:

- agency model;
- pooling model.

Cooperation with PKO Bank Polski SA is governed in detail by an outsourcing agreement concluded on 16 January 2015, as amended. The agreement governs the scope of the cooperation and describes in detail the method of performing the outsourced functions, first and foremost in the area of offering and administering residential loans and performing support functions for PKO Bank Hipoteczny SA. Additionally, in the agreement PKO Bank Polski SA committed to properly perform the functions entrusted to it, as well as to the reporting and controlling activities for PKO Bank Hipoteczny SA.

On 17 November 2015, the Receivables Sale Framework Agreement was signed with PKO Bank Polski SA. On the basis thereof, the Bank has been acquiring portfolios of receivables in respect of residential mortgage loans from PKO Bank Polski SA since December 2015.

5.2. INTERNAL GOVERNANCE

An effective and transparent internal governance system is operative in the Bank, as specified in PKO Bank Hipoteczny SA's Articles of Association and the adopted internal regulations which comprise, in particular:

- the Bank's management system;
- the Bank's organization; and
- operating principles, rights, duties and responsibilities, and mutual relationships between the Bank's particular authorities and organizational units, including the Supervisory Board, Management Board and key employees.

The key elements of internal governance, its goals and relationships between them and the basic principles of the Bank's organization are defined in the Bank's Management Strategy.

The Bank's management system covers all the aspects of the Bank's functioning, and in particular strategic planning and managing of the Bank's strategy, the internal control system, the risk management system, ethical principles, whistleblowing procedures for anonymous notification of violations of the law and the ethical procedures and standards binding in the Bank, capital adequacy, the manner of shaping products, managing human resources and the remuneration policy.

The Bank conducts its activities in a responsible manner, taking into consideration the principles of internal governance, guided by the need to maintain the highest diligence, professionalism and ethics. The Bank discharges its duties under the binding legal regulations, complies with the requirements for regulated institutions imposed by the Polish Financial Supervision Authority in the form of recommendations and good practices for the banking sector, the Corporate Governance Framework for supervised institutions, and guidelines specified by the European Banking Authority to be adopted pursuant to the supervisory practice in the Member States in the scope relating to the Bank's operations and the adopted business model, in consideration of the scale, specificity and nature of the Bank's operations. The above rules support the Bank in its endeavours to reinforce operating transparency and maintain safety of its operations.

The Bank's Management Board is responsible for designing, implementing, and ensuring the compliance with and the proper functioning of internal governance, taking into account all its components. The Bank's Management Board regularly informs the Bank's Supervisory Board of the state of implementation of the Bank's management strategy and its risk management strategy, and of the most important related issues; if necessary, it also immediately notifies of events and circumstances material for the assessment of the Bank's position and its management.

The Bank's Supervisory Board oversees the implementation and functioning of internal governance and assesses its adequacy and effectiveness. The assessment takes into account primarily all the elements comprising internal governance and potential material changes in internal and external factors which may have an impact on the Bank's operations.

Pursuant to Recommendation Z of the PFSA, the Bank's Management Board analysed the results of the periodical reviews and evaluations of particular areas comprising the internal governance system functioning in the Bank with respect to the year 2024. Internal governance was assessed based on a set of periodic reports produced as part of the Bank's management information system. The results of the analysis were summarized in the "Report on the assessment of the functioning of internal governance in PKO Bank Hipoteczny SA for the year 2024". No deficiencies or non-compliance with the legal regulations and regulatory requirements were identified with respect to the Bank's internal governance. Particular assessments of internal governance components indicate the adequate and effective application of internal governance principles, which allows the Management Board to recommend a positive opinion on the assessment of the Bank's internal governance to the Supervisory Board.

Taking into account the recommendation of the Management Board and the results of periodical reviews and evaluations of particular components of the Bank's internal governance disclosed in the comprehensive "Report on the assessment of the functioning of internal governance in PKO Bank Hipoteczny SA for the year 2024", the Supervisory Board assessed the Bank's internal governance in 2024 as satisfactory and effective.

5.3. INTERNAL CONTROL SYSTEM

PKO Bank Hipoteczny SA's internal control system is one of the elements of managing the Bank.

The purpose of the internal control system is to ensure:

- effectiveness of the Bank's operations;
- reliability and accuracy of financial reporting, administrative and accounting procedures, and reliable internal and external reporting;
- compliance with the risk management policy;
- compliance of the Bank's operations with the generally applicable laws, internal regulations and market standards adopted by the Bank, taking into account regulatory recommendations.

The Bank's internal control system is arranged on three independent levels:

- the first level consists of organizational structures that perform operational tasks to manage exposure to risks, which operate under internal regulations;
- the second level comprises operations of the compliance function and specialized organizational structures responsible for the identification, measurement or estimation, controlling, monitoring and reporting of the Bank's material risks, and threats and irregularities, operating under applicable policies, methodologies and procedures. The purpose of such structures is to ensure that actions at the first level are properly designed and effectively mitigate risks and support the effectiveness of the Bank's operations;
- the third level is internal audit, which carries out independent audits of elements of the Bank's management system, including the risk management system and the internal control system. Internal audit operates separately from the first and second levels.

The Bank's internal control system includes:

- the control function designed to ensure compliance with controls relating, in particular, to risk management; this function covers all of the Bank's business units which are responsible for carrying out the tasks assigned to this function;

- the compliance function, which, together with the business units, is responsible for identifying, assessing, controlling and monitoring the risk of the Bank's non-compliance with the generally applicable laws and with the Bank's internal regulations and market standards adopted by the Bank, taking into account regulatory recommendations, and for the submission of the relevant reports;
- the independent internal audit function to evaluate and assess, independently and objectively, the adequacy and effectiveness of the risk management system, the internal control system, and corporate governance, except for the aspects relating to the internal audit function itself.

The control function consists of the control mechanisms, independent monitoring of their compliance and reporting within the control function.

Control mechanisms are built into the Bank's processes and the systems or applications that support them. The control mechanisms are aligned with the objectives of the internal control system linked to the processes operating in the Bank, the complexity of the processes, the risk of irregularities and the scale and nature of the Bank's activities, taking into account the resources available to the Bank. Compliance with these control mechanisms is subject to independent monitoring at all levels of the internal control system. The organizational units are responsible for carrying out specific tasks relating to horizontal or vertical monitoring, to the extent resulting from their tasks and competences.

Within the second level of the internal control, there is a separate, independent compliance unit performing the tasks of the Compliance Team (ZZ).

The tasks of the compliance unit include:

- 1) identification and assessment of the compliance risk;
- 2) control and monitoring of the compliance risks, including the collection of information on any non-compliance identified;
- 3) reporting compliance risk.

At the third level, there is a separate, independent internal audit function, the Bureau of Internal Audit (BAW).

Internal audit is an independent and objective assurance and advisory activity, consisting of a systematic and orderly evaluation of the various areas of the Bank's operations and the identification of the possible areas of action to improve the quality and efficiency of the Bank's operations.

The tasks of the internal audit function are executed by carrying out audit examinations included in the defined audit process, in accordance with the Audit Plan approved by the Supervisory Board.

The Bank has mechanisms in place to ensure the independence of the compliance function and the internal audit function, which include in particular:

- approval of the Audit Charter and the Compliance Risk Management Principles by the Management Board and Supervisory Board;
- the compliance function reporting directly to the President of the Management Board;
- the internal audit function reporting to the Supervisory Board and to the President of the Management Board;
- the internal audit function, representing the third level of the internal control, not being subject to independent monitoring by the Bank's organizational units of the second level;
- ensuring that the managers of ZZ and BAW have direct access to members of the Management Board and Supervisory Board, are attending meetings of the Management Board and the meetings of the Supervisory Board and the Audit and Finance Committee of the Supervisory Board when issues relating to the internal control system or risk management are discussed;
- appointments and dismissals of the managers of ZZ and BAW being subject to approval by the Supervisory Board and any changes of persons holding the said positions being notified to the PFSA, indicating the reason for the change;
- remuneration of the ZZ and BAW managers being approved by the Supervisory Board;

- ensuring that staff in the said units have access to all necessary information to the extent that they deem necessary for the performance of their tasks and protecting the staff in these units from unjustified termination of their employment.

The Bank's Management Board ensures the continuity of the internal control system's operation and proper cooperation of all business units within the implemented internal control system. The Management Board also identifies actions to be taken to remedy any irregularities identified by the internal control system, including specific corrective and disciplinary measures. The Bank's Management Board approves the list of material processes and their links to the objectives of the internal control system on the basis of the criteria set out in an internal regulation adopted by the Bank's Management Board, taking into account, as a minimum, the Bank's strategy, the Bank's business model, the impact of a process on the Bank's net profit or loss and capital adequacy, the risk management strategy, the risk appetite and the critical and key processes identified by the Bank.

Supervision over the internal control system is exercised by the Supervisory Board with the support of the Audit and Finance Committee of the Bank's Supervisory Board. The Supervisory Board approves, in particular, the principles of operation of the internal control system and assesses the adequacy and effectiveness of the system. The Audit and Finance Committee supports the Supervisory Board by monitoring and reviewing the adequacy and effectiveness of the internal control system based on the reports obtained from compliance, internal audit and the control function matrix coordinator, as well as by reviewing draft resolutions of the Management Board in terms of the internal control system, the approval of which falls within the competence of the Supervisory Board.

The Supervisory Board performs an annual assessment of the adequacy and effectiveness of the internal control system, including an assessment of the adequacy and effectiveness of the control function, the compliance function and the internal audit function on the basis of information, including opinions, provided by the Bank's Management Board, the Audit and Finance Committee, periodic reports on the performance of the control, compliance and internal audit functions, findings of the external auditor and arising from supervisory activities of competent institutions, in particular the Polish Financial Supervision Authority, and other information and documents relevant to the adequacy and effectiveness of the internal control system.

5.4. RISK MANAGEMENT

The risk management process is a key process in PKO Bank Hipoteczny SA. Its purpose is to ensure the Bank's financial stability, protect the values and safety of the mortgage covered bonds issued and to ensure that the funds derived from the issuance of bonds and the Bank's other funding sources are secure by striving to maintain the risk level within the adopted tolerance level. The risk management system is also intended to ensure that information on the risk is appropriate and as comprehensive as possible when making decisions, and to effectively embed risk management in the Bank's organizational culture. The assumed level of risk is an important element of the planning and decision-making processes.

