

# ING Bank Śląski S.A.

Annual Financial Statements  
for the year 2025



# SELECTED FINANCIAL DATA FROM FINANCIAL STATEMENTS

## for the year ended 31 December

	in PLN million		in EUR million*	
	2025	2024	2025	2024
Net interest income	8,464	8,338	1,998	1,937
Net commission income	2,272	2,208	536	513
Net income on basic activities	11,265	10,722	2,659	2,491
Gross profit	5,878	5,490	1,387	1,276
Net profit	4,633	4,369	1,093	1,015
Weighted average number of ordinary shares (units)	130,189,835	130,143,180	130,189,835	130,143,180
Earnings per ordinary share (in PLN / in EUR)	35.59	33.57	8.40	7.80
Net cash flows	-1,052	1,321	-248	307

\*) to translate selected data into EUR for items of the Profit and Loss Account and for net cash flows, the exchange rate calculated as the average of the NBP exchange rates prevailing on the last day of each month in the period of 12 months of 2025 (PLN 4.2372) and 12 months of 2024 (PLN 4.3042),

\*\*) the average NBP exchange rate valid for 31 December 2025 (PLN 4.2267) and as at 31 December 2024 (PLN 4.2730) was used to convert selected data into EUR for items in the statement of financial position.

## as at 31 December

	in PLN million		in EUR million**	
	2025	2024	2025	2024
Liabilities to customers	275,684	254,941	65,224	59,663
Total assets	130	130	31	30
Share capital	21,288	17,107	5,037	4,004
Number of shares (pcs)	130,100,000	130,100,000	130,100,000	130,100,000
Book value per share (in PLN / in EUR)	163.63	131.49	38.71	30.77
Total capital ratio	16.35%	16.45%	-	-

ANNUAL FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY 2025 TO 31 DECEMBER 2025

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Income statement

for the year ended 31 December			
	Note	2025	2024
Interest income	2	13,267	12,534
calculated using effective interest rate method	2	12,752	11,787
other interest income	2	515	747
Interest expenses	2	-4,803	-4,196
<b>Net interest income</b>	2	<b>8,464</b>	<b>8,338</b>
Commission income	3	2,911	2,813
Commission expenses	3	-639	-605
<b>Net commission income</b>	3	<b>2,272</b>	<b>2,208</b>
Net income on financial instruments measured at fair value through profit or loss and FX result	4	519	196
Net income on the sale of securities measured at amortised cost	5	-4	-6
Net income on the sale of financial assets at fair value through other comprehensive income and dividend income	5	35	-37
Net (loss)/income on hedge accounting	6	-15	10
Net (loss)/income on other basic activities	7	-6	13
<b>Net income on basic activities</b>		<b>11,265</b>	<b>10,722</b>
General and administrative expenses	8	-4,071	-3,755
Impairment for expected credit losses	9	-693	-879
including profit on sale of receivables	2.8.2	64	80
Cost of legal risk of FX mortgage loans	10	-60	-92
Tax on certain financial institutions	11	-801	-740
Share of profit/(loss) of associates accounted for using the equity method	22	238	234
<b>Gross profit</b>		<b>5,878</b>	<b>5,490</b>
Income tax	12	-1,245	-1,121
<b>Net profit</b>		<b>4,633</b>	<b>4,369</b>

for the year ended 31 December			
	Note	2025	2024
Net profit		4,633	4,369
Weighted average number of ordinary shares		130,189,835	130,143,180
<b>Earnings per ordinary share (in PLN)</b>	13	<b>35.59</b>	<b>33.57</b>

The diluted earnings per share are the same as the profit per one ordinary share.

The income statement should be read in conjunction with the notes to the financial statements being the integral part thereof.

# Statement of comprehensive income

for the year ended 31 December			
	Note	2025	2024
Net profit the period:		4,633	4,369
Total other comprehensive income, including:	34.2	2,824	450
Items which can be reclassified to income statement, including:		2,803	438
debt instruments measured at fair value through other comprehensive income - gains on revaluation carried through equity		9	55
debt instruments measured at fair value through other comprehensive income - reclassification to financial result due to sale		-41	9
loans measured at fair value through other comprehensive income - revaluation gains / losses recognised in equity		9	54
cash flow hedging - gains on revaluation carried through equity		1,271	-1,447
cash flow hedging - reclassification to profit or loss		1,555	1,767
Items which will not be reclassified to income statement, including:		21	12
equity instruments measured at fair value through other comprehensive income - gains on revaluation carried through equity		26	15
actuarial gains/losses		-5	-3
Net comprehensive income for the reporting period		7,457	4,819

The statement of comprehensive income should be read in conjunction with the notes to the financial statements being the integral part thereof.

Statement of financial position

as at 31 December			
	Note	2025	2024
Assets			
Cash and cash equivalents	14	7,308	8,360
Loans and other receivables to other banks	15	26,830	25,063
Financial assets measured at fair value through profit or loss	16, 17, 20	2,340	1,948
Derivative hedge instruments	18	73	61
Investment securities	19	65,358	58,892
Transferred assets	20, 16	-	179
Loans and other receivables to customers	21	169,625	156,496
Investments in subsidiaries and associates measured by the equity method	22	2,191	1,969
Property, plant and equipment	23	898	969
Intangible assets	24	506	416
Current income tax assets	12	-	-
Deferred tax assets	25	410	467
Other assets	26	145	121
Total assets		275,684	254,941

as at 31 December			
	Note	2025	2024
Liabilities			
Liabilities to other banks	27	10,348	10,803
Financial liabilities measured at fair value through profit or loss	28, 17	916	1,400
Derivative hedge instruments	18	77	83
Liabilities to customers	29	235,412	219,941
Subordinated liabilities	30	2,548	1,499
Provisions	31	641	633
Current income tax liabilities	12	923	15
Other liabilities	33	3,531	3,460
Total liabilities		254,396	237,834
Equity			
Share capital	34.1	130	130
Share premium	34.3	956	956
Accumulated other comprehensive income	34.2	-1,938	-4,762
Retained earnings	34.3	22,149	20,783
Own shares for the purposes of the incentive program		-9	-
Total equity	13	21,288	17,107
Total equity and liabilities		275,684	254,941

The statement of financial position shall be read in conjunction with the notes to financial statements being the integral part thereof.



Statement of changes in equity

for the year ended 31 December 2025

Note: 34

	Share capital	Share premium	Accumulated other comprehensive income	Retained earnings	Own shares for the purposes of the incentive program	Total equity
Opening balance of equity	130	956	-4,762	20,783	-	17,107
Total comprehensive income, including:	-	-	2,824	4,633	-	7,457
Net profit for the current period	-	-	-	4,633	-	4,633
Other net comprehensive income, including:	-	-	2,824	-	-	2,824
financial assets measured at fair value through other comprehensive income - revaluation gains / losses recognized in equity	-	-	44	-	-	44
debt securities measured at fair value through other comprehensive income - reclassification to profit or loss due to sale	-	-	-41	-	-	-41
cash flow hedge - revaluation gains / losses recognized in equity	-	-	1,271	-	-	1,271
cash flow hedge - reclassification to profit or loss	-	-	1,555	-	-	1,555
actuarial gains/losses	-	-	-5	-	-	-5
Other changes in equity, including:	-	-	-	-3,267	-9	-3,276
dividend payment	-	-	-	-3,276	-	-3,276
purchase of own shares for the purposes of the employee incentive program	-	-	-	22	-22	-
settlement of the acquisition of own shares and their transfer to employees	-	-	-	-13	13	-
Closing balance of equity	130	956	-1,938	22,149	-9	21,288

for the year ended 31 December 2024

Note: 34

	Share capital	Share premium	Accumulated other comprehensive income	Retained earnings	Own shares for the purposes of the incentive program	Total equity
Opening balance of equity	130	956	-5,212	20,750	-5	16,619
Total comprehensive income, including:	-	-	450	4,369	-	4,819
Profit for the current period	-	-	-	4,369	-	4,369
Other net comprehensive income, including:	-	-	450	-	-	450
financial assets measured at fair value through other comprehensive income - gains/losses on revaluation carried through equity	-	-	124	-	-	124
debt securities measured at fair value through other comprehensive income - reclassification to profit or loss due to sale	-	-	9	-	-	9
cash flow hedging - gains/losses on revaluation carried through equity	-	-	-1,447	-	-	-1,447
cash flow hedging - reclassification to profit or loss	-	-	1,767	-	-	1,767
actuarial gains/losses	-	-	-3	-	-	-3
Other changes in equity, including:	-	-	-	-4,336	5	-4,331
dividend payment	-	-	-	-4,339	-	-4,339
valuation of employee incentive programs	-	-	-	4	-	4
purchase of own shares for the purposes of the employee incentive program	-	-	-	-	-6	-6
settlement of the acquisition of own shares and their transfer to employees	-	-	-	-1	11	10
Closing balance of equity	130	956	-4,762	20,783	-	17,107

The statement of changes in equity should be read in conjunction with the notes to the financial statements being the integral part thereof.

Cash flow statement

for the year ended 31 December			
	Note	2025	2024
Net profit		4,633	4,369
Adjustments, including:		-2,600	-4,951
Share of net profit (loss) of associates accounted for using the equity method	22	-238	-234
Depreciation and amortisation	8, 23, 24	302	317
Interest accrued (from the income statement)	2	-8,464	-8,338
Interest paid		-4,388	-3,649
Interest received		12,839	12,492
Dividends received	5	-8	-8
Gains (losses) on investing activities		2	1
Income tax (from the income statement)	12	1,245	1,121
Income tax paid		-972	-894
Change in provisions	31, 38	-1	94
Change in loans and other receivables to other banks	15, 38	-1,762	-2,505
Change in financial assets measured at fair value through profit or loss	16, 17, 38	-368	336
Change in hedge derivatives	18, 38	3,477	345
Change in investment securities	19, 38	-6,116	-7,747
Change in transferred assets	20, 16, 38	249	-12
Change in loans and other receivables to customers	21, 38	-13,082	-9,845
Change in other assets	26, 38	-59	-53
Change in liabilities to other banks	27, 38	-446	460
Change in liabilities measured at fair value through profit or loss	17, 28	-480	-448
Change in liabilities to customers	29, 38	15,496	14,922
Change in subordinated liabilities	30, 38	-17	-27
Change in other liabilities	33, 38	191	-1,279
Net cash flows from operating activities		2,033	-582

for the year ended 31 December			
	Note	2025	2024
			transformed data
Purchase of property, plant and equipment	23	-99	-125
Purchase of intangible assets	24	-189	-113
Purchase of shares in subsidiaries	22	-	-4
Purchase of debt securities measured at amortised cost		-23,235	-13,927
Disposal of debt securities measured at amortised cost		23,193	19,499
Dividends received	5, 22	24	39
Net cash flows from investing activities		-306	5,369
Long-term loans received	38	1,066	1,506
Interest payment on long-term loans	38	-453	-532
Repayment of lease liabilities	38	-94	-95
Purchase of own shares for the purposes of the employee incentive program		-22	-6
Dividends paid	34.3	-3,276	-4,339
Net cash flows from financing activities		-2,779	-3,466
Net increase/(decrease) in cash and cash equivalents		-1,052	1,321
of which effect of exchange rate changes on cash and cash equivalents		-258	302
Opening balance of cash and cash equivalents		8,360	7,039
Closing balance of cash and cash equivalents	14, 38	7,308	8,360

The cash flow statement should be read in conjunction with the notes to the financial statements being the integral part thereof.



# Accounting policy and additional notes

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I. Bank details

1. Key Bank data

ING Bank Śląski S.A. ('Bank') with the registered office in Poland, Katowice, ulica Sokolska 34, zip code 40-086 was entered into the Entrepreneurs Register with the National Court Register maintained by the Commercial Division of the District Court in Katowice under the number KRS 0000005459. The Bank's statistical number is REGON 271514909, and the tax identification number is NIP 634-013-54-75.

2. Scope and duration of operations

ING Bank Śląski S.A. offers a broad range of banking services rendered to individual and institutional clients in line with the scope of services outlined in the Bank's charter. The Bank runs operations both in the home currency and in foreign currencies. The duration of business of the Parent company is indefinite.

3. Share capital

The share capital of ING Bank Śląski S.A. amounts to PLN 130,100,000.00 and is divided into 130,100,000 ordinary bearer shares with a nominal value of PLN 1.00 each. The Bank's shares are listed on the Warsaw Stock Exchange (banking sector).

4. Shareholders of ING Bank Śląski S.A.

ING Bank Śląski S.A. is a subsidiary of ING Bank N.V., which as at 31 December 2025 held 75% shares in the share capital of ING Bank Śląski S.A. and 75% shares in the total number of votes at the General Meeting of ING Bank Śląski S.A. ING Bank N.V. belongs to the Group, identified as ING Group for the purposes of these financial statements.

As at 31 December 2025 , the following were shareholders with 5 or more percent of votes at the General Meeting of ING Bank Śląski S.A:

No.	Entity	Number of shares and votes	% of total number of shares
1.	ING Bank N.V.	97,575,000	0.75
2.	Allianz Polska OFE *	7,890,923	0.06
3.	Nationale Nederlanden OFE **	7,217,029	0.06

\*) Based on information on the semi-annual structure of assets of Allianz Polska OFE as at 31 December 2025.

\*\*) Based on information on the semi-annual asset structure of Nationale Nederlanden OFE as at 31 December 2025.

5. Entity authorised to audit the financial statements

The entity authorised to carry out the audit is Forvis Mazars Audyt Sp. z o.o. with its registered office in Warsaw.

6. Approval of financial statements

These annual financial statements of the ING Bank Śląski S.A. for the period from 1 January 2025 to 31 December 2025 were adopted for publication by the Bank's Management Board on 5 March 2026.

The annual consolidated financial statements of the ING Bank Śląski S.A. Capital Group for the period from 1 January 2025 to 31 December 2025 has been accepted for publication and will be published at the same date as the separate financial statements.

Financial statements of ING Bank Śląski S.A. for the period from 1 January 2024 to 31 December 2024 were approved by the General Meeting of ING Bank Śląski S.A. on 29 April 2025.

7. ING Bank Śląski S.A. Management Board and Supervisory Board composition

Bank's Management Board

The term of office of Mr. Bruno Bartkiewicz as President of the Bank's Management Board expired on 29 April 2025, i.e. the day of the General Meeting approving the financial statements for 2024. From that day, on the basis of a resolution of the Supervisory Board of the Bank of 3 September 2024, Mr. Michał Bolesławski took the position of the President of the Management Board of the Bank.

On 29 April 2025, the Supervisory Board of the Bank appointed the Bank Management Board for the new term of office in the following composition:

- Ms Joanna Erdman - VicePresident of the Bank Management Board,
- Mr Marcin Giżycki - Vice-President of the Bank Management Board,
- Ms Bożena Graczyk - Vice-President of the Bank Management Board,
- Mr Marcin Kościński - Vice-President of the Bank Management Board,
- Mr Michał H. Mrożek - Vice-President of the Bank Management Board,
- Mr Maciej Ogórkiewicz - Vice-President of the Bank Management Board,
- Ms Alicja Żyła - Vice-President of the Bank Management Board.

Furthermore, the Supervisory Board adopted a resolution regarding appointment of Ms Ewa Łuniewska for the Bank Management Board new term of office as of the entry date of an amendment to Article 26.1 of the Charter of ING Bank Śląski Spółka Akcyjna (regarding the number of Bank Management Board Members) in the Entrepreneurs Register of the National Court Register, as provided for in Resolution No. 28 of the Ordinary General Meeting of 29 April 2025. On 9 May 2025, the above change was registered in the National Court Register and from that date the Bank's Management Board is composed of 9 members.

Ms Joanna Erdman, Mr Marcin Giżycki, Ms Bożena Graczyk, Ms Ewa Łuniewska, Mr Michał H. Mrożek and Ms Alicja Żyła held functions on the Management Board during the previous term of office.

On 12 December 2025, the Bank received the resignation of Ms. Ewa Łuniewska from her position as Member of the Bank’s Management Board as of 31 December 2025. The submitted resignation was the result of arrangements made between Ms. Ewa Łuniewska and the Supervisory Board, about which the Bank informed in current report No. 13/2025 of 29 April 2025.

On 12 December 2025, the Supervisory Board appointed Mr. Wojciech Sieńczyk as Vice-President of the Bank’s Management Board from 1 January 2026.

On 8 January 2026, the Bank received the resignation of Mr. Michał H. Mrożek from the position of Member of the Bank’s Management Board, with effect at the end of that day. The reason for his resignation was his appointment to a new position in the ING Group.

As at the date of adoption of these annual consolidated financial statements for publication, the composition of the Bank’s Management Board was as follows:

- Mr. Michał Bolesławski - President of the Bank Management Board,
- Ms. Joanna Erdman - Vice-President of the Bank Management Board,
- Mr. Marcin Giżycki – Vice-President of the Bank Management Board,
- Ms. Bożena Graczyk - Vice-President of the Bank Management Board,
- Ms. Marcin Kościński - Vice-President of the Bank Management Board,
- Mr. Maciej Ogórkiewicz - Vice-President of the Bank Management Board,
- Mr. Wojciech Sieńczyk - Vice-President of the Bank Management Board,
- Ms. Alicja Żyła - Vice-President of the Bank Management Board.

Bank's Supervisory Board

On 27 June 2025, the Bank has received from Mr Stephen Creese a letter of resignation from the capacity as Member of the Bank Supervisory Board, with effect from 31 August 2025. The reason for resignation is his plans to leave ING Group.

On 24 September 2025, the Bank has received from Ms Anety Hryckiewicz-Gontarczyk a letter of resignation from the capacity as Member of the Bank Supervisory Board, effective as at 24 September 2025. The reason for resignation were personal reasons.

At the end of 2025, the composition of the Bank’s Supervisory Board was as follows:

- Ms. Monika Marcinkowska – Chairman of the Supervisory Board, Independent Member,
- Ms. Małgorzata Kołakowska – 1st Vice-Chairman of the Supervisory Board,
- Mr. Michał Szczurek – Vice-Chairman of the Supervisory Board,
- Mr. Dorota Dobija – Independent Member of the Supervisory Board,
- Ms. Arkadiusz Krasowski – Independent Member of the Supervisory Board,
- Ms. Hans De Munck - Member of the Supervisory Board,
- Mr. Serge Offers - Member of the Supervisory Board.

II. Statement of compliance with International Financial Reporting Standards

These annual financial statements of the ING Bank Śląski S.A. for the period from 1 January 2025 to 31 December 2025 have been prepared in accordance with the International Financial Reporting Standards ("IFRS") approved by the European Union. The financial statements take into account the requirements of EU approved standards and interpretations.

Statement of profit or loss, statement of comprehensive income, statement of changes in equity and the statement of cash flows for the period from 1 January 2025 to 31 December 2025 and statement of financial position as at 31 December 2025, together with comparable data were prepared according to the same principles of accounting for each period.



1. Changes in accounting standards

In these annual financial statements, the Bank included the following changes to the standards, approved by the European Union and effective for annual periods beginning on or after 1 January 2025:

Change	Influence on the Bank’s financial statements
IAS 21 Effects of changes in currency exchange rates: currency forfeiture	The implementation of the change did not have a significant impact on the Bank’s financial statements.

Published standards and interpretations, which were issued by 31 December 2025 and approved by the European Union, but were not applied by the Group earlier:

Change (EU effective date provided for in the parentheses)	Influence on the Bank’s financial statements
IFRS 9 Financial instruments and IFRS 7 Financial instruments: disclosures Classification and measurement of financial instruments (financial year beginning on 1 January 2026)	The introduced changes are the result of conclusions from the post-implementation review of the guidelines of both standards. The amendments are of a more precise nature with respect to the classification of financial assets (i.e.: resulting from agreements containing ESG or similar clauses) and the derecognition of financial instruments from the balance sheet that are settled via electronic payment systems. The implementation of these changes will not exert a material impact on the Bank’s financial statements.
Changes resulting from the annual update of the standards (volume 11) (financial year beginning on 1 January 2026)	The amendments to IFRS F1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 are editorial in nature. According to the Group’s analyses, the application of the amendments will not have an impact on the Bank’s financial statements.
IFRS 9 Financial instruments and IFRS 7 Financial instruments: disclosures Renewable electricity contracts (financial year beginning on 1 January 2026)	The amendments are intended to better reflect contracts relating to electricity from renewable sources with physical or virtual supply in the financial statements. The changes focus on requirements for purchasing energy for own use, hedge accounting and disclosures. The Bank’s analyses show that applying the changes, from the perspective of the current economic situation, will not have an impact on the Bank’s financial statements.

Published standards and interpretations that were issued by 31 December 2025, but were not approved by the European Union as at 31 December 2025 and were not previously adopted by the Bank:

Change (expected IASB effective date provided for in the parentheses)	Influence on the Bank’s financial statements
IFRS 18 Presentation and disclosures in financial statements (financial year beginning on 1 January 2027)	The new standard published in April 2024, which will replace IAS 1. The implementation of the new guidelines aims to improve the comparability and transparency of the financial statements of the entities. The Bank’s analyses show that the application of the standard will have an impact on the presentation and scope of disclosures in the Bank’s financial statements.
IFRS 19 Subsidiaries without public liability: disclosures (financial year beginning on 1 January 2027)	The new standard published in May 2024 will be voluntarily applied by entities that do not have the status of an entity with public responsibility and that are dependent on entities preparing publicly available consolidated financial statements. According to the Bank’s analyses, application of the standard will not have an impact on the Bank’s financial statements.
Amendments to IAS 21 Effects of changes in currency exchange rates: Conversion to presentation currency in hyperinflation (financial year beginning on 1 January 2027)	The Bank’s analyses show that the implementation of the change will not have a significant impact on the Bank’s financial statements.
Amendments to IFRS 19 (published on 21 August 2025) Subsidiaries without public liability: disclosures (financial year beginning on 1 January 2027)	Amendments to the new standard to take into account published amendments to IFRSs in the scope of disclosures published after the issuance of IFRS 19 (in May 2024) and whose first application date falls in the financial year beginning on 1 January 2027. The Bank’s analyses show that applying these amendments to the standard will not have an impact on the Bank’s financial statements.

As at the date of adoption of this report for publication, taking into account the ongoing process of introducing IFRS standards in the EU and the Bank's operations, with respect to the accounting principles applied by the Bank there are no differences between the IFRS standards that have entered into force and the IFRS standards endorsed by the EU.

2. Going-concern

Financial statements of the ING Bank Śląski S.A. for the period from 1 January 2025 to 31 December 2025 has been prepared on the assumption that the Bank will continue as a going concern for at least 12 months from the date of acceptance for publication, i.e. from 5 March 2026. As at the date of signing the financial statements, the Management Board of the Bank does not find any facts or circumstances that would indicate any threat to the Bank's ability to continue as a going concern within 12 months from the date of publication as a result of intentional or forced discontinuation or significant limitation of the Bank's current operations.

3. Financial statements scope and currency

The Bank is the parent entity of the ING Bank Śląski S.A. Capital Group and, in addition to these annual financial statements, it also prepares annual consolidated financial statements in accordance with IFRS.

These annual financial statements have been prepared in Polish zlotys ("PLN"). All values, unless otherwise indicated, are rounded to the nearest million zlotys. There may therefore be mathematical inconsistencies in the totals or between the notes.

4. Reporting period and comparable data

Annual financial statements of the ING Bank Śląski S.A. covers the period from 1 January 2025 to 31 December 2025 and includes comparative data:

- for the statement of financial position as at 31 December 2024,
- for items from the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the period from 1 January 2024 to 31 December 2024.

III. Significant accounting principles

The requirements of IFRS result in specific options for choosing the accounting policy. The key areas where IFRS allow the entity to select the policy and which refer to the Bank Accounting Policy include:

- selection of accounting policy to continue to apply the hedge accounting requirements of IAS 39,
- selection of accounting policy for valuation of buildings and land at revalued amount, being its fair value at the balance sheet date.

The Bank Accounting Policy complies with IFRS and the Bank decisions as to the admissible policy selection are presented below.

1. Basis for preparation of financial statements

The financial statements are prepared in Polish zlotys rounded to one million (unless otherwise stated). The concept of fair value has been applied in the statements for own real property as well as financial assets and liabilities

measured at fair value, including derivative instruments, and financial assets classified as measured at fair value through other comprehensive income. Other items of financial assets (including loans and advances) are presented at amortised cost less impairment or at purchase price less impairment. Recognized financial assets that were designated as hedged items in the fair value hedge strategy, and which, in the absence of such designation, would be measured at amortized cost, are measured at amortized cost, taking into account the hedged risk valuation adjustment. Non-current assets held for sale are recognised at the lower of their carrying amount and the fair value less sales costs.

2. Professional judgment

In the process of accounting principles application to the matters discussed below, besides the accounting estimates, professional judgment of the management staff was of key significance.

2.1. Deferred tax assets

The Bank recognizes deferred tax assets based on the assumption that it is probable that taxable income sufficient to fully realize the deferred tax asset would be achieved.

2.2. Classification of financial assets

The Bank classifies financial assets on the basis of both the business model for holding the financial assets and assessment whether under the contractual terms require solely payments of principal and interest on the principal amount outstanding. The detailed information about assumptions in this regard is presented in item 13.2. *Classification of financial assets.*

3. Accounting estimates

Estimates and assumptions applied to the presentation of the value of assets, liabilities, income and costs are made on the basis of historical data available and other factors considered to be relevant in given circumstances. The assumptions applied for the future and available data sources are the base for making estimates regarding the carrying amount of assets and liabilities, which cannot be determined explicitly on the basis of other sources. The estimates reflect the reasons for/ sources of uncertainties as at the balance sheet date. The actual results may differ from estimates.

The estimates and assumptions are reviewed on an on-going basis. Adjustments to estimates are recognised in the period when the estimate was changed provided that the adjustment applies to this period alone or in the period when the estimate was changed and in the following periods, should the adjustment impact both the current and future periods.

Below are the most significant booking estimates made by the Bank.

3.1. Estimation of expected credit losses for financial assets

The Bank applies IFRS 9 requirements regarding impairment in order to recognize and measure the impairment for expected credit losses on debt financial assets that are measured at amortised cost or at fair value through other comprehensive income.

The expected loss in the portfolio of individually insignificant exposures is calculated collectively as a probability-weighted average from three macroeconomic scenarios with different probabilities of occurrence. The final level of the provisions results from the sum of the expected credit losses estimated each year in the future till the maturity date for Stage 2 and Stage 3 assets and in 12-month horizon for Stage 1 assets, including discount.

To determine impairment (or reverse it) in the ISFA (Individually Significant Financial Assets) portfolio, the present value of expected future cash flows has to be calculated. The amount of the future cash flows is determined among others taking account information about the current and forecasted economic standing of the borrower, the forecast value of the recovery amount from collateral of the credit exposure and the macroeconomic factors.

The methodology and assumptions used to estimate both the amount and the time of future cash flows are regularly reviewed and adjusted as needed.

**Macroeconomic factors**

Credit risk models for the purposes of IFRS 9 were built on the basis of historical relations between changes in economic parameters (i.e. GDP or interest rates) and their subsequent effect on changes in the level of credit risk (PD/LGD). By the end of 2019, changes in macroeconomic forecasts were relatively slow, moving smoothly from one phase of the cycle to another, without drastic and shocking events changing the macroeconomic situation. After sharp increases in interest rates and inflation, caused, among others, by the war in Ukraine, the situation has now stabilised.

As at 31 December 2025, the Bank revised its macroeconomic indicators forecasts. The macroeconomic assumptions used to determine the expected credit losses are based on forecasts prepared by the Bank’s Macroeconomic Analysis Office, supplemented by management adjustments where, in the opinion of the management, recent economic events have not been fully captured. The effect of changes in macroeconomic assumptions reduced the level of provisions for expected credit losses at the end of 2025 by PLN 23 million compared to the end of 2024.

**Management adjustments and recalibration of models**

In times of heightened volatility and uncertainty, where portfolio quality and the economic environment are changing rapidly, models are undermined in their ability to accurately predict losses. To mitigate model risk, additional adjustments can be made to address data quality issues, methodology issues or expert opinions. They also include adjustments resulting from overestimation or underestimation of allowances for expected credit losses by IFRS 9 models.

Due to the growing impact of climate risk on credit risk, the Bank decided to create a management adjustment increasing the value of provisions for expected credit losses, the purpose of which is to measure potential financial losses resulting from the indirect or direct impact of clients’ adjustment to low-emission requirements or to an economy based on sustainable development. The adjustment covered the portfolio of corporate clients, including strategic ones.

In Q4 2024, the Bank implemented the uLDP (ultra low default portfolio) model, which includes previously used reserve models for strategic customers within the corporate portfolio. Simultaneously with the implementation, the second stage of work on the uLDP model began, which was to cover a wider pool of models and reconstruction of capital models. The Bank has decided to apply a management adjustment increasing the value of provisions for expected credit losses until the implementation of the second stage, the purpose of which is to maintain the adequacy of provisions for the corporate portfolio. At the end of 2025, the progress of work on the second stage was so great that the Bank decided to waive this adjustment.

The potential underestimation of losses incurred in the real estate sector prompted the Bank to create a management adjustment for strategic customers within the corporate portfolio, increasing the value of provisions for expected credit losses. At the end of 2025, in connection with the stabilisation of the sector, the Bank decided to waive this adjustment. At the same time, the Bank has completed the recalibration of the model, which better reflects the amount of allowances for expected credit losses in the real estate sector. The model is to be implemented in 2026. Until the implementation, the Bank made a decision to introduce an adjustment aimed at maintaining the adequacy of provisions.

Due to incomplete implementation of new models or a time-based change of models for corporate clients (including SME MSSF9 model and LEASE LGD), the Bank has estimated the impact of the use of new models on the amount of allowances for clients not yet covered by these models. As a result, at the end of 2025, the Bank introduced a management adjustment reducing the value of provisions for expected credit losses.

In Q4 2025, the Bank, in accordance with the provisions of Recommendation R, periodically recalibrated the retail customer segment model. The model recalibration will be implemented in the first quarter of 2026. To maintain the adequacy of the write-offs, the Bank decided to implement a management adjustment to reflect the expected level of write-offs.

Also in Q4 2025, the Bank implemented a new capital model for the sub-segment of mortgage loans. At the same time, work is underway on a new MSSF9 model for this sub-segment, which is to be implemented in 2026. Until that time, in order to maintain an adequate level of write-offs, the Bank made a decision to implement, at the end of 2025, a management adjustment reducing the value of write-offs.



The following table summarizes the management corrections described above.

as at 31 December						
	2025			2024		
	Corporate banking	Retail banking	Total	Corporate banking	Retail banking	Total
Management adjustments that do not affect the classification of exposures into Stages:	-25	-	-25	-2	-	-2
impact of climate risk on credit risk	23	-	23	27	-	27
uLDP model (ultra low default portfolio)	-	-	-	9	-	9
underestimation of credit losses in the real estate sector	-	-	-	4	-	4
recalibration of the model for estimating write-offs for the real estate sector	11	-	11	-	-	-
incomplete implementation of models (MSSF9 SME and LGD LEASE)	-59	-	-59	-42	-	-42
Management adjustments affecting the classification of exposures into Stages:	-	-3	-3	-	-	-
recalibration of the model for the retail customer sub-segment	-	16	16	-	-	-
New capital model for the mortgage loan sub-segment	-	-19	-19	-	-	-
Total	-25	-3	-28	-2	-	-2

The division of adjustments into stages is presented in chapter [II.2.8.2. Quality of the loan portfolio](#), in section *Risk and capital management*.

Description of the indications for identification of impairment of financial assets, methodology of calculation of impairment losses and applied accounting principles are described in point [13.11 Expected credit losses](#).

### Thresholds used to identify a significant increase in credit risk

Determining the threshold of a significant increase in credit risk requires judgment and is a significant source of uncertainty in the estimates of expected losses.

Thresholds of PD parameters increase in the lifetime of exposures in relation to PD at origination which indicate significant increase in credit risk are established for models based on assumed methodology.

At the end of 2025 and 2024 these triggers were as follows:

	Strategic clients portfolio	Corporate retail portfolio (SME model)	Mortgages (MTG model)	SE&Micro portfolio (SBF model)	Consumer Lending Portfolio (CLN model)	Investment portfolio
Relative threshold	0.61	1	0.98	0.5	0.7	0.61
Absolute threshold	100bp	250bp	75bp	300bp	350bp	100bp

Absolute threshold – indicates maximum difference between PD at the reporting date and PD at initial recognition which triggers classification to Stage 2

Relative threshold – indicates the maximum measure of the relationship between the PD as at the reporting date and the PD from the initial recognition of the exposure, taking into account the scaling factor determined at the level of a particular exposure, based on the PD from the initial recognition, beyond which the asset is classified to Stage 2.

Exceeding at least one of the above thresholds results in classification of a financial asset to Stage 2.

In addition, regardless of the relative and absolute thresholds described above, the Bank has an additional condition for identifying a significant increase in credit risk - a three-fold increase in the PD parameter since the exposure was granted. Different threshold levels depending on the exposure portfolio result from different specificities of individual portfolios, including depending on the amount of the average default rate for a given portfolio.

Sensitivity analysis of expected credit losses on assumed PD threshold

In order to show the sensitivity of expected losses to the level of the adopted PD threshold, the Bank estimated the allowances for expected losses in Stages 1 and 2 with the following assumptions:

- all these financial assets would be below the PD threshold and assigned 12-month expected losses and
- all of these assets would exceed this PD threshold and have lifetime expected losses assigned to them.

as at 31 December				
	2025		2024	
	Hypothetical change in the level of expected losses for Stage 1 and Stage 2 assets			
	Assumption that the assets are below the PD threshold and are assigned 12-month expected credit losses	Assumption that the assets have exceeded the PD threshold and are assigned lifetime expected credit losses	Assumption that the assets are below the PD threshold and are assigned 12-month expected credit losses	Assumption that the assets have exceeded the PD threshold and are assigned lifetime expected credit losses
The entire loan portfolio, including:	-230	700	-250	650
Corporate portfolio	-140	390	-160	380
Retail portfolio	-90	310	-90	270

Macroeconomic forecasts and probability weights applied to each of macroeconomic scenarios

Below are presented the macroeconomic forecasts of of key factors adopted as at 31 December 2025 and 31 December 2024 and the deviations of expected losses in the upside, baseline and negative scenarios from the reported expected losses, weighted by the probability of the scenarios - broken down into corporate, retail and for the entire loan portfolio. The analysis takes into account changes in the time horizon of expected losses (migrations between Stages) resulting from the macroeconomic scenarios used in the analysis. The presented deviations from reported losses do not take into account the impact of management adjustments described earlier. The macroeconomic assumptions used to determine these deviations for the base scenario are based on forecasts prepared by the Bank’s Macroeconomic Research Bureau, with the use of forward curves for interest rates at the end of 2025.

The tables present the results of the analysis of the change of exposure in Stages and the change of allowance coverage for the entire loan portfolio and separately for the corporate and retail portfolios.

For both the entire loan portfolio and its corporate and retail part, the selective application of a negative scenario with a weight of 100% increases the level of provisions in all Stages (1/2/3). The average increase of the allowance for the entire portfolio, is about 4% compared to the average scenario used in the calculation of allowances at the end of 2025 (for the corporate portfolio, an increase of the impairment loss by 2% and for the retail portfolio by 7%). The increase of provisions in this scenario is mainly caused by an increase in the unemployment rate.

If a 100% weight were applied, for the positive scenario there would be a decrease of allowance by approx. 3% on the entire portfolio (for corporate portfolio by 2% and for retail portfolio by 5%). A positive effect of GDP growth and stable values of other variables are observed here (unemployment rate: about 2.0%, interest rate: 7.0%). The application of a weight of 100% for the base scenario remains neutral for the amount of provisions (decrease by 1% on the retail part of the portfolio).

Total loan portfolio

2025												
		2026	2027	2028	Expected losses weighted by probability - deviation from losses reported in %			Change in the share of Stage 2 in relation to the entire portfolio in %	Weight assigned to the scenario to determine the reported expected losses	Reported expected losses (collective assessment in Stage 1, 2 and 3)		
					Total	by Stages				Total	by Stages	
Upside scenario	GDP	5.4%	4.6%	3.8%	-3%	Stage 1	-4%	-4%	20%			
	Unemployment	2.6%	2.4%	2.1%		Stage 2	-9%					
	Real estate price index	9.0%	6.9%	4.4%		Stage 3	-1%					
	3 months' interest rate	6.4%	7.0%	7.1%								
	Brent oil price (USD/barrel)	71.58	80.07	80.74								
Baseline scenario	GDP	3.7%	3.2%	3.0%	0%	Stage 1	0%	0%	60%	2,611	Stage 1	268
	Unemployment	3.1%	3.1%	3.1%		Stage 2	-1%				Stage 2	544
	Real estate price index	0.2%	2.1%	2.2%		Stage 3	0%				Stage 3	1,799
	3 months' interest rate	3.5%	3.7%	3.9%								
	Brent oil price (USD/barrel)	63.62	64.67	66.00								
Negative scenario	GDP	1.1%	0.9%	2.1%	4%	Stage 1	4%	10%	20%			
	Unemployment	5.0%	7.1%	8.9%		Stage 2	12%					
	Real estate price index	-11.9%	-3.6%	-5.0%		Stage 3	1%					
	3 months' interest rate	1.7%	1.3%	1.3%								
	Brent oil price (USD/barrel)	51.49	45.10	48.01								

Corporate portfolio

2025												
		2026	2027	2028	Expected losses weighted by probability - deviation from losses reported in %			Change in the share of Stage 2 in relation to the entire portfolio in %	Weight assigned to the scenario to determine the reported expected losses	Reported expected losses (collective assessment in Stage 1, 2 and 3)		
					Total	by Stages				Total	by Stages	
Upside scenario	GDP	5.4%	4.6%	3.8%	-2%	Stage 1	-3%	-2%	20%			
	Unemployment	2.6%	2.4%	2.1%		Stage 2	-8%					
	Real estate price index	9.0%	6.9%	4.4%		Stage 3	0%					
	3 months' interest rate	6.4%	7.0%	7.1%								
	Brent oil price (USD/barrel)	71.58	80.07	80.74								
Baseline scenario	GDP	3.7%	3.2%	3.0%	0%	Stage 1	0%	0%	60%	1,755	Stage 1	154
	Unemployment	3.1%	3.1%	3.1%		Stage 2	0%				Stage 2	374
	Real estate price index	0.2%	2.1%	2.2%		Stage 3	0%				Stage 3	1,227
	3 months' interest rate	3.5%	3.7%	3.9%								
	Brent oil price (USD/barrel)	63.62	64.67	66.00								
Negative scenario	GDP	1.1%	0.9%	2.1%	2%	Stage 1	1%	7%	20%			
	Unemployment	5.0%	7.1%	8.9%		Stage 2	9%					
	Real estate price index	-11.9%	-3.6%	-5.0%		Stage 3	0%					
	3 months' interest rate	1.7%	1.3%	1.3%								
	Brent oil price (USD/barrel)	51.49	45.10	48.01								

Total loan portfolio

2024												
		2025	2026	2027	Expected losses weighted by probability - deviation from losses reported in %			Change in the share of Stage 2 in relation to the entire portfolio in %	Weight assigned to the scenario to determine the reported expected losses	Reported expected losses (collective assessment in Stage 1, 2 and 3)		
					Total	by Stages				Total	by Stages	
Upside scenario	GDP	4.7%	6.3%	4.6%	-6%	Stage 1	-9%	-4%	20%			
	Unemployment	2.4%	2.2%	2.0%		Stage 2	-18%					
	Real estate price index	9.6%	6.0%	6.3%		Stage 3	-3%					
	3 months' interest rate	7.6%	7.7%	7.7%								
Baseline scenario	GDP	3.5%	3.8%	2.8%	-1%	Stage 1	-1%	0%	60%	2,475	Stage 1	267
	Unemployment	3.0%	3.0%	2.9%		Stage 2	-2%				Stage 2	565
	Real estate price index	6.5%	4.7%	3.9%		Stage 3	0%				Stage 3	1,643
	3 months' interest rate	4.4%	4.2%	4.4%								
Negative scenario	GDP	1.7%	-0.3%	0.2%	11%	Stage 1	3%	30%	20%			
	Unemployment	4.3%	5.9%	7.1%		Stage 2	42%					
	Real estate price index	2.0%	2.7%	2.6%		Stage 3	3%					
	3 months' interest rate	3.6%	2.7%	2.3%								

Corporate portfolio

2024												
		2025	2026	2027	Expected losses weighted by probability - deviation from losses reported in %		Change in the share of Stage 2 in relation to the entire portfolio in %	Weight assigned to the scenario to determine the reported expected losses	Reported expected losses (collective assessment in Stage 1, 2 and 3)			
					Total	by Stages				Total	by Stages	
Upside scenario	GDP	4.7%	6.3%	4.6%	-7%	Stage 1	-12%	-6%	20%			
	Unemployment	2.4%	2.2%	2.0%		Stage 2	-21%					
	Real estate price index	9.6%	6.0%	6.3%		Stage 3	-2%					
	3 months' interest rate	7.6%	7.7%	7.7%								
Baseline scenario	GDP	3.5%	3.8%	2.8%	-1%	Stage 1	-2%	-1%	60%	1,643	Stage 1	159
	Unemployment	3.0%	3.0%	2.9%		Stage 2	-3%				Stage 2	390
	Real estate price index	6.5%	4.7%	3.9%		Stage 3	0%				Stage 3	1,094
	3 months' interest rate	4.4%	4.2%	4.4%								
Negative scenario	GDP	1.7%	-0.3%	0.2%	14%	Stage 1	1%	57%	20%			
	Unemployment	4.3%	5.9%	7.1%		Stage 2	55%					
	Real estate price index	2.0%	2.7%	2.6%		Stage 3	2%					
	3 months' interest rate	3.6%	2.7%	2.3%								

Retail portfolio

2025												
		2026	2027	2028	Expected losses weighted by probability - deviation from losses reported in %		Change in the share of Stage 2 in relation to the entire portfolio in %	Weight assigned to the scenario to determine the reported expected losses	Reported expected losses (collective assessment in Stage 1, 2 and 3)			
					Total	by Stages			Total	by Stages		
Upside scenario	GDP	5.4%	4.6%	3.8%	-5%	Stage 1	-5%	20%				
	Unemployment	2.6%	2.4%	2.1%		Stage 2	-11%					
	Real estate price index	9.0%	6.9%	4.4%		Stage 3	-3%					
	3 months' interest rate	6.4%	7.0%	7.1%								
Baseline scenario	GDP	3.7%	3.2%	3.0%	-1%	Stage 1	-1%	60%	856	Stage 1	114	
	Unemployment	3.1%	3.1%	3.1%		Stage 2	-2%					
	Real estate price index	0.2%	2.1%	2.2%		Stage 3	0%					
	3 months' interest rate	3.5%	3.7%	3.9%								
Negative scenario	GDP	1.1%	0.9%	2.1%	7%	Stage 1	7%	20%				
	Unemployment	5.0%	7.1%	8.9%		Stage 2	19%					
	Real estate price index	-11.9%	-3.6%	-5.0%		Stage 3	4%					
	3 months' interest rate	1.7%	1.3%	1.3%								

Retail portfolio

2024												
		2025	2026	2027	Expected losses weighted by probability - deviation from losses reported in %		Change in the share of Stage 2 in relation to the entire portfolio in %	Weight assigned to the scenario to determine the reported expected losses	Reported expected losses (collective assessment in Stage 1, 2 and 3)			
					Total	by Stages			Total	by Stages		
Upside scenario	GDP	4.7%	6.3%	4.6%	-5%	Stage 1	-5%	20%				
	Unemployment	2.4%	2.2%	2.0%		Stage 2	-11%					
	Real estate price index	9.6%	6.0%	6.3%		Stage 3	-3%					
	3 months' interest rate	7.6%	7.7%	7.7%								
Baseline scenario	GDP	3.5%	3.8%	2.8%	0%	Stage 1	0%	60%	832	Stage 1	108	
	Unemployment	3.0%	3.0%	2.9%		Stage 2	-1%					
	Real estate price index	6.5%	4.7%	3.9%		Stage 3	0%					
	3 months' interest rate	4.4%	4.2%	4.4%								
Negative scenario	GDP	1.7%	-0.3%	0.2%	6%	Stage 1	5%	20%				
	Unemployment	4.3%	5.9%	7.1%		Stage 2	15%					
	Real estate price index	2.0%	2.7%	2.6%		Stage 3	3%					
	3 months' interest rate	3.6%	2.7%	2.3%								



3.2. Measurement of financial instruments not quoted in active markets

The fair value of financial instruments not quoted in active markets is measured using valuation models. For non-option derivatives, the models based on discounted cash flows apply. Options are measured using appropriate option valuation models. Valuation models used by the Bank are verified prior to their usage.

As a rule, in models the Bank uses observable data from active markets. However, in certain circumstances, to choose the right valuation parameter, the Bank makes an estimate by comparing a given instrument to another one present in another market but having similar or identical features. Application of the prudence principle requiring to choose the lower value of assets and the higher value of liabilities as being more probable – especially in the conditions of lower liquidity or/and volatility in financial markets – is fundamental in the valuation made under this approach. Change of assumptions concerning these factors may impact valuation of some financial instruments.

Sensitivity analysis of the valuation of financial instruments not listed on active markets is presented in note 36. Fair value.

3.3. Legal risk related to the portfolio of mortgage loans indexed to the Swiss franc exchange rate

The Bank holds receivables due to CHF indexed retail mortgage loans. The table below presents the individual elements that make up the gross and net balance sheet value of these receivables.

as at 31 December		
	2025	2024
number of contracts (in pieces)	1,816	2,416
capital balance	348	484
the amount of the adjustment to the gross carrying amount	-294	-387
other elements of the gross carrying amount (interest, ESP)	5	5
gross carrying amount	59	102
impairment for expected credit losses	-5	-6
Net carrying amount of CHF-indexed mortgage loans	54	96
Provision for legal risk of CHF-indexed mortgage loans	208	253

The next table presents the change in 2025 and 2024:

- in gross carrying amount adjustments for CHF-indexed mortgage loans recognised in the statement of financial position, and
- in provision for legal risk of CHF-indexed mortgage loans.

	2025		2024	
	an adjustment to the gross carrying amount for loans recognized in the statement of financial position	provision for legal risk of CHF-indexed mortgage loans	an adjustment to the gross carrying amount for loans recognized in the statement of financial position	provision for legal risk of CHF-indexed mortgage loans
Balance at the beginning of the period	387	253	510	128
Changes in the period, including:	-93	-45	-123	125
provisions recognised/ reversed	47	10	-12	102
transfer between provisions*	2	-2	-34	38
utilisation, including from settlements	-142	-53	-61	-15
FX differences	-	-	-16	-
Balance at the end of the period	294	208	387	253

Provision for legal risk of CHF-indexed mortgage loans is presented in liabilities under Provisions and applies to:

- mortgage loans indexed to CHF removed from the statement of financial position,
- parts of CHF-indexed mortgage loans recognised in the statement of financial position, for which the estimated loss value exceeds the sum of gross exposures,
- costs resulting from court proceedings with respect to CHF-indexed loans recognised in the statement of financial position.

As at 31 December 2025, the number of CHF-indexed mortgage loan agreements removed from the statement of financial position, excluding closed as a result of cancellation of the agreement by the court or as a result of entering into a settlement (for more details, see the settlement programme in explanatory note 31. Provisions), amounted to 2,428 (2,543 as at 31 December 2024) and the corresponding disbursement amount was PLN 342 million (PLN 358 million as at 31 December 2024).

Detailed information on the legal environment related to the legal risk of the portfolio of CHF-indexed mortgage loans and information on court cases in connection with concluded CHF-indexed mortgage loan agreements are presented later in the report in note 31. Provisions.

Changes in the period regarding the estimation of the adjustment / provision for legal risk, both in relation to loans in the Bank's portfolio and in relation to repaid loans, the Bank presents in the statement of profit or loss in the item Cost of legal risk of FX mortgage loans (note 10).

The amount of the gross balance sheet value adjustment / provision for legal risk for the portfolio of CHF-indexed mortgage loans presented in the statement of financial position and already removed from the statement of financial position depends primarily on the expected number of future litigation cases and the scale of settlements with borrowers.

As at 31 December 2025, a portfolio approach was used to estimate the adjustment to the gross carrying amount / legal risk provision for the CHF-indexed mortgage loan portfolio recognised in the statement of financial position and already removed from the statement of financial position.

The adjustment to the gross carrying amount of the CHF portfolio is aimed at reflecting the actual and expected changed cash flows resulting from the agreement (this approach results from the fact that the legal risk related to the portfolio of CHF-indexed mortgage loans changes the estimation of payments on these assets, and the introduction of a correction to the gross carrying amount allows the presentation of the gross carrying amount at a value that will reflect the actual and expected changed cash flows resulting from the agreement).

For financial assets that have already been removed from the statement of financial position, the creation of provisions for legal risk on a portfolio basis results from the assessment of the probability of a cash outflow.

As at 31 December 2025 , potential losses due to legal risk are estimated as probability-weighted average of three scenarios - base, positive and negative - taking into account the estimated probability of occurrence. The scenarios on which the estimation is based are diversified in terms of the expected number of court cases, as well as the scale of settlements with customers expected by the Bank.

As at 31 December 2025, for the portfolio of CHF-indexed mortgage loans recognised in the statement of financial position, the Bank assumes in each scenario that for a specific part of the portfolio there may be:

- cancellation of the loan agreement after the end of the final court proceedings or
- concluding a settlement with the customer.

The calculation of losses in the event of cancellation of the loan agreement is based on the assumption that the Bank will refund instalments to the customer and return the principal of the loan granted to the Bank by the customer. This solution, depending on the scenario, covers from 32% to 43% of the portfolio of CHF-indexed mortgage loans included in the statement of financial position, which are not subject to legal proceedings. For CHF-indexed mortgage loans recognised in the statement of financial position being the subject of litigation, the Bank recognised the full loss resulting from the annulment. The positive, baseline and negative scenarios differ in their assumptions regarding the number of contentious cases and the weights of the individual scenarios are equal.

The calculation of losses in the case of a settlement covers approximately 10% of the CHF-indexed mortgage portfolio recognised in the statement of financial position.

As at 31 December 2025, for financial assets already removed from the statement of financial position, the Bank adopts in each scenario, similarly to the portfolio included in the statement of financial position, i.e. that for a specific part of the portfolio there may be:

- cancellation of the loan agreement after the end of the final court proceedings or

- concluding a settlement with the customer.

The calculation of losses in the event of cancellation of a loan agreement is analogous to the CHF-indexed mortgage portfolio recognised in the statement of financial position. This solution, depending on the scenario, covers 16% to 28% of financial assets already removed from the statement of financial position, which are not subject to legal proceedings. For mortgage loans already removed from the statement of financial position being the subject of litigation, the Bank recognised the full loss resulting from the annulment. The positive, baseline and negative scenarios differ in their assumptions about the number of contentious cases, and the weights of the individual scenarios are equal.

The calculation of losses in the case of settlements covers approximately 7% of the portfolio of mortgage loans already removed from the statement of financial position.

As at 2025 the approach to costs related to penal interest and court costs and the estimate of the expected number of litigation cases were updated in the provision estimate, which affected the calculation of losses in the event of cancellation of the agreement.

The change in the estimate due to the adjustment to the gross carrying amount / provisions for legal risks of mortgage loans indexed to CHF recognised in the statement of financial position and already removed from the statement of financial position in 2025 compared to their balance as at 31 December 2024 resulted from the periodic review of the main assumptions of the calculation, taking into account the expected number of new litigation cases, assumptions for settlements concluded with customers and other parameters of the model.

The main sources of uncertainty for the above estimates are the number of litigation cases and the propensity of clients to conclude settlements.

As at 31 December 2025:

- a change in the share of the portfolio of loans affected by cancellation of the loan agreement by +/-5 p.p. at the expense of the share of the portfolio of loans not affected by loss would result in a change in the level of gross carrying amount adjustment for CHF-indexed mortgage loans recognised in the statement of financial position by +/- PLN 7 million (compared to +/- PLN 12 million as at 31 December 2024),
- a change in the share of loans removed from the financial statements affected by the cancellation of the loan agreement at the expense of the share of loans removed from the financial statements not affected by loss by +/-5 p.p. would result in a change in the provision for legal risk for mortgage loans indexed to CHF already removed from the statement of financial position by +/- PLN 8 million (compared to +/- PLN 10 million as at 31 December 2024).



3.4. Deferred income tax

As at 31 December 2025, amendments to tax regulations were adopted, introducing new corporate income tax (CIT) rates in force from 1 January 2026. CIT rate for of domestic banks is to be 30% for 2026, 26% for 2027 and 23% starting from 2028. In accordance with IAS 12 *Income tax*, deferred tax assets and liabilities should be measured at the tax rates that will apply at the time of realisation of assets or settlement of liabilities. The Bank analysed the settlement dates of all temporary differences in future periods, i.e. in the years in which the amended CIT rates will apply (30%, 26% and 23%, respectively). On the basis of the results of this analysis, the value of deferred tax assets / liabilities was revalued using CIT rates appropriate for the moment of realisation of individual temporary differences. In most cases, the expected period of reversal of temporary differences results directly from contractual terms relating to financial assets and liabilities. In situations where the implementation period does not result from such conditions, the Bank estimated the dates for reversal of temporary differences, based primarily on available historical data and observed trends. As a result of the revaluation due to a change in tax rates, deferred tax assets as at 31 December 2025 increased by PLN 41 million (PLN +64 million related to items recognised in profit or loss and PLN -23 million related to items recognised in other comprehensive income).

4. Measurement of subsidiaries and associates in separate financial statements

In the Bank’s separate financial statements, investments in the Bank’s subsidiaries and associates are initially recognised at cost, and then accounted for using the equity method. The investment includes goodwill (net of any accumulated impairment losses), as at the acquisition date.

Unrealised gains on transactions between the Bank and these entities are eliminated proportionally to the Bank’s share in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the transferred asset.

At the end of each reporting period, the Bank assesses the existence of indications that indicate whether there has been an impairment of investments made in subsidiaries and associates.

5. Foreign currency

5.1. The functional currency and the presentation currency

These financial statements are presented in Polish Zloty, which is the functional currency and the presentation currency of the Bank.

5.2. Transactions in foreign currency

Transactions expressed in foreign currencies are translated at FX rate prevailing at the transaction date. The financial assets and liabilities, being result of the said transactions and denominated in foreign currencies are translated at the FX rate prevailing on a given day. The foreign exchange differences resulting from the settlements of the said transactions and the balance sheet valuation of the financial assets and liabilities denominated

in foreign currency are recognised in the statement of profit or loss in the specific item *FX result*, which is an element of *Net income on financial instruments measured at fair value through profit or loss and FX result*.

Foreign exchange differences under changes to the fair value of debt financial instruments classified as financial assets at fair value through other comprehensive income are recognised in accumulated comprehensive income relating to financial assets classified to this financial category.

6. Net interest income

Interest income and expense for all financial instruments are recognised in the income statement.

Revenue from interest on financial assets measured at amortised cost and measured at fair value through other comprehensive income is recognised in the income statement at amortised cost using the effective interest rate or effective interest rate adjusted for credit risk.

The effective interest rate is the rate that discounts the estimated future cash inflows or payments made in the expected period until the expiry of the financial instrument, and in justified cases in the shorter period, to the net carrying amount of the asset or financial liability.

When calculating the effective interest rate, the Bank estimates the cash flow, taking into account all the provisions of the financial instrument contract; however, it does not take into account potential future losses related to bad loans. The calculation includes all fees and commissions paid and received by the parties to the contract that form an integral part of the effective interest rate, transaction costs and all other bonuses and discounts.

Potential future credit losses are only taken into account for financial assets that are impaired due to credit risk at the time of initial recognition. The above is aimed at calculating the effective interest rate adjusted for credit risk.

Interest income includes interest and commissions (received or due) included in the calculation of the effective interest rate on: loans with repayment schedules, interbank deposits and securities.

In the case of financial assets or a group of similar financial assets classified under Stage 3, interest income is accrued from the net carrying amount of the receivable (i.e. value reduced by an impairment loss) using the interest rate used to discount future cash flows for the purpose of estimating impairment losses.

Interest income / expense on derivatives designated as hedging instruments in cash flow hedge accounting including interest income/expense from settlements of the price alignment amount resulting from the service in accordance with the settled-to-market approach are presented in *Net interest income as other interest income*.

7. Commission income and costs

Commission income arises from providing financial services by the Bank and comprises i.a. fees for extending a loan, the Bank’s commitment to extend a loan, cards issue, cash management services, brokerage services, insurance products-related services and asset management services. Commission income comprises also margins on FX derivatives transactions.

Fees and commissions (both income and expenses) directly attributed to origination of financial assets with repayment schedule are recognised in the statement of profit or loss as effective interest rate component and are part of the interest income.

The Bank recognizes the following effective interest rate-adjusting commissions:

- commissions for application review and credit commitment letter issue,
- commissions for limit/ overdraft granted,
- commissions for granting loan or limit/ overdraft,
- commission for restructured loan processing,
- commission for amending the credit agreement as to the amount, currency or schedule of repayments,
- costs of credit and cash loan agency commissions.

Other commissions attributed to origination of financial assets without the repayment schedule are settled using a straight-line method throughout the agreement term.

The Bank recognizes the following commissions as the ones cleared on a straight-line basis:

- the commissions described as the commissions adjusting the effective interest rate for the loans for whose commissions no cash flows can be estimated (first of all, current account overdrafts, working capital loans and revolving loans),
- commissions for issuing, confirming or prolonging the time and increasing the amount of guarantees or letters of credit,
- commissions for multi-facility agreements,
- commissions for the loan or limit/ overdraft granted to start another lending year.

Fees on commitment to extend a cash loan, which is likely to be taken, are deferred and as at the date of financial assets origination are settled as the component of effective interest rate or using straight-line method based on the above mentioned criterion.

Other fees and commissions relating to the financial services offered by the Bank – like cash management services, brokerage services and asset management services – are recognised in the income statement including the five steps approach:

- 1) identify the contract with a customer,
- 2) identify individual performance obligations in the contract,
- 3) determine the transaction price,
- 4) allocate the transaction price to individual performance obligations,
- 5) recognise income when (or as) each performance obligation is satisfied.

Based on the performed analysis, the Bank recognised commission and fee income:

- once the service has been delivered (also for upfront fees) i.e. at transfer of the control over the goods or services,
- over time, if the service delivery is over time,
- at point-in-time, when the Bank performs a key operation,
- when there is an actual benefit from the perspective of the customer.

After (or during) satisfaction of the performance obligations, the Bank recognises as income the amount which equals the transaction price, that was allocated to this individual performance obligation.

Commission income that was accrued and is due but was not paid on time is derecognised from the Bank’s financial result upon the lapse of 90 days.

Income and costs under bancassurance commission

Fees and commission related to insurance products are recognised in the income statement according to their economic content and classified as:

- commissions being part and parcel of a fee under a financial instrument wherewith the insurance product is linked,
- fee for agency service, and
- fee for additional services after the insurance product sale.

