BNP PARIBAS

# Consolidated Financial Statements of BNP Paribas Bank Polska S.A. Group

for the year ended
31 December 2024


This document is a pdf copy of the official annual report which was prepared in xhtml format

## TABLE OF CONTENTS

# SELECTED CONSOLIDATED FINANCIAL DATA

| Selected consolidated financial data | | in PLN'000 | in PLN'000 | in EUR'000 | in EUR'000 |
|---|---|---|---|---|---|
| **Statement of profit or loss** | **Note** | **12 months to 31.12.2024** | 12 months to 31.12.2023 | **12 months to 31.12.2024** | 12 months to 31.12.2023 |
| Net interest income | 4 | **5,741,006** | 5,225,427 | **1,333,815** | 1,153,923 |
| Net fee and commission income | 5 | **1,263,676** | 1,210,962 | **293,591** | 267,415 |
| Profit before tax | | **2,954,016** | 1,763,155 | **686,310** | 389,355 |
| Profit after tax | | **2,358,268** | 1,012,546 | **547,899** | 223,599 |
| Total comprehensive income | | **2,384,177** | 1,595,578 | **553,919** | 352,349 |
| **Statement of cash flows** | | **12 months to 31.12.2024** | 12 months to 31.12.2023 | **12 months to 31.12.2024** | 12 months to 31.12.2023 |
| Total net cash flows | | **2,418,403** | 2,657,255 | **561,870** | 586,798 |
| **Ratios** | | **31.12.2024** | 31.12.2023 | **31.12.2024** | 31.12.2023 |
| Number of shares (items) | 45 | **147,799,870** | 147,676,946 | **147,799,870** | 147,676,946 |
| Earnings per share | 16 | **15.96** | 6.86 | **3.71** | 1.51 |
| **Statement of financial position** | | **31.12.2024** | 31.12.2023 | **31.12.2024** | 31.12.2023 |
| Total assets | | **167,539,589** | 161,025,747 | **39,208,890** | 37,034,440 |
| Loans and advances to customers measured at amortised cost | 21 | **85,401,516** | 85,594,516 | **19,986,313** | 19,685,951 |
| Loans and advances to customers measured at fair value through profit or loss | 22 | **452,506** | 653,582 | **105,899** | 150,318 |
| Total liabilities | | **152,145,533** | 148,164,472 | **35,606,256** | 34,076,466 |
| Amounts due to customers | 31 | **130,924,754** | 127,174,831 | **30,640,008** | 29,249,041 |
| Share capital | 45 | **147,800** | 147,677 | **34,589** | 33,964 |
| Total equity | | **15,394,056** | 12,861,275 | **3,602,634** | 2,957,975 |
| **Capital adequacy** | | **31.12.2024** | 31.12.2023 | **31.12.2024** | 31.12.2023 |
| Total own funds | | **15,962,074** | 14,937,528 | **3,735,566** | 3,435,494 |
| Total risk exposure | | **92,814,926** | 89,615,117 | **21,721,256** | 20,610,652 |
| Total capital ratio | | **17.20%** | 16.67% | **17.20%** | 16.67% |
| Tier 1 capital ratio | | **13.80%** | 12.51% | **13.80%** | 12.51% |

For purposes of data conversion into EUR, the following exchange rates are used by the Group:

For items of the statement of financial position, rates of the National Bank of Poland are applied::

- as at 31.12.2024 - 1 EUR = 4.2730 PLN
- as at 31.12.2023 - 1 EUR = 4.3480 PLN

For items of the statement of profit or loss and the statement of cash flows, the EUR exchange rate is calculated as the arithmetic mean of the rates published by the National Bank of Poland as at the last day of each month in the period:

- for the period from 1.01.2024 to 31.12.2024 - 1 EUR = 4.3042 PLN
- for the period from 1.01.2023 to 31.12.2023 - 1 EUR = 4.5284 PLN

Calculation of earnings (loss) per share was described in Note 16.

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

| | Note | 12 months to 31.12.2024 | 12 months to 31.12.2023 |
|---|---|---|---|
| Interest income | 4 | 10,245,083 | 9,827,260 |
| Interest income calculated with the use of effective interest rate method | | 9,321,369 | 9,325,147 |
| interest income on financial instruments measured at amortised cost | | 8,471,007 | 8,667,120 |
| interest income on financial instruments measured at fair value through other comprehensive income | | 850,362 | 658,027 |
| Income of a similar nature to interest on instruments measured at fair value through profit or loss | | 923,714 | 502,113 |
| Interest expense | 4 | (4,504,077) | (4,601,833) |
| **Net interest income** | | **5,741,006** | **5,225,427** |
| Fee and commission income | 5 | 1,542,772 | 1,472,599 |
| Fee and commission expenses | 5 | (279,096) | (261,637) |
| **Net fee and commission income** | | **1,263,676** | **1,210,962** |
| Dividend income | 6 | 13,147 | 10,881 |
| Net trading income (of which exchange result) | 7 | 840,882 | 950,781 |
| Result on investment activities | 8 | 14,374 | (23,028) |
| Result on hedge accounting | 20 | 1,946 | (30,939) |
| Result on derecognition of financial assets measured at amortized cost due to significant modification | | (11,569) | 4,190 |
| Net allowances on expected credit losses of financial assets and provisions for contingent liabilities | 9 | (246,192) | (34,369) |
| Result on legal risk related to foreign currency loans | 53 | (795,728) | (1,978,086) |
| General administrative expenses | 10 | (2,837,359) | (2,638,799) |
| Depreciation and amortization | 12 | (514,450) | (456,736) |
| Other operating income | 13 | 214,381 | 236,928 |
| Other operating expenses | 14 | (325,127) | (302,404) |
| **Operating result** | | **3,358,987** | **2,174,808** |
| Tax on financial institutions | | (404,971) | (411,653) |
| **Profit before tax** | | **2,954,016** | **1,763,155** |
| Income tax expenses | 15 | (595,748) | (750,609) |
| **Net profit** | | **2,358,268** | **1,012,546** |
| attributable to equity holders of the Group | | 2,358,268 | 1,012,546 |
| **Earnings (loss) per share (in PLN per one share)** | | | |
| Basic | 16 | 15.96 | 6.86 |
| Diluted | 16 | 15.94 | 6.85 |

# CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

| | Note | 12 months ended 31.12.2024 | 12 months ended 31.12.2023 |
|---|---|---|---|
| **Net profit for the period** | | **2,358,268** | **1,012,546** |
| **Other comprehensive income** | | | |
| **Items that may be reclassified subsequently to profit or loss upon fulfilment of certain conditions** | | **27,255** | **584,151** |
| Measurement of financial assets measured at fair value through other comprehensive income, gross | 25 | 43,787 | 653,872 |
| Deferred income tax on the valuation of gross financial assets measured through other comprehensive income | 36 | (8,320) | (124,236) |
| Measurement of cash flow hedge accounting derivatives | 20 | (10,138) | 67,303 |
| Deferred income tax on valuation of gross derivatives hedging cash flows | 36 | 1,926 | (12,788) |
| **Items that will not be reclassified to profit or loss** | | **(1,346)** | **(1,119)** |
| Actuary valuation of employee benefits | 3e | (1,662) | (1,382) |
| Deferred income tax on actuarial valuation of gross personnel expenses | 36 | 316 | 263 |
| **Other comprehensive income (net)** | | **25,909** | **583,032** |
| **Total comprehensive income** | | **2,384,177** | **1,595,578** |
| attributable to equity holders of the Group | | 2,384,177 | 1,595,578 |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| ASSETS | Note | 31 December 2024 | 31 December 2023 |
|---|---|---|---|
| Cash and balances at Central Bank | 17 | 11,325,551 | 6,883,586 |
| Amounts due from banks | 18 | 7,872,375 | 17,963,948 |
| Derivative financial instruments | 19 | 2,440,116 | 3,146,745 |
| Differences from hedge accounting | 20 | 230,658 | 94,496 |
| Loans and advances to customers measured at amortised cost | 21 | 85,401,516 | 85,594,516 |
| Loans and advances to customers measured at fair value through profit or loss | 22 | 452,506 | 653,582 |
| Securities measured at amortised cost | 23 | 32,364,550 | 26,246,278 |
| Securities measured at fair value through profit or loss | 24 | 321,434 | 291,351 |
| Securities measured at fair value through other comprehensive income | 25 | 23,027,454 | 16,634,303 |
| Intangible assets | 26 | 975,114 | 936,024 |
| Property, plant and equipment | 27 | 946,971 | 959,923 |
| Deferred tax assets | 36 | 859,567 | 766,504 |
| Current income tax receivables | | 1,515 | 4,730 |
| Other assets | 29 | 1,320,262 | 849,761 |
| **Total assets** | | **167,539,589** | **161,025,747** |
| **LIABILITIES** | Note | 31 December 2024 | 31 December 2023 |
| Amounts due to other banks | 30 | 9,994,802 | 9,059,394 |
| Derivative financial instruments | 19 | 2,311,741 | 2,865,275 |
| Differences from hedge accounting | 20 | 260,025 | (7,365) |
| Amounts due to customers | 31 | 130,924,754 | 127,174,831 |
| Subordinated liabilities | 33 | 3,420,128 | 4,336,072 |
| Leasing liabilities | 28 | 606,306 | 626,269 |
| Other liabilities | 34 | 2,296,756 | 2,191,890 |
| Current tax liabilities | | 361,641 | 376,736 |
| Provisions | 35 | 1,969,380 | 1,541,370 |
| **Total liabilities** | | **152,145,533** | **148,164,472** |
| **EQUITY** | Note | 31 December 2024 | 31 December 2023 |
| Share capital | 45 | 147,800 | 147,677 |
| Supplementary capital | 46 | 9,155,136 | 9,110,976 |
| Other reserve capital | 46 | 4,042,815 | 3,525,056 |
| AT1 Capital bonds | 46 | 650,000 | - |
| Revaluation reserve | 46 | (540,845) | (566,754) |
| Retained earnings | | 1,939,150 | 644,320 |
| retained profit | | (419,118) | (368,226) |
| net profit for the period | | 2,358,268 | 1,012,546 |
| **Total equity** | | **15,394,056** | **12,861,275** |
| **Total liabilities and equity** | | **167,539,589** | **161,025,747** |

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | | | | | | Retained earnings | | |
|---|---|---|---|---|---|---|---|---|
| | Share capital | Supplementary capital | Other reserve capital | AT1 Capital bonds | Revaluation reserve | Retained profit | Net profit for the period | Total |
| **Balance as at 1 January 2024** | **147,677** | **9,110,976** | **3,525,056** | **-** | **(566,754)** | **(368,226)** | **1,012,546** | **12,861,275** |
| **Total comprehensive income for the period** | **-** | **-** | **-** | **-** | **25,909** | **-** | **2,358,268** | **2,384,177** |
| Net profit for the period | - | - | - | - | - | - | 2,358,268 | 2,358,268 |
| Other comprehensive income for the period | - | - | - | - | 25,909 | - | - | 25,909 |
| **Distribution of retained earnings** | **-** | **45,963** | **511,362** | **-** | **-** | **(48,777)** | **(1,012,546)** | **(503,998)** |
| Distribution of retained earnings intended for capital | - | 45,963 | 511,362 | - | - | (48,777) | (508,548) | - |
| Dividends paid out | - | - | - | - | - | - | (503,998) | (503,998) |
| **Share issue** | **123** | **-** | **-** | **-** | **-** | **-** | **-** | **123** |
| **AT1 Capital bonds issue** | **-** | **-** | **-** | **650,000** | **-** | **-** | **-** | **650,000** |
| **Management stock options*** | **-** | **-** | **6,397** | **-** | **-** | **-** | **-** | **6,397** |
| **Other adjustments** | **-** | **(1,803)** | **-** | **-** | **-** | **(2,115)** | **-** | **(3,918)** |
| **Balance as at 31 December 2024** | **147,800** | **9,155,136** | **4,042,815** | **650,000** | **(540,845)** | **(419,118)** | **2,358,268** | **15,394,056** |

* the management stock option programme is described in Note 38.

| | | | | | | Retained earnings | | |
|---|---|---|---|---|---|---|---|---|
| | Share capital | Supplementary capital | Other reserve capital | AT1 Capital bonds | Revaluation reserve | Retained profit | Net profit for the period | Share capital |
| **Balance as at 1 January 2023** | **147,593** | **9,110,976** | **3,142,098** | **-** | **(1,149,786)** | **(430,157)** | **441,497** | **11,262,221** |
| **Total comprehensive income for the period** | **-** | **-** | **-** | **-** | **583,032** | **-** | **1,012,546** | **1,595,578** |
| Net profit for the period | - | - | - | - | - | - | 1,012,546 | 1,012,546 |
| Other comprehensive income for the period | - | - | - | - | 583,032 | - | - | 583,032 |
| **Distribution of retained earnings** | **-** | **-** | **376,471** | **-** | **-** | **65,026** | **(441,497)** | **-** |
| Distribution of retained earnings intended for capital | - | - | 376,471 | - | - | 65,026 | (441,497) | - |
| **Share issue** | **84** | **-** | **-** | **-** | **-** | **-** | **-** | **84** |
| **Management stock options*** | **-** | **-** | **6,487** | **-** | **-** | **-** | **-** | **6,487** |
| **Other adjustments** | **-** | **-** | **-** | **-** | **-** | **(3,095)** | **-** | **(3,095)** |
| **Balance as at 31 December 2023** | **147,677** | **9,110,976** | **3,525,056** | **-** | **(566,754)** | **(368,226)** | **1,012,546** | **12,861,275** |

* the management stock option programme is described in Note 38

# CONSOLIDATED STATEMENT OF CASH FLOWS

| CASH FLOWS FROM OPERATING ACTIVITIES: | Note | 12 months ended 31.12.2024 | 12 months ended 31.12.2023 |
|---|---|---|---|
| **Net profit (loss)** | | **2,358,268** | **1,012,546** |
| **Adjustments for:** | | **12,278,729** | **4,863,014** |
| Income tax expenses | | 595,748 | 750,609 |
| Depreciation and amortization | 12 | 514,450 | 456,736 |
| Dividend income | 6 | (13,147) | (10,881) |
| Interest income | 4 | (10,245,083) | (9,827,260) |
| Interest expense | 4 | 4,504,077 | 4,601,833 |
| Change in provisions | | 426,249 | (683,926) |
| Change in amounts due from banks | 50 | 8,065,054 | (7,670,167) |
| Change in assets due to derivative financial instruments | | 570,467 | 16,056 |
| Change in loans and advances to customers measured at amortised cost | 50 | 127,904 | 3,486,785 |
| Change in loans and advances to customers measured at fair value through profit or loss | | 201,076 | 295,716 |
| Change in amounts due to banks | 50 | (1,030,353) | 1,469,989 |
| Change in liabilities due to derivative financial instruments | | (296,282) | 229,004 |
| Change in amounts due to customers | 50 | 3,834,905 | 7,051,285 |
| Change in other assets and deferred tax assets | | (471,852) | 78,083 |
| Change in other liabilities and current income tax liabilities | | 128,552 | (225,820) |
| Other adjustments | 50 | (59,879) | (269,043) |
| Interest received | | 10,462,093 | 10,096,591 |
| Interest paid | | (4,321,077) | (4,490,539) |
| Tax paid | | (713,132) | (490,924) |
| Leasing fees for short-term leases not included in the valuation of the liability | | (1,041) | (1,113) |
| **Net cash flows from operating activities** | | **14,636,997** | **5,875,560** |

| CASH FLOWS FROM INVESTING ACTIVITIES: | | 12 months ended 31.12.2024 | 12 months ended 31.12.2023 |
|---|---|---|---|
| **Inflows** | | **241,776,945** | **182,024,979** |
| Sale of debt securities | | 241,748,903 | 181,988,702 |
| Sale of intangible assets and property, plant and equipment | | 13,063 | 23,757 |
| Dividends received and other investment income | | 14,979 | 12,520 |
| **Outflows** | | **(254,812,147)** | **(185,153,326)** |
| Purchase of securities | | (254,347,370) | (184,707,582) |
| Purchase of intangible assets and property, plant and equipment | | (464,777) | (445,744) |
| **Net cash flows from investing activities** | | **(13,035,202)** | **(3,128,347)** |

| CASH FLOWS FROM FINANCING ACTIVITIES: | | 12 months ended 31.12.2024 | 12 months ended 31.12.2023 |
|---|---|---|---|
| **Inflows** | | **4,622,505** | **2,229,471** |
| Borrowing of long-term loans received and subordinated liabilities | | 3,972,382 | 2,227,687 |
| AT1 Capital bonds | | 650,000 | - |
| Net inflows from issuance of shares and return of capital contributions | | 123 | 1,784 |
| **Outflows** | | **(3,805,897)** | **(2,319,429)** |
| Repayment of long-term loans received and subordinated liabilities | | (3,159,530) | (1,813,438) |
| Repayment of leasing liabilities | | (142,261) | (141,564) |
| Redemption of debt securities | | - | (364,427) |
| Other financial expenses | | (108) | - |
| Dividends paid out | | (503,998) | - |
| **Net cash flows from financing activities** | | **816,608** | **(89,958)** |
| **TOTAL NET CASH AND CASH EQUIVALENTS** | | **2,418,403** | **2,657,255** |
| **Cash and cash equivalents at the beginning of the period** | | **15,874,526** | **13,217,271** |
| **Cash and cash equivalents at the end of the period** | 49 | **18,292,929** | **15,874,526** |
| Effect of exchange rate fluctuations on cash and cash equivalents | | (91,498) | (106,132) |

# EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

# 1. GENERAL INFORMATION ABOUT THE BNP PARIBAS S.A. CAPITAL GROUP

BNP Paribas Bank Polska S.A. (the "Bank" or "BNP Paribas") is the parent company in the Capital Group of BNP Paribas Bank Polska S.A. (the "Group").

The registered office of BNP Paribas Bank Polska S.A. is located at Marcin Kasprzak Street 2, 01-211 Warsaw, Poland. The Bank is registered in Poland, by the District Court for the capital city of Warsaw, 13th Commercial Division of the National Court Register, under number KRS 0000011571. The duration of the parent entity and the entities from the Capital Group is unlimited.

Since 27 May 2011, pursuant to the decision of the Management Board of Warsaw Stock Exchange (WSE), the Bank's shares have been listed on WSE and classified as finance - banking sector

As at 31 December 2024, the headcount of the Bank amounted to 7,746 FTEs, and 7,883 FTEs for the Group as compared to 8,037 FTEs in the Bank and 8,184 FTEs in the Group as at 31 December 2023.

BNP Paribas is a universal commercial bank offering a wide range of banking services provided to individual and institutional clients in accordance with the scope of services specified in the Bank's Statute. The Bank operates both in Polish zlotys and in foreign currencies and actively participates in trading on domestic and foreign financial markets. In addition, through its subsidiaries, the Group conducts brokerage and leasing activities and provides other financial services.

The Group operates mainly in Poland.

### Composition of the Bank's Management Board as of 31 December 2024:

| FULL NAME | FUNCTION HELD IN THE MANAGEMENT BOARD OF THE BANK |
|---|---|
| Przemysław Gdański | President of the Management Board |
| André Boulanger | Vice-President of the Management Board |
| Małgorzata Dąbrowska | Vice-President of the Management Board |
| Wojciech Kembłowski | Vice-President of the Management Board |
| Piotr Konieczny | Vice-President of the Management Board |
| Magdalena Nowicka | Vice-President of the Management Board |
| Volodymyr Radin | Vice-President of the Management Board |
| Agnieszka Wolska | Vice-President of the Management Board |

There were no changes to the composition of the Bank's Management Board in the period of 1 January - 31 December 2024.

On 29 February 2024, the Supervisory Board adopted a resolution to set the number of members of the Bank's Management Board for the new term of office at eight and appointed the Management Board for a new three-year term of office with its current composition.

### Composition of the Bank's Supervisory Board as of 31 December 2024:

| FULL NAME | OFFICE HELD IN THE SUPERVISORY BOARD OF THE BANK |
|---|---|
| Lucyna Stańczak-Wuczyńska | Chairman of the Supervisory Board, Independent member |
| Francois Benaroya | Vice-Chairman of the Supervisory Board |
| Jean – Charles Aranda | Member of the Supervisory Board |
| Małgorzata Chruściak | Independent Member of the Supervisory Board |
| Sophie Heller | Member of the Supervisory Board |
| Monika Kaczorek | Independent Member of the Supervisory Board |
| Vincent Metz | Member of the Supervisory Board |
| Piotr Mietkowski | Member of the Supervisory Board |
| Khatleen Pauwels | Member of the Supervisory Board |
| Jacques Rinino | Independent Member of the Supervisory Board |
| Mariusz Warych | Independent Member of the Supervisory Board |

Changes in the composition of the Supervisory Board in the period from 1 January to 31 December 2024:

- On 25 June 2024, the Bank received the resignation of Mr Jarosław Bauc from his position as a member of the Bank's Supervisory Board, effective 2 July 2024.
- On 2 July 2024, the Extraordinary General Meeting of the Bank appointed Ms Monika Kaczorek as an independent member of the Bank's Supervisory Board, effective 3 July 2024 until the end of the current five-year joint term of office of the members of the Supervisory Board.
- On 22 November 2024, Ms Magdalena Dziewguć resigned from the position of a Member of the Banks's Supervisory Board, effective 21 November 2024.

BNP Paribas is an entity of the BNP Paribas Group based in Paris.

As of 31 December 2024, the Capital Group of BNP Paribas Bank Polska S.A. comprised BNP Paribas Bank Polska S.A. as the parent company, and its subsidiaries.

| Name | Type of activity | Ownership interest (%) | Accounting for a subsidiary in the Group Financial statements |
|---|---|---|---|
| BNP PARIBAS TOWARZYSTWO FUNDUSZY INWESTYCYJNYCH S.A. („TFI”) | management of investment funds | 100 | full consolidation |
| BNP PARIBAS LEASING SERVICES SP. Z O.O. („LEASING”) | leasing services | 100 | full consolidation |
| BNP PARIBAS GROUP SERVICE CENTER S.A. („GSC”) | financial intermediation services, IT services, activities of insurance agents and brokers, marketing services | 100 | full consolidation |

On 29 November 2024, an application was submitted to remove Campus Leszno Sp. z o.o. from the National Court Register.

In accordance with the provisions of IFRS, the consolidated financial statements include all subsidiaries as of 31 December 2024.

### Approval of the financial statements for publication

The present consolidated financial statements have been prepared as at 31 December 2024 and approved for publication by the Management Board of the Bank on 12 March 2025.

Separate financial statements of the Bank have been prepared as at 31 December 2024 and approved for publication by the Management Board of the Bank on 12 March 2025.

# 2. ACCOUNTING PRINCIPLES APPLIED FOR THE PURPOSE OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

## 2.1. Basis for preparation of the consolidated financial statements

The present consolidated financial statements have been prepared on the historical cost basis, with the exception of derivative contracts, financial assets not meeting the SPPI test, financial assets assigned to the business model, which does not entail holding them to obtain contractual cash flows, equity instruments measured at fair value through profit or loss, and except for financial instruments measured at fair value through other comprehensive income and equity instruments for which the fair value option has been applied for other comprehensive income.

The consolidated financial statements have been prepared in Polish zloty and all values, unless otherwise indicated, are given in thousands of zloty (PLN thousand).

## 2.2. Going concern

The present consolidated financial statements have been prepared assuming that the entities within the Group will continue as a going concern in substantially the same scope, in the foreseeable future, i.e. within at least 12 months from the date of the reporting period end.

## 2.3. Statement of compliance with IFRS

The present consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as endorsed by the European Union (“IFRS EU”).

The present consolidated financial statements have been prepared in accordance with the requirements specified in International Accounting Standards (“IAS”) and International Financial Reporting Standards endorsed by the European Union (“IFRS EU”), as well as the related interpretations, except for the standards and interpretations listed below, which are awaiting endorsement by the European Union or have already been endorsed by the European Union but entered or will enter into force after the end of the reporting period.

In the period included in these consolidated financial statements, the Group did not early apply standards and interpretations endorsed by the EU, which will enter into force after the balance sheet date.

## New standards, interpretations and amendments to these standards that have already been issued by the International Accounting Standards Board (IASB) but not yet approved by the European Union

| Standards / Interpretations | Date of issue/ publication | Date of entry into force in EU | Approved by the EU | Description of changes |
|---|---|---|---|---|
| IFRS 19: Subsidiaries without Public Accountability: Disclosures | 9.05.2024 | 01.01.2027 | No | IFRS 19 allows eligible entities to apply limited disclosure requirements while applying the recognition, measurement and presentation requirements of other IFRS accounting standards.<br>The changes will not have a significant impact on the Group's financial statements. |
| IFRS 18 Presentation and Disclosure of Information in Financial Statements | 9.04.2024 | 01.01.2027 | No | IFRS 18 introduces new presentation and disclosure requirements in the financial statements for all entities applying IFRS standards.<br>The Group is analysing the impact of the change on the Group's financial statements. |
| Amendments to IFRS 9 and IFRS 7: Changes to the classification and measurement of financial instruments | 30.05.2024 | 01.01.2026 | No | The amendments clarify, among others, that the financial liability is derecognised on the settlement date and introduce an accounting policy choice to derecognise financial liabilities settled by means of an electronic payment system before the settlement date.<br>The changes will not have a significant impact on the Group's financial statements. |
| Annual Improvements to IFRS - Volume 11 | 18.07.2024 | 01.01.2026 | No | The IASB's annual amendment cycle process deals with non-urgent but necessary clarifications and amendments to IFRSs. In July 2024, the International Accounting Standards Board issued 'Annual Improvements to IFRS - Volume 11'.<br>The changes will not have a significant impact on the Group's financial statements. |
| Amendments to IFRS 9 and IFRS 7: Nature-dependent electricity contracts | 18.12.2024 | 01.01.2026 | No | The amendments include:<br>▪ clarifying the application of the 'own-use' requirements;<br>▪ permitting hedge accounting if these contracts are used as hedging instruments; and<br>▪ adding new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows.<br>The changes will not have a significant impact on the Group's financial statements. |

### New standards, interpretations and amendments to the existing standards, that have been issued by the International Accounting Standards Board (IASB), approved by the European Union but not yet effective and have not been implemented by the Group yet

| Standards / Interpretations | Date of issue/ publication | Date of entry into force in EU | Date of approval by EU | Description of changes |
|---|---|---|---|---|
| Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Non-exchangeability of currencies | 15.08.2023 | 01.01.2025 | 12.11.2024 | The amendments set out how an entity should assess whether a currency is convertible into another currency and how it should set a spot exchange rate when it is not.<br>The changes will not have a significant impact on the Group's financial statements. |

### New standards, interpretations and amendments to the existing standards, that have been issued by the International Accounting Standards Board (IASB), approved by the European Union, have become effective and have been applied by the Group

| Standards / Interpretations | Date of issue/ publication | Date of entry into force in EU | Date of approval by EU | Description of changes |
|---|---|---|---|---|
| Amendments to IFRS 16: Lease Liability in a Sale and Leaseback | 22.09.2022 | 01.01.2024 | 20.11.2023 | The amendments to IFRS 16 set out the requirements that a seller-lessee is required to apply in measuring the lease liability arising from sale and leaseback transactions so that it does not recognise a gain or loss on the right-of-use that it retains.<br>The changes do not have a significant impact on the Group's financial statements. |
| Amendments to IAS 1: Classification of liabilities with covenants as current or non-current | 23.01.2020/ 31.10.2022 | 01.01.2024 | 19.12.2023 | The amendments to IAS 1 set out the requirements for classifying liabilities as current or non-current.<br>The amendments to IAS 1 clarify:<br>• what is meant by a right to defer maturity;<br>• that the right to defer maturity must exist at the end of the reporting period;<br>• that classification is not affected by the likelihood of an entity exercising its right to defer;<br>• that only when an option to settle a liability by issuing its own equity instruments is classified as an equity instrument, is the settlement of such an option disregarded for the purposes of classifying the liability itself as either short- or long-term.<br>In addition, an entity has been required to disclose information when a liability under a loan agreement is classified as a non-current liability and the entity's right to defer repayment of the liability is conditional on the satisfaction of future covenants within twelve months.<br>The changes do not have a significant impact on the Group's financial statements. |

| | | | | |
|---|---|---|---|---|
| Amendments to IAS 7 and IFRS 7: Supplier finance arrangements. | 25.05.2023 | 01.01.2024 | 15.05.2024 | The amendments set out the features of supplier financing mechanisms and require additional disclosures about such mechanisms.<br>Supplier financing mechanisms are often referred to as supply chain financing, accounts payable financing or reverse factoring mechanisms.<br>The disclosure requirements are intended to help users of financial statements understand the impact of supplier financing arrangements on an entity's liabilities, cash flows and liquidity risk exposures.<br>The changes do not have a significant impact on the Group's financial statements. |

## 2.4. Changes in accounting policies and changes in presentation of financial data

The Group has not made any changes to its accounting policies in these Consolidated Financial Statements.