Risk management in the Bank is based in particular on the following principles:

- the Bank manages all identified risks associated with its operations;
- the process of risk management is adequate to the scale of the Bank's operations and to the materiality, scale and complexity of a given risk;
- the risk management process supports the execution of the Bank's management strategy in compliance with the risk management strategy, in particular with respect to the risk tolerance level;
- the process of risk management is continuously updated for new risk factors and sources;
- the risk management methods and the risk measurement systems are adjusted to the scale and complexity of the Bank's operations and to the nature and magnitude of the risks to which the Bank is exposed;
- the risk management methods are periodically reviewed and validated;
- risk management is integrated with planning and controlling processes;
- the risk level is regularly monitored and compared against the system of limits that apply in the Bank, and the Bank's management receives regular information on the risk level;
- the risk management process is consistent with the risk management principles of the PKO Bank Polski SA Group.

PKO Bank Hipoteczny SA identifies and manages the following types of risk:

MATERIAL RISKS

- Credit risk
- Liquidity risk, including funding risk
- Interest rate risk
- Model risk
- Business risk, including macroeconomic risk
- Operational risk

MONITORED RISKS

- Concentration risk
 - Residual risk
 - Foreign exchange risk
 - Derivative instruments risk
 - Compliance risk
 - Reputation risk
 - Capital adequacy risk, including excessive leverage risk
-

While determining the criteria for considering certain risks to be material, the impact of such risk on the Bank's activities is taken into account, and three levels of risk are distinguished:

- material risks – which are subject to active management;
- monitored risks – which are monitored for materiality;
- other unidentified risks in the Bank's operations (immaterial and unmonitored).

For monitored risks, PKO Bank Hipoteczny SA performs periodic monitoring of whether they should be designated as material. The Bank defined materiality criteria which, when exceeded, will lead to the recognition of a risk as material.

In its risk management strategy, the Bank has defined a number of strategic limits which define its tolerance for different risks. The Bank monitors these limits on an ongoing basis. None of the limits were exceeded in the first half of 2025.

A detailed description of the Bank's risk management objectives and methods is provided in the financial statements of PKO Bank Hipoteczny SA for the year ended 31 December 2024, in the chapter "Objectives and principles of risk management". These financial statements also provide important information on the level of financial risk in the Bank's operations, together with the methods of hedging significant types of planned transactions to which hedge accounting is applied.

5.5. MEASUREMENT OF RESIDENTIAL MORTGAGE LOAN COLLATERALS

PKO Bank Hipoteczny SA's policy concerning loan collaterals and their measurement is based on the provisions of the following legal acts:

- the Polish Covered Bonds and Mortgage Banks Act;
- the Land and Mortgage Registers and Mortgage Act;
- the Banking Law.

Additionally, the question of loan collaterals is addressed by:

- the recommendations of the PFSA, including Recommendations F, S and J;
- the Bank's internal regulations.

The Bank has in place and applies the Rules for Setting the Mortgage Lending Value of Real Estate, approved by the PFSA. The Rules take into account the provisions of Recommendation F concerning the basic criteria applied by the Polish Financial Supervision Authority in approving rules for setting the mortgage lending value of real estate issued by mortgage banks.

The MLV of real estate is the value determined by a mortgage bank, which in the Bank's opinion reflects the level of risk associated with the real estate as the loan collateral. The MLV is used to determine the maximum amount of a loan that can be secured by a mortgage on given real estate, and to decide whether a receivable secured by

particular real estate can be purchased by the Bank. The mortgage lending value of real estate is determined prudently, taking into consideration long-term parameters.

PKO Bank Hipoteczny SA determines the MLV on the basis of expert valuations of the mortgage lending value of property. Such opinions are prepared with due diligence and prudence. They take into account only those real estate characteristics and expenditures that are necessary for its construction, which will be of a permanent nature and which any real estate holder will be able to obtain assuming rational exploitation. An expert opinion, prepared as at a specific date, documents assumptions and parameters underlying the analysis, the process of determining the MLV and the resulting MLV proposal. The expert opinion takes into account analyses and forecasts concerning specific parameters for a given real estate, which affect the evaluation of credit risk, as well as factors of a general nature, e.g. population growth, the unemployment rate and urban development planning.

The process of determining the MLV is carried out in the Bank by a dedicated team of experts in property valuation.

In the agency model, the process of setting the mortgage lending value of real estate comprises three stages:

PREPARATION OF THE MLV EXPERT OPINION	Real estate appraiser with appropriate experience and the ability to estimate banking risk in the area of securing residential mortgage loans or a dedicated business unit of the Bank – the Collateral Valuation Team, based on a report from the inspection of the real estate prepared by a real estate appraiser
VERIFICATION OF THE MLV OPINION	PKO Bank Polski SA under the Outsourcing Agreement, or a dedicated business unit of the Bank – the Collateral Valuation Team
DETERMINING THE MORTGAGE LENDING VALUE OF THE REAL ESTATE	A dedicated business unit of the Bank – the Collateral Valuation Team

In the case of the purchase of a receivable, the process of setting the mortgage lending value of real estate comprises four stages:

CONFIRMATION OF THE REAL ESTATE'S LEGAL STATUS	PKO Bank Polski SA, under the Outsourcing Agreement
PREPARATION OF A REPORT FROM THE INSPECTION OF THE ESTATE, INCLUDING MARKET RESEARCH	Appraiser with appropriate experience and the ability to estimate banking risk in the area of securing residential mortgage loans
PREPARATION OF THE MLV EXPERT OPINION	A dedicated business unit of the Bank – the Collateral Valuation Team
DETERMINING THE MORTGAGE LENDING VALUE OF THE REAL ESTATE	A dedicated business unit of the Bank – the Collateral Valuation Team

The processes of preparing an MLV expert opinion and setting the mortgage lending value of real estate described above are executed by two independent individuals.

5.6. COVER POOL FOR MORTGAGE COVERED BONDS

PKO Bank Hipoteczny SA maintains a cover pool for its mortgage covered bonds.

The manner of maintaining the cover pool is governed by:

- The Polish Covered Bonds and Mortgage Banks Act of 29 August 1997 (Journal of Laws of 2022 item 581, as amended) (hereinafter: the "Act");
- Resolution No. 633/2015 of the Polish Financial Supervision Authority dated 1 December 2015 on defining the form of the cover pool;
- Recommendation K of the PFSA of 9 February 2016 concerning the principles for maintaining a cover pool by mortgage banks.

The Cover Pool Monitor and his/her Deputy are responsible for supervising the cover pool on an ongoing basis.

In the cover pool, the Bank includes residential loan receivables secured with the first mortgage entered in the Land and Mortgage Register, and rights and funds that constitute the basis for issuing mortgage covered bonds, as well as additional funds that constitute the excess to cover interest on outstanding mortgage covered bonds which is due in the following six months. The mortgage covered bonds are secured by the first mortgage. The following Bank's funds can also constitute the basis for issuing mortgage covered bonds:

- invested in securities issued or guaranteed by the National Bank of Poland, the European Central Bank, governments and central banks of Member States of the European Union and/or the Organization for Economic Cooperation and Development, with the exception of countries that are restructuring or have restructured their foreign debt in the past five years;
- deposited with the National Bank of Poland;
- deposited in domestic banks or the credit institution referred to in Article 18.(3)(3) of the Act.

The nominal value of loans entered in the cover pool and representing collateral for the mortgage covered bonds issued as at 30 June 2024 amounted to PLN 14,881.0 million, with no additional collateral in the form of PLN-denominated securities issued by the State Treasury. As at 31 December 2024 it was PLN 15,292.4 million and PLN 80 million respectively¹⁸. The Bank's cover pool also included CIRS hedging foreign exchange risk and interest rate risk of the EUR mortgage covered bonds and IRS transactions hedging the interest rate risk of PLN mortgage covered bonds issued based on a fixed interest rate.

In the first half of 2025 and in the previous years the cover pool did not include asset-backed securities (ABS), which do not meet the requirements specified in paragraph 1 of Article 80 of the Guideline (EU) 2015/510 of the European Central Bank of 19 December 2014 on the implementation of the Eurosystem monetary policy framework (ECB/2014/60) (recast).

The following table presents basic data on the cover pool as at 30 June 2025 and 31 December 2024:

	30.06.2025	31.12.2024
Total cover pool, including (in PLN million)	14,881.0	15,372.4
loans secured by mortgages (in PLN million)	14,881.0	15,292.4
other assets ¹⁹ (in PLN million)	0	80.0
Liquidity buffer ²⁰ (in PLN million)	356.5	275.7
Nominal value of hedging transactions ²¹ (in PLN million)	2,172.1	2,196.1
Number of loans	88,938	91,385
Average loan value (in PLN thousand)	167.3	167.3
Average weighted time since loan issuance (seasoning) (months)	96.8	93.5
Average maturity (months)	228.1	231.4
Average LtV (loan amount to market value) (%)	29.8	30.2
Average weighted loan to mortgage lending value of real estate (%)	61.3	62.0
Over-collateralization ²² (%)	92.3	111.3

5.7. COVER POOL MONITOR

The purpose of the Cover Pool Monitor is to ensure protection of the financial interests of the holders of mortgage covered bonds. The Covered Bonds and Mortgage Banks Act guarantees protecting the independence of the Cover

¹⁸Article 18(3) of the Covered Bonds and Mortgage Banks Act.

¹⁹Article 18(3) of the Covered Bonds and Mortgage Banks Act.

²⁰Article 18(3a) of the Act on Covered Bonds and Mortgage Banks.

²¹The nominal value of the hedging transaction corresponds to the issue price of the mortgage covered bond.

²²Accounts for the net value of hedging transactions and does not account for non-performing loans (NPL).

Pool monitor and his/her deputy. Cover Pool Monitors are appointed by the Polish Financial Supervision Authority, upon request of the Bank's Supervisory Board, for a period of six years.