Prior to implementation of the insurance product, in order to recognise it properly in the statement of profit or loss, the Bank analyses features of the insurance product and also the link between the insurance product and the banking product. In this analysis, the Bank takes account of the prevalence of the economic content over the legal form. The factors analysed by the Bank include but are not limited to:

Contents	Income statement	Statement of comprehensive income	Statement of financial position	Statement of changes in equity	Cash flow statement	Accounting policy and additional notes	Risk and capital management
<ul style="list-style-type: none"> <li>manner in which an insurance product is offered, option of purchasing a banking product without the insurance product as well as option of purchasing only the insurance product at the Bank,</li> <li>pricing conditions of the two products sold together and separately,</li> <li>profitability of the insurance and banking products sold together and separately,</li> <li>sales target of combined products versus sales target of the same banking products sold without insurance,</li> <li>option of concluding an insurance agreement outside the Bank,</li> <li>number of resignations and the value of refunded insurance premiums,</li> <li>settlement cycle with a client,</li> <li>scope of activities performed by the Bank for the insurer and their duration.</li> </ul> <p>Insurance products offered with loans are treated by the Bank as linked to lending products, mainly because of lack of the possibility to purchase at the Bank an insurance product without a loan or a cash loan.</p> <p>For the absolute majority of insurance products linked with lending products functioning at the Bank, the income on insurance products is earned based on monthly settlements with both the insurer and the client. Since the client may resign at any time from the insurance coverage for the following month, the Bank treats such insurance as renewed each month and settled for each month separately.</p> <p>Therefore, the income on insurance products settled monthly is recognised in the income statement also on a monthly basis. The Bank recognises the income on such insurance in the commission income on insurance products. The Bank analogically presents the costs directly related to these insurance products. Such an approach ensures compliance with the matching principle.</p> <p>The Bank applies an analogical approach to real property insurance with mortgage loans. Taking account of the materiality principle, the Bank presents full income on this insurance in the net commission income.</p> <p>Most insurance products linked with the Bank’s deposit products (current accounts and savings accounts) use the monthly-settlement structure. Therefore, the income on insurance products settled monthly is recognised in the income statement also on a monthly basis. The Bank recognises the income on such insurance in the commission income on insurance products.</p> <p>Commissions under insurance products not linked to banking products are recognised in the income statement:</p> <ul style="list-style-type: none"> <li>on a straight-line basis during the insurance policy term – if the Bank, apart from other sales operations, also provides additional services during the insurance term,</li> <li>on a one-off basis – if the Bank does not provide any additional services during the insurance policy term.</li> </ul>						<p>Should there be a risk of refund of the fee under the insurance product, the Bank decreases its income by the amounts of estimated provisions. The provisions for refunds are established based on the historical data on actual refunds made in the past and based on projections as to the amount of refunds in the future.</p> <p><b>8. Net income on financial instruments measured at fair value through profit or loss and FX result</b></p> <p>Net income on financial instruments measured at fair value through profit or loss and FX result includes gains and losses arising from disposal and change of fair value of assets and liabilities measured at fair value through profit or loss at initial recognition excluding interest rate derivatives designated as hedging instruments in strategies based on cash flow hedge accounting principles.</p> <p>Net income on financial instruments measured at fair value through profit or loss and FX result also includes fair value adjustments for pre-settlement credit risk and analogous risk generated by the Bank (bilateral value adjustment).</p> <p><b>9. Net income on the sale of financial assets and dividend income</b></p> <p>Net income on the sale of financial assets measured at fair value through other comprehensive income consists of realised gains and losses arising from the sale of debt securities measured and loans at fair value through other comprehensive income and dividend income.</p> <p>Revenue from dividends is recognised in the income statement on the date of determining the shareholders' rights to receive them.</p> <p>The result on the sale of securities measured at amortized cost consists of the realized profits and losses arising from the sale of debt securities measured at amortized cost.</p> <p><b>10. Net (loss)/income on hedge accounting</b></p> <p>This item includes the measurement of hedged and hedging transactions in fair value hedging accounting and the net income on measurement of hedging instruments in the ineffective part of hedge relationship of cash flows hedge accounting.</p> <p><b>11. Net (loss)/income on other basic activities</b></p> <p>Net income on other basic activities includes cost and income not attributed directly to Bank’s banking and brokerage activity. These include in particular: net income due to sale of assets (non-current assets and intangible assets), income on sales of other services, income due to recovered bad debts, received and paid damages, penalties and fines.</p> <p><b>12. Factoring services</b></p> <p>The Bank provides factoring services in local and international trade. Handling and financing receivables as well as risk management are their essence. In addition, as part of factoring activities, the Bank provides additional services,</p>	



in the field of financial limits for debtors, debt collection and taking over commercial risk. Domestic factoring without taking over risk (with recourse) is the dominant form of factoring activity of the Bank.

Interest income and commissions included in the calculation of the effective interest rate are recognized in the income statement under *Net interest income*, and *other commission income* under *Net commission income*.

13. Financial assets and liabilities

13.1. Initial recognition

The Bank recognizes a financial asset or liability in the statement of financial position when it becomes bound by the provisions of the contract of this instrument.

Purchase and sale transactions of financial assets measured at amortised cost, measured at fair value through other comprehensive income and measured at fair value through profit or loss are recognised in accordance with the accounting method adopted for all such operations on the transaction settlement date – the date on which the asset is delivered to the unit or delivered by the unit. Financial assets are recognised upon disbursement of funds to the borrower.

Upon initial recognition, a financial asset or financial liability is measured at fair value, increased in the case of a financial asset or liability not classified as measured at fair value through profit or loss, by significant transaction costs that can be directly attributed to the acquisition or issue of the financial asset or financial liability.

13.2. Classification of financial assets

The Bank classifies financial assets into one of the following categories:

- measured at amortised cost,
- measured at fair value through other comprehensive income,
- measured at fair value through profit or loss.

Financial assets measured at amortised cost

Financial assets shall be measured at amortised cost if both of the following conditions are met and is not designated to be measured at fair value through profit or loss:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt financial assets measured at fair value through other comprehensive income

Financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met and it is not designated for measurement measured at fair value through profit or loss:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and sell financial assets and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity instruments measured at fair value through other comprehensive income

Equity instruments are measured at fair value through other comprehensive income in a situation where, upon initial recognition in the Bank's books, an irrevocable decision has been made to designate a specific investment to be measured at fair value through other comprehensive income.

Financial assets measured at fair value through profit or loss

All financial assets that do not meet the criteria for classification to financial assets measured at amortised cost or financial assets measured at fair value through other comprehensive income are classified as financial assets measured at fair value through profit or loss.

Business model assessment

The Bank assesses the objectives of the business model at the level of the Bank's unit that manages financial assets and is a so-called business owner of the particular financial assets portfolio. The following business models are identified for managing the financial assets i.e. in order to:

- collect contractual cash flows,
- collect contractual cash flows and sell financial assets,
- other (e.g.: in order to maximize profits on sales).

The business models are established at the level which is the best reflection of the Bank approach to management of financial assets in order to fulfil business objectives and generate cash flows.

During assessment, the Bank verifies all areas of Bank's units activities identified as business owners of a particular portfolio of financial assets and which may have influence on the decisions taken with regard to holding assets in the Bank's portfolio, including but not limited to:

- assumptions of the product offer,
- organisational chart of a Bank's unit,

Contents	Income statement	Statement of comprehensive income	Statement of financial position	Statement of changes in equity	Cash flow statement	Accounting policy and additional notes	Risk and capital management
<ul style="list-style-type: none"> <li>assumptions of assessment of the performance of the particular assets portfolio (e.g.: approach to planning, management information assumptions, key assessment indicators),</li> <li>approach to compensation of the key managers in relation to portfolio performance or cash flows generated on the portfolio,</li> <li>the risk generated by the assets portfolio and approach to management of those risks,</li> <li>assessment of sales activities from assets portfolio (frequency, volume and reasons for the sales), and</li> <li>assessment of expectations regarding sales activities in the future.</li> </ul> <p>The Bank permits the sales of financial assets held to collect contractual cash flows, due to the following reasons:</p> <ul style="list-style-type: none"> <li>increase of credit risk,</li> <li>sales close to maturity,</li> <li>infrequent sales,</li> <li>sales insignificant in value.</li> </ul> <p>The Bank took the following assumptions:</p> <ul style="list-style-type: none"> <li>sales close to maturity means the sales of financial assets whose: <ul style="list-style-type: none"> <li>original maturity is more than 1 year and sales occurs less than 6 months before maturity date,</li> <li>original maturity is less than 1 year and sales occurs less than 3 months before maturity date</li> </ul> </li> <li>infrequent sales means that the number of sales compared to the average number of items in the business model is less than 10%,</li> <li>insignificant in value means for which both the value of the sales compared to the total value of the business model and the net gains from the sales compared to the total net interest income of the business model is less than 10%.</li> </ul> <p><b>Assessment of cash flow characteristics</b></p> <p>In order to assess the cash flow characteristics the Bank formulated the following definitions:</p> <ul style="list-style-type: none"> <li>principal – means fair value of the financial asset at initial recognition in the Bank’s books,</li> <li>interest – means the payment including consideration for: <ul style="list-style-type: none"> <li>time value of money,</li> </ul> </li> </ul>				<ul style="list-style-type: none"> <li>credit risk resulting from principal amount outstanding within a specified period,</li> <li>other basic lending risks and costs (e.g. liquidity risk and administrative costs), and</li> <li>profit margin.</li> </ul> <p>The assessment is to confirm that the realised cash flows are solely repayment of principal and interest on the principal amount outstanding. The Bank verifies the contractual terms, which have influence on the timing of realised cash flows and the amount of the cash flow realised on particular financial asset.</p> <p>In particular the Bank verifies the following conditions:</p> <ul style="list-style-type: none"> <li>contingent events which have influence on the timing and the amount of cash</li> <li>leverage,</li> <li>prepayment or funding extension conditions,</li> <li>non-recourse conditions for the realised cash flows,</li> <li>terms that modified the consideration for time value of money.</li> </ul> <p>The assessment of the conditions that modified the time value of money is conducted based on qualitative or quantitative analysis.</p> <p>In case the qualitative assessment does not provide the conclusions as to the realised cash flow characteristics, the Bank performs a quantitative assessment. The quantitative assessment is based on comparison of the difference between:</p> <ul style="list-style-type: none"> <li>undiscounted contractual cash flows and</li> <li>undiscounted cash flows that would arise at benchmark asset that not include the conditions modifying consideration for time value of money.</li> </ul> <p>If the difference between assessed cash flows is significant, then the verified asset will be obligatorily classified to measurement measured at fair value through profit or loss, as the realised cash flows are not solely repayments of principal and interest on principal amount outstanding.</p>			
						<p><b>13.3. Classification of financial liabilities</b></p> <p>The Bank classifies financial liabilities into one of the following categories:</p> <ul style="list-style-type: none"> <li>measured at fair value through profit or loss,</li> <li>measured at amortised cost,</li> </ul>	

- financial guarantees.

Financial liabilities measured at fair value through profit or loss

Derivatives that are liabilities and financial liabilities recognised as a result of the short sale of securities are measured after initial recognition measured at fair value through profit or loss.

Financial liabilities measured at amortised cost

Financial liabilities being a contractual obligation to deliver cash or other financial asset to another entity not measured at fair value through profit or loss, being a deposit or loan received or a financial liability recognised in the result on financial asset sales transaction that cannot be derecognised from the statement of financial position.

Financial guarantees

A financial guarantee is a contract under which the issuer undertakes to make specified payments to the beneficiary to compensate the beneficiary for losses caused by the failure of a specified debtor to make repayments under the original or modified terms of a debt instrument contract.

13.4. Derecognition

The Bank derecognizes a financial asset when, and only when: the contractual rights to the cash flows from the financial asset expire or the Bank transfers the financial asset and the transfer qualifies for derecognition.

The Bank transfers a financial asset if and only if it:

- transfers the contractual rights to receive cash flows, or
- retains contractual rights to receive cash flows but assumes a contractual obligation to remit the cash flows.

In a situation where the Bank retains contractual rights to cash flows but assumes a contractual obligation to transfer these cash flows to a third party, the Bank treats such a transaction as a transfer of a financial asset only if all of the following three conditions are met:

- the Bank is not required to pay the final recipients until it receives the corresponding amounts resulting from the original asset,
- under the transfer agreement, the Bank may not sell or pledge the original asset other than a security for the obligation to transfer cash flows established for the benefit of final recipients,
- the Bank is required to remit all the cash flows received from the original asset without material delay.

When transferring a financial asset, the Bank assesses the extent to which it retains the risks and rewards of ownership of the financial asset. Accordingly, where the Bank:

- transfers substantially all the risks and rewards of ownership of the financial asset, it derecognizes the financial asset,
- retains substantially all the risks and rewards of ownership of the financial asset, it continues to recognize the financial asset,
- neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, then the Bank determines whether it has retained control of the financial asset. In this case if the Bank has retained control, it continues to recognize the financial asset, and if the Bank has not retained control, it derecognizes the financial asset to the extent of its continuing involvement in the financial asset.

The Bank derecognizes a financial liability (or part of a financial liability) from its balance sheet when, and only when the obligation specified in the contract is satisfied or cancelled or expires.

The Bank derecognizes financial assets or their part, if the rights pertaining to the financial assets expire, the Bank waives such rights, sells those receivables, they are cancelled or as a result of significant modification of the loan or cash loan contractual terms.

The Bank reduce the gross carrying amount of a financial asset when the Bank has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. This principle is applied, among others, to accrued penalty interest, also when the principal amount of the related financial assets is still recognized in the statement of financial position.

The amounts of receivables written down as loss and recovered thereafter reduce the value of impairment loss in the income statement.

The derecognition of financial assets measured at amortised cost in connection with their sale is settled taking into account the previously created allowance for expected credit losses. Therefore, gains and losses resulting from derecognition of financial assets measured at amortised cost were presented in the statement of profit or loss in the item *Impairment for expected credit losses - profit on sale of receivables* and *Net income on the sale of securities measured at amortised cost*.

13.5. Modification of contractual cash flows

When the terms of the loan and cash loan agreements are renegotiated and contractual cash flows of a financial asset are modified, the Bank assesses if such modification was significant and should result in the extinguishment



of that financial asset and recognition of a new financial asset. A financial asset is extinguished if either the qualitative or the quantitative criteria are met.

Qualitative criteria

The Bank assumes that such significant modification of the terms of the agreement will take place in case of a:

- change of the debtor with the consent of the Bank, or
- change of the legal form/type of the financial instrument or
- change of loan currency unless it was included in contractual terms, or
- the modified financial asset does not meet the SPPI test, i.e. the cash flows from the financial asset do not represent, on specified dates, solely payments of principal and interest on the principal amount outstanding, or
- change in interest rate from fixed to floating or vice versa for financial assets that are not credit-impaired, or
- change of the financial instruments from revolving to non-revolving or vice versa for financial assets that are not credit-impaired, or
- increase of the exposure amount of 50% or an extension of the tenor of the facility/instrument by 50%, if the present value of cash flows under the modified terms, discounted at the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original agreement, discounted using the original effective interest rate.

Quantitative trigger

A financial asset is deemed to be extinguished when the present value of cash flows under the modified loan terms, discounted at the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original agreement, discounted using the original effective interest rate.

For modifications that do not lead to a derecognition of the financial asset, the net present value difference (using the original effective interest rate) between the cash flows of the asset before and after modification is recognised in the statement of profit and loss.

13.6. Measurement

After initial recognition, the Bank measures financial assets, including derivatives that are assets, at their fair values, except for the financial assets measured at amortised cost using the effective interest method.

After initial recognition, all financial liabilities are measured at amortised cost using the effective interest method, except for:

- financial liabilities measured at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, are measured at fair value, in particular a derivative liability that is linked to and must be settled by delivery of an unquoted equity instrument,
- financial liabilities resulting from the transfer of a financial asset which do not qualify for derecognition or which are recognised on a continuing involvement basis,
- commitments to provide a loan at a below-market interest rate which it shall subsequently measure it at the higher of:
  - the amount of impairment for expected credit losses, and
  - the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with principles of IFRS 15,
- contingent consideration recognised by the Bank acting as an acquirer in a business combination to which IFRS 3 applies, which it shall subsequently be measured at fair value through profit or loss.

If the estimates of payments or inflows change (excluding insignificant modifications and changes in estimates of expected credit losses), the Bank adjusts the gross carrying amount of the asset or the amortised cost of the financial liability (or Bank of financial instruments). For this purpose, the Bank translates the gross carrying amount of a financial asset or the amortised cost of a financial liability as the present value of estimated future contractual cash flows that are discounted at the original effective interest rate of the financial instrument (or the credit-adjusted effective interest rate for purchased or credit-impaired financial assets created) or, where applicable, the revised effective interest rate.

In particular, the Bank adjusts the gross carrying amount of the portfolio of mortgage loans denominated in foreign currencies, taking into account the changed estimated cash flows from these agreements resulting from the legal risk of this portfolio. The adjustment is recorded as a separate line in the income statement *Cost of legal risk of FX mortgage loans*.

Granted financial guarantees are measured at the higher of::

- the amount of the loss allowance determined in accordance with the impairment requirements and,
- the amount initially recognised less, where appropriate the cumulative amount of income recognised in accordance with the revenue recognition principles.

13.7. Gains and losses resulting from subsequent measurement

A gain or loss arising from a change in the fair value of a financial asset or financial liability that is not part of a hedging relationship is recognised as follows:

- a gain or loss on a financial asset or financial liability classified as measured at fair value through profit or loss is recognised in the income statement,
- a gain or loss on an asset measured at fair value through other comprehensive income is recognised directly in equity through statement of changes in equity.

Interest income is calculated using the effective interest rate method. The relevant value is computed by applying the effective interest rate method to the gross carrying amount of the financial asset, except for:

- purchased or originated credit-impaired financial assets. The Bank applies the credit risk adjusted effective interest rate to the value of amortised cost of a financial asset as of the initial recognition, and
- financial assets that are not purchased or originated credit-impaired financial assets which subsequently became credit-impaired financial assets (Stage 3).

For those financial assets the Bank applies the effective interest rate to the value of amortised cost (net) of a financial asset in subsequent reporting periods.

Dividends on an equity instrument are recognised in the income statement when the entity’s right to receive payment is established.

Foreign exchange gains and losses arising from a change in the fair value of a financial asset measured at fair value through other comprehensive income denominated in foreign currency are recognised directly in equity only for non-monetary assets. Foreign exchange gains and losses arising from monetary financial assets (e.g. debt securities) denominated in foreign currency are recognised directly in the income statement.

At the moment of derecognition of financial assets from the balance sheet, cumulated gains and losses recognised previously in equity:

- regarding debt financial assets are recognised in the income statement,
- regarding equity instruments are recognised in equity.

The fair value of financial assets and liabilities quoted in an active market (including securities) is determined on the basis of the bid price for long position and offer price for short position. Should there be no active market for a given instrument or for the securities not quoted on an active market, the Bank establishes the fair value with the use of valuation techniques that include using recent arm’s length market transactions, discounted cash flow analysis and option pricing models and other techniques commonly used by market players.

Market activity is assessed on the basis of frequency and the volume of effected transactions as well as access to information about quoted prices which by and large should be delivered on a continuous basis.

The main market and the most beneficial one at the same time is the market the Bank can access and on which in normal conditions it would enter into sale/purchase transactions for the item of assets or transfer of a liability.

Based on the employed methods of determining the fair value, financial assets/liabilities are classified to the following categories:

- level 1: financial assets/liabilities measured directly on the basis of prices quoted in the active market.
- level 2: financial assets/liabilities measured on the basis of measurement techniques based on assumptions using data from an active market or market observations.
- level 3: financial assets/liabilities measured on the basis of measurement techniques commonly used by the market players, the assumptions of which are not based on data from an active market.

The Bank verifies on a monthly basis whether any changes occurred to the quality of the input data used for individual measurement techniques and determines the reasons there for and their impact on the fair value calculation for the financial assets/liabilities item. Each identified case is reviewed individually. Following detailed analyses, the Bank takes a decision whether its identification entails any changes to the approach for fair value measurement or not.

In justified circumstances, the Bank decides to make changes to the fair value measurement methodology and their effective date construed as the circumstances change date. Then, it assesses the impact of changes on the classification to the individual categories of the fair value measurement hierarchy. Any amendments to the measurement methodology and their rationale are subject to detailed disclosures in a separate note to the financial statements.

13.8. Derivative instruments and hedge accounting

Derivative instruments are measured at fair value without cost of transactions, which are to be incurred. The base of initial fair value valuation of derivatives is the transaction price, i.e. fair value of received or paid amount.

Settlements exchanged for Interest Rate derivatives cleared via a central counterparty that are subject to settled to market contracts reduce the derivative’s carrying value.

The credit risk component is included in the fair value measurement for derivative instruments through credit valuation adjustments. Valuation adjustments are estimated per counterparty considering the expected pre-settlement exposure credit risk and the same risk generated by the Bank. This approach provides for the possibility of occurrence of risk of bilateral value adjustments. The adjustment is made using the expected positive exposure estimated through numerous simulations (the results from the scenarios leading to a negative outcome are

eliminated) and the present market value (or its estimation through referencing to comparable data) of credit default swaps (CDS). Own risk of the Bank and the risk of materialisation of a scenario of concurrent client and Bank insolvency are calculated by analogy.

In addition, for receivables resulting from matured or terminated but unsettled derivatives, the Bank establishes impairment losses using the methodology applied to assessing the risk of impaired credit receivables.

The two adjustments as mentioned above were differently reflected in the financial statements. Fair value adjustments due to risk for non-matured transactions were presented in the item *Net income on financial instruments measured at fair value through profit or loss and FX result*, whereas the impairments losses for matured transactions in the item *Impairment for expected credit losses*.

If a transaction whose fair value was adjusted in the previous reporting period in the item *Net income on financial instruments measured at fair value through profit or loss and FX result* becomes mature or subject to restructuring, then the amount of the previous fair value adjustment is moved to the item *Impairment for expected credit losses* and the added part of the impairment loss for such already matured transaction is presented in the statement of financial position in the item *Impairment for expected credit losses*. Therefore the financial result is impacted only by the amount of surplus of the current impairment loss (or write-down) for a mature transaction above the amount of the fair value adjustment made before the transaction has matured.

The Bank uses derivative instruments in order to hedge against FX and interest rate risk, arising from activity of the Bank. Those derivatives, which were not designated as hedge instruments pursuant to the principles of hedge accounting, are classified as instruments measured at fair value through financial result.

13.8.1. Hedge accounting

The Bank applies the hedge accounting requirements of IAS 39.

Hedge accounting presents the offsetting effects of fair value changes of both hedging instruments and hedged items which impact the income statement.

The Bank designates certain derivative instruments as fair value hedging instrument or cash flow hedging instrument.

Fair value hedge

The Bank applies the fair value hedge accounting in order to hedge changes in fair value of fixed-rate debt instruments classified to the portfolio of assets measured at fair value through other comprehensive income and fixed-rate debt instruments classified to the portfolio of assets at amortised cost against the risk resulting from interest rate changes.

Cash flow hedge

The Bank applies cash flow hedge accounting in order to hedge the amount of future cash flows of certain portfolios of assets/liabilities of the Bank or the portfolio of highly probable planned transactions against the interest rate risk and the highly probable planned transactions against the FX risk.

13.8.2. Derivative instruments not qualifying as hedging instruments

Changes in fair value of derivatives that do not fulfil the criteria of hedge accounting are disclosed in the statement of profit or loss for the current period. Changes in the fair value of interest rate derivatives resulting from the current calculation of an interest coupon and the remaining part of the change in the fair value of interest rate derivatives are presented in the item *Net income on financial instruments measured at fair value through profit or loss and FX result*.

Changes in the fair value of FX derivatives are presented under *Net income on financial instruments measured at fair value through profit or loss and FX result*.

13.9. Offsetting financial instruments

The Bank offsets financial assets and financial liabilities and presents them in a net amount in the statement of financial position when and only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

In order to mitigate credit risk, the Bank concludes master agreements with contracting parties, with which the Bank concludes transactions. These master agreements provide for offsetting financial assets and liabilities in case of a breach of the master agreement. Due to the conditional nature of these contractual provisions, there is no netting in the financial statements and the effects of conditional netting are presented in note 37. *Offsetting of financial instruments*.

13.10. Repo/reverse repo transactions

The Bank presents the financial assets sold with the repurchase clauses (repo, sell-buy-back transactions) in its statement of financial position, simultaneously recognising a financial liability under a repurchase clause. This is done in order to reflect the risks and benefits arising on this asset item that are retained by the Bank after the transfer.

For the securities purchased with a reverse repurchase clause (reverse repo, buy-sell-back), the financial assets held are presented as receivables arising from repurchase clause, hedged with securities.

13.11. Expected credit losses

Estimation of the impairment loss is based on the expected credit loss. This approach shall be applied to debt financial assets measured at amortised cost and financial assets measured at fair value through other



comprehensive income, contract assets, irrevocable loan commitments and financial guarantees, except for investment in equity securities.

At each reporting date, the Bank measures the impairment for expected credit losses for a financial asset at an amount equal to the lifetime expected credit losses if the credit risk on that financial asset has increased significantly since initial recognition. If at the reporting date, the credit risk on the financial asset has not increased significantly since initial recognition, the Bank measures the impairment for expected credit losses for that financial asset at an amount equal to 12-month expected credit losses.

The Bank estimates expected credit losses in a way that takes account of:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes,
- the time value of money, and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Bank applies the definition of exposures in default status, impaired exposures and non-performing exposures in accordance with regulatory requirements. A debtor or an exposure is assessed as default is also identified as an impaired and non-performing exposure.

Three stage approach

In the process of creating credit provisions, the change in the credit quality of the exposure since its initial recognition is described in the Bank in three stages with different method of measurement of expected credit losses:

- Stage 1 includes performing exposures that have not had a significant increase in credit risk since initial recognition. Expected credit loss shall be measured based on 12-month expected credit losses (or till maturity date if such exposures will expire in less than 12 months).
- Stage 2 includes performing exposures that have had a significant increase in credit risk since initial recognition. Expected credit loss is calculated on the basis of anticipated losses throughout the lifetime, or from the reporting date until the remaining maturity.
- Stage 3 impaired exposures, which means non-performing loans. Expected credit loss shall be measured based on lifetime expected credit losses and the probability of default (PD) = 100%.

The Bank qualifies the financial exposures to Stage 1, 2 or 3 using a cascade approach in the following order:

1. Identification of impaired exposures and classification thereof to Stage 3,
2. Allocation to Stage 2 based on triggers for significant increase of credit risk.

3. Allocation of other exposures to Stage 1.

Significant increase in credit risk

The Bank determines the significant increase in credit risk, which results in classification to Stage 2, based on one of the following triggers (where the first one is the leading one):

- significant increase in the lifetime PD at reporting date comparing to the lifetime PD at initial recognition occurring over the period from the reporting date till maturity date,
- customer/Watch List presence (watch list),
- a three-fold increase in PD parameter since granting the exposure,
- the asset has an internal rating of 18 or 19
- customer service by a corporate restructuring unit,
- the fact of granting a facility (forbearance) to the customer,
- deterioration of the risk profile of the portfolio to which the exposure belongs (collective),
- deterioration of the exposure/customer risk profile (individual),
- more than 30 days past due.

Thresholds of significant increase in PD parameters in the lifetime of exposure comparing to PD at initial recognition, indicating significant increase in credit risk, are established for models according to assumed methodology as:

- absolute threshold – indicates maximum difference between PD at the reporting date and PD at initial recognition which triggers classification to Stage 2,
- relative threshold – indicates the maximum measure of the relationship between the PD as at the reporting date and the PD from the initial recognition of the exposure, taking into account the scaling factor determined at the level of a particular exposure, based on the PD from the initial recognition, beyond which the asset is classified to Stage 2.

Exceeding at least one of the above thresholds results in classification of a financial asset to Stage 2.

The methodology of establishing PD thresholds to indicate significant increase in credit risk is based on performing an appropriate segmentation followed by statistical indication of the threshold to classify exposures to Stage 2 which maximizes discriminatory power of classification to stages, under certain assumptions, among others, minimization of classification errors.

Evidence and triggers for classification of assets at amortised costs to the Stage 3

At each balance sheet date, the Bank assesses whether a financial assets item or a group of financial assets is impaired. A financial asset item or a group of financial assets is impaired if and only if, there is evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset item (a ‘loss event’) and that loss event (or events) has (have) an impact on the expected future cash flows of the financial asset item or a group of financial assets that can be reliably estimated. The Bank recognizes the expected credit losses based on reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Evidence of impairment

The evidence of impairment is:

- identification of objective evidence of impairment (in the case of corporate and retail credit exposures), or
- a delay in repayment above 90 days and at the same time exceeding the absolute and relative materiality threshold by the amount of the arrears in repayment.

Objective evidence of impairment does not require expert judgment – identification of the occurrence of such evidence causes the credit exposure to be considered defaulted and, at the same time, impaired without further analysis. Objective impairment evidence of corporate or retail credit exposures cover the occurrence of minimum one of the following situations:

- restructuring of the credit exposure for non-commercial reasons related to significant financial difficulties of the client, resulting in a change to the existing terms of the contract, full or partial refinancing of the exposure at risk, which would not have taken place if the client had not experienced financial difficulties (including forbearance), resulting in a loss of more than 1% of the present value of discounted future cash flows; for retail credit exposures – non-performing restructuring,
- write-down or write-off by the Bank in the process of restructuring of a significant amount of corporate client receivables resulting in a reduction in cash flows from a given financial asset,
- filing by the Bank, the client's counterparty or another bank for the client's bankruptcy or the initiation of proceedings under the restructuring law,
- declaration of bankruptcy; in the case of corporate credit exposures, the client was put into liquidation, ceased operations,
- the credit exposure becomes due to the termination of the credit agreement by the Bank,
- sale by the Bank of a credit receivable (or its part) with a loss greater than 5% of the balance sheet exposure amount, if the sale was caused by the deteriorating credit quality of the exposure,

- the occurrence of an overdue exceeding 30 days or granting another forbearance on a credit exposure classified initially as forbearance non-performing, and then healed and in the forbearance performing status during the trial period,
- interest-free status (interest stoppage) for a credit exposure,
- for retail credit exposure, over 3-month arrears in repayment of due liabilities under the loan with a one-off repayment of the entire mobilised capital at the end of the loan period,
- for corporate credit exposures – making a decision to recover debts as part of the debt collection strategy,
- questioning the balance sheet credit exposure by the client in court proceedings,
- delay in repayment of more than 90 days for exposures representing at least 20% of the total balance of all on-balance sheet exposures of a given client - for the remaining exposures of the client.

Impairment triggers

Impairment triggers require an individual expert assessment of the debtor's situation and a decision as to whether the classification to default as an impaired exposure is justified.

The triggers for impairment for corporate credit exposures (excluding exposures to entrepreneurs) include:

- granting by a natural person in default of obligations, a surety at the Bank for significant obligations of a company belonging to it or when a natural person is a debtor of the Bank and the company belonging to it is in default,
- over 3-month arrears in repayment (including all interest, principal and commissions) under the loan with a one-off repayment of all disbursed capital at the end of the loan period (not applicable if the repayment frequency exceeds one month),
- the customer belongs to the same economic or legal group as the defaulting debtor,
- disappearance of the possibility of refinancing,
- for exposures resulting from transactions concluded on the financial market – disappearance of an active market (e.g. suspension of quotations on the WSE) for a given financial asset (shares, bonds, other securities) held by the Bank due to financial difficulties of the issuer / client, which may have a negative effect on the future cash flows of a given financial asset,
- the customer ceases to repay principal, interest or commission and the delay in repayment or the oldest unauthorised overdraft continues for more than 45 calendar days,

Contents	Income statement	Statement of comprehensive income	Statement of financial position	Statement of changes in equity	Cash flow statement	Accounting policy and additional notes	Risk and capital management
<ul style="list-style-type: none"> <li>bankruptcy threat, submission of an application to initiate proceedings under restructuring law or other financial reorganization, which may result in non-repayment of a financial asset or its delay,</li> <li>the customer's cessation of repayment of a due and payable liability in the amount exceeding EUR 10 thousand and late repayment or illegal debit persist for more than 1 working day for banks and 5 working days for financial institutions, but with a 14-day explanatory period to determine whether the default was due to non-operational reasons,</li> <li>no intention or possibility of repayment by the debtor due to the existing financial problems; in particular, the following events may indicate significant financial difficulties (the events described in points "1" to "5" are not triggers for impairment if they were assumed in the client's financial plans at the time of granting the involvement and the Bank accepted such plans:               <ol style="list-style-type: none"> <li>negative equity at the end of the annual accounting period,</li> <li>negative cash flows from operating activities in three consecutive annual accounting periods (from the cash flow statement, and if it is not prepared, then from the simplified cash flow statement),</li> <li>revenues from core activities decrease significantly (over 50% year on year based on the results of annual accounting periods) or revenues from core activities decrease (over 30% year on year based on the results of annual accounting periods) and, at the same time, the ratio of debt to EBITDA (earnings before interest, taxes, depreciation and amortization, profit before deduction of interest on interest-bearing liabilities, taxes and depreciation) is greater than 4 or EBITDA is less than 0 (if the contract contains a different definition of the trigger, the event is a trigger for impairment, if it is exceeded level 4 as defined in the contract. If the contract indicates the level of the ratio &gt; 4, then we identify the triggers for impairment when exceeding the level specified in the contract),</li> <li>negative EBITDA in two consecutive annual financial periods,</li> <li>the implementation of financial projections by the client negatively differs from the range approved by the Bank by at least 20%, which leads to a significant breakdown of financial ratios,</li> <li>the events described in points "1" to "5" occurred during the accounting year, provided that they occurred in the amounts considered significant and the Bank expects that the situation will not improve until the end of the annual accounting period and this situation may result in failure to repay the financial asset or its delay, provided that they were not assumed in the customer's financial plans at the moment of granting the commitment and the Bank accepted such plans,</li> <li>active enforcement to client accounts kept in the Bank, if the oldest active enforcement order persists for more than 90 days and the total amount of active titles exceeds PLN 100 thousand; PLN for customers of the corporate sales network or PLN 500 thousand for strategic clients,</li> </ol> </li> </ul>				<ol style="list-style-type: none"> <li>unsettled claims under guarantees granted by the Bank (lack of customer funds), if the customer's overdue liability to the Bank due to the payment of the guarantee by the Bank persists for more than 45 days from the date of payment of the guarantee claim,</li> <li>termination of a loan agreement with another bank of significant value,</li> </ol> <ul style="list-style-type: none"> <li>a material breach of contractual terms by the customer, which may have a negative impact on future cash flows from a given financial asset (if there has been a material breach of contractual terms, but the Bank, after identifying and assessing the causes and effects of such breach, accepted them (temporarily or permanently) or changed, such an event is not treated as a trigger for impairment),</li> <li>inability of a financial institution to repay a liability due to financial problems, which may result in the failure or delay of the repayment of a financial asset,</li> <li>unknown whereabouts of the client, resulting in a lack of representation in contacts with the Bank and undisclosed assets of the client,</li> <li>crisis of the sector in which the client operates, combined with the borrower's weak position in a given sector,</li> <li>restructuring of the loan receivable for non-commercial reasons related to significant financial difficulties of the client, resulting in a change to the existing terms of the contract, full or partial refinancing of the exposure at risk, which would not have occurred if the client had not experienced these financial difficulties (including forbearance) and loss of the net present value of cash flows is equal to or less than 1%,</li> <li>credit fraud of the debtor towards the Bank or another ING Group entity,</li> <li>the exposure has received a forbearance 2 or more times in the last 5 years,</li> <li>a significant deterioration of the client's rating resulting in its reclassification to a risk class of at least 17 with a simultaneous drop by at least 4 classes.</li> </ul> <p>The Bank has also determined the following additional triggers for impairment for leveraged transactions (i.e. transactions with a high level of debt relative to operating profit):</p> <ul style="list-style-type: none"> <li>a significant breach of an important financial clause or failure to return to the state from before the breach, especially when the customer simultaneously requests a repayment facility,</li> <li>forbearance refinancing of the existing borrower with an increased level of financial leverage (IBD / EBITDA, i.e. interest bearing debt / earnings before interest, taxes, depreciation and amortization, total liabilities / profit before deduction of interest on interest-bearing liabilities, taxes and depreciation) compared to leverage levels at the time of funding or previous refinancing,</li> </ul>			



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<ul style="list-style-type: none"><li>refinancing of the exposure with the repayment of the entire mobilised capital at the end of the loan period in the event of financial difficulties of the client and with a low probability of refinancing by another bank under current market conditions,</li><li>the base case and stress case scenarios indicate the lack of sufficient and stable cash flows to service the debt in accordance with the adopted schedule;</li></ul> and the following additional triggers for the revenue-generating real estate financing transactions: <ul style="list-style-type: none"><li>LTV (Loan to Value)&gt; 90% and this is not a temporary situation,</li><li>historical DSCR (debt service cover ratio) ratio &lt;1.0 or ICR (interest coverage ratio) &lt;1.0 (depending on which indicator is used for transaction risk assessments) for two consecutive annual accounting periods and cash flows generated by the real estate are, in the opinion of experts, insufficient to repay and service the loan in accordance with the adopted schedule.</li></ul> The triggers for impairment for <u>retail credit exposures</u> and <u>credit exposures to entrepreneurs</u> include: <ul style="list-style-type: none"><li>failure to meet a minimum of three debt repayment arrangements within the current period of arrears,</li><li>a natural person who is responsible for all of his assets for the material liabilities of his company is in default or a natural person who is the sole owner of the company in default,</li><li>the business client is related to the same group of debtors (legally or economically) in which one of the debtors is defaulted,</li><li>no intention or possibility of repayment – in the Bank's opinion, the debtor does not want to pay off the obligation or is unable to pay; the inability to repay the liability occurs when the debtor's sources of income are insufficient to repay the instalments due, e.g.:<ul style="list-style-type: none"><li>for an individual client: loss of job, termination of social benefits payments, divorce, serious illness, death of the debtor, obtaining information on untimely servicing of a debt of significant value in another bank (over 90 days overdue) or commencement of enforcement / debt collection activities by another bank,</li><li>for a business client: (anticipated) cash shortfall, (anticipated) high or sudden increase in leverage, (anticipated) breach of financial clauses, (anticipated) deterioration in a market where the debtor's position is weak,</li></ul></li><li>approving a forbearance to the customer that is not able to repay its financial obligations under a loan agreement with the Bank due to existing or anticipated financial difficulties,</li><li>credit fraud of the debtor towards the Bank – reasonable suspicion of extortion of a loan, i.e. an obligation whose credit documentation or the established facts indicate that it was granted as a result of deliberate</li></ul>				<p>misrepresentation of the Bank by presenting documents, certificates, and statements that are not factually correct,</p> <ul style="list-style-type: none"><li>occurrence of minimum two forbearance instances within 5 years of granting the first forbearance.</li></ul> <p>In the process of identifying impairment, the Bank first assesses whether there is any objective evidence or trigger for impairment for financial assets.</p> <p>The entire loan portfolio of retail and corporate clients is subject to the control for impairment of exposure. Credit exposure is assessed for impairment in relation to the debtor automatically on a daily basis for customers from retail segments and on a current basis and on the applicable dates of regular and irregular portfolio monitoring in relation to corporate customers. Objective evidence of impairment requires the client to be reclassified to the portfolio of non-performing exposures.</p> <p>Identification of the triggers for impairment of the credit exposure of corporate clients requires an individual expert assessment of the debtor's situation and a decision whether the classification to default is justified, i.e.:</p> <ul style="list-style-type: none"><li>assessment of the customer’s potential to repay all credit obligations to the Bank in compliance with the agreement and a documented assessment,</li><li>if no default or impairment is identified, a written justification for leaving the client in the performing portfolio should be prepared,</li><li>if as a result of the assessment a situation of default or impairment was identified – reclassification of the client to the portfolio of non-performing exposures.</li></ul> <p>If, as a result of the assessment, it is concluded that there is no evidence of impairment for a given financial asset, the asset is included in groups of financial assets with similar credit risk characteristics that indicate the debtor's ability to repay the entire liability in accordance with the terms of the contract. In the groups designated in this way, the impairment loss is calculated using the collective method, based on the valuation of expected credit losses. If there is evidence that an impairment loss has been incurred on an asset measured at amortised cost, the amount of the impairment loss is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted using the original effective interest rate of the financial instrument.</p> <p>In practice, this means that for assets from the Stage 3 portfolio subject to individual assessment (individually significant financial assets, whose value exceeds the equivalent of EUR 1 million), the impairment is calculated directly using discounted future cash flows for a given asset, and for assets from the Stage 3 portfolio subject to collective assessment (financial assets insignificant) –is determined using the collective impairment method with the use of the expected credit loss over the life of the asset. When estimating future cash flows, the available information about the debtor is taken into account, in particular, the ability to repay the exposure is assessed, and in the event that the credit exposure has collateral, the estimation also takes into account the expected future cash</p>			

flows from the realization of the collateral, taking into account inter alia time, costs and difficulties in recovering payments as a result of selling the collateral.

If the existing evidence of impairment of an assets item or financial assets group measured at amortised cost indicate that there will be no expected future cash flows from the above mentioned financial assets, the impairment loss of assets equals their carrying amount.

The Bank applies a definition of default, in line with:

- the guidelines of the European Banking Authority (EBA) No. EBA/GL/2016/07 of 18 January 2017 on the application of the definition of default under Article 178 of Regulation (EU) No 575/2013,
- the EBA guidelines on the management of non-performing and restructured exposures EBA/GL/2018/06 of 31 October 2018,
- Regulation of the Minister of Finance, Investment and Development of 03 October 2019 on the materiality level of a past due credit obligation,
- Regulation (EU) 2018/1845 of the European Central Bank of 21 November 2018 implementing the discretion under Article 178(2)(d) of Regulation (EU) No 575/2013 as regards the threshold for the materiality assessment of overdue credit obligations (ECB/2018/26).

Recognition of an allowance for expected credit losses for assets measured at amortised cost

Impairment is presented as reduction of the carrying amount of the component, while the amount of loss is charged to the profit and loss account of the period.

If in the next period the amount of impairment loss decreases due to an event that occurred after the impairment (e.g. improvement in the debtor’s creditworthiness assessment), then the previously made impairment loss is reversed through the profit and loss account. The Bank has defined the events that may result in the reversal of impairment of the credit exposure.

The Bank applies the same criteria for the purpose of recovering a client from default and reversing impairment losses. The process of starting the trial period and then healing, i.e. transition from the non-performing portfolio (NPE) to the performing portfolio is carried out:

- for customers from the mortgage and consumer loan segment - at the business segment level, unless it applies to a situation recognised at the debtor level (e.g. bankruptcy),
- for corporate clients - at the debtor level.

If the debtor is in the impaired portfolio and has no exposure as a forbearance (facility), it shall be considered to be healthy and qualified as a performing (performing) portfolio if all of the following conditions are met in the following order:

- no evidence of impairment or impairment triggers giving rise to a default or indicating a high probability of default - are active,
- at least 3 months (trial period) have passed since the date of completion of proof/ indication of impairment and during this period the customer’s behaviour (intention to repay) and situation (ability to pay) have been positively assessed, and in the case of a corporate customer, the assessment of financial standing has been documented,
- the customer made regular repayments, i.e. no arrears >30 days during the trial period,
- after the end of the trial period, the customer was considered able to repay the loan liabilities in full, without using the collateral,
- no arrears exceeding the absolute limit; if there are arrears in excess of the absolute limit, the trial period shall be extended until the arrears are reduced below that limit.

A client in an impaired portfolio with an exposure with the status of granted facility for repayment (forbearance) - shall be deemed to be cured and qualified to the working portfolio (performing) if all of the following conditions are met:

- no evidence of impairment or impairment triggers giving rise to a default or indicating a high probability of default - are active,
- at least 12 months have passed since the last of the following events (trial period):
  - granting the last restructuring measures, i.e. granting a facility for repayment (forbearance),
  - the exposure has been given default status,
  - end of the grace period specified in the restructuring agreement,
- during the trial period, the customer made significant/regular repayments:
  - the customer, as part of his regular payments in accordance with the established restructuring conditions, repaid the material amount in the amount constituting the earlier overdue (if there were overdue amounts) or redemption (if there were no overdue amounts),
  - the client made regular repayments in accordance with the new schedule taking into account the conditions of restructuring, i.e. no arrears > 30 days during the trial period,

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<ul style="list-style-type: none"> <li>at the end of the probationary period, the customer has no past due amounts and has no concerns about the full repayment of the exposure under the terms of the restructuring agreement.</li> </ul> <p>The Bank has established the following additional terms of reversal of impairment / exit from default status (default) binding for all customers:</p> <ul style="list-style-type: none"> <li>If in the trial period a proof or an indication of impairment is identified as a source of default/ indicating a high probability of default, the date of the end of the trial period will be re-established and the trial period starts to count from the beginning from the moment of expiry of the proof/ indication.</li> <li>If a DPD event &gt; 30 occurs during the trial period and after the grace period, the trial period end date will be reset and the trial period will begin to count from the beginning when the DPD has returned to less than 31 days.</li> <li>All conditions for reversal of impairment/exit from default should also be met for new exposures to the client, in particular if previous credit exposures of this client previously in restructuring were disposed of or permanently written off.</li> </ul> <p>An exception to the principle of lack of active evidence / impairment triggers constituting the source of default is evidence "classification to Stage 3 / provision" - its persistence does not suspend the start of the trial period (because it is the effect and not the cause of the default) - classification to Stage 3 and the provision is also maintained during the trial period.</p> <p><b>Indications of classification of a financial asset measured at fair value through other comprehensive income to Stage 3</b></p> <p>At each balance sheet date, the Bank assesses whether there is objective evidence of impairment of debt financial assets classified as at fair value through other comprehensive income. Confirmation of the existence of objective evidence of impairment is the premise for classification of the asset to stage 3.</p> <p>Evidence that a financial asset or group of financial assets is impaired permanently may be based on one or more of the following:</p> <ul style="list-style-type: none"> <li>significant financial difficulties of the issuer (e.g.: significant negative equity, high losses incurred in the current year exceeding equity, termination of a credit agreement of significant value in another bank),</li> <li>failure to meet contractual conditions, including in particular failure to pay or default on maturing liabilities (e.g. interest or notional amount), interpreted as materialisation of the issuer's credit risk,</li> <li>the granting by its creditors to the issuer of facilities for the repayment of liabilities which it would not otherwise have received,</li> <li>high probability of bankruptcy or other financial reorganisation of the issuer,</li> <li>identification of impairment of a financial asset in the previous period,</li> </ul>				<ul style="list-style-type: none"> <li>disappearance of an active market for a financial asset, which may result from the issuer's financial difficulties,</li> <li>published analyses and forecasts of credit rating agencies or other entities that confirm a specific (high) risk profile of a financial asset,</li> <li>other observable data indicating a determinable decrease in the estimated future cash flows resulting from the group of financial assets that appeared after the date of their initial recognition in the Bank's books. The data referred to above may relate to unfavourable changes in the payment situation of a group of issuers, a country or local economic conditions that are correlated with the lack of repayments from the group of financial assets.</li> </ul> <p><b>Recognition of an allowance for expected credit losses on debt financial assets measured at fair value through other comprehensive income</b></p> <p>Impairment losses on debt financial assets measured at fair value through other comprehensive income are recognised in the statement of profit or loss. These losses are excluded from other comprehensive income.</p> <p><b>Measurement of expected credit losses</b></p> <p>In order to measure the expected credit losses under collective approach, the Bank uses the adjusted to IFRS 9 requirements the existing regulatory capital models (PD, LGD, EAD) developed for the Advanced Internal Ratings Based (AIRB) approach. The models of risk parameters for the purpose of IFRS 9 follow the same structure as the models for regulatory capital purposes, however the manner of estimating the specified value of PD, LGD and EAD is adjusted to IFRS 9 requirements, in particular it includes reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecast of future economic conditions. The model's parameters were calibrated in accordance with the "point-in-time" approach. EAD parameter includes the repayment schedules in accordance with credit agreements.</p> <p>The amount of the revaluation charge calculated collectively is based on the history of losses for asset portfolios with similar credit risk characteristics. For the purposes of determining risk parameters, the Bank uses over thirty models for the needs of which exposures are classified into homogeneous groups with similar characteristics based on different criteria (mainly product characteristics, e.g. loan duration, form of collateral and purpose of the loan, and type of client and financing). Exposures from the retail banking segment are divided into mortgage and consumer. Corporate banking exposures are grouped mainly by customer size (e.g. small and medium-sized enterprises, corporations), customer type (e.g. financial institutions), loan application (e.g. real estate financing, project financing) and product.</p> <p>The Bank measures the lifetime expected credit losses LEL (Lifetime Expected Loss) on exposures without impairment recognised as the discounted sum of partial losses during the life of the exposure, relating to the events of default in each 12-month period remaining to the maturity date of the exposure, taking into account the weights of the scenarios</p> <p>For credit exposures classified to Stage 1, a 12-month expected credit loss is applied.</p>			



Contents	Income statement	Statement of comprehensive income	Statement of financial position	Statement of changes in equity	Cash flow statement	Accounting policy and additional notes	Risk and capital management
<p>For credit exposures in default at Stage 3 and for which the collective provision is computed, the Bank measured the lifetime expected credit losses.</p> <p>The time value of money was reflected in expected credit losses by two discount factors:</p> <ul style="list-style-type: none"> <li>• The discount factor between the moment of default and the moment of debt recovery. It is used for the parameters of the regulatory LGD models.</li> <li>• Discounting between the reporting date and the moment the exposure becomes in default which is partly taken into account in calculating the lifetime expected loss LEL. The Bank assumes that for each time window of 12 months the event of default occurs on average in the middle of the period 0-12 months.</li> </ul> <p>The Bank measures the expected credit losses as the probability weighted average of the few macroeconomic scenarios (mostly three: a baseline, negative and positive scenario) with different probability to occur. The expected loss is determined separately for each scenario and the probability weighted average results from the weights (probabilities) assigned to each scenario (sum of weights = 100%). Such approach fulfils IFRS 9 requirements that the impairment for expected credit losses should reflect an unbiased and probability-weighted amount that is determined based on a number of possible outcomes.</p> <p>Weightings of scenarios result directly from macroeconomic assumptions made. The Bank has chosen for the 90th percentile of macroeconomic factors distribution as a downside scenario because it corresponds the assumptions of other calculations in the Bank related to risk appetite, which use 90% confidence level (e.g. RWA at risk) and 10th percentile for positive scenario as a mirror approach. 90th and 10th percentile of the distribution imply directly the probabilities of realization of these scenarios – both have statistically a 20% probability of realization. Consequently, the baseline scenario is a supplement of these extreme scenarios and it has 60% probability weighting.</p> <p>The forecast (measurement) of the expected loss is conducted at each point in time in the future depending on the expected future economic conditions at a given point. Based on the data about past events, the Bank determined the relation between the observable parameters of expected loss (PD, LGD) and macroeconomic factors as functions, based on which – at predicted macroeconomic factors – Bank computes the predicted parameter values of expected loss in a given year in the future in accordance with forward looking “point in time” approach. The impact of macroeconomic factors on expected credit losses is ensured in the Bank by including them in the modelling of particular risk parameters, which enables appropriate selection of factors specific for a given parameter and portfolio type. Selection of appropriate macroeconomic factors constitutes a part of model building process and includes several stages, both expert based that guarantee an economically interpretable relation as well as statistical approach which enables the assessment of their significance and power of relations. The assessment of the adequacy of the impact of macroeconomic factors is part of the overall assessment of the models for determining impairment for expected credit losses as part of the model monitoring performed by the Bank.</p>				<p>For the purpose of measurement of the expected credit loss, the Bank determines the level of EAD exposures only for irrevocable loan commitments through the use of CCF conversion factors (the range of utilization of the undrawn loan commitment during a period from the reporting date till the default event) from regulatory EAD models (estimated in accordance with “through the cycle” approach). EAD decreases during the time according to payment schedule of the particular credit exposure.</p> <p>For exposures with a specified final repayment date, the time to maturity is equal to the final repayment date. If the final repayment date exceeds 30 years, the expected loss calculation period is limited to 30 years.</p> <p>For the financial exposures without maturity payment date (e.g.: some revolving credit facilities and credit cards) the expected lifetime is determined by the statistical behavioural parameter.</p> <p>The LGD parameter, which is a function of used techniques for mitigation of credit risk and it is expressed as percentage of EAD, it is estimated on a product and exposure level based on the parameters of the regulatory LGD models (estimated according to “through the cycle” approach) which were properly calibrated for the purpose of IFRS 9. Collateral recoveries are an integral part of the construction of LGD models and, as a rule, the criteria for recognizing collateral are consistent with the CRR requirements. The most important collaterals recognized by the Bank include mortgage collaterals (residential and commercial) as well as guarantees and sureties.</p> <p>The level of LGD which is used for the estimation of the amount of the impairment loss according to the collective method for defaulted exposures (PD = 100%), depends on the period during which the exposure was identified as defaulted. In addition, for corporate clients segment in the field of large and medium-sized companies, the value of the LGD parameter is 100% after at least 78 months of the exposure being in default. In a similar way, regarding the retail clients segment and entrepreneurs, the value of the LGD parameter is set to 100% if one of the following conditions is met:</p> <ul style="list-style-type: none"> <li>• the impairment event took place and the objective evidences of the impairment occurs continuously for 47 months from the date of recognition of impairment in relation to entrepreneurs,</li> <li>• defaulted exposures that belong to the impaired portfolio (POCI),</li> <li>• the exposures were assessed as credit fraud, i.e. they were registered as a suspicion of credit fraud or reported as a notification of a suspected crime.</li> </ul> <p><b>13.12. Purchased or created financial assets impaired due to credit risk</b></p> <p>The Bank recognises as a separate category financial assets purchased or originated that are credit-impaired at the moment of initial recognition (Purchased and originated credit-impaired financial assets).</p> <p>Such assets may be recognised due to following reasons:</p> <ul style="list-style-type: none"> <li>• purchase of credit impaired financial assets,</li> </ul>			



- significant modification (described in item 13.5.) due to derecognition of original loan or
- origination of new credit exposure for the client for which other exposures were classified to Stage 3.

Those assets are excluded from the three stage approach described in item 13.11.

The change in the cumulated lifetime expected credit losses, both positive and negative, is recognised as impairment gain or loss in profit or loss.

14. Property, plant and equipment and intangible assets

14.1. Property, plant and equipment

Own property, plant and equipment

Property, plant and equipment consist of controlled non-current assets and costs to construct such assets. Non-current assets include property, plant and equipment items with an expected period of use above one year, maintained to be used to serve the Bank’s needs or to be transferred to other entities, based on the lease contract or for administrative purposes.

Property, plant and equipment, with the exception of land and buildings, are recorded at purchase price or production cost i.e. after initial recognition they are recorded at historical cost less depreciation and impairment. The historical costs are made up of the purchase price/ production cost and the costs directly related to the purchase of assets.

Each component part of property, plant and equipment items, whose purchase price or production cost is material in comparison with the purchase price or production cost of the entire item, is depreciated separately. The Bank allocates the initial value of the property, plant and equipment into its significant parts.

Land and buildings are carried in accordance with the revaluation model, after initial recognition at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date.

The revaluation effect is reflected in other comprehensive income in case of the value increase, or carried through the income statement in case of the balance sheet asset’s value decrease. However, the increase of value is recognised as income statement insofar as it reverses the decrease of value due to revaluation of the same asset that was previously recognised as costs of a given period. Similarly, the decrease of the asset’s value resulting from revaluation shall be set off against the relevant surplus resulting from the previous revaluation of the same asset. The entire revaluation surplus is carried through retained earnings at the time of withdrawing from use or selling the asset item.

Fixed assets in leasing

The Bank is a party to lease contracts, under which it receives the right to control the use of an identified asset for a given period in exchange for remuneration. The Bank applies IFRS 16 to all lease agreements, except for all lease agreements for intangible assets and exemptions provided for in the standard and described below.

The Bank identifies leasing and non-leasing components in concluded contracts. Non-lease payments under contracts are recognised as an expense in accordance with relevant IFRS. Lease payments are recorded in accordance with the rules described below.

At the date of commencement of the lease, the Bank recognizes assets due to the right to use the assets. The initial valuation of the lease liability is determined by the Bank at the present value of future lease payments. Identifying future lease payments requires a lease period to be determined. When determining the lease period, the Bank takes into account the irrevocable lease period together with the periods for which the lease can be extended and the periods in which the lease can be terminated. In order to make an assessment, the Bank takes into account all relevant facts and circumstances that create an economic incentive to use or not to use these options. At the start of the lease contract, the Bank assesses whether it can be assumed with sufficient certainty that it will benefit the option to extend the lease, or that it will not use the option to terminate the lease. The Bank reviews the lease period in order to reassess significant events or circumstances that may affect the estimated length of the lease period. Leasing ceases to be enforceable if both the lessee and the lessor have the right to terminate the lease without the other party's permission, which results in a slight penalty, at the most. For lease contracts concluded for an indefinite period, in which there is a two-sided notice and potentially high costs related to the termination of the contract, the Bank estimates the lease period.

To determine the discounted value of lease payments, the Bank uses the leasing interest rate, and if the rate is not easily available, the Bank uses the marginal interest rate. The Bank determines the leasing interest rate as the sum of swap interest rate and internal transfer price, taking into account currencies in which lease contracts and contract maturities are denominated. After the lease commencement date, the carrying amount of the liability:

- increased by accrued leasing interest, which is recognised in the income statement and losses as interest expenses,
- less lease payments paid,
- updated as a result of reassessment, changes in leasing or changes in essentially fixed leasing fees.

At the commencement date of the lease, the Bank recognizes assets due to the right to use equal to the initial measurement of the lease liability. The cost of an asset due to the right of use also includes:

- fees paid on the date of commencement or before the date of commencement of the lease, less leasing incentives received,

- initial direct costs incurred by the lessee,
- costs to be borne by the lessee in connection with bringing the asset to its original condition.

The right to use is depreciated over the duration of the lease and is reduced for impairment losses. The value of the right to use is updated during the lease period as a result of modifications of the lease agreement.

The Bank uses the exemption for:

- short-term leases – a contract may be classified as a short-term contract if the duration of the contract does not exceed 12 months and a purchase option is not provided for the subject of the contract,
- leases in which the subject of the contract has a low value – assets may be classified as low-value assets if the gross purchase price of the new component does not exceed EUR 5,000 and the subject of the contract is not and will not be sub-leased.

Lease payments under the above mentioned contracts are recognised by the Bank as costs in the income statement in a systematic manner throughout the duration of the lease.

#### 14.2. Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance.

Intangible assets are deemed to include assets which fulfil the following requirements:

- they can be separated from an economic entity and sold, transferred, licensed or granted for use for a fee to third parties, both separately, and together with their accompanying contracts, assets or liabilities,
- arise from contractual titles or other legal titles, irrespective of whether those are transferable or separable from the business entity or from other rights and obligations.