## 2.5. Consolidation

Subsidiaries are defined as all entities over which the Group exercises control. The Group exercises control over an entity when it holds power over that entity, is exposed to or has the right to variable returns from its involvement in that entity and has the ability to influence those returns by exercising control over that entity. Subsidiaries are subject to full consolidation from the date of taking control over them by the Group. They cease to be consolidated on the day the control ceases.

Transactions, settlements and unrealised profits on transactions between companies within the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the transferred asset. The accounting principles applied by subsidiaries when preparing financial statements for the same reporting period as the parent company's financial data for the purposes of the consolidated financial statements are consistent with the accounting principles applied by the Group.

## 2.6. Measurement of items denominated in foreign currencies

### Functional and presentation currency

Items included in the financial statements of the Group's entities are measured in the currency of the primary economic environment in which the Group operates ("functional currency"). The consolidated financial statements are presented in PLN thousands, which is the functional currency of the Group and the presentation currency of the Group's financial statements.

### Transactions and balances

Transactions expressed in foreign currencies are translated into the functional currency at the exchange rate applicable as at the transaction date.

At the end of the reporting period, monetary assets and liabilities expressed in currencies other than Polish zloty are translated into Polish zlotys using the average exchange rate for a given currency determined by the National Bank of Poland in force at the end of the reporting period. Foreign exchange differences resulting from the translation are recognised as a net trading income. Non-monetary assets and liabilities recognised at historical cost expressed in a foreign currency are disclosed at the historical exchange rate as at the transaction date. Non-monetary assets and liabilities recognised at fair value expressed in a foreign currency are translated at the exchange rate effective at the date of fair value measurement.

Basic currency rates used in the preparation of the present consolidated financial statements as at 31 December 2024 and 31 December 2023 are presented in the below table:

| | 31.12.2024 | 31.12.2023 |
|---|---|---|
| 1 EUR | 4.2730 | 4.3480 |
| 1 USD | 4.1012 | 3.9350 |
| 1 GBP | 5.1488 | 4.9997 |
| 1 CHF | 4.5371 | 4.6828 |

## 2.7. Interest income and expenses

The profit or loss statement includes all interest income on financial instruments measured at amortised cost using the effective interest rate, financial assets measured at fair value through other comprehensive income but also income with its characteristics similar to interest income on financial assets and liabilities measured at fair value through profit or loss.

The effective interest rate is the rate used to estimate future payments or incomes throughout the expected life of financial assets or financial liabilities, discounted to the gross balance sheet value of a financial asset or to the amortised cost of a financial liability. The calculation of the effective interest rate includes all commissions paid and received by the parties, transaction costs and any other premiums and discounts that are an integral part of the effective interest rate.

Interest income is calculated using the effective interest rate based on the balance sheet amount of financial assets except for financial assets that are impaired due to credit risk or purchased or originated credit impaired financial assets ('POCI'). At the moment of recognition of financial assets impairment (reclassification of a financial asset to Stage 3), interest income is accrued on the net value of the financial asset and is recognised at the effective interest rate.

In case of POCI, the Group uses the credit risk-adjusted effective interest rate to calculate interest income. Interest income is calculated based on net exposure (gross exposure less impairment allowance).

## 2.8. Fee and commission income

Fees and commissions, which are not accounted for using the effective interest rate method but in accordance with the straight-line method or recognised on a one-off basis, are recognised in “Net fee and commission income”.

Income settled over time with straight-line method includes commissions on overdrafts, revolving loans and commitments (guarantees and credit facilities).

Fees for the Group's commitment to grant a loan or an advance (commissions from promises issued) are deferred and as soon as financial assets are recognised they are accounted for as an element of the effective interest rate or on a straight-line basis.

Revenues from contracts with customers include both fees and commissions, which are settled over time using the straight-line method (throughout the period of providing the service) as well as on a one-off basis. Revenues are presented as the amount of the Group's remuneration specified in the contracts with customers and do not include amounts collected by the Group on behalf of third parties, which are then transferred to them (i.e., insurance premiums collected which the Group transfers to insurance companies). The Group recognizes revenues when the performance obligation is met (or when it is being fulfilled) by transferring the promised good or service (i.e. an asset) to the customer.

*Loans and advances*

In respect of loan agreements, the Group generates, in particular, revenues for readiness to give the funding under the granted credit limits, which are recognised in the statement of profit or loss on a straight-line basis over the period for which the limit was granted. For contracts without a specified repayment schedule, in the case of revolving loans, fees for each instalment of a loan tranche are recognised over the average expected repayment period. Under certain loan agreements, the Group receives commissions for readiness or commitment, the amount of which is calculated on the basis of loan balances at the specified moment of the duration of the loan agreement. Despite the fact that they partially constitute remuneration for the provision of services, in case of which the customers derive benefits in a continuous manner, due to significant uncertainty about the credit balance at a specific point in the future, the Group recognizes this type of income when the basis of its calculation is certain.

*Debit and credit cards*

Under debit card agreements with customers, the Group recognizes revenues from various types of fees and commissions. In a majority of cases, these are activities in which the Group executes its obligation to provide services at a given moment of time, in which the customer simultaneously benefits from these services at once, the remuneration due is recognised by the Group in revenues on a one-off basis. An example may be the fee for issuing a card, for checking the account balance at an ATM, for withdrawing cash at an ATM.

In addition to one-off fees for banking operations, analogous to those described above for debit cards, the Group receives annual fees for the use of credit cards sold by the Group together with separate services, including card insurance.

The Group allocates remuneration to individual performance obligations and recognizes commissions throughout the service provision period.

*Commitments to grant loans and advance*

The Group charges a commission for its readiness to grant a loan or advance, which constitutes a separate remuneration for commissions received from the loans at the moment of their commissioning, such as preparation commissions. Despite the provision of the service over time, the Group recognizes the revenue on account of the commission at the moment of the decision regarding the commissioning of the loan, because at the moment of collecting the provision it is not possible to estimate the period by which the due remuneration should be spread.

*Investment brokerage and asset management*

The Group acts as a broker in the sale of participation units of investment funds for BNP Paribas Towarzystwo Funduszy Inwestycyjnych S.A. ("TFI"), and receives a part of the commission charged for sales from customers. The Group recognizes revenue monthly based on the sales volume for a given month. In addition, the Group receives variable remuneration from TFI as part of the commission for the management of assets created as a result of the sale of investment fund participation units, which TFI collects from clients. The Group's remuneration depends on the valuation of assets in the portfolio under management. The Group recognizes revenue at the end of the month based on its own estimates in the area of valuation of assets under management, which do not imply a potential significant reversal of revenue when settling revenues from TFI.

*Insurance brokerage*

The Group, acting as an agent in the sale of insurance for an insurance company, is entitled to receive remuneration in the form of a commission and additional remuneration, which the Group recognizes on a quarterly basis based on the periodic results of the insurance sale volume in an amount that will not be subject to significant reversal in the future, in accordance with IFRS 15.

**Recognition of bancassurance income and expenses**

Direct relation of a bancassurance product and financial instrument occurs in particular if at least one of the following conditions is met: the offered financial instrument is always accompanied by the bancassurance product, or the bancassurance product is offered only accompanied by the financial instrument, i.e. the Group does not offer any bancassurance products with identical legal form, terms and economic contents without the accompanying financial instrument.

**Recognition of bancassurance income for related transactions**

For related transactions including bancassurance products and financial instruments, remuneration from sales of the bancassurance products constitute an integral part of the fee for the offered financial instrument.

Fee for bancassurance products offered in related transactions with financial instruments measured at amortised cost is accounted for using the effective interest rate method and recognised in interest income for one-off premium or in commission income on a monthly basis for a monthly premium.

Fee for the brokerage services, whose value is determined based on their economic contents, is recognised in commission income upon sale or renewal (if the renewal is significant) of a bancassurance product.

**Recognition of bancassurance expenses for related transactions**

Expenses directly related to the sale of bancassurance product are settled in accordance with the matching principle as an element of amortised cost of a financial instrument if the total income related to the sale of the product is settled with the effective interest rate method or, respectively, proportionally to the classification of the income as recognised within amortised cost calculation and that recognised on a one-off basis or over time as the fee for the agency services, if such classification has been introduced.

**Recognition of bancassurance income and expenses for transactions not classified as related**

If a financial instrument and a bancassurance product are sold in two separate transactions, the Group's fee for the sale of the bancassurance product is recognised separately from the fee for the financial instrument.

Fee for the sale of bancassurance products that do not require the Group to provide any post-sale services is recognised as income as at the effective/renewal date of the relevant insurance policy. The related income is recognised under commission income.

Fee for the services provided by the Group over the whole life of a bancassurance product is deferred and recognised as income based on the percentage of completion of the provided services. Application of the percentage of completion method as at the balance sheet date is limited to cases when a result of a service transaction can be reliably estimated.

If the Group is unable to precisely determine the number of activities performed within a given time range or a returns level, income from services or activities performed in relation to a bancassurance product offered by the Group is recognised on a straight-line basis over the lifetime of the product, unless there is evidence that another method would be more representative of the stage of completion.

## 2.9. Dividend income

Dividend income is recognised in the statement of profit or loss once the Group's right to dividends has been determined.

## 2.10. Net trading income

Net trading income includes all income and expenses resulting from the change in the fair value of financial assets and liabilities classified as measured at fair value through profit or loss, and interest income and interest expenses on derivatives, except derivative instruments in hedge accounting.

This item also includes gains and losses on the translation of assets and liabilities denominated in foreign currencies (revaluations).

## 2.11. Result on investment activities

The result on investment activities includes income and expenses from impairment of investments in subsidiaries, income and expenses on financial assets classified as measured at fair value through other comprehensive income and income and expenses on loans and advances to customers measured at fair value through profit or loss, except for the interest

## 2.12. Result from derecognition of financial assets measured at amortized cost due to material modification

Derecognition of financial instruments measured at amortized cost applies to cases of material modification (for a description of the identification and recognition of material modifications, see Section 2.16 Classification and Measurement of Financial Assets and Liabilities, paragraph entitled "Modifications to Financial Assets").

## 2.13. Result from legal risk related to foreign currency loans

This item includes the result of legal risks related to foreign currency loans. For a description of the accounting policy and methodology for calculating the impact of this risk, see Note 53 Litigation, claims and administrative proceedings.

## 2.14. Other operating income and expenses

In item Other operating income and expenses the Group presents items that are not directly related to the core operating activities of the entity.

The Group includes in abovementioned item mainly: result on sale and liquidation of fixed assets, compensations received and paid, revenue and expenses arising from other services not related to the core business of the Group, income and expenses related to provisions for litigation, excluding litigation related to mortgage loans in convertible currencies.

Other operating income also includes income from contracts with customers for intermediation in the sale of products and services offered by other entities (including entities belonging to the Bank's Group) or the reinvoicing of costs incurred by the Bank to other entities (in this case, due to acting as an agent, the Bank presents net income).

## 2.15. Income tax expense

Charge on gross financial profit/loss includes current tax payable and debit/credit arising from a value of change of the deferred tax asset/liability.

Current tax liabilities and receivables for the current and prior periods are measured at projected amounts payable to tax authorities (reimbursable) using tax rates and regulations valid in law or in fact as at the end of the reporting period.

## 2.16. Bank tax

Tax on certain financial institutions ("bank tax") is a property tax presented in the Profit and Loss presentation the item "Tax on financial institutions" (it is not an income tax). In accordance with the Act of 15 January 2016 on tax on certain financial institutions (consolidated text - OJ 2023, item 623), taxpayers include domestic banks and their tax base is the surplus of the total value of the Bank's assets resulting from the statement of turnover and balances, established on the last day of the month on the basis of entries in the general ledger accounts, over the amount of PLN 4 billion. The bank tax amounts to 0.0366% of the tax base per month.

## 2.17. Classification and measurement of financial assets and liabilities

**Classification and measurement of financial assets**

In accordance with IFRS 9, financial assets are qualified to the following categories of measurement at the moment of their initial recognition:

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

The classification of financial assets in accordance with IFRS 9 depends on:

- business model relating to financial asset management, and
- the characteristics of contractual cash flows, i.e., whether contractual cash flows represent solely payments of principal and interest ("SPPI").

Irrespective of the above, there is an irrevocable option at the moment of initial recognition of the financial asset to classify it as measured at fair value through profit or loss (if there was no such possibility, the asset would be classified as measured at amortised cost or at fair value through other comprehensive income), if such approach leads to the more relevant information eliminating or significantly reducing the inconsistency in the measurement or recognition of assets or liabilities or related gains and losses. The Group did not designate any financial assets to be measured at fair value through profit or loss at the moment of their initial recognition.

**Recognition of the impact of legal risk resulting from legal proceedings concerning CHF mortgage loans**

In terms of recognizing the impact of legal risk resulting from legal proceedings concerning CHF mortgage loans, the Bank applied the provisions of IFRS 9 paragraph B.5.4.6 and recognised the impact of this legal risk as an adjustment to the gross carrying amount of the CHF loan portfolio. In accordance with the standard, when an entity changes the estimates of payments or receipts (excluding immaterial modifications and changes in the estimates of expected credit losses), it adjusts the gross carrying amount of a financial asset or the amortised cost of a financial liability (or group of financial instruments) so that this value reflects the actual and revised estimated cash flows resulting from the contract. The allocation of the impact of legal risk resulting from legal proceedings concerning CHF mortgage loans between active and repaid loans is made based on observed lawsuits received. For active loans, the approach results in recognising the estimated impact of legal risk as an adjustment to the gross carrying amount of loans. For repaid loans as well as when the estimated inflow exceeds the gross carrying amount of the loan, the provision is presented in accordance with IAS 37.

*Investments in equity instruments*

Investments in equity instruments are measured at fair value through profit or loss. At initial recognition, an irrevocable option to recognize them in other comprehensive income may be made regarding the recognition of subsequent changes in the fair value of an investment in an equity instrument that is not held for trading or a contingent consideration recognised by the Group as a business combination in accordance with IFRS 3.

If the option to measure the instrument at fair value through other comprehensive income is exercised, only dividends resulting from this investment are recognised in the statement of profit or loss. Profit or loss resulting from the measurement in other comprehensive income are not reclassified to the statement of profit or loss.

In the case of equity investments, the Group did not use the option of fair value measurement through other comprehensive income.

*Business models*

The Group classifies its financial assets to three business models, taking into account the purpose of maintaining a financial instrument:

**Model 1:** Receiving contractual cash flows.

Under Model 1, the main business goal is to collect contractual cash flows from the acquired or originated financial assets.

In order to determine whether cash flows will be realized through the collection of contractual cash flows, the Bank analyzes the frequency, volume and period of past sales of financial assets, the reasons for these sales and expectations regarding future sales. The sale of a financial asset due to the occurrence of any of the following circumstances does not result in a change in the business model:

1. sale of a financial asset due to an increase in credit risk,,
2. sale of a financial asset takes place close to its maturity date.

Selling a financial asset due to any of the following circumstances does not result in a change in the business model, provided that the sales are infrequent or their values are not significant:

1. sale of a financial asset for the purpose of managing concentration risk,
2. sale of a financial asset is forced by a third party (e.g. a regulator).

**Model 2:** Receiving contractual cash flows and sale of financial assets.

Under Model 2, both receiving contractual cash flows and sale of the acquired or originated financial assets are integral elements of the portfolio's business objective.

**Model 3:** Other financial assets not classified to Model 1 nor Model 2

In a situation when specific groups of financial assets were not acquired or originated under Model 1 and Model 2, they should be classified as Model 3. Most often, Model 3 refers to a strategy that assumes the realization of cash flows from the sale of financial assets or portfolios that are managed based on their fair value.

*Assets acquired or originated with impairment identified (POCI assets)*

In addition, the Group distinguishes categories of assets acquired or granted with credit impairment. POCI assets are financial assets measured at amortised cost, which are impaired at the moment of initial recognition.

At the moment of initial recognition, POCI assets are recognised at their fair value. After initial recognition, POCI assets are measured at amortised cost using the effective interest rate adjusted for credit risk to determine the amortised cost of the financial asset component and interest income generated by these assets - the CEIR rate. In the case of POCI exposures, the change in expected credit losses - over the entire lifetime - compared to those estimated at the date of their initial recognition is recognised in statement of profit or loss. Financial assets that were classified as POCI at the moment of initial recognition should be treated as POCI in every subsequent period until they are derecognised from the Group’s statement of financial position.

*SPPI test*

For the purpose of classification and subsequent measurement of financial assets, the Group verifies whether the cash flows from a given instrument constitute solely the payment of principal and interest calculated on the principal.

For the needs of the assessment of cash flow characteristics, the principal is defined as the fair value of the financial asset at the moment of initial recognition. Interests are defined as the reflection of the time value of money and credit risk related to the unpaid part of the principal and other risks and costs associated with the standard loan agreement (e.g. liquidity risk or administrative costs) and margin.

When assessing whether contractual cash flows constitute solely repayments of the principal and interest, the Group analyses the cash flows of the instrument resulting from the contract, i.e. whether the contract contains any provisions that could change the date of contractual payments or their amount in such a way that, in economic terms, they will not constitute solely repayments of the principal and interest on the unpaid principal part.

A financial asset is measured at amortised cost if both of the following conditions are met:

- an asset is held by the Group in accordance with the business model whose purpose is to maintain assets to collect contractual cash flows,
- contractual terms of the financial asset represent contractual cash flows that are solely payment of principal and interest.

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- an asset is held by the Group in accordance with the business model, which aims to both receive contractual cash flows and sell assets,
- the contractual terms of the financial asset represent contractual cash flows that are solely payment of principal and interest.

Other financial assets are measured at fair value through profit or loss.

*Modification of financial assets*

If the terms of a financial asset agreement change, the Bank assesses whether the cash flows generated by the modified asset differ significantly from those generated by this asset before the terms of its agreement are modified. If a significant difference is identified, the original financial asset is derecognised from the statement of financial position, and the modified financial asset is recognised as a "new" financial asset, which is recognised in its fair value and the new effective interest rate applied to the new asset is calculated. Income or expenses arising as of the date of determination of the effects of a material modification are recognized in the income statement under Result from derecognition of financial assets measured at amortized cost due to a material modification.

If the cash flows generated by the modified asset do not differ significantly from the original cash flows, the modification does not result in derecognition of the financial asset from the statement of financial position. In such case, the Bank performs recalculation of the gross book value of the financial asset using modified contractual cashflows discounted using original effective interest rate, and the result arising from the immaterial modification is recognized in interest income.

The assessment of whether a given modification of financial assets is significant depends on the fulfilment of qualitative and quantitative criteria.

If there is evidence that the modified financial asset is initially impaired due to credit risk, it is necessary to calculate the effective interest rate adjusted for the credit risk of that financial asset.

**Impairment of financial assets**

The requirements of IFRS 9 relating to impairment are based on the model of expected credit loss.

The Group applies a three-step approach to the measurement of expected credit losses from financial instruments measured at amortised cost or at fair value through other comprehensive income, for which no impairment loss was recognised as at the moment of initial recognition.

As a result of changes in the credit quality since the initial recognition, financial assets are transferred between the following three stages:

- Stage 1: An allowance due to expected credit losses in 12-month horizon

If credit risk did not increase significantly from the date of the initial recognition, and the impairment of the loan was not identified from the moment of its granting, the Group recognizes an allowance for the expected credit loss related to the probability of default within the next 12 months. Interest income on such assets is recognised based on the balance sheet amount (amortised cost before the adjustment for impairment allowance) using the effective interest rate.

- Stage 2: An allowance due to expected credit losses for the entire lifetime – significant increase in the credit risk since the moment of initial recognition and no impairment of a financial asset identified.

In the case of an exposure for which credit risk has increased significantly since the moment of its initial recognition, but no impairment of the financial asset was identified, an impairment allowance is created for the expected credit loss for the entire financing period. Interest income on such assets is recognised based on the gross balance sheet amount (amortised cost before the adjustment for impairment allowance) using the effective interest rate.

- Stage 3: An allowance due to expected credit losses for the entire lifetime – impairment of a financial asset

Financial assets are subject to impairment due to the credit risk resulting from an event or events that occurred after the initial recognition of a given asset. For financial assets, for which an impairment was identified, an allowance is created for the expected credit loss for the entire financing period, while interest income is recognised based on the net balance sheet value (including the impairment allowance) using the effective interest rate.

At each balance sheet date, the Group assesses whether there has been a significant increase in credit risk for financial assets since the moment of their initial recognition, by comparing the risk of loan default during the expected financing period as at the balance sheet date and the initial recognition date, using, among others, the internal credit risk assessment system, external credit ratings, information on delay in repayments and information from internal credit risk monitoring systems, such as warning letters and information about restructuring.

The Group assesses whether the credit risk has increased significantly on the basis of individual and group assessment. In order to perform an impairment calculation on a group basis, financial assets are divided into homogeneous product groups based on common credit risk characteristics, taking into account the type of instrument, credit risk rating, initial recognition date, remaining maturity, industry branch, geographical location of the borrower and other relevant factors.

The value of expected credit loss is measured as the current value of all cash flow shortages in the expected life of a financial asset weighted with probability, and discounted using the effective interest rate. The shortfall in cash flows is the difference between all contractual cash flows due to the Group and all cash flows that the Group expects to collect. The value of the expected credit loss is recognised in the statement of profit or loss in the result on allowances related to the expected credit losses on financial assets and provisions for contingent liabilities.

The Group takes into account historical data on credit losses and adjusts them to current observable data. In addition, the Group uses reasonable and justified forecasts of the future economic situation, including its own judgment based on experience, with the purpose of estimating the expected credit losses. IFRS 9 introduces an application of macroeconomic factors to the calculation of expected credit losses on financial assets. These factors include: unemployment rate, interest rates, gross domestic product, inflation, commercial property prices, exchange rates, stock indices, and wage rates. IFRS 9 also requires an assessment of both the current and the forecasted direction of the economic cycles.

The inclusion of forecast information in the calculation of expected credit losses on financial assets increases the level of judgement to what extent these macroeconomic factors will affect the expected credit losses. The methodology and assumptions, including all forecasts of the future economic situation, are regularly monitored.

If in the subsequent period the allowance for expected credit losses decreases, and the decrease can be objectively related to an event occurring after the impairment was recognised, then the previously recognised impairment allowance is reversed by adjusting the allowance for expected credit losses. The amount of the reversed impairment allowance is recognised in the statement of profit or loss.

For debt instruments measured at fair value through other comprehensive income, the measurement of the expected credit loss is based on a three-step approach, as in the case of financial assets measured at amortised cost. The Group recognizes the amount of the expected credit losses in the statement of profit or loss, including the corresponding value recognised in other comprehensive income, without reducing the balance sheet amount of assets (i.e. their fair value) in the statement of financial position.

**Classification and measurement of financial liabilities**

Financial liabilities as at the date of their acquisition or establishment are classified into the following categories:

- financial liabilities measured at fair value through profit or loss,
- other financial liabilities (measured at amortised cost).

Financial instruments – other than liabilities measured at fair value through profit or loss – are measured after initial recognition at amortised cost using the effective interest rate. If a cash flow schedule cannot be determined for a given financial liability and therefore the effective interest rate cannot be reliably estimated, such liability is measured at amount due.

**Compensation**

Financial assets and liabilities are compensated and presented in the statement of financial position at net amount, if a valid and exercisable netting-off right occurs and the Group intends to settle a financial asset and a financial liability net or simultaneously settle the amount due.

**Securitization**

On 28 March 2024, the Bank entered into an agreement with the International Finance Corporation (‘IFC’, ‘Investor’) for a synthetic securitisation transaction executed on a portfolio of corporate loans/loans with a total value of PLN 2,180,097 thousand as at 31 December 2023. The main purpose of the transaction is to release capital that the Bank will use to finance climate projects (climate change mitigation projects focusing mainly on renewable energy, energy efficiency and green project financing).

As part of the transaction, the Bank transferred a significant part of the credit risk from the selected securitised portfolio to the Investor. The securitised selected loan portfolio remains on the Bank's books.

The Bank analysed the transaction and concluded that, in light of the provisions of IFRS 9, the contractual terms of the securitisation do not meet the requirements for derecognising the securitised assets from the Bank’s financial statements.

The securitization transaction is described in Note 43 Securitization.

**Repo and sell buy back transactions**

Securities sold under repo and sell buy back transactions are not excluded from the statement of financial position. Liabilities to counterparties are recognised as financial liabilities under "Liabilities arising from securities sold under repo and sell buy back transactions". Securities purchased under reverse repo and buy sell back transactions are recognised under “Receivables arising from securities purchased under reverse repo and buy sell back transactions”. The difference between the sale and repurchase price is treated as interest and calculated using the effective interest method over the agreement term.

**Principles for recognition and derecognition of financial assets and liabilities from the statement of financial position**

The Group recognizes a financial asset or liability when it becomes a party to the contract of such an instrument. Standardized purchase and sale transactions of financial assets are recognised at the date of the transaction, which is the date when the Group is required to purchase or sell a given financial asset. Standardized transactions for the purchase or sale of financial assets are transactions whose contractual terms require the delivery of an asset in the period resulting from the applicable regulations or conventions adopted on a given market. Standardized purchase or sale transactions refer in particular to FX spot FX transactions, the spot leg in FX swap transactions and securities purchase and sale transactions, where, normally, two business days pass between the transaction date and the settlement date, except for repo transactions.

The Group derecognizes a financial asset when:

- contractual rights to cash flows from a financial asset expire;
- the Group transfers contractual rights to receive cash flows from a financial asset.

Transfer takes place:

- in a transaction in which the Group transfers substantially all risk and all benefits associated with the financial asset component, or:
- when the Group retains contractual rights to receive cash flows from a financial asset, but assumes contractual obligation to transfer cash flows from a financial asset to the entity outside the Group.

## 2.18. Intangible assets

Intangible assets acquired in a separate transaction are initially measured at acquisition or development cost.

The Group determines whether the useful life of intangible assets is defined or indefinite. Intangible assets with defined useful life are amortised over their useful life and tested for impairment each time when an impairment trigger occurs, at least once a year. The period and method of amortization for intangible assets with defined useful life are verified at the end of each financial year.

Changes in the expected useful life or the manner of consuming economic benefits arising from a given asset are recognised through a change in the amortization period or method, respectively, and treated as changes in estimates. Amortization charges on intangible assets with a defined useful life are recognised in the statement of profit or loss under “Amortization”.

An intangible asset created as a result of development works (or completion of the development stage of an internally conducted project) shall be recognized if and only if the Group can prove:

1) the possibility of completing the intangible asset so that it is suitable for use or sale from a technical point of view;
2) the intention to complete the intangible asset and to use or sell it;
3) the ability to use or sell the intangible asset;
4) the method of how the intangible asset will generate probable future economic benefits; among other things, the Group can prove the existence of the market for the given products generated by the intangible asset or for the intangible asset itself or, if the intangible asset is to be used by the Group, the utility of the intangible asset;
5) the availability of adequate technical, financial and other resources to complete the development and use or sell the intangible asset;
6) the ability to reliably determine the expenditures incurred during the development work attributable to the intangible asset.

Intangible assets with indefinite useful life and those not used, are annually tested for impairment individually or on the level of cash generating unit.

Standard intangible assets (with defined useful life and those that are used) are subject to annual impairment tests.

Purchased software licenses are capitalized in the amount of costs incurred for the purchase of a given software and its adaptation for use. Capitalized costs are amortised over an estimated useful life of the software. Expenses related to the maintenance of computer programs are charged to expense in the period to which they relate.

Amortization of intangible assets is calculated using the straight-line method in order to spread out the initial asset value or its amount revalued over the useful life, different for each intangible asset group:

| | |
|---|---|
| ● licenses | 12.5 – 50.0% |
| ● copyrights | 20.0 – 50.0% |

The useful lives of intangible assets are verified annually at the minimum, and adjusted if necessary.

Amortised intangible assets are tested for impairment in each case when events or circumstances indicate that their balance sheet amount may be irrecoverable. In such cases, the balance sheet amount is immediately reduced to the recoverable amount if the former exceeds the estimated level of the latter. The recoverable amount is equal to the fair value less the sell costs or the value in use, whichever is higher.

## 2.19. Property, plant and equipment

Property, plant and equipment are recognised at the acquisition price or development costs less depreciation charges and impairment allowance. The initial amount of fixed assets includes their acquisition price increased by all costs directly related to their purchase and adaptation for use. Costs incurred after the date the fixed asset is transferred for utilization, such as costs of maintenance and repair, are charged to profit or loss when incurred.

Upon acquisition, property, plant and equipment items are divided into components of material value to which separate useful life may be assigned. Costs of overhauls are also a component.

Land is not depreciated. Depreciation of other fixed assets is calculated using the straight-line method in order to spread out the initial asset value or its revalued amount less residual value over the useful life, different for each asset group:

- buildings and leasehold improvements 2.5 – 20.0%
- machines and equipment 10.0 – 20.0%
- computer sets 20.0%

The residual value and useful lives of property, plant and equipment are verified annually at the minimum, and adjusted if necessary.