Due to the lapse of the six-year period referred to above, on 5 March 2021 the PFSA appointed the Cover Pool Monitor and the Deputy Cover Pool Monitor for PKO Bank Hipoteczny SA, and the same persons were reappointed:

	Position	Date of appointment	Date of dismissal / resignation
Tadeusz Swat	Cover Pool Monitor	05.03.2021	-
Grzegorz Kędzia	Deputy Monitor	05.03.2021	-

5.8. STATUTORY LIMITS

Acting under the Act on Covered Bonds and Mortgage Banks, PKO Bank Hipoteczny SA is obliged to monitor and comply with designated limits related to the operations of a mortgage bank.

On 8 July 2022 the amended Act on Covered Bonds and Mortgage Banks came into force. By that date, the Bank made the necessary changes to its internal regulations to ensure compliance with the amended wording of the Act.

The statutory limits and the level of their utilization as at 30 June 2025 and 31 December 2024 were as follows:

Limit	Legal basis	Limit level	Actual level	
			30.06.2025	31.12.2024
Ratio of the funds received from the issue of mortgage covered bonds designated for refinancing loans secured by mortgages or receivables in respect of such loans acquired from other banks to the lower of 80% of the mortgage lending value of the residential property (within the meaning of Article 4(1)(75) of Regulation (EU) No 575/2013) pledged as collateral for the receivable and the current balance of the receivable	Article 14	≤100%	48.5%	44.4%
Ratio of the total value of acquired shares in other entities to the Bank's own funds	Article 15(1)(5)	≤10%	0.0%	0.0%
Ratio of the total amount of loans and advances taken out and bonds issued to the Bank's own funds	Article 15(2)	≤1000%	455.9%	485.2%
Ratio of the total amount of loans and advances taken out and bonds issued to the amount designated for refinancing of activities referred to in Article 12 of the Act, i.e. granting loans secured and unsecured by mortgages, acquiring receivables from other banks on loans granted by them and secured or unsecured by mortgage	Article 15(3)	≤100%	46.2%	48.6%
Ratio of the nominal value of mortgage covered bonds outstanding to the sum of the Bank's own funds and the general risk provision	Article 17	≤4000%	466.1%	431.7%
Ratio of the sum of nominal amounts of mortgage-secured receivables and amounts of the Bank's rights and additional funds entered in the cover pool which constitute the basis for issuing mortgage covered bonds to the total nominal value of outstanding mortgage covered bonds (including hedging instruments)	Article 18(1)	≥105%	192.3%	211.3%
Ratio of the sum of nominal amounts of mortgage-secured receivables which constitute the basis for issuing mortgage covered bonds to the total nominal value of outstanding mortgage covered bonds	Article 18(1)	≥85%	192.5%	213.1%
Ratio of interest expense on outstanding mortgage covered bonds (overnight interest as at the date of account transfer) to	Article 18(2)	≤100%	39.9%	37.1%

Limit	Legal basis	Limit level	Actual level	
			30.06.2025	31.12.2024
interest income on mortgage-secured receivables and amounts of the Bank's rights and additional funds constituting the basis for issuing mortgage covered bonds (overnight interest as at the date of transfer to the account), with the exception of assets in default within the meaning of Article 18.2a of the Act				
Ratio of the Bank's funds constituting the excess referred to in Articles 18.3a and 18.3c of the Act to the maximum cumulative outflows of net liquidity over the following 180 days. Outflow of net liquidity constitutes outflows of payments maturing on a given payment date including payments of the nominal value of mortgage covered bonds plus interest and payments with respect to derivative instruments under the mortgage covered bonds programme, after deducting inflows of payments from assets securing the mortgage covered bonds maturing on the same date. To calculate the amount of payment on the nominal value of a mortgage covered bond, the period to maturity of the mortgage covered bonds extended by 12 months is used	Article 18(3a), (3aa), (3b) and (3d)	$\geq 100\%$	8476.7%	N/A
Ratio of the value of receivables secured on mortgages established during the execution of a construction project to the total value of mortgage-secured receivables constituting the basis for issuing mortgage covered bonds	Article 23 (1) sentence 1	$\leq 10\%$	1.4%	1.3%
Ratio of the value of receivables secured on mortgages established on real estate earmarked for development in a local zoning plan to the value of receivables secured on mortgages established during the execution of a construction project constituting the basis for issuing mortgage covered bonds	Article 23 (1) sentence 2	$\leq 10\%$	0.0%	0.0%

The Bank obtained positive results of the liquidity tests and coverage balance tests conducted as at 30 June 2025 and at the end of 2024.

6. ORGANIZATION AND GOVERNING BODIES OF PKO BANK HIPOTECZNY SA

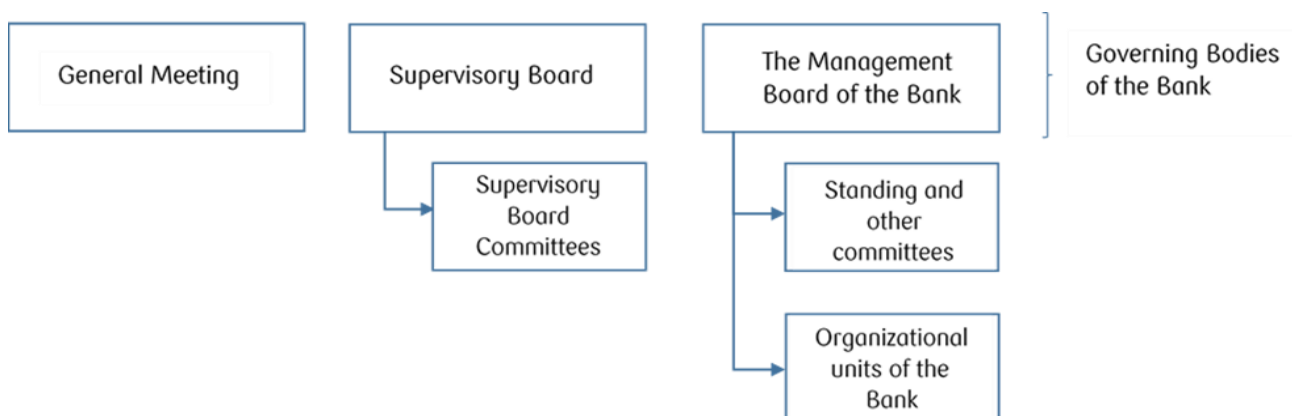
Qualified staff
Organizational structure of PKO Bank Hipoteczny SA
Competences of the governing bodies and committees of PKO Bank Hipoteczny SA
The Management Board of PKO Bank Hipoteczny SA
The Supervisory Board of PKO Bank Hipoteczny SA

6.1. QUALIFIED STAFF

The Bank implements tools and procedures to ensure that staff employed by the Bank have the highest qualifications in the Bank's key business areas. The Bank systematically raises the qualifications of its staff and is committed to ensuring stability of its workforce. These factors have a significant impact on the pursuit of the Bank's strategy and its business objectives, and therefore on its operations and performance.

6.2. ORGANIZATIONAL STRUCTURE OF PKO BANK HIPOTECZNY SA

PKO Bank Hipoteczny SA is managed on the basis of the organizational structure presented in the chart below and within the framework of the duties of the Bank's Governing Bodies, described in the following section of this chapter.



6.3. COMPETENCES OF THE GOVERNING BODIES AND COMMITTEES OF PKO BANK HIPOTECZNY SA

The competences of the **General Shareholders' Meeting** of the Bank include in particular:

- appointing and dismissing members of the Supervisory Board and determining the principles for remunerating them and covering the costs related to the performance of the function of a Supervisory Board member by the Bank;
- determining the procedures for redeeming shares, the compensation for such redeemed shares and granting consent for the purchase of the Bank's treasury shares for redemption purposes;
- creating and dissolving special funds accumulated from net profit;
- adopting resolutions on the issue of bonds convertible into shares or other instruments entitling the holder to acquire or take up shares in the Bank;
- adopting resolutions on the liquidation, disposal or lease of the enterprise of the Bank or its organized part and establishing limited property rights over them;
- adopting resolutions on the settlement of claims for damage caused at the establishment of the Bank, or by the exercise of management or supervision;
- granting consent to investing and disinvesting in companies and granting consent for the purchase and sale of bonds or other securities convertible into shares;
- assessing whether the Bank's remuneration policy contributes to the development and safety of the Bank's operations;

- granting consent to dispose of intangible fixed assets, property, plant and equipment, including making contributions to a company or cooperative if the market value of the assets exceeds 5% of total assets determined on the basis of the latest approved financial statements, and offering these assets for use to another entity, for a period longer than 180 days in a calendar year, based on a legal transaction, if the market value of the subject matter of the legal transaction exceeds 5% of total assets;
- granting consent to purchase fixed assets with a value exceeding PLN 100,000,000 or 5% of total assets determined based on the latest approved financial statements;
- assessing the adequacy of internal regulations concerning the functioning of the Supervisory Board and evaluating the effectiveness of the Supervisory Board's actions.

