

REPORT OF THE MANAGEMENT BOARD OF

VELOBANK SPÓŁKA AKCYJNA

specifying

**the assets of Bank Handlowy w Warszawie S.A. allocated to Velobank S.A. in accordance with
the demerger plan by way of separation of Bank Handlowy w Warszawie S.A.**

(the “Report”)

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1. DEFINITIONS

Bank Handlowy	means Bank Handlowy w Warszawie Spółka Akcyjna with its registered office in Warsaw, address: ul. Senatorska 16, 00-923 Warsaw, entered in the Register of Entrepreneurs of the National Court Register by the District Court for the Capital City of Warsaw in Warsaw, 12 th Business Division for the National Court Register under No. KRS 0000001538, NIP 5260300291, with the share capital of PLN 522,638,400.00, fully paid up;
Consumer Business	an organised part of the enterprise of Bank Handlowy as defined in the Demerger plan;
Demerger Date	means the date on which the Demerger becomes effective, i.e. the date of registration of the share capital increase of Velobank by way of the issuance of New Velobank Shares as a result of the Demerger (separation date within the meaning of Article 530 § 2 CCC);
Commercial Companies Code	means the Act of 15 September 2000 – Commercial Companies Code;
New Velobank Shares	has the meaning as defined in point 4 of this Report;
Demerger	means a demerger by separation, carried out in accordance with Article 529 § 1 item 5 of the Commercial Companies Code, as a result of which the Consumer Business will be transferred to Velobank, and the remaining part of Bank Handlowy's enterprise will remain with Bank Handlowy;
Banking Law	means the Act of 29 August 1997 – Banking Law;
Report	means this document; and
Velobank	means Velobank Spółka Akcyjna with its registered office in Warsaw, address: Rondo Daszyńskiego 2c, 00-843 Warsaw, entered in the Register of Entrepreneurs of the National Court Register by the District Court for the Capital City of Warsaw in Warsaw, 13 th Business Division for the National Court Register under No. KRS 0000991173, NIP 7011105189, with the share capital of PLN 711,734,000.00, fully paid up;

2. INTRODUCTION

- 2.1 Bank Handlowy and Velobank are banks within the meaning of the Banking Law that operate in Poland.
- 2.2 Based on the provisions of the Commercial Companies Code and the Banking Law, the Management Boards of Bank Handlowy and Velobank on 25 July 2025 agreed on the Demerger plan which provides, pursuant to Article 529 § 1 item 5 of the Commercial Companies Code, that the Consumer Business will be separated from Bank Handlowy and transferred to Velobank, in exchange for the New Velobank Shares to be acquired by Bank Handlowy (demerger by separation) (the “**Demerger Plan**”). The Demerger Plan is attached hereto as Appendix 1.
- 2.3 Considering that the Demerger is carried out in the manner provided for in Article 529 § 1 item 5 of the Commercial Companies Code, i.e., as a demerger by separation, in accordance with

Article 311 of the Commercial Companies Code in conjunction with Article 538¹ § 3 of the Commercial Companies Code, the Management Board of Velobank has prepared this Report.

- 2.4 This Report will be audited by an auditor in accordance with Article 312 § 1 of the Commercial Companies Code in conjunction with Article 538¹ § 3 of the Commercial Companies Code, with respect to its truthfulness and accuracy, and for the purpose of issuing an opinion regarding the fair value of the Consumer Business and determining whether it is at least equivalent to the par value or higher value of New Velobank Shares, within the meaning of Article 534 § 1 item 2¹ of the Commercial Companies Code.

3. DESCRIPTION OF THE DEMERGER BUSINESS

- 3.1 As a result of the Demerger, the Consumer Business will be transferred from Bank Handlowy to Velobank, in exchange for the New Velobank Shares to be acquired by Bank Handlowy.
- 3.2 The Consumer Business is an organised part of the enterprise of Bank Handlowy, the components of which are specified in the Demerger Plan.