Depreciated property, plant and equipment are tested for impairment at least annually, in each case when events or circumstances indicate that their balance sheet amount may be irrecoverable. In such cases, the balance sheet amount is immediately reduced to the recoverable amount if the former exceeds the estimated level of the latter. The recoverable amount is equal to the fair value less costs to sell or the value in use, whichever is higher.

If the recoverable amount is lower than the current balance sheet amount of an asset, an impairment allowance is charged to the statement of profit or loss.

Gain or loss from disposal of property, plant and equipment is determined by comparison of sales proceeds with their balance sheet amount and recognised in the statement of profit or loss in other operating income or expenses.

## 2.20. Hedge accounting

The Group selected the accounting policy in the area of hedge accounting and decided to continue applying the hedge accounting principles in accordance with IAS 39 "Financial Instruments: Recognition and Measurement" until the end of works of the International Reporting Standards Board on the guidelines for macro hedge accounting (Macro hedging).

Hedge accounting recognizes the compensation effects of changes in the fair value measurement of hedging and hedged items affecting the statement of profit or loss. Pursuant to the adopted hedge accounting principles, the Group designates certain derivatives as hedges of fair value and future cash flows of certain assets, provided the criteria determined in IAS 39 are met. Hedge accounting is used to account for hedging relationships if all of the following conditions are met:

- at the inception of the hedge there is a formal designation and documentation of the hedging relationship and the Group's risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk;
- the hedge is expected to be highly effective in offsetting changes in fair value or cash flows attributable to the hedged risk, consistently with the originally documented risk management strategy for that particular hedging relationship;
- for cash flow hedges, a forecast transaction that will be hedged must be highly probable and must present an exposure to variations in cash flows that could ultimately affect profit or loss;
- the effectiveness of the hedge can be reliably measured, i.e. the fair value or cash flows of the hedged item that are attributable to the hedged risk and the fair value of the hedging instrument can be reliably measured;
- the hedge is assessed on an ongoing basis and determined actually to have been highly effective throughout the financial reporting periods for which the hedge was designated.

**Fair value hedge**

Changes in the fair value measurement of financial instruments designated as hedged items are charged to the statement of profit or loss in the portion arising from the risk subject to hedge. The remaining portion of the change in the balance sheet amount is booked in accordance with general principles applicable to the particular class of financial instruments.

Change in the fair value measurement of financial instruments designated as hedged items is presented in the statement of financial position as Differences from hedge accounting in assets or liabilities.

Changes in the fair value measurement of derivatives designated as hedging instruments under hedge accounting are entirely recognised in the statement of profit or loss under the same item as results of changes in the value of the hedged items, i.e. in the Result on hedge accounting.

**Cash flow hedge**

The effective part of changes in the fair value of derivative instruments designated and qualified as cash flow hedges is recognised in other comprehensive income. The profit or loss relating to the ineffective part is presented in the statement of profit or loss for the current period.

Amounts recognised in other comprehensive income are included in revenues or costs of the same period in which the hedged item will affect the statement of profit or loss.

If the hedging instrument expired or was sold, or when the hedge no longer meets the hedge accounting criteria, any accumulated profits or losses recognized at this moment in other comprehensive income remain in other comprehensive income until the forecast transaction is recognised in the statement of profit or loss. If the forecasted transaction is no longer considered probable, total gains and losses recognised in other comprehensive income are immediately transferred to the statement of profit or loss.

## 2.21. Provisions

Provisions are created when the Group is subject to an obligation (legal or constructive) resulting from past events and it is probable that the fulfilment of such obligation will create a liability and where a reliable estimate of the amount of that liability can be made. If the Group expects reimbursement of the expenditure required to settle the provision (for example, through insurance contracts), the reimbursement is recognised as a separate asset, but only when it is virtually certain that reimbursement will be received. The costs relating to the provision are recognised in the statement of profit or loss less any reimbursement amount. If the impact of time value of money is material, the provision is determined by discounting projected future cash flows to the present value with a gross discount rate that reflects current market assessment of time value of money and a possible risk pertaining to a liability. An increase in provision over time is recognised as interest expense.

A provision for restructuring costs is recognised when general provision recognition criteria are met, as well as detailed ones regarding the occurrence of an obligation to recognize a provision for restructuring costs determined in IAS 37. In particular, the constructive obligation to perform a restructuring procedure occurs only when the Group has a detailed, formal restructuring plan and has raised justified expectations of parties involved in the plan that the restructuring would be performed in the form of initiating its implementation or announcing its key elements to these parties.

A detailed restructuring plan determines at least the operations involved or their part, the key locations to be included, the place of employment, positions and approximate number of employees to be compensated in exchange for termination of their employment, the amount of outlays to be incurred and the plan implementation deadline.

A restructuring provision includes only direct outlays arising from the restructuring, which:

- are an indispensable effect of the restructuring procedure and
- at the same time are not related to current operations of the entity.

The restructuring provision does not cover costs such as:

- training of remaining employees or reassignment of employees;
- marketing, or
- investment in new distribution systems and networks.

Restructuring provision does not include future operating expenses.

The Bank creates provisions for legal proceedings when it acts as a defendant in in these proceedings and the plaintiff's claim is monetary in nature (e.g., claims for payment/compensation), as well as for administrative proceedings in which the Bank is a participant, which may result in the imposition of a fine on the Bank. Provisions are made for proceedings for which there is a probability (risk) of an unfavorable outcome for the Bank.

## 2.22. Leases

**Group as a lessee**

On the commencement date of the lease, the Group recognizes the lease liability (liability to make lease payments) and the asset that constitutes the right to use the subject of the lease for the duration of the leasing contract (right to use an asset).

In determining the lease term, the Group considers all relevant facts and events creating economic incentives to exercise the option to renew or not to exercise an option to terminate. The Group reassesses the length of the lease term in case of a significant event or a significant change in circumstances that affects the assessment made previous

For contracts with indefinite duration relating to the Bank’s branch offices, the Group has adopted a lease term consistent with the period of depreciation of the unamortised investments made in these properties at the date of implementation of the standard, or in the absence of such investments, a 3-year period, taking into account the significant costs associated with changing the location of the branches during their operation.

The Group applies the exemptions provided for in IFRS 16 and does not recognize the asset components due to the right of use in the case of short-term leases and leases covering components of low-value assets. Short-term leases are defined as leases with a period of no longer than 12 months as at the beginning date (including periods for which the lease can be extended, if it can be assumed with reasonable assurance that the lessee will exercise that right) and do not include a call option. Low-value assets are those which have a value of no more than EUR 5,000.

On the commencement date, the lessee measures the lease liability based on the current value of lease payments remaining to be paid as at that date. Lease payments are discounted using the interest rate of the lease, if such a rate can be easily determined.

Otherwise, the lessee applies the marginal interest rate of the lessee. The lessee's marginal interest rate is the interest rate that the lessee would have to pay to borrow the funds necessary to purchase a right-of-use asset of similar value for a similar term and with similar collateral in a similar economic environment. The Group determines the marginal interest rate for all contract types on the basis of the average funding rate in the currency concerned.

The following elements are included in the measurement of leasing liabilities:

- fixed payments, less any lease incentives receivable,
- variable lease payments that depend on an index or a rate,
- amounts expected to be payable by the lessee under residual value guarantees,
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option,
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Variable fees, which do not depend on the index or rate and do not have a certain minimum level, are not included in the value of the lease liability. These fees are recognised in the statement of profit or loss in the period when the event that causes their maturity occurred.

On the commencement date, the lessee measures an asset due to the right to use at its cost. The cost of an asset due to the right of use should include:

- the initial value of the lease liability,
- leasing payments made at the time or before the conclusion of the contract less any incentives received,
- all initial costs incurred by the lessee, and
- estimated costs of dismantling and removing the underlying asset, that must be incurred by the Group in connection with the asset included in the agreement in order to restore the place in which the asset is located or the asset itself to the conditions required under the leasing contract.

After the initial recognition, the right of use is reduced by depreciation and total impairment losses and adjusted in connection with the revaluation of the lease liability due to changes in the lease, which do not require the recognition of a separate lease component.

Right of use assets are amortised on a straight-line basis over the shorter of two periods: the leasing period or the useful life of the underlying asset, unless the Group has sufficient certainty that it will obtain ownership before the end of the leasing period - then the right to use is depreciated from the day of commencement until the end of the asset's useful life

**Group as a lessor**

Lease contracts under which substantially all of the risks and rewards of ownership of the assets are transferred to the lessee are classified as financial lease agreements. In the statement of financial position the value of receivables in the amount equal to the net investment in the lease is recognised. The recognition of revenues from financial leasing contracts is performed in a manner reflecting the constant periodic rate of return on the net investment in the lease made by the Group under finance lease.

The Group does not offer operating lease products, i.e. such products in which all risks and rewards incidental to ownership of the assets are transferred to the lessee/

## 2.23. Financial guarantees

On initial recognition, a financial guarantee contract is measured at fair value.

Financial guarantees after initial recognition are measured at the higher value of:

- the amount of the impairment loss determined in accordance with the principles applicable to expected credit losses for assets measured at amortised cost in accordance with IFRS 9,
- the amount initially recognised less the cumulative income recognised in accordance with the principles of IFRS 15.

For loan commitments and financial guarantee contracts, the date on which the Group becomes a party to the irrevocable commitment is considered as the date of initial recognition for the purpose of applying the impairment requirements.

## 2.24. Employee benefits

The Group creates a provision for future liabilities due to retirement, disability and post-mortem benefits, unused annual holiday, restructuring of employment and for incentive and retention programs. Provisions for retirement, disability and post-mortem benefits are created using the actuarial method, as described in Note 3e and 11 hereof.

Employees of the Group are entitled to the following benefits:

**Retirement, disability and post-mortem benefits**

Retirement benefits classified as post-employment defined benefit plans are available upon retirement for pensioners or disability pensioners. The term of employment includes all previously completed periods of employment based on an employment contract.

**Liabilities due to unused annual holiday**

Provisions for unused holiday leave are calculated as the product of the daily basic salary and the number of outstanding leave days as at the end of the reporting period, including surcharges for Social Insurance Institution (ZUS) benefits. Provisions for the unused holiday leave are presented in the separate financial statements under “Other liabilities”.

**Benefits arising from the variable remuneration program**

On 9 December 2021, the Supervisory Board of BNP Paribas Bank Polska S.A. approved an amended Remuneration Policy for persons with a material impact on the risk profile of BNP Paribas Bank Polska S.A. (hereinafter: the Policy). The changes were related, among others, to the need to adjust the Policy to the provisions of the Regulation of the Minister of Finance, Funds and Regional Policy of 8 June 2021 on the risk management system and internal control system and remuneration policy in banks.

Performance evaluation of individuals included in the program underlies the calculation of the variable remuneration Policy.

Under the current remuneration scheme, the variable remuneration is divided into:

- a non-deferred and deferred part and a part granted in the form of a financial instrument, which is the Bank's shares (settled in accordance with IFRS 2)
- a remaining deferred part granted in cash (settled in accordance with IAS 19 "Employee benefits").

The right to variable remuneration in the form of Bank shares is granted by issuing subscription warrants in a number corresponding to the number of shares granted, one warrant entitles to acquire one share. Payment of the variable remuneration expressed in the form of Bank shares, i.e. acquisition of Bank shares through exercise of rights from subscription warrants, takes place after the expiry of the retention period.

The retention period is at least 5 years for Senior Management and a minimum of 4 years and a maximum of 5 years for staff other than Senior Management. A maximum deferral period of 5 years is applied when Variable Remuneration is assigned in the amount exceeding an amount considered as a particularly high amount. The deferred part of the variable remuneration is divided into equal parts according to the number of years of the deferral period.

The cash payments under the programme are recognised in line with the projected unit credit method and settled over the vesting period (i.e. both in the evaluation period understood as the year in service to which the benefit pertains and in the period of deferring relevant portions of the benefit). The benefit value is recognised as a liability to employees in correspondence with the statement of profit or loss.

**Liabilities due to restructuring of employment**

In connection with the process of collective redundancies for 2024-2026 at BNP Paribas Bank Polska S.A. under an agreement signed in 2023, payments were made for severance payments to employees made redundant at the employer's initiative and to employees covered by voluntary departure programmes.

**Liabilities due to incentive – retention programs**

The programmes have been completed by the reporting date, except for the deferred parts concerning individuals with significant influence on the Group's risk profile, in accordance with the Group's policy in this respect.

## 2.25. Capital

**Share capital**

Registered share capital is disclosed at its nominal value, in accordance with the statute and the entry in the court register.

**Own shares**

If the Bank purchases its own shares, the amount paid reduces equity as treasury shares until their cancellation. Should these shares be sold or re-allocated, the payment received is recognised in equity.

**Supplementary capital from the sale of shares above their par value**

The supplementary capital is created from the issue premium obtained from the issue of shares, reduced by the direct costs incurred with the issue.

The costs directly related to the issue of new shares, after deduction of income tax, reduce the proceeds from the issue included in the equity.

**Other capital**

Other capital: spare capital, reserve capital and general risk funds are created from profit allocations and are designated for purposes specified in the statute or other legal regulations.

**Other capital items**

Other equity items are created as a result of:

- valuation of financial assets at fair value through other comprehensive income,
- actuarial profits and losses related to post-employment benefits,
- valuation of derivatives as part of cash flow hedge accounting with reference to the effective part of the hedge.

## 2.26. Issuance of AT1 Capital Bonds

In accordance with the provisions of IAS 32, the AT1 Capital Bonds were classified as an element of the Bank's equity. On 31 December 2024, the Polish Financial Supervision Authority approved the classification of the AT1 Capital Bonds to the Bank’s own funds as Additional Tier 1 instruments.

## 2.27. Custody operations

BNP Paribas Bank Polska S.A. performs custody operations including maintaining securities accounts of its customers.

Assets managed under the custody services are not included in the present financial statements as they do not meet the definition of Group’s assets.

## 2.28. Cash and cash equivalent

For the purpose of the statement of cash flows, cash and cash equivalents include items that mature within three months from their acquisition date, including cash in hand and non-restricted cash at the Central Bank (current account), statutory reserve account and receivables from other banks (including nostro accounts).

# 3. ESTIMATES AND JUDGEMENTS

The Group makes judgements, estimates and assumptions that affect the values of assets and liabilities reported in the subsequent period. Judgements, estimates and assumptions, which are reviewed on an ongoing basis, are made based on prior experience and considering other factors, including expectations as to future events, which appear reasonable in specific circumstances.

## a. Impairment of financial assets

The assessment of impairment of financial assets in accordance with IFRS 9 requires estimates and assumptions, especially in the areas of estimates of the value and timing of future cash flows, the value of collaterals established, or the assessment of a significant increase in credit risk.

The assessment of impairment in accordance with IFRS 9 covers financial assets measured at amortised cost and financial assets measured at fair value through other comprehensive income as well as contingent liabilities. The recognition of expected credit losses depends on the change in the level of credit risk recorded since the moment of initial recognition of the financial asset. Financial assets are subject to the assessment as to whether there are any events of default.

The requirements of IFRS 9 relating to impairment are based on the model of expected credit loss.

Financial instruments subject to the assessment in terms of impairment are classified into one of three stages based on the assessment of changes in credit quality observed since initial recognition:

- Stage 1: An allowance due to expected credit losses in 12-month horizon

If the credit risk did not increase significantly from the date of the initial recognition, and the event of default did not occur from the moment of granting the financial instrument, the Group recognizes an allowance for the expected credit loss within the next 12-month horizon.

- Stage 2: An allowance due to expected credit losses for the entire lifetime – no event of default identified

In the case of financial instruments, whose credit risk has increased significantly since the moment of their initial recognition, but no event of default occurred, an impairment allowance is created for the entire remaining financing period, considering the probability of the occurrence of the event of default.

- Stage 3: An allowance due to expected credit losses for the entire lifetime – event of default

In the case of financial instruments for which the event of default occurred, an allowance for the expected credit loss is created for the entire remaining financing period

### Criteria for stage classification

In order to assess whether there has been a significant increase in credit risk since the initial recognition of the financial instrument (Stage 2), the Group compares the risk of default during the expected period of financing granted as at the balance sheet date and the date of initial recognition.

The assessment consists in verifying whether the ratio of the cumulative PD as of the report date determined for the period from the report date to the maturity date and the cumulative PD as of the initial recognition date determined for the period from the report date to the maturity date exceeds the relative threshold for the change in the PD lifetime parameter. Exceeding the threshold results in classification into Stage 2. PD lifetime weighted by the probability of occurrence of individual macroeconomic scenarios is used for comparison.

The threshold amount is set at the level of homogeneous portfolios based on an analysis of loss levels for historical data. The analysis is designed to ensure high discriminatory power of the introduced allocation and its results are subject to verification for intuitiveness. The thresholds adopted at the Group range from 1.8 to 2.2 times PD lifetime growth relative to initial recognition, depending on the segment.

An important element of the allowance estimation process, affecting both the Stage classification and the parameters used in the allowance estimation process, is the internal credit risk rating system. The rating reflects an assessment of asset quality and key related risks, including an assessment of refinancing risk.

Refinancing risk is assessed periodically by the Group, both in the process of granting the financing and as part of cyclical monitoring performed throughout the financing period.

In the commercial real estate segment, among other things, the quality of the asset is examined, including: attractiveness of the location, age of the facility, occupancy level, terms and duration of leases, value of the property, LTV (Loan to Value) and DSCR (Debt Service Coverage Ratio) parameters.

In addition, in order to assess a significant increase in credit risk, the Group uses e.g.: information on delay in repayments (over 30 days of delay) and information from internal credit risk monitoring systems, such as warning letters and information about restructuring.

For exposures classified as Stage 2, if in subsequent periods the credit quality of the financial instrument improves and previous conclusions regarding a significant increase in credit risk since initial recognition are reversed, the exposure is reclassified from Stage 2 to Stage 1 and the allowance for expected credit losses for these financial instruments is calculated over a 12-month horizon.

For the purpose of identifying exposures eligible for Stage 3, the Group uses a single definition of defaulted exposures and a definition of impaired exposures, and classification is based on the principles of the default triggers.

The principal event of default is a delay in repayment of more than 90 days (or more than 30 days for exposures with granted facilities) of a material amount of a past due credit obligation. In addition, other indications are taken into account, including in particular:

- restructuring,
- granting of a facility where the exposure is granted a facility or restructured,
- granting of a facility without significant economic loss where at least one of the following conditions is met:
  - a large lump sum payment towards the end of the repayment schedule;
  - irregular repayment schedule, with significantly lower payments at the beginning of the repayment schedule;
  - significant grace period at the beginning of the repayment schedule;
  - exposures to an obligor that are subject to distress restructuring on more than one occasion.
- suspicion of fraud (including economic crime or any other criminal offence related to the credit exposure),
- information has been received about the submission of an application for restructuring proceedings within the meaning of the Act on Restructuring Law,
- filing of an application for commencing enforcement proceedings by the Group or becoming aware of the fact that enforcement proceedings against the debtor are being conducted in the amount which, in the opinion of the Group, may result in the loss of creditworthiness,
- becoming aware of the fact of filing of an application for declaring the debtor bankrupt (liquidation, consumer), putting the debtor into liquidation, dissolution or cancellation of the company, appointment of a curator, appointment of a receiver over the debtor's activity,
- filing of an application for bankruptcy proceedings, a declaration of bankruptcy or becoming aware of the dismissal of the bankruptcy application due to the fact that the debtor's assets are insufficient or sufficient only to meet the costs of the bankruptcy proceedings,
- termination of the credit agreement,
- submission an application to initiate enforcement proceedings against the customer,
- granting of a public moratorium under article 31fa of the Act of 2 March 2020, on special solutions related to the prevention, prevention and control of Covid-19, other infectious diseases and emergencies caused by them,
- financial difficulties identified during the customer monitoring/review process or on the basis of information obtained from the customer in the course of other activities,
- significant deterioration in customer rating.

In determining the materiality level of a past due credit obligation, the Group takes into account the thresholds contained in the "Regulation of the Minister of Finance, Investment and Development dated 3 October 2019 on the materiality level of a past due credit obligation".

A past due credit commitment is considered material when both materiality thresholds are exceeded together:

1) the amount of past due liabilities exceeds PLN 400 for retail exposures or PLN 2,000 for non-retail exposures, and
2) the share of past due liabilities in the exposure is greater than 1%.

Accordingly, the calculation of the number of overdue days for the purpose of determining a default event starts once both of the aforementioned thresholds are exceeded.

While reclassifying the exposure from Stage 3 to Stage 2 or Stage 1, the Group considers quarantine period, according to which a credit exposure with recognised objective trigger of impairment may only be reclassified into Stage 2 or Stage 1 if the customer has been servicing the receivable on time for a specified number of months. The required quarantine period differs depending on the customer type. Its length is determined by the Group on the basis of historical observations which allow for determining the period after which the probability of default decreases to the level comparable to that of other exposures classified to the portfolio with no indications of impairment.

With regard to the criteria for assignment to Stages, the Group implemented an indication based on the assessment of the relative change in the PD lifetime parameter.

Due to the ongoing war in Ukraine and the economic sanctions issued against Russia and Belarus, the Group analysed credit exposures directly related to these countries and, based on this, did not identify any significant exposures both in the portfolio of business and retail clients. At the same time, the Group monitors the situation of customers on an ongoing basis with a view to securing the credit portfolio by adequately reflecting the level of risk on these customers in the amount of allowances. The Group has identified institutional customers who are vulnerable to the effects of the situation in Ukraine, including, in particular, customers whose business is linked to the economies of the above countries (and thus may be exposed to the effects of war and imposed sanctions) and whose business is vulnerable to the embargo on Russian gas. These customers accounted for 286,246 thousand of exposure as of 31 December 2024 (as at 31 December 2023, the balance of exposure to these customers was PLN 651,157 thousand), and were classified in Stage 2, as customers for whom there was a significant increase in credit risk. The total allowance related to these customers amounted PLN 7,808 thousand (as at 31 December 2023, the balance of allowance related to the customers reclassified on this account was PLN 38,007 thousand). A significant impact on the decrease in balances on this group of customers was the reclassification to Stage 3 of a single capital group with significant exposure.

With regard to the remaining segments, in the process of assigning Stages, the Group took into account the increased risk associated with customers with the greatest exposure to turbulence in the economic environment by transferring these exposures to Stage 2. The basis for identifying sensitive customers was:

- for the portfolio of loans secured by real estate in PLN, results of surveys conducted among customers using credit holidays,
- for the segment of other retail customers, available indicators that are indicative of the level of debt burden and the timeliness of servicing obligations with other institutions,
- for the portfolio of micro-entrepreneurs, the level of the customer's rating or, for a selected group of customers, borrowing to a degree that threatened the proper servicing of the credit/loan.

As of December 31, 2024, these customers amounted to 628,057 thousand. PLN of commitment, while as at December 31, 2023, the balance amounted to PLN 1,276,708 thousand. zloty. This decline is largely related to good loan servicing by customers, including customers with loans secured by real estate in PLN, who stopped using credit holidays in 2024. In addition to the reported items in Stage 2, for the portfolio of loans secured by real estate in PLN, the Group applies an additional parameter adjustment for vulnerable customers using credit holidays (see the table on Post Model Adjustments applied for details).

### Description of the methods used to determine the allowance for expected credit losses

The individual valuation is performed by the Group for individually significant financial assets, for which the event of default was identified. It consists in the individual determination of the allowance for expected credit losses. During the individual valuation, the Group determines expected future cash flows and impairment allowance is calculated as the difference between the present value (balance sheet amount) of a financial asset which is individually significant and the value of future cash flows generated by that asset, discounted using the effective interest method. Cash flows from collateral are taken into account for purposes of estimating future cash flows.

The following assets are measured collectively:

- classified as individually insignificant;
- classified as individually significant, for which the event of default was not identified.

The amount of collective impairment allowances is determined with the application of statistical methods for defined exposure portfolios which are homogenous from the perspective of credit risk. Homogeneous exposure portfolios are defined based on, among others, customer segment and type of credit products.

The criteria applied by the Group to define homogeneous portfolios are aimed at grouping exposures so that the credit risk profile is reflected as accurately as practicable and, consequently, so as to estimate the level of allowances for the expected credit losses on financial assets as objectively and adequately as possible. The amount of the allowance for expected credit losses in the collective method is determined under four macroeconomic scenarios. The final value of the allowance is determined as the average of these four calculations weighted by the probability of occurrence of a given scenario.

The weight of the base scenario is 50%, the weights of the negative and the severe scenarios are estimated based on the ratio of the current projected loss to the long-term average for the segment, and the weight of the positive scenario is derived from the weights of the negative and the severe scenarios. As of 31 December 2024, the weight of the severe scenario ranged from 0% to 5.84%, depending on the portfolio, and the pessimistic from 0% to 23.37%.

In the process of calculating the amount of allowances, the following parameters are used:

1) probability of default

The amount of the parameter for individual exposures is estimated using a model based on Markov chains. For its estimation, historical matrices of migration of exposures between risk classes are used. Risk classes are determined based on internal ratings. Migrations are determined within homogeneous portfolios defined by customer segment and product type.

The parameter values resulting from the above model are through-the-cycle. In order to ensure the point-in-time nature required by the IFRS9 standard, they are subsequently adjusted based on current forecasts of the macroeconomic environment. The adjustment made is based on econometric models built for individual segments based on time series. If it is not possible to build a model for a particular segment, a simplification based on the Box-Cox transformation is applied.

2) loss given default (LGD) ratio

The amount of the parameter for individual exposures is determined based on the probability of occurrence of individual recovery paths (return to regular repayments, full repayment of the obligation, commencement of hard recovery) and the expected levels of loss if a given path occurs. The probabilities of occurrence of individual paths are determined based on a Markov chain-based model and estimation based on historical data.

Loss levels are determined based on historically observed recoveries. They take into account recoveries linked to collateral allocated to a given exposure, repayments not linked to collateral, and recoveries expected from the sale of receivables.

Assignment of specific components is based on customer segment, product type, exposure characteristics, current number of days in default, contract status and number of months since the commencement of hard recovery. The parameters for recovery from the collateral are based on the customer segment, the type of collateral and the number of months since the commencement of hard collection.

The parameter values resulting from the above model are through-the-cycle. In order to ensure the point-in-time nature required by the IFRS9 standard, they are adjusted based on current forecasts of the macroeconomic environment. The adjustment made is based on econometric models built for individual segments, based on time series. If it is not possible to build a model for a particular segment, a simplification based on the Box-Cox transformation is applied - this does not apply to portfolios where expert values are used for parameter estimation due to the lack of sufficient historical observations.

3) the conversion factor of granted off-balance sheet liabilities to on-balance sheet receivables (CCF - credit conversion factor)

The amount of the parameter is determined based on average observed historical values. The parameter is estimated within homogeneous portfolios defined by customer segment and product type. For segments where there are not enough observations to determine the parameter, expert values are adopted.

For the CCF parameter, the Group demonstrated its lack of dependence on macroeconomic factors based on historical data.

4) prepayment factor (PPF)

The amount of the parameter is determined based on the prepayment curve assigning dependence on the months of existence of the credit exposure. The prepayment curve is estimated based on historical data by customer segment and product type. When calculating the expected credit loss, prepayment factor adjusts the balance sheet exposure resulting from the loan repayment schedule.

For the PPF parameter, the Group demonstrated its lack of dependence on macroeconomic factors based on historical data.

5) expected life of the loan (BRL – behavioural lifetime).

For exposures for which there is no contractual existence life-time, the behavioural lifetime of the loan is estimated. This value is assigned by customer segment and credit product type. The estimation of the behavioural life of a loan is based on building a profile of historically observed existence length in an exposure of a given type and fitting a logistic regression function to it. This function is then used to estimate the final value in a given segment.

In 2024, the Group made one significant change to the process of calculating allowances:

- With regard to all customer segments, the Group made a change in the estimation process of the CCF parameter. The change was aimed at adapting to the requirements of Recommendation R and was based on the inclusion in the estimation process of exposures with a negative realisation of the conversion of off-balance sheet liabilities into balance sheet exposures. This change, together with the updating of the parameter with the latest observations, resulted in the release of allowances of PLN 28,000 thousand.

In 2024, the level of allowances was impacted by updating the level of allowance in the form of Post Model Adjustments held in connection with the risk of customers who are particularly sensitive to changes in the economic environment and parameter adjustments for sensitive customers using credit holidays - the Group released a net PLN 37,090 thousand in allowances created for this purpose (including a release of PLN 5,155 thousand on exposures of customers who are particularly sensitive to changes in the economic environment and a PLN 31,935 thousand released in the form of parameter adjustments for sensitive customers using credit holidays).