##### Goodwill

Goodwill arising on acquisition of an entity is recognised at the acquisition price being the surplus of the aggregate of:

- provided payment,
- sums of all non-controlling interest in the acquired entity, and
- in the case of combining entities executed measured at fair value as at the day of acquiring interest in the capital of the acquired entity, previously belonging to the acquiring entity,

over the net amount determined as at the day of acquiring values of the identifiable acquired assets and assumed liabilities. After the initial recognition, the goodwill is recognised at acquisition price less any accumulated impairment losses.

##### Computer software

Purchased computer software licences are capitalised in the amount of costs incurred for the purchase and adaptation for use of specific computer software.

Expenditures attached to the development or maintenance of computer software are recognised as costs when incurred.

##### Other intangible assets

Other intangible assets purchased by the Bank, are recognised at purchase price or production cost less amortization and total amount of impairment losses.

##### Subsequent costs

Subsequent costs incurred after initial recognition of acquired intangible asset are capitalised only if the following conditions are met:

- it is likely that the outlays (taking into account the new version of the software) will result in a significant increase in functionality in relation to the originally assessed performance standard, and
- these costs can be reliably measured and attributed to internally used existing software.

In other cases, costs are recognised in the income statement in the reporting period in which they were incurred.

#### 14.3. Depreciation and amortization charges

The depreciation/amortization charge of property, plant and equipment and intangible assets is applied using the straight line method, using defined depreciation/amortization rates throughout the period of their useful lives. The depreciable/amortisable amount is the purchase price or production cost of an asset, less its residual value.

The useful life, depreciation/amortization rates and residual values of property, plant and equipment and intangible assets are reviewed annually. Conclusions of the review may lead to a change of depreciation/amortization periods recognised prospectively from the date of application (the effect of this change is in accordance with IAS 8 carried through income statement).

In case of buildings measured at fair value, the accumulated depreciation balance at the revaluation date is removed from the carrying amount gross, and the net carrying amount is adjusted to the revalued amount.

Depreciation and amortization charges are recognised in the income statement. At each balance sheet date goodwill and other intangible assets with indefinite useful life are regularly tested for impairment. The depreciation/ amortization periods are as follows:

- |  |   |
|--|---|
| • lands and buildings                  | 50 years  |
| • investments in external fixed assets | period of rental, lease, leasing, no longer than 10 years |
| • devices                              | 3 to 7 years  |
| • equipment                            | 5 years   |
| • costs of development of software     | 3 years   |
| • software licenses                    | 3 years   |

14.4. Impairment of other non-financial assets

For each balance sheet date, the Bank assesses the existence of objective triggers for impairment of an asset.

If such a trigger exists, the Bank performs an estimation of the recoverable value. If, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount.

As regards company goodwill, it is tested for impairment as at the balance sheet date regardless of whether or not there are triggers for impairment in place.

Recognition of impairment loss

If there are triggers for impairment of common property, i.e. the assets which do not generate cash independently from other assets or groups of assets, and the recoverable amount of the individual asset included among common property cannot be determined, the Bank determines the recoverable amount at the level of the cash-generating unit, to which the given asset belongs. An impairment loss is recognised if the book value of the asset or cash-generating unit exceeds its recoverable amount. The goodwill impairment is determined by estimating the recoverable amount of the cash-generating unit the given goodwill applies to. Should the recoverable amount of the cash-generating unit be lower than the carrying amount, impairment loss is made.

The impairment loss is recognised in the income statement under *General and administrative expenses*. Impairment losses for cash-generating units reduce the goodwill of the cash-generating units (group of units) in the first place and then reduce proportionally the book value of other assets in the unit (group of units).

Reversing impairment loss

Goodwill impairment loss is not subject to reversal.

An impairment loss of an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset’s recoverable amount.

An impairment loss can be reversed only up to the amount, at which the book value of impaired asset does not exceed its book value, which decreased by depreciation/amortization charge, would be established, if any impairment loss had not been recognised.

15. Other financial assets

Other financial assets include trade receivables and other receivables.

The Bank introduced the simplified approach regarding to measurement of the impairment for expected credit losses and recognise the impairment at an amount equal to lifetime expected credit losses.

In justified cases, and in particular when receivables due to shortages and damages, claims are contested by debtors and other receivables for which the Bank assesses the risk of non-recovery as high, revaluation write-downs are made immediately after such assessment is confirmed. In other cases, trade receivables are subject to impairment write-downs after reaching a certain overdue threshold.

If the effect of the time value of money is material, the value of receivable is determined by discounting the expected future cash flows to the present value, applying the discount rate that reflects the current market assessments of time value of money.

Budgetary receivables are recognised as part of other financial assets, except for corporate income tax receivables, which are a separate item in the statement of financial position.

16. Provisions

Provisions, including provisions for off-balance sheet items, are recognised in the statement of financial position when the Bank has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation. If the effect is material, the amount of provision is measured by discounted, expected cash flows using pre-tax rate that reflects current market assessments of the time value of money and those risks specific to the liability. This is also applicable to the recognition of provisions for risk-bearing off-balance sheet items including non-financial guarantees, letters of credit and irrevocable unutilised credit lines.

Provisions for irrevocable unused credit lines for corporate exposures are recognized in the income statement under the item *Impairment for expected credit losses*.

The Bank establishes provisions for restructuring costs only when the general criteria of recognising provisions under IAS 37 are met and in particular but not limited to the situation when the Bank is in possession of a formal restructuring plan determining at least the operations or part thereof, basic locations, place of employment, the functions and estimated number of employees entitled to compensation, the expenditure to be undertaken and



the term of execution. The commencement of restructuring procedure or the public announcement thereof is a condition indispensable for establishing the provision. The established provisions comprise only the direct and necessary expenditures to be undertaken due to the restructuring procedure, which are not related to the current business operations nor cover the future operating costs.

The Bank creates provisions for legal risk on an individual or portfolio basis:

- in an individual approach, the Bank creates provisions for liabilities resulting from court cases and other legal claims if the probability of an outflow of resources to settle the obligation is higher than 50%.
- in the case of a larger population of similar court cases or other legal claims, the probability of an outflow of resources to meet the Bank's obligation is measured on a portfolio basis, taking into account the Bank of obligations as a whole, and the provision is estimated using the expected value method as a probability weighted average of a few scenarios (most often three: baseline, positive and negative) with different probabilities assigned to each scenario.

The Bank applies the above principles to legal claims that do not affect cash flows from financial assets recognised in the statement of financial position – in this case the Bank applies IFRS 9, as described in item 13.6.

If the legal claim relates to a financial asset that has been excluded from the statement of financial position (e.g. repaid), provision is created on the basis of IAS 37.

17. Employee benefits

17.1. Benefits under the Act on employee pension programmes

Expenses incurred due to a programme of certain contributions are recognised as costs in the income statement.

17.2. Short-term employee benefits

Short-term employee benefits of the Bank (other than termination benefits) comprise of remuneration, bonus, paid annual leave and social security contributions.

The Bank recognizes the anticipated, undiscounted value of short-term employee benefits as an expense of an accounting period when an employee rendered service (regardless of payment date) in correspondence with other on-balance liabilities.

The amount of short-term employee benefits on the unused holidays to which Bank employees are entitled is calculated as the total of unused holidays to which particular Bank employees are entitled.

17.3. Long-term employee benefits

17.3.1. Benefits under the Labour Code regulations

Provisions for retirement benefits granted under benefits due to regulations of the Labour Code are estimated on the basis of the actuarial valuation. The provision resulting from actuarial valuation is recognised in *Accumulated other comprehensive income* and revalued on an annual basis.

Provisions for long-term employee benefits are recognised in the item *Provisions* in the statement of financial position in correspondence with salary costs in the statement of profit or loss.

A description of the assumptions of the method of calculating the provision for retirement and disability severance pays is included in note 31. *Provisions*.

17.3.2. Variable remuneration programme benefits

Variable remuneration benefits to employees that are to be settled in cash are recognised as an expense during the performance period with a corresponding entry of a liability towards employees.

The share-based payment components that are to be settled in cash are recognised as an expense and liability during the performance period (the year for which the employee receives the benefits) based on the benefit's fair value. The fair value is remeasured every balance sheet date until the settlement with the employee, with changes in the fair value recognised as gains or losses in the statement of profit or loss.

The share-based payment components that are to be settled in shares are recognised as an expense during the performance period based on the fair value. The corresponding entry is in equity. The fair value is remeasured at grant date and any changes are recognised in equity.

The fair value of the share-based payment components is determined with reference to the share price and the present value of estimated dividend payments during the deferral period.

18. Equity

Equity includes: share capital, supplementary capital from the sale of shares above their nominal value, accumulated other comprehensive income, retained earnings and own shares for the purposes of the employee incentive scheme. All amounts of equity and funds are presented at nominal value.

Share capital

Share capital is presented at nominal value, in accordance with the Articles of Association (the company's charter) and entry into the commercial register of the National Court Register.



Dividends

Dividends for the financial year which have been approved by the General Shareholders’ Meeting, but not paid at the balance sheet date are disclosed under Dividend liabilities in the item *Other liabilities*.

Share premium

Share premium is formed from agio obtained from the issue of shares reduced by the attributable direct costs incurred with that issue.

Accumulated other comprehensive income

Accumulated other comprehensive income is created as a result of:

- valuation of financial instruments classified for measurement measured at fair value through other comprehensive income,
- valuation of derivatives for the element being the effective cash flow hedge,
- valuation of non-current assets measured at fair value,
- actuarial gains and losses.

The deferred tax assets and liabilities resulting from above mentioned valuations are included in the accumulated other comprehensive income. The accumulated other comprehensive income is not subject to profit distribution.

Retained earnings

Retained earnings are created from profit write-offs and are allocated for purposes specified in the Articles of Association or other legal regulations. Retained earnings comprise of:

- other supplementary capital,
- other reserve capital,
- general banking risk fund,
- valuation of share-based payments,
- undistributed result from previous years,
- net result.

Other supplementary capital, other reserve capital and general banking risk fund are created from profit write-offs and are allocated for purposes specified in the Articles of Association (the company’s Charter) or other legal regulations.

General banking risk fund is created in accordance with the Banking Law Act of 29 August 1997 as amended, from profit after tax.

The net financial result is the gross result from the profit and loss account of the current year adjusted with the corporate income tax charge.

Own shares for the purposes of the incentive program

The Bank purchases its own shares in order to fulfil the obligations arising from the incentive scheme, variable remuneration components on the principles described in point 17.3.2. *Variable remuneration programme benefits*.

19. Income tax

Income tax is recognised as current and deferred tax. Current income tax is recognised in the income statement. Deferred income tax is recognised in the income statement or equity depending on the type of temporary differences.

19.1. Income tax

Current tax is a liability calculated based on taxable income at the prevailing tax rate at the balance sheet date including adjustments of previous years’ tax liability.

19.2. Deferred income tax

The Bank creates a provision for deferred tax in respect of a timing difference caused by different moment of recognising income as generated and costs as incurred in accordance with the accounting regulations corporate income tax provisions. A positive temporary net difference is recognised in liabilities as *Deferred tax provisions*. A negative temporary net difference is recognised under *Deferred tax assets*.

The deferred tax provision is created by using the balance sheet method for all positive timing differences as at the balance sheet date arising between tax value of assets and liabilities and their carrying amount disclosed in the financial statements, except for situations where deferred tax provision arises from:

- initial recognition of goodwill,
- goodwill the amortization of which is not a tax deductible expense,
- initial recognition of an asset or liability under a transaction which does not constitute a business combination and which on its origination has no impact on the gross financial result or taxable income or loss,
- at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.

Deferred tax assets are recognised with respect to all negative timing differences as at the balance sheet date between the tax value of assets and liabilities and their carrying amount disclosed in the financial statements and unused tax losses. Deferred tax assets are recognised in such amount in which taxable income is likely to be earned

allowing to set off negative timing differences, except for the situations when the component of deferred tax assets arises from the initial recognition of an asset or liability with a transaction which does not constitute a business combination and on its origination have no impact on the gross financial result or taxable income or loss and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

The carrying amount of a deferred tax asset shall be verified for each balance sheet date and reduced if it is no longer likely to achieve taxable income sufficient for a partial or full realization of the deferred tax assets component.

Deferred tax assets and deferred tax provisions are estimated with the use of the tax rates which are expected to be in force when the asset is realised or provision released, assuming the tax rates (and tax provisions) legally or factually in force as at the balance sheet date.

Income tax pertaining to items directly recognised in equity is recognised in equity.

Deferred tax assets and provisions are recognised by the Bank in the statement of financial position after offsetting. The Bank offsets deferred tax assets and deferred tax provisions, where it has legal title to effect such offsetting, and the deferred assets and provisions pertain to the same taxpayer.

IV. Notes to the financial statements

1. Segment reporting

Segments of operation

The management of theBank’s activity is conducted within the areas defined in the Bank’s business model. The Bank’s business model, above all for the purpose of management reporting, includes division of clients into two main segments:

- retail banking segment,
- corporate banking segment.

The basis for distinguishing individual segments are entity criteria and - in the case of division into sub-segments - financial criteria (especially turnover, level of collected assets). The specific rules of assigning clients to respective segments are governed by the clients segmentation criteria specified in the Bank’s internal regulations.

The Bank has separated in organisational terms the operations performed by the Centre of Expertise Treasury. The Centre of Expertise Treasury manages short-term and long-term liquidity risk in line with the effective regulations and risk appetite internally set at the Bank, manages interest rate risk and invests surpluses obtained from business lines while maintaining the liquidity buffer in the form of liquid assets. The Centre of Expertise Treasury’s net income on operations is allocated to the business lines considering its support function for the Bank’s business lines.

Retail banking segment

Within the framework of retail banking, the Bank provides services to private individuals - the mass client segment and wealthy clients segment.

This activity is analyzed in terms of the main products, including: loan products (overdraft facilities, card-related loans, installment loans, mortgage loans), deposit products (current accounts, term deposits, savings accounts), structured, fund participation units, brokerage services and bank cards.

Corporate banking segment

Corporate banking area encompasses as follows:

- providing services to institutional clients,
- providing services to individual entrepreneurs,
- financial Markets products.

Services to institutional clients encompass strategic clients, large corporate entities and mid-sized companies. For corporate activity, the Bank provides reporting broken down by leading products covering i.e. loan products (working loans, investment loans), deposit products (current accounts, term deposits and negotiated deposits, savings accounts), financial markets products, trust services and capital market operations.

The service of individual entrepreneurs includes natural persons conducting business activity and partner companies that do not keep full accounting in accordance with the provisions of the Act on accounting, civil partnerships or general partnerships whose partners are only natural persons who do not keep full accounting in accordance with the provisions of the Accounting Act, and housing communities. The activity of entrepreneurs is reported in terms of the main products, including credit products (cash loan, credit line, credit card), deposit products (company account, foreign currency account, account for housing communities), terminals and payment gateways.

Financial markets products encompass operations performed in money and capital markets, conducted both on the proprietary basis as well as for the customers’ benefit. Within the framework of this activity, currency, money and derivative instrument market products and securities operations (treasury securities, shares and notes) are specified.

Measurement

The measurement of the segment’s assets and liabilities, segment’s revenue and costs is based on the accounting standards applied by the Bank, included in notes describing applied accounting standards. In particular, both internal and external interest income and costs for individual segments are determined with the use of the transfer price system within the Risk Transfer System (RTS). Transfer prices are defined based on the yield curve for a given

currency that is common for assets and liabilities. The transfer price that is determined for the products being assets and liabilities with the same position on the yield curve is identical. The original transfer price – coming from the product measurement regarding the yield curve can be modified and the factors adjusting the transfer price can be the following: a premium for obtaining long-term liquidity, matching of the Bank’s position, a hedging cost for sophisticated products and the pricing policy. Thereafter, based on quotation rates available at news services, yield curves are developed using mathematical equations. Revenue, costs, results, assets and liabilities for a given segment account for elements that are directly attributable to the segment in question, as well as element that may be attributed to that segment based on reasonable premises. The Bank presents segment's interest income reduced by the cost of the interest

Geographic segments

The Bank pursues business within the territory of the Republic of Poland.

Income statement by segments

for the year ended 31 December						
	2025			2024		
	Retail banking	Corporate banking	Total	Retail banking	Corporate banking	Total
Income total	5,226	6,039	11,265	4,865	5,857	10,722
net interest income	4,301	4,163	8,464	4,106	4,232	8,338
net commission income, including:	719	1,553	2,272	674	1,534	2,208
commission income, including:	1,102	1,809	2,911	1,030	1,783	2,813
transaction margin on currency exchange	84	631	715	83	635	718
transactions account maintenance fees	111	404	515	113	372	485
lending commissions	24	490	514	23	493	516
payment and credit cards fees	474	196	670	459	188	647
participation units distribution fees	130	-	130	95	-	95
insurance product offering commissions	222	1	223	205	1	206
other commissions	57	87	144	52	94	146
commission expenses	-383	-256	-639	-356	-249	-605
other income/expenses	206	323	529	85	91	176
General and administrative expenses	-2,144	-1,927	-4,071	-1,946	-1,809	-3,755
including depreciation and amortisation	-180	-122	-302	-180	-137	-317
Segment operating result	3,082	4,112	7,194	2,919	4,048	6,967
impairment for expected credit losses	-105	-588	-693	-30	-849	-879
cost of legal risk of FX mortgage loans	-60	-	-60	-92	-	-92
tax on certain financial institutions	-326	-475	-801	-303	-437	-740
share of profit/(loss) of subsidiaries and associates measured by the equity method	95	143	238	65	169	234
Gross profit	2,686	3,192	5,878	2,559	2,931	5,490
Income tax	-	-	-1,245	-	-	-1,121
Net profit	-	-	4,633	-	-	4,369

Assets, liabilities, and net cash flow by segments

as at 31 December						
	2025			2024		
	Retail banking	Corporate banking	Total	Retail banking	Corporate banking	Total
Assets of the segment	107,106	164,651	271,757	95,446	155,776	251,222
Segment investments in associates accounted for using the equity method	2,191	-	2,191	1,969	-	1,969
Other assets (not allocated to segments)	-	-	1,736	-	-	1,750
Total Assets	109,297	164,651	275,684	97,415	155,776	254,941
Segment liabilities	142,421	106,880	249,301	131,524	102,202	233,726
Other liabilities (not allocated to segments)	-	-	5,095	-	-	4,108
Equity	-	-	21,288	-	-	17,107
Total equity and liabilities	142,421	106,880	275,684	131,524	102,202	254,941
Capital expenditure	152	136	288	123	115	238
Net cash flow from operating activities	3,517	-624	2,893	5,412	-4,360	1,052
Net cash flow from operating activities (not allocated to segments)	-	-	-860	-	-	-1,634
Net cash flow from operating activities total	3,517	-624	2,033	5,412	-4,360	-582
Net cash flows from investing activities	-150	-156	-306	2,476	2,893	5,369
Net cash flows from financing activities	-22	-2,757	-2,779	-6	-3,460	-3,466



2. Net interest income

for the year ended 31 December		
	2025	2024
Interest income, including:	13,267	12,534
interest income calculated using effective interest rate method, including:	12,752	11,787
interest on financial instruments measured at amortised cost	10,332	9,572
interest on cash and cash equivalents	432	453
interest on loans and other receivables to other banks	713	956
interest on loans and other receivables to customers	7,941	7,061
interest on investment securities	1,246	1,102
interest on financial instruments measured at fair value through other comprehensive income, including:	2,420	2,215
interest on loans and other receivables granted to customers	471	467
interest on investment securities	1,949	1,748
other interest income, including:	515	747
interest income related to the settlement of valuations of cash flow hedging derivatives	515	746
other interest on loans and other receivables to customers measured at fair value through profit or loss	-	1
Interest expenses, including:	-4,803	-4,196
interest on deposits from other banks	-501	-622
interest on deposits from customers	-3,900	-3,057
interest on subordinated liabilities	-66	-80
interest on lease liabilities	-17	-18
other interest cost related to the settlement of valuations of cash flow hedging derivatives	-319	-419
Net interest income	8,464	8,338

The interest costs presented in the table relate to financial liabilities measured at amortised cost.

For assets in Stage 3, interest income is calculated based on net exposure amounts, i.e. amounts that include interest impairment for expected credit losses.

For 2025, interest income on financial assets in Stage 3 amounted to PLN 266 million compared to PLN 250 million in 2024.

3. Net commission income

for the year ended 31 December		
	2025	2024
Commission income	2,911	2,813
transaction margin on currency exchange transactions	715	718
account maintenance fees	515	485
lending commissions	514	516
payment and credit cards fees	670	647
participation units distribution fees	130	95
insurance product offering commissions	223	206
brokerage activity fees	58	52
fiduciary and custodian fees*	7	22
agency in financial instruments transactions	4	2
other commission	75	70
related to assets / liabilities not measured at fair value	3	7
other	72	63
Commission expenses	-639	-605
card fees paid	-357	-336
commission paid on agency in selling deposit products	-105	-89
brokerage activity fees	-21	-19
commission paid on disclosing credit information	-23	-23
commission paid on cash handling services	-27	-26
electronic banking services fees	-17	-18
commission paid on trading in securities	-10	-12
costs of the National Clearing House (KIR)	-22	-20
agency in financial instruments transactions	-4	-7
other commission	-53	-55
related to assets / liabilities not measured at fair value	-16	-8
other	-37	-47
Net commission income	2,272	2,208

\*) Fiduciary and custodian fees show the commissions earned on custody services, where the Bank keeps or invests assets for their clients.

In table *Net commission income* includes the following items relating to financial instruments that are not measured at fair value through profit or loss and which have not been included in the calculation of the effective interest rate:

- revenues in the total amount of PLN 517 million from granting loans (PLN 523 million in 2024),
- costs in the total amount of PLN 144 million for intermediation in the sale of deposit products, providing credit information (PLN 120 million in 2024).

Revenues from contracts with customers within the meaning of IFRS 15 amounted to PLN 2,394 million in 2025 compared to PLN 2,290 million in 2024 and related entirely to commissions settled on a one-off basis.



4. Net income on financial instruments measured at fair value through profit or loss and FX result

for the year ended 31 December		
	2025	2024
FX result and net income on interest rate derivatives, including	408	203
FX result	118	143
currency derivatives	290	60
Net income on interest rate derivatives	69	-41
Net income on debt instruments held for trading	32	20
Net income on repo transactions	10	14
Total	519	196

The result on derivatives includes the net result on trading and fair value measurement of interest rate instruments (FRA, IRS/CIRS, cap options) and currency instruments (swaps, options).

The result on debt instruments includes the net result on trading in government securities and the result on the fair value measurement of these instruments.

The result on repurchase agreements includes the unrealised result on the measurement and accrual of interest elements of repo, reverse repo, buy-sell-back (BSB) and sell-buy-back (SBB) transactions measured at fair value through profit or loss.

5. Net income on the sale of securities and loans and dividend income

for the year ended 31 December		
	2025	2024
Net income on the sale of securities measured at amortised cost	-4	-6
Net income on sale of financial assets measured at fair value through other comprehensive income and dividend income, including:	35	-37
sale of debt securities	51	-11
sale of loans	-24	-34
dividend income	8	8
Total	31	-43

Dividend income received in 2025 and 2024 comes from companies whose shares the Bank kept as at 31 December 2025 and 31 December 2024, respectively, in its portfolio.

6. Net (loss)/income on hedge accounting

for the year ended 31 December		
	2025	2024
Fair value hedge accounting for securities	45	10
valuation of the hedged transaction	483	-163
valuation of the hedging transaction	-438	173
Cash flow hedge accounting	-60	-
ineffectiveness under cash flow hedges	-60	-
Total	-15	10

For details of the hedge accounting applied by the Bank, refer to the subsequent part of the financial statements, *Risk and capital management* section, in chapter [II.3.8. Hedge accounting](#).

7. Net (loss)/income on other basic activities

for the year ended 31 December		
	2025	2024
Sale of other services	1	1
Net income on disposal of property, plant and equipment and intangible assets	-	-3
Banking activity-related compensations and losses	-16	-10
Reversal of provisions for potential customer complaints	-	10
Other	9	15
Total	-6	13

8. General and administrative expenses

for the year ended 31 December		
	2025	2024
Personnel expenses, including:	-2,000	-1,909
wages and salaries, including:	-1,591	-1,525
variable remuneration programme, including:	-53	-42
concerning cash-settled shares	-24	-19
concerning equity-settled shares	-29	-23
retirement benefits	-12	-10
employee benefits	-409	-384
Cost of marketing and promotion	-214	-185
Depreciation and amortisation, including:	-302	-317
on property, plant and equipment	-226	-229
including depreciation of the right to use	-105	-115
on intangible assets	-76	-88
Other general and administrative expenses, including:	-1,555	-1,344
IT costs	-539	-462
advisory and legal services, audit costs	-206	-240
maintenance costs of buildings and real estate valuation to fair value	-145	-156
obligatory contributions to the BFG for the compulsory restructuring fund	-173	-150
obligatory contributions to the BFG for the bank guarantee fund	-100	-
transport and representation costs	-54	-47
communication costs	-52	-38
fees to the Polish Financial Supervision Authority	-34	-29
disputed claims	-33	-25
costs from short-term leases and low-value leases	-15	-13
donation	-8	-10
other	-196	-174
Total	-4,071	-3,755

8.1. Employee benefits

Variable Remuneration Programme

Benefits are awarded to the employees covered with the Programme, based on their performance appraisal for a given year. Variable remuneration programme benefits to persons holding managerial positions having a material impact on the risk profile of the Bank (in accordance with guidelines and Regulation on the risk management system and internal control system, remuneration policy and a detailed method of capital estimation in banks have been granted in one of two programmes:

- An equity-settled share-based payment and cash programme, which operates from mid-2022. In this programme the benefit is granted in two parts:
  - one - payable in a fixed monetary amount (not more than 50%), and
  - the second one - granted as the rights to shares of ING Bank.
- A cash-settled share-based payment and cash programme, which operated until mid-2022. In this programme the benefit is granted in two parts:
  - one - payable in a fixed monetary amount (not more than 50%), and
  - the second - paid in cash, the amount of which depends on the ING Bank Śląski share price (at least 50%); payment in the form of shares settled in cash.

The variable remuneration programme for any given performance year is settled over a period of up to six years (the deferral period) in tranches. Furthermore, the components that are settled in shares and in cash are subject to a one-year retention period after settlement.

The significant accounting principles applied to variable remuneration programme benefits are included in chapter III. *Significant accounting principles*, in item 17.3.2. *Variable Remuneration Programme benefits*.

The tables show the instruments granted under share-based payment schemes.

2025

	Fair value of instruments at the measurement date* (in PLN million)	Number of instruments granted (pcs.)	Number of instruments outstanding at the beginning of the period (pcs.)	Number of instruments exercised during 2025 (pcs.)	Number of instruments granted but not yet exercised as at 31 December 2025 (pcs.)
Equity-settled shares					
Programme 2022	13	38,921	15,820	3,079	12,741
Programme 2023	19	60,192	60,192	33,228	26,964
Programme 2024	21	66,668	66,668	-	66,668
Programme 2025	17	53,316	53,316	-	53,316
Total	70	219,097	195,996	36,307	159,689
Cash-settled shares					
Programme 2017	24	62,308	401	401	-
Programme 2018	26	66,323	428	214	214
Programme 2019	26	66,319	9,630	8,640	990
Programme 2020	22	57,414	15,838	7,438	8,400
Programme 2021	18	46,868	15,700	3,789	11,911
Programme 2022	14	34,542	14,062	2,736	11,326
Total	131	333,774	56,059	23,218	32,841

2024

	Fair value of instruments at the measurement date* (in PLN million)	Number of instruments granted (pcs.)	Number of instruments outstanding at the beginning of the period (pcs.)	Number of instruments exercised during 2024 (pcs.)	Number of instruments granted but not yet exercised as at 31 December 2024 (pcs.)
Equity-settled shares					
Programme 2022	10	38,921	38,921	23,101	15,820
Programme 2023	15	60,192	60,192	-	60,192
Programme 2024**	17	66,668	66,668	-	66,668
Total		165,781	165,781	23,101	142,680
Cash-settled shares					
Programme 2017	17	62,308	799	398	401
Programme 2018	19	66,323	9,113	8,685	428
Programme 2019	19	66,319	18,224	8,594	9,630
Programme 2020	16	57,414	23,251	7,413	15,838
Programme 2021	13	46,868	19,470	3,770	15,700
Programme 2022	10	34,542	34,542	20,480	14,062
Total		333,774	105,399	49,340	56,059

\*) For equities settled in equity instruments: the product of the number of instruments granted and the fair value of shares calculated using the discounted dividend model. For cash-settled shares: the product of the number of granted instruments and the median price of ING Bank Śląski S.A. shares from 10 January to 20 February in the year following the assessment period

\*\*) For the 2024 cash-settled programme, the value was adjusted for changes approved after the publication of the annual financial statements for 2024.

9. Impairment for expected credit losses

Net impairment for expected credit losses

for the year ended 31 December		
	2025	2024
Investment securities, including:	1	4
measured at fair value through other comprehensive income	-2	-
measured at amortised cost	3	4
Loans and other receivables to customers*, including:	-659	-890
measured at amortised cost	-661	-895
corporate banking	-555	-863
corporate and municipal debt securities	2	-2
retail banking	-106	-32
measured at fair value through other comprehensive income	2	5
Provisions for off-balance sheet liabilities	-35	7
Total	-693	-879

\*)The values presented in the item *Loans and other receivables to customers* include, among others, the amounts of repayments regarding receivables previously removed from the balance sheet, which in 2025 amounted to PLN 1 million, similar to 2024.

Allowances on expected credit losses in the balance sheet

as at 31 December		
	2025	2024
Loans and other receivables to other banks, including:	1	1
measured at amortised cost	1	1
Investment securities, including:	21	22
measured at fair value through other comprehensive income	14	12
measured at amortised cost	7	10
Loans and other receivables to customers, including:	3,850	3,675
measured at amortised cost	3,834	3,657
corporate banking	2,965	2,798
corporate and municipal debt securities	2	4
retail banking	869	859
measured at fair value through other comprehensive income	16	18
Provisions for off-balance sheet liabilities	143	108
Total	4,015	3,806

\*) In the case of financial assets measured at fair value through other comprehensive income, the carrying amount is not reduced by the allowance for expected credit losses.

10. Cost of legal risk of FX mortgage loans

for the year ended 31 December		
	2025	2024
Provisions for legal risk of FX indexed mortgage loans, including:		
relating to loans in the Bank's portfolio	-48	-62
relating to repaid loans	-12	-30
Total	-60	-92

Detailed information on the legal risk of CHF-indexed mortgage loans is presented later in the report in note 31. *Provisions*. Significant assumptions regarding the calculation of legal risk provisions for CHF-indexed mortgage loans are described in chapter III. *Significant accounting principles*, in point 3.3. *Legal risk related to the portfolio of mortgage loans indexed to the Swiss franc exchange rate*.

11. Tax on certain financial institutions

Under the Act on the Tax on Certain Financial Institutions (hereinafter referred to as the "Act"), banks are charged a so-called bank tax amounting to 0.0366% of the value of its assets on a monthly basis. The basis for taxation is the sum of assets after deductions provided for in the Act (i.a. by the value of PLN 4 billion, the value of own funds, the value of Treasury securities, the value of assets in the form of securities legally covered by the Treasury guarantee and the value of assets resulting from the repurchase transaction in which Treasury securities are subject). For 2025, the tax amounted to PLN 801 million (PLN 740 million for 2024).

12. Income tax

Income tax recognised in the income statement

for the year ended 31 December		
	2025	2024
Current tax, of which:	1,218	726
current tax for the financial year	1,216	724
tax on dividends	2	2
Deferred tax, including:	27	395
rise and reversal of temporary differences	27	-121
tax loss settlement	-	516
Total	1,245	1,121

Current tax for the financial year

for the year ended 31 December		
	2025	2024
Current tax for the financial year included in the income statement	1,216	724
Current tax for the financial year included in equity	662	81
Total	1,878	805



The Bank has two sources of current tax, a tax calculated on the profit and loss account and a tax calculated on the unrealised valuation of hedging instruments (IRS), recorded in other comprehensive income and pertaining to instruments settled in accordance with the STM (settled-to-market) approach.

Current income tax assets / liabilities

as at 31 December		
	2025	2024
Current income tax liabilities	923	15

Calculation of the effective tax rate

for the year ended 31 December		
	2025	2024
A. Profit before tax	5,878	5,490
B. 19% of profit before tax	1,117	1,043
C. Increases - non-deductible expenses, including:	269	238
tax on certain financial institutions	152	141
prudential fee in favour of BGF	52	28
impairment loss on receivables in a part not covered with the deferred tax	25	37
reduction of deferred tax asset due to a tax adjustment of the CHF loan portfolio	13	-
provisions for legal risk related to the CHF loan portfolio and commission returns	11	17
provisions for disputable debt claims and other assets	4	3
costs of derecognition of credit and non-credit receivables from the balance sheet	2	5
State Fund for Rehabilitation of Disabled Persons (PFRON) payments	1	1
representation expenses	1	1
other	8	5
D. Decreases - tax exempt income, including:	141	160
effect of revaluation of deferred tax at new CIT rates *	64	-
valuation using the equity method of subsidiaries	45	44
creation of deferred tax asset due to the forecasted research and development relief for the current year	28	40
research and development allowance settled for previous years	4	51
creation of a deferred tax asset due to a tax adjustment of the CHF loan portfolio	-	22
release of provisions for disputed claims	-	3
E. Income tax from the income statement (B+C-D)	1,245	1,121
Effective tax rate (E : A)	21.18%	20.42%

The Bank does not expect the impact of the provisions of the Act of 6 November 2024 on equalisation taxation of entities of international and domestic groups on tax liabilities in 2026. In 2025-2026, the Bank uses a statutory solution for a temporary safe harbour CbCR (Country by Country Reporting) - the simplified effective tax rate is higher than the simplified minimum tax rate.

The deviation in the effective tax rate above 19% in 2025 was mainly due to:

- increase, including:
  - tax on certain financial institutions in the amount of PLN 801 million (PLN 740 million in 2024),

- a fees for the BFG in the amount of PLN 272 million (total contribution to the compulsory restructuring fund and the bank guarantee fund, compared to PLN 150 million in 2024 (contribution to the resolution fund),
- creation of provisions for legal risk of mortgage loans in foreign currencies in the amount of PLN 57 million (PLN 92 million in 2024),
- reductions, including:
  - creation of a deferred tax asset for the forecasted research and development relief for 2025, based on the amount of PLN 145 million,
  - revaluation of deferred tax assets and liabilities using the new CIT rates, i.e. the 30% rate for temporary differences that will settle in 2026, 26% rates for temporary differences that will settle in 2027 and 23% rates for temporary differences that will settle in 2028 and subsequent years (amount 64 million).

13. Earnings and book value per ordinary share

Basic earnings per share

The calculation of basic earnings per share of the Bank is based on net profit and the weighted average number of ordinary shares outstanding at the end of the year.

for the year ended 31 December		
	2025	2024
Net profit attributable to shareholders of ING Bank Śląski S.A.	4,633	4,369
Weighted average number of ordinary shares	130,189,835	130,143,180
Earnings per ordinary share (in PLN)	35.59	33.57

Diluted earnings per share

In 2025 as well as in 2024, there were no factors that would dilute the profit per one share. In the described periods, ING Bank Śląski S.A. issued neither bonds convertible to shares nor options for shares. The share capital comprises ordinary shares only (no preference shares). Therefore, the diluted earnings per share are the same as the underlying profit per share.

Book value per share

The calculation of the book value per one share of the Bank based on the amount of equity and the number of shares outstanding at the end of the year.

as at 31 December		
	2025	2024
Book value	21,288	17,107
Number of shares	130,100,000	130,100,000
Book value per share (PLN)	163.63	131.49

14. Cash and cash equivalents

as at 31 December		
	2025	2024
Cash in hand	865	774
Balances with the Central Bank	6,252	7,396
Balances on accounts with other banks, including:	191	190
current accounts	139	104
overnight deposits	30	51
call margins posted	22	35
<b>Total</b>	<b>7,308</b>	<b>8,360</b>

Restricted cash and cash equivalents

The Bank’s parent entity maintains on the current account with the National Bank of Poland the statutory reserve, which at the end of 2025 amounted to 3.50% of the value of deposits received (similar to the end of 2024). The arithmetic mean of the holdings of required reserves, which the Bank’s parent entity is obliged to keep on a current account with the National Bank of Poland, during a given period, was:

- PLN 8,271 million for the period from 8 December 2025 to 11 January 2026,
- PLN 7,602 million for the period from 31 December 2024 to 9 February 2025.

Holdings of statutory reserve funds on an overdraft account with the National Bank of Poland are remunerated during the reserve period in the amount determined by the Monetary Policy Council. As at 31 December 2025, the interest rate was 4.00% (5.75% as at 31 December 2024).

15. Loans and other receivables to other banks

as at 31 December		
	2025	2024
Reverse repo transactions	23,101	20,779
Loans and advances	3,339	4,202
Interbank deposits (excluding overnight deposits)	32	-
Receivables from a subsidiary on account of deferred payment	359	83
<b>Total (gross)</b>	<b>26,831</b>	<b>25,064</b>
Allowance for expected credit losses	-1	-1
<b>Total (net)</b>	<b>26,830</b>	<b>25,063</b>

Disclosures on the credit quality of loans and other receivables granted to other banks are presented later in the financial statements in *Risk and capital management section*, in chapter [II.2.8.6. Credit quality of other financial assets](#).

16. Financial assets measured at fair value through profit or loss

as at 31 December				
	2025		2024	
	Total	Total, including:	transferred debt securities	other financial assets measured at fair value through profit or loss
<b>Financial assets held for trading, including:</b>	<b>2,332</b>	2,105	<b>179</b>	<b>1,926</b>
valuation of derivatives	818	898	-	898
other financial assets held for trading, including:	1,514	1,207	179	1,028
debt securities:	1,090	700	179	521
Treasury bonds in PLN	976	678	179	499
Czech Treasury bonds in CZK	114	22	-	22
repo transactions	424	507	-	507
<b>Financial assets other than those held for trading, measured at fair value through profit or loss, including:</b>	<b>8</b>	22	-	<b>22</b>
loans obligatorily measured at fair value through profit or loss	7	21	-	21
equity instruments	1	1	-	1
<b>Total</b>	<b>2,340</b>	2,127	<b>179</b>	<b>1,948</b>

Detailed disclosures on the nominal values of derivative instruments and their valuation broken down into individual types of derivative instruments along with the remaining dates for their implementation are presented in note [17. Valuation of derivatives](#).

Securities that can be pledged or sold by the collateral recipient are presented as *transferred debt securities*. These assets, as required by IFRS 9, are presented separately by the Bank in the statement of financial position under *Transferred assets*. As at 31 December 2025, the Bank did not hold such securities in the portfolio of financial assets measured at fair value through profit or loss. For further information on assets pledged as security for liabilities, see note [20](#).

17. Valuation of derivatives

The tables below present the nominal values of derivatives whose valuation is presented in financial assets measured at fair value through profit or loss (positive valuation) and financial liabilities measured at fair value through profit or loss (negative valuation) of the Bank’s statement of financial position. Notional amounts of the same-currency transaction derivatives were presented in the amounts purchased, while two-currency transactions showed both purchased and sold amounts. The fair value valuation of derivatives includes a valuation adjustment for counterparty credit risk (CVA) and Bank default (DVA).

as at 31 December 2025					
	Fair value		Nominal value of instruments with remaining maturity		
	Assets	Liabilities	up to 1 year	over 1 year	Total
Interest rate derivatives, including:	424	299	404,320	676,055	1,080,375
settled via CCP	215	187	403,265	661,956	1,065,221
contracts for the future FRA interest rate - PLN	10	10	137,561	16,410	153,971
contracts for the future FRA interest rate - CZK	-	-	358	-	358
Interest rate swaps (IRS PLN) fixed - float	372	242	237,234	595,562	832,796
Interest rate swaps (IRS EUR) fixed - float	28	32	22,509	43,201	65,710
Interest rate swaps (IRS USD) fixed - float	-	-	1,703	2,928	4,631
Interest rate swaps (IRS CZK) fixed - float	9	9	2,708	15,212	17,920
Interest rate swaps (IRS GBP) fixed - float	-	1	1,694	484	2,178
Interest rate swaps (IRS HUF) fixed - float	1	1	-	55	55
CAP options - EUR	1	1	553	943	1,496
CAP options - PLN	3	3	-	1,260	1,260
Currency derivatives, including:	393	199	56,956	12,585	69,541
currency contracts (swap, forward), including:	345	101	51,452	3,932	55,384
currency contracts (swap, forward) EUR / PLN	254	50	26,971	3,453	30,424
currency contracts (swap, forward) USD / PLN	71	21	16,681	19	16,700
currency contracts (swap, forward) EUR / USD	2	13	3,537	-	3,537
currency contracts - other currency pairs	18	17	4,263	460	4,723
CIRS, including:	48	98	5,504	8,653	14,157
CIRS EUR/PLN (float-float)	48	9	5,048	6,296	11,344
CIRS EUR/PLN (float-fixed)	-	89	456	2,357	2,813
Current off-balance sheet transactions, including:	1	-	25,564	-	25,564
foreign exchange operations	1	-	915	-	915
operations in securities	-	-	24,649	-	24,649
Total	818	498	486,840	688,640	1,175,480

as at 31 December 2024					
	Fair value		Nominal value of instruments with remaining maturity		
	Assets	Liabilities	up to 1 year	over 1 year	Total
Interest rate derivatives, including:	244	431	382,059	592,220	974,279
settled via CCP	145	135	380,399	581,887	962,286
contracts for the future FRA interest rate - PLN	5	6	142,772	5,406	148,178
Interest rate swaps (IRS PLN) fixed - float	179	350	202,316	526,609	728,925
Interest rate swaps (IRS EUR) fixed - float	49	60	27,946	40,801	68,747
Interest rate swaps (IRS USD) fixed - float	1	1	4,319	3,203	7,522
Interest rate swaps (IRS CZK) fixed - float	1	2	1,642	13,938	15,580
Interest rate swaps (IRS GBP) fixed - float	-	3	2,610	257	2,867
Interest rate swaps (IRS HUF) fixed - float	1	1	-	52	52
Interest rate swaps (IRS CHF) fixed - float	-	-	454	-	454
CAP options - EUR	8	8	-	1,934	1,934
CAP options - PLN	-	-	-	20	20
Currency derivatives, including:	652	301	66,892	7,784	76,124
currency contracts (swap, forward), including:	599	215	65,444	2,216	67,660
currency contracts (swap, forward) EUR / PLN	314	81	35,031	1,338	36,369
currency contracts (swap, forward) USD / PLN	30	86	13,580	43	13,623
currency contracts (swap, forward) EUR / USD	192	5	9,237	398	9,635
currency contracts - other currency pairs	63	43	7,596	437	8,033
CIRS, including:	53	86	1,448	5,568	8,464
CIRS EUR/PLN (float-float)	52	10	1,349	3,139	4,488
CIRS EUR/PLN (float-fixed)	1	76	99	2,429	2,528
Current off-balance sheet transactions, including:	2	1	24,439	-	24,439
foreign exchange operations	2	1	1,687	-	1,687
operations in securities	-	-	22,752	-	22,752
Total	898	733	473,390	600,004	1,074,842

Interest rate derivatives IRS/FRA settled-to-market

IRS / FRA interest rate derivatives submitted for clearing via central counterparties / CCP are settled in accordance with the "settlement-to-market" approach. Under the terms of the said service, the balance sheet exposure resulting from the transaction is settled on a daily basis based on the change in the fair value of individual transactions. As a result, no Variation Margin is placed. The carrying amount of individual transactions includes cash flows realised as part of the daily settlement of exposures arising therefrom, including cash flows resulting from the settlement of the price alignment amount, which ensures the economic equivalence of the applied approach to the "collateralized-to-market" approach.



18. Derivative hedging instruments

In the financial statements prepared for 2025 (similarly to 2024), the Bank applies fair value hedge accounting and cash flow hedge accounting. The table below presents the valuation of hedging instruments, broken down into instruments securing the fair value of securities and cash flow hedging instruments. The valuation of hedging instruments is presented in the item Derivative hedge instruments in assets (positive valuation) and liabilities (negative valuation) of the statement of financial position of the Bank.

as at 31 December				
	2025		2024	
	Assets	Liabilities	Assets	Liabilities
Cash flow hedging instruments	73	65	61	72
Instruments hedging the fair value of securities	-	12	-	11
<b>Total hedging instruments</b>	<b>73</b>	<b>77</b>	<b>61</b>	<b>83</b>

For details of the hedge accounting applied by the Bank, refer to the subsequent part of the financial statements, *Risk and capital management* section, in chapter [II.3.8. Hedge accounting](#).

19. Investment securities

as at 31 December						
	2025			2024		
	Total	transferred debt securities	other investment securities	Total	transferred debt securities	other investment securities
<b>Measured at fair value through other comprehensive income, including:</b>	<b>38,409</b>	-	<b>38,409</b>	<b>31,839</b>	-	<b>31,839</b>
debt securities, including:	38,110	-	38,110	31,585	-	31,585
Treasury bonds in PLN	33,058	-	33,058	26,271	-	26,271
European Union bonds	1,947	-	1,947	2,064	-	2,064
European Investment Bank bonds	2,689	-	2,689	2,838	-	2,838
Austrian government bonds	416	-	416	412	-	412
equity instruments	299	-	299	254	-	254
<b>Measured at amortised cost, including:</b>	<b>26,949</b>	-	<b>26,949</b>	<b>27,053</b>	-	<b>27,053</b>
debt securities, including:	26,949	-	26,949	27,053	-	27,053
Treasury bonds in PLN	15,822	-	15,822	11,859	-	11,859
Treasury bonds in EUR	1,972	-	1,972	2,872	-	2,872
European Investment Bank bonds	7,111	-	7,111	6,654	-	6,654
Bonds of the Polish Development Fund (PFR)	1,845	-	1,845	3,860	-	3,860
Bank Gospodarstwa Krajowego bonds	199	-	199	1,808	-	1,808
<b>Total</b>	<b>65,358</b>	-	<b>65,358</b>	<b>58,892</b>	-	<b>58,892</b>

The value presented in the item *equity instruments* in the category of assets measured at fair value through other comprehensive income (FVOCI) includes investments in shares issued by entities that are considered to be material from the perspective of the Bank's operations. The approach to the fair value measurement of these instruments is described in the further part of the report in note [36. Fair value](#). In 2025, the Bank received income in the form of dividends in the amount of PLN 8 million (PLN 8 million in 2024), which was presented in the statement of profit

or loss under *Net income on the sale of financial assets at fair value through other comprehensive income and dividend income*.

Disclosures on the credit quality of investment securities are presented later in the financial statements in the section *Risk and capital management*, in chapter [II.2.8.6. Credit quality of other financial assets](#).

20. Assets securing liabilities

Assets securing liabilities that meet the criteria for separate presentation in the statement of financial position (transferred assets)

The Bank presents separately in the statement of financial position, assets securing liabilities that can be pledged or resold by the collateral recipient (transferred assets). IFRS 9.3.2.23(a) requires these assets to be segregated and presented separately from other assets in the statement of financial position.

As at 31 December 2025, the Bank did not have assets securing liabilities in its portfolio. As at 31 December 2024, the Bank held assets securing liabilities in the portfolio of financial assets measured at fair value through profit or loss.

as at 31 December		
	2025	2024
Bonds securing liabilities arising from securities sold with a repurchase agreement (sell-buy-back transactions), including:		
Treasury bonds in PLN	-	179
<b>Total</b>	-	<b>179</b>

Other assets securing liabilities

The carrying amount of other assets securing liabilities that do not meet the criteria of a separate presentation in the statement of financial position is presented next to the table.

as at 31 December						
	2025			2024		
	portfolio of financial assets measured at fair value through other comprehensive income	portfolio of financial assets measured at amortised cost	Total	portfolio of financial assets measured at fair value through other comprehensive income	portfolio of financial assets measured at amortised cost	Total
Treasury bonds in PLN, including:	-	745	745	286	822	1,108
providing security for the benefit of the Bank Guarantee Fund	-	-	-	-	449	449
constituting a block on the obligation to pay a contribution to the guarantee fund of banks	-	260	260	-	201	201
constituting a blocking of the obligation to pay a contribution to the banks' compulsory restructuring fund	-	344	344	286	-	286
constituting the lodging of securities collateral for initial margin	-	-	-	-	31	31
representing the payment of securities collateral for the initial margin for the ATS Market	-	61	61	-	61	61
constituting collateral for a settlement fund	-	10	10	-	10	10
appropriate margin for transactions in Alternative Trading Systems (ATS)	-	70	70	-	70	70
Treasury bonds in EUR, including:	-	65	65	-	66	66
constituting the margin for the settlement of EUREX transactions	-	65	65	-	66	66
European Union bonds in EUR, including:	22	-	22	-	-	-
securities on the Euroclear account constituting initial margin collateral for bilateral transactions	22	-	22	-	-	-
European Investment Bank bonds, including:	262	359	621	200	390	590
providing security for settlements with LCH	-	248	248	-	252	252
constituting the margin for the settlement of EUREX transactions	197	111	308	200	113	313
securities on the Euroclear account constituting initial margin collateral for bilateral transactions	65	-	65	-	25	25
Austrian Government bonds securing the settlements made with LCH	416	-	416	412	-	412
Total	700	1,169	1,869	898	1,278	2,176

The blocking of securities takes place taking into account the conditions resulting from:

- Act on the Bank Guarantee Fund, deposit guarantee system and forced restructuring
- Regulation of the European Parliament and of the Council (EU) No. 648/2012 of 4 July 2012
- from concluded contracts,
- liabilities under repo agreements.

The Bank has deposited call-type margins as security for derivative transactions. Receivables in this respect are presented in note 14 Cash and cash equivalents and in note 21. Loans and other receivables to customers.

Restricted assets, apart from the instruments presented in this note, also include the value of the obligatory reserve that the Bank is required to maintain in its current account with the NBP. More information on the required reserve is provided in note 14. Cash and cash equivalents.

Securities not constituting Bank’s assets accepted as collateral of liabilities under reverse repurchase transactions

The market value of buy-sell-back / reverse repo securities was PLN 424 million as at 31 December 2025 compared to PLN 507 million as at 31 December 2024. As at 31 December 2025, securities worth PLN 418 million were further resold (compared to PLN 487 million as at 31 December 2024).

21. Loans and other receivables to customers

	2025	2024
Measured at amortised cost	162,004	150,037
Measured at fair value through other comprehensive income	7,621	6,459
Total (net)	169,625	156,496

Some mortgage loans have been designated by the Bank to the "Maintenance and Sale" business model and may be sold to ING Bank Hipoteczny S.A. (a subsidiary of the Bank) as part of a pooling transaction. These loans are measured at fair value through other comprehensive income.

From the point of view of the consolidated financial statements, loans subject to pooling still meet the criterion of the "Maintenance" business model, due to the fact that pooling transactions take place within the Group.

The Bank uses the discounted cash flow model to measure mortgage loans designated to the portfolio measured at fair value. Due to the use of input data in the valuation model, which are not based on observable market data, the valuation technique belongs to Level 3.

Disclosures on the credit quality of the loan portfolio are presented later in the financial statements in the section Risk and capital management, in chapter II.2.8.2. Quality of loan portfolio.

Loans and other receivables to customers measured at amortised cost

as at 31 December						
	2025			2024		
	gross	impairment for expected credit loss	net	gross	impairment for expected credit loss	net
Loan portfolio, of which:	162,574	-3,834	158,740	150,492	-3,657	146,835
Corporate banking	94,557	-2,965	91,592	90,085	-2,798	87,287
loans in the current account	18,426	-314	18,112	17,724	-219	17,505
term loans	71,462	-2,649	68,813	67,790	-2,575	65,215
debt securities (corporate and municipal)	4,669	-2	4,667	4,571	-4	4,567
Retail banking	68,017	-869	67,148	60,407	-859	59,548
mortgages	56,861	-153	56,708	50,435	-160	50,275
loans in the current account	687	-69	618	688	-64	624
other loans and advances	10,469	-647	9,822	9,284	-635	8,649
Other receivables, of which:	3,264	-	3,264	3,202	-	3,202
repurchase agreements	-	-	-	1,040	-	1,040
call margin posted	1,788	-	1,788	759	-	759
other	1,476	-	1,476	1,403	-	1,403
Total	165,838	-3,834	162,004	153,694	-3,657	150,037

22. Investments in associates accounted for using the equity method

Name	nature of the capital relationship	the Bank's percentage share in the entity's share capital	carrying amount	
			2025	2024
Investments in subsidiaries, including::			2,187	1,966
ING Investment Holding (Polska) S.A.*	subsidiary	100.00%	1,638	1,456
ING Bank Hipoteczny S.A.	subsidiary	100.00%	500	468
ING Usługi dla Biznesu S.A.	subsidiary	100.00%	43	38
Nowe Usługi S.A.	subsidiary	100.00%	1	1
SAIO S.A.	subsidiary	100.00%	5	3
Investments in associates, including:			4	3
DomData IDS Sp. z o.o.	associate	40.00%	4	3
Total			2,191	1,969

\*) ING Investment Holding (Poland) S.A. holds shares in the following entities: ING Commercial Finance S.A. (100% shares), ING Lease (Poland) Sp. z o.o. (100% interest), Paymento Financial S.A. (100% interest) and an associate of Goldman Sachs TFI S.A. (45% interest).

Execution of agreements aiming at taking control of Goldman Sachs TFI S.A.

On 18 November 2025, the Bank a preliminary share purchase agreement (“Share Purchase Agreement”) with Goldman Sachs Asset Management International Holdings B.V. (“Seller”), where under the Bank undertook to purchase 115,500 shares of Goldman Sachs TFI S.A. (“GS TFI”), or a 55%-stake in GS TFI share capital and 55% of the total number of votes at the General Meeting of GS TFI (“Transaction”). The price for 55% of shares of GS TFI share capital was set at PLN 396 million (in words: PLN three hundred ninety six million). The final purchase price can be adjusted with the forecasted dividend equivalent for the period from 1 January 2026 to the month preceding the transaction closure. Additionally, Bank and the Seller agreed that the dividend from 2025 net profit will be paid out before the Transaction closing date. The final purchase price can be adjusted as per the Share Purchase Agreement terms and conditions.

At present, ING Investment Holding (Polska) S.A., a wholly owned subsidiary of the Bank, holds 94,500 of shares in the GS TFI share capital, or a 45%-stake in GS TFI share capital and 45% of the total number of votes at the General Meeting of GS TFI. After the Transaction closure, the ING Bank Śląski S.A. Group will hold 100% of the GS TFI share capital and will be entitled to 100% of the total number of votes at the General Meeting of GS TFI, while the Bank will become the direct parent entity for GS TFI.

The Transaction will be closed provided the conditions precedent have materialised. Key conditions are the following:

- decision of the Polish Financial Supervision Authority on the absence of grounds for objection against acquisition of the GS TFI shares by the Bank in the amount beyond 50% share in the share capital and the total number of votes at the General Meeting of GS TFI and
- the decision of the European Commission on the absence of objection against the reported concentration and its recognition as compliant with the internal market rules (the decision expressing the Bank’s unconditional consent to the acquisition of exclusive control over GS TFI was issued on 17 February 2026).

The Bank expects the Transaction to be closed in H1 2026.

GS TFI’s line of business is the establishment and management of investment funds, including intermediation in the sale and repurchase of participation units.

The table presents a reconciliation of the carrying amount of investments in subsidiaries and associates for 2025 and 2024.



for the year ended 31 December		
	2025	2024
Opening balance	1,969	1,761
Acquisition of shares	-	4
Valuation using the equity method in the period	238	234
Deividends received	-16	-31
Other	-	1
Closing balance	2,191	1,969

23. Property, plant and equipment

as at 31 December		
	2025	2024
Right of use assets, including:	426	462
real estate	401	439
means of transport	25	23
other	-	-
Own real estate	181	185
Investments in non-owned fixed assets	86	88
Computer hardware	82	100
Other property, plant and equipment	91	70
Fixed assets under construction	32	64
Total	898	969

There are no legal constraints on property, plant and equipment at the end of 2025 and 2024.

Contractual obligations to purchase property, plant and equipment

In 2025, the Bank concluded agreements with business partners resulting in future increase in the value of property, plant and equipment in the total amount of PLN 10 million. Due to the framework nature of some of the contracts, this amount is not targeted - its amount will result from cost estimates calculated during the implementation. The agreements pertain to real estate (buildings and structures), investments in external fixed assets, fixed assets under construction and other fixed assets. At the end of 2024, the Bank had agreements (partly framework agreements) on real estate (buildings and structures), investments in external fixed assets, fixed assets under construction and other fixed assets for the total amount of PLN 46 million.