The competences of **the Bank's Supervisory Board** include, in particular:

- approving the Bank's annual financial plan and long-term development plans (in particular the Bank's strategy);
- approving the Bank's compliance policy, and the rules of procedure for the compliance unit;
- approving the Bank's governance strategy, risk management strategy, including the Bank's overall risk level, internal capital estimation and capital management policies and reviewing internal capital estimation and capital management strategies and procedures;
- approving the policies for creating and changing the Bank's products;
- approving the audit charter, the internal audit function's strategy, the annual and long-term internal audit plans and the principles for cooperation with the internal audit function at PKO Bank Polski SA and the statutory auditor;
- approving the policy for remunerating Material Risk Takers;
- approving the operating principles of internal controls, the criteria for assessing the adequacy and effectiveness of the internal control system and the principles for classifying irregularities discovered by the internal controls;
- approving the Management Board Rules;
- approving Regulations for Setting the Mortgage Lending Value of real estate, which take effect after the approval by the PFSA;
- approving the Code of Ethics and Rules for the Management of Conflicts of Interest;
- approving the Bank's framework organizational structure, adjusted to the scale and profile of the risk taken on by the Bank;
- approving the results of reviews of the performance of the cooperation agreements concluded with PKO Bank Polski SA;
- adopting the Supervisory Board Rules;
- appointing and dismissing individual members of the Management Board, specifying the detailed principles and procedures of conducting qualification procedures for Management Board members, determining terms and conditions of employment, including remuneration, of members of the Management Board and representing the Bank in agreements with members of the Management Board;
- suspending, if there are important reasons, individual or all members of the Management Board in their functions and delegating members of the Supervisory Board to temporarily perform the functions of the members of the Management Board who were suspended, have resigned or cannot perform their functions for other reasons, for a period no longer than three months;
- giving consent to a member of the Management Board to conduct competitive activities or participate in a competing company as a partner in a civil law partnership or general partnership, or as a member of the authorities of a commercial company, or to participate in another competing legal person as a member of its governing bodies;
- giving consent to creating and winding up the Bank's branches and other organizational units of the Bank in Poland and abroad;
- granting prior permission to the Management Board to acquire, encumber or sell real estate, interest in real estate or the right of perpetual usufruct therein; the permit is not required if the acquisition of the real estate, interest in the real estate or its perpetual usufruct being sold is conducted under executory, bankruptcy, composition proceedings or another type of arrangement with the Bank's debtor;

- giving opinions on entertainment expenses and legal, marketing, PR and social communication expenses, and management advisory services, incurred during the year;
- giving consent for the Bank to conclude a contract for legal, marketing, public relations, social communication and management advisory services: (i) if the amount of the total fee stipulated with respect to the provision of such services in the given contract or in other contracts concluded with the same entity exceeds PLN 500,000 net during one year (ii) increasing the fee above the aforesaid amount, and (iii) in which the maximum fee has not been specified;
- giving consent for the conclusion of a donation agreement or another agreement with a similar effect exceeding PLN 20,000 or 0.1% of the value of total assets determined based on the latest approved financial statements;
- giving consent for the conclusion of a loan forgiveness agreement or another agreement with a similar effect exceeding PLN 50,000 or 0.1% of the value of total assets determined based on the latest approved financial statements;
- giving opinions on the application of good practices;
- approving the policy and procedures for selecting an audit firm responsible for auditing the Bank's financial statements and the policy for providing permitted non-audit services by the audit firm performing the audit, its related entities and members of its network;
- selecting an audit firm to conduct an audit or review of the Bank's separate or consolidated financial statements;
- assessing the Directors' Report on the Bank's activities and the financial statements for the previous financial year in terms of their consistency with the books of account and documents and the factual situation, and the proposals of the Management Board concerning the distribution of profit or the offsetting of losses and preparing and presenting a written annual report of the Supervisory Board to the General Shareholders' Meeting;
- assessing the adequacy and effectiveness of the internal governance, internal control system, including the control function of the compliance unit and the internal audit unit, as well as assessing the adequacy and effectiveness of the risk management system;
- assessing the effectiveness of the Bank's compliance risk management;
- assessing the adequacy and effectiveness of the whistleblowing procedure with respect to violations of the law and of the procedures and ethical standards in force at the Bank;
- overseeing the implementation of the management system and assessing its adequacy and effectiveness;
- applying to the PFSA for consent to appoint two members of the Management Board, including the President of the Management Board and the member of the Bank's Management Board responsible for managing risks material to the Bank's operations, and to entrust the function of the member of the Management Board responsible for supervising the management of risks material to the Bank's operations to an appointed member of the Management Board;
- informing the PFSA about including on the agenda of a Supervisory Board meeting items concerning: (i) dismissing the President of the Management Board; (ii) dismissing the member of the Management Board supervising material risk management or entrusting his duties to another member of the Board;
- applying to the PFSA for consent to the appointment of the Bank's Cover Pool Monitor and Deputy Cover Pool Monitor;
- granting consent to appointing and dismissing the person managing the compliance and internal audit unit;
- approving the remuneration of the managers of the compliance and internal audit units;
- granting consent to changing the registered office or location (address) of the Bank;
- assessing the functioning of the Bank's remuneration policy and submitting relevant reports to the General Shareholders' Meeting;
- assessing the application of the Principles of Corporate Governance for Supervised Institutions by the Bank.

In the first half of 2025, **Supervisory Board committees** which operated in the Bank had, in particular, the following competences:

AUDIT AND FINANCE COMMITTEE

- monitoring and periodically expressing opinions on: (i) the adequacy and effectiveness of the internal control system, risk management system and internal audit, including financial reporting; (ii) the effectiveness of the Bank's compliance risk management and the adequacy of the compliance unit; (iii) the application of

the Principles of Corporate Governance for Supervised Institutions and implementation and application of internal governance, and its adequacy and effectiveness; (iv) the adequacy and effectiveness of the whistleblowing policy and the ethical procedures and standards in force at the Bank, using the information obtained from the Bank, the Risk Committee, independent statutory auditor and from other sources;

- giving opinions on the audit charter, the principles of cooperation between the internal audit unit and its counterpart in PKO BP and the statutory auditor, the operating strategy of the internal audit unit and the annual and multi-annual internal audit plans;
- giving opinions on Management Board information relating to the operation of the internal control system, the manner of ensuring independence of the internal audit and the compliance units, and ensuring funds for the purpose of performing tasks and improving the qualifications and skills of the units' staff;
- monitoring the financial reporting process, including the review of the Bank's interim and annual financial statements, and expressing opinions on them;
- monitoring the performance of audit work, in particular the audits performed by external audit firms, in consideration of all the conclusions and findings of the Audit Supervision Committee from the inspection of the audit firm;
- controlling and monitoring the independence of the statutory auditor and the audit firm, including an evaluation of independence risks and safeguards, in particular when other, non-audit services are provided to the Bank by the audit firm;
- obtaining a representation confirming the independence of the audit firm and of the auditors performing the audit of the Bank's financial statements annually;
- developing a policy for selecting an audit firm to conduct the audit and providing the Supervisory Board with recommendations as to the policy adopted;
- developing a procedure for selecting the audit firm and providing the Supervisory Board with recommendations as to the procedure adopted;
- developing a policy for providing permitted non-audit services by the audit firm which conducts the audit, its related entities, and by a member of the audit firm's network, and presenting recommendations on adopting the policy to the Supervisory Board;
- providing the Supervisory Board with recommendations as to the appointment of the audit firm to conduct the audit of the Bank's financial statements;
- giving consent for the provision of permitted non-audit services by the auditor, the audit firm which conducts the audit, and in the event that the auditor or audit firm are part of a network – for every member of such a network;
- assessing the reasons for terminating a contract with the audit firm conducting the audit;
- agreeing the policies for conducting audit activities by the audit firm performing the audit, in consideration of the proposed audit plan;
- informing the Supervisory Board of the audit results and explaining how the audit contributed to the fairness of the Bank's financial reporting and what was the role of the Committee in the audit process;
- analysing the effectiveness of functioning of the internal controls and credit risk management system with respect to the correct determination of the allowances for expected credit losses;
- ensuring compliance with all the requirements relating to the independence of a statutory auditor by external audit firms participating in the development of the IFRS 9 models and the processes of estimating allowances for expected credit losses;

- submitting an additional audit report referred to in Article 11 of the Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 to the Management and Supervisory Boards;
- submitting recommendations aimed at ensuring the fairness of the Bank's financial reporting to the Supervisory Board;
- giving opinions on the Bank's strategic and financial plans;
- giving opinions on Management Board resolutions with respect to the internal control system, the approval of which is the responsibility of the Supervisory Board;
- analysing information and periodic reports in the area of particular internal control components;
- supervising and monitoring the Bank's anti-money laundering (AML) and counter-terrorist financing (CFT) activities by analysing quarterly reports, the AML/CFT Coordinator's annual report and the information contained in the AML/CFT Risk Assessment of PKO Bank Hipoteczny S.A.;
- expressing opinions on the effectiveness of the Bank's anti-money laundering and counter-terrorist financing activities;
- meeting with the manager of the finance and accounting function at least once a year;
- meeting with the manager of the internal audit unit and the manager of the compliance unit at least once a year – without the participation of members of the Bank's Management Board;
- giving opinions on appointing and dismissing, as well as on the remuneration of the manager of the internal audit unit and of the compliance unit.

RISK COMMITTEE

- giving opinions on the Bank's overall current and future risk appetite;
 - giving opinions on the operational risk management strategy developed by the Management Board and the information on implementation of the said strategy submitted by the Management Board;
 - supporting the Supervisory Board in overseeing the implementation of the Bank's operational risk management strategy by senior management;
 - reviewing the prices of liabilities and assets offered to customers to check whether they are fully compliant with the Bank's business model and its risk management strategy, and if they do not appropriately reflect the types of risk consistent with this model and strategy, presenting proposals to ensure the adequacy of the prices of liabilities and assets with respect to risk to the Bank's Management Board;
 - monitoring conformity of the Bank's risk-taking policy with the strategy and the financial plan;
 - analysing periodic risk reports, including the utilization of strategic risk tolerance limits and developing relevant guidelines on their basis;
 - issuing opinions about capital adequacy, the rules of evaluation of creditworthiness, the risk measurement models, the impairment model;
 - giving opinions on the disclosure policies regarding capital adequacy, the management of capital adequacy, liquidity risk, operational risk, model risk, and impairment measurement risk;
 - giving opinions on the draft Regulations for Setting the Mortgage Lending Value of Real Estate;
 - submitting information relevant for monitoring the effectiveness and adequacy of the Bank's risk management system to the Audit and Finance Committee;
 - assessing the information received on potential non-compliance with the management strategy adopted by the Bank, its risk management strategy, adopted risk appetite and other policies approved by the Bank's Management Board.
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REMUNERATION AND NOMINATION COMMITTEE

- annually assessing the structure, size, composition and effectiveness of the Bank's Management Board and recommending potential changes in this respect to the Supervisory Board;
- annually assessing the knowledge, competences and experience of the Management Board as a whole, and of particular members of the Management Board, and informing the Management Board of the results of the assessment;
- periodically reviewing the Policy on assessing the suitability of candidates for members of the Management Board, member of the Management Board and key employees, and presenting respective recommendations to the Management Board;
- recommending candidates for members of the Management Board and the scope of their responsibilities;
- submitting proposals relating to appropriate forms of contracts with members of the Bank's Management Board to the Supervisory Board;
- preparing opinions on the Code of Ethics and the Principles for the Management of Conflicts of Interest;
- giving opinions on requests concerning the consent for a member of the Management Board to engage in competitive activities or to participate in a competing company as a partner in a civil law partnership or general partnership, or as a member of the authorities of a commercial company, or to participate in another competing legal person as a member of its governing bodies;
- giving opinions on and performing periodic reviews, subject to the approval of the Supervisory Board, of the general principles of the policy for remunerating Material Risk Takers;
- supporting the Supervisory Board in the process of giving opinions on the functioning of the Bank's remuneration policy and the respective reporting to the General Shareholders' Meeting;
- giving opinions on and monitoring variable remuneration components of Material Risk Takers, second-level risk management, the compliance function manager, the internal audit function manager and the managers of the human resources and legal services functions;
- giving opinions on the amount of fixed remuneration for the manager of the internal audit function and the compliance function;
- giving opinions on the detailed rules and procedures for recruiting members of the Bank's Management Board and assessing the suitability of members of the Bank's Management Board;
- preparing and carrying out, with potential support from external independent entities, the programme for raising the qualifications of members of the Supervisory Board.