In addition, in 2024 the Group recognised additional allowances for risk factors identified in the loan portfolio, including:

- 51,258 thousand PLN in connection with the risk of the portfolio of farmers whose crops suffered as a result of unfavorable weather phenomena (including hailstorms and summer droughts). As part of the portfolio review, the Group identified the types of crops that are particularly sensitive to extreme weather phenomena. For such a selected pool of borrowers, analyzes of debt servicing capacity were carried out, assuming increased losses related to weather phenomena. The analyzes were the basis for recording the provisions in question.
- 31,500 thousand PLN in connection with risk factors identified in the commercial real estate segment, the Group performed in-depth analyzes of customers from this segment. For the pool of customers identified as particularly sensitive, the Group has designated provisions based on assumed increases in the probability of default (PD) and decreases in the value of collateral.
- 72,800 thousand PLN provisions for clients operating in sectors exposed to the effects of the crisis in the German economy. the group conducted a review of clients operating in sectors that may be affected by turbulence in the German economy (automotive, furniture and production of large household appliances). For the pool of customers identified as particularly sensitive, the Group has set additional provisions based on simulations assuming an increase in the probability of default (PD) appropriate for a given sector.

In addition, in 2024, the Group recognised additional allowance of PLN 43,700 thousand in the form of a Post Model Adjustment for the LGD model changes estimated and planned to be implemented. These changes relate to the portfolio of loans secured by real estate in PLN and the portfolio of loans to micro-enterprises.

Taking into account the changes indicated above, the balance of additional allowances in the form of Post Model Adjustments as of 31 December 2024 amounted to PLN 232,031 thousand, while the balance as of 31 December 2023 was PLN 69,863 thousand.

| Type of Post Model Adjustment | 31.12.2023 | Change | 31.12.2024 |
|---|---|---|---|
| Clients particularly sensitive to changes in the economic environment | 18,760 | (5,155) | 13,605 |
| Farmers whose crops were affected by adverse weather events | - | 51,258 | 51,258 |
| Adjustment of parameters for sensitive customers using credit holidays | 51,103 | (31,935) | 19,168 |
| Adjustment for sensitive customers in commercial real estate segment | - | 31,500 | 31,500 |
| Adjustment for customers operating in sectors exposed to the German economy | - | 72,800 | 72,800 |
| Adjustment for LGD model changes estimated and planned for implementation | - | 43,700 | 43,700 |
| **Total** | **69,863** | **162,168** | **232,031** |

In 2024, as part of adjusting the level of allowances to reflect expectations for future macroeconomic conditions, the level of allowances increased by PLN 21,535 thousand, which resulted from updating the forecasts of macroeconomic variables included in the IFRS 9 model used. In the quarterly cycle, the IFRS 9 model takes into account the revised projection of macroeconomic variables prepared by the Department of Economic and Sectoral Analysis.

### Sensitivity of allowances

Allowances for the expected credit losses on financial assets are back-tested on a regular basis. The models of risk parameters used for purposes of estimating impairment allowances are covered by the model management process, which specifies the principles of their development, approval and monitoring (including model back-testing). Additionally, there is a validation unit in the Group, which is independent of the owners and users of the models. The tasks of the unit include: annual validation of risk parameters considered to be significant. The process of validation covers both qualitative and quantitative approach. The process of estimating impairment allowances is subject to periodic functional control and verified independently by the internal audit.

In order to calculate the sensitivity of the level of allowances estimated by the collective method related to the realisation of macroeconomic scenarios, the Group used the method of changing the weights of the severe, pessimistic, baseline and optimistic scenarios in accordance with their application consistent with IFRS 9.

The impact of particular scenarios is presented in the table below:

| Analysis/scenario | Change in the amount of allowance 31.12.2024 | The percentage change in the amount of allowance 31.12.2024 | Change in the amount of allowance 31.12.2023 | The percentage change in the amount of allowance 31.12.2023 |
|---|---|---|---|---|
| Pessimistic scenario – considering pessimistic and baseline scenarios only (optimistic scenario 0%, baseline scenario 50%, pessimistic scenario 40%, severe scenario 10%) | 153,455 | 8% | 227,078 | 10% |
| Optimistic scenario – considering optimistic and baseline scenarios only (optimistic scenario 50%, baseline scenario 50%, pessimistic scenario 0%, severe scenario 0%) | (64,098) | -3% | (89,277) | -4% |
| Baseline scenario – uniform distribution of optimistic and pessimistic scenarios (optimistic scenario 25%, baseline scenario 50%, pessimistic scenario 15%,severe scenario 10%) | 52,086 | 3% | 78,642 | 4% |

The sensitivity of the level of allowances results directly from the counter-cyclical nature of the calculation of weights assigned to individual macroeconomic scenarios. Countercyclicality is expressed in reducing the weight for the pessimistic scenario as the recession deepens, and in reducing the impact of the optimistic scenario in the event of an "overheating" of the economy.

In addition, the impact of the estimated change in the level of allowances due to scenarios of changes in risk parameters is presented below.

| Analysis/scenario | Change in the amount of allowance 31.12.2024 | The percentage change in the amount of allowance 31.12.2024 | Change in the amount of allowance 31.12.2023 | The percentage change in the amount of allowance 31.12.2023 |
|---|---|---|---|---|
| PD decrease by 10% | (84,835) | -5% | (104,956) | -5% |
| PD increase by 10% | 84,835 | 5% | 104,955 | 5% |
| LGD decrease by 10% | (184,501) | -10% | (223,355) | -10% |
| LGD increase by10% | 158,799 | 9% | 200,218 | 9% |

The following table considers the impact of a change in the present value of estimated future cash flows for exposures subject to individual valuation.

| Analysis/scenario | Change in the amount of allowance 31.12.2024 | The percentage change in the amount of allowance for exposures subject to individual valuation 31.12.2024 | Change in the amount of allowance 31.12.2023 | The percentage change in the amount of allowance for exposures subject to individual valuation 31.12.2023 |
|---|---|---|---|---|
| Decrease in present value of estimated future cash flows for individually assessable exposures by 10% | 89,941 | 13% | 38,668 | 7% |
| Increase in present value of estimated future cash flows for individually assessable exposures by 10% | (86,362) | -12% | (37,490) | -6% |

### Climate issues

When considering the need to disclose climate-related risks, the Group takes into account the requirements for determining materiality of financial information in paragraph 7 of IAS 1. According to these requirements, the Group should consider both quantitative factors and qualitative factors, as well as the interactions between the factors, when assessing whether or not the information is material.

The Group treats ESG risks, including climate risk, as a cross-cutting risk affecting traditional risks, including credit, liquidity and operational risks. As part of the Group 's risk identification and assessment framework, a separate group of risks related to environmental, social and corporate governance factors was defined. In the risk identification process, the significant impact of ESG factors on credit risk was recognised. As a result, ESG risks were incorporated into the internal risk management framework by including ESG risk as a subtype of credit risk in the Risk Management Strategy and Risk Appetite. In order to mitigate and control the risk, a framework for measuring ESG risk in the Bank's Internal Capital Assessment Process (ICAAP) has also been developed. The capital plan for 2022-2025 was supplemented with limits for ESG risk set based on the risk measurement made. ESG Risk Management Principles have also been developed, which include, inter alia, provisions for risk monitoring and reporting and stress testing.

In response to the requirements of the EBA/GL/2020/06 Guideline on lending and monitoring, the Group developed ESG assessment questionnaires, which were implemented in the lending process. The assessment is carried out for Customers for whom new financing or an increase in financing is being processed as well as in the case of a customer review. The purpose of the assessment is to identify any risks related to ESG factors affecting the financial position of the customers, as well as the impact of the customers' business activities on ESG factors (double materiality principle). Environmental risks are subject to special analysis by the Group. They may materialise through:

1) physical risks related to environmental degradation, as well as climate change, including the occurrence of:
   a) long-term climate change,
   b) extreme weather events,
2) transition (transformation) risks resulting from the need to adapt the economy to gradual climate change, in particular to the use of low-carbon and more environmentally sustainable solutions, including the occurrence of:
   a) regulatory risk (changes in climate and environmental policies),
   b) technological risks (a technology with a less damaging effect on the climate or the environment replaces a more damaging technology, making it outdated),
   c) changes in market sentiment and social norms,
3) liability risk arising from the Group’s exposure to counterparties that could potentially be held liable for the negative impact of their activities on environmental, social and corporate governance factors.

The assessment of the impact of long-term climate change and extreme weather events on the activities carried out by customers, is taken into account by the Group, in the process of granting and monitoring loans, in accordance with the following systematics:

| Long-term climate changes: | Extreme weather events: |
|---|---|
| impact of higher temperatures | impact of heat waves |
| impact of temperature shocks | impact of cold waves |
| impact of changing wind patterns | impact of fires |
| impact of changing rain/snow-fall patterns and types | impacts of storms, tornadoes, etc. |
| impact of sea level rise | impact of droughts |
| impact of water stress (reduced access to water) | impact of heavy rain/snow-falls |
| impact of soil and coastal erosion | impact of floods |
| impact of soil degradation | impact of landslides |

ESG risk assessment is one of the elements of a customer's credit risk assessment. The result of the ESG risk analysis is taken into account in the credit decision and in the review of the customer and, in situations of high risk identification, in the rating assignment and update process.

The process of selecting counterparties with which the Group enters into business relationships also makes it possible to limit negative impacts in terms of ESG areas through, among other things, the sector policies in place, watch lists and exclusions and the KYC (know-your-customer) tool. The established sector policies enable the Group to control the impact of its financing and support customers operating in sensitive sectors. The purpose of the sector policies is to encourage customers to follow best practices and respect the social and environmental criteria set by the Group. At the same time, the Group has for a long time, through the policies in place and the analysis of controversies, introduced restrictions in its activities by avoiding material exposures to the sectors and Customers that will be most affected by climate change, e.g. through the materialisation of physical and transition risks.

However, the Group recognises that climate and environmental risks may represent a material risk to businesses and a systemic risk to the economy, so it is taking steps to collect relevant data on these risks.

The climate-related issues are presented in more detail in *the Sustainability Statement section of the Management Report on the activities of BNP Paribas Bank Polska S.A. Capital Group*.

## b. Classification of financial instruments

When classifying financial instruments in accordance with IFRS 9, the Group used the assessment of business models for maintaining financial assets and assessing whether the contractual terms related to a financial asset resulted in cash flows that were solely payment of principal and interest on the principal amount remaining to be repaid.

## c. Fair value of financial instruments

Fair value measurements of financial instruments classified as level 2 or 3 in the fair value hierarchy are estimated using valuation techniques (mark-to-model) that are consistent with market practice, and are parameterized based on reliable sources of market data obtained from Refinitiv and Bloomberg information systems, among others.

For linear and non-linear OTC derivatives, valuation methods are used based on replicating the payoffs of valued instruments with other instruments with similar characteristics for which market quotes are available from an active market. A Credit Valuation Adjustment (CVA) and Debit Valuation Adjustment (DVA) are also determined for this category of instruments, which are estimated based on the projected future exposure resulting from the transaction, the Bank's and the counterparty's credit ratings and the collateral submitted/accepted. In addition, the materiality of other fair value adjustments (X-Value Adjustments, XVA) is verified.

The fair value measurement of debt instruments not listed in an active market and loans and advances is determined using a method based on the present value of projected future cash flows or a method based on the expected recovery of a given exposure, which take into account estimates of unobservable risk factors, i.e. the size of the credit spread, the probability of the debtor's insolvency, the recovery rate.

For equity instruments not quoted in an active market, fair value measurements are determined using a method based on market multiples or a method based on the present value of projected future cash flows, which take into account estimates of unobserved risk factors, i.e. limited liquidity of the instrument, uncertainty related to the realization of assumed financial projections, market risk premium associated with an investment in a particular category of financial instruments.

## d. Impairment of fixed assets

At the end of each reporting period, the Group verifies whether there is any objective impairment trigger concerning its fixed assets (including investments in subsidiaries). If such triggers have been identified, the Group estimates the recoverable amount. Recoverable amount corresponds to fair value less costs to sell or value in use of the asset or cash-generating unit, whichever is higher. Determination of the value in use of a fixed asset requires the Group to make assumptions as to the estimated amounts, dates of future cash flows that may be generated by the Group on the fixed asset. When estimating the fair value less costs to sell, the Group relies on available market data or valuations of independent appraisers, which generally are also based on estimates.

## e. Provisions for retirement, disability and post-mortem benefit obligations

The Group creates provisions for retirement, disability and post-mortem severance pay ("severance"), in accordance with IAS 19. The provisions are calculated for each employee separately, using the actuarial method of projected unit credit as at the date of valuation. The calculations take a number of factors into account, including macroeconomic conditions, employee turnover, risk of death and others. The basis for calculating the provision for employees is the anticipated value of severance pay which the Group is to pay pursuant from the Remuneration Regulations in force at the Group.

The anticipated severance pay is calculated as the resultant of:

- the expected severance base, in accordance with the provisions of the Collective Bargaining Agreement,
- the expected increase in the severance base from the moment of valuation until the payment of severance,
- the expected entitlement to an individual benefit for each employee.

The projected value is discounted actuarially at the end of each reporting period. In accordance with the requirements of IAS 19, the financial discount rate for calculating the current value of liabilities related to employee benefits is determined on the basis of market yields on treasury bonds whose currency and maturity date are consistent with the currency and the estimated date of the benefit obligations.

The actuarial discount is the product of the financial discount, the probability of a person's continued employment at the Group until the severance is required, and the probability of the need for a particular benefit (e.g. the probability of acquiring a disability). The value of annual write-offs and the probability are projected with the use of models which take the following three risks into account:

- possibility of dismissal from work,
- risk of inability to work,
- risk of death.

The employee's possibility of termination is estimated trough a probability distribution, based on the Group’s statistical data. The likelihood of dismissal depends on the age of the employee and is constant throughout each year of work. The risks of death and disability were estimated based on analyses of the latest statistical data on life expectancy in Poland (for men and women) as well as historical data published by the Central Statistical Office and the Social Security Office.

Provisions resulting from actuarial valuation are updated quarterly.

## Sensitivity analysis

The table below presents the impact of a 1 p.p. change in the relevant actuarial assumptions on liabilities due to retirement, disability and post-mortem severance as at 31 December 2024 and 31 December 2023.

| | increase by | decrease by |
|---|---|---|
| 31.12.2024 | 1 p.p. | 1 p.p. |
| discount rate | (2,084) | 2,427 |
| wage growth rate | 2,426 | (2,121) |
| 31.12.2023 | | |
| discount rate | (1,782) | 2,079 |
| wage growth rate | 2,073 | (1,809) |

### Reconciliation of present value of retirement, disability and post-mortem benefit obligations

The table below presents the reconciliation from the beginning balances to the ending balances for present value liabilities due to retirement, disability and post-mortem benefit obligations:

| | 12 months to 31.12.2024 | 12 months to 31.12.2023 |
|---|---|---|
| **Opening balance** | **20,702** | **18,945** |
| current employment costs | 2,052 | 1,999 |
| net interest on net liability | 1,072 | 1,158 |
| actuarial gain or loss | 1,663 | 1,399 |
| past employment costs | - | (2,260) |
| benefits paid | (696) | (539) |
| **Closing balance** | **24,793** | **20,702** |

## f. Restructuring provision

Continuing the Banks's adaptation to the changing business environment, on 13 December 2023, another agreement was signed with the trade unions on the principles of conducting collective redundancies for 2024-2026. Accordingly, in 2023, a provision for liabilities to employees due to restructuring was created in the amount of PLN 48,446 thousand, as at 31 December 2024 the provision amounts to PLN 35,704 thousand.

## g. Deferred tax assets and liabilities

The deferred income tax liability is recognised in the full amount using the balance sheet method, due to positive temporary differences between the tax value of assets and liabilities, and their balance sheet value in the financial statements. Deferred tax assets are recognised for all negative temporary differences, as well as unused tax credits and unused tax losses carried forward to the subsequent years, in the amount in which it is probable that taxable income will be generated that will allow the use of the above mentioned differences, assets and losses.

Deferred income tax is determined using tax rates (and regulations) in force or at the end of the reporting period, which are expected to be effective at the time of realization of the related assets due to deferred income tax or settlement of liabilities due to deferred income tax.

If the temporary differences arose as a result of the recognition of an asset or liability resulting from a transaction that is not a business combination and which at the time of the conclusion did not affect the tax or accounting result, the deferred tax is not recognised.

In addition, a deferred tax provision is created for positive temporary differences arising from investments in subsidiaries or associates and investments in joint ventures - except the situations when the timing of temporary differences reversal is subject to control by the entity and when it is probable that in the foreseeable future, temporary differences will not be reversed. Deferred tax assets are recognised in the event of negative temporary differences from investments in subsidiaries or associates and investments in joint ventures, only to the extent that it is probable that in the foreseeable future the abovementioned temporary differences will be reversed and taxable income allowing to offset any negative temporary differences will be generated.

However, deferred tax assets are recognized for deductible temporary differences on investments in subsidiaries or associates and interests in joint ventures, only to the extent that it is probable that the aforementioned temporary differences will reverse in the foreseeable future and taxable income will be generated to offset the deductible temporary differences.

The balance sheet amount of the deferred tax asset is reviewed at the end of each reporting period and is reduced accordingly, and so far as it is no longer probable that taxable income sufficient for partial or total realization of the deferred tax asset will be realized. An unrecognised deferred tax asset is subject to reassessment at the end of each reporting period and is recognised up to an amount that reflects the probability of achieving future taxable income that will allow recovery of that asset. The Group offsets deferred tax assets with deferred tax provisions if and only if it has an enforceable legal title to compensate corresponding receivables and liabilities due to current tax and deferred income tax is related to the same taxpayer and the same tax authority.

Income tax related to the items recognised directly in equity is recognised in equity and in the statement of comprehensive income.

In the first quarter of 2023 the Bank decided to create an additional deferred tax asset in relation to provisions set up in connection with the settlement process regarding CHF-denominated loan agreements and the possibility of benefiting from a tax preference (waiver of CIT collection on redeemed loans under the Decree of the Minister of Finance of 11 March 2022, as amended).

In the second quarter of 2024, the Bank decided to create an additional asset in relation to the provisions set up in the process of cancelling CHF-denominated loan agreements.

For details, see Note 53 Litigation, claims and administrative proceedings.

In 2024 and 2023, current income tax and deferred tax liabilities were calculated using the 19% rate.

*Global minimum tax level*

In connection with the obligation to implement into the Polish legal order the provisions of Council Directive (EU) 2022/2523 of 14 December 2022 on ensuring the global minimum level of taxation of multinational enterprise groups and large-scale domestic groups in the Union, the aim of which is to reduce corporate tax competition by establishing a global minimum tax, Poland passed the Act dated 6 November 2024 on top-up taxation of members of multinational and domestic enterprise groups (hereinafter: the ‘Act’). The Act entered into force on 1 January 2025.

The new tax is to be levied on constituent entities of international and domestic groups which have an annual revenue of EUR 750 million or more in their ultimate parent entity’s consolidated financial statements in at least two of the four fiscal years immediately preceding the tested fiscal year

Groups of companies subject to the global top-up tax will be required to calculate an Effective Tax Rate (ETR) on income for each jurisdiction in which they operate. In the event this rate is lower than 15%, an obligation to pay the top-up tax will arise.

As a result of the above, the Bank's foreign ultimate parent entity analyses previous years' data to allow for the calculation of the ETR for each jurisdiction in which its group operates.

In parallel with the aforementioned activities, a project has also been initiated in the Bank Capital Group to assess the impact of the provisions of the Act on the Bank's obligations in the Bank Capital Group, in particular the applicability of the so-called transitional safe harbours allowing the application of simplified rules for the calculation of the top-up tax, as well as the administrative obligations under the Act.

The Group is covered by these regulations and has assessed their potential impact based on the financial statements.The Group estimates that the equalization tax regulations will not affect the additional tax burden in 2025.

## h. Provision for the return of commission due to early repayment of the loan

On 11 September 2019, the CJEU issued a judgment in which it was stated that Article 16 paragraph 1 of the Directive No. 2008/48/EC of the European Parliament and of the Council of 23 April 2008 on consumer loan agreements which repealed Council Directive No. 87/102/EEC should be interpreted in the following way: the consumer's right to reduce the total cost of a loan in the event of earlier repayment includes all costs that have been imposed on the consumer. The CJEU pointed out that a comparative analysis of the different language versions of Article 16 clause 1 of the Directive does not allow to clearly determine the exact scope of the reduction of the total cost of a loan envisaged by this provision, because some language versions of this provision suggest reducing the costs related to the remaining period of the contract, others suggest that the costs associated with this period constitute an indication for calculating the reduction, others still only refer to interest and costs due for the remaining period of the contract.

The judgment was issued following a question referred for a preliminary ruling by the Lublin-Wschód District Court based in Świdnik, which examined three disputes between the company Lexitor, which acquired the claims of three clients, and SKOK Stefczyka, Santander Consumer Bank and mBank, regarding the reduction of the total cost of consumer loans due to their earlier repayment. The Polish court had doubts about the interpretation of Article 16 paragraph 1 of Directive No. 2008/48/EC of the European Parliament and of the Council of 23 April 2008, and therefore asked the CJEU whether this provision concerns all costs or only those related to the duration of the contract.

As a result of the analysis concerning the impact of the judgment on the Group’s revenues, in particular on relations expired before the judgment was issued, in 2019 the Group decided to create a provision for a proportional refund of commission in the event of early repayment of the loan in the amount of PLN 48,750 thousand. As at 31 December 2024 the provision amounted to PLN 10,023 thousand (as at 31 December 2023 the provision amounted to PLN 12,048 thousand). The provision was estimated based on the estimation of the total amount of the provision for the early repaid loans and the expected percentage of customers who will claim for a refund of the due part of the commission. Assuming that the percentage of customers would be 5 p.p. higher than the assumed level, the amount of the provision would be higher by PLN 12,500 thousand.

Simultaneously, the Group recognises its liability due to the proportional reimbursement of commissions in the event of their early repayment in the period from the date of the judgment of the CJEU on 11 September 2019 to 31 December 2019. As of 31 December 2024, this liability amounted to PLN 2,242 thousand (PLN 2,258 thousand as of 31 December 2023).

Additionally, the Group creates a provision to cover the partial reimbursements of loan commissions in the event of their early repayment. The estimate of the provision is based on the difference between the value of commissions to be reimbursed and the balance of unsettled commissions as at the expected date of early loan repayment. This provision is calculated as a percentage of commissions charged to the customer, which reflects the expected average difference between the amounts of commissions to be refunded to customers and the balance of outstanding commissions at the expected time of early repayment of the loan. This percentage is calculated based on the estimated level of early repayments and the expected timing of repayment.

In the event of early loan repayment, this provision is released and for newly sold loans a provision will be created on an ongoing basis. As of 31 December 2024, the provision amounted to PLN 39,810 thousand (PLN 44,756 thousand as of 31 December 2023).

The total amount of provisions and liabilities related to the CJEU judgment as of 31 December 2024 was PLN 52,074 thousand (as of 31 December 2023, the provision was PLN 59,063 thousand).

The created provision level is based on estimates and may be changed.

The above provisions are presented by the Group under Provisions: Provision for litigation, while the Group presents the liability under Other liabilities: Sundry creditors

## i. Impact of suspension of performance of mortgage loan agreements granted in PLN

In connection with the signing by the President of Poland of the Act of 12 April 2024 amending the Act on support for borrowers who have taken out a home loan and are in financial difficulty and the Act on community financing for economic ventures and assistance to borrowers (the 'Act'), allowing customers to suspend the performance of mortgage loan agreements granted in PLN in the period from 1 June 2024 to 31 December 2024 for a total of 4 months ('suspension'), the Bank's Management Board approved on 8 May 2024 an estimate of the impact of the Act on the Bank's results and operations.

In accordance with International Financial Reporting Standard 9 ('IFRS 9'), the impact estimate is based on the calculation of the projected gross carrying value of the mortgage portfolio based on cash flows, taking into account the possibility of suspension, discounted at the original effective interest rate, which is then recognised in the income statement, in net interest income.

The law imposes an additional income criterion compared to 2022 (ratio of instalment size to household income, average over the previous 3 months) to allow for the benefit of the suspension.

The Bank's Management Board approved the recognition of PLN 203,000 thousand negative impact of the Act in the second quarter of 2024 results.

The Bank revised its estimate of the impact of the Act on its financial results and reduced the estimated participation among eligible customers compared to the original assumptions. As a result, an update of the impact of the Act from the amount of PLN 203,000 thousand recognised in the results of the second quarter of 2024 to the level of PLN 103,450 thousand was recognised in the results of the second quarter of 2024, which means a positive impact by PLN 99,550 thousand on the Bank's interest income in the third quarter 2024. In addition, in the fourth quarter of 2024, the Bank updated the impact of the Act by an amount of PLN 33,976 thousand, which means a positive impact on the fourth quarter's interest income.

The final cost of the program over its duration was PLN 69,474 thousand.

The suspension of contracts did not change the classification of exposures into different credit risk stages or the assignment of the forbearance flag at the end of 2024.

## j. Impact of legal risks arising from litigation related to mortgage loans in CHF

Impact of legal risk resulting from proceedings related to CHF mortgage loans and model used by the Group were presented in Note 53 Litigation, claims and administrative proceedings.

# 4. NET INTEREST INCOME

| Interest income | 12 months ended 31.12.2024 | 12 months ended 31.12.2023 |
|---|---|---|
| Amounts due from banks | 428,039 | 486,681 |
| Loans and advances to customers measured at amortised cost, including: | 6,739,682 | 7,181,489 |
| non-banking financial institutions | 185,368 | 119,748 |
| retail customers | 2,724,364 | 3,098,157 |
| corporates | 3,362,690 | 3,532,091 |
| including retail farmers | 686,241 | 663,622 |
| public sector institutions | 4,366 | 4,739 |
| leasing receivables | 462,894 | 426,754 |
| Loans and advances to customers measured at fair value through profit or loss | 50,227 | 80,349 |
| Debt instruments measured at amortised cost | 972,653 | 743,329 |
| Debt instruments measured at fair value through profit or loss | 7,466 | 6,928 |
| Debt instruments measured at fair value through other comprehensive income | 850,362 | 658,027 |
| Derivative instruments as part of fair value hedge accounting | 854,393 | 403,209 |
| Derivative instruments as part of cash flow hedge accounting | 11,628 | 11,627 |
| Securities purchased under repurchase agreements | 330,633 | 255,621 |
| **Total interest income** | **10,245,083** | **9,827,260** |

| Interest expense | 12 months ended 31.12.2024 | 112 months ended 31.12.2023 |
|---|---|---|
| Amounts due to banks | (725,863) | (648,184) |
| Amounts due to customers, including: | - | (3,154) |
| non-banking financial institutions | (2,437,170) | (2,710,869) |
| retail customers | (150,495) | (120,714) |
| corporates | (1,173,195) | (1,261,315) |
| including retail farmers | (971,162) | (1,203,725) |
| public sector institutions | (9,560) | (16,494) |
| Lease liabilities | (142,318) | (125,115) |
| Derivative instruments as part of fair value hedge accounting | (23,282) | (28,771) |
| Derivatives under cash flow hedge accounting | (1,275,490) | (1,161,945) |
| Securities sold subject to repurchase agreements | (36,561) | (44,099) |
| **Total interest expense** | **(4,504,077)** | **(4,601,833)** |
| **Net interest income** | **5,741,006** | **5,225,427** |

The value of interest expense calculated using the effective interest rate in relation to financial liabilities, which are measured at amortised cost, amounted to PLN 3,192,026 thousand (PLN 3,395,789 thousand for the period of 12 months ended 31 December 2023).

Interest income includes interest on financial assets assessed individually and collectively, for which impairment was identified. The amount of the above mentioned interest, which was recognised in the interest income for 2024 amounted to PLN 97,815 thousand, as compared to PLN 126,019 thousand for 2023.

# 5. NET FEE AND COMMISSION INCOME

| Fee and commission income | 12 months ended 31.12.2024 | 12 months ended 31.12.2023 |
|---|---|---|
| loans, advances and leases | 289,250 | 334,508 |
| account maintenance | 245,151 | 227,497 |
| cash service | 31,462 | 34,305 |
| cash transfers and e-banking | 108,047 | 102,812 |
| guarantees and documentary operations | 77,320 | 74,589 |
| asset management and brokerage operations | 136,578 | 103,027 |
| payment and credit cards | 414,307 | 377,644 |
| insurance mediation activity | 169,441 | 165,626 |
| product sale mediation and customer acquisition | 12,667 | 13,220 |
| other commissions | 58,549 | 39,371 |
| **Total fee and commission income** | **1,542,772** | **1,472,599** |

| Fee and commission expense | 12 months ended 31.12.2024 | 12 months ended 31.12.2023 |
|---|---|---|
| loans, advances and leases | (1,294) | (917) |
| account maintenance | (9,774) | (10,789) |
| cash service | (28,566) | (26,198) |
| cash transfers and e-banking | (2,765) | (3,137) |
| guarantee obligations and documentary operations | (9,120) | (989) |
| asset management and brokerage operations | (6,647) | (6,488) |
| payment and credit cards | (120,616) | (117,689) |
| insurance mediation activity | (21,487) | (20,272) |
| product sale mediation and customer acquisition | (23,011) | (21,389) |
| other commissions | (55,816) | (53,769) |
| **Total fee and commission expense** | **(279,096)** | **(261,637)** |
| **Net fee and commission income** | **1,263,676** | **1,210,962** |

Net commission income for 2024 includes revenues from custody activities in the amount of PLN 136,578 thousand (PLN 103,027 thousand in 2023) and the amount of costs from custody activities in the amount of PLN 6,647 thousand (PLN 6,488 thousand in 2023).