The tables present changes in gross value and accumulated depreciation for individual groups of property, plant and equipment in 2025 and 2024.

for the year ended 31 December 2025											
	right of use assets				own real estate	investments in non-owned fixed assets	computer hardware	other property, plant and equipment	fixed assets under construction	Total	
	real estate	means of transport	other assets	Total							
Opening gross value	948	51	2	1,001	390	534	533	422	64	2,944	
Additions, including:	91	13	-	104	20	30	35	44	79	312	
new contracts for the right of use	21	13	-	34	-	-	-	-	-	34	
adjustment of the asset in connection with the recalculation of the lease liability	70	-	-	70	-	-	-	-	-	70	
purchases	-	-	-	-	-	20	-	-	79	99	
transfer from investment	-	-	-	-	20	10	35	44	-	109	
Reductions, including:	-60	-6	-	-66	-	-	-1	-1	-111	-179	
reduction of the scope and early termination of the contract	-36	-6	-	-42	-	-	-	-	-	-42	
adjustment of the asset in connection with the recalculation of the lease liability sale and liquidation	-24	-	-	-24	-	-	-	-	-	-24	
transfer from investment	-	-	-	-	-	-	-1	-1	-	-2	
other	-	-	-	-	-	-	-	-	-109	-109	
Fair value change, including:	-	-	-	-	-9	-	-	-	-	-9	
included in income statement*	-	-	-	-	-9	-	-	-	-	-9	
Closing gross value	979	58	2	1,039	401	564	567	465	32	3,068	
Opening accumulated depreciation	-509	-28	-2	-539	-205	-446	-433	-352	-	-1,975	
Changes in the period, including:	-69	-5	-	-74	-15	-32	-52	-22	-	-195	
depreciation charges	-94	-11	-	-105	-15	-32	-52	-22	-	-226	
early termination or limitation of the contract	25	6	-	31	-	-	-	-	-	31	
Closing accumulated depreciation	-578	-33	-2	-613	-220	-478	-485	-374	-	-2,170	
Closing net value	401	25	-	426	181	86	82	91	32	898	

\*) in line *General and administrative expenses*, in detailed item *maintenance costs of buildings and real estate valuation to fair value*

for the year ended 31 December 2024											
	right of use assets				own real estate	investments in non-owned fixed assets	computer hardware	other property, plant and equipment	fixed assets under construction	Total	
	real estate	means of transport	other assets	Total							
Opening gross value	843	45	1	889	406	509	483	403	57	2,747	
Additions, including:	165	15	1	181	9	33	53	20	102	398	
new contracts for the right of use	47	14	-	61	-	-	-	-	-	61	
adjustment of the asset in connection with the recalculation of the lease liability	118	1	1	120	-	-	-	-	-	120	
purchases	-	-	-	-	-	23	-	-	102	125	
transfer from investment	-	-	-	-	9	10	53	20	-	92	
Reductions, including:	-60	-9	-	-69	-3	-8	-3	-1	-95	-179	
reduction of the scope and early termination of the contract	-53	-9	-	-62	-	-	-	-	-	-62	
adjustment of the asset in connection with the recalculation of the lease	-7	-	-	-7	-	-	-	-	-	-7	
liability sale and liquidation	-	-	-	-	-	-1	-3	-	-	-4	
transfer from investment	-	-	-	-	-	-	-	-	-92	-92	
other	-	-	-	-	-3	-7	-	-1	-3	-14	
Fair value change, including:	-	-	-	-	-22	-	-	-	-	-22	
included in income statement*	-	-	-	-	-22	-	-	-	-	-22	
Closing gross value	948	51	2	1,001	390	534	533	422	64	2,944	
Opening accumulated depreciation	-430	-27	-1	-458	-191	-416	-382	-335	-	-1,782	
Changes in the period, including:	-79	-1	-1	-81	-14	-30	-51	-17	-	-193	
depreciation charges	-105	-10	-	-115	-15	-30	-51	-18	-	-229	
early termination or limitation of the contract	26	9	-1	34	-	-	-	-	-	34	
other	-	-	-	-	1	-	-	1	-	2	
Closing accumulated depreciation	-509	-28	-2	-539	-205	-446	-433	-352	-	-1,975	
Closing net value	439	23	-	462	185	88	100	70	64	969	

\*) in line *General and administrative* expenses, in detailed *item maintenance costs of buildings and real estate valuation to fair value*



24. Intangible assets

as at 31 December		
	2025	2024
Goodwill obtained as a result of a branch of ING Bank NV contributed in kind	223	223
Software	192	130
Outlays for intangible assets	89	61
Other intangible assets	2	2
Total	506	416

Contractual obligations to purchase intangible assets

In 2025, the Bank concluded agreements with contractors for the future purchase of intangible assets for a total amount of PLN 68 million, however, due to the framework nature of some of the agreements, this amount is not the target amount. These agreements, as in the previous year, concern the purchase of licenses and the implementation of computer software.

At the end of 2024, the Bank had contracts (partly of a framework nature) for the purchase of licenses and software implementation for a total amount of PLN 167 million.

Changes in 2025 and 2024 in particular groups of intangible assets are presented below.

as at 31 December 2025					
	Goodwill	Software	Outlays for intangible assets	Other intangible assets	Total
Opening gross value	223	1,500	61	22	1,806
Additions, including:	-	136	189	2	327
purchases	-	-	189	-	189
transfer from investment	-	136	-	2	138
other	-	-	-	-	-
Reductions, including:	-	-	-161	-	-161
transfer from investment	-	-	-138	-	-138
sale and liquidation	-	-	-	-	-
other	-	-	-23	-	-23
Impairment	-	-	-	-	-
Closing gross value	223	1,636	89	24	1,972
Opening accumulated depreciation	-	-1,370	-	-20	-1,390
Changes in the period, including:	-	-74	-	-2	-76
depreciation charges	-	-74	-	-2	-76
other	-	-	-	-	-
Closing accumulated depreciation	-	-1,444	-	-22	-1,466
Closing net value	223	192	89	2	506

as at 31 December 2024					
	Goodwill	Software	Outlays for intangible assets	Other intangible assets	Total
Opening gross value	223	1,476	33	20	1,752
Additions, including:	-	73	113	2	188
purchases	-	-	113	-	113
transfer from investment	-	73	-	2	75
Reductions, including:	-	-23	-85	-	-108
transfer from investment	-	-	-75	-	-75
sale and liquidation	-	-23	-	-	-23
other	-	-	-10	-	-10
Impairment	-	-26	-	-	-26
Closing gross value	223	1,500	61	22	1,806
Opening accumulated depreciation	-	-1,283	-	-19	-1,302
Changes in the period, including:	-	-87	-	-1	-88
depreciation charges	-	-87	-	-1	-88
Closing accumulated depreciation	-	-1,370	-	-20	-1,390
Closing net value	223	130	61	2	416

Impairment test of cash generating units with respective goodwill

The goodwill impairment test is carried out at least once every year, irrespective of identification of any triggers for impairment.

At the Bank, the impairment test covered the goodwill obtained as a result of a branch of ING Bank NV contributed in kind, which was assigned to the corporate activity of the Bank. The smallest identifiable cash-generating units were determined and goodwill totalling PLN 223 million was assigned thereto. No other additional elements of intangible value and indefinite useful life were identified that could be assigned to the identified cash-generating units.

The test input data cover the economic capital, risk-weighted assets and profit before tax per segment and effective tax rate. The test is performed using the model that calculates and compares the current value of free cash flow of the unit to the estimated book value of the unit's funds. The cash flows of the unit are defined as net profits less capital needed to maintain the solvency ratio at the required level

At the end of 2025, a discount rate of 10.44% was used to discount the cash flows, representing the weighted average cost of capital, estimated on the basis of the risk-free rate (5.17%), the beta factor (0.96) and the equity risk premium (5.50%). As at 2024 yearend, the discount rate used to discount the flows was 11.56% and was estimated based on a risk-free rate of 5.89%, a beta factor of 1.03 and a share price risk premium of 5.50%. Other assumptions include the nominal growth rate after the forecast period (2.5% at the end of 2025 compared to 3.5% at the end of 2024).

The recoverable value was determined based on the estimation of the useable value of the assets component taking into account the estimated forecast of expected future cash flows generated during the continued use.

The cash flow forecasts are based on rational assumptions that reflect the most accurate appraisal of the management regarding all the conditions that will appear during the remaining lifetime of the assets. The cash flow forecasts are based on mid-term plan approved by the Bank and the strategy covering the maximum period of the next three years. The data regarding the subsequent years come from extrapolation. Extrapolation assumes that the cash flow generating centre will maintain the gross profit to risk weighted assets ratio at the level from the last year of the Bank’s forecast and its profits will increase by previously determined growth rate. Legitimacy of the assumptions made is verified periodically, and any divergence between the cash flows estimated based on the future cash flows and the actual ones is analysed as appropriate.

The test showed the surplus of present value over the net book value of the cash-generating unit thus no impairment was determined.

As at 31 December 2025, the sensitivity analysis of the goodwill impairment test shows that:

- increasing the discount rate by 1 p.p. would result in a decrease in the surplus of net cash flows over the net book value of the cash-generating unit by 21% (compared to 20% at the end of 2024),
- reduction of the discount rate by 1 p.p. would result in an increase in the surplus of net cash flows over the net book value of the cash-generating unit by 27% (compared to 26% at the end of 2024).

The key assumptions described above are subject to change as economic and market conditions change. The Bank estimates that reasonably possible changes to these assumptions would not reduce the recoverable amount of the cash-generating unit below the carrying amount.

25. Deferred tax

Changes in temporary differences during the year

as at 31 December 2025				
	opening balance	changes carried through profit or loss	changes carried through other comprehensive income	closing balance
Deferred tax assets				
impairment for expected credit losses	461	137	-	598
revaluation of financial instruments	78	-65	113	126
employee benefits	78	37	-	115
provision for restructuring	17	-	-	17
other provisions	130	47	-	177
settlement of the difference between tax and balance sheet depreciation	42	26	-	68
finance lease	7	5	-	12
research and development relief	40	-6	-	34
tax adjustment for the CHF loan portfolio	22	-10	-	12
other	1	-	-	1
Total	876	171	113	1,160
Deferred tax losses				
revaluation of financial instruments	127	-	144	271
accrued interest	236	159	-	395
settlement of prepayments/accruals due to depreciation/ amortisation	1	-	-	1
resulting from the investment relief				
effective interest rate adjustment	45	31	-1	75
other	-	8	-	8
Total	409	198	143	750
Deferred tax disclosed in the balance sheet, of which:	467	-27	-30	410
deferred tax assets	467			410

The amounts of the changes included, among others, the revaluation effect due to the change in tax rates, in connection with the entry into force of changes in tax regulations introducing, from January 1, 2026, new corporate income tax rates (30% for 2026, 26% for 2027 and 23% starting from 2028). The total revaluation effect of the asset items and deferred tax liability due to the change in tax rates amounted to PLN 41 million as at 31 December 2025 of which PLN 64 million was a PLN -23 million related to items recognised in other comprehensive income. More information on the approach to the estimation of deferred tax asset / liability is presented in Chapter III. *Significant accounting principles*, in point 3.4. *Deferred income tax*.

as at 31 December 2024				
	opening balance	changes carried through profit or loss	changes carried through other comprehensive income	closing balance
<b>Deferred tax assets</b>				
tax losses	516	-516	-	-
impairment for expected credit losses	419	42	-	461
revaluation of financial instruments	86	26	-34	78
employee benefits	72	6	-	78
provision for restructuring	22	-5	-	17
other provisions	142	-12	-	130
settlement of the difference between tax and balance sheet depreciation	27	15	-	42
finance lease	4	3	-	7
research and development relief	-	40	-	40
tax adjustment for the CHF loan portfolio	-	22	-	22
other	1	-	-	1
<b>Total</b>	<b>1,289</b>	<b>-379</b>	<b>-34</b>	<b>876</b>
<b>Deferred tax losses</b>				
revaluation of financial instruments	148	-	-21	127
accrued interest	224	12	-	236
settlement of prepayments/accruals due to depreciation/ amortisation resulting from the investment relief	1	-	-	1
effective interest rate adjustment	28	4	13	45
<b>Total</b>	<b>401</b>	<b>16</b>	<b>-8</b>	<b>409</b>
<b>Deferred tax disclosed in the balance sheet, of which:</b>				
deferred tax assets	888	-	-	467

Deferred tax recognised in equity

as at 31 December		
	2025	2024
<b>Deferred tax in accumulated other comprehensive income, due to:</b>		
financial assets valued through other comprehensive income - debt instruments	53	50
financial assets valued through other comprehensive income - equity instruments	63	44
financial assets valued through other comprehensive income - loans	-15	-14
cash flow hedges	18	9
actuarial gains/losses	-11	-7
<b>Deferred tax in retained earnings due to:</b>		
incentive employee programs	9	5
<b>Total</b>	<b>117</b>	<b>87</b>

26. Other assets

as at 31 December		
	2025	2024
<b>Prepayments, including:</b>		
accrued income	119	98
due to commissions	53	42
due to general and administrative expenses	1	1
due to general and administrative expenses	65	55
<b>Other assets, including:</b>		
settlements with recipients	26	23
public and legal settlements	18	13
other	3	2
other	5	8
<b>Total</b>	<b>145</b>	<b>121</b>
including financial assets	26	23
<b>Expected settlement period of other assets</b>		
up to 1 year	62	51
over 1 year	83	70

Disclosures on the credit quality of other financial assets are presented later in the financial statements in the section *Risk and capital management*, in chapter **II.2.8.6. Credit quality of other financial assets**.

27. Liabilities to other banks

as at 31 December		
	2025	2024
Current accounts	737	828
Interbank deposits	346	343
Loans received*	8,949	9,055
Received call deposits	314	575
Other liabilities	2	2
<b>Total</b>	<b>10,348</b>	<b>10,803</b>

\*) The item *Loans received* includes liabilities due to non-preferred senior loans (NPS) received by ING Bank Śląski S.A. from ING Bank N.V. More information on NPS loans can be found in the *Risk and capital management* section, in chapter **I.4. MREL requirements**.

28. Financial liabilities measured at fair value through profit or loss

as at 31 December		
	2025	2024
Financial liabilities held for trading, including:		
<b>valuation of derivatives</b>	<b>498</b>	<b>733</b>
<b>other financial liabilities held for trading, including:</b>	<b>418</b>	<b>667</b>
book short position in trading securities	418	487
repo transactions	-	180
<b>Total</b>	<b>916</b>	<b>1,400</b>



Detailed disclosures on the nominal values of derivative instruments and their valuation broken down into individual types of derivative instruments along with the remaining dates for their implementation are presented in note [17. Valuation of derivatives](#).

29. Liabilities to customers

as at 31 December		
	2025	2024
Deposits, including:	233,759	218,437
Corporate banking	97,708	92,763
current deposits	66,534	61,229
including O/N deposits	5,777	5,045
saving deposits	20,945	20,013
term deposits	10,229	11,521
Retail banking	136,051	125,674
current deposits	34,998	31,850
saving deposits	81,942	76,338
term deposits	19,111	17,486
Other liabilities, including:	1,653	1,504
liabilities under monetary hedges	872	751
call deposits	45	7
other liabilities	736	746
Total	235,412	219,941

30. Subordinated liabilities

Bank has in its balance sheet three subordinated loans resulting from agreements with the parent entity, i.e. with ING Bank N.V. based in Amsterdam. These are:

- the agreement concluded 14 October 2025 in the amount of EUR 250 million.
- the agreement concluded 30 September 2019 in the amount of EUR 250 million.
- the agreement concluded on 30 October 2018 for the amount of EUR 100 million.

All loans were granted for a period of 10 years. The Bank has the right to early repayment of each of them after 5 years, subject to obtaining the relevant consent of the Polish Financial Supervision Authority (KNF). Interest on both loans is payable quarterly at EURIBOR 3M plus a margin (1.90% for the 2025 loan, 1.66% for the 2019 loan and 1.22% for the 2018 loan). The financial conditions of the loans do not differ from market conditions. The Bank obtained KNF's consent for including both loans in the Tier 2 capital, with the consent for the 2025 loan granted on 12 January 2026.

At the end of 2025, the total carrying amount of subordinated loans was 2,548 million (PLN 1,499 million at the end of 2024).

31. Provisions

as at 31 December		
	2025	2024
Provision for off-balance sheet liabilities	143	108
Provision for legal risk of foreign currency mortgage loans*	208	253
Provision for retirement benefits	116	99
Provision for restructuring	60	91
Provision for litigation	62	45
Other provisions	52	37
Total	641	633

\*) In addition to the provision for legal risk of foreign currency mortgage loans, the Bank estimates the adjustment to the gross carrying amount of CHF-indexed mortgage loans recognised in the statement of financial position and recognises it in the statement of financial position in the item *Loans and other receivables to customers*. In chapter III. *Significant accounting principles*, in item [3.3. Legal risk related to the portfolio of mortgage loans indexed to the Swiss franc exchange rate](#) are presented the change in 2025 and 2024 as well as assumptions regarding of both provisions and adjustment to the gross carrying amount due to the legal risk of CHF-indexed mortgages.

The tables below present the movements in the individual provisions in 2025 and 2024.

for the year ended 31 December 2025										
	Provision for off-balance sheet liabilities				Provision for legal risk	Provision for retirement benefits	Provision for restructuring	Provision for litigation	Other provisions	Total
	Stage 1	Stage 2	Stage 3	Total						
Opening balance	24	34	50	108	253	99	91	45	37	633
provisions recognised/ reversed	1	-9	43	35	10	9	-2	22	4	78
transfer within provisions	-	-	-	-	-2	-	-	-	11	9
utilisation	-	-	-	-	-53	-	-29	-5	-	-87
other	-	-	-	-	-	8	-	-	-	8
Closing balance	25	25	93	143	208	116	60	62	52	641
Expected provision settlement period:										
up to 1 year				-	-	7	40	16	8	71
over 1 year				143	208	109	20	46	44	570

for the year ended 31 December 2024										
	Provision for off-balance sheet liabilities				Provision for legal risk	Provision for retirement benefits	Provision for restructuring	Provision for litigation	Other provisions	Total
	Stage 1	Stage 2	Stage 3	Total						
Opening balance	33	24	59	116	128	88	116	38	50	536
provisions recognised/ reversed	-9	10	-8	-7	102	8	-	10	-8	105
ransfer within provisions	-	-	-	-	38	-	-	-	-4	34
utilisation	-	-	-	-	-15	-	-25	-3	-1	-44
actuarial gains/losses	-	-	-	-	-	3	-	-	-	3
other	-	-	-1	-1	-	-	-	-	-	-1
Closing balance	24	34	50	108	253	99	91	45	37	633
Expected provision settlement period:										
up to 1 year				-	-	7	40	19	5	71
over 1 year				108	253	92	51	26	32	562

Provision for retirement benefits

The Bank creates provisions for retirement and disability severance pays in accordance with IAS 19. The provision for retirement and disability severance pays granted under benefits under the regulations resulting from the Labour Code is calculated using the actuarial method by an independent actuary as the present value of the Bank's future, long-term liabilities to employees by headcount and pay as at the date of the update. Provisions resulting from actuarial valuation are recognised and revalued in annual periods.

The calculation of provisions is based on a number of assumptions, both with regard to discount rates, projected salary increases and employee turnover, death risk and others.

Assumptions adopted for the valuation:

- discount rate – 5.20% (5,80% at the end of 2024),
- long-term wage growth rate – 5.00%.

The table below includes revision of the balance-sheet liability.

for the year ended 31 December		
	2025	2024
Opening balance	99	88
Costs included in the income statement, including:	11	11
regular employment costs	6	6
costs of interest	5	5
Actuarial gains / losses	9	3
Paid benefits	-3	-3
Closing balance	116	99

The sensitivity of the model to the assumed values of individual assumptions as at 31 December 2025 and 31 December 2024 is presented in the table below. The base variant is the value of pension and disability provisions recognised in the Bank's books as at 31 December 2025 and 31 December 2024, respectively.

	Provisions for retirement and pension benefit (in PLN million)					
	2025			2024		
	lower bracket	base variant	upper bracket	lower bracket	base variant	upper bracket
Discount rate (+1% / base variant / -1%)	106	116	129	90	99	110
Deviation from the assumed dynamics of changes in salaries (- 0.5% / base variant / +0.5%)	110	116	123	94	99	105

Provision for restructuring

In 2023, the Bank's Management Board decided to continue in 2024-2026 the process initiated in 2016, which is related to the employment restructuring resulting from the continuation of a long-term project to evolve the Bank's organisational structure, including, above all, further optimisation of the number of outlets and development of digital channels in the retail segment, reconstruction of the organisational structure and processes in the corporate segment, as well as optimisation and automation of processes in the Bank's business support units.

The value of the restructuring provision at the end of 2025 was PLN 60 million, compared to PLN 91 million at the end of 2024.

Legal risk of foreign currency mortgage loans

The significant assumptions concerning the calculation of the amount of the gross balance sheet value adjustment / provision for legal risk for the CHF-indexed mortgage loan portfolio presented in the statement of financial position and already removed from the statement of financial position as at 31 December 2025 are described in chapter III. *Significant accounting principles*, in point 3.3. *Legal risk related to the portfolio of mortgage loans indexed to the Swiss franc exchange rate*.

To date, the Bank has not received any class action, and neither of the clauses used by the Bank in the agreements has been entered in the register of prohibited clauses.

As at 31 December 2025, 1,485 court cases were pending against the Bank (1,673 cases at the end of 2024) in connection with concluded CHF-indexed loan agreements in PLN. The outstanding principal of the mortgage loans to which these proceedings related was PLN 241 million as at 31 December 2025 PLN 284 million at the end of 2024). By 31 December 2025, 1,234 court cases had ended with a final court judgement (568 cases at the end of 2024).

As at 31 December 2025, the Bank was also subject to 28 court cases (22 cases at the end of 2024) in connection with concluded EUR mortgage loan agreements. The outstanding principal of the loans concerned by these

proceedings was below PLN 1 million as at 31 December 2025 (similar to the end of 2024). By 31 December 2025, 8 court cases had ended with a final judgement.

The most important findings of the European Court of Justice (CJEU) and the Supreme Court (SC) in recent years regarding credit agreements indexed or denominated in foreign currencies have been presented in the financial statements for previous years. The following are the important arrangements that have been made since the beginning of 2025.

- By the resolution of seven judges of March 5, 2025, file ref. no. III CZP 37/24, the Supreme Court found that "In the event of an investigation from the bank of repayment of the benefit provided on the basis of the loan agreement, which turned out to be non-binding, the bank is not entitled to retention under Article 496 in conjunction with Article 497 of the Civil Code".
- On 19 June 2025, the CJEU issued a judgement in one of the Polish cases concerning the recovery of capital by banks after cancellation of a mortgage loan agreement in CHF. The CJEU has questioned the compatibility with European Union law of the so-called theory of two conditions, which has so far been widely used in Polish case law. It was based on the assumption that each party to the annulled contract had its own claim. The consumer has the right to recover all instalments paid to the bank and the bank has the right to pursue the capital (in two separate civil proceedings). The CJEU stated that such an approach is contrary to EU law. Both claims should be considered in one proceeding. The bank is only entitled to make a difference between its claim and the consumer's claim (balance theory). Analyses of the impact of the above-mentioned judgement on the situation of banks are currently underway, in particular the monitoring of court judgments issued after this judgement.
- On 22 January 2026, the CJEU issued a judgment confirming the admissibility of the case resolution regarding a CHF-indexed contract by offsetting in one proceeding. The CJEU stated that banks may raise the objection of set-off even if the invalidity of the contract is contested. The CJEU pointed out that depriving a bank of the possibility to raise a charge of set-off against a consumer would constitute a disproportionate violation of its right to effective judicial protection.

Settlement programme

The Bank offers borrowers with mortgage loans indexed to CHF/EUR the possibility of concluding voluntary settlements. By the end of 2025, the Bank had concluded 1,090 settlements (840 settlements by the end of 2024), including 802 settlements before the PFSA Court of Arbitration (777 settlements by the end of 2024).

32. Information on initiated administrative proceedings and significant court proceedings

The value of proceedings concerning liabilities or receivables pending in 2025 did not exceed 10% of the Bank's equity. In the Bank's opinion, none of the individual proceedings pending in 2025 in front of a court, arbitration court or public administration authority, or all of them jointly pose a threat to the Bank's financial liquidity.

Detailed information on the legal environment related to the legal risk of the CHF-indexed mortgage portfolio and information on court cases in connection with concluded CHF-indexed mortgage loan agreements are presented in note 31. Provisions.

PFSA proceedings

- On 12 October 2018, the Polish Financial Supervision Authority imposed a fine on the Bank in the amount of PLN 0.5 million, pursuant to Art. 232 sec. 1 of the Act on Investment Funds and Alternative Investment Funds Management, in the wording before the amendment made by the Act of 31 March 2016, in connection with the breach of depositary's obligations set out in Art. 72 of the Act in connection with the Bank acting as the depositary of the Inventum Premium SFIO and Inventum Parasol FIO funds with separate sub-funds. In the course of reconsidering the case, the PFSA confirmed the violations and did not identify any circumstances that would justify reducing the fine. In connection with the proceedings, a provision in the amount of PLN 0.5 million was created in December 2018. The Bank paid the imposed fine in the third quarter of 2020. On 1 October 2020, the Bank appealed against the said decision to the Voivodship Administrative Court. In its judgement of 7 April 2021, the Voivodship Administrative Court overturned the decision of 12 October 2018 and the decision of the Polish Financial Supervision Authority of 12 August 2020 maintaining this decision. The Polish Financial Supervision Authority filed a complaint with the Supreme Administrative Court (NSA) on 27 July 2021. On 25 August 2021, the Bank submitted a response to the complaint. On 19 March 2025, a hearing was held before the Supreme Administrative Court. The Supreme Administrative Court overturned the judgement of the Voivodeship Administrative Court of 7 April 2021 and referred the case for reconsideration. The Supreme Administrative Court assessed that the Voivodeship Administrative Court prematurely found the allegation of a breach of substantive law by the PFSA. In the Supreme Administrative Court's opinion, the justification for the PFSA's decision may lead to a conclusion as to which legal provision was violated by the Bank, for which an administrative sanction was imposed, and the PFSA did not have to indicate these violations in the content of the decision itself (which was argued by the Voivodeship Administrative Court). The Voivodeship Administrative Court, when re-examining the case, is bound by the findings of the Supreme Administrative Court. On 5 August 2025, the Voivodeship Administrative Court issued a judgement in which it upheld the decision of the PFSA, i.e. dismissed the Bank's complaint. The Voivodeship Administrative Court emphasised that it is bound by the position of the Supreme Administrative Court. After receiving the justification of the judgement of the Voivodeship Administrative Court, the Bank lodged a complaint with the Supreme Administrative Court. Until the end of the court proceedings, the PFSA's decision remains invalid.
- On 17 June 2020, the Polish Financial Supervision Authority (PFSA, KNF) initiated administrative proceedings to impose a penalty on ING Bank Śląski S.A, in connection with suspicion of breach of depositary duties defined in art. 72 of the Act on investment funds and management of alternative investment funds in connection with the Bank's function of depositary of specific funds and Article 9(2) of the above mentioned act. The proceedings ended on 17 December 2021 with the issuance of a Decision under which the PFSA imposed an administrative



penalty of PLN 4.3 million on the Bank. The fine of PLN 4.3 million was paid. On 21 November 2022, the Bank filed a complaint with the Provincial Administrative Court. Pursuant to the content of the complaint, the Bank demands that the Decision imposing an administrative penalty be repealed in its entirety. In a judgment of 8 March 2023, the Provincial Administrative Court dismissed the Bank's complaint in its entirety. The justification for the judgment was received on 21 June 2023, after analyzing it, the Bank decided to file a cassation complaint with the Supreme Administrative Court. The complaint was prepared and submitted on time. The date of the hearing before the Supreme Administrative Court has not been set.

- On 22 November 2023, the Polish Financial Supervision Authority initiated an administrative proceeding regarding the imposition of a fine on ING Bank Śląski S.A. pursuant to Art. 176i sec. 1 point 4 of the Act on Trading in Financial Instruments. In May 2025, the proceedings were discontinued in their entirety.

Proceedings initiated by the President of the Office of Competition and Consumer Protection (UOKiK)

Proceedings on the application of practices infringing collective consumer interests regarding unauthorized transactions

On 22 June 2021, the UOKiK opened an investigation against ING concerning the Bank’s replies to customer reports of unauthorized transactions, including the reimbursement of transaction amounts at D+1. In the course of the proceedings, the Bank repeatedly provides the explanations and documents required by the Office.

On 22 November 2022, the Bank received a notice from the UOKiK to initiate proceedings for a practice damaging the collective interests of consumers, together with a request to respond to the following allegations:

- non-reimbursement to consumers within D+1 of the consumer requesting the return of the unauthorized transaction or restoring the account to the condition that would have existed if the unauthorized payment transaction had not taken place; the only exceptions, according to the UOKiK, are situations where the Bank informs the law enforcement authorities of the suspicion of a criminal offense by the consumer or 13 months have elapsed from the date on which the transaction was debited or the day on which the transaction was to be executed; UOKiK claims that this may infringe Article 46(1) of the Payment Services Act and compromise the collective interests of consumers and, and may therefore constitute a practice that would be affected;
- providing misleading information in response to a complaint by suggesting that the use of individual credentials means correct authentication, which in turn means demonstrating a correct authorization of transactions, which may mislead consumers regarding the obligations of the trader under Article 46 of the Act and the distribution of the burden of proof that the payment transaction has been authorized - which, according to the UOKiK, may constitute an unfair market practice and undermine the collective interests of consumers, and consequently constitute a practice that infringes the collective interests of consumers;
- providing consumers with misleading, incorrect information about the correct authorization of transactions in response to a complaint, while pointing out the lack of consent of consumers to carry out a transaction

(i.e. a lack of authorization) by indicating that the customer has led to the transaction as a result of a breach of one of the obligations referred to in Article 42 of the Act and that the customer is therefore fully liable for the transaction being advertised, and the recovery is possible as a result of action by the law enforcement authorities at the request of the injured party, which may constitute an unfair market practice and, consequently, constitute a practice which infringes the collective interests of consumers.

On 16 January 2023, the Bank sent a letter in the proceedings containing a very comprehensive explanation of its position rejecting the above-mentioned allegations, indicating both the correct interpretation of the provisions of the Payment Services Act in the Bank's opinion and the analysis of certain cases described in the order by the Office of Competition and Consumer Protection. The case is pending. UOKiK has decided to extend the deadline for completing the proceedings until 30 March 2025.

In connection with the proceedings, as at 31 December 2025 the Bank had a provision in the total amount of PLN 38 million (PLN 34 million as at 31 December 2024).

Proceedings on provisions providing for the possibility of changing a standard contract, contract or table of fees and commissions for important reasons, the so-called modification clauses

On 1 April 2019, the President of the Office of Competition and Consumer Protection (UOKiK) initiated ex officio proceedings to recognize a standard contract as illegal in terms of contractual provisions that may violate Art. 23a of the Act on competition and consumer protection. The proceedings concern provisions providing for the possibility of changing the standard contract, contract or table of fees and commissions for important reasons, the so-called modification clauses.

In the opinion of the President of UOKiK, the analysed modification clauses may constitute prohibited contractual provisions due to:

- the possibility of unilaterally changing the general terms and conditions of the contract as to its essential provisions, in the scope of contracts enabling the generation of debt on the part of consumers, concluded for a specified period,
- general, imprecise nature of the premises for a unilateral amendment to the contract, which does not allow consumers to verify them correctly, and in some provisions there are no time limits as to the scope of changes,
- no provisions regarding the possibility of continuing a contract concluded for a specified period of time regarding crediting consumer needs under the existing rules in the event of failure to accept unilateral proposed changes from the bank.

In the letter of 13 May 2021, the Office for Competition and Consumer Protection notified the Bank that the collection of evidence had been completed. The Office for Competition and Consumer Protection decided to extend the deadline for the completion of the proceedings until 30 April 2026.

As at 31 December 2025 the Bank did not have any provisions in this respect, similarly as at 31 December 2024.

**Proceedings on the allegation of practices restricting competition on the market of acquiring services related to payments with payment cards in Poland**

After conducting antitrust proceedings against ING Bank Śląski S.A. and other banks, at the request of the Polish Trade and Distribution Organization - the Employers' Association (POHiD), the President of the Office of Competition and Consumer Protection issued a decision on 29 December 2006 stating that the Bank had committed practices restricting competition. UOKiK found competition-restricting practice consisting in the participation by various Polish banks, including the Bank, in an agreement limiting competition on the market of acquiring services related to the settlement of consumer obligations to merchants, for payments for goods and services purchased by consumers, using payment cards in Poland by jointly determining the interchange fee charged on transactions made with Visa and MasterCard cards in Poland. In connection with the finding of practices restricting competition, UOKiK imposed fines, including on the Bank in the amount of PLN 14 million.

The Bank appealed against the Decision to the Court of Competition and Consumer Protection (SOKiK). By judgement of 12 November 2008, SOKiK amended the UOKiK's decision, in that it did not find any practice restricting competition. On 22 April 2010, this verdict was overturned by the Court of Appeal, which referred the case to SOKiK for reconsideration. Another judgement of the Court of Appeal was upheld, which resulted in the obligation to pay a fine. However, the amount of the fine was refunded to the Bank following the judgement of the Supreme Court, which overturned the judgement of the Court of Appeal. Currently, as a result of the Appellate Court's decision of 23 November 2020, the case is being reconsidered by the SOKiK. Further hearings were held following an exchange of pleadings between the parties. The court admitted the evidence from the expert opinion. The opinion was served on the parties who replied to it. The Court ordered a supplementary opinion but has not yet been served on the Bank's representative.

Due to the lack of final decisions, the amount of the refunded penalty was not recognized in the profit and loss account. As at 31 December 2025, the value of the provision was PLN 14 million, similarly as at 31 December 2024.

**Litigation concerning loans based on variable interest rate and the rules for determining the WIBOR reference rate**

As at 31 December 2025, the Bank was subject to 304 court proceedings (196 proceedings as at 31 December 2024), in which clients question the basis of the mortgage loan agreement on the variable interest rate structure and the rules for determining the WIBOR reference rate. The Bank questions the validity of the claims raised in these cases, as the use of the WIBOR index is compliant with the law. The WIBOR benchmark is set by an administrator, independent of the bank, and supervised by the Polish Financial Supervision Authority. When granting such loans, the Bank provides clients with all the information required by law, i.e. the ratio and the risk of variable interest rate. This is confirmed by the case law to date, which is favourable for the Bank. As at 31 December 2025 , 27 cases had already been successfully completed (12 cases as at 31 December 2024).

The Częstochowa Regional Court in a case against one of the banks, in which the plaintiff raises objections regarding the WIBOR rate, decided to refer the following questions to the Court of Justice of the European Union by order of 31 May 2024:

- 1) Does Article 1(2) of Directive 93/13, which excludes from the directive the terms of a contract which reflect, inter alia, the applicable laws or regulations, permit the examination of variable-rate contractual terms on the basis of the WIBOR benchmark?
- 2) If the answer to the first question is in the affirmative, does Article 4(2) of Directive 93/13, which excludes the assessment of the unfairness of contractual terms relating to the determination of the main subject-matter of the contract or of the price/remuneration, permit the examination of variable-rate contractual terms on the basis of the WIBOR benchmark?
- 3) In the event of a positive answer to the first and second questions, can the provisions of the agreement on variable interest rates based on the WIBOR reference rate be regarded as contrary to the requirements of good faith and causing a significant imbalance in the parties' rights and obligations arising under the agreement to the detriment of the consumer, due to the consumer's inadequate information regarding the exposure to the risk of a variable interest rate, including, in particular, the failure to indicate how the benchmark on which the variable interest rate is set is determined and what doubts are related to its non-transparency and the uneven distribution of this risk among the parties to the agreement?
- 4) If the previous questions are answered positively, is it possible to continue the operation of a contract in which the interest rate on the amount of the loan principal will be based on the second component determining the interest rate contained in the contract, i.e. the bank's fixed margin, which will change the interest rate on the loan from variable to fixed?

On 3 July 2024, the request for a preliminary ruling was formally submitted to the CJEU and the case was given the case number C-471/24. On 28 October 2024, the Polish Government submitted to the CJEU its position on the preliminary questions asked in this case, in which it recommends a negative answer to all the above questions. This position is in line with the banks' arguments.

On 11 June 2025, a hearing was held before the CJEU, during which the judges heard the positions of participants in the proceedings. Both the representative of the EC and the representative of the Polish and Portuguese Governments presented a position in line with the position of the banking sector, i.e. that there are no grounds to examine WIBOR and question its reliability, credibility and legality. It is an objective, market-based indicator and depends primarily on the monetary policy of the central bank. During the hearing, it was announced that the Advocate General of the CJEU would prepare an opinion.

On 11 September 2025, the Ombudsman issued an opinion in which he confirmed the correctness of WIBOR designation. The Ombudsman concluded that the national court could not examine the method of determining the



WIBOR index. The bank should provide information about the name, the administrator and the effects of the increase in the index on the loan interest rate, which was implemented by the banks. The transparency requirement of Directive 93/13 does not oblige the creditor to directly provide more detailed information on the benchmark methodology than required by the BMR. Regulation. The banks have fulfilled these obligations. Even if the terms were to be considered as non-transparent, this is not yet sufficient to effectively undermine them. For a term to be considered unfair, the interest rate would have to deviate from market conditions.

On 12 February 2026, the CJEU announced its verdict in which it upheld the position expressed in the Ombudsman’s opinion. The CJEU judges confirmed that the courts in consumer cases cannot investigate the correctness of the designation of WIBOR, including the method of its determination. This would be contrary to the BMR. In such proceedings, the courts should examine whether the bank has fulfilled its disclosure obligations under Directive 2014/17/EU - providing information about the name, administrator and impact of the increase in the benchmark on the loan interest rate. The CJEU confirmed that banks are not obliged to disclose to consumers the method of determining the benchmark. However, the CJEU stressed that even a breach of information obligations regarding variable interest rates is not sufficient to declare the agreement invalid. In order to establish this, the court must examine the fairness of the clause. Due to the short period of time since the verdict, it is not known at this moment how it will affect the jurisprudence of Polish courts. However, it should be estimated that the existing line of jurisprudence in WIBOR cases will be strengthened, according to which no final judgment unfavorable to banks has been issued so far.

Court proceedings concerning the sanction of free credit

As at 31 December 2025, there were 103 court proceedings against the Bank (75 proceedings as at 31 December 2024) regarding the free loan sanction. As at 31 December 2025, 39 cases were already completed (23 cases as at 31 December 2024), while none of them had any irregularities in contracts that would have been the basis for recognising the statement on the sanction of the free loan.

A lawsuit by borrower against one of the banks was brought to the court in Poland for the imposition of a free loan sanction, i.e. depriving the lender of the right to interest and other fees resulting from the agreement. In the course of the proceedings, the court raised certain doubts, with which it referred a preliminary ruling to the CJEU. On 13 February 2025, the CJEU issued a judgement in Case C-472/23, answering the following questions asked by the Polish court:

- 1) The fact that the credit agreement refers to an annual percentage rate of charge which is overstated because certain terms of the agreement were subsequently found to be unfair (i.e. abusive) and therefore not binding on the consumer does not in itself constitute a breach of the obligation to provide information.
- 2) The fact that the credit agreement mentions a number of circumstances justifying an increase in the charges relating to the performance of the contract, without the consumer, who is reasonably well informed and reasonably observant and circumspect, being able to ascertain whether those charges have occurred or whether

they have had an effect on them, constitutes an infringement of the obligation to provide information, in so far as that indication is liable to call into question the consumer’s ability to assess the extent of his obligation.

- 3) Article 23 of Directive 2008/48 does not preclude national legislation which provides, in the event of a breach of the obligation to provide information imposed on the creditor, for a uniform penalty consisting in depriving the creditor of his right to interest and charges, irrespective of the individual degree of seriousness of the breach, in so far as that breach is liable to undermine the consumer’s ability to assess the extent of his obligation.

In this judgement, the CJEU recalled that the law requires a number of detailed information to be provided in a consumer credit agreement, including the actual interest rate (calculated according to the given mathematical formula) and the total cost of the credit incurred by the consumer. One of the elements of the dispute in the main proceedings was that, once the abusive provision has been removed, the APR is lower than that stated in the contract. However, in the CJEU’s opinion, the situation that the deletion of the contested provision leads to an overstatement of the APR calculated by the lender according to the aforementioned mathematical formula does not mean a breach of information obligations. The CJEU pointed out that this does not mean, however, that the creditor had the right to freely and arbitrarily change the terms of the agreement, including the amount of fees, in the course of its implementation. Information on loan repayment terms is a key element, including the reasons for changing these parameters - therefore the agreement should indicate in a transparent manner the reasons and manner of changes in the amount of fees related to the loan granted.

The CJEU also addressed whether a civil court verdict may result in a free loan sanction depriving the bank of all its receivables, or whether it should be proportional to the scale of violations. The CJEU pointed out that according to the directive, these consequences should be effective, proportionate and dissuasive, so their severity should be adequate to the gravity of the violation. Therefore, since the lack of correct information restricts the consumer’s exercise of his rights and makes it difficult to understand his obligations, the CJEU considers that the sanction of a free loan provided for by national law can be considered disproportionate only if the breach of the information obligations could not affect the consumer’s ability to assess his obligations. That, in turn, means that national law may allow a penalty in the form of deprivation of interest and other entitlements to the creditor - but the assessment of the conditions and circumstances obviously depends on the facts and must therefore be carried out by the referring court.

Other proceedings

On 23 January 2020, the Bank received a notice from the President of the Office for Personal Data Protection (President of the DPA) regarding the audit of the compliance of the processing of personal data with personal data protection regulations, i.e. Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data and repealing Directive 95/46/EC (General Data Protection Regulation) and the Act of 10 May 2018 on personal data protection. On 9 December 2021, the Bank received a notice from the President of UODO on the



initiation of ex officio administrative proceedings in this area. On 28 July 2025, the Bank received the decision of UODO to impose a fine of PLN 18 million. The Bank created a provision for the amount of the fine and recognized it in the costs of 2025. The Bank appealed against the decision using the right to lodge a complaint with the Voivodeship Administrative Court in Warsaw.

33. Other liabilities

as at 31 December		
	2025	2024
Accruals, including:	938	1,002
due to employee benefits	362	375
of which variable remuneration programme	51	48
due to commissions	227	210
due to general and administrative expenses	349	417
Other liabilities, including:	2,593	2,458
lease liabilities	469	500
interbank settlements	1,194	1,023
settlements with suppliers	116	141
public and legal settlements	182	180
liability to pay to the BFG guarantee fund	202	172
liability to pay to the BFG resolution fund	295	244
other:	135	198
Total	3,531	3,460
Including financial liabilities	2,593	2,458
Expected settlement period of other liabilities		
up to 1 year	2,930	2,616
over 1 year	601	844

34. Equity

34.1. Share capital

The Bank’s share capital is PLN 130,100,000 and is sub-divided into:

- 92,600,000 A-series ordinary bearer's shares with face value of PLN 1.00 each, and
- 37,500,000 B-series ordinary bearer's shares with face value of PLN 1.00 each.

Each ordinary share entitles its holder to dividend and one vote during the general meeting. All shares are fully paid.

34.2. Accumulated other comprehensive income

The following table presents the balances of accumulated other comprehensive income as at 31 December 2025 and 31 December 2024, respectively. The tables on next page show the reconciliation of changes in accumulated other comprehensive income during 2025 and 2024.

as at 31 December		
	2025	2024
Accumulated other comprehensive income, including:		
from financial assets measured through other comprehensive income - debt instruments, including:	-37	-5
deferred tax	-53	-50
current tax *	49	51
from financial assets measured through other comprehensive income - equity instruments, including:	212	186
deferred tax	-63	-44
from financial assets measured through other comprehensive income - loans, including:	-54	-63
deferred tax	15	14
from cash flow hedges, including:	-2,023	-4,849
deferred tax	-18	-9
current tax **	487	1,147
from actuarial gains / losses, including:	-36	-31
deferred tax	11	7
Total	-1,938	-4,762

\*) current tax on the valuation of debt instruments - due to the fact that the debt securities included in all portfolios are jointly owned by one taxpayer of corporate income tax (hereinafter "CIT"), the Bank calculated for all portfolios jointly, separately for each security and using the FIFO method, tax results on purchase and sale of debt securities. The method of determining tax results on the purchase/sale of debt securities results in a different distribution of the results achieved in terms of valuation than for accounting purposes. Accounting unrealised valuation in accumulated other comprehensive income for CIT purposes becomes a realised valuation, on which the Bank pays current tax. For this reason the current tax is recorded for the part of the unrealised valuation in accumulated other comprehensive income that is realised in terms of CIT.

\*\*)current tax on the valuation of hedging derivatives - the Bank uses the service “settlement-to-market”, or “STM”, provided for by the Regulation of the KDPW/LCH/EUREX (CCP) in respect of the approach to the settlement of IRS and FRA instruments. Even though the effective portion of the derivative hedge instruments resulting from the measurement of derivative hedging instruments is recognised in other comprehensive income, due to the STM mechanism it is settled in cash and the amount paid to/ received from CCP represents tax income/ expense for the purpose of the corporate income tax (CIT). That is why the current tax is recognised in other comprehensive income. Details on the STM services are presented in note 17. Valuation of derivatives.

Accumulated other comprehensive income - change in balance

for the year ended 31 December 2025						
	changes in the fair value of financial assets measured through other comprehensive income			cash flow hedges	actuarial gains / losses	Total
	debt instruments	equity instruments	loans			
Balance at the beginning of the period	-5	186	-63	-4,849	-31	-4,762
gains/losses on revaluation carried through equity	9	26	9	1,271	-	1,315
transfer to financial result in connection with the sale	-41	-	-	1,555	-	1,514
actuarial gains/losses	-	-	-	-	-5	-5
Balance at end of period	-37	212	-54	-2,023	-36	-1,938

for the year ended 31 December 2024						
	changes in the fair value of financial assets measured through other comprehensive income			cash flow hedges	actuarial gains / losses	Total
	debt instruments	equity instruments	loans			
Balance at the beginning of the period	-69	171	-117	-5,169	-28	-5,212
gains/losses on revaluation carried through equity	55	15	54	-1,447	-	-1,323
transfer to financial result in connection with the sale	9	-	-	1,767	-	1,776
actuarial gains/losses	-	-	-	-	-3	-3
Balance at end of period	-5	186	-63	-4,849	-31	-4,762

In the item *financial assets measured at fair value through other comprehensive income – gains/losses on revaluation carried through equity* in relation to debt securities, changes in the fair value of items classified in this category have been presented, without taking into account the changes resulting from the valuation of the hedged risk, in terms of items covered by the fair value hedge accounting.

With respect to cash flow hedges:

- in the item *gains/losses on revaluation carried through equity* - the amount of the effective part of the hedging relationship in the cash flow hedging strategy of the portfolio of financial assets/liabilities is presented.
- in the item *transfer to the financial result* - the amortization of the effective part of the hedging relationship of the cash flow hedging strategy was presented on the dates when the hedged item results in the profit or loss.

The rules relating to the above items are described in detail in chapter III. *Significant accounting principles*, in item 13.8.1. and in the section *Risk and capital management*, in chapter II.3.8. *Hedge accounting*.

34.3. Retained earnings

as at 31 December		
	2025	2024
Other supplementary capital	315	315
Reserve capital	15,931	14,803
General risk fund	1,215	1,215
Valuation of share-based payments, including: deffered tax	32	24
Retained earnings from previous years	-9	-5
Result for the current year	23	57
Total	4,633	4,369
	22,149	20,783

Supplementary capital

Supplementary capital is formed from appropriations from profit after tax, surpluses generated under issue of shares above their face value and extra contributions paid up by the shareholders to be used for covering balance-sheet losses. The decision on the use of the supplementary capital is taken at the General Meeting.

Reserve capital

The reserve capital is created irrespective of the supplementary capital from profit after tax write-offs, in the amount passed by the General Meeting. The reserve capital may be allocated to cover special costs and expenses, and also to increase the share capital from the Bank’s funds. The decision on activation of the reserve capital is taken by the General Meeting.

General Risk Fund

The General Risk Fund is established in accordance with the Banking Law Act from the post-tax profits and is used for unidentified risk of banking activity. The decision on the use of the Fund is taken by the Management Board.

Dividend payout

Details of the Bank’s dividend policy and divided payout constraints are included in the section *Risk and capital management*, in item I.5. *Dividend Policy*.

Retained earnings - change in balance

as at 31 December 2025

	Other supplemen- tary capital	Reserve capital	General risk fund	Valuation of share-based payments	Retained earnings from previous years	Result for the current year	Total
Balance at the beginning of the period	315	14,803	1,215	24	4,426	-	20,783
net result for the current period	-	-	-	-	-	4,633	4,633
dividend payment*	-	-	-	-	-3,276	-	-3,276
write-down of profit to reserve capital	-	1,150	-	-	-1,150	-	-
valuation of incentive employee programmes	-	-	-	-14	14	-	-
using the reserve capital created for the implementation of the employee incentive programme	-	-22	-	22	-	-	-
purchase of own shares for the purposes of the employee incentive program	-	-	-	-	22	-	22
settlement of the acquisition and transfer of own shares to employees	-	-	-	-	-13	-	-13
Balance at end of period	315	15,931	1,215	32	23	4,633	22,149

\*) In 2025 the Bank paid a dividend from the 2024 profit in the amount of PLN 3,276 million, i.e. PLN 25.18 per share.

as at 31 December 2024

	Other supplemen- tary capital	Reserve capital	General risk fund	Valuation of share-based payments	Retained earnings from previous years	Result for the current year	Total
Balance at the beginning of the period	315	14,699	1,215	72	4,449	-	20,750
net result for the current period	-	-	-	-	-	4,369	4,369
dividend payment*	-	-	-	-	-4,339	-	-4,339
write-down of profit to reserve capital	-	110	-	-	-110	-	-
valuation of incentive employee programmes	-	-	-	-54	52	-	-2
using the reserve capital created for the implementation of the employee incentive programme	-	-6	-	6	-	-	-
purchase of own shares for the purposes of the employee incentive program	-	-	-	-	6	-	6
settlement of the acquisition and transfer of own shares to employees	-	-	-	-	-1	-	-1
Balance at end of period	315	14,803	1,215	24	57	4,369	20,783

\*) In 2024, the Bank paid out a dividend from the 2023 profit and from the reserve capital allocated for the payment of dividend in the amount of PLN 4,339 million, i.e. PLN 33.35 per share

35. Contingent liabilities

35.1. Contingent liabilities granted

as at 31 December

	2025	2024*
Undrawn credit facilities	51,386	45,491
Guarantees	9,277	8,018
Credit card limits	2,108	1,896
Undrawn overdrafts in current account	1,386	1,409
Letters of credit	391	393
Reverse transactions	-	281
Total	64,548	57,488

\*) The data as at 31 December 2024 included liabilities due to binding offers in the amount of PLN 904 million, which in the financial statements for 2024 were presented as supplementary information under the table. Currently, these liabilities are presented in individual items of the table, according to the product to which they relate.

The Bank discloses obligations to grant loans. These obligations include approved loans, credit card limits and overdrafts in current accounts.

The Bank issues guarantees and letters of credits to secure fulfilment of obligations of the Bank’s customers to third parties. The value of guarantees and letters of credit disclosed above reflects the maximum loss that can be incurred and that would be disclosed as at the balance sheet date should the customers fail to fulfil their obligations in full.

The Bank charges commissions for contingent liabilities granted, which are settled in line with the specific nature of the particular instrument.

Financial guarantee contracts by maturity

as at 31 December

	2025	2024
up to 1 month	155	167
over 1 month and up to 3 months	789	866
over 3 months and up to 1 year	3,176	3,558
over 1 year and up to 5 years	4,516	2,751
over 5 years	641	676
Total	9,277	8,018



35.2. Contingent liabilities received

as at 31 December		
	2025	2024
Guarantees received	23,285	23,164
Financing	4,061	1,948
Total	27,346	25,112

Guarantee commitments received consist of collateral values for loans granted by the Bank. Funding commitments received include the value of deposits and loans that do not meet the criteria for recognition in the statement of financial position at the time of the financial statements.

36. Fair value

36.1. Financial assets and liabilities measured at fair value in statement of financial position

Based on the methods used to determine fair value, the Bank classifies individual financial assets/liabilities into one of three categories, the so-called level in the fair value measurement hierarchy. The description of particular levels of the valuation hierarchy is contained in chapter III. *Significant accounting principles*, in item 13.7. In 2025, as in 2024, there were no transfers between levels of the valuation hierarchy.

The tables present the carrying amounts of financial assets and liabilities measured at fair value, broken down by measurement hierarchy levels.

as at 31 December 2025				
	Level 1	Level 2	Level 3	Total
Financial assets, including:	39,200	1,315	7,928	48,443
Financial assets held for trading, including:	1,090	1,242	-	2,332
valuation of derivatives	-	818	-	818
other financial assets held for trading, including:	1,090	424	-	1,514
debt securities, including:	1,090	-	-	1,090
State Treasury bonds in PLN	976	-	-	976
Czech Treasury bonds	114	-	-	114
repo transactions	-	424	-	424
Financial assets other than those held for trading, measured at fair value through profit or loss, including:	-	-	8	8
loans are obligatorily measured at fair value through profit or loss	-	-	7	7
equity instruments	-	-	1	1
Derivative hedge instruments	-	73	-	73
Financial assets measured at fair value through other comprehensive income, including:	38,110	-	299	38,409
debt securities, including:	38,110	-	-	38,110
State Treasury bonds in PLN	33,058	-	-	33,058
European Union bonds	1,947	-	-	1,947
European Investment Bank bonds	2,689	-	-	2,689
Austrian government bonds	416	-	-	416
equity instruments	-	-	299	299
Loans and other receivables measured at fair value through other comprehensive income	-	-	7,621	7,621
Financial liabilities, including:	418	575	-	993
Financial liabilities held for trading, including:	418	498	-	916
valuation of derivatives	-	498	-	498
book short position in trading securities	418	-	-	418
Derivative hedge instruments	-	77	-	77

as at 31 December 2024				
	Level 1	Level 2	Level 3	Total
<b>Financial assets, including:</b>	<b>32,285</b>	<b>1,466</b>	<b>6,735</b>	<b>40,486</b>
<b>Financial assets held for trading, including:</b>	<b>521</b>	<b>1,405</b>	<b>-</b>	<b>1,926</b>
valuation of derivatives	-	898	-	898
other financial assets held for trading, including:	521	507	-	1,028
debt securities, including:	521	-	-	521
State Treasury bonds in PLN	499	-	-	499
Czech Treasury bonds	22	-	-	22
repo transactions	-	507	-	507
<b>Financial assets other than those held for trading, measured at fair value through profit or loss, including:</b>	<b>-</b>	<b>-</b>	<b>22</b>	<b>22</b>
loans are obligatorily measured at fair value through profit or loss	-	-	21	21
equity instruments	-	-	1	1
<b>Derivative hedge instruments</b>	<b>-</b>	<b>61</b>	<b>-</b>	<b>61</b>
<b>Financial assets measured at fair value through other comprehensive income, including:</b>	<b>31,585</b>	<b>-</b>	<b>254</b>	<b>31,839</b>
debt securities, including:	31,585	-	-	31,585
State Treasury bonds in PLN	26,271	-	-	26,271
European Union bonds	2,064	-	-	2,064
European Investment Bank bonds	2,838	-	-	2,838
Austrian government bonds	412	-	-	412
equity instruments	-	-	254	254
<b>Transferred assets, including:</b>	<b>179</b>	<b>-</b>	<b>-</b>	<b>179</b>
Treasury bonds in PLN from the portfolio of financial assets measured at fair value through profit or loss	179	-	-	179
<b>Loans and other receivables measured at fair value through other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>6,459</b>	<b>6,459</b>
<b>Financial liabilities, including:</b>	<b>487</b>	<b>996</b>	<b>-</b>	<b>1,483</b>
<b>Financial liabilities held for trading, including:</b>	<b>487</b>	<b>913</b>	<b>-</b>	<b>1,400</b>
valuation of derivatives	-	733	-	733
book short position in trading securities	487	-	-	487
repo transactions	-	180	-	180
<b>Derivative hedge instruments</b>	<b>-</b>	<b>83</b>	<b>-</b>	<b>83</b>

Valuation of financial instruments classified to level 2 of the valuation hierarchy

The Bank classifies derivatives and repo transactions to level 2 of valuation hierarchy.

Derivatives

The following models are applied for non-linear transactions (FX options), depending on the product type:

- the European vanilla option and a European digital option – the Garman-Kohlhagen model,
- Cap/Floor (back-to-back transactions) – the Bachelier model.

The following are the input data for the models:

- the FX rate – obtained by the parties from the National Bank of Poland’s website,

- implied volatilities – obtained from Bloomberg,
- profitability curves similar to those for linear derivatives.

Fair value for linear instruments (other derivatives) is determined based on discounted future cash flows at the transaction level. The fair value determined in that manner is the PV of those cash flows.

All input data used for the creation of the revaluation curves are observed on the market, and include: deposit market rates, forward points, FRA rates, IRS rates, OIS rates, FX basis points, basis points among the indexes for variable rates, and FX rates. The data come from the Reuters system and come mainly from brokers. Market data quality is controlled during the daily contribution process for revaluation rates.

Derivatives are generally valued according to the concept of OIS curves with the assumption of the existence of transaction valuation collateral in the form of a deposit bearing interest at the ESTR rate. The exceptions are transactions in PLN and CZK subject to settlement within central clearing houses (LCH, KDPW, EUREX) and bilateral transactions concluded on the basis of an ISDA agreement with a CSA annex in the collateral currency of PLN or without the annex. For these transactions, the NPV is settled in the original currency, which is reflected in the valuation curves used (discount curve based on IBOR, FRA and IRS quotes).

Repurchase transactions

Fair value for repurchase transactions is determined based on future payment flows discounted according to the profitability curve for instruments with payment flow (so-called cash instruments).

Valuation of financial instruments classified to level 3 of the valuation hierarchy

The financial assets classified to level 3 of the valuation as at 31 December 2025 and as at 31 December 2024 include unlisted equity instruments and loans that did not meet the SPPI criterion according to IFRS 9.

Equity instruments

Fair value measurement of unquoted equity interests in other companies is based on the discounted cash flow, dividend or economic value added model. Estimates of future cash flows were prepared based on medium-term profitability forecasts prepared by the Management Boards of these companies. The discount rate is based on the cost of equity estimated using the CAPM (Capital Asset Pricing Model). At the end of 2025, it was in the range of 11.1%-13.1%, depending on the company, compared to 11.7%-13.7% at the end of 2024. Fair value measurement of unquoted equity interests in other companies as at 31 December 2025 and 31 December 2024 covered the following entities: Biuro Informacji Kredytowej S.A., Krajowa Izba Rozliczeniowa S.A. and Polski Standard Płatności sp. z o.o.

As at 31 December 2025 , the sensitivity analysis of the valuation of equity instruments shows that:

- adoption of the target dividend payment rate by +10p.p. / -10p.p. compared to the base scenario, would result in a valuation increase / decrease of 9% (by 10% as 31 December 2024);
- adopting the cost of equity by -0.5p.p. / +0.5p.p. compared to the base scenario, would result in a valuation increase by 6%/ decrease by 5% (increase by 6% / decrease by 5% as at 31 December 2024);
- a combination of effects from points 1) and 2), would result in respectively an increase of valuation by 16% / decrease of valuation by 14% (11%/9% as at 31 December 2024).

In 2025, the change in the valuation of equity instruments classified to level 3 of the valuation hierarchy included in other comprehensive income amounted to PLN 26 million (in 2024: PLN 15 million).

Loans

The fair value methodology of the loan portfolio is based on the discounted cash flow method. Under this method, for each contract being valued, expected cash flows are estimated, discount factors for particular payment dates and the value of discounted cash flows is determined as at the valuation date. Valuation models are powered by business parameters for individual contracts and parameters observable by the market, such as interest rate curves, liquidity cost and cost of capital. The change in the parameters adopted for the valuation did not have a significant impact on the valuation value as at 31 December 2025.

The impact of the valuation of loans classified to level 3 of the valuation hierarchy is presented in the statement of profit or loss in the item *Net income on financial instruments measured at fair value through profit or loss and FX result*. It was negligible both in 2025 and 2024.

Discount rates for mortgage loans measured at fair value through other comprehensive income were on average 5.62% at the end of 2025 (compared to 6.6% at the end of 2024), while the sensitivity analysis of fair value as at 31 December 2025 indicates that a change in the discount rate by +0.5/-0.5 p.p. in the absence of a change in expected flows results in a change in fair value by around -1.8/+1.9%, respectively. For comparison, the sensitivity analysis of fair value as at 31 December 2024 indicated that a change in the discount rate by +0,5/-0,5 p.p. in the absence of a change in expected cash flows resulted in a change in fair value by approx. -2,3%/+2.4%, respectively.