COMMERCIAL COMMITTEE

- evaluating the results of reviews of the performance of the cooperation agreements concluded with PKO Bank Polski SA;
- giving opinions on material changes to the criteria for qualifying products for the Bank;
- giving opinions on products to be introduced to the Bank's offer and the directions of changes in the Bank's product offer;
- monitoring and supervising the outsourcing of internal processes.

The competences of the **Bank's Management Board** include, in particular:

- defining the Bank's strategy, taking into account the operational risk and the principles of prudent and stable management of the Bank;
- determining the risk management strategy and the general level of the Bank's risk tolerance;

- determining the annual financial plan of the Bank, including the conditions for its implementation;
- creating and dissolving the Bank's standing committees and determining their responsibilities;
- adopting Regulations: (i) for managing special funds accumulated from net profit, (ii) organizational regulations and the principles for the division of competences, (iii) the Management Board Rules, (iv) for setting the Mortgage Lending Value of real estate;
- appointing proxies and determining the principles for their appointment in the Bank;
- establishing the principles of operation of the internal control system;
- approving the audit charter, establishing the principles of cooperation of the internal audit function with the corresponding function of PKO Bank Polski S.A. and the statutory auditor;
- giving opinions on the internal audit function's business strategy and annual and multi-annual (strategic) internal audit plans;
- creating, transforming and winding up the Bank's branches and other organizational units in Poland and abroad;
- deciding on the issuance of mortgage covered bonds;
- determining the operating principles of the management system, including in particular: (i) the principles of capital adequacy disclosure policy, (ii) the assumptions of the compliance risk management policy, (iii) the principles of managing capital adequacy and equity which relate to the estimation of internal capital, capital management, capital planning and dividend policy, (iv) the rules for managing particular risks;
- periodically assessing and verifying compliance with the Bank's internal governance, including assessing the adequacy of the Bank's internal regulations governing the operations of the Management Board and their effectiveness;
- determining accounting policies;
- approving the Bank's annual financial statements;
- developing a remuneration policy;
- specifying banking products;
- determining the principles of the Bank's participation in companies and other organizations;
- deciding on payment of interim dividend to the shareholders;
- deciding on the Bank's conclusion of contracts with third parties the value of which on an annual basis equals or exceeds PLN 500,000.00 (in words: five hundred thousand zlotys) or the total value of which equals or exceeds PLN 2,000,000.00 (in words: two million zlotys);
- convening the General Shareholders' Meetings, making the required announcements in the manner specified in legal regulations and notifying of circumstances which have to be entered to the National Court Register;
- making decisions on issues requested by a member of the Management Board or submitted for consideration by the Supervisory Board.

The Bank's Management Board appointed the following standing committees with the following competences as at 30 June 2025:

**ASSET AND LIABILITY
COMMITTEE**

- supporting the management of liquidity, interest rate and business risks – including macroeconomic, foreign exchange, capital adequacy risks – including leverage risk – and the related risk of models for their measurement;
 - managing the Bank's capital adequacy;
 - reviewing documents concerning the structure of assets and liabilities, the achievement of financial targets, capital adequacy, equity, internal capital, stress testing, the aforementioned risks and the tolerance limits for those risks;
 - making decisions concerning the Bank's operations, particularly in relation to risk measures and limits, risk management, result of the validation of risk models, hedging strategies under hedge accounting and recommendations for the Management Board with regard to launching emergency measures relating to capital and emergency measures relating to liquidity;
-

	<ul style="list-style-type: none"> giving recommendations for the relevant governing bodies of the Bank, organizational units, members of the Bank's Management Board, project teams or task forces – within the scope of its competences.
CREDIT COMMITTEE	<ul style="list-style-type: none"> supporting the management of credit, concentration and residual risks, as well as the risk of the models used to measure such risks; reviewing documents concerning the risks referred to above, the profile and quality structure of the loan portfolio, impairment allowances, acquisition of loan portfolios and the real estate market; making decisions concerning the Bank's operations, particularly in relation to risk measures and limits, results of the validation of risk models, methodologies for and models of calculation of impairment allowances in respect of credit assets, cut-offs used in the assessment of credit risk, loan receivables purchased by the Bank and individual loan transactions; giving recommendations for the relevant governing bodies of the Bank, the ,organizational units, members of the Bank's Management Board, project teams or task forces – within the scope of its competences.
OPERATIONAL RISK AND DATA QUALITY COMMITTEE	<ul style="list-style-type: none"> effective management of operational risk, improving the safety of the Bank's operating activities; outsourcing risk management; determining the directions of development of operational risk management; supervising the functioning of operational risk management, including tasks relating to ensuring the Bank's business continuity and the security of the IT and ICT environment; setting tasks in the event of emergencies putting the Bank's image at risk, which could lead to operating losses; determining the directions of operations in the area of managing the quality of data and data architecture in the Bank, in the context of the Data Management System (DMS); supervising the Data Management System, including assessing its effectiveness and actions of the Bank's particular business units; overseeing the functioning of the Bank's anti-money laundering and counter-terrorist financing system; issuing recommendations for the relevant governing bodies of the Bank, organizational units, members of the Bank's Management Board, project teams or task forces – within the scope of its competences.
STRATEGY AND BUSINESS INITIATIVES COMMITTEE	<ul style="list-style-type: none"> determining the directions of the strategic planning and managing the Bank's strategy and the IT strategy; determining the directions and monitoring the implementation of initiatives related to the pursuit of the Bank's strategy and the IT strategy; determining the directions of changes in the product offer and in the lending process; determining the directions of work on the products' profitability; managing the reputation and compliance risks; issuing recommendations for the relevant governing bodies of the Bank, organizational units, members of the Bank's Management Board, project teams or task forces – within the scope of its competences.
GREEN COVERED BONDS COMMITTEE	<ul style="list-style-type: none"> supervising the issuance of Green Covered Bonds, including determining the directions of changes in the principles of issuing Green Covered Bonds and assessing and selecting assets eligible for funding with the Green Covered Bonds;

- examining materials relating to the guidelines and principles set by the International Capital Markets Association (ICMA) for the Green Covered Bonds market, domestic regulations on the binding energy efficiency standards, reporting on the allocation of funds raised from issues and the impact on the funding environment gained by issuing the Green Covered Bonds, in accordance with the rules for issuing the Green Covered Bonds in force at the Bank, and investor information with respect to the Green Covered Bonds;
- making decisions relating to the Bank's operations, among other things, in relation to assessing and selecting eligible loans according to the methodology adopted by the Bank and adopting the rules for issuing Green Covered Bonds by the Bank in line with the relevant guidelines;
- giving recommendations for the relevant governing bodies of the Bank, business units, members of the Bank's Management Board, project teams or task forces – within the scope of its competences.

6.4. THE MANAGEMENT BOARD OF PKO BANK HIPOTECZNY SA

As at 30 June 2025 and in the first half of 2025, the composition of the Management Board of PKO Bank Hipoteczny SA was as follows:

	Position	Position holding period
Wojciech Papierak	President of the Management Board	06.12.2024 – to date
	Vice-President of the Management Board responsible for managing the work of the Management Board	10.08.2024-05.12.2024
Katarzyna Kurkowska-Szczechowicz	Vice-President of the Management Board	10.08.2024 – to date
	President of the Management Board	27.01.2023-09.08.2024
Piotr Kochanek	Vice-President of the Management Board	01.01.2019 - to date
Michał Stępniewski	Vice-President of the Management Board	01.03.2025 – to date

By Resolution No. 8/2025 of 28 February 2025, the Bank's Supervisory Board defined the following internal segregation of key competences within the Bank's Management Board, which as at 30 June 2025 was as follows:

WOJCIECH PAPIERAK	President of the Management Board responsible for overseeing the internal audit function and the performance of the control function, the management of: compliance risk, reputation risk, legal services, human resources, the process of outsourcing services to external parties and matters in the area of anti-money laundering and terrorist financing.
Other functions performed:	Chairperson of the Strategy and Business Initiatives Committee Chairperson of the Asset and Liability Committee Chairperson of the Green Covered Bonds Committee Deputy Chairperson of the Operational Risk and Data Quality Committee
KATARZYNA KURKOWSKA-SZCZECHOWICZ	Vice-President of the Management Board responsible for overseeing the issuance of securities, raising funding, communication and the creation and development of the product offer, activities relating to coordination of the sale of products and the acquisition of loan receivables and the process of their further servicing, the functioning and efficiency of IT resources.
Other functions performed:	Deputy Chairperson of the Strategy and Business Initiatives Committee

	<p>Member of the Asset and Liability Committee</p> <p>Member of the Credit Committee</p> <p>Member of the Operational Risk and Data Quality Committee</p> <p>Member of the Green Covered Bonds Committee</p>
PIOTR KOCHANEK	<p>Vice-President of the Management Board responsible for supervising management of all risks relating to the Bank's operations, with the exclusion of compliance and reputation risk, supervising the process of assessing creditworthiness and determining the Mortgage Lending Value of real estate, and the restructuring and debt collection processes.</p>
Other functions performed:	<p>Chairperson of the Credit Committee</p> <p>Chairperson of the Operational Risk and Data Quality Committee</p> <p>Deputy Chairperson of the Asset and Liability Committee</p> <p>Deputy Chairperson of the Green Covered Bonds Committee</p> <p>Member of the Strategy and Business Initiatives Committee</p>
MICHAŁ STĘPNIEWSKI	<p>Vice-President of the Management Board responsible for overseeing financial planning and financial control matters, as well as accounting and financial reporting matters, and clearing and confirmation of treasury transactions.</p>
Other functions performed:	<p>Member of the Asset and Liability Committee</p> <p>Member of the Strategy and Business Initiatives Committee</p>