Net commission income includes commission income that relate to assets and liabilities that are not measured at fair value with the result of measurement recognised in the statement of profit or loss for 2024 in the amount of PLN 856,018 thousand, while for 2023 in the amount of PLN 877,968 thousand, and commission expense for 2024 in the amount of PLN 86,897 thousand, as compared to PLN 82,702 thousand for 2023.

# 6. DIVIDEND INCOME

| Dividend income | 12 months ended 31.12.2024 | 12 months ended 31.12.2023 |
|---|---|---|
| Due to equity instruments measured at fair value through profit or loss | 13,147 | 10,881 |
| **Total dividend income** | **13,147** | **10,881** |

# 7. NET TRADING INCOME (INCLUDING RESULT ON FOREIGN EXCHANGE)

| Net trading income | 12 months ended 31.12.2024 | 12 months ended 31.12.2023 |
|---|---|---|
| Due to equity instruments measured at fair value through profit or loss | 22,267 | 20,769 |
| Due to debt instruments measured at fair value through profit or loss | 2,730 | 4,375 |
| Due to derivative instruments and result on foreign exchange transactions | 815,885 | 925,637 |
| **Result on financial instruments measured at fair value through profit or loss and foreign exchange differences, total** | **840,882** | **950,781** |
| **including margin on foreign exchange and derivative transactions with customers** | **722,952** | **802,802** |

# 8. RESULT ON INVESTMENT ACTIVITIES

| Result on investment activities | 12 months ended 31.12.2024 | 12 months ended 31.12.2023 |
|---|---|---|
| Equity instruments at fair value through other comprehensive income | - | 2,008 |
| Debt instruments measured at fair value through other comprehensive income | 10,591 | (1,754) |
| Loans and advances to customers measured at fair value through profit or loss | 3,783 | (23,282) |
| **Total result on investment activities** | **14,374** | **(23,028)** |

There has been no change in the business models operating in the Group during 2024 and 2023 and, consequently, there has been no change in the classification of financial assets.

# 9. NET IMPAIRMENT ALLOWENCES ON FINANCIAL ASSETS AND PROVISON ON CONTINGENT LIABILITIES

**Net allowances on expected credit losses of financial assets and provisions on contingent liabilities**

| 12 months ended 31.12.2024 | Stage 1 | Stage 2 | Stage 3 | POCI | Total |
|---|---|---|---|---|---|
| Amounts due from other banks | 594 | - | - | - | 594 |
| Loans and advances to customers measured at amortised cost | (24,983) | (10,040) | (143,480) | (54,537) | (233,040) |
| Contingent commitments granted | 8,289 | 4,980 | (27,486) | 436 | (13,781) |
| Securities measured at amortised cost | 35 | - | - | - | 35 |
| **Total net allowances on expected credit losses of financial assets and provisions on contingent liabilities** | **(16,065)** | **(5,060)** | **(170,966)** | **(54,101)** | **(246,192)** |

**Net allowances on expected credit losses of financial assets and provisions on contingent liabilities**

| 12 months ended 31.12.2024 | Stage 1 | Stage 2 | Stage 3 | POCI | Total |
|---|---|---|---|---|---|
| Amounts due from other banks | (37) | - | - | - | (37) |
| Loans and advances to customers measured at amortised cost | 34,978 | 184,386 | (232,770) | (23,470) | (36,876) |
| Contingent commitments granted | (13,874) | (31,187) | - | 47,727 | 2,666 |
| Securities measured at amortised cost | 77 | - | (2,127) | 1,928 | (122) |
| **Total net allowances on expected credit losses of financial assets and provisions on contingent liabilities** | **21,144** | **153,199** | **(234,897)** | **26,185** | **(34,369)** |

| Change of allowances on expected credit losses of financial assets and provisions on contingent liabilities | 12 months ended 31.12.2024 | 12 months ended 31.12.2023 |
|---|---|---|
| **Opening balance** | **(2,665,135)** | **(3,123,922)** |
| Increases due to acquisition or origination | (444,580) | (431,842) |
| Decreases due to derecognition | 268,003 | 380,964 |
| Net changes in credit risk | (328,588) | 19,010 |
| Change due to significant modifications | (8,124) | (7,330) |
| Use of allowances | 534,066 | 473,335 |
| Other changes (including foreign exchange differences) | 7,746 | 24,650 |
| **Closing balance** | **(2,620,364)** | **(2,665,135)** |

| Net allowances on expected credit losses of financial assets and provisions on contingent liabilities | 12 months ended 31.12.2024 | 12 months ended 31.12.2023 |
|---|---|---|
| Change in impairment allowances on financial assets and provisions on contingent liabilities | (413,988) | (129,206) |
| Change in initial impairment on financial assets classified as POCI | (25,703) | (7,964) |
| Revenue from the sale and write-off of receivables and costs related to the write-off of receivables | 193,499 | 102,801 |
| **Total net allowances on expected credit losses of financial assets and provisions on contingent liabilities** | **(246,192)** | **(34,369)** |

Due to the change in write-offs for expected credit losses on financial assets and provisions for contingent liabilities, the amount of PLN 29,427 thousand resulting from the recognition of imparment interest was presented in the interest income line.

# 10. GENERAL ADMINISTRATIVE COSTS

| General administrative costs | 12 months ended 31.12.2024 | 12 months ended 31.12.2023 |
|---|---|---|
| Personnel expenses | (1,554,054) | (1,445,360) |
| Marketing | (104,517) | (82,091) |
| IT and telecom expenses | (312,287) | (275,764) |
| Short-term leasing and operation | (83,229) | (84,925) |
| Other non-personnel expenses | (234,065) | (218,302) |
| Outsourced services from other contracts and consulting | (341,647) | (347,416) |
| Business travels | (11,783) | (13,721) |
| ATM and cash handling expenses | (29,952) | (28,407) |
| Costs of outsourcing services related to leasing operations | (1,445) | (2,775) |
| Bank Guarantee Fund fee | (143,992) | (123,909) |
| Commercial Banks Protection Scheme fees | - | (275) |
| Cost of PFSA supervision | (20,388) | (15,854) |
| **Total general administrative costs** | **(2,837,359)** | **(2,638,799)** |

Total costs related to legal support of court cases concerning CHF loans in the 12 months of 2024 amounted to PLN 116,829 thousand (for 2023: PLN 91,046 thousand) and were included in the lines: Outsourced services from other contracts and consulting – PLN 68,530 thousand in 2024 (PLN 65,825 thousand in 2023) and Other non-personnel expenses (notary and court fees).- PLN 48,299 thousand in 2024 (PLN 25,221 thousand in 2023).

# 11. PERSONNEL EXPENSES

| Personnel expenses | 12 months ended 31.12.2024 | 12 months ended 31.12.2023 |
|---|---|---|
| Payroll expenses | (1,242,123) | (1,131,252) |
| Payroll charges | (222,583) | (202,778) |
| Employee benefits | (61,562) | (55,074) |
| Costs of restructuring provision | (649) | (31,305) |
| Costs of provision for future liabilities arising from unused annual leave and retirement benefits | (6,207) | (6,990) |
| Appropriations to Social Benefits Fund | (19,412) | (15,273) |
| Other | (1,518) | (2,688) |
| **Total personnel expenses** | **(1,554,054)** | **(1,445,360)** |

# 12. DEPRECIATION AND AMORTISATION

| Depreciation and amortization | 12 months ended 31.12.2024 | 12 months ended 31.12.2023 |
|---|---|---|
| Property, plant and equipment | (216,141) | (210,896) |
| Intangible assets | (298,309) | (245,840) |
| **Total depreciation and amortization** | **(514,450)** | **(456,736)** |

# 13. OTHER OPERATING INCOME

| Other operating income | 12 months ended 31.12.2024 | 12 months ended 31.12.2023 |
|---|---|---|
| Sale or liquidation of property, plant and equipment and intangible assets | 19,263 | 21,089 |
| Release of allowances on other receivables | 8,104 | 6,602 |
| Profit from sales of goods and services | 12,224 | 7,373 |
| Release of provisions for litigation and claims and other liabilities | 19,525 | 56,144 |
| Recovery of debt collection costs | 22,098 | 19,462 |
| Recovered indemnities | 262 | 513 |
| Income from leasing operations | 56,398 | 50,430 |
| Other operating income | 76,507 | 75,315 |
| **Total other operating income** | **214,381** | **236,928** |

# 14. OTHER OPERATING EXPENSES

| Other operating expenses | 12 months ended 31.12.2024 | 12 months ended 31.12.2023 |
|---|---|---|
| Loss on sale or liquidation of property, plant and equipment and intangible assets | (14,200) | (16,699) |
| Impairment allowances on other receivables | (10,904) | (8,286) |
| Provisions for litigation and claims and other liabilities | (59,407) | (70,050) |
| Debt collection | (38,591) | (37,097) |
| Donations made | (7,894) | (11,328) |
| Costs of leasing operations | (43,182) | (27,737) |
| Costs of compensations, penalties and fines | (2,219) | (9,503) |
| Other operating expenses | (148,730) | (121,704) |
| **Total other operating expenses** | **(325,127)** | **(302,404)** |

# 15. INCOME TAX EXPENSE

| | 12 months ended 31.12.2024 | 12 months ended 31.12.2023 |
|---|---|---|
| Current income tax | (695,639) | (687,340) |
| Deferred income tax | 99,891 | (63,269) |
| **Total income tax expense** | **(595,748)** | **(750,609)** |
| Profit before income tax | 2,954,016 | 1,763,155 |
| Statutory tax rate | 19% | 19% |
| Effective tax rate | 20% | 43% |
| **Income taxes on gross profit** | **(561,263)** | **(334,999)** |
| **Taxable permanent differences, including:** | **(170,020)** | **(415,609)** |
| Receivables written-off | (31,895) | (22,664) |
| Representation expenses | (894) | (746) |
| PFRON | (2,036) | (1,904) |
| Prudential fee to the Bank Guarantee Fund | (27,358) | (23,543) |
| Tax on financial institutions | (76,945) | (78,214) |
| Research and development relief | 22,502 | 27,524 |
| Provision for claims related to CHF loans | (44,955) | (311,382) |
| Legal risk provisions | (1,113) | 5,528 |
| Other differences | (7,326) | (10,208) |
| **Other amounts affecting the effective tax rate** | **135,535** | **-** |
| Change in estimate of deferred tax created based on provisions for future disbursements related to CHF loan cancellation process* | 135,535 | - |
| **Total income tax expense** | **(595,748)** | **(750,609)** |

*For details, see Note 53 Litigation, claims and administrative proceedings.

# 16. EARNING PER SHARE

| | 12 months ended 31.12.2024 | 12 months ended 31.12.2023 |
|---|---|---|
| **Basic** | | |
| Net profit | 2,358,268 | 1,012,546 |
| Weighted average number of ordinary shares (units) | 147,767,964 | 147,655,366 |
| Basic earnings (loss) per share (in PLN per one share) | 15.96 | 6.86 |
| **Diluted** | | |
| Net profit used in determining diluted earnings per share | 2,358,268 | 1,012,546 |
| Weighted average number of ordinary shares (units) | 147,767,964 | 147,655,366 |
| Adjustments for: | | |
| - stock options | 148,260 | 144,166 |
| Weighted average number of ordinary shares for the diluted earnings per share (units) | 147,916,224 | 147,799,532 |
| Diluted earnings (loss) per share (in PLN per one share) | 15.94 | 6.85 |

In accordance with IAS 33 the Bank prepares the calculation of diluted net profit per share, taking into account the shares issued conditionally under incentive schemes described in Note 38. The calculation does not take into account those elements of the incentive schemes which had antidilutive effect in the presented reporting periods and which may potentially affect the dilution of profit per share in the future.

The basic earnings per share is calculated by dividing the net profit by the weighted average number of ordinary shares during the period.

The diluted earnings per share is calculated based on the ratio of net profit to the weighted average number of ordinary shares adjusted as if all potential dilutive ordinary shares had been converted to shares. The Bank has one category of dilutive potential ordinary shares: share options. Dilutive shares are calculated as the number of shares that would be issued if all share options were exercised at the market price determined as the average annual closing price of the Bank's shares.

# 17. CASH AND CASH BALANCES AT CENTRAL BANK

| **Cash and cash equivalents** | 31.12.2024 | 31.12.2023 |
|---|---|---|
| Cash and other balances | 2,382,814 | 2,426,918 |
| Account in the National Bank of Poland | 8,943,135 | 4,457,458 |
| **Gross cash and cash equivalents** | **11,325,949** | **6,884,376** |
| Allowance for expected credit losses | (398) | (790) |
| **Total cash and cash equivalents** | **11,325,551** | **6,883,586** |

| **Change in allowance for expected credit losses on receivables on funds at the Central Bank** | 12 months ended 31.12.2024 | 12 months ended 31.12.2023 |
|---|---|---|
| **Opening balance** | **(790)** | **(9)** |
| Increases due to acquisition or origination | - | (9) |
| Decreases due to derecognition | - | 1,558 |
| Other changes (including foreign exchange differences) | 392 | (2,330) |
| **Closing balance** | **(398)** | **(790)** |

During the day, the Group may use cash on statutory reserve accounts for current cash settlements based on an order placed at the National Bank of Poland. The Group has to ensure that the average monthly balance matches the declared statutory reserve amount.

The funds on the statutory reserve account bear interest. As at 31 December 2024 interest on statutory reserve accounts was 5.75% (5.75% as at 31 December 2023).

The balance of cash in hand and at Central Bank includes the statutory reserve maintained with the National Bank of Poland. The basic reserve requirement at 31 December 2024 was 3.5%. The declared reserve level to be maintained since 31 December 2024 was PLN 4,489,469 thousand.

# 18. AMOUNT DUE FROM OTHER BANKS

| Amounts due from other banks | 31.12.2024 | | | 31.12.2023 | | |
|---|---|---|---|---|---|---|
| | Gross balance sheet value | Allowance | Net balance sheet value | Gross balance sheet value | Allowance | Net balance sheet value |
| Current accounts | 6,824,686 | (391) | 6,824,295 | 8,918,244 | (539) | 8,917,705 |
| Interbank deposits | 142,509 | - | 142,509 | 136,864 | (32) | 136,832 |
| Loans and advances | 203,173 | (105) | 203,068 | 201,190 | (100) | 201,090 |
| Other receivables | 702,534 | (31) | 702,503 | 8,708,379 | (58) | 8,708,321 |
| **Total amounts due from other banks** | **7,872,902** | **(527)** | **7,872,375** | **17,964,677** | **(729)** | **17,963,948** |

Other receivables as of 31 December 2024 also include receivables from cash collateral in the amount of PLN 701,960 thousand (PLN 736,283 thousand as of 31 December 2023) and receivables from securities purchased with repurchase obligation received in the amount of PLN 0 (PLN 7,968,341 as of 31 December 2023).

The total balance of long-term amounts due from banks as at 31 December 2024 amounted to PLN 701,960 thousand (PLN 736,283 thousand as at 31 December 2023).

| Change in allowance due to expected credit losses on receivables from Banks | 12 months ended 31.12.2024 | 12 months ended 31.12.2023 |
|---|---|---|
| **Balance at the beginning of the period** | **(729)** | **(1,505)** |
| Increases due to acquisition or origination | (5,133) | (3,782) |
| Decreases due to derecognition | 6,666 | 5,490 |
| Changes resulting from the change in credit risk (net) | (1,331) | (963) |
| Other changes (including foreign exchange differences) | - | 31 |
| **Balance at the end of the period** | **(527)** | **(729)** |

As at 31 December 2024 and 31 December 2023, amounts due from other banks were classified as Stage 1.

# 19. DERIVATIVE FINANCIAL INSTRUMENTS

Fair value of derivatives held by the Group is presented in the below table:

| Trading derivatives | Nominal value | Fair value | Fair value |
|---|---|---|---|
| 31.12.2024 | | Assets | Liabilities |
| **Currency derivatives** | | | |
| Foreign Exchange Forward (FX Forward + NDF) | 14,469,317 | 37,255 | 906,062 |
| Currency Swap (FX Swap) | 32,426,711 | 1,271,409 | 302,283 |
| Currency Interest Rate Swaps (CIRS) | 5,326,035 | 44,928 | 26,099 |
| OTC currency options | 5,830,272 | 15,179 | 66,341 |
| **Total currency derivatives** | **58,052,335** | **1,368,771** | **1,300,785** |
| **Interest rate derivatives:** | | | |
| Interest Rate Swap | 73,389,031 | 1,002,488 | 944,444 |
| FRA contracts | 1,922,850 | 22 | 159 |
| OTC interest rate options | 9,492,475 | 40,739 | 41,417 |
| **Total interest rate derivatives** | **84,804,356** | **1,043,249** | **986,020** |
| **Other derivatives** | | | |
| OTC options | 1,167,654 | 28,096 | 24,936 |
| Currency Spot (FX Spot) | 1,243,941 | - | - |
| **Total other derivatives** | **2,411,595** | **28,096** | **24,936** |
| **Total trading derivatives** | **145,268,286** | **2,440,116** | **2,311,741** |
| Including: measured using models | 145,268,286 | 2,440,116 | 2,311,741 |

| Trading derivatives | Nominal value | Fair value | Fair value |
|---|---|---|---|
| 31.12.2023 | | Assets | Liabilities |
| **Currency derivatives** | | | |
| Foreign Exchange Forward (FX Forward + NDF) | 12,729,040 | 67,984 | 990,823 |
| Currency Swap (FX Swap) | 25,655,076 | 1,444,643 | 294,517 |
| Currency Interest Rate Swaps (CIRS) | 5,604,525 | 65,635 | 31,665 |
| OTC currency options | 11,746,884 | 227,734 | 340,613 |
| **Total currency derivatives** | **55,735,525** | **1,805,996** | **1,657,618** |
| **Interest rate derivatives** | | | |
| Interest Rate Swap | 67,172,213 | 1,218,645 | 1,088,117 |
| FRA contracts | 1,500,000 | 85 | 22 |
| OTC interest rate options | 10,657,404 | 91,520 | 91,452 |
| **Total interest rate derivatives** | **79,329,617** | **1,310,250** | **1,179,591** |
| **Other derivatives** | | | |
| OTC commodity swaps | 870,970 | 30,499 | 28,066 |
| Currency Spot (FX Spot) | 2,194,110 | - | - |
| **Total other derivatives** | **3,065,080** | **30,499** | **28,066** |
| **Total trading derivatives** | **138,130,222** | **3,146,745** | **2,865,275** |
| including: measured using models | 138,130,222 | 3,146,745 | 2,865,275 |

Fair value of derivatives by their maturity*

| | Fair value of assets | | | | | | Fair value of liabilities | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 31.12.2024 | Total | <= 1 month | > 1 month <= 3 months | > 3 months <= 12 months | > 1 year <= 5 years | > 5 years | Total | <= 1 month | > 1 month <= 3 months | > 3 months <= 12 months | > 1 year <= 5 years | > 5 years |
| **Trading derivatives** | | | | | | | | | | | | |
| **Currency derivatives:** | | | | | | | | | | | | |
| Foreign Exchange Forward (FX Forward + NDF) | **37,255** | 3,987 | 5,033 | 14,586 | 13,649 | - | **906,062** | 47,010 | 78,748 | 224,761 | 555,543 | - |
| Currency Swap (FX Swap) | **1,271,409** | 78,884 | 81,101 | 434,549 | 676,875 | - | **302,283** | 32,892 | 24,699 | 13,229 | 231,463 | - |
| Currency Interest Rate Swaps (CIRS) | **44,928** | - | 170 | 6,450 | 38,113 | 195 | **26,099** | - | - | 1,311 | 24,645 | 143 |
| OTC currency options | **15,179** | 1,326 | 3,080 | 5,003 | 5,770 | - | **66,341** | 7,793 | 21,110 | 25,924 | 11,514 | - |
| **Total currency derivatives:** | **1,368,771** | **84,197** | **89,384** | **460,588** | **734,407** | **195** | **1,300,785** | **87,695** | **124,557** | **265,225** | **823,165** | **143** |
| **Interest rate derivatives:** | | | | | | | | | | | | |
| Interest Rate Swap | **1,002,488** | 1,951 | 13,892 | 133,199 | 445,294 | 408,152 | **944,444** | 1,198 | 10,664 | 100,822 | 451,068 | 380,692 |
| FRA contracts | **22** | - | - | 22 | - | - | **159** | - | - | 159 | - | - |
| OTC interest rate options | **40,739** | - | 57 | 8,330 | 26,907 | 5,445 | **41,417** | - | 57 | 7,961 | 27,609 | 5,790 |
| **Total interest rate derivatives** | **1,043,249** | **1,951** | **13,949** | **141,551** | **472,201** | **413,597** | **986,020** | **1,198** | **10,721** | **108,942** | **478,677** | **386,482** |
| **Other derivatives** | | | | | | | | | | | | |
| OTC commodity swaps | **28,096** | 6,809 | 4,377 | 14,414 | 2,496 | - | **24,936** | 6,530 | 4,226 | 12,583 | 1,597 | - |
| **Total other derivatives:** | **28,096** | **6,809** | **4,377** | **14,414** | **2,496** | **-** | **24,936** | **6,530** | **4,226** | **12,583** | **1,597** | **-** |
| **Total trading derivatives** | **2,440,116** | **92,957** | **107,710** | **616,553** | **1,209,104** | **413,792** | **2,311,741** | **95,423** | **139,504** | **386,750** | **1,303,439** | **386,625** |

* Financial data have been rounded and presented in PLN ‘000, and therefore, in some cases, the totals may not correspond exactly to the total sum.

| | Fair value of assets | | | | | | Fair value of liabilities | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 31.12. 2023 | Total | <= 1 month | > 1 month <= 3 months | > 3 months <= 12 months | > 1 year <= 5 years | > 5 years | Total | <= 1 month | > 1 month <= 3 months | > 3 months <= 12 months | > 1 year <= 5 years | > 5 years |
| **Trading derivatives** | | | | | | | | | | | | |
| **Currency derivatives:** | | | | | | | | | | | | |
| Foreign Exchange Forward (FX Forward + NDF) | **67,984** | 12,091 | 15,245 | 31,794 | 8,854 | - | **990,823** | 32,688 | 69,578 | 231,792 | 656,765 | - |
| Currency Swap (FX Swap) | **1,444,643** | 123,412 | 84,565 | 408,359 | 828,307 | - | **294,517** | 22,400 | 34,980 | 57,462 | 179,675 | - |
| Currency Interest Rate Swaps (CIRS) | **65,635** | - | 592 | 21,490 | 40,258 | 3,295 | **31,665** | - | - | 1,230 | 27,277 | 3,158 |
| OTC currency options | **227,734** | 20,113 | 39,637 | 162,008 | 5,976 | - | **340,613** | 33,667 | 66,091 | 219,657 | 21,198 | - |
| **Total currency derivatives:** | **1,805,996** | **155,616** | **140,039** | **623,651** | **883,395** | **3,295** | **1,657,618** | **88,755** | **170,649** | **510,141** | **884,915** | **3,158** |
| **Interest rate derivatives:** | | | | | | | | | | | | |
| Interest Rate Swap | **1,218,645** | 2,287 | 4,039 | 114,219 | 771,322 | 326,778 | **1,088,117** | 1,783 | 2,218 | 97,125 | 686,584 | 300,407 |
| FRA contracts | **85** | - | - | 85 | - | - | **22** | - | - | 22 | - | - |
| OTC interest rate options | **91,520** | 2,039 | 1,514 | 4,672 | 79,647 | 3,648 | **91,452** | 2,039 | 1,512 | 5,377 | 78,884 | 3,640 |
| **Total interest rate derivatives** | **1,310,250** | **4,326** | **5,553** | **118,976** | **850,969** | **330,426** | **1,179,591** | **3,822** | **3,730** | **102,524** | **765,468** | **304,047** |
| **Other derivatives** | | | | | | | | | | | | |
| OTC commodity swaps | **30,499** | 6,065 | 5,820 | 8,546 | 10,068 | - | **28,066** | 5,839 | 5,664 | 8,092 | 8,471 | - |
| **Total other derivatives:** | **30,499** | **6,065** | **5,820** | **8,546** | **10,068** | **-** | **28,066** | **5,839** | **5,664** | **8,092** | **8,471** | **-** |
| **Total trading derivatives** | **3,146,745** | **166,007** | **151,412** | **751,173** | **1,744,432** | **333,721** | **2,865,275** | **98,416** | **180,043** | **620,757** | **1,658,854** | **307,205** |

* Financial data have been rounded and presented in PLN ‘000, and therefore, in some cases, the totals may not correspond exactly to the total sum.

Maturity dates:

- for NDF, FX forward, FX swap, currency and index options, IRS, CIRS calculated as a difference in days between the transaction maturity date and the balance sheet date
- for FX spot, FRA, securities to be issued/received calculated as a difference in days between the transaction currency date and the balance sheet date.

# 20. HEDGE ACCOUNTING

As at 31 December 2024, the Group used fair value hedge **(macro fair value hedge)**.

| | |
|---|---|
| Hedging relationship description | The hedges are used against interest rate risk, specifically changes in the fair value of fixed-rate assets and liabilities resulting from changes in a specific reference rate. |
| Hedged items | Fixed-rate PLN, EUR and USD current accounts are the hedged items. |
| Hedging instruments | Hedging instruments include standard IRS transactions, i.e. plain vanilla IRS in PLN, EUR and USD, in which the Bank receives a fixed interest rate and pays a floating rate based on WIBOR 6M, WIBOR 3M, EURIBOR 6M, EURIBOR 3M, EUR ESTR, USD SOFR. |

| Hedged position | Nominal value | Fair value | |
|---|---|---|---|
| | | Assets | Liabilities |
| 31.12.2024 | 18,848,110 | - | 18,603,684 |
| 31.12.2023 | 11,315,595 | - | 10,900,678 |

| IRS | Nominal value | Fair value | |
|---|---|---|---|
| | | Assets | Liabilities |
| 31.12.2024 | 18,848,110 | 128,395 | 560,884 |
| 31.12.2023 | 11,315,595 | 67,980 | 630,468 |

| | |
|---|---|
| Presentation of result on the hedged and hedging transactions | The change in fair value of hedging instruments is recognised in the Result on hedge accounting. Interest on IRS transactions and current accounts is recognised in Interest income. |

The liabilities in the item "Differences from hedge accounting" include the adjustment of the value of hedged instruments (deposits) amounting to:

31.12.2024 -PLN 482,813 thousand

31.12.2023 -PLN 547,696 thousand

and the difference in valuation to fair value of hedged items for which the hedging relationship was terminated during its term, amounting to:

31.12.2024 -PLN 98,875 thousand

31.12.2023 -PLN 338,202 thousand

The below table presents derivative hedging instruments at their nominal value by residual maturity dates as at 31 December 2024 and 31 December 2023:

31.12.2024

| Hedging derivatives | Fair value | | Nominal value | | | | | |
|---|---|---|---|---|---|---|---|---|
| | positive | negative | < 1 month | 1-3 months | 3 months-1 year | 1-5 years | > 5 years | Total |
| **Interest rate agreements** | | | | | | | | |
| Swap (IRS) | 128,395 | 560,884 | 977,636 | 3,653,415 | 3,739,030 | 6,941,727 | 3,536,302 | 18,848,110 |
| **Hedging derivatives - total** | **128,395** | **560,884** | **977,636** | **3,653,415** | **3,739,030** | **6,941,727** | **3,536,302** | **18,848,110** |

31.12.2023

| Hedging derivatives | Fair value | | Nominal value | | | | | |
|---|---|---|---|---|---|---|---|---|
| | positive | negative | < 1 month | 1-3 months | 3 months-1 year | 1-5 years | > 5 years | Total |
| **Interest rate agreements** | | | | | | | | |
| Swap (IRS) | 67,980 | 630,468 | - | 359,255 | 2,698,055 | 5,447,695 | 2,810,590 | 11,315,595 |
| **Hedging derivatives - total** | **67,980** | **630,468** | **-** | **359,255** | **2,698,055** | **5,447,695** | **2,810,590** | **11,315,595** |

| | |
|---|---|
| Hedging relationship description | The hedges are used against interest rate risk, specifically changes in the fair value of fixed-rate assets and liabilities resulting from changes in a specific reference rate. |
| Hedged items | The hedged items are fixed-rate loans in PLN. |
| Hedging instruments | Hedging instruments are the standard IRS transactions, i.e. plain vanilla IRS, denominated in PLN, in which the Bank receives a floating rate based on WIBOR 3M and pays a fixed interest rate. |

| Hedged position | Nominal value | Fair value | |
|---|---|---|---|
| | | Assets | Liabilities |
| 31.12.2024 | 1,025,000 | 1,075,119 | - |
| 31.12.2023 | 1,275,000 | 1,338,285 | - |

| IRS | Nominal value | Fair value | |
|---|---|---|---|
| | | Assets | Liabilities |
| 31.12.2024 | 1,025,000 | - | 46,206 |
| 31.12.2023 | 1,275,000 | - | 59,467 |

| | |
|---|---|
| Presentation of result on the hedged and hedging transactions | The change in fair value of hedging transactions is recognised in the Result on hedge accounting. Interest on IRS transactions and hedged items is recognised in Interest income. |

Also included in assets under "Fair value adjustment of hedged and hedging items" is an adjustment to the value of hedged instruments (loans) amounting to:

31.12.2024 -PLN 367 thousand

31.12.2023 PLN 12,153 thousand

The below table presents derivative hedging instruments at their nominal value by residual maturity dates as at 31 December 2024 and 31 December 2023:

31.12.2024

| Hedging derivatives | Fair value | | Nominal value | | | | | |
|---|---|---|---|---|---|---|---|---|
| | positive | negative | < 1 month | 1-3 months | 3 months-1 year | 1-5 years | > 5 years | Total |
| **Interest rate agreements** | | | | | | | | |
| Swap (IRS) | - | 46,206 | 275,000 | 750,000 | - | - | - | 1,025,000 |
| **Hedging derivatives - total** | **-** | **46,206** | **275,000** | **750,000** | **-** | **-** | **-** | **1,025,000** |

31.12.2023

| Hedging derivatives | Fair value | | Nominal value | | | | | |
|---|---|---|---|---|---|---|---|---|
| | positive | negative | < 1 month | 1-3 months | 3 months-1 year | 1-5 years | > 5 years | Total |
| **Interest rate agreements** | | | | | | | | |
| Swap (IRS) | - | 59,467 | - | - | 250,000 | 1,025,000 | - | 1,275,000 |
| **Hedging derivatives - total** | **-** | **59,467** | **-** | **-** | **250,000** | **1,025,000** | **-** | **1,275,000** |

In 2024, the hedging relationships presented proved effective.