Change in financial assets classified to level 3 of the measurement hierarchy

for the year ended 31 December 2025				
	loans obligatorily measured at fair value through profit or loss	equity instruments measured at fair value through profit or loss	equity instruments measured at fair value through other comprehensive income	loans measured at fair value through other comprehensive income
Opening balance	21	1	254	6,459
Additions, including:	-	-	45	2,627
loans granted during the period and disbursement of new tranches	-	-	-	2,606
valuation recognised in accumulated other comprehensive income	-	-	45	21
Reductions, including:	-14	-	-	-1,465
loan repayments	-14	-	-	-402
sale to ING Bank Hipoteczny S.A.	-	-	-	-1,063
Closing balance	7	1	299	7,621

for the year ended 31 December 2024				
	loans obligatorily measured at fair value through profit or loss	equity instruments measured at fair value through profit or loss	equity instruments measured at fair value through other comprehensive income	loans measured at fair value through other comprehensive income
Opening balance	39	-	236	6,473
Additions, including:	-	1	18	1,685
loans granted during the period and disbursement of new tranches	-	1	-	1,637
valuation recognised in accumulated other comprehensive income	-	-	18	48
Reductions, including:	-18	-	-	-1,699
loan repayments	-18	-	-	-504
sale to ING Bank Hipoteczny S.A.	-	-	-	-1,195
Closing balance	21	1	254	6,459

36.2. Non-financial assets measured at fair value in the statement of financial position

Own real property

The Bank measures properties held at fair value and classifies them to level 3 of the measurement hierarchy. At the end of 2025, their balance sheet value was PLN 181 million, compared to PLN 185 million at the end of 2024. The change in the balance of own property is presented in this report in note 23. *Property, plant and equipment*.

The valuation of the own property is carried out by an independent valuer using the income method in accordance with the applicable rules for the valuation of the property. The results of real properties appraisals were presented in the income statement in the item *General and administrative expenses* (in note 8., in detailed item *maintenance costs of buildings and real estate valuation to fair value*).



As at 31 December 2025, the sensitivity analysis of the valuation of own property indicates that, assuming a capitalisation rate of -0.5p.p. / +0.5p.p. compared to the base scenario, it would result in a valuation increase of 6.2% (PLN 16 million) / a valuation decrease of 5.5% (PLN 14 million), respectively.

As at 31 December 2024, the sensitivity analysis of the valuation of own property indicates that, assuming a capitalisation rate of -0.5p.p. / +0.5p.p. compared to the base scenario, it would result in a valuation increase of 6.1% (PLN 16 million) / a valuation decrease of 5.4% (PLN 14 million), respectively.

36.3. Financial assets and liabilities not measured at fair value in statement of financial position

The tables present a comparison of the carrying amount with the fair value for investment securities measured at amortized cost, the loan portfolio and amounts due to customers and subordinated liabilities. For other financial assets and liabilities as well as guarantees and off-balance sheet liabilities not measured at fair value in the statement of financial position, the fair value is close to the carrying amount.

In 2025, the same as in 2024 there were no transfers between levels of the valuation hierarchy.

as at 31 December 2025					
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Investment securities at amortised cost	26,949	24,534	1,942	-	26,476
treasury bonds in PLN	15,822	15,680	-	-	15,680
treasury bonds in EUR	1,972	1,901	-	-	1,901
European Investment Bank bonds	7,111	6,953	-	-	6,953
bonds of the Polish Development Fund (PFR)	1,845	-	1,750	-	1,750
Bank Gospodarstwa Krajowego bonds	199	-	192	-	192
Loans and receivables to customers, including:	162,005	-	-	162,953	162,953
Corporate banking segment, including:	91,592	-	-	92,173	92,173
loans and advances (in the current account and term ones)	86,925	-	-	87,644	87,644
corporate and municipal debt securities	4,667	-	-	4,529	4,529
Retail banking segment, including:	67,148	-	-	67,516	67,516
mortgages	56,708	-	-	56,775	56,775
other loans and advances	10,440	-	-	10,741	10,741
Other receivables	3,265	-	-	3,264	3,264
Liabilities to customers	235,412	-	-	235,415	235,415
Subordinated liabilities	2,548	-	-	2,634	2,634

as at 31 December 2024					
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Investment securities at amortised cost	27,053	20,459	5,384	-	25,843
treasury bonds in PLN	11,859	11,317	-	-	11,317
treasury bonds in EUR	2,872	2,750	-	-	2,750
European Investment Bank bonds	6,654	6,392	-	-	6,392
bonds of the Polish Development Fund (PFR)	3,860	-	3,618	-	3,618
Bank Gospodarstwa Krajowego bonds	1,808	-	1,766	-	1,766
Loans and receivables to customers, including:	150,037	-	1,040	149,447	150,487
Corporate banking segment, including:	87,287	-	-	87,772	87,772
loans and advances (in the current account and term ones)	82,720	-	-	83,361	83,361
corporate and municipal debt securities	4,567	-	-	4,411	4,411
Retail banking segment, including:	59,548	-	-	59,513	59,513
mortgages	50,275	-	-	49,987	49,987
other loans and advances	9,273	-	-	9,526	9,526
Other receivables	3,202	-	1,040	2,162	3,202
Liabilities to customers	219,941	-	-	219,870	219,870
Subordinated liabilities	1,499	-	-	1,610	1,610

The Bank discloses the data on the fair value of loans and deposits recognised respectively in the groups of financial assets and financial liabilities carried at amortised cost considering the effective interest rate.

For the purpose of fair value calculation of the PLN mortgage loan portfolio, a yield curve containing transfer prices is used, which are calculated on the basis of WIBOR 1M, WIBOR 6M and WIRON 1M rates, respectively.

To compute fair value of other assets and deposits measured at amortised cost and financial liabilities measured at amortised cost considering the effective interest rate the transfer price is applied. The transfer price is calculated as:

- PLN: BID rates being WIBID overnight, OFFER rates being WIBOR overnight.
- EUR: BID rates being EURIBOR overnight, OFFER rates being EURIBOR overnight.
- USD and CHF: BID rates being LIBOR overnight, OFFER rates being LIBOR overnight.

BID rates are used to compute fair value of financial liabilities measured at amortised cost; in the case of financial assets measured at amortised cost OFFER rates are applied. All intermediate points on the curves are interpolated linearly.

Credit loss estimations reflect the credit loss provisioning model in place at the Bank in the model of impairment for expected credit losses.

In certain aspects, the model adopted by the Bank is based on the assumptions that do not confirm the prices of verifiable current market transactions referring to the same instrument – the model does not take into account restructuring-based changes either.

Loans and other receivables

The credit portfolio including securities classified to financial assets measured at amortised cost is divided into sub-portfolios according to the product type, client segment and the currency.

In the case of those sub-portfolios, the discounting factor is used for each cash flow.

For loans/securities, the discounting factor is assumed as the total of:

- the market rate based on the yield curve as at the balance sheet date, and
- the average margin based on the portfolio of loans granted in the first and second month of the current quarter.

For that purpose, the following assumptions are adopted:

- use to calculate loans granted in the first and second month of the current quarter,
- division into the abovementioned product groups, and
- the spot at the yield curve on the basis of which the relevant market rate is set is reflected by the revaluation date for each loan.

As a result for loans and other receivables, the fair value, that arises during calculation, is the total of the net present value of cash flows of a single loan/ security (in the case of the mortgage portfolio, the fair value is the total of the net present value of cash flows of the aggregated mortgage portfolio).

In the case of the portfolio of mortgage loans in PLN, the income method is used to measure them at fair value.

Key assumptions:

- for the needs of the valuation, the original schedule of principal and interest repayments is adjusted by taking into account prepayments, credit risk and adopting a timely structure of interest rates,
- credit risk parameters, i.e. PD lifetime and LGD, discounted for the purposes of the valuation, are included in the expected cash flows,
- for the purposes of estimating cash flows, prepayments are taken into account, estimated based on the analysis of historical data on the basis of the prepayment model used,
- the calculation of the discount rate adopted to estimate the value of cash flows takes into account all risks and costs, excluding the prepayment risk and credit risk costs reflected in the flows,
- prepayment risk is reflected in cash flows,
- application of the calibration margin determined on the basis of the portfolio of mortgage loans granted in the first and second month of the current quarter, analogous to the measured portfolio.

The fair value of the loan is calculated as the sum of discounted cash flows from principal repayments and interest payments, taking into account the prepaid capital and the cost of credit risk.

In the case of loans without any repayment schedules and loans from the impaired group, it is assumed that the fair value for those loans equals their book value.

Investment securities measured at amortised cost

In the case of investment securities measured at amortized cost, the fair value of disclosure securities that are quoted on an active market is determined based on the price in this market, for other securities in this portfolio the model described above in *Loans and other receivables* is used.

37. Offsetting of financial instruments

The following disclosure relates to offsetting financial assets and financial liabilities that are subject to an enforceable contingent master agreement. ISDA agreements (for derivative transactions) and GMRA (for securities repo and reverse repo transactions) are the main framework agreements concluded by the Bank. Additional collateral for derivative exposures are security deposits, which the Bank makes and receives as part of the so-called Credit Support Annex (CSA), i.e. attachments to ISDA agreements.

Financial assets

as at 31 December 2025					
	Gross amounts of recognised financial assets	Net amounts of financial assets presented in the statement of financial position	Related amounts not offset in the statement of financial position		Net amount
			Financial instruments	Cash collateral received	
Derivatives, including:	1,050	891	-287	-358	246
valuation of derivatives	872	818	-226	-	592
derivative hedge instruments	178	73	-61	-	12
derivatives collateral	-	-	-	-358	-358
Securities loans with repurchase agreements received, including:	23,525	23,525	-	-23,773	-248
transactions classified as loans and other receivables to other banks	23,101	23,101	-	-23,365	-264
transactions classified as held for trading financial assets	424	424	-	-408	16
Total					-2

Financial Liabilities

as at 31 December 2025					
	Gross amounts of recognised financial liabilities	Net amounts of financial liabilities presented in the statement of financial position	Related amounts not offset in the statement of financial position		Net amount
			Financial instruments	Cash collateral pledged	
Derivatives, including	735	575	-287	-14	274
valuation of derivatives	597	498	-226	-	272
derivative hedge instruments	138	77	-61	-	16
derivatives collateral	-	-	-	-14	-14
Total					274

Financial assets

as at 31 December 2024					
	Gross amounts of recognised financial assets	Net amounts of financial assets presented in the statement of financial position	Related amounts not offset in the statement of financial position		Net amount
			Financial instruments	Cash collateral received	
Derivatives, including:	1,139	959	-287	-580	92
valuation of derivatives	963	898	-226	-	672
derivative hedge instruments	176	61	-61	-	-
derivatives collateral	-	-	-	-580	-580
Securities loans with repurchase agreements received, including:	22,326	22,326	-	-22,177	149
transactions classified as loans and other receivables to other banks	20,779	20,779	-	-20,661	118
transactions classified as loans and other receivables granted to customers	1,040	1,040	-	-494	546
transactions classified as held for trading financial assets	507	507	-	-1,022	-515
Total					241

Financial Liabilities

as at 31 December 2024					
	Gross amounts of recognised financial liabilities	Net amounts of financial liabilities presented in the statement of financial position	Related amounts not offset in the statement of financial position		Net amount
			Financial instruments	Cash collateral pledged	
Derivatives, including	996	816	-287	-53	476
valuation of derivatives	842	733	-226	-	507
derivative hedge instruments	154	83	-61	-	22
derivatives collateral	-	-	-	-53	-53
Securities loans with repurchase agreements received, including:	180	180	-	-179	1
transactions classified as held for trading financial liabilities	180	180	-	-179	1
Total					477

38. Supplementary information to the statement of cash flows

Cash and cash equivalents

For the purposes of the statement of cash flows, the Bank accepts as cash and cash equivalents assets in the form of cash and other cash, cash on accounts with the Central Bank and cash on accounts with other banks (including balances on current accounts and overnight deposit accounts and balances of call margins posted). These financial assets are presented in the statement of financial position in *Cash and cash equivalents* and in note 14.

Explanation of the classification of the Bank’s activities into operating, investment and financial activities in the cash flow statement

Operating activity includes the core activities of the Bank, not classified as investment or financial activities.

Investing activities include the acquisition and sale of property, plant and equipment, intangible assets and debt securities measured at amortised cost (excluding short-term treasury bills and NBP bills). Inflows from investment activities also include dividends received on account of the holding of shares in other entities.

Financial activities concern long-term (over 1 year) financial operations carried out with financial entities. Inflows from financial activities indicate the sources of financing of the Bank, obtained e.g. by taking long-term loans and borrowings from other banks and from financial entities other than banks. Outflows from financing activities mainly concern repayments of long-term liabilities by the Bank (i.a. repayments of loans and interest received, repayments of lease liabilities), and also include dividend payments to owners and acquisition of own shares for the purposes of the employee incentive programme.

Reasons for the differences between the changes in certain items reported in the statement of financial position and in the cash flow statement

Below are presented the differences between the changes in the balance resulting from the statement of financial position and the changes reported in the cash flow statement.

The explanations for the reasons for the differences are as follows:



Difference no	Explanation of the reasons for the difference
Difference 1	Changes in the balance of individual assets and liabilities have been adjusted for interest, which is presented in the item <i>Interest received</i> (from assets) or <i>Interest paid</i> (from liabilities).
Difference 2	Changes in the valuation of fair value recognized in other comprehensive income are excluded from the changes in the balances of individual assets and liabilities.
Difference 3	Changes in the balances of Investment Securities exclude changes related to the purchase and sale or redemption of debt securities valued at amortized cost (excluding short-term Treasury bills and NBP money bills). These changes were presented as <i>cash flows from investing activities</i> .
Difference 4	The change in other assets includes non-monetary - except depreciation - changes in the carrying amount of property, plant and equipment and intangible assets (cash changes related to these items are presented in <i>cash flows from investing activities</i> ).
Difference 5	The amount of lease liabilities repaid was excluded from the change in <i>other liabilities</i> , which was presented in <i>cash flows on financing activities</i> .
Difference 6	<i>Changes in liabilities to other banks</i> were excluded from the amounts of loans drawn for long-term financing, which together with the amount of interest payments on these loans, were excluded from the change in <i>liabilities to other banks</i> .
Difference 7	The amount of the settlement of the acquisition of own shares for the purposes of the incentive scheme, which was recognised in retained earnings, was excluded from the <i>change in other liabilities</i> .
Difference 8	Changes in subordinated liabilities resulting from incurring subordinated liabilities, which along with the amount of interest payments on these instruments were presented in cash flows on financing activities, were excluded from the change in subordinated liabilities.

In the tables below, individual differences have been numbered according to the list presented in the table above.

for the year ended 31 December 2025

	change od balance		difference, including:	Difference 1	Difference 2	Difference 3	Difference 4	Difference 5	Difference 7	Difference 8
	in statement of financial position	in cash flow statement								
change in provisions	8	-1	-9	-	-9	-	-	-	-	-
change in loans and other receivables to other banks	-1,767	-1,762	5	5	-	-	-	-	-	-
change in financial assets measured at fair value through profit or loss	-392	-368	24	24	-	-	-	-	-	-
change in hedge derivatives	-18	3,477	3,495	-	3,495	-	-	-	-	-
change in investment securities	-6,466	-6,116	350	290	18	42	-	-	-	-
change in transferred assets	179	249	70	70	-	-	-	-	-	-
change in loans and other receivables to customers	-13,129	-13,082	47	39	8	-	-	-	-	-
change in other assets, including:		-59								
change in 'other assets' in the statement of financial position	-24	-24	-	-	-	-	-	-	-	-
other changes	-	-35	-35	-	-	-	-35	-	-	-
change in liabilities to other banks	-455	-446	9	9	-	-	-	-	-	-
change in financial liabilities measured at fair value through profit or loss	-484	-480	4	4	-	-	-	-	-	-
change in liabilities to customers	15,471	15,496	25	25	-	-	-	-	-	-
change in subordinated liabilities	1,049	-17	-1,066	-	-	-	-	-	-	-1,066
change in other liabilities, including:		191								
change in 'other liabilities' in the statement of financial position	71	165	94	-	-	-	-	94	-	-
other changes	-	26	26	-	4	-	-	-	22	

for the year ended 31 December 2024

	change od balance		difference, including:	Difference 1	Difference 2	Difference 3	Difference 4	Difference 5	Difference 6	Difference 7
	in statement of financial position	in cash flow statement								
change in provisions	97	94	-3	-	-3	-	-	-	-	-
change in loans and other receivables to other banks	-2,523	-2,505	18	18	-	-	-	-	-	-
change in financial assets measured at fair value through profit or loss	326	336	10	10	-	-	-	-	-	-
change in hedge derivatives	-50	345	395	-	395	-	-	-	-	-
change in investment securities	-2,364	-7,747	-5,383	91	98	-5,572	-	-	-	-
change in transferred assets	-14	-12	2	2	-	-	-	-	-	-
change in loans and other receivables to customers	-9,833	-9,845	-12	-79	67	-	-	-	-	-
change in other assets, including:	-	-53								
change in 'other assets' in the statement of financial position	-2	-2	-	-	-	-	-	-	-	-
other changes	-	-51	-51	-	-	-	-51	-	-	-
change in liabilities to other banks	1,976	460	-1,516	-10	-	-	-	-	-1,506	-
change in financial liabilities measured at fair value through profit or loss	-422	-448	-26	-26	-	-	-	-	-	-
change in liabilities to customers	14,901	14,922	21	21	-	-	-	-	-	-
change in other liabilities, including:	-	-1,279								
change in 'other liabilities' in the statement of financial position	-1,389	-1,294	95	-	-	-	-	95	-	-
other changes	-	15	15	-	5	-	-	-	-	10

Change in liabilities recognized in the statement of cash flows in financing activities

for the year ended 31 December 2025			
	long-term loans received	subordinated liabilities	lease liabilities
Opening balance	9,055	1,499	500
changes from cash flows recognised in financing activities of thestatement of cash flows, of which:	-395	1,008	-94
incurring liabilities	-	1,066	-
repayment of liabilities	-	-	-94
interest payments on liabilities	-395	-58	-
non-cash changes included in operating activities of the statement of cash flows	289	41	63
including changes due to exchange rate differences	-98	-26	-2
Closing balance	8,949	2,548	469

for the year ended 31 December 2024			
	long-term loans received	subordinated liabilities	lease liabilities
Opening balance	7,681	1,526	455
changes from cash flows recognised in financing activities of thestatement of cash flows, of which:	1,056	-82	-95
incurring liabilities	1,506	-	-
repayment of liabilities	-	-	-95
interest payments on liabilities	-450	-82	-
non-cash changes included in operating activities of the statement of cash flows	318	55	140
including changes due to exchange rate differences	-142	-26	-4
Closing balance	9,055	1,499	500

39. Related entities

The Bank holds shares in the following subsidiaries and associates:

- 100% of shares in ING Investment Holding (Poland) S.A., which holds shares in:
  - 100% of shares in ING Commercial Finance S.A.
  - 100% of shares in ING Lease (Polska) Sp. z o.o.
  - 100% of shares in Paymento Financial S.A.
  - 45% of shares in Goldman Sachs TFI S.A. - associate,
- 100% of ING Bank Hipoteczny S.A.,
- 100% of shares in ING Usługi dla Biznesu S.A.,
- 100% of shares in Nowe Usługi S.A.,
- 100% of shares in SAIO S.A.,
- 40% of shares in Dom Data IDS Sp. z o.o. - an affiliate.

ING Lease (Polska) Sp. z o.o. capital group consists of 5 special purpose vehicles, in which ING Lease (Polska) Sp. z o.o. holds 100% of shares.

ING Bank Śląski S.A. is a subsidiary of ING Bank N.V., which as at 31 December 2025 held 75% of the share capital of ING Bank Śląski and 75% of the total number of votes at the General Meeting of ING Bank Śląski S.A. The ultimate parent company is ING Groep N.V. with its registered office in the Netherlands.

ING Bank Śląski S.A. conducts transactions with ING Bank N.V. and its subsidiaries on the interbank market. These are both short-term deposits and loans as well as derivatives operations. The Bank also maintains bank accounts of ING Group entities and receives and grants guarantees to entities from the ING Group.

The Bank has three subordinated loans and three non-preferred senior loans (NPS) in its balance sheet, which result from agreements concluded with ING Bank N.V.

The operating costs incurred by the Bank on behalf of the Parent Entity result primarily from contracts for the provision of consulting and advisory services, data processing and analysis, providing software licences and IT support. As regards costs incurred by the Bank on behalf of other related parties, outsourcing agreements concerning the provision of system resource hosting services for various applications, lease of IT equipment, monitoring of availability and performance of IT applications and infrastructure, as well as penetration tests and IT security monitoring play a dominant role.

All the above-mentioned transactions are carried out on market terms.

Costs are presented at net value (excluding VAT).

In 2025, the Bank carried out three sales transactions to ING Bank Hipoteczny S.A. of receivables from the mortgage loan portfolio in the total amount of PLN 1,060 million. In 2024, the Bank carried out two sales transactions to ING Bank Hipoteczny S.A. of receivables from the mortgage loan portfolio in the total amount of PLN 1,192 million. The purchase price was determined at the market value level each time.

The tables present figures relating to receivables and liabilities, revenues and costs as well as outlays on fixed assets, which result from transactions concluded between the Bank and its related entities.



as at 31 December								
	2025				2024			
	ING Bank N.V.	Other ING Group entities	Subsidiaries	Associates	ING Bank N.V.	Other ING Group entities	Subsidiaries	Associates
Receivables								
Nostro accounts	42	2	-	-	5	1	-	-
Loans	-	-	15,149	-	-	-	15,298	-
Positive valuation of derivatives	72	-	-	-	181	-	-	-
Reverse repo	23,098	-	-	-	20,351	-	-	-
Other receivables	3	1	17	-	3	-	12	-
Liabilities								
Deposits received	409	280	412	57	475	239	302	55
Loans received, including:	8,949	-	-	-	9,055	-	-	-
Subordinated loan	2,548	-	-	-	1,499	-	-	-
Loro accounts	88	178	1	-	247	72	2	-
Negative valuation of derivatives	28	-	-	-	34	-	-	-
Other liabilities	163	12	17	-	231	17	12	-
Off-balance-sheet operations								
Off-balance sheet liabilities granted	808	445	7,708	-	667	183	7,257	-
Off-balance sheet liabilities received*	74	10	-	-	72	9	-	-
FX transactions	8,999	-	-	-	14,427	-	-	-
IRS	29	-	-	-	188	-	-	-
Options	1,442	-	-	-	591	-	-	-

for the year ended 31 December								
	2025				2024			
Income and expenses								
Income, including:	-365	1	798	74	448	6	846	56
net interest and commission income/expenses	21	6	820	74	126	5	878	56
net income on financial instruments	-386	-6	-	-	322	-	-	-
result on sale of financial assets measured at fair value through other comprehensive income	-	-	-24	-	-	-	-34	-
net (loss)/income on other basic activities	-	1	2	-	-	1	2	-
General and administrative expenses	-332	-63	-10	-	-343	-71	-6	-

40. Transactions with the management staff and employees

Loans to Bank employees and senior management

Employees of the Bank use loans on the same terms as the Bank’s other clients (there are no preferential loans for employees). Loans to employees are included in the amount of loans to customers and as at 31 December 2025 amounted to PLN 265 million (excluding loans from the Company Social Benefit Fund). As at 31 December 2024, their value amounted to PLN 239 million.

Granting a loan, cash loan, bank guarantee and surety for persons in the Bank's management is defined by a separate procedure and monitoring in accordance with the Regulation of the President of ING Bank Śląski S.A.

The financial statements for 2025 include bank loans, cash loans, guarantees and sureties granted to the Bank's management (within the meaning of Article 79 of the Banking Law) in the amount of PLN 32 million. As at 31 December 2024, their value amounted to PLN 31 million.

Company Social Benefit Fund

Employees may take advantage of various forms of social assistance within the framework of Bank of the Company Social Benefit Fund. The balance of loans granted from the Company Social Benefit Fund as at 31 December 2025 was below PLN 1 million, similar as at 31 December 2024. The balance of the Company Social Benefit Fund as at 31 December 2025 was PLN 38 million, compared to PLN 27 million as at 31 December 2024.

Remuneration of ING Bank Śląski S.A. Management Board Members

The composition of ING Bank Śląski S.A. Management Board as at the end of 2025 was presented in the chapter I. *Bank details* in point 7. *ING Bank Śląski S.A. Management Board and Supervisory Board composition*.

Emoluments of ING Bank Śląski S.A. Management Board Members

Emoluments of ING Bank Śląski S.A. Management Board Members		
	2025	2024
Short-term employee benefits, including:		
remuneration	15.0	13.8
benefits	4.6	2.6
Total	19.6	16.4

Short-term employee benefits comprise: base remuneration, insurance, mutual fund contributions, medical care and other benefits awarded by the Supervisory Board.

Emoluments of ING Bank Śląski S.A. Management Board Members under the Variable Remuneration Programme

Emoluments of ING Bank Śląski S.A. Management Board Members under the Variable Remuneration Programme				
	2025		2024	
	Short-term benefits	Long-term benefits	Short-term benefits	Long-term benefits
Cash payments	4.3	3.1	3.8	3.1
Own stock	4.3	3.1	3.7	2.9
Total	8.6	6.2	7.5	6.0

Short-term benefits comprise the benefits under the Variable Remuneration Programme – the non-deferred part. Long-term benefits comprise the benefits under the Variable Remuneration Programme – the deferred part.

Emoluments of Members of the ING Bank Śląski S.A. Management Board for 2025 under the Variable Remuneration Programme have not yet been awarded.

In accordance with the Bank’s remuneration system, Members of the Bank's Management Board may be entitled to a bonus for 2025, part of which will be paid in 2026, and part of which will be deferred for subsequent years (2027-2033). The maximum possible amount of the bonus for 2025, for which the provision was created,

is PLN 15 million, including PLN 4 million for cash withdrawals in 2026, and PLN 11 million for the deferred part of the bonus. The final decision regarding the amount of bonus will be made by the Supervisory Board of the Bank.

As at 31 December 2024, the provision for cash payment of the bonus for Members of the Bank’s Management Board was PLN 14 million. The bonus for 2024 approved by the Supervisory Board in 2025 amounted to PLN 12 million.

In the year ended 31 December 2025, post-employment benefits in the amount of PLN 2 million were paid to Management Board Members. In the year ended 31 December 2024, no post-employment benefits were paid to Management Board Members.

Members of the Management Board have entered into non-competition agreements after they cease to perform functions in the Bank’s Management Board. In the event of failure to appoint for a new term of office or dismissal, Management Board Members are entitled to a severance pay. Information on severance pay for Management Board Members is included in their employment contracts and is due only in the case of termination of the employment contract by the Bank for reasons other than those entitling it to terminate the employment contract without notice.

Remuneration of ING Bank Śląski S.A. Supervisory Board Members

The composition of ING Bank Śląski S.A. Supervisory Board as at the end of 2025 was presented in the chapter I. Bank details in point 7. ING Bank Śląski S.A. Management Board and Supervisory Board composition.

Emoluments of ING Bank Śląski S.A. Supervisory Board Members

Emoluments of ING Bank Śląski S.A. Management Board Members		
	2025	2024
Short-term employee benefits, including:		
remuneration	1.6	1.3
Total	1.6	1.3

The Management Board Members and other persons employed by ING Bank Śląski S.A. do not receive any remuneration or awards for performing functions in the governing bodies of subsidiaries and affiliated entities of the ING Bank Śląski S.A. Group.

Volume of ING Bank Śląski shares held by Bank Management Board and Supervisory Board Members

As part of the Incentive Programme addressed to persons having a significant impact on the Bank’s risk profile, the Bank grants free-of-charge own shares as a component of variable remuneration.

As at 31 December 2025 the Members of the Bank’s Management Board in the new composition appointed on 29 April 2025 held a total of 19,987 shares, which consisted of:

- non-deferred own shares for the period from 1 July to 31 December 2022 (4,725 shares after taking into account the sale of 1,328 shares),
- the first part of the deferred shares for the period from 1 July to 31 December 2022 (627 shares after taking into account the sale of 176 shares) and non-deferred shares for the period from 1 January to 31 December 2023 (5,587 shares after taking into account the sale of 1,635 shares),
- the second part of the deferred shares for the period from 1 July to 31 December 2022 (805 shares), the first part of the deferred shares for the period from 1 January to 31 December 2023 (1,641 shares) and non-deferred shares for the period from 1 January to 31 December 2024 (6,602 shares).

As at 31 December 2024, Members of the Bank’s Management Board held a total of 17,498 shares, which consisted of non-deferred own shares for the period from 1 July to 31 December 2022 (6,835 shares after taking into account the sale of 937 shares), the first part of deferred shares for the period from 1 July to 31 December 2022 (1,079 shares) and non-deferred shares for the period from 1 January to 31 December 2023 (9,584 shares).

Members of the Bank’s Supervisory Board did not hold any shares in ING Bank Śląski S.A. either as at 31 December 2025 or as at 31 December 2024

41. Headcount

The headcount in the Bank at the end of 2025 and 2024 was, respectively:

as at 31 December		
	2025	2024
Individuals	7,256	7,553
FTEs	7,215.4	7,504.6

42. Significant events after the balance sheet date

None.

# Risk and capital management

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I. Capital management

1. Introduction

Capital management at ING Bank Śląski S.A. is aimed at enabling and facilitating the Bank’s development in accordance with the adopted strategy and business model. In addition, it allows you to actively manage capital, taking into account the size and dynamics of changes, both now and in the future (including in a stressful situation). Capital management takes place in three perspectives: normative/regulatory perspective, economic capital perspective and stress perspective.

The overriding goal of capital management in the Bank is to have a sufficient and effective capitalisation of the Bank to implement its business strategy and development plans, while meeting all internal and external prudential requirements. This means financial flexibility in the current and future environment to adapt to changing market and regulatory conditions.

As part of capital management, the Bank:

- identifies and assesses the materiality of the risks occurring in its operations,
- conducts activities aimed at estimating and monitoring economic capital, capital requirement and own funds,
- monitors potential risks to capital adequacy,
- allocates economic capital to business lines,
- sets internal limits in order to limit the generated capital requirements and economic capital,
- pursues an appropriate investment policy,
- establish an adequate pricing policy,
- pursues a dividend policy resulting from the long-term capital objective and preferred capital structure,
- plans economic capital and capital requirement and own funds,
- prepares contingency capital plans defining the steps to be taken in the event of a risk to capital adequacy,
- analyses the impact of macroeconomic factors on capital adequacy in accordance with the "Stress Test Policy".

The superior document regulating capital management in the Bank is the *Capital Management Policy at ING Bank Śląski S.A.*

2. Minimum capital requirements

In accordance with the letter of the Polish Financial Supervision Authority received on 11 December 2024, the Bank maintains the buffer of another systemically important institution buffer equivalent to 1% of the total risk exposure amount.

On 26 November 2025, the Bank received a letter from the Polish Financial Supervision Authority on the non-determination of an additional capital charge recommended under Pillar II ("P2G") in order to absorb potential losses resulting from the occurrence of stress conditions.

The minimum level of capital adequacy results from the obligation to maintain minimum levels of capital ratios resulting from the following external regulations:

- Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 (4.5% for CET1, 6% for T1 and 8% for TCR),
- Act of 5 August 2015 on macroprudential supervision of the financial system and crisis management in the financial system sanctioning additional capital buffers, including:
  - capital conservation buffer, which in 2025 was 2.5%,
  - other systemically important institution buffer of 1% imposed by PFSA decision, received on 11 December 2024 (in 2025, there was no update of its level),
  - countercyclical capital buffer applicable to exposures to which such buffer has been imposed by the competent authorities. The countercyclical buffer is variable over time depending on the structure of the exposures concerned and the levels of countercyclical buffer rates imposed on the exposures concerned (as at the end of December 2025, the countercyclical buffer was effectively 1.0016%, compared to 0.009% as at the end of December 2024),
- Regulation of the Minister of Development and Finance of 18 March 2020 repealing the Regulation on the systemic risk buffer; however, following a cautious approach, the Bank monitors capital ratios taking into account the size of the systemic risk buffer.

Consequently, as at 31 December 2025, the minimum capital requirements for the Bank are:

- CET1 >= 9.00%,
- T1 >= 10.50%,
- TCR >= 12.50%.

3. Capital adequacy

On 1 January 2025, amended capital adequacy regulations - CRR3 (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 minimum capital threshold*) came into force.

3.1. Capital adequacy objectives

The risk appetite determines the maximum amount of risk that the Bank is prepared to accept, thus supporting stability and further development. As part of risk and capital management, the Bank defines risk appetite parameters (RAS - Risk Appetite Statement) and capital targets of the Bank, which enable the Bank to implement its Strategy, including dividend targets.

The Capital Adequacy RAS also defines capital limits for specific risks.

For capital purposes, the Bank maintains a management buffer that enables the implementation of the strategy in the conditions of unexpected regulatory and business changes.

3.2. Own funds

The Bank's own funds consist of:

- Common Equity Tier 1 capital, which at the end of 2025 amounted to PLN 18,219 million (PLN 18,296 million at the end of 2024),
- Tier 2 capital, which at the end of 2025 amounted to PLN 1,030 million (PLN 1,364 million at the end of 2024).

As at 31 December 2025 similarly as at 31 December 2024, no Tier 1 additional capital (AT1) is identified in the Bank.

Own funds accepted for calculation of the total capital ratio

as at 31 December		
	2025	2024*
Tier 1	18,219	18,296
Tier 1 core capital	18,219	18,296
equity instruments qualifying as Tier 1 core capital	1,077	1,086
retained earnings, including:	55	1,174
retained earnings in previous years	55	81
recognized profit	-	1,093
accumulated other comprehensive income	85	88
reserve capital	16,246	15,118
general bank risk funds	1,215	1,215
value adjustments due to prudent valuation requirements	-49	-42
goodwill and other intangible assets	-349	-371
shortfall in credit risk adjustments against expected losses under the IRB approach	-296	-201
shortfall in coverage for non-performing exposures	-48	-18
transitional adjustments to common equity Tier 1 capital	283	247
Tier 2	1,030	1,364
equity instruments qualifying as Tier 2 capital	1,030	1,340
excess of provisions over expected eligible losses under the IRB approach	-	24
Own funds taken into account in total capital ratio calculation	19,249	19,660

\*) On 29 April 2025, the Bank’s Ordinary General Meeting approved the distribution of profit for 2024. The inclusion of the net profit generated in 2024 in own funds as at 31 December 2024 resulted in an increase in own funds to the level of PLN 19,660 million, which is presented in the table above. According to the value presented in the annual financial statements for 2024, the level of own funds was PLN 18,283 million

3.3. Capital requirement

For reporting purposes, in 2025 and 2024, the Bank used the internal ratings-based approach and the standardised approach to calculate the capital requirement for credit risk. The Bank has obtained the approval of the Polish Financial Supervision Authority and the National Bank of the Netherlands for the use of the Advanced Internal Ratings Based (AIRB) method for exposure classes: *companies and credit institutions*. At the beginning of 2025, after the implementation of CRR3, some credit exposures were covered by the basic internal ratings-based method (F-IRB).

In the area of operational risk, from 1 January 2025, the Bank uses the business indicator method.

In the area of market risk, the Bank uses the base method and the method of updated average return period (depending on the type of risk).

The Bank also sets capital requirements for concentration risk, settlement risk and credit valuation adjustment (CVA) risk. In all cases, requirements are set in accordance with the CRR Regulation.

The total capital requirement is dominated by the credit risk requirement. At the end of 2025 t accounted for 86% of the total requirement compared to 84% at the end of 2024.

3.4. Capital ratios

As at 31 December 2025, the total capital ratio (TCR) for the ING Bank Śląski was 16.35% and the Tier 1 ratio was 15.47% compared to 16.45% and 15.31% at the end of 2024.

The main drivers of the change in the total capital ratio are:

- as part of Common Equity Tier 1:
  - increase of the shortage of credit risk adjustments in view of expected losses according to the IRB method - decrease of the total capital ratio by 0,08 p.p.,
  - increase of coverage deficit for non-performing exposures - decrease of the total capital ratio by 0,03 p.p.,
  - change in the valuation of equity investments included in unrealised gains and losses on the portfolio measured at fair value through other comprehensive income - increase in the total capital ratio by 0,03 p.p.,
- under Tier 2 capital:
  - increase in the amount of subordinated loans not included in own funds due to the fact that they entered the period of the last 5 years to the maturity date - decrease in the total capital ratio by 0.26 p.p.,
- under the capital requirement:
  - reduction of risk-weighted assets as a result of CRR3 implementation - increase of the total capital ratio by 2,90 p.p.,
  - increase in risk-weighted assets due to changes in on-balance and off-balance sheet credit exposures - decrease in the total capital ratio by 1.66 p.p.,
  - increase in risk-weighted assets due to including the management buffer due to uncertainties related to CRR3 - decrease in the total capital ratio by 0,61 p.p.,
  - increase of risk-weighted assets due to model changes and risk migration - decrease of the total capital ratio by 0,32 p.p.

The surplus of the total capital ratio over the regulatory requirement (together with P2G) decreased from 4.94 p.p. to 3.85 p.p. and the surplus of Tier 1 ratio decreased from 5.80 p.p. to 4.97 p.p.

Total capital ratio and Tier 1 capital ratio

as at 31 December		
	2025	2024*
Own funds taken into account in total capital ratio calculation	19,249	19,660
Capital requirements		
capital requirement for credit risk and counterparty credit risk	8,138	8,063
capital requirements for position risk, foreign exchange risk and commodities risk	131	98
operational risk capital requirement	1,118	1,391
capital requirement for credit valuation adjustment risk (CVA)	33	11
Total capital requirement	9,420	9,563
Total capital ratio	16.35%	16.45%
Minimum required level	12.50%	11.51%
Surplus TCR ratio	3.85 p.p.	4.94 p.p.
Tier 1 capital ratio	15.47%	15.31%
Minimum required level	10.50%	9.51%
Surplus T1 ratio	4.97 p.p.	5.80 p.p.

\*) On 29 April 2025, the Bank’s Ordinary General Meeting approved the distribution of profit for 2024. The inclusion of net profit generated in 2024 in own funds as at 31 December 2024 resulted in an increase in TCR and Tier 1 ratios to 16.64% and 15.31% respectively, which is presented in the table. According to the values presented in annual financial statements for the period from 1 January 2024 to 31 December 2024, TCR and Tier 1 ratios as at 31 December 2024 were 15.62% and 14.48%, respectively.

Transitional provisions

In the calculation of capital ratios, the Bank applies a temporary treatment of unrealised gains and losses measured at fair value through other comprehensive income in accordance with Article 468 of the CRR. In addition, as at 31 December 2024, the Bank used transitional provisions to mitigate the impact of the implementation of IFRS 9 on the level of own funds. If the Bank did not apply the transitional provisions, the Bank’s capital ratios would be as follows.

as at 31 December		
	2025	2024
	the level of capital ratios without transitional provisions	
	for the temporary treatment of unrealised gains and losses measured at fair value through other comprehensive income in accordance with Article 468 of the CRR	1. for the temporary treatment of unrealised gains and losses measured at fair value through other comprehensive income in accordance with Article 468 of the CRR; and 2. to mitigate the impact of IFRS 9 implementation on the level of own funds
Total capital ratio (TCR)	16.13%	16.26%
Tier 1 capital ratio	15.25%	15.12%



4. MREL requirements

as at 31 December		
	2025	2024
MREL - TREA (including combined buffer requirement)	25.22%	24.15%
minimum required level (including combined buffer requirement)	20.75%	19.95%
surplus (+) / deficiency (-) of the MREL - TREA ratio	4.47 p.p.	4.20 p.p.
minimum required level (not including combined buffer requirement)	16.25%	16.44%
surplus (+) / deficiency (-) of the MREL - TREA ratio	8.97 p.p.	7.71 p.p.
MREL - TEM	10.32%	11.12%
minimum required level	5.91%	5.91%
surplus (+) / deficiency (-) of the MREL - TEM ratio	4.41 p.p.	5.21 p.p.

On 5 June 2025, the Bank received a letter from the Bank Guarantee Fund (BFG) regarding a joint decision of the resolution authorities, i.e. Single Resolution Board (SRB) and the BFG, on the minimum level of own funds and write-down/conversion liabilities (MREL). This decision is based on the ING Group’s ‘Single Point of Entry’ (SPE) forced restructuring strategy.

The BFG, in consultation with the SRB, set the MREL requirement for the Bank at 16.25% % of the total risk exposure amount (TREA) - with the obligation to add a combined buffer of 4.50% as at the end of 2025 and 5.91% of the total exposure measure (TEM) at the individual level. The Bank is obliged to meet the MREL requirement for both, TREA and TEM, at the same time. The entire MREL requirement should be met in the form of own funds and liabilities meeting the criteria set out in Article 98 of the Act on the BGF, which transposes Article 45f(2) of the BRRD2.

In addition, the BFG indicated that the part of the MREL corresponding to the recapitalisation amount should be satisfied in the form of the following instruments: additional Tier 1 (AT1), Tier 2 capital instruments (T2) and other subordinated eligible liabilities acquired directly or indirectly by the parent entity. The Bank estimates that the MREL part of the recapitalisation amount requirement is 8.25% TREA and 2.91% TEM.

At the same time, the BFG indicated that the Common Equity Tier 1 (CET1) instruments held by the Bank for the purpose of the combined buffer requirement cannot be included in the MREL requirement expressed as a percentage of the total risk exposure amount (TREA).

At the end of 2025, the Bank had three non-preferred senior loans (NPS) from ING Bank N.V., with a nominal value of EUR 2.110 million. This value includes:

- a loan of EUR 350 million, taken out on 10 October 2024 for a period of 4 years (with the right to early repayment after 3 years),
- a loan of EUR 1,500 million, taken out on 22 December 2023 for a period of 4 years (with the right to early repayment after 3 years) and
- a loan of EUR 260 million, taken out on 5 January 2023 for a period of 6 years (with the right to early repayment after 5 years).

All loans are an element of the single point of entry (SPE) strategy for ING Group. The Bank includes NPS funds in eligible liabilities for the purposes of the minimum requirement of own funds and eligible liabilities (MREL). Interest on the loans is payable quarterly at EURIBOR 3M plus a margin (1.50% for the October 2024 loan, 2.01% for the December 2023 loan and 2.35% for the January 2023 loan). The financial conditions of the loans do not differ from market conditions. As at 31 December 2025, the carrying amount of liabilities due to NPS loans amounted to PLN 8,949 million (compared to PLN 9,055 million as at 31 December 2024) and was recognised in the statement of financial position in the item *Liabilities to other banks*.

5. Dividend policy

The most important assumptions of the Bank's dividend policy are as follows:

- stable realisation of dividend payments in a foreseeable perspective in the amount of up to 75% of the Bank’s annual net profit in compliance with the prudent management principle and all regulatory requirements the Bank is obliged to comply with, and taking into account the adopted Best Practice for GPW Listed Companies,
- a proposal to pay dividends in an amount higher than the ratio indicated above is possible if justified by the bank’s financial situation (e.g. from retained earnings or reserve capital) and provided that all other requirements of the law and the dividend policy are met.
- possibility of dividend payouts from capital surplus over the minimum capital adequacy ratios and above the minimum levels of capital ratios determined by the Polish Financial Supervision Authority for dividend payouts.

When deciding on the proposed amount of dividend payment, the Bank’s Management Board takes into account the supervisory requirements communicated within the framework of the official communication of the PFSA concerning the dividend policy of banks, as well as the following considerations:

- the current economic and financial condition of the Bank and the Bank’s Group, including limitations when financial losses are generated or in case of low profitability (low return on assets / equity),
- assumptions of the management and risk management strategy of the Bank and the Bank’s Capital Group,
- restrictions resulting from Art. 56 of the Act on Macro-prudential Supervision over the Financial System and Crisis Management in the Financial System of 5 August 2015,
- the need to reduce current period profits or unapproved annual profits included in own funds by foreseeable dividends, in accordance with Article 26 of EU Regulation No 575/2013,
- macroeconomic environment.

PFSA's guidelines with respect to dividend for 2025

On 17 December 2025, the Polish Financial Supervision Authority published its position on the dividend policy in 2026. Up to 50% of the 2025 profit can be paid out only by banks that simultaneously meet the following criteria:

- do not implement a recovery programme,
- are positively assessed as part of the Supervisory Review and Evaluation process (final BION rating not worse than 2.5),
- have a leverage level (LR) of more than 5%,
- have a Common Equity Tier 1 (CET1) ratio not lower than the required minimum:  $4.5\% + 56.25\% \cdot \text{P2R requirement} + \text{combined buffer requirement}^1 + \text{P2G}^2$ ,
- have a Tier 1 capital ratio (T1) not lower than the required minimum:  $6\% + 75\% \cdot \text{P2R requirement} + \text{combined buffer requirement} + \text{P2G}$ ,
- have a total capital ratio (TCR) not lower than the minimum required:  $8\% + \text{P2R} + \text{combined buffer} + \text{P2G}$ .

The amount of up to 75% of the 2025 profit can be paid out only by banks that meet the criteria for a 50% payout, and at the same time whose portfolio of receivables from the non-financial sector is characterised by good credit quality (the share of NPL, including debt instruments, at a level not exceeding 5%).

The Bank should meet the criteria set out above both on an individual and consolidated level, as at the end of 2025 and on the date of the decision on the payment of dividend by the General Meeting.

The maximum dividend level possible to pay is limited to 75%, due to the expectation of ensuring the stability of the Polish financial sector by adjusting the capital base of supervised entities to the level of risk incurred by them and protecting recipients of financial services of these entities.

Moreover, for banks that are characterised by too high sensitivity of interest income or the economic value of capital to changes in interest rates, the dividend rate should be further reduced by 25 b.p. By too high sensitivity of interest income should be understood higher than the legally permissible levels of SOT NII >-5% and SOT EVE >-15%, both at the individual and consolidated level.

Declared and paid dividends

The Management Board of ING Bank Śląski S.A. intends to recommend to the General Meeting of the Bank the adoption of a resolution on allocation of approx. 75% of the Bank's net profit for 2025, i.e. the amount of PLN 3,475 million, for dividend payment. The proposed dividend per share is PLN 26.71 gross. The proposed dividend date is 22 April 2026 and the proposed dividend payment date is 27 April 2026. As at the date of preparation of these financial statements, the Bank meets the criteria and requirements of the PFSA allowing for the payment of a dividend from the profit for 2025 to the amount of 75%. The amount of the proposed dividend takes into account both the current financial and capital situation of the Bank and its development plans.

On 29 April 2025, the Ordinary General Meeting of the Bank adopted a resolution on the payment of dividends from the profit for 2024. On the basis of this resolution, on 12 May 2025, the Bank paid a dividend in the total amount of PLN 3,276 million, i.e. PLN 25.18 gross per share.

<sup>1</sup> taking into account the target announced level of the countercyclical capital buffer, i.e. 2%.

<sup>2</sup> Pillar II Guidance or additional capital recommendation - measures the Bank's sensitivity to an unfavourable macroeconomic scenario using the results of stress supervisory tests. Sensitivity defined as: relative change in CET1 calculated between the lowest level of CET1 in the scenario horizon and CET1 at the start of the test, taking into account supervisory adjustments.

II. Risk management

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1. Introduction

1.1. Risk categories

The most important risks in the Bank’s operations include:

- credit risk,
- market risk,
- liquidity and funding risk,
- non-financial risk including operational risk and compliance risk (compliance).

In addition, as material risks in its operations, the Bank identifies:

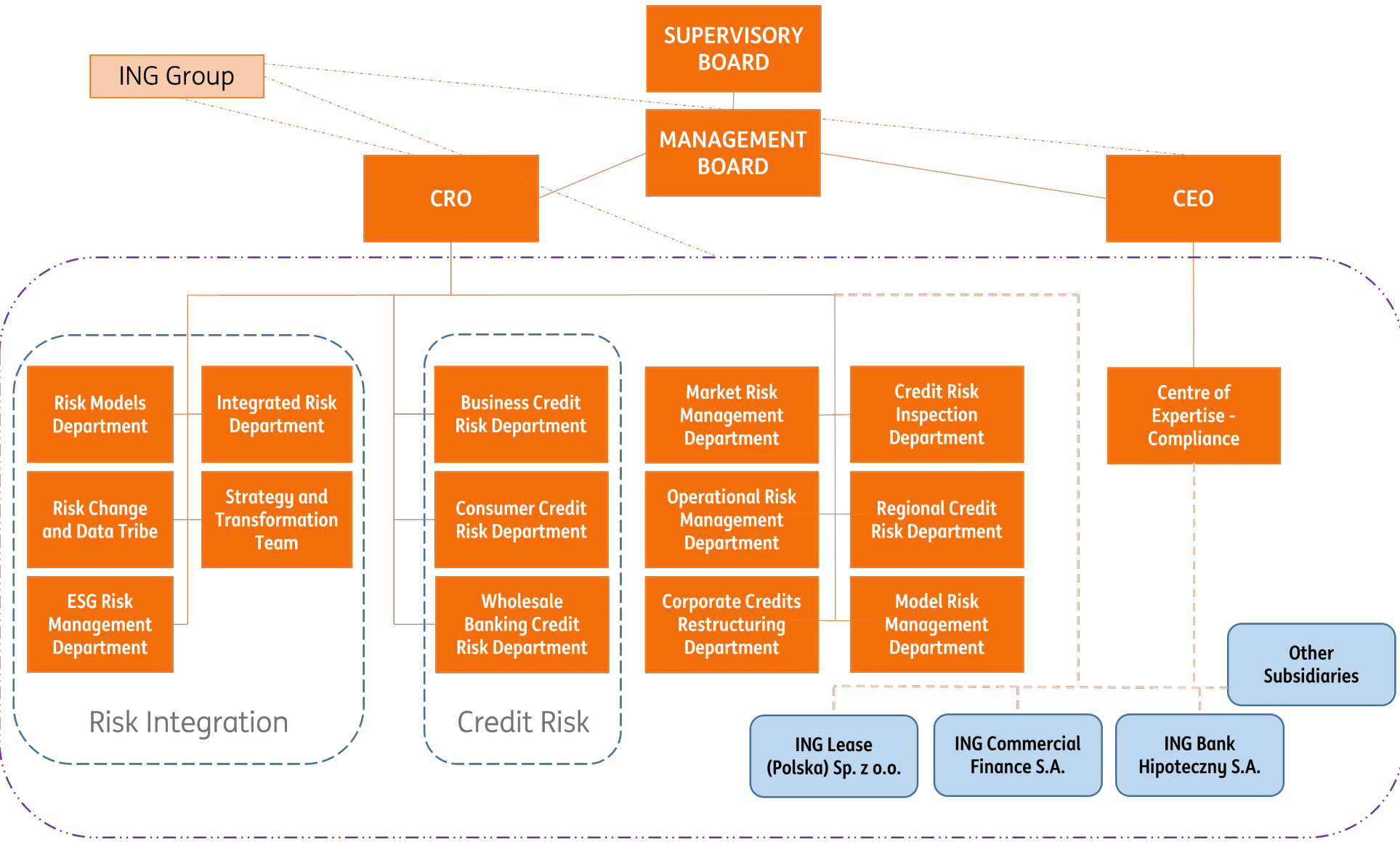
- model risk,
- business risk,
- risks related to transaction security and stability of IT systems,
- risks related to the security of personal data.

ESG risks deserve special attention, which are not treated by the Bank as a separate risk category, but rather as a factor strengthening the Bank’s basic risk categories (i.e. financial risks - credit, market, liquidity and funding risks, and non-financial risks).

A detailed description of each of the above risks is presented below.

1.2. Risk management organisation

The Bank’s Management Board and Supervisory Board play a special role in the risk management process. The Bank also has a number of committees that play an active role in managing individual risk types. The following diagrams present the organisational structure of risk management, taking into account the functional reporting lines within the ING Bank Śląski Group and the ING Group.







1.3. Risk management system

The risk management system is an integrated set of rules, mechanisms and tools (including, among others, policies and procedures) relating to risk processes. The role of the risk management system is risk management, adequate to the size and profile of the risk incurred by the Bank, through constant identification, measurement or evaluation, monitoring, risk control, including risk mitigation, and risk reporting along with assessment of the effectiveness of risk mitigation actions taken. As part of risk control, the Bank hedges against risk or mitigates it by introducing appropriate control mechanisms, a system of limits and an adequate level of provisions (provisions), as well as capital and liquidity buffers.

As part of the risk management system, the Bank:

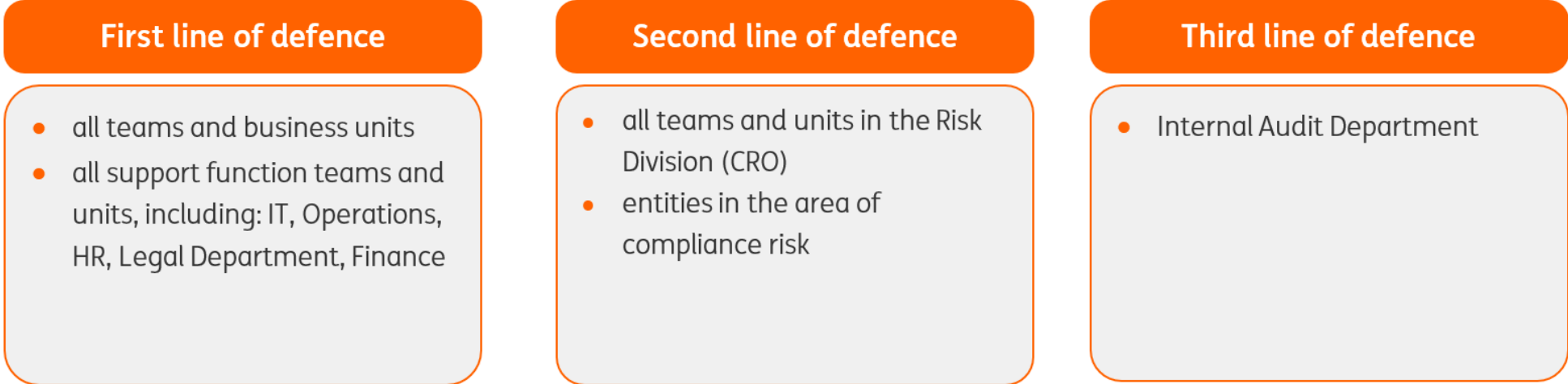
- has a specified frequency of risk measurement or assessment that is adequate to the scale and complexity of the business,
- use risk measurement or assessment methods that take into account current and planned activities and authorisation criteria,
- apply formalised rules for determining the amount of risk taken and rules for risk management,
- apply formalised procedures to identify, measure or estimate and monitor risk, which also take into account the expected level of risk in the future,
- apply formalised risk limits and rules of conduct in the event of exceeding limits, including introducing methods and measures to eliminate exceeding limits in the future,

- applies the adopted management reporting system that enables monitoring of the level of risk,
- has an organisational structure adapted to the size and profile of the risk incurred,
- has qualified staff of risk management units and provides training for employees of the first and second lines of defence.

The risk management system is defined in the *General Policy of Risk Management at ING Bank Śląski S.A.*

Three Lines of Defence Model

The risk and control structure in the Bank is based on the three lines of defence model. This model aims to provide a stable and effective framework for risk management by defining and implementing three 'levels' of risk management, with different roles, responsibilities and responsibilities for supervision.



First line of defence

Among other things, it is responsible for:

- assessment, control and mitigation of all risks affecting their business, and the completeness and accuracy of financial statements and risk reports with respect to their areas of responsibility
- conducting risk assessments and taking mitigating actions to maintain the level of risk consistent with the designated risk appetite,
- implementation, application and testing of control mechanisms resulting from policies and other regulations, also for outsourced activities (outsourcing).

Second line of defence

Among other things, he is responsible for:

- formulating and translating risk appetite into methodologies and policies in order to support and monitor risk control by the Bank's management.