OTHER MANAGEMENT FUNCTIONS OF THE MEMBERS OF THE MANAGEMENT BOARD

	Position	Position holding period
Wojciech Papierak	TOYA S.A. with its registered office in Wrocław - Member of the Supervisory Board	Throughout the reporting period
Katarzyna Kurkowska-Szczechowicz	Did not perform additional functions as a member of the Management Board or Supervisory Board or held any other positions as director	Throughout the reporting period
Piotr Kochanek	Did not perform additional functions as a member of the Management Board or Supervisory Board or held any other positions a director	Throughout the reporting period
Michał Stępniewski	<p>Chairman of the Supervisory Board of Szpital Praski Sp. z o.o.</p> <p>Chairman of the Council of the Stare Powązki Foundation</p> <p>Vice-President of the Management Board of the Queen Hedvig Scholarship Foundation</p> <p>Chairman of the Council of the Father Julian Chrościcki Foundation</p>	During the period of holding the position

On 27 June 2025, the Annual General Shareholders' Meeting:

- approved: The *Company's Directors' Report for the financial year ended 31 December 2024* and the *Company's Financial Statements for the financial year ended 31 December 2024*;
- gave a vote of approval to: (i) Mr Wojciech Papierak for the performance of his duties as member of the Management Board, performing the function of Vice-President of the Management Board in charge of the Management Board's work in the period from 10 August 2024 to 5 December 2024 and the function of

President of the Management Board in the period from 6 December 2024 to 31 December 2024; (ii) Ms Katarzyna Kurkowska-Szczechowicz for the performance of her duties as member of the Management Board, performing the function of President of the Management Board in the period from 1 January 2024 to 9 August 2024 and the function of Vice-President of the Management Board in the period from 10 August 2024 to 31 December 2024; (iii) Mr Piotr Kochanek for the performance of his duties as member of the Management Board, performing the function of Vice-President of the Management Board in the period from 1 January 2024 to 31 December 2024; (iv) Mr Piotr Jaworski for the performance of his duties as member of the Management Board acting as Vice-President of the Management Board in the period from 1 January 2024 to 9 August 2024; and (v) Mr Stanisław Skoczylas for the performance of his duties as member of the Management Board, performing the function of Vice-President of the Management Board, in the period from 1 January 2024 to 29 February 2024.

RECRUITMENT POLICY FOR APPOINTING MANAGEMENT BOARD MEMBERS AND THEIR EVALUATION

The process of evaluating and selecting candidates for Management Board members at PKO Bank Hipoteczny SA is conducted by the Remuneration and Nomination Committee of the Bank's Supervisory Board. The Committee is mindful of the European Banking Authority's guidelines of 02 July 2021 on the assessment of the suitability of members of the management body and key function holders (EBA guidelines), the Regulation of the Minister of Development and Finance of 10 March 2017 on information and documents concerning the founders and the management board of a bank to be submitted to the Polish Financial Supervision Authority and the Methodology for assessing the suitability of members of the bodies of entities supervised by the Polish Financial Supervision Authority. In selecting candidates, the Committee takes into account the profile, scope and scale of PKO Bank Hipoteczny SA's operations. When assessing a candidate, the Committee also verifies that the candidate's experience and knowledge will reinforce the skills possessed by the other members of the Bank's Management Board and complement them, so as to ensure that all areas managed at the Bank are covered. The examination of the above criterion is intended to ensure differentiation with regard to the selection of members of the governing body, its objectives, tasks and scope of action.

Before their appointment, all members of the Management Board of PKO Bank Hipoteczny SA were evaluated in terms of their suitability, in accordance with the EBA and PFSA guidelines.

Members of the Management Board are subject to a continuous evaluation by the Supervisory Board's Remuneration and Nomination Committee and the Supervisory Board, starting from the moment of their recruitment and continuing through their entire term of office. Moreover, pursuant to Article 395 § 2(3) of the Commercial Companies Code, each year the Annual General Shareholders' Meeting grants each individual member of the Management Board a vote of approval. The granting of this vote of approval constitutes an evaluation of the Management Board members, which is independent of the approval of the Bank's Directors' Report by the General Shareholders' Meeting.

The process described above for appointments to perform functions on the Management Board and the positive evaluation of members of the Bank's Management Board constitutes confirmation of the proper performance of their duties, based on adequate knowledge, abilities and experience, in accordance with the requirements of Article 22aa of the Banking Law.

6.5. THE SUPERVISORY BOARD OF PKO BANK HIPOTECZNY SA

In the first half of 2025, the composition of the Supervisory Board of PKO Bank Hipoteczny SA was as follows:

	Function on the Supervisory Board	Date of appointment	Date of dismissal / resignation	Qualifications in finance	Independent member* ²³	Audit and Finance Committee*	Risk Committee*	Remuneration and Nomination Committee*	Commercial Committee*
Marek Radzikowski	Member of the Supervisory Board Chairperson	19.08.2024 23.08.2024		✓				C	C
Jakub Niesłuchowski	Member of the Supervisory Board Deputy Chairperson	28.04.2022 22.02.2024	21.02.2024	✓		D		D	M
Iwona Brzozowska-Poniedziałka	Member of the Supervisory Board	29.05.2024		✓	✓	C	M		
Robert Ciborowski	Member of the Supervisory Board	29.05.2024		✓	✓	M			
Lucyna Kopińska	Member of the Supervisory Board	01.09.2019		✓			D		M
Paweł Metrycki	Member of the Supervisory Board	30.03.2019		✓			C		

C - Chairperson of the Committee, D - Deputy Chairperson of the Committee, M - Member of the Committee

*The composition of the Committees is shown as at 30 June 2025.

There were two meetings of the Supervisory Board in the first half of 2025.

On 27 June 2025, the Annual General Shareholders' Meeting:

- gave a vote of approval to: (i) Mr Mieczysław Król for the performance of his duties as member of the Supervisory Board, acting as Chairman of the Supervisory Board in the period from 1 January 2024 to 22 February 2024, (ii) Mr Marek Radzikowski for the performance of his duties as member of the Supervisory Board, acting as Chairman of the Supervisory Board in the period from 19 August 2024 to 31 December 2024, (iii) Mr Paweł Metrycki for the performance of his duties as member of the Supervisory Board in the period from 1 January 2024 to 31 December 2024, (iv) Ms Lucyna Kopińska for the performance of her duties as member of the Supervisory Board in the period from 1 January 2024 to 31 December 2024, (v) Ms Jadwiga Lesisz for the performance of her duties as member of the Supervisory Board in the period from 1 January 2024 to 13 June 2024, (vi) Mr Robert Ciborowski for the performance of his duties as member of the Supervisory Board in the period from 29 May 2024 to 31 December 2024, (vii) Mr Maciej Brzozowski for the performance of his duties as member of the Supervisory Board acting as Deputy Chairman of the Supervisory Board in the period from 1 January 2023 to 14 February 2024, (viii) Mr Jakub Niesłuchowski for the performance of his duties as member of the Supervisory Board acting as Deputy Chairman of the Supervisory Board in the period from 1 January 2024 to 31 December 2024, (ix) Mr Tomasz Baum for the performance of his duties as member of the Supervisory Board in the period from 1 January 2024 to 28 May 2024 and (x) Ms Iwona Brzozowska-Poniedziałka for the performance of her duties as member of the Supervisory Board in the period from 29 May 2024 to 31 December 2024.

Pursuant to Article 395 § 2(3) of the Commercial Companies Code, the Annual General Shareholders' Meeting gives a vote of approval to each member of the Supervisory Board separately once a year. The vote of approval is an evaluation of individual members of the Supervisory Board, independent of the Annual General Shareholders' Meeting's appraisal of the Supervisory Board's activity report.

The above confirms that the members of the Supervisory Board duly performed their duties based on adequate knowledge, skills and experience as required by Article 22aa of the Banking Law.

²³ In accordance with the definition in the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Oversight.

INFORMATION CONCERNING THE AUDIT AND FINANCE COMMITTEE

In the first half of 2025, the composition of the Audit and Finance Committee of PKO Bank Hipoteczny SA was as follows:

	Function in the Audit and Finance Committee	Date of appointment	Date of dismissal / resignation	Independent member ²⁴	Knowledge and skills in accounting and/or auditing	Knowledge and skills in banking
Iwona Brzozowska-Poniedzielska	Chairperson of the Committee	21.06.2024		✓	✓	✓
Jakub Niesłuchowski	Deputy Chairperson of the Committee	21.06.2024			✓	✓
Robert Ciborowski	Member of the Committee	21.06.2024		✓	✓	✓

There were two meetings of the Audit and Finance Committee in the first half of 2025.

²⁴ In accordance with the definition in the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Oversight.

7. CORPORATE GOVERNANCE AND INFORMATION FOR INVESTORS

Representation on compliance with corporate governance principles Audit firm Other information
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7.1. REPRESENTATION ON COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

The Bank's general principles of corporate governance, i.e. the internal regulations for managing the Bank and controlling its operations, follow from generally applicable legal regulations, in particular the Commercial Companies Code, the Banking Law and the principles issued by the Polish Financial Supervision Authority, i.e. the Principles of Corporate Governance for Supervised Institutions and Recommendation Z concerning internal governance in banks.

The Bank has adopted and applies the Corporate Governance Principles for Supervised Institutions issued by the Polish Financial Supervision Authority on the basis of the following decisions of the Bank's bodies:

- the Resolution of the Bank's Management Board of 15 December 2014 – in relation to the powers and duties of the Management Board, i.e. conducting the Bank's affairs and its representation, in accordance with the generally applicable laws and the Bank's Articles of Association;
- the Resolution of the Bank's Supervisory Board of 18 December 2014 – in relation to the powers and duties of the Supervisory Board, i.e. supervising the conduct of the Bank's affairs, in accordance with the generally applicable laws and the Bank's Articles of Association;
- the Resolution of the General Shareholders' Meeting of 22 December 2015 – in relation to the powers reserved for the General Shareholders' Meeting.