In 2023, the hedging relationships presented proved effective, there was one termination due to ongoing interest rate risk management.

Additionally, the Group applies **micro fair value hedge** accounting as of 31 December 2024.

| | |
|---|---|
| Hedging relationship description | The hedges are used against interest rate risk, specifically changes in the fair value of fixed-rate assets and liabilities resulting from changes in a specific reference rate. |
| Hedged items | The hedged items are: fixed coupon bonds in EUR and USD. |
| Hedging instruments | Hedging instruments are the standard IRS transactions, i.e. plain vanilla IRS, denominated in EUR and USD, in which the Bank pays a fixed interest rate and receives a floating rate based on EUR ESTR i USD SOFR. |

| Hedged position | Nominal value | Fair value | |
|---|---|---|---|
| | | Assets | Liabilities |
| 31.12.2024 | 9,319,699 | 9,362,899 | - |
| 31.12.2023 | 3,726,887 | 3,778,945 | - |

| IRS | Nominal value | Fair value | |
|---|---|---|---|
| | | Assets | Liabilities |
| 31.12.2024 | 9,319,699 | 102,630 | 120,190 |
| 31.12.2023 | 3,726,887 | 14,364 | 84,418 |

| | |
|---|---|
| Presentation of result on the hedged and hedging transactions | The change in fair value of hedging transactions is recognised in the Result on hedge accounting. Interest on IRS transactions and hedged items is recognised in Interest income. |

The below table presents derivative hedging instruments at their nominal value by residual maturity dates as at 31 December 2024 and 31 December 2023:

31.12.2024

| Hedging derivatives | Fair value | | Nominal value | | | | | |
|---|---|---|---|---|---|---|---|---|
| | positive | negative | < 1 month | 1-3 months | 3 months-1 year | 1-5 years | > 5 years | Total |
| **Interest rate agreements** | | | | | | | | |
| Swap (IRS) | 102,630 | 120,190 | - | - | 562,175 | 3,110,437 | 5,647,087 | 9,319,699 |
| **Hedging derivatives - total** | **102,630** | **120,190** | **-** | **-** | **562,175** | **3,110,437** | **5,647,087** | **9,319,699** |

31.12.2023

| Hedging derivatives | Fair value | | Nominal value | | | | | |
|---|---|---|---|---|---|---|---|---|
| | positive | negative | < 1 month | 1-3 months | 3 months-1 year | 1-5 years | > 5 years | Total |
| **Interest rate agreements** | | | | | | | | |
| Swap (IRS) | 14,364 | 84,418 | - | - | - | 1,037,380 | 2,689,508 | 3,726,887 |
| **Hedging derivatives - total** | **14,364** | **84,418** | **-** | **-** | **-** | **1,037,380** | **2,689,508** | **3,726,887** |

Amounts recognised in the profit or loss account under **fair value hedge** accounting:

| **Fair value** | 12 months ended 31.12.2024 | 12 months ended 31.12.2023 |
|---|---|---|
| Net interest income on hedging derivative instruments | 854,393 | 403,209 |
| Net interest expense on derivative hedging instruments | (1,275,490) | (1,161,945) |
| Change in fair value of hedging transactions recognised in the Result on hedge accounting, including: | 1,946 | (30,939) |
| change in fair value of hedging instruments | 56,129 | 527,031 |
| change in fair value of hedged instruments | (54,183) | (557,970) |

In 2024 and 2023, the hedging relationships presented proved effective.

Additionally, the Group applies **cash flow hedge** accounting as of 31 December 2024.

| | |
|---|---|
| Hedging relationship description | The hedges are used against interest rate risk, specifically no changes in the interest cash flows on the hedged item, resulting from the changes in a specific reference rate. |
| Hedged items | The hedged items are: Floating rate bond WZ1131. |
| Hedging instruments | Hedging instruments include standard IRS transactions, i.e. plain vanilla IRS in which the Bank receives a fixed rate and pays a floating rate based on WIBOR 6M. |

| Hedged position | Nominal value | Fair value | |
|---|---|---|---|
| | | Assets | Assets |
| 31.12.2024 | 625,000 | 602,037 | - |
| 31.12.2023 | 625,000 | 599,313 | - |

| IRS | Nominal value | Fair value | |
|---|---|---|---|
| | | Assets | Assets |
| 31.12.2024 | 625,000 | - | 114,433 |
| 31.12.2023 | 625,000 | - | 104,179 |

| | |
|---|---|
| Presentation of result on the hedged and hedging transactions | The change in fair value of derivative hedging instruments designated as hedging of cash flows is recognised directly in the Revaluation reserve in the part constituting the effective part of the hedge. The ineffective part of the hedge is recognised in the statement of profit or loss under Result on hedge accounting. |

The below table presents derivative hedging instruments at their nominal value by residual maturity dates as of 31 December 2024 and 31 December 2023:

31.12.2024

| Hedging derivatives | Fair value | | Nominal value | | | | | |
|---|---|---|---|---|---|---|---|---|
| | positive | negative | < 1 month | 1-3 months | 3 months-1 year | 1-5 years | > 5 years | Total |
| **Interest rate agreements** | | | | | | | | |
| Swap (IRS) | - | 114,433 | - | - | - | - | 625,000 | 625,000 |
| **Hedging derivatives – total** | **-** | **114,433** | **-** | **-** | **-** | **-** | **625,000** | **625,000** |

31.12.2023

| Hedging derivatives | Fair value | | Nominal value | | | | | |
|---|---|---|---|---|---|---|---|---|
| | positive | negative | < 1 month | 1-3 months | 3 months-1 year | 1-5 years | > 5 years | Total |
| **Interest rate agreements** | | | | | | | | |
| Swap (IRS) | - | 104,179 | - | - | - | - | 625,000 | 625,000 |
| **Hedging derivatives – total** | **-** | **104,179** | **-** | **-** | **-** | **-** | **625,000** | **625,000** |

| Cash flow hedges | 12 months ended 31.12.2024 | 12 months ended 31.12.2023 |
|---|---|---|
| Interest income on hedging derivatives | 11,628 | 11,627 |
| Interest expense on hedging derivatives | (36,561) | (44,099) |

Changes in revaluation reserve due to valuation of derivative hedging instruments in **cash flow hedge** accounting.

| Interest rate risk | 12 months ended 31.12.2024 | 12 months ended 31.12.2023 |
|---|---|---|
| **Balance at the beginning of the period** | **(101,987)** | **(169,290)** |
| Hedging gains or losses recognised in other comprehensive income during the reporting period | (10,138) | 67,303 |
| **Balance at the end of the period** | **(112,125)** | **(101,987)** |

In 2024 and 2023, the hedging relationships presented proved effective.

# 21. LOANS AND ADVANCES TO CUSTOMERS MEASURED AT AMORTISED COST

31.12.2024

| Loans and advances to customers measured at amortised cost | Gross balance sheet value | Allowance | Net balance sheet value |
|---|---|---|---|
| **Loans and advances for:** | | | |
| **Non-banking financial entities** | **3,770,228** | **(28,960)** | **3,741,268** |
| current account loans | 2,955,015 | (23,666) | 2,931,349 |
| investment loans | 428,858 | (4,786) | 424,072 |
| other loans | 386,355 | (508) | 385,847 |
| **Retail customers:** | **32,858,093** | **(763,594)** | **32,094,499** |
| mortgage loans | 20,207,062 | (271,971) | 19,935,091 |
| other loans | 12,651,031 | (491,623) | 12,159,408 |
| **Corporate customers:** | **44,643,855** | **(1,537,878)** | **43,105,977** |
| current account loans | 19,592,707 | (822,522) | 18,770,185 |
| investment loans | 18,002,369 | (528,263) | 17,474,106 |
| other loans | 7,048,779 | (187,093) | 6,861,686 |
| **including retail farmers:** | **7,769,080** | **(361,727)** | **7,407,353** |
| current account loans | 5,028,136 | (197,256) | 4,830,880 |
| investment loans | 2,730,561 | (163,321) | 2,567,240 |
| other loans | 10,383 | (1,150) | 9,233 |
| **Public sector institutions:** | **67,960** | **(516)** | **67,444** |
| current account loans | 44,577 | (453) | 44,124 |
| investment loans | 23,165 | (60) | 23,105 |
| other loans | 218 | (3) | 215 |
| **Lease receivables** | **6,519,624** | **(127,296)** | **6,392,328** |
| **Total loans and advances to customers measured at amortised cost** | **87,859,760** | **(2,458,244)** | **85,401,516** |

31.12.2023

| Loans and advances to customers measured at amortised cost | Gross balance sheet value | Allowance | Net balance sheet value |
|---|---|---|---|
| **Loans and advances for:** | | | |
| **Non-banking financial entities** | **1,919,471** | **(13,610)** | **1,905,861** |
| current account loans | 1,677,098 | (10,994) | 1,666,104 |
| investment loans | 192,911 | (1,889) | 191,022 |
| other loans | 49,462 | (727) | 48,735 |
| **Retail customers:** | **34,410,687** | **(866,551)** | **33,544,136** |
| mortgage loans | 21,986,449 | (317,536) | 21,668,913 |
| other loans | 12,424,238 | (549,015) | 11,875,223 |
| **Corporate customers:** | **45,700,281** | **(1,513,608)** | **44,186,673** |
| current account loans | 20,584,657 | (870,432) | 19,714,225 |
| investment loans | 17,671,641 | (498,413) | 17,173,228 |
| other loans | 7,443,983 | (144,763) | 7,299,220 |
| **including retail farmers:** | **7,765,713** | **(396,126)** | **7,369,587** |
| current account loans | 4,626,815 | (212,116) | 4,414,699 |
| investment loans | 3,129,127 | (182,775) | 2,946,352 |
| other loans | 9,771 | (1,235) | 8,536 |
| **Public sector institutions:** | **58,375** | **(734)** | **57,641** |
| current account loans | 33,984 | (300) | 33,684 |
| investment loans | 24,134 | (431) | 23,703 |
| other loans | 257 | (3) | 254 |
| **Lease receivables** | **6,023,019** | **(122,814)** | **5,900,205** |
| **Total loans and advances to customers measured at amortised cost** | **88,111,833** | **(2,517,317)** | **85,594,516** |

Net loans and advances to customers by Stages

| 31.12.2024 | Stage 1 | Stage 2 | Stage 3 | POCI | Total |
|---|---|---|---|---|---|
| **Gross loans and advances to customers measured at amortized cost** | **75,613,352** | **9,366,867** | **2,763,641** | **115,900** | **87,859,760** |
| Non-banking financial entities | 3,656,211 | 104,738 | 9,070 | 209 | 3,770,228 |
| Retail customers | 29,641,536 | 2,477,237 | 704,447 | 34,873 | 32,858,093 |
| Corporate customers: | 37,108,525 | 5,592,195 | 1,862,317 | 80,818 | 44,643,855 |
| including retail farmers | 6,466,106 | 896,275 | 391,583 | 15,116 | 7,769,080 |
| Public sector entities: | 58,752 | 9,208 | - | - | 67,960 |
| Lease receivables | 5,148,328 | 1,183,489 | 187,807 | - | 6,519,624 |
| **Impairment allowance on loans and advances for:** | **(355,893)** | **(565,099)** | **(1,510,780)** | **(26,472)** | **(2,458,244)** |
| Non-banking financial entities | (10,238) | (11,463) | (7,152) | (107) | (28,960) |
| Retail customers | (87,484) | (196,969) | (476,276) | (2,865) | (763,594) |
| Corporate customers: | (240,467) | (308,767) | (965,144) | (23,500) | (1,537,878) |
| including retail farmers | (74,904) | (47,840) | (236,922) | (2,061) | (361,727) |
| Public sector entities | (252) | (264) | - | - | (516) |
| Lease receivables | (17,452) | (47,636) | (62,208) | - | (127,296) |
| **Net loans and advances to customers measured at amortised cost** | **75,257,459** | **8,801,768** | **1,252,861** | **89,428** | **85,401,516** |

| 31.12.2023 | Stage 1 | Stage 2 | Stage 3 | POCI | Total |
|---|---|---|---|---|---|
| **Gross loans and advances to customers measured at amortized cost** | **75,733,315** | **9,690,227** | **2,541,224** | **147,067** | **88,111,833** |
| Non-banking financial entities | 1,895,069 | 10,802 | 11,099 | 2,501 | 1,919,471 |
| Retail customers | 30,734,283 | 2,869,596 | 769,701 | 37,107 | 34,410,687 |
| Corporate customers: | 38,575,961 | 5,413,931 | 1,602,930 | 107,459 | 45,700,281 |
| including retail farmers | 6,215,099 | 1,071,955 | 473,231 | 5,428 | 7,765,713 |
| Public sector entities: | 47,816 | 10,528 | 31 | - | 58,375 |
| Lease receivables | 4,480,186 | 1,385,370 | 157,463 | - | 6,023,019 |
| **Impairment allowance on loans and advances for** | **(331,889)** | **(603,475)** | **(1,543,091)** | **(38,862)** | **(2,517,317)** |
| Non-banking financial entities | (4,463) | (481) | (8,582) | (84) | (13,610) |
| Retail customers | (97,225) | (264,931) | (502,151) | (2,244) | (866,551) |
| Corporate customers: | (219,319) | (289,980) | (967,775) | (36,534) | (1,513,608) |
| including retail farmers | (48,946) | (59,690) | (286,981) | (509) | (396,126) |
| Public sector entities | (339) | (371) | (24) | - | (734) |
| Lease receivables | (10,543) | (47,712) | (64,559) | - | (122,814) |
| **Net loans and advances to customers measured at amortised cost** | **75,401,426** | **9,086,752** | **998,133** | **108,205** | **85,594,516** |

| 31.12.2024 | Stage 2 | Stage 3 | Total |
|---|---|---|---|
| **Gross POCI loans and advances to customers measured at amortized cost** | **31,942** | **83,958** | **115,900** |
| Non-banking financial entities | 4 | 205 | 209 |
| Retail customers | 23,907 | 10,966 | 34,873 |
| Corporate customers: | 8,031 | 72,787 | 80,818 |
| including retail farmers | 1,261 | 13,855 | 15,116 |
| **Impairment allowance on loans and advances for** | **(190)** | **(26,282)** | **(26,472)** |
| Non-banking financial entities | - | (107) | (107) |
| Retail customers | (87) | (2,778) | (2,865) |
| Corporate customers: | (103) | (23,397) | (23,500) |
| including retail farmers | - | (2,061) | (2,061) |
| **Total net POCI loans and advances to customers measured at amortized cost** | **31,752** | **57,676** | **89,428** |

| 31.12.2023 | Stage 2 | Stage 3 | Total |
|---|---|---|---|
| **Gross POCI loans and advances to customers measured at amortized cost** | **47,493** | **99,574** | **147,067** |
| Non-banking financial entities | 3 | 2,498 | 2,501 |
| Retail customers | 25,862 | 11,245 | 37,107 |
| Corporate customers: | 21,628 | 85,831 | 107,459 |
| including retail farmers | - | 5,428 | 5,428 |
| **Impairment allowance on loans and advances for** | **(385)** | **(38,477)** | **(38,862)** |
| Non-banking financial entities | - | (84) | (84) |
| Retail customers | (115) | (2,129) | (2,244) |
| Corporate customers: | (270) | (36,264) | (36,534) |
| including retail farmers | - | (509) | (509) |
| **Total net POCI loans and advances to customers measured at amortized cost** | **47,108** | **61,097** | **108,205** |

Impairment allowance for loans and advances measured at amortised cost

| Change in impairment allowances | Stage 1 | Stage 2 | Stage 3 | POCI | Total |
|---|---|---|---|---|---|
| **Opening balance as at 1 January 2024** | **(331,889)** | **(603,475)** | **(1,543,091)** | **(38,862)** | **(2,517,317)** |
| Increase due to acquisition or origination | (156,212) | (124,414) | (104,532) | - | (385,158) |
| Decrease due to derecognition | 34,739 | 37,628 | 142,628 | 977 | 215,972 |
| Changes resulting from the change in credit risk (net) | 96,488 | 76,752 | (458,054) | (29,815) | (314,629) |
| Use of allowances | 2 | 43,802 | 449,140 | 41,122 | 534,066 |
| Other changes (including foreign exchange differences) | 979 | 4,608 | 3,129 | 106 | 8,822 |
| **Closing balance as of 31 December 2024** | **(355,893)** | **(565,099)** | **(1,510,780)** | **(26,472)** | **(2,458,244)** |

| Change in impairment allowances | Stage 1 | Stage 2 | Stage 3 | POCI | Total |
|---|---|---|---|---|---|
| **Opening balance as at 1 January 2023** | **(371,002)** | **(816,561)** | **(1,750,727)** | **(39,482)** | **(2,977,772)** |
| Increase due to acquisition or origination | (185,205) | (133,703) | (55,574) | - | (374,482) |
| Decrease due to derecognition | 43,214 | 76,701 | 235,363 | 139 | 355,417 |
| Changes resulting from the change in credit risk (net) | 177,267 | 263,516 | (469,749) | (6,212) | (35,178) |
| Use of allowances | 9 | 54 | 486,787 | 6,214 | 493,064 |
| Other changes (including foreign exchange differences) | 3,828 | 6,518 | 10,809 | 479 | 21,634 |
| **Closing balance as at 31 December 2023** | **(331,889)** | **(603,475)** | **(1,543,091)** | **(38,862)** | **(2,517,317)** |

The total balance of long-term loans and advances due to customers as at 31 December 2024 amounted to PLN 75,201,373 thousand (PLN 73,857,262 thousand as at 31 December 2023).

| Change in gross loans and advances to customers measured at amortised cost | Stage 1 | Stage 2 | Stage 3 | POCI | Total |
|---|---|---|---|---|---|
| **Opening balance as at 1 January 2024** | **75,733,315** | **9,690,227** | **2,541,224** | **147,067** | **88,111,833** |
| Increase due to acquisition or origination | 22,197,154 | 1,101,923 | 167,964 | 42,504 | 23,509,545 |
| Decrease due to derecognition | (26,443,214) | (2,800,260) | (1,307,492) | (172,058) | (30,723,024) |
| Changes resulting from transfers between stages | (3,462,326) | 2,460,119 | 1,142,716 | - | 140,509 |
| Other changes | 7,588,423 | (1,085,142) | 219,229 | 98,387 | 6,820,897 |
| **Closing balance as of 31 December 2024** | **75,613,352** | **9,366,867** | **2,763,641** | **115,900** | **87,859,760** |

| Change in gross loans and advances to customers measured at amortised cost | Stage 1 | Stage 2 | Stage 3 | POCI | Total |
|---|---|---|---|---|---|
| **Opening balance as at 1 January 2023** | **77,630,673** | **10,081,103** | **2,947,846** | **165,799** | **90,825,421** |
| Increase due to acquisition or origination | 24,048,008 | 778,413 | 46,833 | 26,882 | 24,900,136 |
| Decrease due to derecognition | (30,949,688) | (4,717,575) | (1,545,334) | (64,703) | (37,277,300) |
| Changes resulting from transfers between stages | (3,754,525) | 2,945,278 | 809,247 | - | - |
| Other changes | 8,758,847 | 603,008 | 282,632 | 19,089 | 9,663,576 |
| **Closing balance as at 31 December 2023** | **75,733,315** | **9,690,227** | **2,541,224** | **147,067** | **88,111,833** |

Gross amount of foreign currency mortgage loans for retail customers (in PLN '000)

| Loans by currency | 31.12.2024 | 31.12.2023 |
|---|---|---|
| CHF | 406,207 | 815,687 |
| EUR | 20,928 | 24,003 |
| PLN | 19,779,708 | 21,146,369 |
| USD | 219 | 390 |
| **Total** | **20,207,062** | **21,986,449** |

31.12.2024

| Value of CHF loan portfolio | Gross balance sheet value | including CHF exposures | Allowance | including CHF exposures |
|---|---|---|---|---|
| **Loans and advances for:** | | | | |
| **Non-banking financial entities** | **3,770,228** | **-** | **(28,960)** | **-** |
| current account loans | 2,955,015 | - | (23,666) | - |
| investment loans | 428,858 | - | (4,786) | - |
| other loans | 386,355 | - | (508) | - |
| **Retail customers:** | **32,858,093** | **413,149** | **(763,594)** | **(126,534)** |
| mortgage loans | 20,207,062 | 406,207 | (271,971) | (122,514) |
| other loans | 12,651,031 | 6,942 | (491,623) | (4,020) |
| **Corporate customers:** | **44,643,855** | **32,485** | **(1,537,878)** | **(9,964)** |
| current account loans | 19,592,707 | 24,742 | (822,522) | (2,930) |
| investment loans | 18,002,369 | 7,743 | (528,263) | (7,034) |
| other loans | 7,048,779 | - | (187,093) | - |
| **including retail farmers:** | **7,769,080** | **212** | **(361,727)** | **(20)** |
| current account loans | 5,028,136 | 212 | (197,256) | (20) |
| investment loans | 2,730,561 | - | (163,321) | - |
| other loans | 10,383 | - | (1,150) | - |
| **Public sector institutions:** | **67,960** | **-** | **(516)** | **-** |
| current account loans | 44,577 | - | (453) | - |
| investment loans | 23,165 | - | (60) | - |
| other loans | 218 | - | (3) | - |
| **Lease receivables** | **6,519,624** | **5,175** | **(127,296)** | **(1,328)** |
| **Total loans and advances** | **87,859,760** | **450,809** | **(2,458,244)** | **(137,826)** |

31.12.2023

| Value of CHF loan portfolio | Gross balance sheet value | including CHF exposures | Allowance | including CHF exposures |
|---|---|---|---|---|
| **Loans and advances for:** | | | | |
| **Non-banking financial entities** | **1,919,471** | **795** | **(13,610)** | **-** |
| current account loans | 1,677,098 | 795 | (10,994) | - |
| investment loans | 192,911 | - | (1,889) | - |
| other loans | 49,462 | - | (727) | - |
| **Retail customers:** | **34,410,687** | **825,675** | **(866,551)** | **(153,953)** |
| mortgage loans | 21,986,449 | 815,687 | (317,536) | (149,431) |
| other loans | 12,424,238 | 9,988 | (549,015) | (4,522) |
| **Corporate customers:** | **45,700,281** | **36,345** | **(1,513,608)** | **(8,296)** |
| current account loans | 20,584,657 | 29,775 | (870,432) | (2,087) |
| investment loans | 17,671,641 | 6,570 | (498,413) | (6,209) |
| other loans | 7,443,983 | - | (144,763) | - |
| **including retail farmers:** | **7,765,713** | **131** | **(396,126)** | **-** |
| current account loans | 4,626,815 | 131 | (212,116) | - |
| investment loans | 3,129,127 | - | (182,775) | - |
| other loans | 9,771 | - | (1,235) | - |
| **Public sector institutions:** | **58,375** | **-** | **(734)** | **-** |
| current account loans | 33,984 | - | (300) | - |
| investment loans | 24,134 | - | (431) | - |
| other loans | 257 | - | (3) | - |
| **Lease receivables** | **6,023,019** | **5,477** | **(122,814)** | **(31)** |
| **Total loans and advances** | **88,111,833** | **868,292** | **(2,517,317)** | **(162,280)** |

# 22. LOANS AND ADVANCES TO CUSTOMERS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

| | 31.12.2024 | 31.12.2023 |
|---|---|---|
| Subsidised loans | 452,506 | 653,582 |
| **Total loans and advances to customers measured at fair value through profit a loss** | **452,506** | **653,582** |

The table below presents a comparison of the fair value of subsidised loans with their gross balance sheet value, which would have been recognised if the Group - in accordance with the requirements of IFRS 9 - did not measure these portfolios to fair value through profit or loss.

| | Gross balance sheet value | Fair value |
|---|---|---|
| 31.12.2024 | 527,495 | 452,506 |
| 31.12.2023 | 745,213 | 653,582 |

| Subsidised loans measured through fair value | Stage 1 | Stage 2 | Stage 3 | Total |
|---|---|---|---|---|
| 31.12.2024 | 347,269 | 86,634 | 18,603 | 452,506 |
| 31.12.2023 | 515,534 | 110,059 | 27,989 | 653,582 |

# 23. SECURITIES MEASURED AT AMORTISED COST

31.12.2024

| Securities | Gross balance sheet value | Allowance | Net balance sheet value |
|---|---|---|---|
| issued by local banks | 4,312,778 | (55) | 4,312,723 |
| issued by other financial institutions | 7,270,226 | (20) | 7,270,206 |
| issued by governments – Treasury bonds | 20,747,460 | (81) | 20,747,379 |
| issued by non-financial entities – bonds | 4,155 | (4,155) | - |
| issued by local governments – municipal bonds | 34,265 | (23) | 34,242 |
| **Total securities measured at amortised cost** | **32,368,884** | **(4,334)** | **32,364,550** |

31.12.2023

| Securities | Gross balance sheet value | Allowance | Net balance sheet value |
|---|---|---|---|
| issued by local banks | 4,293,857 | - | 4,293,857 |
| issued by other financial institutions | 3,207,638 | - | 3,207,638 |
| issued by governments – Treasury bonds | 18,696,431 | (102) | 18,696,329 |
| issued by non-financial entities – bonds | 4,155 | (4,155) | - |
| issued by local governments – municipal bonds | 48,565 | (111) | 48,454 |
| **Total securities measured at amortised cost** | **26,250,646** | **(4,368)** | **26,246,278** |

| 31.12.2024 | Stage 1 | Stage 2 | Stage 3 | Total |
|---|---|---|---|---|
| **Securities** | **32,364,729** | **-** | **4,155** | **32,368,884** |
| issued by local banks | 4,312,778 | - | - | 4,312,778 |
| issued by other financial institutions | 7,270,226 | - | - | 7,270,226 |
| issued by governments – Treasury bonds | 20,747,460 | - | - | 20,747,460 |
| issued by non-financial entities – bonds | - | - | 4,155 | 4,155 |
| issued by local governments – municipal bonds | 34,265 | - | - | 34,265 |
| **Impairment allowances on securities** | **(179)** | **-** | **(4,155)** | **(4,334)** |
| issued by domestic banks | (55) | - | - | (55) |
| issued by other financial institutions | (20) | - | - | (20) |
| issued by governments – Treasury bonds | (81) | - | - | (81) |
| issued by non-financial entities – bonds | - | - | (4,155) | (4,155) |
| issued by local governments – municipal bonds | (23) | - | - | (23) |
| **Total net securities measured at amortised cost** | **32,364,550** | **-** | **-** | **32,364,550** |

| 31.12.2023 | Faza 1 | Faza 2 | Faza 3 | Razem |
|---|---|---|---|---|
| **Securities** | **26,246,491** | **-** | **4,155** | **26,250,646** |
| issued by local banks | 4,293,857 | - | - | 4,293,857 |
| issued by other financial institutions | 3,207,638 | - | - | 3,207,638 |
| issued by governments – Treasury bonds | 18,696,431 | - | - | 18,696,431 |
| issued by non-financial entities – bonds | - | - | 4,155 | 4,155 |
| issued by local governments – municipal bonds | 48,565 | - | - | 48,565 |
| **Impairment allowances on securities:** | **(213)** | **-** | **(4,155)** | **(4,368)** |
| issued by governments – Treasury bonds | (102) | - | - | (102) |
| issued by non-financial entities – bonds | - | - | (4,155) | (4,155) |
| issued by local governments – municipal bonds | (111) | - | - | (111) |
| **Total net securities measured at amortised cost** | **26,246,278** | **-** | **-** | **26,246,278** |

In accordance with the Bank Guarantee Fund (“BFG”) Act of 14 December 1994, as at 31 December 2024, BNP Paribas held Treasury bonds recognised in the statement of financial position in the amount of PLN 363,065 thousand (with the nominal value of PLN 360,000 thousand), securing the guaranteed funds under BFG (in 2023 in the amount of PLN 362,241 thousand with the nominal value of PLN 370,000 thousand).

| Change in debt instruments measured at amortized cost at carrying value | 12 months ended 31.12.2024 | 12 months ended 31.12.2023 |
|---|---|---|
| **Opening balance** | **26,246,278** | **22,167,261** |
| Purchase of securities | 11,316,130 | 6,973,174 |
| Repurchase of securities | (1,944,534) | (1,566,216) |
| Sale of securities | (3,080,657) | (1,240,000) |
| Change in impairment allowances | 35 | 40,611 |
| Change on the initial value adjustment | - | 46,555 |
| Change in interest due, foreign exchange differences, discounts and bonuses | (172,702) | (175,107) |
| **Closing balance** | **32,364,550** | **26,246,278** |

| Change in impairment allowances on debt instruments measured at amortized cost | 12 months ended 31.12.2024 | 12 months ended 31.12.2023 |
|---|---|---|
| **Opening balance** | **(4,368)** | **(44,979)** |
| Increases due to creation and acquisition | (66) | - |
| Decreases due to derecognition | - | 260 |
| Changes due to changes in credit risk (net) | 100 | 40,351 |
| **Closing balance** | **(4,334)** | **(4,368)** |

The gross amount of long-term securities measured at amortised cost as at 31 December 2024 was PLN 30,651,053 thousand (PLN 23,656,705 thousand as at 31.12.2023).