Contents	Income statement	Statement of comprehensive income	Statement of financial position	Statement of changes in equity	Cash flow statement	Accounting policy and additional notes	Risk and capital management
<ul style="list-style-type: none"> <li>issuing regulations and providing risk management methods and tools, including supporting the first line of defence during this process,</li> <li>verifying the application of risk regulations by the first line of defence</li> <li>as part of its control activities, it performs its own independent assessment of the effectiveness of the first line of defence through inspections, tests, reviews and other forms of control.</li> </ul> <p><b>Third line of defence</b></p> <p>It provides an independent assessment of the adequacy and effectiveness of the risk management system, the internal control system, corporate governance and the implemented systems and processes in the first and second line of defence.</p> <p><b>Internal control system</b></p> <p>The internal control system is described in the <i>Policy Internal control system at ING Bank Śląski S.A.</i> It is one of the elements of Bank management and its foundations, principles and objectives result from the Banking Law Act, the Regulation of the Minister of Finance, Funds and Regional Policy on the risk management system and internal control system and remuneration policy in banks and Recommendation H on the internal control system in banks issued by the Polish Financial Supervision Authority.</p> <p>The purpose of the internal control system is to ensure:</p> <ol style="list-style-type: none"> <li>Effectiveness and efficiency of the Bank’s operations.</li> <li>Reliability of financial reporting.</li> <li>Compliance with the Bank’s risk management principles.</li> <li>Compliance of the Bank’s operations with legal regulations, internal regulations and market standards.</li> </ol> <p>The internal control system consists of:</p> <ol style="list-style-type: none"> <li>Control function - an element of the internal control system, which consists of all control mechanisms in the processes operating in the Bank, independent monitoring of their compliance and reporting as part of the control function. Includes positions, groups of people or organisational units responsible for the implementation of tasks assigned to this function.</li> <li>The Centre of Expertise - Compliance - acting as the compliance unit, with the task of identifying, assessing, controlling and monitoring the risk of non-compliance of the Bank’s operations with laws, internal regulations and market standards, and presents reports in this respect.</li> </ol>				<ol style="list-style-type: none"> <li>The Internal Audit Department - an independent unit tasked with examining and assessing, in an independent and objective manner, the adequacy and effectiveness of the risk management system and internal control system as part of the first and second line of defence.</li> </ol> <p>The internal control system has been developed in accordance with the principle of proportionality, i.e. taking into account the nature, scale and complexity of operations, the materiality of processes and taking into account the existing level of risk and the adequacy assessment of control mechanisms existing in individual defence lines, ensuring the continuity of its operation, including resources, access to information and tools.</p> <p><b>1.4. Risk management rules</b></p> <p>ING Bank Śląski S.A. manages credit, market, liquidity and funding and non-financial (compliance) risks in accordance with the principles set out by the standards of Polish law, the regulations of the Polish Financial Supervision Authority (KNF) and other authorised bodies, as well as in accordance with the standards set by the ING Group to the extent that it does not lead to a breach of the aforementioned regulations and best practice documents.</p> <p>Irrespective of the need to ensure regulatory and legal compliance (compliance), the Bank considers the management of credit, market, liquidity and operational and financial risks as a fundamental and integral part of the overall Bank management.</p> <p>Risk management is carried out on the basis of appropriate analyses independent of the risk management system, on the basis of strategies, policies, instructions, procedures and plans.</p> <p><b>1.5. Risk appetite</b></p> <p>The risk appetite determines the maximum level of risk that the Bank is prepared to accept, thus supporting the stability of the organisation and its further development. As part of risk and capital management at the Bank, risk appetite limits (RAS - Risk Appetite Statement) are set in the following key areas:</p> <ul style="list-style-type: none"> <li>RAS on capital adequacy,</li> <li>RAS on liquidity and funding and market risk,</li> <li>RAS for credit risk</li> <li>RAS for non-financial risks (operational, compliance and models).</li> </ul>			
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Contents	Income statement	Statement of comprehensive income	Statement of financial position	Statement of changes in equity	Cash flow statement	Accounting policy and additional notes	Risk and capital management
<b>2. Credit risk</b>							<ul style="list-style-type: none"><li>• adapting operations to changing external conditions,</li><li>• maintaining an appropriate level of capital requirements for credit risk and provisions,</li><li>• ensuring compliance with the requirements of the regulator.</li></ul>
<a href="#">2.1. Introduction</a>				<a href="#">87</a>			
<a href="#">2.2. Credit risk management objectives</a>				<a href="#">87</a>			
<a href="#">2.3. Credit risk management strategy</a>				<a href="#">87</a>			<b>2.3. Credit risk management strategy</b>
<a href="#">2.4. Credit risk management system</a>				<a href="#">87</a>			The credit risk management strategy supports business objectives while maintaining a safe level of solvency and liquidity of the Bank and an adequate level of provisions. It is designated in order to ensure the optimal development of the loan portfolio, while maintaining the appropriate quality and profitability of credit operations and capital allocation. The primary objective of defining the credit risk management strategy is to optimise the relationship between risk and return on capital, taking into account information about the current and prospective macroeconomic environment, the Bank’s portfolio and the level of implementation of RAS limits.
<a href="#">2.5. Risk appetite RAS</a>				<a href="#">89</a>			The credit risk management strategy takes into account the "look to the future", including the need to maintain competitiveness, attractiveness and development of the Bank’s offer.
<a href="#">2.6. Principles of credit activity</a>				<a href="#">89</a>			
<a href="#">2.7. Credit risk management rules</a>				<a href="#">90</a>			<b>2.4. Credit risk management system</b>
<a href="#">2.8. Quantitative disclosure on credit risk</a>				<a href="#">95</a>			The overriding documents governing credit risk management are: <i>General Risk Management Principles at ING Bank Śląski</i> and <i>Credit Risk Management Policy at ING Bank Śląski</i> .
<b>2.1. Introduction</b>							The Bank’s credit risk management system consists of:
The Bank treats credit risk management as a fundamental and integral part of the overall management of the Bank.							<ul style="list-style-type: none"><li>• general principles of credit risk management and mitigation,</li><li>• RAS strategies and limits,</li><li>• general principles of concentration risk management,</li><li>• credit risk management policies, instructions and procedures,</li><li>• credit risk systems, tools and models,</li><li>• management reporting system enabling monitoring of the level of credit risk,</li><li>• organisational structure adjusted to the size and profile of the credit risk incurred by the Bank.</li></ul>
Credit risk is understood as:							The activities that the Bank undertakes as part of the risk management system may include:
<ul style="list-style-type: none"><li>• a risk of a financial loss that may be suffered by the Bank as a result of default by debtors in whole and at the agreed time on their credit obligations to the Bank, or</li><li>• a risk of reduced economic value of credit exposures or groups of credit exposures as a result of impaired ability of debtors to service their debt at the agreed time.</li></ul>							<ul style="list-style-type: none"><li>• risk avoidance - liquidation or limitation of activities that generate an excessively high level of risk or a type of risk that cannot be effectively controlled,</li><li>• risk mitigation - taking actions aimed at reducing the probability of adverse events or limiting the effects of such events,</li></ul>
<b>2.2. Credit risk management objectives</b>							
The Bank’s primary objective in the credit risk management process is to support the effective achievement of business objectives through proactive risk management and organic growth activities, while:							
<ul style="list-style-type: none"><li>• maintaining a safe level of capital and liquidity ratios standards and an appropriate level of provisions,</li><li>• ensuring compliance with legal regulations and requirements of supervisory authorities.</li></ul>							
The specific objectives of credit risk management are:							
<ul style="list-style-type: none"><li>• supporting business initiatives,</li><li>• maintaining credit losses at the assumed level,</li><li>• continuous verification, assessment of the adequacy and development of applied procedures, models and other elements of the risk management system,</li></ul>							



Contents	Income statement	Statement of comprehensive income	Statement of financial position	Statement of changes in equity	Cash flow statement	Accounting policy and additional notes	Risk and capital management
<ul style="list-style-type: none"> <li>risk transfer - transferring all or part of the risk to another entity, e.g. through insurance or securitisation of a loan portfolio, or a guarantee,</li> <li>accepting risk - refraining from undertaking the above activities for economic or practical reasons, as part of the Bank's risk appetite.</li> </ul> <p>In addition, the Bank has a properly defined credit risk assessment and measurement process, independent of the lending function, including:</p> <ul style="list-style-type: none"> <li>an effective rating system,</li> <li>effective process of obtaining relevant information, including forecasts, used to measure expected credit losses,</li> <li>an assessment policy that ensures that the measurement of expected credit losses is carried out on an individual or collective basis,</li> <li>an effective model validation process that ensures that models generate accurate, consistent and objective forecasts and estimates on an ongoing basis,</li> <li>clear, formal communication and coordination of all employees involved in the process of risk assessment and valuation of expected credit losses.</li> </ul> <p>The Bank's credit risk management system, including the organisational structure, organisation of the credit process, internal regulation system, tools and models used, is subject to ongoing verification and adaptation to ensure the implementation of the Bank's strategy, including the risk appetite. In this way, the Bank achieves the goal of maintaining the adequacy of its activities in the area of identification, assessment, measurement, monitoring and management of activities subject to credit risk, as well as maintaining consistency and compliance with regulatory requirements.</p> <p>The Bank's risk policy for the credit exposure portfolio takes into account the fact that the activity generating credit risk may also be related to other types of risks, i.e., among others: liquidity, market, operational, legal and reputation risk, which may mutually reinforce each other and takes into account ESG risk.</p> <p>The Bank optimises and limits losses due to incurred credit risk by:</p> <ul style="list-style-type: none"> <li>setting internal limits,</li> <li>appropriate design of credit products,</li> <li>application of security measures,</li> <li>use of functional control,</li> <li>efficient monitoring, restructuring and recovery,</li> </ul>				<ul style="list-style-type: none"> <li>monitoring changes in clients' creditworthiness and creditworthiness,</li> <li>regular monitoring and validation of models used to identify and measure credit risk</li> <li>conducting analyses of trends and values of key risk indicators.</li> </ul> <p>Credit risk is managed by the Bank in an integrated manner based on:</p> <ul style="list-style-type: none"> <li>strategic planning,</li> <li>a coherent system of limits, policies and procedures, and</li> <li>risk management tools, including risk identification, measurement and control.</li> </ul> <p>This integrated system consists of all processes in the Bank carried out in connection with lending activities.</p> <p>The systems and models supporting the assessment of the clients' creditworthiness and credit reliability:</p> <ul style="list-style-type: none"> <li>from the Business Customer Line and Wholesale Banking - are built and monitored in accordance with the requirements of using the IRB method to calculate capital requirements for credit risk and the ING Group standards (excluding SE/Micro and Easy Lending customers),</li> <li>from the Business Customers Division (SE/Micro, including Easy Lending customers) - these are application and behavioural scoring models reflecting the statistical level of customer risk, built in accordance with the requirements contained in supervisory regulations,</li> <li>from the Individual Customer Division and the Private Banking Customer Division - these are scoring models (application, behavioural and BIK scoring models) reflecting the statistical level of customer risk, built in accordance with the requirements contained in supervisory regulations.</li> </ul> <p>In its assessment of credit risk, the Bank uses the following models:</p> <ul style="list-style-type: none"> <li>PD (Probability of Default),</li> <li>LGD (Loss given Default),</li> <li>EAD (Exposure at Default).</li> </ul> <p>The models are designed in compliance with the requirements set forth in supervisory regulations and are applied inter alia to determine the volume of provisions, economic capital for credit risk for internal and external reporting requirements, reporting to the supervisory authority, to determine loan pricing and client profitability. The effectiveness of the models is reviewed on the basis of monitoring and validation processes.</p> <p>Credit risk management in the Bank is carried out on the basis of advanced credit risk assessment models. In the credit risk reporting process, information relating to IRB models is included with a frequency adjusted to the</p>			

materiality and type of information presented and the position of the recipient. As a rule, detailed information relating to IRB models is presented to senior management, in particular to:

- the Bank’s Management Board – results of monitoring of the correctness of functioning of the AIRB approach in compliance with the *Policy of Changes and Monitoring of the Internal Rating Method at ING Bank Śląski S.A.*,
- the Credit Policy Committee – results of monitoring of credit risk models, in compliance with the *Credit risk model management instruction at ING Bank Śląski S.A.* and the results of model validation in compliance with the *Risk model validation policy*.
- the Assets and Liabilities Committee (ALCO) – stress tests in accordance with the *Stress Testing Policy*.

As part of the Risk Division’s quarterly report, the results of the analysis of the credit risk profile of the corporate and retail mortgage-backed exposure portfolios are presented to the Bank’s Management Board and the Risk Committee of the Supervisory Board in accordance with the model monitoring process, in particular:

- risk profiles by categories,
- migration among the categories,
- estimation of relevant parameters in individual categories,
- comparison of realised factors of default, realised LGD values, and realised credit conversion factors (CCF) with expected values.

The Bank also takes into account in the credit risk management process data on impairment losses (credit provisions), which are presented in a dedicated report. The monthly report in a shortened version is presented to the Bank’s Management Board and the quarterly report in a full and shortened version is presented to the Bank’s Supervisory Board.

2.5. Risk appetite RAS

RAS is a bank-wide risk appetite, defined by setting limit values for the most important measures. The Bank-wide risk appetite is supported and hedged by setting more detailed strategic and internal limits and other risk measures.

Types of RAS for credit risk:

- sales limits and portfolio size,
- portfolio quality limits/ for risk parameter values,
- monitoring and recovery efficiency limits,
- sectoral limits,

- concentration limits, including limits for the portfolio of mortgage-backed credit exposures resulting from the requirements of Recommendation S or sectoral limits,
- quantitative and quality parameters of RAS for ESG risk.

In addition to RAS limits, the Bank sets limits for credit risk for individual areas, business lines, products and transaction limits, which are accepted by the relevant credit decision maker. In addition, internal concentration limits are set for industries of the economy, accepted forms of collateral, regions and mortgage-backed credit exposures. The ongoing performance of RAS limits is monitored and reported during the year, on a monthly basis.

In the further part of the chapter, in the section containing quantitative disclosures, a breakdown of the Bank’s largest exposures to entities / groups of related entities and concentration of exposures to corporate clients in the national economy industries is presented. The Bank does not identify any other significant risk concentrations than those mentioned above and those presented in this chapter and in the notes to the financial statements.

2.6. Principles of credit activity

The basic principle that the Bank follows in its lending activities is compliance with the law and external regulations related to lending activities, i.e.:

- The Banking Law Act,
- Macroprudential Supervision Act,
- Foreign exchange law,
- Recommendations issued by KNF,
- EBA guidelines, including EBA LOM (Loan Origination and Monitoring) guidelines,
- The CRR Regulation,
- anti-money laundering regulations, etc.

The Bank does not engage in credit transactions and does not engage in activities whose ethical aspect raises doubts and which could harm the good name of the Bank.

The following principles shall apply in the course of carrying out credit activities:

- the Bank acquires and maintains in the loan portfolio credit exposures, which ensure security of the Bank’s deposits and capital,
- the Bank acts in the interest of the client, taking into account both his needs and capabilities; it avoids a situation in which the granted financing would contribute to the client entering a debt spiral,

Contents	Income statement	Statement of comprehensive income	Statement of financial position	Statement of changes in equity	Cash flow statement	Accounting policy and additional notes	Risk and capital management
<ul style="list-style-type: none"> <li>the Bank attracts clients in accordance with the applicable regulations and requirements regarding the provision of necessary information, documentation and compliance with procedures,</li> <li>the Bank provides credit services effectively and professionally, respecting the interest of customers and the expectations of the Bank's shareholders as regards the increase in the value of ING Bank Śląski S.A. and taking into account the requirements resulting from the competitive environment,</li> <li>the Bank does not conclude transactions or credit exposures without learning and understanding the economic basis of the transaction,</li> <li>the Bank accepts credit risk if it is able to effectively control it and - in the event of default - performs debt recovery procedures,</li> <li>the Bank does not provide exposures in cases where it exposes itself to reputation risk,</li> <li>the Bank makes decisions regarding new types or directions of credit exposures (e.g. new markets, market segments, customer groups, products) after prior analysis and assessment of new opportunities and related risks,</li> <li>in business relations, the Bank applies the principle of "equal rights", i.e. it requires the same documents and information from the same clients - from a credit risk perspective - and pays particular attention to their equal treatment,</li> <li>the Bank maintains open communication with clients regarding information requirements in the credit process.</li> <li>as part of cooperation with business partners, the Bank observes the following principles: <ul style="list-style-type: none"> <li>conducts verification of business partners with whom it cooperates in the process of granting loans,</li> <li>has procedures for the circulation of documentation between the client, business partner and the Bank,</li> <li>has procedures for quality control of business partners,</li> <li>does not grant a power of attorney or the right to make credit decisions in the name and on behalf of the Bank when granting (distributing) loans,</li> <li>determines the acceptable level of risk for individual sales channels,</li> <li>monitors the quality of the loan portfolio granted through individual business partners.</li> </ul> </li> </ul>							<ul style="list-style-type: none"> <li>maintaining risk at a level consistent with the strategy, approved risk appetite (RAS) and the Bank's financial plans.</li> </ul> <p>The credit risk management process is carried out in the Bank through three functionally and organisationally independent lines of defence.</p> <p>The Bank applies organisational solutions taking into account the separation of the function of selling banking products from the function of risk acceptance at all levels of the organisational structure, including the Bank's Management Board. The separation of the function of monitoring and controlling the risk of credit exposures (including concentration risk) from the function of selling banking products and the risk acceptance function is maintained at all levels of the Bank's organisational structure below the level of the Bank's Management Board, and for retail credit exposures also at the level of the Management Board.</p> <p>In the case of simplified, automated credit process paths, the separation of the sales function of banking products from the risk acceptance function of credit exposures is based on the independence of the process of building and validating tools supporting the risk acceptance process from the sales and operational functions. Competence in credit decisions relating to individual credit transactions is separate from decision-making competences in the sphere of shaping credit policy and credit risk management rules.</p> <p>Credit risk is managed by the Bank both at the level of the loan exposure portfolio and at the level of individual transactions.</p> <p><b>Risk management of the credit exposure portfolio</b></p> <p>Credit risk management of the credit exposure portfolio is carried out by:</p> <ul style="list-style-type: none"> <li>defining the credit risk management strategy,</li> <li>reconciliation of quality parameters and quantitative parameters of RAS/their level with the business side,</li> <li>development, implementation and monitoring of the credit policy,</li> <li>analysing the macroeconomic situation and individual industries and formulating guidelines for lending directions,</li> <li>development and implementation of credit products,</li> <li>determination of competence levels for acceptance of credit policy and product deviations,</li> <li>development and implementation of tools supporting risk measurement and assessment,</li> <li>analysis and assessment of the method of credit process implementation and the scope of functional control,</li> <li>portfolio management of credit exposures,</li> </ul>
<p><b>2.7. Credit risk management rules</b></p> <p>Credit risk management is a continuous process consisting of all the Bank's activities related to the performance of credit activities. All units and persons who perform tasks within the credit process work closely together to:</p> <ul style="list-style-type: none"> <li>improving the efficiency of risk management, and</li> </ul>							



- training of employees participating in the credit process,
- development and maintenance of an employee incentive system aimed at compliance with internal credit standards.

Bank managing the credit risk profile:

- sets, monitors and reports internal concentration limits for industries, types of collateral, regions and mortgage-backed credit exposures,
- monitors and analyses the quality of adopted collateral,
- monitor and report compliance with prudential standards resulting from Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions as amended and amending Regulation (EU) No. 648/2012 and the Banking Law Act,
- sets, monitors and reports internal concentration limits, taking into account individual sub-portfolios and strategic limits approved by the Bank’s Management Board,
- defines changes in credit policy and product offer, taking into account the cyclical nature of the economy and changes taking place on the real estate market,
- obtains market data about the quality of loan portfolios and compares them with own loan portfolios.

Capital adequacy and creation of provisions for credit risk

The Bank secures impairment of credit exposures by recognising impairment for expected credit losses. The Bank further secures fluctuating losses versus the average levels of expected losses (that is unexpected losses) by ensuring an adequate level of regulatory capital and economic capital.

Risk-weighted assets and capital requirements are calculated by the Bank as follows:

- for exposures from the retail segment and SE/Micro and including Easy Lending customers - in accordance with the standard method,
- for corporate credit exposures - in accordance with the advanced internal ratings based method, excluding exposures to governments, central banks, local government units and public sector entities, for which the Bank applies the standardised method.

Calculation of impairment for expected credit losses in the Bank for all credit exposures is performed in accordance with International Financial Reporting Standards.

Credit risk management of individually significant credit exposures

Credit risk management of individually significant credit exposures includes:

- determination of the credit risk management process for credit risk-bearing transactions,
- managing documentation requirements for the Bank’s credit client,
- definition of a credit analysis standard,
- setting a maximum level of DSTI/DSI, LTV, and a minimum level of own contribution for specific products, types of transactions,
- development of rules for making credit decisions and management of credit competencies,
- managing the following rules:
  - determining risk measures using risk models used by the Bank,
  - verify the timeliness of repayments,
  - monitoring the economic and financial situation of the client,
  - monitoring the customer’s compliance with contractual conditions,
  - monitoring of other defined warning signals,
  - accepting and monitoring collateral accepted by the Bank,
  - use and monitoring of limits available at the Bank.
- determination of the rules for recognising allowances for expected credit losses for credit exposures and provisions for off-balance sheet liabilities,
- credit risk management for clients from the portfolio in Stage 3.

The following activities are carried out as part of the process of granting and managing individually significant credit exposures:

- client and transaction risk assessment,
- taking credit decision,
- monitoring,
- restructuring and recovery.

Client and transaction risk assessment

The most important elements in the assessment of customer credit risk and transactions include:

- assessment of clients’ creditworthiness,
- assessment of creditworthiness (quantitative assessment),
- collateral assessment,
- transaction risk assessment.

Assessment of clients’ creditworthiness

The Bank reviews clients’ creditworthiness by:

- verifying compliance with minimum criteria,
- determining clients’ rating or score in the rating or scoring process respectively.

Measurement of the client’s risk in the rating or scoring process is based on the estimated PD (default probability). The condition for providing financing to the client is to establish a rating or scoring assessment for the client at a specific minimum level for a given type of client, credit process or product.

The assessment of the creditworthiness of MidCorp and SME business clients and Wholesale Banking (WB) clients in the rating process is based on:

- rating awarded to entities applying for credit exposure, providing collateral (e.g. sureties, guarantors) and other entities, if required by the specificity of the collateral or transaction (e.g. debtors of receivables assigned to the Bank),
- the principle of two pairs of eyes, i.e. inter alia:
  - commercial functions are separated from the rating approval function that is performed by the CRO Division units, or
  - the rules of operation of automatic rating models, which are approved by the Credit Policy Committee.

The assessment of the creditworthiness of the retail client and the business client from MidCorp/SME and the SE/ Micro business clients (including Easy Lending clients) is based on:

- scoring for retail and SE/Micro customers,
- analysis of history of repayment of obligations to the Bank and other financial institutions,

- features of the borrowers that have material impact on compliance with the existing credit obligations (quality analysis), e.g.:
  - personal characteristics of the retail client and SE/Micro: age, marital status, number of persons maintained, housing and financial status, education, employment history, form of employment, profession pursued, etc.,
  - features of the Easy Lending customer, i.e.: legal form, customer type, industry and period of business activity, customer rating, enforcement titles, punctuality of repayment of liabilities, inflows to the account at the Bank, regular transfers to ZUS/Tax Office, customer occurrence in the Bank Register of Unreliable Customers, etc.,
  - history of the client’s cooperation with the Bank: period of cooperation and history of account maintenance.

The Bank applies scoring models (application, behavioural models and BIK scoring) reflecting the client’s statistical risk level. The applied clients’ creditworthiness review models are subject to regular monitoring and validation to ensure good quality of the tools.

Assessment of creditworthiness (quantitative assessment)

Creditworthiness is reviewed by identifying the source of repayment and the amount and stability thereof throughout the lending process. This is an assessment of repayment potential by the clients of their credit exposures in the specified amounts, times and subject to terms and conditions determined by the Bank. The clients’ potential is subject to a review of clients’ creditworthiness in the rating and scoring process. The review of creditworthiness also provides for the FX risk and interest rate risk to which the debtors are exposed.

The analysis of the creditworthiness of a business client and WB may cover the following areas:

- ownership structure of the client,
- the type of activity pursued,
- business and investment strategy,
- market position,
- outlets and suppliers,
- financial analysis, including financial forecast,
- identification and assessment of sources of repayment,
- financial position compared to comparable entities in the industry,
- factors from the global, macroeconomic, regional and industry environment that currently affect and may have a significant impact on the financial condition of the enterprise in the future.

The analysis of individual clients’ creditworthiness covers:

- determination of the amount and stability of income obtained (quantitative analysis),
- determination of the amount of the client’s financial liabilities (both credit and non-credit),
- determination of household expenditure.

In assessing creditworthiness, financial measures based on mathematical formulas are used.

**Collateral assessment**

The Bank applies collateral to mitigate credit risk and the amount of losses that may be suffered when clients’ default on loan repayment. Before collateral is accepted, the Bank assesses the collateral and its value and effectiveness.

Apart from classic forms of collateral (material and personal), the Bank applies additional instruments to mitigate the risk of loss in the form of contractual conditions and clauses.

In order to calculate the capital requirement, the Bank applies the approved LGD models in which each collateral is assigned with an adequate recovery rate. Is the Bank’s policy to grant loans in amounts and subject to terms and conditions that ensure regular repayments without the need to resort to collateral.

**Transaction risk assessment**

Assessing transactions, the Bank takes the following into account:

- results of the clients’ creditworthiness and credit reliability,
- compliance with credit policy,
- purpose of lending,
- adequacy of the requested product,
- other risks such as:
  - business risks – macroeconomic, market, sectoral, seasonal risks,
  - structural risks – transaction structure, values of LTV and LGD, client’s own contribution (if required), effectiveness of clauses, Bank’s position versus other lenders,
  - management staff – employment history, experience, substitution risk of decision makers and succession risk,
  - financial risks – including FX and interest rate risks,
  - concentration risk:

- whether the requested increase in exposure is associated with the use of the limit internally set by the Bank,
- whether the requested increase in exposure affects the utilisation of the large exposure limit,
- reputational risk – can cooperation with the client adversely affect the Bank's reputation,
- relation of risk level to pricing conditions, etc.

**Taking credit decision**

The decision-making procedure does not relieve any of the participants in the decision-making process of personal responsibility for the decisions taken.

Credit decision-makers are granted individually personal credit competences within a two-person decision-making procedure, the amount of which depends on their knowledge and experience. The competence level correlates with the level of credit risk. If the credit risk is higher, decisions are made by people with more experience. The rules for granting and revoking credit competences are separate within individual customer segments. In determining the appropriate level of credit competence for business customers, including Easy Lending customers (excluding other clients from the SE/Micro segment) and WB, one may take into account, among others, the Bank’s total exposure to the group of related entities to which the customer belongs, and in the case of natural persons and natural persons conducting business activity, the level of competence results from the Bank’s total exposure to this customer. Acceptance of all transactions is made in accordance with clearly defined rules of decision making and credit competence.

The scope of competence to make credit decisions in the scope of risk acceptance of individual credit exposures is determined by the Credit Policy Committee. The lack of data necessary for risk assessment precludes its acceptance and decision making.

Commitments to lower amounts, shorter deadlines, with lower risk, are undertaken at lower competence levels. As credit risk increases - i.e. single or aggregate credit exposure increases, lending extensions, non-standard elements in the proposal or deviations from existing internal regulations - decisions are taken at higher levels of credit competence.

Risk assessment and acceptance is based on expert assessment based on the results of risk measurement using supporting tools defined by credit policy and procedures. The exception are the so-called automatic decisions, taken by an IT system or semi-automatic decisions made as part of simplified credit process paths.

Credit decisions are made in the right path, based on a comprehensive analysis of transaction risk depending on the complexity and amount of the transaction. For paths with a higher level of automation, transaction risk analysis is based on clearly defined criteria, including behavioural and automatic calculation of a credit limit based on an algorithm approved by the Credit Policy Committee.



**Retail segment (mortgage and retail segment) and business clients from SE/Micro segment (excluding Easy Lending customers)**

Credit decisions for the regular portfolio are made:

- in automatic mode - in accordance with specified criteria,
- in single or double mode - by units from the Operations Division,
- in two-person mode - in the higher risk analysis unit, at the level of directors or members of the management board - this applies to cases characterised by higher credit risk and non-standard cases.

Irregular portfolio decisions are made in a dedicated recovery and restructuring unit.

**Business customer segment excluding SE/Micro customers**

Loan decisions for the portfolio in Stages 1 and 2 (excluding automatic paths) are made:

- collectively, through the Bank’s Credit Committee or the Restructuring Committee - this applies to the largest credit exposures,
- in two-person mode - by business units and transactional credit risk units or dedicated restructuring units,
- in a single-member mode - by the Risk Manager in case of approval of non-significant modifications.

**Business Customer Segment and SE/Micro for Easy Lending customers**

Loan decisions for the portfolio in Stages 1 and 2 are made:

- in two-person mode - by business units and transactional credit risk units or dedicated restructuring units.

Credit decisions for the portfolio of business clients from MidCorp/SME (Easy Lending) are made depending on the process path:

- automatically based on:
  - verification of the defined qualification criteria,
  - customer verification in BRNK, BIK and BIG databases,
  - calculation of the EL transaction limit calculated in accordance with the algorithm approved by the NCP,

or

- expertly by the decision-maker of the crediting unit (Front Office) with appropriate credit competencies.

Loan decisions concerning the portfolio in Stage 3 are taken in a single person mode, in a double person mode or by the Restructuring Committee.

The decision-making procedure does not relieve any of the participants in the decision-making process of personal responsibility for the decisions taken.

**Monitoring**

All credit exposures generating credit risk, including concentration risk and financial market transactions, are monitored. The monitoring of credit exposures shall take place at different levels of risk aggregation, including portfolio, product/exposure, geographical region, economic sector, obligor and group. The purpose of monitoring is early identification of warning signals and taking actions to prevent the occurrence of difficult credit and early identification of indications or objective evidence of impairment of the credit exposure and taking actions to reduce the Bank’s losses. Monitoring of the granted credit exposure includes:

- the course of repayment of the Bank’s receivables (punctuality),
- the Client’s performance of other contractual terms and conditions,
- the financial standing and/or assets of the client,
- the course of cash use in accordance with the purpose of financing (if specified),
- the degree of investment realisation (in case of investment loans),
- verification of client or transaction warning signals,
- objective evidence or indications of impairment,
- periodic assessment of the quality and value of collateral.

The Bank regularly assesses the risk associated with the granted credit exposures and monitors the debtors’ ability to repay the debt throughout the loan life cycle.

**Restructuring and collection**

The Bank supports its clients at every stage of financing. The Bank offers products tailored to their needs and offers flexible repayment schedules in the event of minor delays in repayment of liabilities. In the event of greater difficulties in repayment, the Bank may propose debt restructuring. Then, together with the client, the Bank determines the best form of support or conclusion of a settlement.

The main objective of restructuring activities is to minimise the risk of the Bank’s losses or to minimise the size of the loss.

The Bank adopts the following behavioural strategies:

- Debt restructuring - based on cooperation with the client, which may in particular consist in changing the contractual terms to adjust the terms of debt repayment to the client's financial capabilities, e.g.:
  - extending the repayment period,
  - temporary suspension of instalments in the principal part / entire instalment,
  - conversion of a renewable product into an instalment product,
  - sale of assets (not applicable to the retail segment),
  - sale of a part of the borrower's business activity (not applicable to the retail segment),
  - partial write-off of financial liabilities (not applicable to the retail segment),
  - the Bank's participation in restructuring based on the provisions of the *Restructuring Law*.

The decision to start restructuring is made after a detailed assessment and approval by the relevant decision-making body in the Bank. After a successfully completed restructuring process, the borrower is again subject to standard credit risk monitoring procedures.

- Debt collection - i.e. recovery by the Bank of receivables from established legal securities or from other assets of the client or from assets of obligated third parties. The Bank may pursue its receivables by initiating enforcement proceedings or participating in bankruptcy proceedings or, in relation to retail clients, by way of amicable recovery, i.e. enabling the client to make voluntary repayments under the debt collection strategy.

Forbearance

Forbearance occurs if the Bank considers that the client will not be able to meet his financial obligations due to financial difficulties (established or expected) and decides to grant him amenities.

Forbearance shall be identified if the following cumulative conditions are met:

- the customer is unable to meet its financial obligations under the loan agreement at the Bank due to existing or expected financial difficulties,
- the Bank shall grant a relaxation facility that would not have been granted if the customer had not experienced financial difficulties.

Financial difficulties are understood as the situation of a client who is experiencing or will soon begin to experience difficulties in fulfilling his financial obligations.

Detailed quantitative disclosures regarding the distribution of the loan portfolio between the performing and non-performing, detailing exposures with forbearance facilities granted, are presented later in the chapter in section 2.9.5.

2.8. Quantitative disclosure on credit risk

<a href="#">2.8.1. Maximum exposure to credit risk</a>	<a href="#">95</a>
<a href="#">2.8.2. Quality of the loan portfolio</a>	<a href="#">96</a>
<a href="#">2.8.3. Concentration of exposures</a>	<a href="#">105</a>
<a href="#">2.8.4. Collaterals</a>	<a href="#">107</a>
<a href="#">2.8.5. Loan portfolio performing and non-performing and exposures with forbearance granted</a>	<a href="#">108</a>
<a href="#">2.8.6. Credit quality of other financial assets</a>	<a href="#">111</a>
<a href="#">2.8.7. Modification of contractual cash flows</a>	<a href="#">113</a>

2.8.1. Maximum exposure to credit risk

	2025	2024
Loans and other receivables to other banks	26,830	25,063
Financial assets measured at fair value through profit or loss (excluding derivatives and equity instruments), including:	2,339	2,126
Financial assets held for trading	2,332	2,105
valuation of derivatives	818	898
other financial assets held for trading, including:	1,514	1,207
debt securities, including:	1,090	700
Treasury bonds in PLN	976	678
Czech Treasury bonds	114	22
repurchase agreements	424	507
Non-trading financial assets measured at fair value through profit or loss, including:	7	21
loans mandatorily at fair value through profit or loss	7	21
Derivative hedging instruments	73	61
Investment securities (excluding equity instruments), of which:	65,059	58,638
Measured at fair value through other comprehensive income, including:	38,110	31,585
Treasury bonds in PLN	33,058	26,271
European Union bonds	1,947	2,064
European Investment Bank bonds	2,689	2,838
Austrian government bonds	416	412
Measured at amortised cost, including:	26,949	27,053
Treasury bonds in PLN	15,822	11,859
Treasury bonds in EUR	1,972	2,872
European Investment Bank bonds	7,111	6,654
Bonds of the Polish Development Fund (PFR)	1,845	3,860
Bank Gospodarstwa Krajowego bonds	199	1,808

	2025	2024
Loans and other receivables to customers, including:	169,625	156,496
Measured at amortised cost, including:	162,004	150,037
Corporate banking	91,592	87,287
loans in the current account	18,112	17,505
term loans and advances	68,813	65,215
corporate and municipal debt securities	4,667	4,567
Retail banking	67,148	59,548
mortgages	56,708	50,275
loans in the current account	618	624
other loans and advances	9,822	8,649
Other receivables	3,264	3,202
Measured at fair value through other comprehensive income	7,621	6,459
Financial receivables in other assets	26	23
Granted off-balance sheet liabilities, of which:	64,548	56,584
Undrawn credit lines	51,386	44,587
guarantees	9,277	8,018
credit card limits	2,108	1,896
undrawn overdrafts in current account	1,386	1,409
letters of credit	391	393
repurchase agreements	-	281
Total	328,500	298,991

2.8.2. Quality of the loan portfolio

The loan portfolio includes receivables from customers, which consist of loans (both term and overdrafts or card accounts) and other credit claims (e.g. purchased receivables), factoring receivables and corporate and municipal bonds.

Balance sheet value and impairment for expected credit losses by Stages

Loan portfolio measured at amortised cost

as at 31 December	2025			2024		
	gross	impairment for expected credit loss	net	gross	impairment for expected credit loss	net
Corporate banking	94,557	-2,966	91,591	90,085	-2,798	87,287
assets in Stage 1	80,340	-126	80,214	75,584	-128	75,456
assets in Stage 2	9,307	-355	8,952	9,840	-359	9,481
assets in Stage 3	4,910	-2,485	2,425	4,661	-2,311	2,350
including individually significant assets	2,889	-1,121	1,768	2,870	-1,124	1,746
Retail banking, including:	68,017	-869	67,148	60,407	-859	59,548
mortgages	56,861	-153	56,708	50,435	-160	50,275
assets in Stage 1	55,364	-10	55,354	44,430	-9	44,421
assets in Stage 2	1,223	-38	1,185	5,749	-48	5,701
assets in Stage 3	273	-105	168	255	-103	152
POCI assets	1	-	1	1	-	1
other loans	11,156	-716	10,440	9,972	-699	9,273
assets in Stage 1	9,677	-97	9,580	8,430	-94	8,336
assets in Stage 2	801	-121	680	877	-115	762
assets in Stage 3	676	-498	178	663	-490	173
POCI assets	2	-	2	2	-	2
Total, including:	162,574	-3,835	158,739	150,492	-3,657	146,835
assets in Stage 1	145,381	-233	145,148	128,444	-231	128,213
assets in Stage 2	11,331	-514	10,817	16,466	-522	15,944
assets in Stage 3	5,859	-3,088	2,771	5,579	-2,904	2,675
POCI assets	3	-	3	3	-	3

The Bank identifies POCI financial assets whose balance-sheet value as at 31 December 2025 was PLN 3 million (as at 31 December 2024). These are exposures to impaired receivables purchased in connection with the acquisition of Bieszczadzka SKOK in 2017 and exposures which were significantly modified as a result of restructuring, which involved the need to remove the original credit exposure re-recognise the asset in the statement of financial position.



Loans measured at fair value through other comprehensive income

	2025		2024	
	carrying amount *	impairment for expected credit loss	carrying amount*	impairment for expected credit loss
Retail banking - mortgage loans				
assets in Stage 1	7,405	-1	5,420	-1
assets in Stage 2	197	-5	1,016	-8
assets in Stage 3	19	-10	23	-9
Total	7,621	-16	6,459	-18

\*) In the case of financial assets measured at fair value through other comprehensive income, the carrying amount is not reduced by the allowance for expected credit losses.

Sale of non-performing receivables

In 2025, the Bank concluded three agreements for the sale of receivables from the non-performing portfolio, which included receivables from retail and corporate customers. As a result of the transaction:

- the retail portfolio of non-performing receivables decreased by PLN 126 million and the positive impact of the transaction on the Bank’s gross result amounted to PLN 43 million.
- the corporate non-performing receivables portfolio decreased by PLN 452 million and the positive impact of the transaction on the Bank’s gross result amounted to PLN 19 million.

In addition, in 2025, the Bank sold corporate receivables from the non-performing receivables portfolio. As a result of the transaction, the non-working receivables portfolio decreased by PLN 5 million and the positive impact of the transaction on the Bank’s gross result amounted to PLN 2 million.

In 2024, the Bank carried out five sales transactions of non-performing receivables. The Bank concluded the following agreements regarding the sale of receivables from the impaired portfolio:

- Three agreement on the sale of corporate receivables, as a result of which the portfolio of impaired receivables decreased by PLN 396 million. The positive impact of the transaction on the Group's gross result amounted to PLN 22 million.
- Two agreement on the sale of retail receivables, as a result of which the portfolio of impaired receivables decreased by PLN 192 million. The positive impact of the transaction on the Group's gross result amounted to PLN 58 million.

The result on the sale of receivables is presented in the line *Profit on the sale of receivables under Impairment for expected credit losses in the income statement*.

Loan portfolio measured at amortized cost - reconciliation of the gross carrying amount (GVA) and change of the impairment for expected credit losses (ECL)

for the year ended 31 December 2025																						
	Corporate banking										Retail banking										Total	
	GCA	ECL	GCA	ECL	GCA	ECL	GCA	ECL	GCA	ECL	GCA	ECL	GCA	ECL	GCA	ECL	GCA	ECL	GCA	ECL	GCA	ECL
	Stage 1		Stage 2		Stage 3		POCI		Total		Stage 1		Stage 2		Stage 3		POCI		Total		GCA	ECL
Opening balance	75,584	-128	9,840	-359	4,661	-2,311	-	-	90,085	-2,798	52,860	-103	6,626	-163	918	-593	3	-	60,407	-859	150,492	-3,657
Changes in the period, including:	4,756	2	-533	4	249	-173	-	-	4,472	-167	12,181	-4	-4,602	4	31	-10	-	-	7,610	-10	12,082	-177
loans granted in the period	26,484	-57	-	-	-	-	-	-	26,484	-57	18,216	-54	-	-	-	-	-	-	18,216	-54	44,700	-111
transfer to and from Stage 1	2,057	-8	-2,051	60	-6	8	-	-	-	60	4,688	-5	-4,673	49	-15	13	-	-	-	57	-	117
transfer to and from Stage 2	-5,218	29	5,243	-189	-25	15	-	-	-	-145	-1,022	11	1,105	-94	-83	44	-	-	-	-39	-	-184
transfer to and from Stage 3	-729	10	-611	60	1,340	-602	-	-	-	-532	-224	5	-168	29	392	-182	-	-	-	-148	-	-680
repayment (total and partial) and the release of new tranches	-17,838	31	-3,114	88	-629	567	-	-	-21,581	686	-9,402	27	-848	23	-165	83	-	-	-10,415	133	-31,996	819
changed provisioning under impairment for expected credit losses	-	12	-	1	-	-603	-	-	-	-590	-	14	-	-3	-	-69	-	-	-	-58	-	-648
management adjustments	-	-15	-	-16	-	54	-	-	-	23	-	-2	-	-	-	5	-	-	-	3	-	26
Total impairment for expected credit losses in the profit and loss account	-	2	-	4	-	-561	-	-	-	-555	-	-4	-	4	-	-106	-	-	-	-106	-	-661
derecognition from the balance sheet (write-downs, sale)	-	-	-	-	-431	431	-	-	-431	431	-	-	-	-	-97	97	-	-	-97	97	-528	528
calculation of penalty interest (for late payment)	-	-	-	-	365	-	-	-	365	-	-	-	-	-	39	-	-	-	39	-	404	-
writing down penalty interest (for late payment)	-	-	-	-	-365	-	-	-	-365	-	-	-	-	-	-39	-	-	-	-39	-	-404	-
value adjustment for legal risk of CHF mortgage loans	-	-	-	-	-	-	-	-	-	-	-75	-	-18	-	-1	-	-	-	-94	-	-94	-
calculation and write-off of effective interest	-	-	-	-	-	-25	-	-	-	-25	-	-	-	-	-	-	-	-	-	-	-	-25
other	-	-	-	-	-	-18	-	-	-	-18	-	-	-	-	-	-1	-	-	-	-1	-	-19
Closing balance	80,340	-126	9,307	-355	4,910	-2,484	-	-	94,557	-2,965	65,041	-107	2,024	-159	949	-603	3	-	68,017	-869	162,574	-3,834

for the year ended 31 December 2024																						
	Corporate banking										Retail banking										Total	
	GCA	ECL	GCA	ECL	GCA	ECL	GCA	ECL	GCA	ECL	GCA	ECL	GCA	ECL	GCA	ECL	GCA	ECL	GCA	ECL		
	Stage 1		Stage 2		Stage 3		POCI		Total		Stage 1		Stage 2		Stage 3		POCI		Total		GCA	ECL
Opening balance	74,495	-184	10,009	-392	2,626	-1,705	-	-	87,130	-2,281	49,097	-124	4,485	-187	984	-645	3	-	54,569	-956	141,699	-3,237
Changes in the period, including:	1,089	56	-169	33	2,035	-606	-	-	2,955	-517	3,763	21	2,141	24	-66	52	-	-	5,838	97	8,793	-420
loans granted in the period	24,147	-86	-	-	-	-	-	-	24,147	-86	14,514	-52	-	-	-	-	-	-	14,514	-52	38,661	-138
transfer to and from Stage 1	2,366	-10	-2,354	61	-12	5	-	-	-	56	2,175	-4	-2,155	53	-20	13	-	-	-	62	-	118
transfer to and from Stage 2	-6,003	40	6,029	-220	-26	13	-	-	-	-167	-4,892	16	4,974	-102	-82	42	-	-	-	-44	-	-211
transfer to and from Stage 3	-1,694	41	-1,263	145	2,957	-1,044	-	-	-	-858	-226	6	-152	34	378	-191	-	-	-	-151	-	-1,009
repayment (total and partial) and the release of new tranches	-17,727	39	-2,581	72	-517	220	-	-	-20,825	331	-7,914	31	-541	25	-197	88	-	-	-8,652	144	-29,477	475
changed provisioning under impairment for expected credit losses	-	11	-	-42	-	-243	-	-	-	-274	-	-8	-	-23	-	-29	-	-	-	-60	-	-334
management adjustments	-	22	-	15	-	98	-	-	-	135	-	32	-	37	-	-	-	-	-	69	-	204
Total impairment for expected credit losses in the profit and loss account	-	57	-	31	-	-951	-	-	-	-863	-	21	-	24	-	-77	-	-	-	-32	-	-895
derecognition from the balance sheet (write-downs, sale)	-	-	-	-	-367	360	-	-	-367	360	-	-	-	-	-147	146	-	-	-147	146	-514	506
calculation of penalty interest (for late payment)	-	-	-	-	301	-	-	-	301	-	-	-	-	-	50	-	-	-	50	-	351	-
writing down penalty interest (for late payment)	-	-	-	-	-301	-	-	-	-301	-	-	-	-	-	-50	-	-	-	-50	-	-351	-
value adjustment for legal risk of CHF mortgage loans	-	-	-	-	-	-	-	-	-	-	106	-	15	-	2	-	-	-	123	-	123	-
calculation and write-off of effective interest	-	-	-	-	-	10	-	-	-	10	-	-	-	-	-	3	-	-	-	3	-	13
other	-	-1	-	2	-	-25	-	-	-	-24	-	-	-	-	-	-20	-	-	-	-20	-	-44
Closing balance	75,584	-128	9,840	-359	4,661	-2,311	-	-	90,085	-2,798	52,860	-103	6,626	-163	918	-593	3	-	60,407	-859	150,492	-3,657



Changes in the gross carrying amount of the loan portfolio affect the level of impairment for expected credit losses primarily through the disbursement of loans in the period, transfers between Stages and repayments made by borrowers.

In 2025, among loans granted during the year, the most important item were mortgage loans for natural persons (PLN 13,232 million), investment loans (PLN 10,033 million) and working capital loans (PLN 8,841 million), in addition, cash loans for natural persons (PLN 4,831 million). A significant part were also short-term loans: revolving (PLN 1,670 million) and overdrafts (PLN 1,637 million) and loans for entrepreneurs (PLN 1,627 million). Additionally, during 2025 penalty interest of PLN 404 million was accrued to the gross carrying amount of loans and other receivables granted to customers, which were written off in full. At the end of 2025 , the amount of written-off penalty interest that is subject to debt collection activities was PLN 752 million.

In 2024, among loans granted during the year, the most important item were mortgage loans for natural persons (PLN 10,281 million), investment loans (PLN 7,267 million) and working capital loans (PLN 7,272 million), in addition, cash loans for natural persons (PLN 4,073 million). A significant part were also short-term loans: revolving (PLN 1,897 million) and overdrafts (PLN 2,291 million) and loans for entrepreneurs (PLN 1,602 million). Additionally, during 2024, penalty interest of PLN 351 million was accrued to the gross carrying amount of loans and other receivables granted to customers, which were written off in full. At the end of 2024, the amount of written-off penalty interest that is subject to debt collection activities was PLN 743 million.

Loans measured at fair value through other comprehensive income - change in the impairment for expected credit losses

	2025				2024			
	Retail banking - mortgage loans							
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Impairment at the beginning of the period	1	8	9	18	3	11	9	23
Changes during the period, including:	-	-3	1	-2	-2	-3	-	-5
transfer to and from stage 1	-	-	-	-	-	-3	-	-3
transfer to and from stage 2	-	-3	-	-3	-	3	-2	1
transfer to and from stage 3	-	1	-1	-	-	-1	2	1
change in the estimate of the allowance for expected credit losses	-	-1	2	1	-2	-3	1	-4
other	-	-	-	-	-	1	-1	-
Impairment at the end of the period	1	5	10	16	1	8	9	18

Changes in the carrying amount of the loan portfolio measured at fair value through other comprehensive income are presented in note 36.1. Financial assets and liabilities measured at fair value in the statement of financial position.

Loan portfolio - on- and off-balance sheet exposures by risk classes

The Bank divides risk classes into four basic groups. The risk classes are divided into short-term Moody's ratings, as shown in the table below.

No	risk class group	risk class range	short-term rating of Moody's
1.	a group of classes corresponding to investment grade	1-10	from Aaa to Baa3
2.	a group of classes corresponding to speculative ratings	11-17	from Ba1 to Caa3
3.	a group of classes of potentially non-performing exposures	18-19	from Ca to C
4.	a group of classes of non-regular exposures	20-22	-

For ratings 20-22, the probability of default is 100%.

Exposures to corporate clients

as at 31 December 2025										
risk class range	Stage 1		Stage 2		Stage 3		POCI		Total	
	on-balance sheet	off-balance sheet	on-balance sheet	off-balance sheet	on-balance sheet	off-balance sheet	on-balance sheet	off-balance sheet	on-balance sheet	off-balance sheet
1-10	54,111	33,362	875	1,175	-	-	-	-	54,986	34,537
11-17	26,205	15,569	6,604	3,250	21	1	-	-	32,830	18,820
18-19	24	18	1,828	193	19	-	-	-	1,871	211
20-22	-	-	-	-	4,870	180	-	-	4,870	180
Total Gross	80,340	48,949	9,307	4,618	4,910	181	-	-	94,557	53,748
ECL	-126	-18	-355	-19	-2,484	-90	-	-	-2,965	-127
Net total	80,214	48,931	8,952	4,599	2,426	91	-	-	91,592	53,621

Exposure to retail clients – total

as at 31 December 2025										
risk class range	Stage 1		Stage 2		Stage 3		POCI		Total	
	on-balance sheet	off-balance sheet	on-balance sheet	off-balance sheet	on-balance sheet	off-balance sheet	on-balance sheet	off-balance sheet	on-balance sheet	off-balance sheet
1-10	52,817	5,782	460	135	-	-	1	-	53,278	5,917
11-17	12,216	509	1,280	44	-	-	2	-	13,498	553
18-19	8	-	284	1	-	-	-	-	292	1
20-22	-	-	-	-	949	4	-	-	949	4
Total Gross	65,041	6,291	2,024	180	949	4	3	-	68,017	6,475
ECL	-107	-5	-159	-6	-603	-4	-	-	-869	-15
Net total	64,934	6,286	1,865	174	346	-	3	-	67,148	6,460

Exposure to retail clients - mortgage loans and advances

as at 31 December 2025										
risk class range	Stage 1		Stage 2		Stage 3		POCI		Total	
	on-balance sheet	off-balance sheet	on-balance sheet	off-balance sheet	on-balance sheet	off-balance sheet	on-balance sheet	off-balance sheet	on-balance sheet	off-balance sheet
1-10	51,607	2,860	442	16	-	-	1	-	52,050	2,876
11-17	3,751	65	674	1	-	-	-	-	4,425	66
18-19	6	-	107	-	-	-	-	-	113	-
20-22	-	-	-	-	273	-	-	-	273	-
Total Gross	55,364	2,925	1,223	17	273	-	1	-	56,861	2,942
ECL	-10	-1	-38	-2	-105	-1	-	-	-153	-4
Net total	55,354	2,924	1,185	15	168	-1	1	-	56,708	2,938

Exposure to retail clients - other loans and advances

as at 31 December 2025											
risk class range	Stage 1		Stage 2		Stage 3		POCI		Total		
	on-balance sheet	off-balance sheet	on-balance sheet	off-balance sheet	on-balance sheet	off-balance sheet	on-balance sheet	off-balance sheet	on-balance sheet	off-balance sheet	
1-10	1,210	2,922	18	119	-	-	-	-	1,228	3,041	
11-17	8,465	444	606	43	-	-	2	-	9,073	487	
18-19	2	-	177	1	-	-	-	-	179	1	
20-22	-	-	-	-	676	4	-	-	676	4	
Total Gross	9,677	3,366	801	163	676	4	2	-	11,156	3,533	
ECL	-97	-4	-121	-4	-498	-3	-	-	-716	-11	
Net total	9,580	3,362	680	159	178	1	2	-	10,440	3,522	

Exposures to corporate clients

as at 31 December 2024											
risk class range	Stage 1		Stage 2		Stage 3		POCI		Total		
	on-balance	off-balance	on-balance	off-balance	on-balance	off-balance	on-balance	off-balance	on-balance	off-balance	
	sheet	sheet	sheet	sheet	sheet	sheet	sheet	sheet	sheet	sheet	
1-10	47,966	27,429	1,365	944	-	-	-	-	49,331	28,373	
11-17	27,589	17,059	6,438	3,126	19	3	-	-	34,046	20,188	
18-19	29	71	2,037	194	22	-	-	-	2,088	265	
20-22	-	-	-	-	4,620	134	-	-	4,620	134	
Total Gross	75,584	44,559	9,840	4,264	4,661	137	-	-	90,085	48,960	
ECL	-128	-18	-359	-30	-2,311	-48	-	-	-2,798	-96	
Net total	75,456	44,541	9,481	4,234	2,350	89	-	-	87,287	48,864	

Exposure to retail clients – total

as at 31 December 2024											
risk class range	Stage 1		Stage 2		Stage 3		POCI		Total		
	on-balance	off-balance	on-balance	off-balance	on-balance	off-balance	on-balance	off-balance	on-balance	off-balance	
	sheet	sheet	sheet	sheet	sheet	sheet	sheet	sheet	sheet	sheet	
1-10	44,135	4,802	4,892	143	-	-	1	-	49,028	4,945	
11-17	8,722	505	1,438	41	1	-	2	-	10,163	546	
18-19	3	-	296	2	-	-	-	-	299	2	
20-22	-	-	-	-	917	4	-	-	917	4	
Total Gross	52,860	5,307	6,626	186	918	4	3	-	60,407	5,497	
ECL	-103	-5	-163	-4	-593	-3	-	-	-859	-12	
Net total	52,757	5,302	6,463	182	325	1	3	-	59,548	5,485	

Exposure to retail clients - mortgage loans and advances

as at 31 December 2024										
risk class range	Stage 1		Stage 2		Stage 3		POCI		Total	
	on-balance	off-balance	on-balance	off-balance	on-balance	off-balance	on-balance	off-balance	on-balance	off-balance
	sheet	sheet	sheet	sheet	sheet	sheet	sheet	sheet	sheet	sheet
1-10	43,149	3,069	4,851	16	-	-	1	-	48,001	3,085
11-17	1,281	124	789	-	-	-	-	-	2,070	124
18-19	-	-	109	1	-	-	-	-	109	1
20-22	-	-	-	-	255	-	-	-	255	-
Total Gross	44,430	3,193	5,749	17	255	-	1	-	50,435	3,210
ECL	-9	-	-48	-	-103	-	-	-	-160	-
Net total	44,421	3,193	5,701	17	152	-	1	-	50,275	3,210

Exposure to retail clients - other loans and advances

as at 31 December 2024										
risk class range	Stage 1		Stage 2		Stage 3		POCI		Total	
	on-balance	off-balance	on-balance	off-balance	on-balance	off-balance	on-balance	off-balance	on-balance	off-balance
	sheet	sheet	sheet	sheet	sheet	sheet	sheet	sheet	sheet	sheet
1-10	986	1,733	41	127	-	-	-	-	1,027	1,860
11-17	7,441	381	649	41	1	-	2	-	8,093	422
18-19	3	-	187	1	-	-	-	-	190	1
20-22	-	-	-	-	662	4	-	-	662	4
Total Gross	8,430	2,114	877	169	663	4	2	-	9,972	2,287
ECL	-94	-5	-115	-4	-490	-3	-	-	-699	-12
Net total	8,336	2,109	762	165	173	1	2	-	9,273	2,275



Exposures to clients by DPD

Exposures to corporate clients

as at 31 December 2025										
number of days past due	Stage 1		Stage 2		Stage 3		POCI		Total	
	on-balance sheet	off-balance sheet	on-balance sheet	off-balance sheet	on-balance sheet	off-balance sheet	on-balance sheet	off-balance sheet	on-balance sheet	off-balance sheet
0	80,265	48,949	9,038	4,618	1,910	181	-	-	91,213	53,748
1-30	73	-	188	-	88	-	-	-	349	-
31-60	-	-	62	-	58	-	-	-	120	-
61-90	2	-	19	-	99	-	-	-	120	-
91-180	-	-	-	-	220	-	-	-	220	-
181-365	-	-	-	-	493	-	-	-	493	-
>365	-	-	-	-	2,042	-	-	-	2,042	-
Total Gross	80,340	48,949	9,307	4,618	4,910	181	-	-	94,557	53,748

Exposure to retail clients – total

as at 31 December 2025										
number of days past due	Stage 1		Stage 2		Stage 3		POCI		Total	
	on-balance sheet	off-balance sheet	on-balance sheet	off-balance sheet	on-balance sheet	off-balance sheet	on-balance sheet	off-balance sheet	on-balance sheet	off-balance sheet
0	64,720	6,291	1,433	180	336	4	3	-	66,492	6,475
1-30	321	-	483	-	57	-	-	-	861	-
31-60	-	-	86	-	22	-	-	-	108	-
61-90	-	-	22	-	17	-	-	-	39	-
91-180	-	-	-	-	66	-	-	-	66	-
181-365	-	-	-	-	108	-	-	-	108	-
>365	-	-	-	-	343	-	-	-	343	-
Total Gross	65,041	6,291	2,024	180	949	4	3	-	68,017	6,475

Exposure to retail clients - mortgage loans and advances

as at 31 December 2025										
number of days past due	Stage 1		Stage 2		Stage 3		POCI		Total	
	on-balance sheet	off-balance sheet	on-balance sheet	off-balance sheet	on-balance sheet	off-balance sheet	on-balance sheet	off-balance sheet	on-balance sheet	off-balance sheet
0	55,095	2,925	879	17	89	-	1	-	56,064	2,942
1-30	269	-	269	-	22	-	-	-	560	-
31-60	-	-	63	-	8	-	-	-	71	-
61-90	-	-	12	-	4	-	-	-	16	-
91-180	-	-	-	-	21	-	-	-	21	-
181-365	-	-	-	-	26	-	-	-	26	-
>365	-	-	-	-	103	-	-	-	103	-
Total Gross	55,364	2,925	1,223	17	273	-	1	-	56,861	2,942

Exposure to retail clients - other loans and advances

as at 31 December 2025										
number of days past due	Stage 1		Stage 2		Stage 3		POCI		Total	
	on-balance sheet	off-balance sheet	on-balance sheet	off-balance sheet	on-balance sheet	off-balance sheet	on-balance sheet	off-balance sheet	on-balance sheet	off-balance sheet
0	9,625	3,366	554	163	247	4	2	-	10,428	3,533
1-30	52	-	214	-	35	-	-	-	301	-
31-60	-	-	23	-	14	-	-	-	37	-
61-90	-	-	10	-	13	-	-	-	23	-
91-180	-	-	-	-	45	-	-	-	45	-
181-365	-	-	-	-	82	-	-	-	82	-
>365	-	-	-	-	240	-	-	-	240	-
Total Gross	9,677	3,366	801	163	676	4	2	-	11,156	3,533

Exposures to corporate clients

as at 31 December 2024											
number of days past due	Stage 1		Stage 2		Stage 3		POCI		Total		
	on-balance sheet	off-balance sheet	on-balance sheet	off-balance sheet	on-balance sheet	off-balance sheet	on-balance sheet	off-balance sheet	on-balance sheet	off-balance sheet	
0	74,942	44,559	9,513	4,264	1,743	137	-	-	86,198	48,960	
1-30	639	-	204	-	122	-	-	-	965	-	
31-60	1	-	93	-	56	-	-	-	150	-	
61-90	1	-	27	-	54	-	-	-	82	-	
91-180	-	-	3	-	380	-	-	-	383	-	
181-365	-	-	-	-	750	-	-	-	750	-	
>365	1	-	-	-	1,556	-	-	-	1,557	-	
Total Gross	75,584	44,559	9,840	4,264	4,661	137	-	-	90,085	48,960	

Exposure to retail clients – total

as at 31 December 2024											
number of days past due	Stage 1		Stage 2		Stage 3		POCI		Total		
	on-balance sheet	off-balance sheet	on-balance sheet	off-balance sheet	on-balance sheet	off-balance sheet	on-balance sheet	off-balance sheet	on-balance sheet	off-balance sheet	
0	52,589	5,307	6,007	186	318	4	3	-	58,917	5,497	
1-30	271	-	499	-	61	-	-	-	831	-	
31-60	-	-	91	-	18	-	-	-	109	-	
61-90	-	-	29	-	15	-	-	-	44	-	
91-180	-	-	-	-	65	-	-	-	65	-	
181-365	-	-	-	-	111	-	-	-	111	-	
>365	-	-	-	-	330	-	-	-	330	-	
Total Gross	52,860	5,307	6,626	186	918	4	3	-	60,407	5,497	

Exposure to retail clients - mortgage loans and advances

as at 31 December 2024											
number of days past due	Stage 1		Stage 2		Stage 3		POCI		Total		
	on-balance sheet	off-balance sheet	on-balance sheet	off-balance sheet	on-balance sheet	off-balance sheet	on-balance sheet	off-balance sheet	on-balance sheet	off-balance sheet	
0	44,220	3,193	5,382	17	90	-	1	-	49,693	3,210	
1-30	210	-	280	-	21	-	-	-	511	-	
31-60	-	-	70	-	4	-	-	-	74	-	
61-90	-	-	17	-	4	-	-	-	21	-	
91-180	-	-	-	-	17	-	-	-	17	-	
181-365	-	-	-	-	24	-	-	-	24	-	
>365	-	-	-	-	95	-	-	-	95	-	
Total Gross	44,430	3,193	5,749	17	255	-	1	-	50,435	3,210	

Exposure to retail clients - other loans and advances

as at 31 December 2024											
number of days past due	Stage 1		Stage 2		Stage 3		POCI		Total		
	on-balance sheet	off-balance sheet	on-balance sheet	off-balance sheet	on-balance sheet	off-balance sheet	on-balance sheet	off-balance sheet	on-balance sheet	off-balance sheet	
0	8,369	2,114	625	169	228	4	2	-	9,224	2,287	
1-30	61	-	219	-	40	-	-	-	320	-	
31-60	-	-	21	-	14	-	-	-	35	-	
61-90	-	-	12	-	11	-	-	-	23	-	
91-180	-	-	-	-	48	-	-	-	48	-	
181-365	-	-	-	-	87	-	-	-	87	-	
>365	-	-	-	-	235	-	-	-	235	-	
Total Gross	8,430	2,114	877	169	663	4	2	-	9,972	2,287	

2.8.3. Concentration of exposures

Concentration of exposures to corporate clients in national economy sectors

as at 31 December 2025					
National economy sector	balance sheet and off-balance sheet exposure in PLN million (gross carrying amount)				share in the total exposure
	Stage 1	Stage 2	Stage 3	Total	(in %)
financial intermediation	27,000	6	1	27,007	18.2%
wholesale trade	11,324	1,749	501	13,574	9.2%
property services	8,394	1,361	301	10,056	6.8%
construction	7,903	1,428	389	9,720	6.6%
other business operations	6,298	1,378	216	7,892	5.3%
retail trade	6,851	482	234	7,567	5.1%
production of foodstuffs and beverages	4,192	466	136	4,794	3.2%
power generation	4,451	297	30	4,778	3.2%
manufacturing of metal final products	3,373	946	301	4,620	3.1%
public administration and national defence	4,381	226	-	4,607	3.1%
rental of equipment	3,739	657	25	4,421	3.0%
production of chemicals, chemical products	2,550	87	1,355	3,992	2.7%
rubber industry	2,741	402	120	3,263	2.2%
sales, repair and maintenance of motor vehicles	2,568	339	103	3,010	2.0%
land transport and pipelines	2,304	370	232	2,906	2.0%
post and telecommunications	2,748	122	18	2,888	1.9%
computer science and related activities	2,250	189	81	2,520	1.7%
wood and paper industry	1,906	448	108	2,462	1.7%
ancillary activities related to financial intermediation	2,272	15	16	2,303	1.6%
others	22,044	2,957	924	25,925	17.5%
Total	129,289	13,925	5,091	148,305	100%

as at 31 December 2024					
National economy sector	balance sheet and off-balance sheet exposure in PLN million (gross carrying amount)				share in the total exposure
	Stage 1	Stage 2	Stage 3	Total	(in %)
financial intermediation	27,145	34	15	27,194	19.6%
wholesale trade	10,546	1,909	421	12,876	9.3%
construction	7,605	1,155	407	9,167	6.6%
property services	7,690	1,027	290	9,007	6.5%
other business operations	6,582	1,467	243	8,292	6.0%
retail trade	5,997	427	272	6,696	4.8%
production of foodstuffs and beverages	3,833	363	183	4,379	3.1%
manufacturing of metal final products	3,617	542	213	4,372	3.1%
production of chemicals, chemical products	2,647	193	1,349	4,189	3.0%
rubber industry	2,818	587	110	3,515	2.5%
rental of equipment	2,554	734	22	3,310	2.4%
power generation	2,805	278	102	3,185	2.3%
post and telecommunications	2,833	139	21	2,993	2.2%
sales, repair and maintenance of motor vehicles	2,619	215	91	2,925	2.1%
land and pipeline transport	2,309	421	179	2,909	2.1%
public administration and national defence	1,756	878	-	2,634	1.9%
wood and paper industry	1,961	508	98	2,567	1.8%
ancillary activities related to financial intermediation	2,089	22	13	2,124	1.5%
agriculture, forestry, fishery	1,664	355	66	2,085	1.5%
others	21,090	2,832	704	24,626	17.7%
Total	120,160	14,086	4,799	139,045	100%



Bank's largest exposures

The table presents the 20 largest exposures of the Bank to individual entities or groups of related debtors. The presented groups of entities include groups in which the parent entity is an institution within the meaning of CRR regulations (including the parent entity of the Bank) and groups of entities owned by the State Treasury or in which the State Treasury exercises control on another basis.