Pursuant to and to the extent arising from the aforementioned decisions, the Bank opted out of the following provisions of the Principles of Corporate Governance for Supervised Institutions:

- the provisions referring to the principles of cooperation with and rights of multiple shareholders (§ 8 (4), § 9 (1) and (6), § 10 (3), § 11 (3) and § 31 (3)), which are not applied because the Bank only has a single shareholder;
- chapter 9, concerning the management of assets at the customer's risk, because the Bank does not conduct operations in this area;
- the principle described in § 22 (1), concerning the independence of Supervisory Board members, manifesting itself primarily in the lack of direct and indirect ties to the supervised institution, members of the management and supervisory bodies, significant shareholders and related parties; however, two members meeting the independence requirements set out in the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Supervision were appointed as members of the Bank's Supervisory Board (Journal of Laws, item 1089 as amended).

As required by § 27 of the Corporate Governance Principles for Supervised Institutions (the "Principles"), on 6 March 2025, the Bank's Supervisory Board assessed the application of the Principles at the Bank in 2024. The Supervisory Board positively assessed the application of the Principles at the Bank, finding that the Bank and its bodies applied the Principles to the extent adopted by the Bank, adequate to the scale, nature of the Bank's activities and the specific nature of the Bank.

The text of the Principles can be found on the Polish Financial Supervision Authority's website at:

https://www.knf.gov.pl/knf/pl/komponenty/img/knf_140904_Zasady_ladu_korporacyjnego_22072014_38575.pdf

The Bank applies Recommendation Z on the principles of internal governance in banks in accordance with the principle of proportionality and adequacy arising from the scale, nature of activities and the specific characteristics of the Bank.

The Bank declares that where the scope of Recommendation Z overlaps with the scope of the Corporate Governance Principles for Supervised Institutions, the provisions of Recommendation Z prevail. To the extent not governed by Recommendation Z, the Principles of Corporate Governance for Supervised Institutions apply.

The text of Recommendation Z on corporate governance principles in banks can be found on the website of the Polish Financial Supervision Authority:

https://www.knf.gov.pl/knf/pl/komponenty/img/Rekomendacja_Z_70998.pdf

MAIN FEATURES OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS IN RELATION TO THE PROCESS OF PREPARING THE FINANCIAL STATEMENTS

In order to ensure the integrity and correctness of the financial reporting process, the Bank has designed and implemented a number of controls embedded in the reporting systems and the internal regulations of the process. These controls involve, among other things, the use of continuous verification and reconciliation of reporting data with the accounting, analytical and other documents that form the basis for the preparation of the financial statements.

The process of preparing the financial statements is reviewed periodically, in particular with regard to the correctness of the accounting reconciliations, substantive analysis and reliability of the information. In accordance with internal regulations, the financial statements are adopted by the Management Board of PKO Bank Hipoteczny SA. They are subject to the opinion of the Audit and Finance Committee of the Supervisory Board of PKO Bank Hipoteczny SA appointed by the Supervisory Board. The annual financial statements are furthermore subject to evaluation by the Supervisory Board of PKO Bank Hipoteczny SA.

The Director of the Finance and Accounting Office is responsible for ensuring compliance with the controls in financial reporting, while internal audit, as part of its assurance activity, assesses the adequacy and effectiveness of the risk management system and the internal control system at the first and second levels respectively.

IDENTIFICATION OF SHAREHOLDERS WHO DIRECTLY OR INDIRECTLY HOLD SUBSTANTIAL BLOCKS OF SHARES, WITH AN INDICATION OF THE NUMBER OF SHARES HELD AND THE RESULTING NUMBER OF VOTES

On 30 June 2025, the share capital of PKO Bank Hipoteczny SA amounted to PLN 1,611.3 million and consisted of 1,611,300,000 shares with a nominal value of PLN 1 each. The shares are fully paid up. Compared to the end of 2024, the share capital has not changed. The issued shares of PKO Bank Hipoteczny SA are non-preferred shares. No special control rights arise for the holders of shares in PKO Bank Hipoteczny SA from these securities. The shareholder holding 100% of the shares in PKO Bank Hipoteczny SA is Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna.

The share capital structure of PKO Bank Hipoteczny SA:

Series	Type of shares	Number of shares	Nominal value per share	Number of votes at the GSM	Amount paid in for the shares
A	Ordinary registered shares	300,000,000	PLN 1	300,000,000	PLN 300,000,000.00
B	Ordinary registered shares	200,000,000	PLN 1	200,000,000	PLN 200,000,000.00
C	Ordinary registered shares	200,000,000	PLN 1	200,000,000	PLN 200,000,000.00
D	Ordinary registered shares	100,000,000	PLN 1	100,000,000	PLN 100,000,000.00
E	Ordinary registered shares	150,000,000	PLN 1	150,000,000	PLN 150,000,000.00
F	Ordinary registered shares	150,000,000	PLN 1	150,000,000	PLN 150,000,000.00
G	Ordinary registered shares	100,000,000	PLN 1	100,000,000	PLN 100,000,000.00
H	Ordinary registered shares	95,000,000	PLN 1	95,000,000	PLN 95,000,000.00
I	Ordinary registered shares	100,000,000	PLN 1	100,000,000	PLN 100,000,000.00
J	Ordinary registered shares	131,500,000	PLN 1	131,500,000	PLN 131,500,000.00

Series	Type of shares	Number of shares	Nominal value per share	Number of votes at the GSM	Amount paid in for the shares
K	Ordinary registered shares	84,800,000	PLN 1	84,800,000	PLN 84,800,000.00
	TOTAL	1,611,300,000		1,611,300,000	PLN 1,611,300,000.00

Shareholder	30.06.2025		31.12.2024	
	Number of shares	Number of votes at GSM	Number of shares	Number of votes at GSM
Powszechna Kasa Oszczędności Bank Polski SA	1,611,300,000	100%	1,611,300,000	100%

DESCRIPTION OF THE RULES FOR APPOINTING AND DISMISSING MANAGERS

Members of the Management Board are appointed and dismissed by resolution of the Supervisory Board. The appointment of two members of the Management Board, including the President and the member responsible for risk, requires the consent of the Polish Financial Supervision Authority. The terms of office of members of the Management Board expire on the date on which the General Shareholders' Meeting approves the financial statements for the last full financial year during which a member served, at the latest. Additionally, the term of office of a Management Board member also expires as a result of his/her death, resignation or dismissal from the Management Board, as of the date of the event causing the expiration, unless the resolution on dismissal provides a different date of expiration. Management Board members may be dismissed before the end of their term of office at any time.

The Supervisory Board notifies the Polish Financial Supervision Authority of the composition of the Management Board and of any changes in the composition thereof immediately after its appointment or after any changes in the composition thereof. The Supervisory Board also notifies the Polish Financial Supervision Authority of the members of the Management Board who, as a result of the segregation of duties, are in charge of the risk management and the internal audit unit. The Supervisory Board notifies the Polish Financial Supervision Authority immediately on placing the following topics on the agenda of the Supervisory Board meeting: (i) dismissing the President of the Management Board, (ii) dismissing a member of the Management Board overseeing the management of material risks or the delegation of his/her duties to another member of the Management Board, and provides a justification of the proposed decision.

Additional information on the powers of the managers is provided in Chapter 6. Organization and governing bodies of PKO Bank Hipoteczny SA.

DESCRIPTION OF POWERS TO DECIDE ON SHARE ISSUES OR REDEMPTIONS

The powers of the General Shareholders' Meeting include adopting resolutions on establishing the share redemption procedures and the level of compensation for redeemed shares, approving the acquisition of the Bank's treasury shares for redemption, and approving the issue of bonds convertible into shares or other instruments giving the right to purchase or take up shares in the Bank.

INDICATION OF ANY LIMITATIONS ON THE TRANSFER OF OWNERSHIP RIGHTS TO THE ISSUER'S SECURITIES

There are no limitations on the transfer of ownership rights to the issuer's securities.

PRINCIPLES FOR AMENDING THE BANK'S ARTICLES OF ASSOCIATION

Amendments to the Bank's Articles of Association require a resolution of the General Shareholders' Meeting and must be entered in the Register of Businesses of the National Court Register. To the extent defined by Article 34.2 of the Banking Law, an amendment to the Articles of Association requires the consent of the Polish Financial Supervision Authority.

COMPOSITION AND CHANGES DURING THE LAST FINANCIAL YEAR AND DESCRIPTION OF THE OPERATION OF THE ISSUER'S MANAGEMENT, SUPERVISORY OR ADMINISTRATIVE BODIES AND THEIR COMMITTEES

Information concerning the management, supervisory and administrative bodies of the issuer, their committees and their composition and changes during the last financial year is presented in Chapter 6. Organization and governing bodies of PKO Bank Hipoteczny SA.

GENERAL SHAREHOLDERS' MEETING AND RELATIONS WITH SHAREHOLDERS

The method of operation of the General Shareholders' Meeting and its key powers as well as a description of the shareholder rights and the method of their execution follow directly from the applicable laws and the Bank's Articles of Association. In consideration of the fact that all shares in the Bank's share capital are held by a single shareholder, i.e. PKO Bank Polski SA, the resolutions of the General Shareholders' Meeting are adopted without formally convening a General Shareholders' Meeting, in accordance with the principles arising from Article 405 of the Polish Commercial Companies Code.

7.2. AUDIT FIRM

In accordance with the policy for selecting an audit firm to perform an audit of the Bank's financial statements, the Supervisory Board conducts an open tender procedure to commission an audit of the financial statements. The Audit and Finance Committee of the Bank's Supervisory Board recommends an audit firm to be appointed to the Supervisory Board. Unless it concerns renewing an existing audit contract, the recommendation contains at least two suggestions with justifications and indicates the preferred firm. The Bank's Supervisory Board appoints the audit firm based on the recommendation of the Audit and Finance Committee of the Bank's Supervisory Board. Transparent and non-discriminatory selection criteria are used in the evaluation of bids submitted by the audit firms.