# 24. SECURITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

| Securities measured at fair value through profit or loss | 31.12.2024 | 31.12.2023 |
|---|---|---|
| Bonds convertible for non-financial entities bonds | 80,284 | 77,078 |
| Equity instruments | 239,821 | 212,974 |
| Participation units | 509 | 464 |
| Certificates issued by non-financial entities | 820 | 835 |
| **Total securities measured at fair value through profit or loss** | **321,434** | **291,351** |

| Change in securities measured at fair value through profit or loss | 12 months ended 31.12.2024 | 12 months ended 31.12.2023 |
|---|---|---|
| **Opening balance** | **291,351** | **316,593** |
| Purchase of securities | 2,258 | 29,593 |
| Redemption of securities | (2,001) | - |
| Sale of securities | - | (63,801) |
| Change in measurement at fair value through profit or loss | 26,785 | 9,269 |
| Change in interest due, foreign exchange differences, discounts and bonuses | 3,041 | (303) |
| **Closing balance** | **321,434** | **291,351** |

The gross amount of long-term securities measured at fair value through profit or loss as at 31 December 2024 was PLN 32,663 thousand (PLN 50,320 thousand as at 31 December 2023).

The table below presents the amount of securities measured at fair value through profit or loss, divided into designated at fair value through profit or loss and obligatorily measured at fair value through profit and loss.

| | 12 months ended 31.12.2024 | 12 months ended 31.12.2023 |
|---|---|---|
| Classified as obligatory measured at fair value through profit or loss as at the moment of initial recognition | 81,103 | 78,377 |
| Classified as measured at fair value through profit or loss as at the moment of initial recognition | 240,331 | 212,974 |
| **Total securities measured at fair value through profit or loss** | **321,434** | **291,351** |

# 25. SECURITIES MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

| **Securities** | 31.12.2024 | 31.12.2023 |
|---|---|---|
| NBP bills | 4,997,605 | 3,347,144 |
| Bonds issued by banks | 2,629,766 | 2,587,815 |
| Treasury bonds issued by central governments | 4,303,712 | 4,988,298 |
| Bonds issued by other financial institutions | 11,096,371 | 5,711,046 |
| **Securities measured at fair value through other comprehensive income** | **23,027,454** | **16,634,303** |

| **Change of securities measured at fair value through other comprehensive income** | 12 months ended 31.12.2024 | 12 months ended 31.12.2023 |
|---|---|---|
| **Opening balance** | **16,634,303** | **17,384,793** |
| Purchase of securities | 243,028,982 | 177,704,827 |
| Redemption of securities | (235,600,230) | (177,283,590) |
| Sale of securities | (1,121,481) | (1,835,000) |
| Change in measurement at fair value through other comprehensive income | 43,787 | 653,872 |
| Change in measurement at fair value through profit or loss | 23,220 | 97,570 |
| Change in interest due, foreign exchange differences, discounts and bonuses | 32,367 | (88,169) |
| Other changes | (13,494) | - |
| **Closing balance** | **23,027,454** | **16,634,303** |

The gross amount of securities measured at fair value through other comprehensive income as at 31 December 2024 was PLN 16,077,861 thousand (PLN 12,787,244 thousand as at 31 December 2023).

The table below presents gains and losses related to securities measured at fair value through other comprehensive income, which in the given period were recognised directly in equity, and then were derecognised and recognised in profit or loss for a given period of 12 months until 31 December 2024 and 31 December 2023.

| **Profit/ loss on securities measured at fair value through other comprehensive income** | 12 months ended 31.12.2024 | 12 months ended 31.12.2023 |
|---|---|---|
| Profits included directly in equity and then transferred from equity to the statement of profit or loss | 11,183 | 7,388 |
| Losses included directly in equity and then transferred from equity to the statement of profit or loss | (592) | (9,142) |
| **Total profit/ loss on securities measured at fair value through other comprehensive income** | **10,591** | **(1,754)** |

# 26. INTANGIBLE ASSETS

| **Intangible assets** | 31.12.2024 | 31.12.2023 |
|---|---|---|
| Licenses | 702,525 | 661,922 |
| Other intangible assets | 95,671 | 70,177 |
| Expenditure on intangible assets | 176,918 | 203,925 |
| **Total intangible assets** | **975,114** | **936,024** |

| | **Intangible assets** | | | |
|---|---|---|---|---|
| 12 months ended 31.12.2024 | Licenses | Other intangible assets | Expenditure on intangible assets | Total |
| **Gross book value** | | | | |
| **As of 1 January 2024** | **1,887,878** | **105,823** | **209,217** | **2,202,918** |
| Increases: | 313,923 | 50,557 | 360,149 | 724,629 |
| reclassification from expenditure | 305,977 | 53,935 | - | 359,912 |
| purchase | 7,946 | 166 | 348,204 | 356,316 |
| other | - | (3,544) | 11,945 | 8,401 |
| Decreases: | (14,320) | - | (390,952) | (405,272) |
| reclassification from expenditure | - | - | (359,912) | (359,912) |
| sale, liquidation, donation, shortage | (14,320) | - | - | (14,320) |
| other | - | - | (31,040) | (31,040) |
| **As of 31 December 2024** | **2,187,481** | **156,380** | **178,414** | **2,522,275** |
| **Accumulated amortisation (-)** | | | | |
| **As of 1 January 2024** | **1,225,956** | **35,646** | **-** | **1,261,602** |
| Changes: | 259,000 | 25,063 | - | 284,063 |
| amortisation for the financial year | 273,246 | 25,063 | - | 298,309 |
| sale, liquidation, donation, shortage | (13,727) | - | - | (13,727) |
| other | (519) | - | - | (519) |
| **As of 31 December 2024** | **1,484,956** | **60,709** | **-** | **1,545,665** |
| **Impairment allowances (-)** | | | | |
| **As of 1 January 2024** | **-** | **-** | **5,292** | **5,292** |
| Balance changes: | - | - | (3,796) | (3,796) |
| write-down update | - | - | (3,796) | (3,796) |
| **As of 31 December 2024** | **-** | **-** | **1,496** | **1,496** |
| **Net book value** | | | | |
| **As of 1 January 2024** | **661,922** | **70,177** | **203,925** | **936,024** |
| **As of 31 December 2024** | **702,525** | **95,671** | **176,918** | **975,114** |

| | Intangible assets | | | |
|---|---|---|---|---|
| 12 months ended 31.12.2023 | Licenses | Other intangible assets | Expenditure on intangible assets | Total |
| **Gross book value** | | | | |
| **As of 1 January 2023** | **1,619,163** | **61,449** | **177,736** | **1,858,348** |
| Increases: | 289,442 | 46,243 | 384,483 | 720,168 |
| reclassification from expenditure | 283,547 | 46,160 | - | 329,707 |
| purchase | 4,443 | 83 | 357,908 | 362,434 |
| other | 1,452 | - | 26,575 | 28,027 |
| Decreases: | (20,727) | (1,869) | (353,002) | (375,598) |
| reclassification from expenditure | - | - | (329,707) | (329,707) |
| sale, liquidation, donation, shortage | (17,575) | (1,626) | - | (19,201) |
| other | (3,152) | (243) | (23,295) | (26,690) |
| **As of 31 December 2023** | **1,887,878** | **105,823** | **209,217** | **2,202,918** |
| **Accumulated amortisation (-)** | | | | |
| **As of 1 January 2023** | **1,014,850** | **22,296** | **-** | **1,037,146** |
| Changes: | 211,106 | 13,350 | - | 224,456 |
| amortisation for the financial year | 230,516 | 15,324 | - | 245,840 |
| sale, liquidation, donation, shortage | (17,214) | (1,614) | - | (18,828) |
| other | (2,196) | (360) | - | (2,556) |
| **As of 31 December 2023** | **1,225,956** | **35,646** | **-** | **1,261,602** |
| **Impairment allowances (-)** | | | | |
| **As of 1 January 2023** | **-** | **-** | **96** | **96** |
| Balance changes: | - | - | 5,196 | 5,196 |
| write-down update | - | - | 5,196 | 5,196 |
| **As of 31 December 2023** | **-** | **-** | **5,292** | **5,292** |
| **Net book value** | | | | |
| **As of 1 January 2023** | **604,313** | **39,153** | **177,640** | **821,106** |
| **As of 31 December 2023** | **661,922** | **70,177** | **203,925** | **936,024** |

The Group identifies impairment triggers for intangible assets which are not transferred to utilisation yet, i.e. those under development, on an ongoing basis.

As at 31 December 2024, the Group had significant contractual obligations incurred in connection with the acquisition of intangible assets in the amount of PLN 17,506 thousand (PLN 14,541 thousand as of 31 December 2023).

Expenditures on intangible assets include: licenses, development costs resulting in the creation of new software or modification of existing software.

As a result of the impairment tests, impairment was identified for the expenditures for which impairment was identified due to changes in business priorities in the project being conducted.

# 27. PROPERTY, PLANT AND EQUIPMENT

| Property, plant and equipment | 31.12.2024 | 31.12.2023 |
|---|---|---|
| Fixed assets, including: | 377,685 | 384,190 |
| land and buildings | 71,366 | 77,992 |
| IT equipment | 139,677 | 130,851 |
| office equipment | 35,448 | 40,197 |
| other, including leasehold improvements | 131,194 | 135,150 |
| Fixed assets under construction | 28,006 | 19,004 |
| Right of use, including: | 541,280 | 556,729 |
| land and buildings | 508,669 | 524,363 |
| motor vehicles | 31,406 | 30,473 |
| IT equipment | 1,084 | 1,579 |
| other, including leasehold improvements | 121 | 314 |
| **Total property, plant and equipment** | **946,971** | **959,923** |

Changes in property, plant and equipment in 2024 and 2023 were presented below:

| | Property, plant and equipment and fixed assets under construction | | | |
|---|---|---|---|---|
| 12 months ended 31.12.2024 | Land and buildings | Property, plant and equipment | Fixed assets under construction | Total |
| **Gross book value** | | | | |
| **As of 1 January 2024** | **181,276** | **1,022,875** | **19,149** | **1,223,300** |
| Increases: | 854 | 133,659 | 53,141 | 187,654 |
| reclassification from fixed assets under construction | 156 | 31,677 | - | 31,833 |
| purchase | 613 | 68,271 | 39,467 | 108,351 |
| other | 85 | 33,711 | 13,674 | 47,470 |
| Decreases: | (11,897) | (120,236) | (44,229) | (176,362) |
| reclassification from fixed assets under construction | - | - | (31,833) | (31,833) |
| sale, liquidation, donation, shortage, theft | (11,897) | (88,765) | - | (100,662) |
| other | - | (31,471) | (12,396) | (43,867) |
| **As of 31 December 2024** | **170,233** | **1,036,298** | **28,061** | **1,234,592** |
| **Accumulated depreciation (-)** | | | | |
| **As of 1 January 2024** | **95,940** | **714,465** | **-** | **810,405** |
| Balance changes: | (3,126) | 14,532 | - | 11,406 |
| depreciation for the financial year | 4,222 | 100,996 | - | 105,218 |
| sale, liquidation, donation, shortage | (7,348) | (86,464) | - | (93,812) |
| **As of 31 December 2024** | **92,814** | **728,997** | **-** | **821,811** |
| **Impairment allowances (-)** | | | | |
| **As of 1 January 2024** | **7,344** | **2,212** | **145** | **9,701** |
| Balance changes: | (1,291) | (1,230) | (90) | (2,611) |
| write-down update | (1,291) | (1,230) | (90) | (2,611) |
| **As of 31 December 2024** | **6,053** | **982** | **55** | **7,090** |
| **Net book value** | | | | |
| **As of 1 January 2024** | **77,992** | **306,198** | **19,004** | **403,194** |
| **As of 21 December 2024** | **71,366** | **306,319** | **28,006** | **405,691** |

| | Property, plant and equipment and fixed assets under construction | | | |
|---|---|---|---|---|
| 12 months ended 31.12.2023 | Land and buildings | Property, plant and equipment | Fixed assets under construction | Total |
| **Gross book value** | | | | |
| **As of 1 January 2023** | **207,810** | **1,012,536** | **44,671** | **1,265,017** |
| Increases: | 3,280 | 140,572 | 35,141 | 178,993 |
| reclassification from fixed assets under construction | 1,771 | 33,588 | - | 35,359 |
| purchase | 7 | 60,054 | 23,248 | 83,309 |
| other | 1,502 | 46,930 | 11,893 | 60,325 |
| Decreases: | (29,814) | (130,233) | (60,663) | (220,710) |
| reclassification from fixed assets under construction | - | - | (35,359) | (35,359) |
| sale, liquidation, donation, shortage | (29,814) | (89,708) | - | (119,522) |
| other | - | (40,525) | (25,304) | (65,829) |
| **As of 31 December 2023** | **181,276** | **1,022,875** | **19,149** | **1,223,300** |
| **Accumulated depreciation (-)** | | | | |
| **As of 1 January 2023** | **103,344** | **703,226** | **-** | **806,570** |
| Balance changes: | (7,404) | 11,239 | - | 3,835 |
| depreciation for the financial year | 4,924 | 97,247 | - | 102,171 |
| sale, liquidation, donation, shortage | (12,786) | (87,741) | - | (100,527) |
| other | 458 | 1,733 | - | 2,191 |
| **As of 31 December 2023** | **95,940** | **714,465** | **-** | **810,405** |
| **Impairment allowances (-)** | | | | |
| **As of 1 January 2023** | **9,187** | **1,617** | **169** | **10,973** |
| Balance changes: | (1,843) | 595 | (24) | (1,272) |
| write-down update | (1,843) | 595 | (24) | (1,272) |
| **As of 31 December 2023** | **7,344** | **2,212** | **145** | **9,701** |
| **Net book value** | | | | |
| **As of 1 January 2023** | **95,279** | **307,693** | **44,502** | **447,474** |
| **As of 31 December 2023** | **77,992** | **306,198** | **19,004** | **403,194** |

As at 31 December 2024, the Group had significant contractual obligations incurred in connection with the acquisition of property, plant and equipment in the amount of PLN 541 thousand (PLN 7,209 thousand as of 31 December 2023).

| | Right of use | | | | |
|---|---|---|---|---|---|
| 12 months ended 31.12.2024 | Land and buildings | Motor vehicles | IT equipment | Other, including leasehold improvements | Total |
| **Gross book value** | | | | | |
| **As at 1 January 2024** | **935,489** | **53,989** | **1,974** | **797** | **992,249** |
| Increases | 154,552 | 21,812 | - | 83 | 176,447 |
| Decreases | (108,491) | (17,423) | - | (689) | (126,603) |
| **As at 31 December 2024** | **981,550** | **58,378** | **1,974** | **191** | **1,042,093** |
| **Accumulated depreciation (-)** | | | | | - |
| **As at 1 January 2024** | **409,958** | **23,516** | **395** | **483** | **434,352** |
| Balance changes: | 61,908 | 3,456 | 495 | (413) | 65,446 |
| depreciation for the financial year | 98,315 | 11,951 | 495 | 162 | 110,923 |
| other | (36,407) | (8,495) | - | (575) | (45,477) |
| **As at 31 December 2024** | **471,866** | **26,972** | **890** | **70** | **499,798** |
| **Impairment allowances (-)** | | | | | - |
| **As at 1 January 2024** | **1,168** | - | - | - | **1,168** |
| Balance changes: | (153) | - | - | - | (153) |
| recognition of impairment allowance | 622 | - | - | - | 622 |
| reversal of impairment allowance | (775) | - | - | - | (775) |
| **As at 31 December 2024** | **1,015** | - | - | - | **1,015** |
| **Net book value** | | | | | - |
| **As at 1 January 2024** | **524,363** | **30,473** | **1,579** | **314** | **556,729** |
| **As at 31 December 2024** | **508,669** | **31,406** | **1,084** | **121** | **541,280** |

| | Right of use | | | | |
|---|---|---|---|---|---|
| 12 months ended 31.12.2023 | Land and buildings | Motor vehicles | IT equipment | Other, including leasehold improvements | Total |
| **Gross book value** | | | | | |
| **As at 1 January 2023** | **934,057** | **46,006** | - | **841** | **980,904** |
| Increases | 463,232 | 20,043 | 1,974 | 6 | 485,255 |
| Decreases | (461,800) | (12,060) | - | (50) | (473,910) |
| **As at 31 December 2023** | **935,489** | **53,989** | **1,974** | **797** | **992,249** |
| **Accumulated depreciation (-)** | | | | | - |
| **As at 1 January 2023** | **336,669** | **20,702** | - | **371** | **357,742** |
| Balance changes: | 73,288 | 2,814 | 395 | 112 | 76,609 |
| depreciation for the financial year | 97,387 | 10,831 | 395 | 112 | 108,725 |
| other | (24,099) | (8,017) | - | - | (32,116) |
| **As at 31 December 2023** | **409,958** | **23,516** | **395** | **483** | **434,352** |
| **Impairment allowances (-)** | | | | | - |
| **As at 1 January 2023** | **1,206** | - | - | - | **1,206** |
| Balance changes: | (38) | - | - | - | (38) |
| recognition of impairment allowance | 646 | - | - | - | 646 |
| reversal of impairment allowance | (684) | - | - | - | (684) |
| **As at 31 December 2023** | **1,168** | - | - | - | **1,168** |
| **Net book value** | | | | | - |
| **As at 1 January 2023** | **596,181** | **25,304** | - | **470** | **621,955** |
| **As at 31 December2023** | **524,363** | **30,473** | **1,579** | **314** | **556,729** |

# 28. LEASES

**Group as a lessee**

Group is a contractual party of leasing agreements related to such base assets as:

- property,
- vehicles,
- land, including perpetual usufruct right to land,
- cash deposit machines,
- equipment,
- IT equipment.

The leasing period of vehicles equals 1 to 5 years. Leasing agreements contain extension options. In respect of vehicles, the Group also concludes leaseback agreements.

The Group is also a party to real estate leasing agreements. The contracts are concluded for both a definite period of 1 to 30 years and indefinite period. In the case of contracts concluded for an indefinite period, the Group determines the leasing period based on the notice period. The agreements provide for variable leasing fees depending on the index (e.g. CSO, HICP).

The Group has also land lease agreements concluded for an indefinite period, and perpetual usufruct rights for land received for the period of 40 to 100 years. Lease payments are indexed in accordance with the land management act.

| | 12 months ended 31.12.2024 | 12 months ended 31.12.2023 |
|---|---|---|
| **Costs of leasing recognised in profit and loss account** | **(134,675)** | **(138,973)** |
| cost of interest from leasing liabilities | (23,282) | (28,771) |
| cost of amortization of assets due to the right of use | (110,923) | (108,725) |
| costs related to short-term leases (recognised as administrative costs) | (470) | (1,477) |

| **Undiscounted lease payments by maturity** | 31.12.2024 | 31.12.2023 |
|---|---|---|
| up to 1 year | 137,633 | 138,150 |
| from 1 year to 5 years | 404,965 | 411,464 |
| over 5 years | 151,812 | 183,158 |
| **Total** | **694,410** | **732,772** |

| | 31.12.2024 | 31.12.2023 |
|---|---|---|
| Book value of liabilities due to discounted lease | **606,306** | **626,269** |

**Group as a lessor**

Lease contracts under which substantially all the risk and rewards of ownership are transferred to the lessee are classified as finance leases. The statement of financial position includes the value of receivables equal to the net leasing investment. The revenue recognition from finance lease agreements reflects the constant periodic rate of return on the net leasing investment made by the Group under finance leases.

The Group does not offer operational leasing products, i.e. those in which substantially all the risks and rewards of ownership are not transferred to the lessee.

| Finance lease receivables | 31.12.2024 | 31.12.2023 |
|---|---|---|
| Gross receivables due to finance lease | 6,601,658 | 6,083,274 |
| Unrealized financial income | (82,034) | (60,255) |
| **Present value of minimum lease payments** | **6,519,624** | **6,023,019** |
| Impairment allowance | (127,296) | (122,814) |
| **Total finance lease receivables** | **6,392,328** | **5,900,205** |

| Gross finance lease receivables by maturity | 31.12.2024 | 31.12.2023 |
|---|---|---|
| up to 1 year | 2,295,494 | 2,326,094 |
| from 1 year to 5 years | 4,070,031 | 3,573,977 |
| over 5 years | 236,133 | 183,203 |
| **Total gross finance lease receivables** | **6,601,658** | **6,083,274** |

# 29. OTHER ASSETS

| Other assets: | 31.12.2024 | 31.12.2023 |
|---|---|---|
| **Receivables from contracts with customers:** | | |
| sundry debtors | 629,661 | 351,989 |
| accrued income | 101,494 | 103,570 |
| payment card settlements | 27,250 | 18,449 |
| social insurance settlements | 1,841 | 4,281 |
| **Other:** | | |
| interbank and intersystem settlements | 373,626 | 236,944 |
| deferred expenses | 103,577 | 67,513 |
| tax and other regulatory receivables | 21,399 | 26,500 |
| other lease receivables | 63,857 | 23,637 |
| other | 64,638 | 91,290 |
| **Total other assets (gross)** | **1,387,343** | **924,173** |
| Impairment allowances on other receivables from other debtors | (67,081) | (74,412) |
| **Total other assets (net)** | **1,320,262** | **849,761** |
| **including financial assets*** | **1,029,154** | **560,888** |

*Financial assets include all items of Other Assets except: Accrued income, Deferred expenses, Tax and other regulatory receivables, Other.

# 30. AMOUNTS DUE TO OTHER BANKS

| Amounts due to other banks | 31.12.2024 | 31.12.2023 |
|---|---|---|
| Current accounts | 619,766 | 436,509 |
| Interbank deposits | - | 78,280 |
| Loans and advances received | 8,300,332 | 7,301,816 |
| Other liabilities | 1,074,704 | 1,242,789 |
| **Total amounts due to other banks** | **9,994,802** | **9,059,394** |

Also presented under Other liabilities are liabilities to banks from cash collateral in the amount of PLN 1,038,897 thousand (PLN 1,235,899 thousand as at 31 December 2023) and liabilities from securities sold subject to repurchase agreements in the amount of PLN 23,722 thousand (PLN 0 as at 31 December 2023).

In 2024 and 2023, there were no breaches of contractual provisions and covenants related to the Group's financial position and disclosure obligations. High inflation and changes in interest rates did not create a risk of breach of contractual provisions in the long-term contracts the Group has signed.

The amount of long-term liabilities due to other banks as at 31 December 2024 equals PLN 9,623,692 thousand (PLN 8,350,057 thousand as at 31 December 2023).

# 31. AMOUNTS DUE TO CUSTOMERS

| **Amounts due to customers** | 31.12.2024 | 31.12.2023 |
|---|---|---|
| **Other financial institutions** | **5,433,611** | **5,529,372** |
| Current accounts | 2,561,846 | 2,753,139 |
| Term deposits | 2,412,093 | 2,313,749 |
| Loans and advances received | 449,955 | 460,893 |
| Other liabilities | 9,717 | 1,591 |
| **Retail customers** | **55,184,397** | **50,355,270** |
| Current accounts | 29,692,494 | 25,698,063 |
| Term deposits | 24,966,589 | 24,136,350 |
| Other liabilities | 525,314 | 520,857 |
| **Corporate customers** | **66,970,279** | **68,902,480** |
| Current accounts | 51,165,328 | 54,023,525 |
| Term deposits | 15,238,714 | 14,340,423 |
| Other liabilities | 566,237 | 538,532 |
| **Including RETAIL FARMERS** | **4,318,283** | **4,455,559** |
| Current accounts | 4,119,103 | 4,161,313 |
| Term deposits | 179,281 | 278,769 |
| Other liabilities | 19,899 | 15,477 |
| **Public sector institutions** | **3,336,467** | **2,387,709** |
| Current accounts | 2,881,865 | 2,123,185 |
| Term deposits | 452,788 | 263,477 |
| Other liabilities | 1,814 | 1,047 |
| **Total amounts due to customers** | **130,924,754** | **127,174,831** |

The amount of long-term amounts due to customers as at 31 December 2024 equals PLN 712,297 thousand (PLN 801,466 thousand as at 31 December 2023).

# 32. DEBT SECURITIES ISSUED

| | 31.12.2024 | 31.12.2023 |
|---|---|---|
| Debt securities | - | - |

| **Change in liabilities arising from the issue of debt securities** | 12 miesięcy do 31.12.2024 | 12 miesięcy do 31.12.2023 |
|---|---|---|
| **Opening balance** | **-** | **364,633** |
| Redemption of debt securities | - | (364,427) |
| Change due to discount, interest, commissions and fees on debt securities settled according to EIR, exchange rate differences | - | (206) |
| **Debt securities issued at the end of the period** | **-** | **-** |

In December 2017, BGZ Poland ABS1 DAC (SPV) issued bonds for a total amount of PLN 2,180,850 thousand with a maximum original maturity of 27 April 2032. The repayment of the bonds was secured by securitised loan receivables. The securitisation transaction of the cash and car loan portfolio was completed in March 2023.

# 33. SUBORDINATED LIABILITIES

| **Subordinated liabilities** | 31.12.2024 | 31.12.2023 |
|---|---|---|
| | **3,420,128** | **4,336,072** |

| **Change in the balance of subordinated liabilities** | 12 months ended 31.12.2024 | 12 months ended 31.12.2023 |
|---|---|---|
| **Opening balance** | **4,336,072** | **4,416,887** |
| Loan repayments | (873,320) | - |
| Change in the balance of interest | (11,789) | 330 |
| Exchange differences | (30,835) | (81,145) |
| **Closing balance** | **3,420,128** | **4,336,072** |

# 34. OTHER LIABILITIES

| Other liabilities | 31.12.2024 | 31.12.2023 |
|---|---|---|
| **Liabilities due to contracts with customers** | | |
| Sundry creditors | 568,811 | 207,482 |
| Payment card settlements | 210,545 | 170,210 |
| Deferred income | 83,825 | 76,655 |
| Escrow account liabilities | 544 | 484 |
| Social insurance settlements | 23,324 | 22,979 |
| **Other liabilities** | | |
| Interbank and intersystem settlements | 232,555 | 658,732 |
| Provisions for non-personnel expenses | 690,230 | 613,574 |
| Provisions for other employees-related liabilities | 264,665 | 242,295 |
| Provision for unused annual holidays | 40,794 | 43,959 |
| Other regulatory liabilities | 76,324 | 65,192 |
| Other lease liabilities | 7,200 | 28,064 |
| Other | 97,939 | 62,264 |
| **Total other liabilities** | **2,296,756** | **2,191,890** |
| **including financial liabilities*** | **1,042,979** | **1,087,951** |

*Financial liabilities include all items of Other liabilities except: Deferred income, Provisions for non-personnel expenses, Provisions for other employees-related liabilities, Provision for unused annual holidays, Other regulatory liabilities, Other.