The amount of exposures includes the value of on-balance sheet assets (loans granted, deposits submitted, debt securities), off-balance sheet liabilities granted and the value of balance sheet equivalent of derivatives. Exposures were reduced by the amounts of exclusions allowed under Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 (CRR) and the Regulation of the Minister of Finance of 1 July 2016 on the types of exposures of banks excluded from large exposure limits. The effects of applying risk reduction techniques in accordance with CRR were also taken into account.

The amount of the exposure of the groups of debtors related to the State Treasury includes not only exposures to companies of the State Treasury or controlled by it on another basis, but also the non-exclusive value of State Treasury bonds<sup>3</sup> and guarantees and sureties of Korporacja Ubezpieczeń Kredytów Eksportowych (KUKE) S.A. For the above exposures, the Bank has the consent of the PFSA pursuant to Article 500a paragraph 2 of CRR for the temporary application of increased limits of large exposures (up to 40% of Tier 1 capital).

as at 31 December		
Entity/group of related entities	Bank's exposures	
	2025	2024
Group 1 */**	4,531	2,082
Group 2 */**	3,726	1,360
Group 3 */**	3,714	328
Group 4 */**	3,621	1,128
Group 5 */**	3,076	600
Group 6 (banking)	3,060	3,024
Group 7 */**	2,992	-
Group 8 */**	2,881	196
Group 9 */**	2,666	226
Group 10 */**	2,571	-
Group 11	2,355	2,328
Group 12	2,171	1,786
Group 13 (banking) *	1,849	1,553
Group 14	1,541	1,254
Group 15	1,453	961
Group 16	1,073	1,073
Group 17 (banking)	1,064	1,288
Group 18	1,026	1,026
Group 19	1,023	1,005
Group 20	997	1,023

\*) exclusions of exposures from concentration limits were applied on the basis of the provisions of Article 400 CRR

\*\*\*) group with the participation of entities related to the State Treasury

<sup>3</sup> In the July-December 2024 period, the Bank used the temporary possibility to exclude in limits of large exposures positions resulting from public debt denominated in the currency of another EU Member State on the basis of the CRR provisions amended by Regulation (EU) 2024/1623 of the European Parliament and of the Council of 31 May 2024 amending Regulation (EU) No 575/2013 as regards credit risk requirements, credit valuation adjustment risk, operational risk, market risk and minimum capital threshold.

2.8.4. Collaterals

Maximum recognisable amount of collateral or guarantee

The Bank applies collateral on the following assets: cash (deposit in the Bank or another bank), liquid securities, real estate, means of transport, receivables, machinery and equipment, inventories, intangible assets and other collateral.

As at 31 December 2025, the value of collateral for Stage 3 credit exposures amounted to PLN 1,702 million, compared to PLN 1,720 million at the end of 2024. If the value of collateral exceeds the credit exposure balance, it was assumed that the value of collateral is equal to the exposure balance.

The tables show the value of collateral not exceeding the carrying amount of the related credit exposures. The presented values of collateral result from the assumptions adopted by the Bank for determining the nominal value of collateral, the general principles of which for the main types of collateral are as follows:

- The value of real estate collateral is the lower of the two values, i.e. the value determined as a result of the Bank's verification of the value of the real estate (not higher than the market value specified in the valuation report or internal valuation report) determined in the cyclical monitoring / update process, after deducting the previously incurred mortgage charges or the value of the mortgage register entry.
- The value of collateral for machinery and equipment is the lower of the sum insured for this item, the net present book value or the highest amount of collateral in the case of a registered pledge agreement.
- The value of the collateral in the case of guarantees other than those of the parent or other related company is the lower of the two values, i.e. the amount to which the guarantee is issued or the amount of the credit exposure to which the collateral relates.

as at 31 December 2025

	Maximum recognisable amount of collateral or guarantee				
	mortgage-backed loans		other secured loans		financial guarantees received
	housing loans	commercial loans	cash funds (issued debt instruments)	others	
Loans and advances, of which:	58,030	20,475	51	3,809	12,091
other financial institutions	7	108	-	-	2,890
non-financial entities	784	19,140	43	3,487	7,736
households	57,239	1,226	8	19	1,465
including: loans to purchase residential properties	56,133	736	-	-	-
other entities (banks, budgetary sector)	-	1	-	303	-

as at 31 December 2024

	Maximum recognisable amount of collateral or guarantee				
	mortgage-backed loans		other secured loans		financial guarantees received
	housing loans	commercial loans	cash funds (issued debt instruments)	others	
Loans and advances, of which:	52,953	20,963	47	4,076	11,770
other financial institutions	8	19	-	-	3,533
non-financial entities	1,349	19,956	47	3,940	6,915
households	51,596	984	-	13	1,319
including: loans to purchase residential properties	50,353	643	-	-	-
other entities (banks, budgetary sector)	-	4	-	123	3

2.8.5. Loan portfolio performing and non-performing and exposures with forbearance granted

The tables below present the breakdown of the loan portfolio into the performing and non- performing portfolio with the breakdown of exposures with forbearance granted. The Bank classifies exposures to the quarantine class for which facilities have been applied in the past, and which are currently in the observation period before full healing.

In the income statement for 2025 , in *Interest income - interest on loans and other receivables to customers*, interest income on exposures with forbearance facilities was recognised in the amount of PLN 282 million (PLN 355 million for 2024), of which PLN 160 million relates to exposures in the performing portfolio and PLN 122 million to exposures in the non- performing portfolio (PLN 232 million and PLN 123 million, respectively, for 2024).

Loan portfolio - split into the performing and non-performing portfolio, detailing exposures with forbearance granted

as at 31 December 2025											
	Performing exposures	including forbearance	modification of terms and conditions	refinancing	quarantine	Non-performing exposures	including forbearance	modification of terms and conditions	refinancing	overdue portfolio	impaired portfolio
Gross loan portfolio, of which:	156,712	2,429	2,429	-	2,429	5,862	3,217	3,217	-	3,216	3,216
Corporate banking, of which:	89,647	2,019	2,019	-	2,019	4,910	2,837	2,837	-	2,837	2,837
loans in the current account	17,970	523	523	-	523	456	264	264	-	264	264
term loans and advances	67,008	1,496	1,496	-	1,496	4,454	2,573	2,573	-	2,573	2,573
corporate and municipal debt securities	4,669	-	-	-	-	-	-	-	-	-	-
Retail banking segment, including:	67,065	410	410	-	410	952	380	380	-	379	379
mortgages	56,588	320	320	-	320	273	79	79	-	78	78
loans in the current account	624	2	2	-	2	63	5	5	-	5	5
other loans and advances	9,853	88	88	-	88	616	296	296	-	296	296
Impairment for expected credit losses, including:	-747	-104	-104	-	-104	-3,087	-1,355	-1,355	-	-1,355	-1,355
Corporate banking, of which:	-481	-95	-95	-	-95	-2,484	-1,107	-1,107	-	-1,107	-1,107
loans in the current account	-94	-16	-16	-	-16	-220	-93	-93	-	-93	-93
term loans and advances	-385	-79	-79	-	-79	-2,264	-1,014	-1,014	-	-1,014	-1,014
corporate and municipal debt securities	-2	-	-	-	-	-	-	-	-	-	-
Retail banking segment, including:	-266	-9	-9	-	-9	-603	-248	-248	-	-248	-248
mortgages	-48	-3	-3	-	-3	-105	-33	-33	-	-33	-33
loans in the current account	-24	-	-	-	-	-45	-4	-4	-	-4	-4
other loans and advances	-194	-6	-6	-	-6	-453	-211	-211	-	-211	-211



as at 31 December 2024

	Performing exposures	including forbearance	modification of terms and conditions	refinancing	quarantine	Non-performing exposures	including forbearance	modification of terms and conditions	refinancing	overdue portfolio	impaired portfolio
Gross loan portfolio, of which:	144,910	3,219	2,838	381	3,219	5,582	2,943	2,942	1	1,113	2,943
Corporate banking, of which:	85,424	2,720	2,339	381	2,720	4,661	2,573	2,572	1	974	2,573
loans in the current account	17,435	448	448	-	448	289	109	109	-	66	109
term loans and advances	63,418	2,272	1,891	381	2,272	4,372	2,464	2,463	1	908	2,464
corporate and municipal debt securities	4,571	-	-	-	-	-	-	-	-	-	-
Retail banking segment, including:	59,486	499	499	-	499	921	370	370	-	139	370
mortgages	50,179	386	386	-	386	256	95	95	-	31	95
loans in the current account	630	2	2	-	2	58	4	4	-	2	4
other loans and advances	8,677	111	111	-	111	607	271	271	-	106	271
Impairment for expected credit losses, including:	-753	-112	-112	-	-112	-2,904	-1,090	-1,090	-	-549	-1,090
Corporate banking, of which:	-487	-102	-102	-	-102	-2,311	-867	-867	-	-451	-867
loans in the current account	-91	-14	-14	-	-14	-128	-28	-28	-	-21	-28
term loans and advances	-392	-88	-88	-	-88	-2,183	-839	-839	-	-430	-839
corporate and municipal debt securities	-4	-	-	-	-	-	-	-	-	-	-
Retail banking segment, including:	-266	-10	-10	-	-10	-593	-223	-223	-	-98	-223
mortgages	-57	-3	-3	-	-3	-103	-37	-37	-	-17	-37
loans in the current account	-24	-	-	-	-	-40	-3	-3	-	-1	-3
other loans and advances	-185	-7	-7	-	-7	-450	-183	-183	-	-80	-183

Exposures with forbearance granted by risk classes

as at 31 December 2025

risk class range	Corporate banking				Retail banking				Total			
	performing portfolio		non-performing portfolio		performing portfolio		non-performing portfolio		performing portfolio		non-performing portfolio	
	on-balance sheet exposure	off-balance sheet exposure	on-balance sheet exposure	off-balance sheet exposure	on-balance sheet exposure	off-balance sheet exposure	on-balance sheet exposure	off-balance sheet exposure	on-balance sheet exposure	off-balance sheet exposure	on-balance sheet exposure	off-balance sheet exposure
1-10	1	-	-	-	224	-	1	-	225	-	1	-
11-17	782	318	1	-	175	-	-	-	957	318	1	-
18-19	1,236	93	1	-	11	-	-	-	1,247	93	1	-
20-22	-	-	2,835	123	-	-	379	-	-	-	3,214	123
Total (gross)	2,019	411	2,837	123	410	-	380	-	2,429	411	3,217	123

as at 31 December 2024

risk class range	Corporate banking				Retail banking				Total			
	performing portfolio		non-performing portfolio		performing portfolio		non-performing portfolio		performing portfolio		non-performing portfolio	
	on-balance sheet exposure	off-balance sheet exposure	on-balance sheet exposure	off-balance sheet exposure	on-balance sheet exposure	off-balance sheet exposure	on-balance sheet exposure	off-balance sheet exposure	on-balance sheet exposure	off-balance sheet exposure	on-balance sheet exposure	off-balance sheet exposure
1-10	50	17	-	-	325	-	1	-	375	17	1	-
11-17	1,480	342	-	-	162	-	-	-	1,642	342	-	-
18-19	1,190	97	1	-	12	-	-	-	1,202	97	1	-
20-22	-	-	2,572	85	-	-	369	-	-	-	2,941	85
Total (gross)	2,720	456	2,573	85	499	-	370	-	3,219	456	2,943	85

Exposures with forbearance granted by DPD

as at 31 December 2025

number of days past due	Corporate banking				Retail banking				Total			
	performing portfolio		non-performing portfolio		performing portfolio		non-performing portfolio		performing portfolio		non-performing portfolio	
	on-balance sheet exposure	off-balance sheet exposure	on-balance sheet exposure	off-balance sheet exposure	on-balance sheet exposure	off-balance sheet exposure	on-balance sheet exposure	off-balance sheet exposure	on-balance sheet exposure	off-balance sheet exposure	on-balance sheet exposure	off-balance sheet exposure
0	1,980	411	1,729	123	373	-	235	-	2,353	411	1,964	123
1-30	31	-	29	-	32	-	28	-	63	-	57	-
31-60	4	-	10	-	5	-	7	-	9	-	17	-
61-90	4	-	46	-	-	-	6	-	4	-	52	-
91-180	-	-	88	-	-	-	14	-	-	-	102	-
181-365	-	-	117	-	-	-	22	-	-	-	139	-
>365	-	-	818	-	-	-	68	-	-	-	886	-
Total (gross)	2,019	411	2,837	123	410	-	380	-	2,429	411	3,217	123

as at 31 December 2024

number of days past due	Corporate banking				Retail banking				Total			
	performing portfolio		non-performing portfolio		performing portfolio		non-performing portfolio		performing portfolio		non-performing portfolio	
	on-balance sheet exposure	off-balance sheet exposure	on-balance sheet exposure	off-balance sheet exposure	on-balance sheet exposure	off-balance sheet exposure	on-balance sheet exposure	off-balance sheet exposure	on-balance sheet exposure	off-balance sheet exposure	on-balance sheet exposure	off-balance sheet exposure
0	2,696	456	1,599	85	460	-	230	-	3,156	456	1,829	85
1-30	21	-	53	-	36	-	31	-	57	-	84	-
31-60	3	-	10	-	3	-	7	-	6	-	17	-
61-90	-	-	20	-	-	-	5	-	-	-	25	-
91-180	-	-	47	-	-	-	14	-	-	-	61	-
181-365	-	-	379	-	-	-	22	-	-	-	401	-
>365	-	-	465	-	-	-	61	-	-	-	526	-
Total (gross)	2,720	456	2,573	85	499	-	370	-	3,219	456	2,943	85

2.8.6. Credit quality of other financial assets

Credit quality of loans and other receivables granted to other banks

Loans and other receivables granted to other banks are presented in the statement of financial position in *Loans and other receivables to other banks* (note 15.) and - in the cash equivalent part - in *Cash and cash equivalents* (note 14.).

As at 31 December 2025 and as at 31 December 2024, loans and other receivables due to other banks were in approx. 99% in low risk classes (rating 1-10), others in medium and higher risk classes with ratings from 11 to 19 (as at the end of 2024). Exposures of PLN 27,022 million (PLN 25,254 million as at 31 December 2024) were entirely in Stage 1.

The change in the level of the allowance for expected credit losses in 2025 and 2024 resulted from changes in the credit parameters of the portfolio described above.

Credit quality of debt securities

As at 31 December 2025, all debt securities in the portfolio of financial assets held for trading and the portfolio of investment securities were in low risk classes with ratings from 1 to 10 (as at the end of 2024). Both at the end of 2025 and at the end of 2024, all debt securities in the investment securities portfolio were in Stage 1.

The change in the level of the allowance for expected credit losses in 2025 and 2024 resulted from changes in the credit parameters of the portfolios described above.

In 2025, similarly to 2024, changes in the gross value of investment securities measured at fair value through other comprehensive income and measured at amortised cost did not have a significant impact on the level of allowances for expected credit losses.

In 2025 and 2024, there were no transfers of investment securities between stages with different ways of measuring expected credit losses.



Investment securities - carrying amount and the level of impairment for expected credit losses by Stages

as at 31 December						
	2025			2024		
	Stage 1			Stage 1		
	carrying amount (gross)	impairment for expected credit losses	carrying amount (net)	carrying amount (gross)	impairment for expected credit losses	carrying amount (net)
Debt securities at fair value through other comprehensive income*, including:	38,110	-14	-	31,585	-12	-
Treasury bonds in PLN	33,058	-14	-	26,271	-12	-
Treasury bonds in EUR	-	-	-	-	-	-
European Union bonds	1,947	-	-	2,064	-	-
European Investment Bank bonds	2,689	-	-	2,838	-	-
Austrian government bonds	416	-	-	412	-	-
Debt securities measured at amortised cost, including:	26,956	-7	26,949	27,063	-10	27,053
Treasury bonds in PLN	15,828	-6	15,822	11,864	-5	11,859
Treasury bonds in EUR	1,973	-1	1,972	2,873	-1	2,872
European Investment Bank bonds	7,111	-	7,111	6,654	-	6,654
Bonds of the Polish Development Fund (PFR)	1,845	-	1,845	3,864	-4	3,860
Bank Gospodarstwa Krajowego bonds	199	-	199	1,808	-	1,808

\*) In the case of financial assets measured at fair value through other comprehensive income, the carrying amount is not reduced by the allowance for expected credit losses.

Investment securities - changes in impairment for expected credit losses

for the year ended 31 December						
	2025			2024		
	Stage 1			Stage 1		
	measured at fair value through other comprehensive income	measured at amortised cost	Total	measured at fair value through other comprehensive income	measured at amortised cost	Total
Opening balance impairment	12	10	22	12	14	26
Changes during the period, including:	2	-3	-1	-	-4	-4
provisions recognised/ reversed	2	-3	-1	-	-4	-4
Closing balance impairment	14	7	21	12	10	22

Quality of other financial assets

The tables below present the credit quality of other financial assets, which are presented in *Other assets* in the statement of financial position and in note 26.

Other financial assets - gross carrying amount and the level of impairment for expected credit losses by Stages

as at 31 December						
	2025			2024		
	gross	impairment for expected credit loss	net	gross	impairment for expected credit loss	net
assets in Stage 1	26	-	26	23	-	23
assets in Stage 3	33	-33	-	33	-33	-
Total	59	-33	26	56	-33	23

Other financial assets - changes in impairment for expected credit losses

as at 31 December		
	2025	2024
	Stage 3	Stage 3
Opening balance impairment	33	43
Changes in the period, including:	-	-10
additional provision for expected credit losses	4	7
exclusion from the statement of financial position as a result of write-down	-	-3
exclusion from the statement of financial position due to repayment	-4	-14
Closing balance impairment	33	33

Other financial assets - reconciliation of the gross carrying amount

as at 31 December						
	2025			2024		
	Stage 1	Stage 3	Total	Stage 1	Stage 3	Total
Opening balance of gross carrying amount	23	33	56	26	43	69
Changes in the period, including:	3	-	3	-3	-10	-13
transfer to and from Stage 3	-4	4	-	-7	7	-
exclusion from the statement of financial position due to write-down	-	-	-	-	-3	-3
recognition of new financial instruments, repayments and other changes	7	-4	3	4	-14	-10
Closing gross value	26	33	59	23	33	56

2.8.7. Modification of contractual cash flows

In 2025, credit exposures in the amount of PLN 2,608 million (PLN 1,474 million in 2024) were subject to modification of contractual cash flows, which did not result in their deletion and re-recognition of a financial asset. In addition, in 2024, exposures in the amount of PLN 5,373 million due to credit holidays were not excluded and recognised as a financial asset.

Modifications in contractual cash flows, which do not result in their deletion and re-recognition of a financial asset, i.e. lead to the recognition of gains or losses from the modification, result from business premises or credit risk events in the form of facilities (forbearance) granted to customers. If business indications occur, the method of determining the allowance for expected credit losses does not change. The granting of facilities to customers (forbearance) proves a significant increase in credit risk, resulting in classification to Stage 2, in the event of granting another facility, there is classification to Stage 3 in accordance with the principles for estimating impairment losses described in chapter III. *Significant accounting principles, in point 13.11. Expected credit losses.*

The table presents information on financial assets for which the contractual cash flows have been modified, while the corresponding allowance for expected credit losses was measured at an amount equal to lifetime expected credit losses (i.e. financial assets in Stages 2 and 3).

as at 31 December		
	2025	2024
Financial assets modified in the period		
amortised cost before modification	191	343
net loss due to modification	-1	-1
Financial assets that have been modified since their initial recognition		
the gross carrying amount of previously modified financial assets for which the allowance for expected credit losses has changed during the period to an amount equal to 12-month expected credit losses (i.e. these financial assets have been transferred to Stage 1)	51	30

3. Market risk

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3.1. Introduction

Market risk is defined as a potential loss that may be incurred by the Bank due to unfavourable changes in market prices (such as yield curves, exchange rates, prices on the capital market), market parameters (market price volatility, correlation between movements of individual prices) and customer behaviour (e.g. early repayment of loans).

3.2. Market risk management objectives

The main objectives of market risk management at ING Bank Śląski S.A. are: to ensure that there is awareness and understanding of the Bank's exposure to market risk and that this exposure is appropriately managed and, where applicable, within the limits set.

3.3. Market risk management policies

The Market Risk Management Department has normative documents that describe the scope, principles and responsibilities of the department. In order to optimise the market risk management process, the *Market Risk Management Policy* has been developed at ING Bank Śląski S.A. It describes the bank's approach to market risk management. It defines the principles, methodology of management and measurement of market risk in the Bank, as well as the general principles of process management.

The document is a detailed document entitled *General principles of risk management at ING Bank Śląski S.A.*, which is approved by the Bank's Supervisory Board, on the basis of a recommendation from the Risk Committee. The Policy is subject to approval by the Bank's Management Board.

Another document is the policy describing the Bank’s approach to the process of defining the risk appetite in the area of market and liquidity risk (*Policy for determining and monitoring the risk appetite in the area of market and liquidity risk*). This policy is also approved by the Bank’s Management Board.

3.4. Market risk management process

The Bank’s market risk management process includes:

- identification,
- measurement,
- monitoring and
- risk reporting.

The Market Risk Management Department (MRM) provides managers of the Financial Markets Area of Wholesale Banking and the Centre of Expertise Treasury, selected members of the Management Board and the ALCO Committee with regular risk reports. Moreover, ALCO, the Bank’s Management Board and the Supervisory Board receive periodic reports containing the most important market risk measures. The approval of individual market risk limits is carried out at the level of ALCO Committee, the Bank’s Management Board or the Supervisory Board, in accordance with the division of responsibility in determining the levels of limits defined in the Policy for determining and monitoring risk appetite in the area of market and liquidity risk. The employees of the Market Risk Management Department are qualified specialists and the independence of the department is ensured by its separation from risk generating units.

The Bank’s market risk management also includes a Product Control function, which ensures the correct valuation of Financial Market products in the Wholesale Banking Division and the Centre of Expertise Treasury by monitoring the correctness of valuation models and controlling the quality of market data used for the valuation and calculation of financial result. Decisions related to valuation models issues from September 2025 are made by the AI Risk and Model Management Committee. Decisions related to issues related to the valuation process, such as: sources of market data used for valuation, calculation of adjustments to market valuation models (bid-offer spread and BVA), are taken by the Market Data and Valuation Models Committee and the Committee for parameterisation of financial instruments measured at fair value.

In the reporting period, the market risk profile and the manner of managing this risk did not change significantly.

3.5. Structure of books and methods of risk measurement

3.5.1. Structure of books

The Bank maintains a structure of books based on intent, which translates into many processes, including market risk management. The structure of the books reflects the types of market risk that are expected and accepted in individual areas of the Bank and where market risk should be internally transferred/hedged. The Bank’s transactions are allocated to individual portfolios belonging to the banking or trading book on the basis of the purpose of concluding the transaction and the product mandate. The books are grouped into:

- trading (positions taken in order to generate benefits in a short period of time due to market price fluctuations), and
- banking (all other positions).

The trading and banking portfolio includes internal and external transactions.

Banking Books

The Banking Books are split into Banking Commercial Books and Banking Books of the Centre of Expertise Treasury (CoE Treasury). The Banking Commercial Books include books of the retail and corporate divisions containing deposits and commercial loans. The risks relating to those positions are transferred to:

- banking books of the Centre of Expertise Treasury (used to manage the interest rate risk of the banking book, the underlying risk and the liquidity risk as a whole), and
- commercial books of the Financial Markets Area in Wholesale Banking Division (for FX risk) via internal transactions.

The process ensures that the banking commercial books do not retain any material economic market risk. However, as described in more detail further below, the short-term financial result in those books is sensitive to changes of market rates.

Maintenance of open positions is permissible within the adopted product mandate and risk limits:

- for the banking book - BPV (Basis Point Value), slope risk (adverse impact on the result caused by an uneven shift in the yield curve), CS01 (change in the market value of a security due to an increase in the credit spread), SOT NII (Standard Outlier Test Net Interest Income at Risk), NIIaR (Net Interest Income at Risk), SOT EVE (Standard Outlier Test on Economic Value of Equity), NPVaR (Net Present Value at Risk), Par-tial PV01 (a measure shows a change in the value of an instrument due to a change in the curve in a given tenor Risk), Tenor Basis (underlying risk affecting interest income), IR Gap (interest rate gap),



- for the trading book – VaR (Value at Risk), Slope risk (negative impact on the result caused by an uneven shift of the yield curve), CS01 (change in the market value of a security due to an increase in the credit spread), BPV (Basis Point Value),
- CS RRaR (Credit Spread Revaluation Reserve at Risk) – the measure shows the potential impact of changing credit spreads on the level of revaluation reserve of HTC&S securities portfolio,
- IR RRaR (Interest Rate Revaluation Reserve at Risk) – the measure shows the potential impact of changing interest rates on the level of revaluation reserve of HTC&S securities portfolio.

Hedge accounting is a tool supporting the management of interest rate risk in the banking book. The developed assumptions to the hedging strategy are applied consistently with the approach to market risk management within the approved market risk limits as described above. Detailed information on the assumptions underlying each strategy in hedge accounting are described in this chapter, in item [3.8. Hedge Accounting](#).

Trading books

Trading Books are the books of the Financial Markets Area in Wholesale Banking Division: FX and interest rate books. The books embrace positions maintained for a short time in order:

- to be resold, or
- to obtain financial benefits on the current price fluctuations or expected within a short time,
- or positions opened for arbitration purposes.

3.5.2. Measurement of interest rate risk in banking book

In measuring interest rate risk in the banking book, the Bank uses the measures required by the European Banking Supervision (EBA/GL/2022/14). The core measures are as follows:

- income exposed to risk in regulatory scenarios (SOT NII) - measurement of the sensitivity of interest results to sudden changes in interest rates over a 1-year time horizon; the assumptions regarding the recognition of individual items, the size and shape of shock scenarios and the method of aggregation of results are specified in Regulation (EU) 2024/856 of the European Commission,
- Net Interest Income at Risk – a measure of sensitivity of the reported results of positions recognised on an accrual basis on the basis of a set of interest rate scenarios which provide for various potential shifts of the profitability curve.
- Net Interest Income at Risk plus market value changes - measurement of the sensitivity of the reported results of the position recorded on an accrual basis taking into account changes in the market value of instruments measured at fair value over a given time period, based on a set of interest rate scenarios, which assume various possibilities of shifting the yield curve,

- Economic Value of Equity (EVE)- measurement of the sensitivity of the economic value of capital to sudden changes in interest rates; assumptions regarding the recognition of individual items, the size and shape of shock scenarios and the method of aggregation of results are specified in Regulation (EU) 2024/856 of the European Commission,
- Net Present Value at Risk – a measure of sensitivity of the economic value of interest rate positions to sudden interest rate changes on the basis of a set of interest rate scenarios which provide for various potential shifts of the profitability curve.

The Bank also pays special attention to measuring the credit spread risk from the banking book business (CSRBB) using the following measures:

- change in interest income due to changes in credit spread (CSRBB NII) - measurement of the sensitivity of reported interest results of positions sensitive to changes in credit spread (CSRBB) based on a set of credit spread scenarios,
- change in interest income taking into account changes in market value due to changes in credit spread (CSRBB NII + market value changes) - measurement of the sensitivity of reported interest results taking into account changes in the market value of instruments measured at fair value over a given time horizon sensitive to changes in credit spread (CSRBB) based on a set of credit spread scenarios,
- change in market value due to changes in credit spread (CSRBB NPV) - measurement of the sensitivity of positions sensitive to changes in credit spread (CSRBB) based on a set of credit spread scenarios.

Additionally, the Bank measures in its banking books:

- option risk – potential losses on the positions resulting from premature deposit withdrawal and/or loan prepayment,
- underlying risk - potential loss on positions resulting from mismatches in the repricing periods of assets and liabilities,
- residual risk – a potential loss on those positions resulting from the application of non-standard pricing mechanisms that are transferred to the Centre of Expertise Treasury managing interest rate risk.

Due to the fact that the positions of the Centre of Expertise Treasury are usually subject to valuation at amortised cost, the Bank monitors BPV which limits economic risk of interest rate positions. Additionally, fluctuations of the revaluation reserve are restricted with CS01, IR RRaR (for HTC&S portfolio) and CS RRa limits (for HTC&S portfolio).



3.5.3. Market risk measurement in the trading book

The VaR measured by the Bank is compliant with the best market practices. In the calculation of VaR, the Bank applies the following assumptions:

- one-day positions, 99% confidentiality level,
- 260-day observation period.

In order to reinforce risk control, in the area of FX risk books the Bank has additionally implemented the measurement and monitoring of the risk in the context of the approved limits on intra-day basis.

The Bank calculates also Stressed VaR. Stressed VaR is a measure replicating the calculation of historic simulations with an assumption that the current portfolio is used for the measurement and historic market data from a continuous 12-month period characterised with major fluctuations of market parameters that are material for the portfolio.

Every year a general stress test is carried out covering, among others, market risk, liquidity and financing risk, credit risk using a regulatory scenario and scenarios prepared by the Bank’s economists and accepted by ALCO. Additionally, a stress test of derivatives is carried out on a quarterly basis, which shows the impact of shock changes on the valuation of these instruments:

3.5.4. Sensitivity to currency risk in the trading book

The table below presents VaR\* measure (PLN thousand) at the end of 2025 and 2024:

FX area					
	Limit	At the end of year	Average	Min	Max
2025	1,691	313	304	8	1,155
2024	1,709	249	273	4	1,313

\*) All VaR limits and their utilisation in ING Bank Śląski S.A. are expressed in EUR. The limits levels and their utilisation have been converted into PLN using the daily NBP fixing rates especially for the purposes of presentation in the financial statements; in the column "Limit" the amounts determined using the fixing rate from the last day of the year.

3.5.5. Sensitivity of economic result and interest income to interest rate risk in regulatory measures

Sensitivity to interest rate risk is presented below for the following measures:

- The change in the present value of capital (Standard Outlier Test for Economic Value of Equity) is a measure of the sensitivity of the economic value of interest rate positions to sudden changes in interest rates.
- The change in Net Interest Income (Standard Outlier Test for Net Interest Income) is a measure of the sensitivity of interest results to sudden changes in interest rates over a 1-year horizon.

The following measures apply to significant currencies, i.e. PLN and EUR. The parameters for parallel scenarios are 250 bps (PLN) and 200 bps (EUR). In the case of non-parallel scenarios, changes are assumed (for PLN and EUR respectively):

- for short-term rates - by 350 bps and 250 bps,
- for long-term rates - by 150 bps and 100 bps.

The assumptions for the recognition of individual items, the size and shape of shock scenarios and the method of aggregating results are set out in Regulation (EU) 2024/856 of the European Commission.

- resulting from the banking book - the observed changes in EVE measurements are mainly due to two factors:
  - changes (growth) in product volumes and
  - changes in model parameters used for non-maturity product portfolios.

Changes in PLN million

as at 31 December				
	2025	2024	2025	2024
Shock scenarios used for supervisory purposes *	changes in the carrying amount of the revalued capital		changes in net interest income	
Parallel increase in shock	-710	-6	283	372
Parallel decrease in shock	157	126	-297	-542
Fall in short-term rates and increase in long-term rates (steepener)	636	317	-	-
Increase in short-term rates and decrease in long-term rates (flattener)	-1,293	-477	-	-
Increases in short-term rates	-1,366	-450	-	-
Fall in short-term rates	802	376	-	-

Changes in relation to Tier 1 capital

as at 31 December				
	2025	2024	2025	2024
Shock scenarios used for supervisory purposes *	changes in the carrying amount of the revalued capital in relation to Tier 1 capital		changes in net interest income in relation to Tier 1 capital	
Parallel increase in shock	-3.90%	-0.03%	1.55%	2.19%
Parallel decrease in shock	0.86%	0.74%	-1.63%	-3.20%
Fall in short-term rates and increase in long-term rates (steepener)	3.49%	1.87%	-	-
Increase in short-term rates and decrease in long-term rates (flattener)	-7.10%	-2.81%	-	-
Increases in short-term rates	-7.50%	-2.66%	-	-
Fall in short-term rates	4.40%	2.22%	-	-

\*) Positive results in a given scenario are scaled with factor 0.5 in accordance with EBA guidelines in the IRRBB area.

- sensitivity of equity to changes in interest rates resulting from debt instruments measured at fair value through other comprehensive income in the Centre of Expertise Treasury portfolio:

	approximate change in the regulatory capital base for curve movement			
	-2%	-1%	+1%	+2%
2025	46	23	-23	-46
2024	67	33	-33	-67

3.6. FX structure of assets and liabilities

The statement of financial position and off-balance sheet liabilities of the Bank are presented below, with a breakdown by major currencies. The following exchange rates were used to calculate the value in the original currency:

exchange rate as at 31 December			
		2025	2024
EUR		4.2267	4.2730
USD		3.6016	4.1012
CHF		4.5390	4.5371

as at 31 December 2025										
	PLN	EUR converted to PLN	in currency	USD converted to PLN	in currency	CHF converted to PLN	in currency	other currencies converted to PLN		Total
<b>Assets</b>										
Cash and cash equivalents	6,807	321	76	93	26	9	2	78		7,308
Loans and other receivables to other banks	3,714	23,116	5,469	-	-	-	-	-		26,830
Financial assets measured at fair value through profit	2,175	29	7	3	1	-	-	133		2,340
Derivative hedge instruments	67	6	1	-	-	-	-	-		73
Investment securities	58,333	7,025	1,662	-	-	-	-	-		65,358
Loans and other receivables to customers	146,422	20,581	4,869	1,024	284	56	12	1,542		169,625
Investments in subsidiaries and associates measured	2,191	-	-	-	-	-	-	-		2,191
Property, plant and equipment	898	-	-	-	-	-	-	-		898
Intangible assets	506	-	-	-	-	-	-	-		506
Deferred tax assets	410	-	-	-	-	-	-	-		410
Other assets	139	6	1	-	-	-	-	-		145
<b>Total assets</b>	<b>221,662</b>	<b>51,084</b>	<b>12,085</b>	<b>1,120</b>	<b>311</b>	<b>65</b>	<b>14</b>	<b>1,753</b>		<b>275,685</b>
<b>Liabilities</b>										
Liabilities to other banks	776	9,253	2,189	318	88	-	-	1		10,348
Financial liabilities measured at fair value through profit or loss	747	130	31	14	4	-	-	25		916
Derivative hedge instruments	65	12	3	-	-	-	-	-		77
Liabilities to customers	204,232	25,350	5,998	4,833	1,342	84	19	913		235,412
Subordinated liabilities	-	2,548	603	-	-	-	-	-		2,548
Provisions	629	11	3	1	-	-	-	-		641
Current income tax liabilities	923	-	-	-	-	-	-	-		923
Other liabilities	3,225	305	72	1	-	-	-	-		3,531
<b>Total liabilities</b>	<b>210,597</b>	<b>37,609</b>	<b>8,899</b>	<b>5,167</b>	<b>1,434</b>	<b>84</b>	<b>19</b>	<b>939</b>		<b>254,396</b>
<b>Equity</b>										
Share capital	130	-	-	-	-	-	-	-		130
Reserve capital - surplus from sale of shares above their nominal value	956	-	-	-	-	-	-	-		956
Accumulated other comprehensive income	-1,923	-15	-4	-	-	-	-	-		-1,938
Retained earnings	22,149	-	-	-	-	-	-	-		22,149
Own shares for the purposes of the incentive program	-9	-	-	-	-	-	-	-		-9
<b>Total equity</b>	<b>21,303</b>	<b>-15</b>	<b>-4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>21,288</b>
<b>Total equity and liabilities</b>	<b>231,900</b>	<b>37,594</b>	<b>8,895</b>	<b>5,167</b>	<b>1,434</b>	<b>84</b>	<b>19</b>	<b>939</b>		<b>275,684</b>
Contingent liabilities granted	53,684	10,081	2,385	739	205	12	3	32		64,548
Contingent liabilities received	24,723	2,540	601	-	-	-	-	83		27,346

Contents	Income statement	Statement of comprehensive income	Statement of financial position	Statement of changes in equity	Cash flow statement	Accounting policy and additional notes	Risk and capital management			
as at 31 December 2024										
	PLN	EUR converted to PLN	in currency	USD converted to PLN	in currency	CHF converted to PLN	in currency	other currencies converted to PLN		Total
Assets										
Cash and cash equivalents	7,875	265	62	139	34	10	2	71		8,360
Loans and other receivables to other banks	4,284	20,779	4,863	-	-	-	-	-		25,063
Financial assets measured at fair value through profit	1,612	58	14	193	47	-	-	85		1,948
Derivative hedge instruments	51	10	2	-	-	-	-	-		61
Investment securities	50,834	8,058	1,886	-	-	-	-	-		58,892
Transferred assets	179	-	-	-	-	-	-	-		179
Loans and other receivables to customers	134,510	20,175	4,722	1,102	269	100	22	609		156,496
Investments in subsidiaries and associates measured	1,969	-	-	-	-	-	-	-		1,969
Property, plant and equipment	969	-	-	-	-	-	-	-		969
Intangible assets	416	-	-	-	-	-	-	-		416
Deferred tax assets	467	-	-	-	-	-	-	-		467
Other assets	114	5	1	2	-	-	-	-		121
Total assets	203,280	49,350	11,550	1,436	350	110	24	765		254,941
Liabilities										
Liabilities to other banks	1,183	9,617	2,251	2	-	-	-	1		10,803
Financial liabilities measured at fair value through profit or loss	1,209	154	36	7	2	-	-	30		1,400
Derivative hedge instruments	68	15	4	-	-	-	-	-		83
Liabilities to customers	188,663	25,209	5,900	4,958	1,209	69	15	1,042		219,941
Subordinated liabilities	-	1,499	351	-	-	-	-	-		1,499
Provisions	612	20	5	1	-	-	-	-		633
Current income tax liabilities	15	-	-	-	-	-	-	-		15
Other liabilities	3,150	293	69	4	1	13	3	-		3,460
Total liabilities	194,900	36,807	8,616	4,972	1,212	82	18	1,073		237,834
Equity										
Share capital	130	-	-	-	-	-	-	-		130
Reserve capital - surplus from sale of shares above their nominal value	956	-	-	-	-	-	-	-		956
Accumulated other comprehensive income	-4,703	-59	-14	-	-	-	-	-		-4,762
Retained earnings	20,783	-	-	-	-	-	-	-		20,783
Total equity	17,166	-59	-14	-	-	-	-	-		17,107
Total equity and liabilities	212,066	36,748	8,602	4,972	1,212	82	18	1,073		254,941
Contingent liabilities										
Contingent liabilities granted	48,527	7,940	1,858	985	240	1	-	35		57,488
Contingent liabilities received	24,215	816	191	-	-	-	-	81		25,112



3.7. Impact of the benchmark reform

Further work is currently underway to reform the WIBOR reference rate. The publication of the WIBOR rate and its replacement by a new POLSTR benchmark is planned for 31 December 2027.

These changes have an impact on the Bank, its customers and the financial sector as a whole, and expose the Bank to risks. These risks include legal, operational and financial risks. Legal risk is associated with all required changes in documentation for new and existing transactions. Operational risk is related to required changes in IT systems, reporting infrastructure and operational processes for new reference rates. Financial risk (largely limited to interest rate risk), as a consequence of changes in the valuation of financial instruments referring to these reference rates and decreasing market liquidity may have an impact on transactions directly or the ability to hedge the risk resulting from these transactions. Changes in valuation, interest calculation methodology or documentation may also result in customer complaints and litigation.

In order to mitigate these risks, the Bank has established an implementation project, with an extensive structure and the progress of work is monitored on an ongoing basis by the steering committee operating at the Bank. The project analyses and coordinates the necessary actions to introduce the required changes to internal processes and systems, taking into account valuation, risk management, legal documentation and impact on customers. The Bank continues to monitor market developments and the results of the analysis in terms of uncertainty resulting from the reform and regulatory standards related to the transformation, in order to assess the impact on the project, customers and related risks.

WIBOR

In January 2025, the Steering Committee of the National Working Group (KS NGR) for benchmark reform in Poland published the decision to select the name POLSTR (Polish Short Term Rate) for the new benchmark, which was selected in the public consultation process conducted last year. In April 2025, KS NGR published an updated roadmap of the WIBOR replacement process and in June announced the launch of POLSTR.

Later in the year, KS NGR adopted a number of product recommendations based on the POLSTR index. It was also informed that on 1 September 2025, the first application of the new index took place on the domestic financial market and thus POLSTR became a benchmark in accordance with the requirements of the BMR. Regulation. On 30 September 2025, the administrator of GPW Benchmark S.A. benchmarks published a decision to discontinue the provision of WIBOR reference rates for the following fixing dates:

- Overnight (O/N) - as of 1 October 2026,
- Tomorrow/Next (T/N) - as of 22 December 2025,
- 2 weeks (2W) - as of 22 December 2025,
- 1 year (1Y):

- as of 22 December 2025 calculated on the basis of the existing method, the,
- as of 22 December 2026 calculated after the change in the method of developing the indicator in this tenor.

Another important milestone of the process, which was implemented in 2025, was the first issue of Treasury bonds, the interest rate of which refers to the new POLSTR benchmark.

In the last months of the year, the NGR SC also adopted recommendations on the conversion of interest rate derivatives and financial instruments in the business client segment, which are crucial for the progress of work on the reform.

Further work is planned in the coming years, including in particular building a market for financial products based on a new benchmark and achieving regulatory and operational readiness of all market participants to offer and operate these financial products.

The planned replacement of the WIBOR rate causes uncertainty as to the occurrence of cash flows resulting from the WIBOR rate, which were designated to hedge as part of the hedging relationship of cash flows on the portfolio basis (Macro Cash Flow Hedge). As a result, the Bank applied the amendment to IAS 39 Phase 1 and thus adopted the assumption that the reference rate on the basis of which the cash flows resulting from WIBOR are calculated in terms of the hedging instrument and the hedged item remain unchanged as a result of the reform. The same assumption is used to assess the probabilities of future transactions that are hedged against cash flows. As a result, the Bank continues its hedging relationships. Amendments to IAS 39 Stage 1 will cease to apply when the uncertainty resulting from the change in the WIBOR rate ceases to exist in terms of the time and amounts resulting from the reference rate of a given instrument. The following table presents the nominal values of hedging instruments referencing WIBOR.

	as at 31 December			
	net nominal value of the position on the hedging instrument			
	2025		2024	
	Assets	Liabilities	Assets	Liabilities
Cash flow hedging instruments	107,776	8,824	100,348	1,377
Instruments hedging the fair value of securities	19,112	-	15,012	-

Structure of financial assets and liabilities referring to WIBOR rate

As at 31 December 2025, the following financial instruments refer to the WIBOR reference rate, which is expected to be discontinued after 31 December 2027 and is material for the Bank. Non-derivative financial assets and liabilities are presented at gross carrying amount, off-balance sheet items are presented at liability amount and derivatives are presented at nominal value.

Financial instruments referencing WIBOR

	2025		2024	
	with maturity date after 31 Dec 2025	with maturity date after 31 Dec 2027	with maturity date after 31 Dec 2024	with maturity date after 31 Dec 2027
Non-derivative financial assets	137,405	102,947	127,540	79,578
Derivatives	1,406,780	583,421	1,307,090	362,190
Off-balance sheet items	15,762	5,186	12,280	2,824

3.8. Hedge accounting

3.8.1. Fair Value Hedge accounting

In fair value hedge accounting, the risk is equivalent to change in the fair value of a financial asset as a result of changes to interest rates. The hedge covers the fair value of debt instruments with a fixed interest rate that is a position (a part of position) in a security that is classified to a portfolio of assets kept to collect contractual cash flows or for sale (hereinafter: HTC&S) which at the time a hedge relationship is established holds a specific fair value recognised in other comprehensive income.

For the needs of the strategy, the recognition of a part change to the fair value due to the hedged risk is made on the basis of valuation models relying on assumptions that are similar to those applicable to valuation models of interest rate derivative instruments. The valuation curves applied in the model are designed on the basis of market rates corresponding to repricing tenors of variable interest rates of hedging instruments.

Interest Rate Swap, swapping fixed interest rate into variable interest rate is the hedging instrument. The above shows that changes to the fair value of the hedging instrument manifest a trend that is opposite to changes of the fair value of the hedged position. In this connection, as a result of the established hedge relationship, the profit and loss account contains a compensating effect of changes to the fair value of the hedging instrument and the hedged position due to the hedged risk. In order to confirm the effectiveness of the strategy, the Bank carries out:

- prospective effectiveness test:
  - qualitative based on the maturity of the hedged item and the hedging instrument, and
  - quantitative based on the BPV (basis point value) ratio of the hedged item and a hedging instrument,
- retrospective effectiveness test as the quotient of changes in the hedging instrument measurement and changes in the measurement of the hedged item due to the risk being hedged.

The sources of ineffectiveness of strategies that is manifested in the profit and loss account, may result from:

- differences in the repricing and realisation dates of cash flows of hedged items in relation to the repricing and realisation dates of cash flows of derivative hedging instruments,

- mismatch resulting from the use of various valuation curves (that is: interest rate derivative instruments are valued on the basis of valuation curves developed on the basis of daily hedges of valuation exposures – OIS discounting),
- changes to credit risk constituting a valuation component to fair value of the hedged position from the HTC&S portfolio,
- adjustments to valuation of hedging instruments due to pre-settlement credit risk (bilateral value adjustment); however, those do not have material impact on the presented values due to the fact that only interbank market transactions were designated as hedging instruments and that are additionally hedged with a deposit margin placed or received respectively, depending on the exposure type, as well as transactions forwarded for settlement on a daily basis via the Central Counterparty,
- component of the valuation of hedging instruments due to settlement of the price alignment amount resulting from “settled to marked” approach to settlement via the Central Counterparty.

Since hedging covers only one type of risk (interest rate risk), changes to the fair value of the hedged position classified as HTC&S resulting from other unhedged risks are recognised as other comprehensive income.

From the viewpoint of economic relationships, the Bank’s existing hedging strategies contain two types of hedge relationships:

- hedge of the fair value of securities in PLN with a fixed interest coupon classified as HTC&S with IRS transactions “pay fixed, collect variable”, denominated in PLN,
- hedge of the fair value of securities in EUR with a fixed interest coupon classified as HTC&S with IRS transactions “pay fixed, collect variable”, denominated in EUR.

The table below presents the fair values and nominal values of hedging and hedged instruments in fair value hedge accounting.

2025									
	item in the statement of of financial position - number of note	fair value		unrealised valuation result	cumulative valuation adjustment due to the hedged risk ka	cumulative part of valuation of unsecured risks recognised in other comprehensive income*	nominal value of instruments with remaining maturity		
		Assets	Liabilities				less than 1 year	over 1 year	Total
Instruments hedging fair value of securities, of which:	Derivative hedge instruments	-	12	-489	-	-	812	22,146	22,958
settled via CCP		-	12	-489	-	-	812	22,146	22,958
Interest rate swaps (IRS PLN) fixed - float		-	12	-468	-	-	812	18,300	19,112
Interest rate swaps (IRS EUR) fixed - float		-	-	-21	-	-	-	3,846	3,846
Hedged instruments, of which:		23,824	-	-164	503	-667	812	22,146	22,958
Investment securities measured at fair value through other comprehensive income, including:	Investment securities	23,824	-	-164	503	-667	812	22,146	22,958
State Treasury bonds in PLN	Note 19	19,188	-	-156	492	-648	-	18,300	18,300
European Investment Bank bonds in PLN	Note 19	813	-	8	-6	14	812	-	812
European Investment Bank bonds in EUR	Note 19	1,876	-	18	-16	34	-	1,944	1,944
European Union bonds in EUR	Note 19	1,947	-	-34	33	-67	-	1,902	1,902

\*) presented in the comprehensive income statement in the position: debt securities measured at fair value via other comprehensive income – gains/losses on revaluation carried through equity

With respect to the IRS/FRA interest rate derivatives clearing approach, the Bank applies the settled to market service, as specified in the regulations of Central Counterparties/CCP with which the Bank cooperates. Detailed information is provided in note 17. Valuation of derivatives.

2024									
	item in the statement of of financial position - number of note	fair value		unrealised valuation result	cumulative valuation adjustment due to the hedged risk ka	cumulative part of valuation of unsecured risks recognised in other comprehensive income*	nominal value of instruments with remaining maturity		
		Assets	Liabilities				less than 1 year	over 1 year	Total
Instruments hedging fair value of securities, of which:	Derivative hedge instruments	-	11	-56	-	-	1,300	17,686	18,986
settled via CCP		-	11	-56	-	-	1,300	17,686	18,986
Interest rate swaps (IRS PLN) fixed - float		-	9	9	-	-	1,300	13,712	15,012
Interest rate swaps (IRS EUR) fixed - float		-	2	-65	-	-	-	3,974	3,974
Hedged instruments, of which:		19,006	-	-85	42	-127	1,300	17,686	18,986
Investment securities measured at fair value through other comprehensive income, including:	Investment securities	19,006	-	-85	42	-127	1,300	17,686	18,986
State Treasury bonds in PLN	Note 19	14,273	-	-77	12	-89	1,300	12,900	14,200
European Investment Bank bonds in PLN	Note 19	782	-	-38	-34	-4	-	812	812
European Investment Bank bonds in EUR	Note 19	1,887	-	-12	6	-18	-	1,966	1,966
European Union bonds in EUR	Note 19	2,064	-	42	58	-16	-	2,008	2,008

Time distribution profile of nominal amounts and the corresponding average interest rates of hedging instruments

2025				2024			
	nominal value of instruments with remaining maturity		weighted average fixed rate %		nominal value of instruments with remaining maturity		weighted average fixed rate %
	up to 1 year	over 1 year			up to 1 year	over 1 year	
Interest rate swaps (IRS PLN) fixed - float	812	18,300	4.65%	Interest rate swaps (IRS PLN) fixed - float	1,300	13,712	5.14%
Interest rate swaps (IRS EUR) fixed - float	-	3,846	2.72%	Interest rate swaps (IRS EUR) fixed - float	-	3,974	2.73%



Net interest on derivative hedging instruments is disclosed as interest on securities measured through other comprehensive income which presents net interest of positions hedged within the described strategy.

Measurements of hedging instruments including component due to the settlement of the price alignment amount and hedged transactions are presented in the Bank’s income statement as *Net (loss)/income on hedge accounting* and in note 6.

The split of the result of measurements of hedging and hedged transaction into individual hedging strategies is presented in the table below.

Type of economic relation	2025			2024		
	change in fair value used to test strategy effectiveness		ineffective part of the hedging relationship recognised in P&L	change in fair value used to test strategy effectiveness		ineffective part of the hedging relationship recognised in P&L
	hedged position	hedging instrument		hedged position	hedging instrument	
Hedging of debt securities in PLN	528	-481	47	-245	256	11
Hedging of debt securities in EUR	-45	43	-2	82	-83	-1
Total	483	-438	45	-163	173	10

3.8.2. Cash flow hedge accounting

The Bank applies hedge accounting principles for cash flows to a specified portfolio of assets / liabilities / highly probable planned financial transactions of the Bank (e.g. extrapolations of financial flows resulting from renewable deposits / overdraft facilities). The applied hedging strategies are aimed at hedging the Bank’s exposures against the risk of changes to future cash flows resulting from interest rate risk.

The hedge applies to a specified portfolio of financial assets and/or liabilities or a portfolio of planned transactions that cover variable interest rate financial instruments (financial products based on WIBOR/ EURIBOR) and thus that are exposed to the risk of changes to future cash flows due to changes to market rates – WIBOR/EURIBOR.

For its strategy relating to calculations of changes to the fair value of future cash flows in the hedged portfolio, the Bank applies the method of a “hypothetical derivative” (being a method which provides for a possibility to reflect the hedged position and nature of the hedged risk in the form of a derivative instrument). The valuation principles are similar to the valuation principles of interest rate derivative instruments. Strategy effectiveness research also includes:

- prospective high-probability test of future cash flows,
- retrospective high-probability test of future cash flows confirming, on the basis of actual values, that the adopted model works correctly,

- retrospective test of homogeneity of the portfolio of the hedged item based on statistical analysis (regression method).

The sources of ineffectiveness of strategies that is manifested in the profit and loss account, may result from:

- differences in the repricing and realisation dates of cash flows of hedged items in relation to the repricing and realisation dates of cash flows of derivative hedging instruments,
- adjustments to valuation of hedging instruments due to pre-settlement credit risk (bilateral value adjustment); however, those do not have material impact on the presented values due to the fact that only interbank market transactions were designated as hedging instruments and that are additionally hedged with a deposit margin placed or received respectively, depending on the exposure type.

From the viewpoint of economic relationships, the Bank’s existing hedging strategies contain the following types of hedge relationships:

- the hedging instrument for active positions in the interest rate risk hedging strategy is the position on the Interest Rate Swap of the "pay floating, receive the fixed" type, while the
- hedging instrument hedging the liability is the position on the Interest Rate Swap of the "pay fixed, receive variable".

Due to the fact that the hedged position covered with specific strategies keeps affecting the profit and loss account) (by measurement at amortised cost), net interest of the derivative instruments hedging the portfolio:

- of financial assets is presented as interest on loans and other receivables granted to customers, measured at amortised cost,
- of financial liabilities is presented as interest on liabilities to customers.

The tables below present the fair values and nominal values of hedged instruments in cash flow hedge accounting. Notional amounts of the derivatives were presented in the amounts purchased.

	fair value		nominal value of instruments with remaining maturity		Total
	Assets	Liabilities	up to 1 year	over 1 year	
Cash flow hedges, of which:	73	65	123,882	321,500	445,382
settled via CCP	73	65	123,882	321,500	445,382
Interest rate swaps (IRS EUR) fixed - float	67	53	117,403	275,099	392,502
Interest rate swaps (IRS PLN) fixed - float	6	12	6,479	46,401	52,880



2024					
	fair value		nominal value of instruments with remaining maturity		
	Assets	Liabilities	up to 1 year	over 1 year	Total
Cash flow hedges, of which:	61	72	137,551	329,657	467,208
settled via CCP	61	62	136,772	329,658	466,430
Interest rate swaps (IRS EUR) fixed - float	51	59	131,003	280,385	411,388
Interest rate swaps (IRS PLN) fixed - float	10	13	6,548	49,272	55,820

As at 31 December 2025, PLN -2,023 million (including tax) was recorded in other comprehensive income regarding the effective part of the hedging relationship in cash flow hedge accounting (PLN -4,849 million as at 31 December 2024). The ineffective part of the hedging relationship resulting from the mismatch in offsetting changes in the fair value of the hedging instrument and the hedged item recognised in profit or loss in 2025 amounted to PLN 60 million compared to PLN 0 million in 2024.