4. NUMBER AND TYPE OF BANK SHARES ISSUED IN EXCHANGE FOR THE TRANSFER OF THE DEMERGER BUSINESS

- 4.1 In exchange for the Consumer Business with a value of PLN 431,689,236 (in words: four hundred thirty-one million six hundred eighty-nine thousand two hundred thirty-six) to be transferred by Bank Handlowy to Velobank as part of the Demerger, Bank Handlowy will acquire all new shares issued by Velobank, i.e.: 744,843 (in words: seven hundred forty-four thousand eight hundred forty-three) registered ordinary shares of series C, with a nominal value of PLN 250 (in words: two hundred and fifty) each and a total nominal value of PLN 186,210,750 (in words: one hundred and eighty-six million two hundred and ten thousand seven hundred and fifty) with a total value within the meaning of Article 534 § 1 point 2¹ of the Commercial Companies Code, in the amount of PLN 431,688,658 (in words: four hundred thirty-one million six hundred eighty-eight thousand six hundred fifty-eight zlotys), i.e. 579.57 (in words: five hundred seventy-nine 57/100) PLN per share (the “**New Velobank Shares**”).
- 4.2 If, prior to the Demerger Date, any increase in the share capital of Velobank is carried out, the number of New Velobank Shares shall be adjusted in accordance with the rules set out in point 6.1 of the Demerger Plan.

5. THE DEMERGED ENTITY FROM WHICH THE CONSUMER BUSINESS WILL BE SEPARATED

The entity from which the Consumer Business will be separated as part of the Demerger is Bank Handlowy.

6. VALUATION METHOD APPLIED TO THE CONSUMER BUSINESS AND COMMENTS ON ITS FAIR VALUE

- 6.1 The term “fair value” is not defined in the CCC, which serves as the legal basis for the Demerger. For the purpose of determining the fair value of the net assets of the Consumer Business, the definition of fair value under the International Valuation Standards has been applied. According to these standards, fair value (market value) is the estimated amount for which an asset and/or liability should be exchanged on the valuation date between a willing buyer and a willing seller

in an arm's-length transaction, after proper marketing and provided that both parties act knowledgeably, prudently, and without compulsion.

- 6.2 In connection with the above, for the purpose of determining the fair value of the Consumer Business, commercial arrangements have been adopted between Bank Handlowy, Velobank, as well as Citibank Europe PLC and Promontoria Holding 418 B.V., shareholders of Bank Handlowy and Velobank respectively, concerning the determination of the value of the Consumer Business based on the fixed component of the repurchase price of New Velobank Shares from Bank Handlowy by Promontoria Holding 418 B.V., estimated at 431,689,236 (in words: four hundred thirty-one million six hundred eighty-nine thousand two hundred thirty-six) zlotys.
- 6.3 The value of this component was determined as the estimated net asset value of the Consumer Business at the earliest date of the Demerger, according to the assumptions of Bank Handlowy and Velobank, adjusted by a multiplier agreed by the parties to the aforementioned transaction.
- 6.4 The fair value of the net assets of the Consumer Business determined in this way, in the amount of 431,689,236 (in words: four hundred thirty-one million six hundred eighty-nine thousand two hundred thirty-six) zlotys, does not materially differ from the valuations carried out by Velobank using commonly applied valuation methods.
- 6.5 The fair value of the Consumer Business corresponds to at least the value of the New Velobank Shares within the meaning of Article 534 § 1 item 2¹ of the CCC, in accordance with the requirements set out in Article 312 § 1 of the CCC in connection with Article 538¹ § 3 of the CCC.
- 6.6 Attached to this Report as Appendix 2 are the standalone financial statements of Bank Handlowy for the financial year ended 31 December 2023 and for the financial year ended 31 December 2024. In these statements, Bank Handlowy has identified two cash-generating units, i.e. the Retail Banking Segment and the Institutional Banking Segment. The Consumer Business does not correspond entirely to the Retail Banking Segment. The main differences, including exclusions, are described in the Demerger Plan.