In accordance with the policy for providing permitted non-audit services to the Bank by the audit firm conducting the audit, its related entities and members of its network, the provision of non-audit services by the audit firm conducting the audit, its related entities and members of its network to the Bank requires the consent of the Audit and Finance Committee of the Bank's Supervisory Board and of the Audit Committee of the Supervisory Board of PKO Bank Polski SA.

Pursuant to the provisions of the Policy and Procedures for selecting an audit firm to conduct an audit of the Bank's financial statements, as a result of the procedure conducted, on 1 March 2023, the Supervisory Board of PKO Bank Hipoteczny SA, pursuant to § 18(1)(4) of the Bank's Articles of Association and in accordance with the recommendation of the Audit and Finance Committee of the Supervisory Board, appointed KPMG Audyt Sp. z ograniczoną odpowiedzialnością sp. k. (hereinafter: "KPMG") as the audit firm to audit and review the Bank's financial statements for the period 2024-2026.

On 13 June 2024, a contract for the audit and review of the Bank's financial statements for the years 2024 - 2026 was concluded between PKO Bank Hipoteczny SA and KPMG.

KPMG Audyt Sp. z ograniczoną odpowiedzialnością sp. k. with its registered office in Warsaw, ul. Inflancka 4A, is registered on the list of audit firms maintained by the Polish Agency for Audit Oversight with the number 3546.

7.3. OTHER INFORMATION

CHANGES IN THE HOLDING OF SHARES AND RIGHTS TO SHARES IN PKO BANK HIPOTECZNY SA BY INDIVIDUALS IN MANAGEMENT AND SUPERVISORY ROLES

In the first half of 2025, there were no changes in the holding of shares and rights to shares in PKO Bank Hipoteczny SA by individuals in management and supervisory roles. 100% of the shares are held by PKO Bank Polski SA.

INFORMATION REQUIRED PURSUANT TO ARTICLE 111A(1)(1) OF THE BANKING LAW

PKO Bank Hipoteczny SA has its registered office in Warsaw and operates solely in the territory of Poland. The Bank has no subsidiaries.

SIGNIFICANT AND MATERIAL AGREEMENTS WITH THE CENTRAL BANK AND/OR REGULATORY BODIES

In the first half of 2025, PKO Bank Hipoteczny SA did not conclude any significant or material agreements with the Central Bank or with regulatory bodies.

FINANCIAL AND GUARANTEE COMMITMENTS GRANTED

In the first half of 2025 and in 2024, PKO Bank Hipoteczny SA did not grant any guarantees.

Financial liabilities in respect of loans granted but not disbursed as at 30 June 2024 amounted to PLN 163.3 million, an increase of PLN 63.0 million compared with 31 December 2024.

OFF-BALANCE SHEET LIABILITIES GRANTED TO RELATED PARTIES

In the first half of 2025 and in 2024, PKO Bank Hipoteczny SA did not grant any off-balance sheet commitments to its related parties.

LOANS TAKEN OUT AND LOAN AND GUARANTEE AGREEMENTS UNRELATED TO THE BANK'S OPERATING ACTIVITIES

In the first half of 2025 and in 2024, PKO Bank Hipoteczny SA did not take out any loans nor entered into any loan, guarantee or warranty agreements unrelated to the Bank's operations.

UNDERWRITING AGREEMENTS

In the first half of 2025 and in 2024, PKO Bank Hipoteczny SA did not conclude any underwriting agreements.

IDENTIFICATION OF PROCEEDINGS PENDING BEFORE COURTS, ARBITRATION BODIES OR PUBLIC-ADMINISTRATION AUTHORITIES

As at 30 June 2025, no material proceedings were pending before courts, arbitration bodies or public administration bodies concerning liabilities or receivables of PKO Bank Hipoteczny SA.

FACTORS WHICH WILL INFLUENCE FUTURE FINANCIAL PERFORMANCE OVER THE HORIZON OF THE SECOND HALF OF THE YEAR

Significant factors and risks that could affect the Bank's operations and performance over the next six months include:

In the global economy:

- barriers to foreign trade, mainly including US tariff policy and other countries' responses to growing US protectionism, and the impact of international trade restrictions on the condition of the global economy;
- heightened geopolitical risks, with the risk of escalating conflicts in Ukraine, the Middle East, around Taiwan and their impact on commodity prices, risk appetite and supply chains;
- the persistence of relatively low global growth rates, including a slowdown in the US economy and stagnation in Germany;
- changes in the climate policy, including the accelerating energy transition and the increasing stringency and importance of environmental requirements.

In the Polish economy:

- robust economic growth expected to continue, with consumption rising and investment activity reviving;
- the path of further changes in NBP interest rates and the level of the mandatory reserve requirement;
- the situation on the financial markets, which may reflect, among other things, an increase in geopolitical risk, in particular through an increase in the yields of Polish debt securities;
- the expected recovery in demand for loans, among other things in view of the interest rate cuts already made and expected, as well as the recovery in private investments;
- the shape of fiscal policy in the face of increased public finance sector deficit and Poland being subject to the excessive deficit procedure;
- possible further court decisions concerning PLN-denominated loans based on WIBOR rates;
- the introduction of the Long-Term Funding Ratio and its impact on the long-term funding market;

- an increase in capital requirements related to the countercyclical buffer announced in the Regulation of the Minister of Finance which will come into force at the end of the third quarter of 2025;
- the risk of the President of the Office of Competition and Consumer Protection (UOKiK) imposing a penalty as part of the proceedings pending against the Bank in the following cases: violation of collective consumer interests with regard to the handling of complaints concerning the so-called 'unauthorized transactions', modification clauses used by the Bank and interest rate change clauses in template agreements;
- the risks associated with the implementation of the new WIRF- benchmark and its impact on the financial market;
- complicated political situation (difficult cohabitation) potentially hindering the smooth implementation of economic policies.

INFORMATION ON LOAN GUARANTEES OR OTHER GUARANTEES ISSUED BY THE BANK OR ITS SUBSIDIARY – IN AGGREGATE TO A SINGLE ENTITY OR ITS SUBSIDIARY, IF THE TOTAL AMOUNT OF THE EXISTING GUARANTEES IS EQUIVALENT TO AT LEAST 10% OF THE ISSUER'S EQUITY

In the first half of 2025, PKO Bank Hipoteczny SA did not guarantee any loans or advances and did not provide any guarantees to a single entity or a subsidiary of a single entity, with the total value equivalent of 10% of the Bank's equity.

INFORMATION ON LOAN AND ADVANCE AGREEMENTS CONCLUDED OR TERMINATED DURING THE FINANCIAL YEAR

On 30 January 2025, PKO Bank Hipoteczny SA and PKO Bank Polski SA concluded an annex to the contract for a revolving working capital current account facility dated 2 February 2017, as amended, extending the lending period until 2 February 2029.

INFORMATION ON TRANSACTION(S) WITH RELATED PARTIES CONCLUDED BY THE ISSUER OR ITS SUBSIDIARY, IF MATERIAL AND NOT CONCLUDED ON AN ARM'S LENGTH BASIS

PKO Bank Polski SA and PKO Bank Polski SA Group entities are the Bank's related parties in terms of equity.

In the first half of 2025, PKO Bank Hipoteczny SA did not enter into any material transactions with related parties on terms other than on an arm's length basis.

INFORMATION ON CHANGES IN THE KEY PRINCIPLES OF MANAGING THE BANK'S ENTERPRISE

In the first half of 2025, there were no changes to the key principles of managing the Bank's business in PKO Bank Hipoteczny SA.

FUNDING SUPPORT AGREEMENTS

PKO Bank Hipoteczny SA did not conclude funding support agreements with other entities subject to consolidated supervision operating within the same holding, or with closely related parties.

DEPOSITS, AND GUARANTEES AND SURETIES ISSUED

PKO Bank Hipoteczny SA does not accept deposits or issue any guarantees or sureties.

INFORMATION ON THE VALUE OF SECURITY ESTABLISHED ON THE ACCOUNTS OR ASSETS OF BORROWERS

In the first half of 2025, PKO Bank Hipoteczny SA did not set up any security on the borrowers' accounts.

As at 30 June 2025, the value of collateral in respect of residential mortgage loans secured with real estate mortgages was PLN 70.5 billion compared with PLN 69.6 billion as at 31 December 2024.

EVENTS AFTER THE END OF THE REPORTING PERIOD

- In 2024, based on the Framework Agreement for the Sale of Receivables signed with PKO Bank Polski SA on 17 November 2015, the Bank purchased a portfolio of receivables in respect of mortgage covered residential loans amounting to PLN 739.7 million.

8. REPRESENTATION OF THE MANAGEMENT BOARD OF PKO BANK HIPOTECZNY SA

The Management Board of PKO Bank Hipoteczny SA represents that, to the best of their knowledge:

- The condensed interim financial statements of PKO Bank Hipoteczny SA for the six months ended 30 June 2025 have been prepared in accordance with the applicable accounting policies and give a true, fair and clear view of the financial position of PKO Bank Hipoteczny SA and of its financial result;
- The Directors' Report of PKO Bank Hipoteczny SA for the six months ended 30 June 2025 gives a true picture of the development, achievements and position of PKO Bank Hipoteczny SA, including a description of the key risks and threats.

The Management Board of PKO Bank Hipoteczny SA represents that the audit firm which conducted the audit of the condensed interim financial statements of PKO Bank Hipoteczny SA for the six months ended 30 June 2025 was selected in compliance with the applicable laws, and that both the entity and the statutory auditor who conducted the audit fulfilled all the criteria for providing an unbiased and independent audit report on the financial statements, in compliance with the applicable laws and professional standards.

This Directors' Report of PKO Bank Hipoteczny SA for the six months ended 30 June 2025 comprises 54 sequentially numbered pages.

Signatures of all members of the Bank's Management Board

07.08.2025	Wojciech Papierak	President of the Management Board	<i>Signed on Polish original</i> (signature)
07.08.2025	Piotr Kochanek	Vice-President of the Management Board	<i>Signed on Polish original</i> (signature)
07.08.2025	Katarzyna Kurkowska-Szczechowicz	Vice-President of the Management Board	<i>Signed on Polish original</i> (signature)
07.08.2025	Michał Stępniewski	Vice-President of the Management Board	<i>Signed on Polish original</i> (signature)