Impact of the application of cash flow hedge accounting on profit and loss account and other comprehensive income

	fair value		changes to fair value of hedging instruments used to review the effectiveness of the strategy			amount reclassified from other comprehensive income		
	Assets	Liabilities	unrealised result on revaluation recognised in the period*	the effective part of the hedge recognised in other comprehensive income in the period**	ineffective part of hedging relationship recognised in profit or loss	resulting interest income from existing hedging relationships	amortization of the result of the completed strategy security	
Cash flow hedges, of which:	73	65	3,435	-3,495	-60	-1,920		1
Interest rate swaps (IRS) hedging the portfolio of financial assets in PLN	58	26	4,558	-4,618	-60	-2,235		-
Interest rate swaps (IRS) hedging the portfolio of financial assets in EUR	5	11	-36	36	-	-35		-
Interest rate swaps (IRS) hedging the portfolio of financial liabilities in PLN	9	27	-1,086	1,086	-	336		-
Interest rate swaps (IRS) hedging the portfolio of financial liabilities in EUR	1	1	-1	1	-	14		-
CIRS EUR/PLN resulting from decomposition of an actual transaction, hedging the portfolio of financial assets in EUR	-	-	-	-	-	-		1

	fair value		changes to fair value of hedging instruments used to review the effectiveness of the strategy		amount reclassified from other comprehensive income		
	Assets	Liabilities	unrealised result on revaluation recognised in the period*	the effective part of the hedge recognised in other comprehensive income in the period**	resulting interest income from existing hedging relationships	amortization of the result of the completed strategy security	
Cash flow hedges, of which:	61	72	395	-395	-2,182		1
Interest rate swaps (IRS) hedging the portfolio of financial assets in PLN	43	34	252	-252	-3,022		-
Interest rate swaps (IRS) hedging the portfolio of financial assets in EUR	8	11	154	-154	-210		-
Interest rate swaps (IRS) hedging the portfolio of financial liabilities in PLN	7	25	-2	2	1,041		-
Interest rate swaps (IRS) hedging the portfolio of financial liabilities in EUR	3	2	-9	9	9		-
CIRS EUR/PLN resulting from decomposition of an actual transaction, hedging the portfolio of financial assets in EUR	-	-	-	-	-		1

\*) disclosed in the statement of financial position as *Derivative hedge instruments*

\*\*) disclosed in the statement of financial position as *Accumulated other comprehensive income* and in note 34.2. (the amount in the table does not include tax)

\*\*\*) disclosed in the profit and loss account in the dedicated line item *Net (loss)/income on hedge accounting* and in note 6.

Time distribution profile of nominal amounts and the corresponding average interest rates of hedging instruments

2025			
	notional value of the position on the hedging instrument with a remaining maturity		weighted average fixed rate%
	up to 1 year	over 1 year	
Interest rate swaps (IRS) hedging the portfolio of financial assets in PLN	12,633	95,144	4.09%
Interest rate swaps (IRS) hedging the portfolio of financial liabilities in PLN	-6,444	15,268	4.86%
Interest rate swaps (IRS) hedging the portfolio of financial assets in EUR	1,500	11,531	1.60%
Interest rate swaps (IRS) hedging the portfolio of financial liabilities in EUR	42	152	1.08%

2024			
	notional value of the position on the hedging instrument with a remaining maturity		weighted average fixed rate%
	up to 1 year	over 1 year	
Interest rate swaps (IRS) hedging the portfolio of financial assets in PLN	4,273	96,075	4.11%
Interest rate swaps (IRS) hedging the portfolio of financial liabilities in PLN	-19,530	20,906	4.91%
Interest rate swaps (IRS) hedging the portfolio of financial assets in EUR	-66	10,695	1.53%
Interest rate swaps (IRS) hedging the portfolio of financial liabilities in EUR	64	452	0.98%

The periods in which the Bank expects the hedged cash flows in cash flow hedge accounting and thus which will affect the financial profit are presented below.

2025						
	cash flows in PLN (PLN million)			cash flows in EUR (EUR million)		
	inflows (assets)	outflows (liabilities)	net cash flows	inflows (assets)	outflows (liabilities)	net cash flows
up to 1 year	3,686	-447	3,239	59		59
over 1 year	10,622	-2,017	8,605	183		183

2024						
	cash flows in PLN (PLN million)			cash flows in EUR (EUR million)		
	inflows (assets)	outflows (liabilities)	net cash flows	inflows (assets)	outflows (liabilities)	net cash flows
up to 1 year	5,279	-931	4,348	59	-3	56
over 1 year	9,261	-4,276	4,985	141	-20	121

3.8.3. Impact of the reform of key interest rate benchmarks on the Bank's hedging strategies

Bank applies fair value and cash flow hedge accounting in accordance with IAS 39, and interest rate and foreign currency risks are designated as hedged risks in various micro and macro models. The hedged exposures are mainly loan portfolios, purchased debt securities and savings/deposits.

The Bank applied the amendments to IAS 39 published in September 2019 to a hedging relationship based on WIBOR due to the ongoing work on the reform of this rate, in accordance with the information disclosed in chapter **II.3.7 Impact of the benchmark rate reform**.

4. Liquidity and funding risk

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4.1. Introduction

ING Bank Śląski S.A. recognises the process of stable management of liquidity and funding risk as a major process at the Bank. Liquidity and funding risk is understood by the Bank as the risk of the lack of ability to perform financial liabilities under on- and off-balance sheet items at reasonable prices. The Bank maintains liquidity so that the Bank's financial liabilities can always be repaid with the available funds, inflows from maturing transactions, available funding sources at market prices and/or liquidation of negotiable assets.

4.2. Liquidity and funding risk management objectives

The main objective of the liquidity and funding risk management process is to maintain an appropriate level of liquidity in order to ensure safe and stable operation of the Bank under normal market conditions and during the crisis.

4.3. Liquidity and funding risk management policies

In order to optimise the process of liquidity and financing risk management, the Bank has created the *Liquidity and Funding Risk Management Policy at ING Bank Śląski S.A.*, which aims to describe the rules ensuring appropriate sources of financing and minimising the risk and costs associated with funding. The Policy describes the general approach to the process of liquidity risk management and funding in the Bank. *The Liquidity and Funding Risk Management Policy at ING Bank Śląski S.A.* is complemented by the *Instruction Contingency Financing Plan at ING Bank Śląski S.A.*, which defines the organisation and activities aimed at eliminating liquidity shortages in stressed conditions.

The Policy results from the business risk management strategy approved by the Supervisory Board (including the liquidity and funding risk management strategy). In particular, it reflects the risk appetite defined in the strategy and approved by the Supervisory Board.

The permissible level of liquidity and funding risk is defined through a multi-element system. This approach is consistent with the approach described in the *Policy for determining and monitoring risk appetite in the area of market risk and liquidity*.

4.4. Liquidity and funding risk management process

The general approach to liquidity and funding risk management is composed of five recurring activities:

1. risk identification,
2. risk assessment,
3. risk control,
4. monitoring and
5. reporting.

Risk identification and assessment

Risk identification is performed annually or ad-hoc by organising workshops to identify the level of liquidity and financing risk. Each identified risk is assessed in order to determine the significance of such risk for the Bank. Risk identification is also carried out in the process of implementing new products. The valuation of risk and its materiality is assessed on the basis of the probability with which this risk occurs and the magnitude of the financial impact if this risk materialises.

Control

Risks are controlled through actions that reduce the probability of a risk materialising or actions that reduce the impact if a risk materialises. One of the elements of risk control is the definition of an acceptable level of risk.

Monitoring and reporting

An important element of risk management is continuous checking whether the implemented risk control is performed. Regular checks show that risk control measures are effective. An important element of the liquidity and financing risk management process is appropriate reporting, which provides managers with information necessary for risk management. The ability to show shareholders and partners that the Bank controls risk allows them to gain their trust, one of the most important elements in banking. Well-organised and designed regular inspections and monitoring are essential for good risk management.

In addition, the Bank prepares an ILAAP process report. It presents, in a comprehensive and consistent manner, key indicators and figures on the Bank’s liquidity risk profile. It takes into account the Bank’s strategy, financing plan and risk tolerance. The report results are approved by the Management Board, which informs the Supervisory Board of the assessment results.

In accordance with Recommendation S, the Bank makes a detailed analysis of long-term liquidity with focus on mortgage loans. The above liquidity analysis shows risk levels related to long-term funding of mortgage loans. On the basis of the analysis, it was concluded that the currently implemented processes within the framework of long-term liquidity supervision are correct. Therefore, it was recommended to maintain the current activities.

The Bank pursues an active policy of liquidity management with reference to core currencies. For those currencies, liquidity risk measurement and limitation is made per currency and the management of operational liquidity is performed separately for each currency and it is incorporated in the risk transfer system.

Intraday liquidity is actively managed by the Centre of Expertise Treasury. The process manages the position and risk of short-term liquidity (one day and intraday). The objective is to comply with payment and settlement duties in a timely manner in regular operations and in extraordinary/stress situations.

The Bank operates a risk transfer system within which market risks, including liquidity and financing risk, are transferred to the Centre of Expertise Treasury. Applying adequate tools, it manages the risks in a centralised manner within the limit system applied by the Bank.

The liquidity risk management procedures adopted at the Bank are presented annually to the relevant bank employees involved in the bank's liquidity management process. Persons involved in the bank's liquidity management process confirm that they have familiarized themselves with and understand the procedures used and control the correctness of their implementation.

4.5. Types of liquidity and funding risk

The Bank splits liquidity and financing risk into two groups:

- liquidity risk resulting from external factors, and
- risk of internal factors relating to the specific bank.

The Bank's goal is a conservative approach to liquidity risk management that will allow safely survive events specific for ING Bank Śląski S.A. and for the entire banking sector.

In terms of time horizon, the Bank splits liquidity risk into:

- operational – focused on current financing of the Bank’s position and management of nostro positions,
- strategic – focused on ensuring that the Bank's structural liquidity positions are at an acceptable level.



Considering the tenor and clients’ behaviour (the two aspects affecting the Bank’s liquidity), the Bank identifies three types of liquidity and funding risk:

- structural – understood as a potentially adverse impact on the Bank's revenues due to a mismatch between the anticipated maturities of the Bank's assets and liabilities as well as the risk of no re-financing possibilities in the future,
- related to clients’ behaviour – understood as a potentially adverse impact on the Bank's revenues due to the embedded liquidity options in the products offered by the Bank,
- related to stress – understood as a risk of lack of possibility by the Bank to comply with its financial obligations when due to insufficient available funds or when the generation of such funds is impossible at any price which results in immediate insolvency of the Bank.

4.6. Structure and organisation of the risk management process

The Bank's Management Board and the Asset and Liability Committee (ALCO) play a specific role in liquidity and funding risk management.

The Supervisory Board is responsible for:

- approving the liquidity risk tolerance, the overall accepted level of liquidity and funding risk (in HL RAS) presented to the Supervisory Board by the Management Board.

The Bank's Management Board is responsible for:

- designing a strategy related to liquidity and funding risk, the target liquidity position, the relevant funding methods and liquidity risk profile,
- determination of the Bank’s current and future risk readiness,
- establishment of an acceptable level of risk (risk appetite), liquidity risk tolerance and presenting it to the Risk Committee for the purpose of issuing recommendations and to the Supervisory Board for approval,
- acceptance of changes to the limits of liquidity and funding risk (in MB RAS),
- acceptance of the liquidity and financing risk management policy and significant changes in the policy, including in particular strategic limits adjusted to the general level of acceptable risk approved by the Supervisory Board,
- ensuring the allocation of appropriate human resources and appropriate work tools (including IT solutions) within the Bank to implement the policy,

- introduction of a division of tasks, carried out at the Bank, ensuring independence of liquidity risk management and financing at the first level (first line of defence), from risk management at the second level (second line of defence),
- supervision of liquidity risk management and financing on the first and second level,
- approving the levels of liquidity bonuses based on the level advised by the Centre of Expertise Treasury resulting from the liquidity premium review and / or adjusts it when deemed necessary due to strategic changes in the balance sheet or other factors.

The Asset and Liability Committee (ALCO) is responsible for:

- implementation of the Bank's strategy with respect to liquidity and funding risk,
- management of a liquidity buffer within the relevant policies and limits approved by the Bank's Management Board, the related operational actions are delegated to the Centre of Expertise Treasury,
- supervision and monitoring of liquidity risk levels as well as the funding structure in the Bank's balance sheet,
- management of structural liquidity position (in terms of the flow gap),
- analysis of all proposed modifications to the Liquidity and *Financing Risk Management Policy at ING Bank Śląski S.A.* and submission of positively reviewed modifications to the Bank's Management Board,
- monthly analysis of the short-, medium- and long-term liquidity profile (strategic liquidity positions) presented in reports defined by the regulator and internal reports, in the event of identified structural problems (e.g. the need for very high refinancing in the future) ALCO is responsible for issuing instructions to the appropriate business units in order to obtain an appropriate liquidity profile,
- acceptance of changes in liquidity and funding risk limits (in LCS and ALCO RAS,
- approval of proposals to change liquidity risk limits in the scope of MB RAS and HL RAS in order to present these limits for approval by the Bank’s Management Board and Supervisory Board, respectively,
- implementation of limits within the adopted risk appetite (approved in accordance with the division of responsibilities in determining the levels of limits defined in the *Policy for determining and monitoring risk appetite in the area of market risk and liquidity risk*).



4.7. Risk management framework

The framework liquidity and funding risk management principles contain all material methods with respect to intraday, shorty-term, medium-term and long-term liquidity and funding risk management. This is made up of the following key elements:

- limit system and liquidity risk measurement,
- monitoring of funding sources and concentration risk,
- liquidity reserve management,
- management of intraday liquidity,
- management of hedging items,
- stress tests and contingency plans.

Limits system and liquidity risk measurement

Formal limits are set by the regulator of the banking sector and/or the Bank for various liquidity risk measures. The acceptable level of funding and liquidity risk is defined by a several-element system: the general level of the Bank's acceptable risk, which is approved by the Bank's Supervisory Board, and the system of limits, which is approved in accordance with the division of responsibilities in determining the levels of limits defined in the *Policy for determining and monitoring risk appetite in the area of market risk and liquidity risk*. The Supervisory Board is provided with information on compliance with the measures, minimum on a quarterly basis.

The limit level is based on the Bank's strategic objectives, identified liquidity risks, results of stress tests and the principles set forth by regulatory authorities. The limits are taken into account in the planning processes (i.e. the implementation of the adopted plans must not lead to exceeding the limits). The respective levels of the monitoring limits of the Contingency Financing Plan are related (correlated) to the ranges defined for initiating the respective phases of the Contingency Financing Plan.The admissible liquidity risk level is determined and updated minimum once a year.

The limit system is more detailed than the risk level approved by the Supervisory Board. An acceptable level of risk is guaranteed by monitoring risk in various reports on liquidity and funding risk in the Bank’s normal/regular operations and in emergency/stress situations. The Bank monitors, among others, the risk of concentration of financing, internal liquidity security buffer and examines the stability of external funds.

On a weekly basis, the Bank’s Management Board receives a liquidity and financing risk report containing information on key liquidity measures, On a monthly basis, the Bank’s Management Board and the ALCO Committee receive comprehensive information on liquidity and financing risk.

Liquidity coverage ratio (LCR) and net stable funding ratio (NSFR)

In accordance with the obligations and principles set out in Regulation (EU) No 575/2013 (CRR) of the European Parliament and of the Council (CRR), as amended by Regulation (EU) No 2019/876 of the European Parliament and of the Council and Commission Delegated Regulations (EU) 2015/61 and 2018/1620, Commission Implementing Regulation (EU) 2022/1994 and Regulation (EU) 2024/1623 of the European Parliament and of the Council (CRR3), the Bank calculates supervisory liquidity measures:

- short-term liquidity measures (LCR - Liquidity Covered Ratio) - it is to ensure that the Bank has an appropriate level of high-quality liquid assets that will cover liquidity needs over a period of 30 calendar days in stressed conditions. In 2025 , a regulatory limit of 100% was in force,
- long-term liquidity measures (NSFR - Net Stable Funding Ratio) - it aims to ensure a minimum level of available funding in the medium and long term. In 2025, a regulatory limit of 100% was in force.

The Bank is obligated to report the liquidity measures to the regulator monthly and quarterly.

At the end of 2025 and 2024 the supervisory liquidity measures were:

Liquidity measures				
		Minimum value	2025	2024
			transformed data*	
LCR	Liquidity coverage ratio	100%	265%	267%
NSFR	Net stable funding ratio	100%	161%	178%

\*) In 2025, based on an analysis of the EBA’s interpretation contained in questions and answers (Q&A\_2024\_720), the Bank introduced a change in the presentation of non-retail deposits in liquidity reporting. The LCR ratio presented in the table above for 2024 has been modified and its level has changed compared to that presented in the annual financial statements for the previous year.

Below is a breakdown of Level 1 liquid assets used by the Bank in the calculation of the LCR liquidity ratio (as defined in Commission Delegated Regulation (EU) 2015/61) as at the end of 2025 and 2024, respectively. Level 1 liquid assets include assets with exceptionally high liquidity and credit quality.

Level 1 liquid assets			
		2025	2024
Cash		865	774
Cash in nostro accounts with the Central Bank net of the required reserve		4	4
Unencumbered Treasury bonds		49,754	43,094
Assets constituting exposures to public sector entities		1,921	2,059
Unencumbered European Investment Bank bonds		8,905	8,542
Unencumbered BGK bonds		192	1,756
Total		61,641	56,229

In Level 1 liquid assets, securities are presented at their market value. The liquidity position of the Bank is reduced by securities encumbered (underlying, locked) and increased by securities received as collateral in reverse-repo or buy-sell-back transactions.

Long-Term Funding Ratio (WFD)

In accordance with the obligations and principles set out in the WFD Recommendation on the Long-Term Financing Ratio - issued by Resolution No. 243/2024 of the Financial Supervision Authority on July 15, 2024, starting from 31 July 2024, the Bank calculates the supervisory liquidity measure WFD (Long-Term Financing Ratio) at the consolidated level and reports to the PFSA monthly as of the last day of the month. According to section 3.1. WFD Recommendation at the level of 40% is expected to come into force on 31 December 2026. On 21 November 2025, the PFSA announced a draft amendment to the WFD Recommendation of the PFSA, whose proposal is to change the methodology of calculating the ratio and its expected level to 20%. At the end of 2025, the WFD ratio was 24.2% (compared to 29.6% at the end of 2024).

Additional liquidity monitoring measures (ALMM)

In compliance with the Commission Implementing Regulations (EU) 2022/1994, the Bank reports a set of additional monitoring rations for liquidity reporting. The reports include:

- mismatch by maturity,
- financial concentration by counterparty,
- financial concentration by product type,
- prices for various financing periods,
- prolonged financing,
- concentration of ability to balance liquidity by issuer / counterparty.

Internal liquidity reports

Another major element in the Bank's liquidity management risk process covers internally defined reports presenting detailed and varied approach by the Bank to measurement and management of the risk. The Bank models liquidity characteristics, both of its assets and liabilities in order to provide for clients' anticipated/actual behaviour. Modelling is mixed. This means than an analysis of clients' behaviour relies on historic data and expert judgment.

A structural liquidity report is one of such internal liquidity reports. The report presents the gap between the Bank's assets and liabilities in time buckets on correctly functioning markets. The report is used to monitor and manage medium- and long-term liquidity positions. It serves as a support in the planning process of the balance sheet and funding. It also indicates all major funding needs in the future.

The report is a scenario for the current balance sheet in normal market conditions. It does not cover any additional projections of balance sheet development. However, it provides for clients' typical behaviour observed in previous periods. For instance: cash flows under mortgage loans, cash loans, loans in the current account provide for prepayments and cash flows for savings accounts and current accounts are allocated subject to characteristics of liquidity.

Report of structural liquidity

2025 - Report of structural liquidity						
	1-6 months	7-12 months	1-5 years	6-10 years	11-15 years	over 15 years
Liquidity gap	71,239	11,563	25,664	-19,829	-78,012	-10,626
Cumulative liquidity gap	71,239	82,803	108,467	88,638	10,626	-

2024 - Report of structural liquidity						
	1-6 months	7-12 months	1-5 years	6-10 years	11-15 years	over 15 years
Liquidity gap	51,750	11,075	10,302	-19,193	-46,884	-7,051
Cumulative liquidity gap	51,750	62,825	73,127	53,935	7,051	-

Monitoring of funding sources and concentration risk

The Bank determines once a year the general business strategy of the Bank and the resulting medium-term financial plan together with the general risk strategy. An inherent element of the strategy is the financing plan, which ensures effective diversification of sources and dates of financing.

The ALCO Committee actively manages the funding base. Additionally, it monitors funding sources in order to:

- verify compliance with the strategy and financial plan,
- identify potential risks related to funding.

Customers' deposits (retail and corporate) are the core funding source for ING Bank Śląski S.A. The Bank monitors the funding structure and thus verifies concentration risk by analysing its deposit base split into:

- type of financing,
- client segment,
- product type,
- currencies,
- geographical region, and
- concentration of large deposits.

Periodical analyses also monitor the risk generated by related clients (within capital groups).

The existing funding structure is well diversified. Below is the funding structure as at 31 December 2025 and 31 December 2024, split into direct and mutual funding. Direct funding covers products where transaction is "one-sided": funds are taken and then repaid. Mutual funding covers products where funding is simultaneously given and taken (in separate currencies or in separate products). Direct funding is provided mainly by retail and corporate clients while mutual funding comprised primarily funds acquired from other banks. The visible y/y increase in direct financing in the corporate customer area, while the decrease in the retail customer area, is the result of a change in the customer segment classification implemented in 2025.

Direct funding:

Core client segments	2025		2024	
	direct funding	share	direct funding	share
Retail clients	135,054	50.2%	141,045	56.1%
Corporate clients	98,636	36.7%	77,445	30.8%
Equity	23,135	8.6%	21,776	8.7%
Own issue / subordinated loan	11,454	4.3%	10,512	4.2%
Banks	444	0.2%	450	0.2%

Mutual funding:

Core client segments	2025		2024	
	mutual funding	share	mutual funding	share
Banks	27,114	85.0%	27,641	92.6%
Corporate clients	4,780	15.0%	2,223	7.4%

Liquidity reserve management

Maintenance of an adequate liquidity buffer is a major element in managing the Bank’s liquidity. The liquidity buffer presents the available liquidity, required to cover the gap between cumulative outflows and inflows within a relatively short time. It covers assets that are “unencumbered” and easily available to acquire liquidity. Unencumbered assets are understood as assets that are free of any legal, regulatory, contractual restrictions to have them disposed of by the Bank. The liquidity buffer is crucial in the times of a crisis when the Bank has to obtain liquidity in a short time when the standard funding sources are unavailable or insufficient.

The liquidity buffer is maintained as a safeguard against materialisation of various extraordinary scenarios, providing for needs of additional liquidity which may arise at any time in extraordinary circumstances and in normal conditions.

The table below presents the structure of the liquid asset buffer as at 31 December 2025 and 31 December 2024:

	2025	2024
Structure of the liquidity buffer	share	share
Treasury bonds or bonds issued by the Polish government or central bank in PLN	75.0%	65.0%
BGK and PFR bonds in PLN	3.1%	9.6%
Bonds issued by foreign governments or banks in PLN	11.1%	11.7%
including EIB bonds	11.1%	11.7%
Treasury bonds or bonds issued by the Polish government or central bank in EUR	3.0%	4.8%
Bonds issued by foreign governments or banks in EUR	7.8%	8.9%
including EIB bonds	4.2%	4.7%

The Bank provides for realistic reductions due to impairment of securities with the level thereof being regularly reviewed and approved by ALCO. The reductions are assessed inter alia on the basis of market liquidity and depth, volatility of market prices, requirements of the central bank.

The Bank also observes asset concentrations ensuring their safe diversification in terms of issuer, maturity and currency.

Management of intraday liquidity

The Bank actively manages positions and risks of short-term (one-day and intraday) liquidity in order to comply with its payment and settlement obligations when due in normal market conditions and in extraordinary/stress situations.

The intraday liquidity management process is critical for correct functioning of the Bank as a whole and applies to normal market conditions and extraordinary (crisis) situations. It is a component of current operational liquidity management. Managing its intraday liquidity, the Bank applies intraday ratios. Intraday liquidity ratios are monitored on an ongoing basis and presented to the competent liquidity risk management units and to ALCO.

Intraday liquidity management includes the maintenance of readiness to comply with the Bank’s obligations also in crisis circumstances. In this connection, it is necessary to maintain an adequate liquidity buffer on the basis of information on the potential worsening of the Bank's access to intraday liquidity as a result of a market stress. In order to maintain an adequate liquidity buffer, the Bank applies intraday stress tests in its stress test program.

Management of hedging items

The management of hedging items covers both positions under CSA and GIMRA contracts as well as positions of liquid assets related to operations with the central bank. This is performed on the level corresponding to the provided services, the Bank's portfolio, funding profile and liquidity requirements.

Most of the Bank's counterparties in derivative transactions have signed Credit Support Annexes (CSA) to ISDA agreements. They regulate the issue of support to portfolios of derivative transactions. They provide for the right



to demand margin deposits by parties whose valuation of the portfolio is positive on a specific day (the party’s portfolio is in-the-money) and the right to demand release of the margin when the valuation changes.

Within the strategy of setting margins for each counterparty to CSA, the transaction portfolio is measured daily for margin requirements.

Derivative instruments such as FRA and IRS are settled via CCP (Central Clearing Party) clearing houses. This provides for effective management of margin deposits and mitigates the counterparty settlement risk. ING Bank Śląski S.A. has signed agreements with KDPW CCP and London Clearing House (LCH) and EUREX.

4.8. Centralisation of the risk management process

The process of liquidity and financing risk management is fully centralised in treasury and risk management functions. Liquidity risk (along with the generated liquidity position) of each business line is transferred to the Centre of Expertise Treasury for central management.

The Bank provides for costs and benefits of various types of liquidity risks in the system of internal transfer pricing, in its measurement of profitability and the approval process of new products in all major business areas (both on- and off-balance sheet). The Centre of Expertise Treasury manages the positions transferred to its books over the risk transfer system, including the management of liquidity risk related to resetting the premium for liquidity.

In order to ensure correct, independent and centralised performance of the tasks in the liquidity risk management process (including risk management and reporting as well as preparation, review and updates of documentation), the Bank operates the Market Risk Management Department which reports to a Deputy President of the Management Board.

4.9. Liquidity risk reporting and measurement systems

Reporting and measuring liquidity risk is an automated process. The Bank has tools to generate a set of liquidity reports automatically on a daily or monthly basis. Information on risk measures allows for ongoing monitoring of the liquidity profile and control of the underlying measures. Reports presenting liquidity and financing risk are presented to entities involved in the process of managing this risk.

4.10. Analysis of the maturity of financial assets and liabilities

4.10.1. Breakdown of financial assets and liabilities by maturity

The tables below present the breakdown of financial assets and liabilities by maturity. Data are presented at carrying amount. Financial assets payable on demand and for which the maturity date has expired are presented in the range "up to 1 month". The column ‘unspecified’ includes the value of equity instruments. The column "Reconciliation to the net balance sheet value" presents the value of the allowance for expected credit losses for loans and other receivables measured at amortised cost.

Financial assets by maturity

as at 31 December 2025								
	up to 1 month	over 1 to 3 months	over 3 to 12 months	over 1 to 5 years	over 5 years	no deadline specified	reconciliation to the net carrying amount	Total
Cash and cash equivalents	7,308	-	-	-	-	-	-	7,308
Loans and other receivables to other banks	14,928	-	66	11,837	-	-	-1	26,830
Financial assets measured at fair value through profit or loss	474	32	282	1,258	293	1	-	2,340
Derivative hedge instruments	-	-	5	43	25	-	-	73
Investment securities	699	135	4,561	53,050	6,614	299	-	65,358
Loans and other receivables to customers measured at amortised cost	13,334	8,928	29,073	55,889	66,235	-	-3,834	169,625
Investments in associates accounted for using the equity method	-	-	-	-	-	2,191	-	2,191
Other assets	1	2	22	1	-	-	-	26
Total assets	36,744	9,097	34,009	122,078	73,167	2,491	-3,835	273,751

Financial liabilities by maturity

as at 31 December 2025							
	current and saving deposits	up to 1 month	over 1 to 3 months	over 3 to 12 months	over 1 to 5 years	over 5 years	Total
Liabilities to other banks	738	681	-	10	8,918	1	10,349
Financial liabilities measured at fair value through profit or loss (excluding the valuation of derivatives)	-	56	44	57	481	278	916
Derivative hedge instruments	-	12	-	5	44	16	77
Liabilities to customers	199,548	18,922	6,228	9,527	50	1,137	235,412
Subordinated liabilities	-	12	-	-	1,479	1,057	2,548
Other financial liabilities	-	1,863	166	10	91	463	2,593
Total financial liabilities	200,286	21,546	6,438	9,609	11,063	2,952	251,894



Financial assets by maturity

as at 31 December 2024								
	up to 1 month	over 1 to 3 months	over 3 to 12 months	over 1 to 5 years	over 5 years	no deadline specified	reconciliatio n to the net carrying amount	Total
Cash and cash equivalents	8,360	-	-	-	-	-	-	8,360
Loans and other receivables to other banks	14,365	6,432	350	3,917	-	-	-1	25,063
Financial assets measured at fair value through profit or loss	781	126	298	459	283	1	-	1,948
Derivative hedge instruments	1	-	2	40	18	-	-	61
Investment securities	197	2,432	9,298	42,794	3,917	254	-	58,892
Transferred assets	-	-	44	-	135	-	-	179
Loans and other receivables to customers measured at amortised cost	10,735	9,276	29,577	51,665	58,900	-	-3,657	156,496
Investments in associates accounted for using the equity method	-	-	-	-	-	1,969	-	1,969
Other assets	7	6	9	1	-	-	-	23
Total assets	34,446	18,272	39,578	98,876	63,253	2,224	-3,658	252,991

Financial liabilities by maturity

as at 31 December 2024							
	current and saving deposits	up to 1 month	over 1 to 3 months	over 3 to 12 months	over 1 to 5 years	over 5 years	Total
Liabilities to other banks	829	950	8	-	9,016	-	10,803
Financial liabilities measured at fair value through profit or loss (excluding the valuation of derivatives)	-	249	52	136	522	441	1,400
Derivative hedge instruments	-	13	-	7	37	26	83
Liabilities to customers	185,003	17,716	6,619	9,529	46	1,028	219,941
Subordinated liabilities	-	3	-	-	1,496	-	1,499
Other financial liabilities	-	1,683	143	20	114	498	2,458
Total financial liabilities	185,832	20,614	6,822	9,692	11,231	1,993	236,184

4.10.2. Analysis of the maturity of financial assets and liabilities according to contractual payment terms

The tables present financial assets and liabilities (excluding valuation of derivatives) split by remaining (from the reporting date) contractual maturities. The presented values provide for future interest payments. With respect to contingent liabilities granted, the maturity analysis covers the closest possible performance of the liabilities by the Bank.

Financial assets payable on demand, financial assets for which the maturity date has expired and liabilities on account of current and saving deposits are recognised within 1 month.

2025					
	without a specific date	up to 1 month	1- 12 months	1-5 years	over 5 years
Financial assets, including:	2,491	36,552	51,849	158,619	109,497
Cash and cash equivalents	-	7,308	-	-	-
Loans and other receivables to other banks	-	14,907	217	11,941	-
Financial assets measured at fair value through profit or loss (excluding the valuation of derivatives)	1	426	60	1,079	177
Investment securities	299	729	6,113	65,396	1,871
Loans and other receivables to customers measured at amortised cost	-	13,181	45,435	80,202	107,449
Other financial assets	-	1	24	1	-
Financial Liabilities, including:	-	221,776	16,363	11,723	2,965
Liabilities to other banks	-	1,414	346	9,393	1
Financial liabilities measured at fair value through profit or loss (excluding the valuation of derivatives)	-	15	4	405	97
Liabilities to customers	-	218,470	15,755	50	1,137
Subordinated liabilities	-	14	82	1,784	1,267
Other financial liabilities	-	1,863	176	91	463
Contingent liabilities granted	-	3,326	24,213	17,828	19,181

2024					
	without a specific date	up to 1 month	1- 12 months	1-5 years	over 5 years
Financial assets, including:	2,224	50,243	52,243	126,562	100,946
Cash and cash equivalents	-	8,360	-	-	-
Loans and other receivables to other banks	-	14,551	6,481	4,096	-
Financial assets measured at fair value through profit or loss (excluding the valuation of derivatives)	1	518	174	466	281
Investment securities	254	225	13,140	49,644	2,495
Loans and other receivables to customers measured at amortised cost	-	26,582	32,433	72,355	98,170
Investments in subsidiaries and associates accounted for using the equity method	1,969	-	-	-	-
Other financial assets	-	7	15	1	-
Financial Liabilities, including:	-	202,718	21,016	12,396	1,451
Liabilities to other banks	-	1,782	415	10,068	-
Financial liabilities measured at fair value through profit or loss (excluding the valuation of derivatives)	-	184	20	427	217
Liabilities to customers	-	199,064	20,357	58	736
Subordinated liabilities	-	5	61	1,729	-
Other financial liabilities	-	1,683	163	114	498
Contingent liabilities granted	-	5,203	21,584	15,858	14,843

The tables below present a maturity analysis of derivative financial instruments with a negative valuation as at the reporting date. The analysis is based on remaining contractual maturities.

Derivative financial instruments settled in net amounts

Derivative financial instruments settled by the Bank on a net basis cover IRS, FRA, options and FX Forward NDF transactions. The data in tables reflect – in case of IRS transactions – non-discounted future interest cash flows; in case of other transactions, the cash flows equivalent to the valuation as at 31 December 2025 and 31 December 2024 respectively.

2025				
	up to 1 month	1- 12 months	1-5 years	over 5 years
IRS transactions, of which:	-232	-166	-6,844	-523
hedging transactions in hedge accounting	-17	-9	-2,499	-252
other derivatives	-5	-21	-9	-

2024				
	up to 1 month	1- 12 months	1-5 years	over 5 years
IRS transactions, of which:	698	-572	-5,703	-783
hedging transactions in hedge accounting	381	-485	-2,106	-562
other derivatives	-10	-43	-10	-

Derivative financial instruments settled in gross amounts

Derivative financial instruments settled by the Bank on a gross basis cover FX Swap, FX Forward and CIRS transactions. The data in tables reflect non-discounted contractual cash outflows and inflows of nominal and – in case of CIRS transactions – as interest, as at 31 December 2025 and 31 December 2024 respectively.

2025				
	up to 1 month	1- 12 months	1-5 years	over 5 years
outflows	-1,936	-2,637	-2,925	-205
inflows	1,896	2,566	2,799	201

2024				
	up to 1 month	1- 12 months	1-5 years	
outflows		-4,847	-5,846	-2,180
inflows		4,781	5,700	2,000

5. Non-financial risk

Non-financial risk encompasses operational risk and compliance (compliance) risk management functions and is based on a common framework defining clear rules and standards for identifying, assessing, monitoring, mitigating and reporting risk.

The Bank manages non-financial risk in accordance with its Management Board Strategy and Non-Financial Risk Appetite Declaration, which set out the limits and risk tolerance. Compliance with the declared risk appetite is monitored using the periodic non-financial risk report. In addition, the Bank has a Non-Financial Risk Committee appointed by the Bank’s Management Board, which oversees non-financial risk management (identification,

measurement, mitigation and monitoring of risk) and ensures that appropriate actions are taken to mitigate non-financial risk. In addition, the Supervisory Board, with the support of the Risk Committee, also supervises operational risk management and assesses the effectiveness of activities in this area at least once a year.

The existing non-financial risk management framework allows for active identification of the main risks and gaps and related risks that may cause adverse events. They are supported by such processes as: risk and control self-assessment, monitoring of key risk indicators or testing key controls. The results of analyses of internal and external events constantly improve the adequacy and effectiveness of the internal control system operating in the bank. An effective control environment is essential to build and maintain a sustainable business, and also preserves and increases the trust of customers, employees and shareholders.

5.1. Operational risk

Introduction

Operational risk is defined in the Bank as the possibility of direct or indirect loss resulting from maladjustment or failure of internal processes, people and systems or from external events. Operational risk also includes model risk (described in point 5.1.1.) and legal risk (described in point 5.1.2.).

Operational risk management is an integral part of the Bank’s management process. The operational risk management process and business processes show mutual dependence, which means that information obtained in the operational risk management process is taken into account when making decisions concerning business activities, and the operational risk management process takes into account business decisions.

Operational risk management objectives

The operational risk management objectives, which are part of the Bank’s overall risk management strategy, are defined on the basis of:

- regulatory requirements,
- recommendations of the Bank’s Management Board and Supervisory Board,
- plans and good practices of the ING Group,
- the need to implement the risk mitigation measures identified in the course of external and internal evaluations and audits,
- improvement plans in the area of risk management.

In addition, in consultation with the Supervisory Board, in the risk appetite declaration the Management Board has specified the maximum permissible loss limits, capital limits and the scope of risk that it is willing to take in order to achieve the planned business objectives - in full compliance with the law and regulations. The level of utilisation

of limits is monitored and periodically presented to the Non-Financial Risk Committee, the Risk Committee and and Supervisory Board.

Continuous improvement of the security of the Bank and its customers and improvement of the effectiveness of the risk function remain the main objective of operational risk management. These activities focus on comprehensive strengthening of non-financial risk management by optimising structures and processes, as well as increasing automation and integration of the tools used.

In addition to the implementation of basic processes in the area of operational risk, in 2025 the Bank focused its activities on:

- optimisation of the operational risk management structure and the rules of operation of the Non-Financial Risk Committee,
- developing a single control framework for subsidiaries,
- commencement of work on the integration of local and group tools in the area of non-financial risk,
- transferring selected activities to the first line of defence (registration and monitoring of recommendations and deviations),
- implementation of a new approach to the control function matrix (automation),
- optimisation of data metrics and the risk monitoring and reporting process, as well as the list of significant processes,
- clarification of the definition of events at the interface of operational and credit risk,
- updating regulations and methodologies, including those related to DORA, AI Act, CRR 3, ESG, rules for the management of third and intra-group entities, as well as policies and standards for IT risk (including digital resilience), business continuity and security of people and resources,
- increasing the granularity of risk appetite limits by creating additional KRIs,
- improving the risk culture among employees through training and webinars, with particular emphasis on proactive risk identification in the first line of defence.

Operational risk management policies

With regard to operational risk management, the Bank has a consistent and continuously updated package of internal normative documents.

The principles and guidelines contained in the regulations are aimed at limiting the effects and probability of financial losses and reputational damage.

The Bank’s operational risk management system is based on:

- legal norms,
- regulatory requirements,
- *Operational risk management policy* and detailed regulations, instructions and procedures relating to individual sub-processes related to operational risk management.

Operational risk management process

The Bank has a permanent Non-Financial Risk Committee whose main task is to supervise non-financial risk management. In mid-2025, the Bank increased the frequency of the Committee’s work from quarterly to monthly.

The Bank has effective and consistent processes for identifying, monitoring and controlling non-financial risk in all of the Bank’s products, activities, processes and systems.

The operational risk management system applies to all areas of the Bank’s operations and the Group’s, as well as cooperation with clients, suppliers and partners, that has been developed in accordance with the principle of proportionality, i.e. taking into account the nature, scale and complexity of the business, as well as the materiality of the processes and the operational risk profile of the Bank. It constitutes a coherent, continuing practice that includes the following elements:

- risk identification and assessment, including, among others, risk assessments, analysis of internal and external events or scenario analyses and stress tests,
- risk mitigation and monitoring of mitigation actions,
- carrying out inspections,
- monitoring and quality assurance.

5.1.1. Model risk

Model risk management is carried out in accordance with the *Model Risk Management Policy at ING Bank Śląski*. The Policy defines the key obligations with respect to risk management of models that must be observed for each type of model. These responsibilities are defined in relation to the general principles of model risk management as well as in relation to the various stages of the model life cycle.

The Model Risk Management Department provides a register of models (iModel), which is a repository of information on models operating in the Group, and which is updated by participants in the model risk management process, including model owners, validators and modellers. The model register shall contain, inter alia, information on the relevance of the models, the results of monitoring their performance and the results of model validation (model light together with the validation findings).



The Bank regularly assesses the risks of individual models and, if required, allocates capital charges for models in accordance with the principles adopted in internal regulations.

The performance of models is verified as part of the monitoring of model performance and model validation. Model validation is performed in accordance with the *Model Validation Policy at ING Bank Śląski* and validation instructions.

Management reporting to the Model Risk and AI Risk Management Committee, the Bank’s Management Board and the Supervisory Board on the status of model management and validation activities includes, among others, assessment of the aggregated level of model risk in the context of the adopted level of model risk tolerance and the status of the validation plan.

The Bank has a Model Risk and AI Risk Management Committee, whose aim is to supervise all areas of model risk, including controlling the level of model risk and supervising the risk of GenAI (Generative AI) models and solutions.

5.1.2. Legal risk

Legal risk is the risk related to:

- inability (or alleged inability) to comply with relevant laws, regulations and standards,
- contractual obligations which have been breached or which cannot be enforced intentionally or have been unexpectedly or undesirably enforced, and
- liability (tort liability) towards third parties in connection with an act or omission for which the Bank is responsible,

(potentially) resulting in a breach of the Bank’s integrity, leading to a breach of its reputation, the imposition of legal or supervisory sanctions and financial losses.

The places of legal risk are:

- changes in the legal environment affecting the Bank’s operations and the conduct of business,
- differences in interpretation of the law and uneven jurisprudence,
- shaping and enforcing contractual relations with the Bank’s clients and business partners and the Bank’s impact on third parties.

Mitigation measures include, but are not limited to:

- active monitoring of changes in the legal and supervisory environment and preparation of Legal Information to ensure compliance of internal regulations with common law,
- agreeing positions (interpretation of legal regulations) with market regulators and state authorities on legal issues relevant to the Bank,

- issuing opinions on the Bank’s internal legal documentation and agreements concluded by the Bank with clients/ counterparties,
- ongoing legal advice for the Bank’s units,
- managing legal claims and lawsuits, including initiating/coordinating appropriate legal actions,
- module of legal claims in the Risk Navigator application, used to manage claims,
- training for management and employees on legal and supervisory issues.

5.2. Compliance risk

The Bank’s mission in terms of compliance is to build an organisational culture based on knowledge of and compliance with legal regulations, internal regulations, market standards as well as ING’s Values and Behaviours, specified in the so-called Orange Code.

Compliance risk is understood as the risk of the consequences of non-compliance with the Bank’s processes with the laws, internal regulations and market standards.

The Bank’s Supervisory Board supervises the compliance risk management, and the Bank’s Management Board is responsible for the effective compliance risk management, including:

- implementation of organisational solutions, regulations and procedures enabling effective compliance risk management, and
- ensuring adequate resources and resources required for the performance of tasks.

Centre of Expertise - Compliance is an organisationally separate, independent unit responsible for the organisation and functioning of the compliance risk management process. The aim of the Centre of Expertise - Compliance is to shape solutions for identifying, assessing, controlling and monitoring the risk of non-compliance of the Bank’s operations with laws, internal regulations and market standards, and to present reports in this respect. Compliance activities are aimed at the active participation of the Bank’s employees in compliance risk management by shaping a risk culture based on knowledge of and compliance with laws, internal regulations and market standards.

6. ESG risk

Introduction

In accordance with the *ECB Guide on climate-related and environmental risks - supervisory expectations relating to risk management and disclosure* of November 2020, the Bank considers ESG risk as a set of factors potentially strengthening the probability and severity of traditional risk categories, such as: credit risk (including concentration risk), market risk, liquidity and financing risk, operational risk, compliance risk and business and reputation risk. ESG risk management consists in integrating the mechanisms for its identification, measurement, assessment,



mitigation, monitoring and reporting into standard processes as part of managing the previously listed risk categories.

Definitions and methodology

When establishing the principles and framework for ESG risk management, the Bank follows EBA (European Banking Authority) guidelines EBA/GL/2020/06 of May 2020 on lending and monitoring (Loan origination and monitoring). Since 30 June 2021, the Bank has been obliged, among others, to take into account in the credit process an assessment of the ESG exposure of its clients’ business. Following these guidelines, the Bank has taken into account environmental, social and management factors in its credit risk appetite and has taken them into account in the credit assessment processes of corporate clients. A sector assessment of climate and environmental risks referring to the DMA (*Double Materiality Assessment*) methodology is currently determined for these portfolios and those ESRS (sustainability issues) sub-topics for which risk materiality has been identified in the DMA process and is a reference point for the assessment of an individual corporate client in manual paths.

In the ESG risk management standards, the Bank also took into account the provisions of the *ECB Guide on climate-related and environmental risks - Supervisory expectations relating to risk management and disclosure, of November 2020, and the EBA Report on management and supervision on ESG risk for credit institutions and investment firms*, EBA/REP 2021/18, of July 2021.

The Bank has indicated the methods, definitions and international standards used in its *ESG risk management policy*. Among others, this document defines environmental, social and corporate governance risks, using the provisions of the *EBA Report on management and supervision on ESG risk for credit institutions and investment firms*, EBA/REP 2021/18, of July 2021. In the *List of Inflows, Risks and Opportunities in the ESG area*, the Bank indicated the basic ESG risk factors and channels of their transmission to traditional risk types.

In 2025, the Bank worked intensively on the implementation of the *EBA/GL/2025/01 Guidelines on ESG risk management*, including requirements for the identification, measurement and monitoring of these risks. In parallel, the Bank developed the *Prudential Transformation Plan*, defining objectives and activities to respond to transformation and physical risk. The Bank also implemented an ESG risk monitoring system based on required indicators and metrics and developed processes to obtain ESG data from large corporate clients.

The Bank monitors on an ongoing basis the regulatory risk resulting from changes in the legal environment in relation to the financial sector - following the work of supervisory authorities and legislative proposals. The Bank participates in the work of the Polish Bank Association in the interpretation of ESG regulations.

Key ESG risks

The risks in the ESG area, which according to the Bank will have the greatest impact on its operations, are indicated below. They were presented in order of the most significant expected impact and grouped according to traditional risk categories.

ESG risk in credit risk

As part of the transformation risk, the Bank identifies:

- risk of deterioration in the quality of receivables from companies from high-emission industries due to a decrease in their revenues / an increase in costs / an increase in debt,
- risk of a decrease in the value of properties with low energy efficiency accepted to secure them,
- risk of deterioration of the quality of mortgage loans granted to individual customers using real estate with low energy efficiency,
- risk of deterioration in the quality of receivables from loans financing commercial properties with low energy efficiency.

As part of the physical climate risk, the Bank identifies:

- risk of a decrease in the value of property accepted as collateral, exposed to sudden or long-term physical threats,
- risk of deterioration in the quality of corporate receivables due to a decrease in their income / increase in costs / increase in debt due to their operations in a place exposed to sudden or long-term physical threats,

Within environmental and social risks, the Bank identifies the risk of deterioration of the quality of corporate receivables due to a decrease in their income / increase in costs / increase in debt due to their activities having a negative impact on the environment or a negative impact on employees / communities.

ESG risk in compliance risk

As part of the compliance risk, the Bank identifies the risk of non-compliance in the processes operating in the Bank with the law, internal regulations and market standards.

ESG risk in liquidity risk

As part of the transformation risk and physical climate risk, the Bank identifies the risk of liquidity disruption to the Bank as a result of increased outflow of deposits from the Bank or increased credit needs of customers in connection with the need to cover additional expenses resulting from the materialisation of transformation risk or physical risk.

The Bank also manages the remaining ESG risks, although not all of them have been described due to, among others:

- the estimated low impact of these risks (e.g. operational risk of disrupting the continuity of operations and the security of persons and resources due to physical climate risk),

- historically well-established and effective system of managing these risks in the Bank (e.g. social risk resulting from improper HR practices, social and environmental risk related to cooperation with suppliers).

Supervision of ESG risk management

The organisational structure of risk management, including the role of the Supervisory Board, the Bank’s Management Board and the Division supervised by the CRO (Chief Risk Officer), is set out in the Policy - *General Principles of Risk Management at ING Bank Śląski S.A.* The Supervisory Board monitors and supervises the risk management process, including credit, market, liquidity and financing and non-financial risks. In the performance of this task, it is supported by the Risk Committee, which includes at least three members of the Supervisory Board.

At the beginning of 2025, the Supervisory Board approved the *Risk Management Strategy*, in which the key objectives for 2025-2027 include the continuation of activities to better identify, measure and assess ESG risk, as well as activities to ensure compliance of the Bank’s policies, procedures and processes with the requirements resulting from external regulations.

The Bank’s Management Board is involved in monitoring and supervising the risk management process, including credit, market, liquidity and financing risks and non-financial risks. The Bank’s Management Board approves the business strategy and the risk management strategy, the elements of which are ESG risk strategies. The approved strategy is a response to the assessment of the expected effects of ESG risk in the short, medium and long term. In addition, the Bank’s Management Board established a permanent ESG Risk Committee, which was entrusted with tasks related to the creation of the structure, policy, methods and tools of ESG risk management and appointed members of this Committee.

The Management Board appointed a CRO as a member of the Management Board responsible for the implementation of key tasks as part of the implementation of ESG risk management into the risk management system.

The Sustainability Panel, established in 2024, operates at the Supervisory Board of ING Bank Śląski S.A. as a consultative and advisory body for the Council when it comes to the work of the Council conducted in the area of ESG and Sustainability. Its purpose is to regularly inform, inspire and initiate discussions in this field at Council level.

ESG Risk Committee

The ESG Risk Committee is a standing committee of ING Bank Śląski dealing with matters related to ESG risk. As part of his activities, he performs decision-making functions for all the bank’s organisational units and advisory functions to the Bank’s Management Board. The Chairman of the ESG Risk Committee is CRO.

The tasks of the Committee include:

- setting and changing the level of ESG risk appetite limits,
- creating an ESG risk management policy,

- defining the process of comprehensive ESG risk management, including defining IT systems supporting the process of ESG risk management,
- monitoring and assessment of the level of ESG risk at the standalone and consolidated levels,
- ensuring compliance with laws, supervisory regulations, making decisions regarding the implementation of the ING N.V. Group’s guidelines and recommendations on ESG risk and approving all other issues related to ESG risk.

7. Other risks

7.1. Security of personal data

The Bank strives to ensure that the rights to privacy and personal data protection, as set out in the *Charter of Fundamental Rights of the European Union, the European Convention on Human Rights, the General Data Protection Regulation (GDPR)* and the case law of the European Court of Justice, are taken into account when processing personal data. The Bank has regulated this area in the *Personal Data Protection Policy*, which reflects the requirements resulting from legal regulations and defines the Bank’s obligations in this respect. The following are responsible for ensuring compliance and implementation of the policy provisions: at the level of a Member of the Management Board of the Bank Data Protection Executive and Protection Of Personal Data.

The principles related to the processing of personal data included in the policy include:

- their confidentiality, data minimisation and processing for a specific purpose,
- transparency and information requirements for individuals with regard to processing and their rights,
- ensure that the storage of personal data is limited,
- conducting a data protection impact assessment, in terms of the impact of data processing on the rights and freedoms of natural persons,
- assessing the impact of data transfers outside the European Economic Area to countries not providing adequate protection.

The policy requirements set personal data protection standards, which are followed by the Bank’s employees to ensure compliance with legal regulations and to meet the expectations of customers, suppliers, business partners and employees.

The Bank is constantly working on solutions that will protect clients and their finances from actions that violate security. The Bank secures the IT environment, classifies data collected in specific applications and determines the significance of this data. Depending on the level of relevance of the data, technical and organisational security measures are implemented, as well as appropriate contractual provisions with suppliers. The activities carried out



by the Bank on an ongoing basis are aimed, on the one hand, at reducing the risk related to the protection of privacy of persons whose data the Bank processes, and on the other hand, at improving the services provided.

In the event of personal data breaches, the Bank shall take the necessary restrictive and mitigating measures as soon as possible after identifying such an event. An appropriate analysis of the probability of a breach of the rights and freedoms of data subjects and, if necessary, the Bank reports the breach to supervisory authorities in accordance with regulatory requirements is carried out. If required, the Bank shall also inform the data subjects, indicating the possible consequences of the personal data breach and a description of the measures taken or proposed to address the breach and minimise its possible negative effects. The Bank analyses the process in which the breach occurred and introduces additional security measures to prevent similar events in the future.

In July 2025, the President of the Personal Data Protection Office imposed a fine of PLN 18 million on the bank for the practice of scanning identity cards in the period from April 2019 to September 2020. The Bank established a provision for the amount of the penalty and recognised it in the costs of 2025. The Bank appealed against the decision using the right to lodge a complaint with the Voivodeship Administrative Court in Warsaw. The Bank fully cooperated with the President of the Personal Data Protection Office at every stage of the proceedings. The Bank collected scans of identity documents in situations where it was necessary to perform its obligations under the Act on counteracting money laundering and terrorist financing. The scans were obtained solely for this purpose.

7.2. Cybersecurity and security of IT transactions

Cybersecurity is a set of processes, best practices and technological solutions used to protect IT networks, devices, programmes and data against attacks, damage or unauthorised access. Cybersecurity is the resilience of IT systems to activities that violate the confidentiality, integrity, availability and authenticity of the data being processed or the services associated with it.

Cybersecurity Action Strategy

The strategy in the area of cybersecurity is stable, consistent with the business strategy and assumptions of the development of the Bank’s ICT environment. It is focused on creating effective IT solutions and channels of interaction with customers with high resistance to cyber threats. The Bank observes the following rules:

- security at the centre of everything the Bank does in the area of ICT infrastructure.
- security as an integral part of business awareness,
- security as a competitive advantage.

The Bank places particular emphasis on:

- building secure and fault-tolerant IT solutions, compliant with the security architecture and operational model.
- a multi-layered model of ICT environment protection.

- safeguard all resources, whether they are vulnerable to internal or external threats.
- enhance the contribution of hazard modelling and the use of expertise to technological risk assessment, at all stages of ICT implementation and operation.
- the use of automated control mechanisms.
- building awareness of IT security threats and competencies.
- secure provision of services by external providers.
- compliance with internal and external regulations.

Cybersecurity activities

All employees are responsible for ensuring the security of data and IT systems, within their areas and tasks. The Bank also has dedicated units that perform this task in a special way. The Cybersecurity and IT Risk Expert Centre is the unit responsible for ensuring the protection of ICT infrastructure, services and employees against cyber threats, grouping the functions resulting from the operational model for the IT security area. This unit includes teams responsible for:

- threat detection and response (SDR.),
- prevention and reduction of vulnerability (ASM),
- data leak prevention (DLP), security architecture and IT risk management.

Due to the continuous development of new, advanced attack methods, the Bank’s security teams are constantly improving existing systems and building new, more effective detection and prevention mechanisms.

The Bank ensures compliance for the cybersecurity area with the requirements of:

- The Act on the National Cybersecurity System (UKSC), the subject of which is the organisation of the national cybersecurity system and the definition of tasks and responsibilities of entities included in the national cybersecurity system.
- The Digital Operational Resilience Regulation (DORA), which sets out a new European framework for the efficient and comprehensive management of digital risks in financial markets.

All actions are aimed at protecting the Bank’s resources against threats from inside and outside, and thus protecting clients and the funds entrusted to the Bank. Many of these activities are carried out jointly by the Bank with other ING Group units, as well as in cooperation with financial institutions and state authorities. As in previous years, the Bank actively participates in the work of the Cybersecurity Banking Centre Fincyber.pl operating within the Polish Bank Association.

Fraud prevention

The second important element in the field of cybersecurity is counteracting fraud. The unit responsible for taking actions in the field of external and internal fraud is the Expert Centre - Fraud Prevention, which aims to reduce losses of customers and the Bank. The unit is also responsible for prompt response in the event of suspicion of a crime and adapting preventive actions to the fraudsters’ activities. This expert centre includes, among others, monitoring of incoming and outgoing transactions, analysis of customer reports on unauthorised transactions in accordance with the provisions of the *Payment Services Act* and the *Fraud Complaints Handling* procedure, as well as preventive measures aimed at adequately protecting banking processes and products against fraud attempts.

Thanks to close cooperation between business units, the Bank is constantly improving its internet banking systems, introducing new mechanisms to secure and reduce the risk of fraud, while ensuring clear and understandable communication with the client. The Bank also improves mechanisms for detecting anomalies, both in the Bank’s transaction system and in transactions ordered by clients, thus detecting suspicious transactions ordered by unauthorised persons. The Bank also takes care of the integrity of transactions ordered by the client, reducing the risk of internal fraud.

In Internet banking and mobile banking applications, the Bank uses various solutions to increase client security.

In addition, the centre’s employees conduct campaigns to raise awareness of how to avoid fraud for various groups of clients, both consumers and corporate clients, and conduct awareness campaigns and training for the bank’s employees, in accordance with the adopted training plan.

7.3. Business risk

Within business risk, the Bank distinguishes several risk sub-categories, of which only macroeconomic risk was classified as material risk.

Macroeconomic risk is defined as risk arising from changes in macroeconomic factors and their impact on the level of minimum capital requirements. The Bank manages this risk by regularly conducting internal and stress tests in accordance with the *Stress Testing Policy*, which allows for ongoing monitoring of the sensitivity of the minimum capital requirements to macroeconomic factors.

Based on the results of internal stress tests, in accordance with the *Methodology for calculating economic capital for macroeconomic risk*, the Bank estimates additional economic capital to hedge against the effects of materialisation of the tested scenario. Due to the events of recent years, including the war in Ukraine, dynamic changes in the macroeconomic and political environment and the results of stress tests, the Bank continues to maintain additional economic capital for macroeconomic risk.



SIGNATURES OF THE MANAGEMENT BOARD MEMBERS OF ING BANK ŚLĄSKI S.A.

2026-03-03	Michał Bolesławski President of the Bank Management Board	The original Polish document is signed with a qualified electronic signature
2026-03-03	Joanna Erdman Vice-President of the Bank Management Board	The original Polish document is signed with a qualified electronic signature
2026-03-03	Marcin Giżycki Vice-President of the Bank Management Board	The original Polish document is signed with a qualified electronic signature
2026-03-03	Bożena Graczyk Vice-President of the Bank Management Board	The original Polish document is signed with a qualified electronic signature
2026-03-03	Marcin Kościński Vice-President of the Bank Management Board	The original Polish document is signed with a qualified electronic signature
2026-03-03	Maciej Ogórkiewicz Vice-President of the Bank Management Board	The original Polish document is signed with a qualified electronic signature
2026-03-03	Wojciech Sieńczyk Vice-President of the Bank Management Board	The original Polish document is signed with a qualified electronic signature
2026-03-03	Alicja Żyła Vice-President of the Bank Management Board	The original Polish document is signed with a qualified electronic signature

SIGNATURE OF THE PERSON RESPONSIBLE FOR ACCOUNTS

2026-03-03	Jolanta Alvarado Rodriguez Lead of Centre of Expertise Accounting Policy and Financial Reporting	The original Polish document is signed with a qualified electronic signature
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