7. JUSTIFICATION

- 7.1 On 27 May 2025, the main shareholder of Bank Handlowy, Citibank Europe PLC (owning 75% of Bank Handlowy's shares, the remaining shares being held by minority shareholders), along with Bank Handlowy, Velobank and its majority shareholder, Promontoria Holding 418 B.V, entered into the business transfer agreement in respect of the acquisition by Velobank of the Consumer Business (the "Business Transfer Agreement"). Bank Handlowy announced the signing of the Business Transfer Agreement in report No. 12/2025 dated 27 May 2025.
- 7.2 The transferred Consumer Business includes credit cards business, retail loans and credit (including PLN mortgages), deposits, wealth management (including retail brokerage services) and the servicing of businesses classified by Bank Handlowy as micro-clients, as well as branches of Bank Handlowy and other assets and liabilities of Bank Handlowy related to the Consumer Business, with the exception of certain assets and liabilities related to the above activities (including, in particular, mortgage loans in foreign currencies) that will not be transferred to Velobank.

- 7.3 The transferred Consumer Business includes employees (including those representing support functions) and branches servicing clients of the Consumer Business to ensure the continuity of services provided to customers.
- 7.4 The transferred Consumer Business does not include the Retained Business, i.e. the clients of, and any products or services currently being provided by (i) corporate banking, global network banking and commercial banking, (ii) treasury and trade solutions, security services, (iii) markets business related to institutional clients and professional markets, and (iv) the services provided by the brokerage department of Bank Handlowy to corporate and institutional clients ("**Retained Business**"). The activities of the Retained Business will be continued by Bank Handlowy.
- 7.5 In line with Bank Handlowy's strategy, the demerger will allow Bank Handlowy to focus on the development of institutional banking, Bank Handlowy's leading business area, which accounted for 72% of Bank Handlowy's revenues in 2024. The dynamic development of this business, based on competitive advantages and scale, will enable Bank Handlowy to achieve higher business returns as measured by return-on-equity (ROE) and return-on-assets (ROA) ratios.
- 7.6 From the perspective of Velobank, the acquisition of Bank Handlowy operations aligns with its strategic development plans in the retail and microenterprise segments. Through this transaction, Velobank will enhance its market position by increasing its loan balance by approximately PLN 6 billion and its deposit balance by around PLN 22 billion, (based on balance sheet data as at 31 March 2025). Additionally, the transaction includes access to nearly PLN 9 billion of clients' assets under management mainly comprising brokerage and mutual fund products. This will enable Velobank to improve its standing in key aggregates, potentially moving it to the 7th or 8th position within the sector.
- 7.7 As part of the acquisition, the retail team of Bank Handlowy will be integrated into Velobank, bringing additional expertise in relationships with affluent clients and private banking. Velobank will also significantly expand its customer base, gaining over half a million customers, including more than twenty thousand affluent clients from wealth management and private banking segments. Furthermore, Velobank will acquire the card business of Bank Handlowy, which includes over 400 thousand credit cards.
- 7.8 In addition to strengthening Velobank's business position, the anticipated outcomes of the transaction, such as increased operational scale and efficiency improvements, are projected to be beneficial for Velobank's shareholders.
- 7.9 It is anticipated that the transaction will benefit the customers of both banks. Existing customers of Bank Handlowy will gain access to a nationwide branch network and omnichannel services, including mobile banking, online banking, and contact center support. A notable benefit for current customers of Bank Handlowy is the planned maintenance of their existing relational service model with dedicated advisors, ensuring full support during the integration period and a smooth transition to Velobank. As a result of the transaction, customers of Velobank will have access to a broader investment offering, including domestic and foreign investment funds and international capital market products, along with wealth management services.

For Velobank S.A.:

Name and Surname: Adam Marciniak
Position: President of the Management Board

Name and Surname: Paulina Strugała
Position: Member of the Management Board

Name and Surname: Przemysław Koch
Position: Member of the Management Board

Name and Surname: Tomasz Kubiak
Position: Member of the Management Board

Name and Surname: Adrian Adamowicz
Position: Member of the Management Board

Name and Surname: Paweł Pach
Position: Member of the Management Board

APPENDIX 1
DEMERGER PLAN

APPENDIX 2
THE SEPARATE FINANCIAL STATEMENTS OF BANK HANDLOWY FOR THE YEARS 2023 AND
2024