# 35. PROVISIONS

| | 31.12.2024 | 31.12.2023 |
|---|---|---|
| Provision for restructuring | 41,825 | 64,050 |
| Provision for retirement benefits and similar obligations | 24,841 | 20,783 |
| Expected credit losses of contingent liabilities | 156,861 | 141,931 |
| Provisions for litigation and claims | 1,696,299 | 1,282,655 |
| Other provisions | 49,554 | 31,951 |
| **Total provisions** | **1,969,380** | **1,541,370** |

| Change in restructuring provisions | 12 months ended 31.12.2024 | 12 months ended 31.12.2023 |
|---|---|---|
| **Opening balance** | **64,050** | **45,843** |
| Provisions recognition | 142 | 51,012 |
| Provisions utilization | (22,367) | (14,387) |
| Provisions release | - | (18,418) |
| **Closing balance** | **41,825** | **64,050** |

| Change in provisions for retirement benefits and similar obligations | 12 months ended 31.12.2024 | 12 months ended 31.12.2023 |
|---|---|---|
| **Opening balance** | **20,783** | **18,994** |
| Provisions recognition | 5,736 | 6,548 |
| Provisions utilization | (696) | (539) |
| Provisions release | (982) | (4,220) |
| **Closing balance** | **24,841** | **20,783** |

| Change in expected credit losses to contingent liabilities | 12 months ended 31.12.2024 | 12 months ended 31.12.2023 |
|---|---|---|
| **Opening balance** | **141,931** | **99,657** |
| Provisions recognition | 65,468 | 60,899 |
| Provisions release | (64,916) | (15,220) |
| Changes resulting from changes in credit risk (net) | 13,305 | (419) |
| Other changes | 1,073 | (2,986) |
| **Closing balance** | **156,861** | **141,931** |

| Change in provisions for litigation and similar liabilities | 12 months ended 31.12.2024 | 12 months ended 31.12.2023 |
|---|---|---|
| **Opening balance** | **1,282,655** | **642,487** |
| Provisions recognition | 617,548 | 624,480 |
| Provisions utilization | (173,159) | (108,579) |
| Provisions release | (7,374) | (34,580) |
| Other changes, including foreign exchange differences | (23,371) | 158,847 |
| **Closing balance** | **1,696,299** | **1,282,655** |

As at 31 December 2024 the balance of provisions for litigation and similar liabilities consisted of the following: provisions for litigation related to CHF mortgage loans in the amount of PLN 1,564,168 thousand, provisions for reimbursement of commissions for early repayment of loans in the amount of PLN 49,832 thousand and provisions for other litigation and similar liabilities in the amount of PLN 82,300 thousand.

As at 31 December 2023 the balance of provisions for litigation and similar liabilities consisted of the following: provisions for litigation related to CHF mortgage loans in the amount of PLN 1,149,430 thousand, provisions for reimbursement of commissions for early repayment of loans in the amount of PLN 56,805 thousand and provisions for other litigation and similar liabilities in the amount of PLN 76,420 thousand.

| Change in other provisions | 12 months ended 31.12.2024 | 12 months ended 31.12.2023 |
|---|---|---|
| **Opening balance** | **31,951** | **8,290** |
| Provisions recognition | 18,055 | 30,101 |
| Provisions utilization | (45) | (21) |
| Provisions release | (407) | (6,419) |
| **Closing balance** | **49,554** | **31,951** |

# 36. DEFERRED INCOME TAX

Changes in deferred income tax in the financial year:

| Deferred tax assets | Deferred tax basis as at 31 December 2024 | Deferred tax basis as at 31 December 2023 | Charge arising from changes in asset in 2024 |
|---|---|---|---|
| Outstanding interest accrued on liabilities, including CD interest and discount | 1,003,213 | 964,430 | 7,369 |
| Fair value measurement of derivative instruments and securities | 2,261,864 | 2,622,027 | (68,431) |
| Unrealized liabilities due to hedged items and hedging instruments | 33,001 | 26,536 | 1,228 |
| Allowances on expected credit losses of financial assets and provisions for contingent liabilities (non-deductible), which are probable to occur/documented | 2,326,731 | 2,423,125 | (18,315) |
| Revenue collected in advance and measured at amortised cost including the effective interest rate | 975 | - | 185 |
| Provision for retirement benefits and provision for restructuring | 65,251 | 81,700 | (3,125) |
| Other provisions for personnel costs | 301,264 | 282,626 | 3,541 |
| Provisions for non-personnel expenses | 665,941 | 580,166 | 16,297 |
| Impairment allowance on fixed and intangible assets | 8,764 | 15,243 | (1,231) |
| Impairment of subsidiaries and associates | 17,566 | 19,780 | (421) |
| Compensations paid | 6,088 | 8,895 | (533) |
| Impairment allowance on lease receivables | 133,099 | 116,388 | 3,175 |
| Impairment allowance on available for sale assets related to leasing operations | 17,514 | 31,324 | (2,624) |
| Surplus of the tax value of leased fixed assets over the book value of receivables | 747,091 | 688,207 | 11,188 |
| Initial fees for leasing contracts | 39,047 | 49,712 | (2,026) |
| Deferred income from leasing operations | 76,726 | 43,577 | 6,300 |
| Lease liabilities | 608,120 | 628,063 | (3,789) |
| Impairment allowances on other assets | 52,021 | 54,036 | (383) |
| Valuation of securities measured through other comprehensive income | 731,116 | 763,988 | (6,246) |
| Provisions for legal risk related to foreign currency loans* | 958,295 | 133,799 | 156,654 |
| Other negative deductible temporary differences | 184,245 | 194,491 | (1,947) |
| **Total:** | **10,237,932** | **9,728,113** | **96,866** |

*For details, see Note 53 Litigation, claims and administrative proceedings.

| | | | |
|---|---|---|---|
| Basis for assets recognised in profit or loss (in the current and preceding years) and charge arising from changes in asset** | 9,506,816 | 8,964,125 | 103,112 |
| Basis for assets recognised in correspondence with revaluation reserve and charge arising from changes in asset | 731,116 | 763,988 | (6,246) |

**Unrecognised deferred tax asset is related to impairment allowances on loans and advances whose non-recoverability will not become probable in the future. The related unrecognised temporary differences amounted to PLN 21,498 thousand as at 31 December 2024 as compared to PLN 22,067 thousand as at 31 December 2023.

| Deferred tax liability | Deferred tax basis as at 31 December 2024 | Deferred tax basis as at 31 December 2023 | Charge arising from changes in asset in 2024 |
|---|---|---|---|
| Accrued revenue from interest on amounts due | (1,642,082) | (1,482,261) | (30,366) |
| Fair value measurement of derivative instruments and securities | (1,993,027) | (2,224,578) | 43,995 |
| Valuation of securities measured through other comprehensive income | (59,806) | (59,027) | (148) |
| Revenue collected in advance and measured at amortised cost including the effective interest rate | (192,924) | (38,345) | 29,370 |
| Difference between accounting and tax depreciation of the Bank's own fixed assets | (446,966) | (453,709) | 1,281 |
| Net value of right of use (RoU) | (542,193) | (557,802) | 2,966 |
| R&D expenses | (109,864) | (93,840) | (3,045) |
| Subleasing agreements | (22,510) | (27,036) | 860 |
| Unrealized liabilities related to hedged items and hedging instruments | (515,815) | (574,232) | 11,099 |
| Deferred costs of leasing operations | (71,783) | (66,624) | (980) |
| Other positive taxable temporary differences | (116,904) | (116,424) | (91) |
| **Total:** | **(5,713,874)** | **(5,693,878)** | **(3,799)** |
| Basis for the provision recognised in profit or loss (in the current and preceding years) and chargé arising from changes in the provision | (5,537,164) | (5,518,427) | (3,560) |
| Basis for the provision charged to revaluation reserve and chargé arising from changes in the provision | (176,710) | (175,451) | (239) |

| | 31.12.2024 | 31.12.2023 |
|---|---|---|
| Deferred tax assets | 1,945,207 | 1,848,342 |
| Deferred tax liability | (1,085,640) | (1,081,838) |
| **Net deferred tax asset** | **859,567** | **766,504** |

# 37. DISCONTINUED OPERATIONS

The Group did not discontinue any operations in 2024 or 2023.

# 38. SHARE BASED PAYMENTS

The Bank has adopted the "Remuneration policy for individuals with a material impact on the risk profile of BNP Paribas S.A.".

The principles and assumptions contained in the Policy guarantee the existence of a rational, balanced and controllable remuneration policy, consistent with the accepted risk level, standards and values of the Bank and relevant laws and regulations, in particular the Minister of Finance, Funds and Regional Policy Regulation dated 8 June 2021 on the risk management system, internal control system and remuneration policy in banks and recommendations included in the CRD5 Directive.

Pursuant to the Remuneration policy for Individuals with a significant impact on the BNP Paribas S.A. Bank's risk profile applied in the Bank, from 2020 (excluding persons who have terminated their cooperation with the Bank) the applicable financial instrument in which part of the variable remuneration is paid is ordinary shares (change from phantom shares).

The 2022 variable remuneration convertible into a financial instrument was granted in actual shares of the Bank.

On 9 December 2021, the Supervisory Board approved a modified Remuneration Policy for persons with material impact on the risk profile of the Bank. The changes consisted mainly in adjusting the provisions of the Policy to the Ordinance of the Minister of Finance, Funds and Regional Policy of 8 June 2021 on the risk management system and internal control system and remuneration policy in banks and the guidelines contained in the CRD5 Directive and consisted, among others, in extending the deferral period.

**Phantom share-based programme**

As at 31 December 2019, there was a variable remuneration scheme in force, granted in the form of a financial instrument - phantom shares, which will be settled in subsequent periods.

The variable remuneration granted in form of phantom shares is paid as cash equivalent with a value corresponding to the number of shares granted. The payment shall be made after the expiry of the retention period.

Financial instruments (phantom shares) - programme amendments in 2024.

| | 31.12.2024 | | 31.12.2023 | |
|---|---|---|---|---|
| | units | value (PLN '000) | units | value (PLN '000) |
| **Opening balance** | **3,262** | **203** | **38,166** | **2,897** |
| granted in the period | (3,262) | (203) | (34,904) | (1,953) |
| current valuation* | - | - | - | (741) |
| **Closing balance** | **-** | **-** | **3,262** | **203** |

* change in the value of outstanding phantom shares according to the current phantom share exercise price

In the first quarter of 2024, the phantom share-based programme was fully settled.

The table below shows the terms of the 2024 phantom share purchase plan.

| Transaction type in line with IFRS 2 | Share-based payments settled in cash |
|---|---|
| Plan issued on | 21 June 2012 - the Resolution of the Supervisory Board approving the Remuneration Policy. |
| The commencement date for granting phantom shares | 29 February 2024 |
| The end date for granting phantom shares | 6 March 2024 |

**Programme based on the Bank's shares**

There is variable remuneration scheme in place for the Bank's employees with a significant impact on risk profile under the Bank's share-based programme. The variable remuneration is divided into a part granted in the form of a financial instrument (Bank shares) and the remaining part granted in cash.

The right to variable remuneration expressed in the form of the Bank's shares is granted by issuing subscription warrants in a number corresponding to the number of shares granted, one warrant entitles to acquire one share. The payment of the variable remuneration expressed in the form of the Bank's shares, i.e. taking up the Bank's shares through the exercise of rights from subscription warrants, takes place after the expiry of the retention period.

The Bank will grant the participants of the Incentive Scheme subscription warrants, which will result in the right to acquire a new Series M and Series N shares issued by the Bank under the conditional share capital increase. The rights to acquire Series M and Series N shares shall be granted taking into account the principles of dividing the variable remuneration into the non-deferred and deferred portions, as defined in the Remuneration Policy and the regulations adopted on its basis. Series M and Series N shares will constitute a component of variable remuneration for persons having a significant impact on the Bank's risk profile within the meaning of the Regulation of the Minister of Finance, Funds and Regional Policy of 8 June 2021.

In order to implement the Incentive Programme, the Extraordinary General Meeting of the Bank also adopted resolutions on the issue of subscription warrants and conditional increase of the share capital through the issue of Series M shares and Series N shares, depriving the existing shareholders of the subscription right to warrants and to Series M and Series N shares, amending the Bank's Articles of Association and dematerialising and applying for the admission of Series M and Series N shares to trading on a regulated market.

The amount and the division into the non-deferred and deferred portions of variable remuneration for employees identified as MRT is determined in accordance with the Bank's Remuneration Policy and regulations adopted on its basis. The regulations contain information on the annual bonus levels assigned to particular appraisals:

1. the part constituting at least 50% is assigned in the form of the Bank's shares (which will be acquired by exercising rights from subscription warrants);
2. the part of variable remuneration not less than 40% of that remuneration is deferred. The deferral period is at least 5 years for Senior Management and a minimum of 4 years and a maximum of 5 years for employees other than Senior Management. The maximum deferral period of 5 years is applied in the case of an assignment of Variable Remuneration that exceeds a particularly high amount.

In order to ensure uniform and lawful conditions for the acquisition of the right to remuneration and its payment, remuneration shall be paid to persons having a material impact on the risk profile of the Bank taking into account the principles of suitability, proportionality and non-discrimination.

The Bank's rules include the possibility to withhold or limit the payment of variable remuneration where the Bank does not meet the combined buffer requirement:

1. The Bank shall be prohibited from paying assigned variable remuneration in excess of the maximum amount to be paid (the so-called MDA) in a situation where the Bank does not meet the combined buffer requirement within the meaning and under the rules set out in Articles 55 and 56 of the Act on macro-prudential supervision.
2. In the event when the Bank does not meet the combined buffer requirement, then before the MDA is calculated, the Bank:
   - does not undertake commitments to pay variable remuneration or discretionary pension benefits;
   - does not make variable remuneration payments if the obligation to pay them arose during the period in which the Bank did not meet the combined buffer requirement.

If the legal relationship between the Bank and a given person having a material impact on the Bank's risk profile ceases to exist or if the position is excluded from the list, the remuneration is paid provided that the requirements specified in the Remuneration Policy for persons having a material impact on the risk profile of BNP Paribas Bank Polska S.A. are met.

A person is entitled to variable remuneration, provided that he/she has not been charged and is not subject to criminal or disciplinary sanctions.

In 2024, for the variable remuneration granted for 2019, 2020, 2021, 2022 and 2023 and in connection with the forecast of the variable remuneration for 2024, which will be granted in 2025, in the part concerning shares to be issued in the future, the Bank has recognized in the capitals an amount of PLN 6,397 thousand. At the same time, an amount of PLN 26,046 thousand (recognised in the previous years) is presented in capital.

Financial instruments (shares - deferred portion) changes in 2024 and 2023 determined in relation to the deferred part of the variable remuneration for 2019, 2020, 2021, 2022 and 2023 are presented in the table below.

| | **31.12.2024** | | **31.12.2023** | |
|---|---|---|---|---|
| | units | value (PLN ‘000) | units | value (PLN ‘000) |
| **Opening balance** | **142,158** | **8,750** | **121,760** | **8,487** |
| granted in the period | 34,426 | 3,412 | 57,711 | 2,802 |
| executed during the period | (44,608) | (3,075) | (37,151) | (2,528) |
| expired in the period | - | - | (162) | (11) |
| **Closing balance** | **131,976** | **9,087** | **142,158** | **8,750** |

The table below presents the terms and conditions of the Share/Warrants Purchase Plan for 2024.

| Type of transaction under IFRS 2 | Share-based payments |
|---|---|
| Program announcement date | 31 January 2020 – the Resolution of the Supervisory Board approving the Remuneration Policy. |
| The commencement date for granting of shares | 29 February 2024 |
| The end date for granting shares | 2 April 2024 |

# 39. CONTINGENT LIABILITIES

The following table presents the value of liabilities granted and received by the Group.

| Contingent liabilities | 31.12.2024 | 31.12.2023 |
|---|---|---|
| **Contingent commitments granted** | **36,666,533** | **50,888,418** |
| Financial commitments | 23,269,197 | 34,470,777 |
| Guarantees | 13,397,336 | 16,417,641 |
| **Contingent commitments received** | **55,172,867** | **57,137,307** |
| Financial commitments | 551,870 | 8,176,478 |
| Guarantees | 54,620,997 | 48,960,829 |

In 2024, the Bank conducted an analysis of the existing contingent liabilities granted and received in terms of contractual provisions allowing for the unconditional revocation of these obligations. As a result of the analysis, it was found that for some of the exposures previously presented in contingent liabilities granted and received, it is possible to unconditionally revoke these obligations. Therefore, starting from 2024, the disclosure of these items in the context of contingent liabilities has been discontinued.

The amount of contingent liabilities granted as at 31 December 2024 equals PLN 18,152,339 thousand (PLN 20,996,915 thousand as at 31 December 2023), while the amount of contingent liabilities received by the Group as at 31 December 2024 equals PLN 49,217,162 thousand (PLN 50,724,039 thousand as at 31 December 2023).

# 40. COLLATERALS

The Group had the following assets pledged as collaterals for payment of its own and third-party liabilities.

**Assets of the Group pledged as collaterals**

The table below presents the balance sheet value of financial assets that have been established as collateral for contracted liabilities or contingent liabilities.

| Assets pledged as collaterals | 31.12.2024 | 31.12.2023 |
|---|---|---|
| **Guaranteed amount protection fund (BFG)** | | |
| type of collateral | Treasury bonds | Treasury bonds |
| nominal value of collateral | 360,000 | 270,000 |
| balance sheet value of collateral | 348,772 | 265,254 |
| Maturity | 21.07.2033 | 22.09.2025 |
| type of collateral | - | Treasury bonds |
| nominal value of collateral | - | 100,000 |
| balance sheet value of collateral | - | 96,987 |
| Maturity | - | 21.07.2033 |
| **Collateral for derivative transaction settlement** | | |
| type of collateral | call deposits | call deposits |
| nominal value of collateral | 736,339 | 741,002 |
| **Securities sold subject to repurchase agreements (repo transactions)** | | |
| balance sheet value of collateral | 23,722 | - |
| fair value of collateral | 23,597 | - |

**Collateral pledged over customer assets**

The Group has not established collateral on customer assets that may be sold or pledged.

# 41. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Based on the methods used to determine fair value, the Group classifies particular assets and liabilities into the following categories:

**Level 1**

Assets and liabilities measured on the basis of market quotations available on active markets for identical instruments.

**Level 2**

Assets and liabilities measured using valuation techniques based on directly or indirectly observed market quotations or other information based on market quotations.

**Level 3**

Assets and liabilities measured using valuation techniques where input data is not based on observable market data.

The Group periodically (at least quarterly) assigns individual assets and liabilities to particular levels of the fair value hierarchy. The basis for classification to particular levels of the valuation hierarchy is the input data used for the valuation, i.e. market quotes or other information. The lowest level of input data used for the valuation, having a significant impact on determining the fair value, determines the classification of an asset or liability to a particular hierarchy level.

If the input data is changed to data classified to another level, e.g. as a result of changes in the valuation methodology or changes in market data sources, the Group transfers the asset or liability to the appropriate level of measurement in the reporting period in which the change occurred.

In 2024 and 2023, no changes were made to the rules for classification into valuation levels.

As at 31 December 2024, particular instruments were included in the following valuation levels:

1) the first level: Treasury bonds and bonds issued by European Investment Bank (fair value is determined directly by reference to published active market quotations), quoted shares;
2) the second level: bonds issued by PFR, interest rate options in EUR, USD and GBP, FX options maturing within 2 years, base interest rate and FX swaps denominated in G7 currencies maturing within 15 years, and base interest rate and FX swaps denominated in other currencies maturing within 10 years, FRA maturing within 2 years, FX Forward, NDF and FX swaps denominated in G7 currencies maturing within 10 years, FX Forward transactions, NDF and FX swaps denominated in other currencies maturing within 3 years, commodity swaps maturing within 1 year, interest rate swaps denominated in G7 currencies, interest rate swaps denominated in other currencies maturing within 10 years, structured instruments (whose fair value is determined using measurement techniques which are based on available, verifiable market data);
3) the third level: interest rate options in PLN, FX options maturing over 2 years, base interest rate and FX swaps denominated in G7 currencies maturing over 15 years, base interest rate and FX swaps denominated in other currencies maturing over 10 years, FRA contracts maturing over 2 years, FX Forward transactions, NDF and FX swaps denominated in G7 currencies maturing over 10 years, FX Forward transactions, NDF and FX swaps denominated in other currencies maturing over 3 years, commodity swaps maturing over 1 year, interest rate swaps denominated in other currencies than G7 currencies maturing over 10 years, structured instruments (whose fair value is determined using measurement techniques (models) which are not based on available, verifiable market data), derivatives for which significant Fair Value Correction or Credit Value Adjustment was created and corporate bonds other than CATALYST-listed ones, shares which are not listed on the WSE and other exchanges, subsidised loans (fair value determined using measurement techniques which are not based on available, verifiable market data, i.e. in cases other than those described in 1 and 2).

The table below presents classification of assets and liabilities measured at fair value in the consolidated financial statements into three categories:

| 31.12.2024 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Assets measured at fair value** | **23,028,600** | **2,607,196** | **836,739** | **26,472,535** |
| Derivative financial instruments | - | 2,297,901 | 142,215 | 2,440,116 |
| Hedging instruments | - | 231,025 | - | 231,025 |
| Securities measured at fair value through other comprehensive income | 23,027,454 | - | - | 23,027,454 |
| Securities measured at fair value through profit or loss | 1,146 | 78,270 | 242,018 | 321,434 |
| Loans and advances to customers measured at fair value through profit or loss | - | - | 452,506 | 452,506 |
| **Liabilities measured at fair value** | **-** | **3,015,629** | **137,825** | **3,153,454** |
| Derivative financial instruments | - | 2,173,916 | 137,825 | 2,311,741 |
| Hedging instruments | - | 841,713 | - | 841,713 |

| 31.12.2023 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Assets measured at fair value** | **16,635,185** | **2,786,082** | **1,387,057** | **20,808,324** |
| Derivative financial instruments | - | 2,644,854 | 501,891 | 3,146,745 |
| Hedging instruments | - | 82,343 | - | 82,343 |
| Securities measured at fair value through other comprehensive income | 16,634,303 | - | - | 16,634,303 |
| Securities measured at fair value through profit or loss | 882 | 58,885 | 231,584 | 291,351 |
| Loans and advances to customers measured at fair value through profit or loss | - | - | 653,582 | 653,582 |
| **Liabilities measured at fair value** | **-** | **3,304,198** | **439,609** | **3,743,807** |
| Derivative financial instruments | - | 2,499,387 | 365,888 | 2,865,275 |
| Hedging instruments | - | 804,811 | 73,721 | 878,532 |

In 2024 and 2023, no events of a change in valuation level from 1 to 2, 1 to 3, 2 to 1, 2 to 3 and 3 to 1 were recorded.

In 2024, there were 188 events of derivatives for which the valuation level changed from 3 to 2. In all cases, this was due to a shortening of the time to maturity of the transaction (in 2023, 225 cases due to a shortening of the time to maturity of the transaction).

The following table shows the valuation of these transactions at the beginning and end of the reporting period:

| 31.12.2024 | Derivative financial instruments - assets | Derivatives financial instruments - liabilities |
|---|---|---|
| Opening balance | 437,535 | 357,502 |
| Closing balance | 492,288 | 412,763 |

| 31.12.2023 | Derivative financial instruments - assets | Derivatives financial instruments - liabilities |
|---|---|---|
| Opening balance | 215,374 | 196,258 |
| Closing balance | 236,696 | 288,076 |

The fair value of level 2 and 3 financial instruments is determined using the measurement techniques consistent with market practice, the parameterisation of which is carried out on the basis of reliable data sources. Valuation techniques used include valuation models (e.g., Black-Scholes), cash flow discounting, and estimation of volatility planes.

The input data used for purposes of valuation of level 2 and 3 instruments include foreign exchange rates, yield curves, reference rates, changes in foreign exchange rates, reference rates, stock market indices and stock prices, swap points, basis spreads, stock market index values and futures prices.

For financial instruments classified as level 3, unobservable parameters are estimates including market quotes that are not observable and cannot be corroborated by observable data in commonly quoted ranges, margins for credit risk and liquidity risk, probabilities of default, recovery rates, and premiums and discounts covering other risks specific to the instrument being valued.

The table presented below shows changes in the measurement of level 3 assets and liabilities as well as amounts charged to profit and loss account.

| 12 months ended 31.12.2024 | Derivative financial instruments – assets | Financial assets measured at fair value | Derivative financial instruments – liabilities | Hedging instruments - liabilities |
|---|---|---|---|---|
| **Opening balance** | **501,891** | **885,166** | **365,888** | **73,721** |
| Total gains/losses recognised in: | (359,676) | 24,357 | (228,063) | (73,721) |
| statement of profit or loss | (359,676) | 24,357 | (228,063) | (73,721) |
| Purchase | - | 2,258 | - | - |
| Sale | - | (2,031) | - | - |
| Settlement/expiry | - | (215,171) | - | - |
| Iimpairment losses | - | (55) | - | - |
| **Closing balance** | **142,215** | **694,524** | **137,825** | **-** |
| **Unrealized gains/losses recognised in profit or loss related to assets and liabilities at the end of the period** | **(359,676)** | **24,357** | **(228,063)** | **(73,721)** |

| 12 months ended 31.12.2023 | Derivative financial instruments – assets | Financial assets measured at fair value | Derivative financial instruments – liabilities | Hedging instruments - liabilities |
|---|---|---|---|---|
| **Opening balance** | **266,207** | **1,185,674** | **262,516** | **115,074** |
| Total gains/losses recognised in: | 235,684 | (1,341) | 103,372 | (41,353) |
| statement of profit or loss | 235,684 | (1,341) | 103,372 | (41,353) |
| Purchase | - | 30,103 | - | - |
| Settlement/expiry | - | (329,270) | - | - |
| **Closing balance** | **501,891** | **885,166** | **365,888** | **73,721** |
| **Unrealized gains/losses recognised in profit or loss related to assets and liabilities at the end of the period** | **235,684** | **(1,341)** | **103,372** | **(41,353)** |

The table presented below shows the effect of unobservable factors on the value of financial instruments classified to level three.

| Instrument type | 31.12.2024 fair value according to | | 31.12.2023 fair value according to | |
|---|---|---|---|---|
| | positive scenario | negative scenario | positive scenario | negative scenario |
| Derivatives[1] | 5,347 | 10,588 | 66,431 | 62,830 |
| Commercial bonds[2] | 66,323 | 65,658 | 68,707 | 67,866 |
| Stocks and shares[3] | 169,605 | 153,452 | 162,231 | 146,780 |
| Loans[4] | 457,479 | 447,578 | 660,339 | 646,936 |

[1]scenario: rating change of +3/-3 notches

[2]scenario: change in credit spread by -50bp/+50bp

[3]scenario: change in valuation of +5%/-5%

[4]scenario: change in discount rate by -50bp/+50bp

The Group measures the fair value by discounting all contractual cash flows related to transactions, with the use of yield curves characteristic of each transaction group. Where no repayment schedule is agreed for a product, it is assumed that the fair value is equal to the carrying amount of the transaction, or, in case of revolving products, the curves derived from the liquidity profile of these products and the expected behavioural duration of these exposures are used.

The yield curve used for fair value measurement of liabilities (such as customer and interbank deposits) and receivables (such as loans to customers and interbank deposits) of the Group comprises:

- the credit risk free yield curve,
- the cost of obtaining financing above the credit risk free yield curve,
- the market margin that reflects credit risk for receivables.

The yield curve for fair value measurement of loans is constructed through classification of loans into sub-portfolios depending on the product type and currency as well as customer segmentation. A margin is determined for each sub-portfolio taking into account credit risk. The margin is determined with the use of credit risk parameters of a given customer determined in the process of calculating the impairment of financial instruments.

The current credit risk margin and the current liquidity margin, the values of which are not quoted on an active market, are the non-observable parameters for all the categoris.

The following table presents the book value and fair value of those financial assets and liabilities that are not reported in the Group's statement of financial position at their fair value, as well as the level of valuation classification.

| 31.12.2024 | Book value | Fair value | Level |
|---|---|---|---|
| **Financial assets** | | | |
| Cash and balances at Central Bank | 11,325,551 | 11,325,551 | 3 |
| Amounts due from other banks | 7,872,375 | 7,496,612 | 3 |
| Loans and advances to customers measured at amortised cost | 85,401,516 | 84,899,593 | 3 |
| Securities measured at amortised cost | 32,364,550 | 30,365,556 | 1.3 |
| Other financial assets | 1,029,154 | 1,029,154 | 3 |
| **Financial liabilities** | | | |
| Amounts due to other banks | 9,994,802 | 10,554,417 | 2.3 |
| Amounts due to customers | 130,924,754 | 130,219,390 | 3 |
| Subordinated liabilities | 3,420,128 | 3,879,943 | 3 |
| Lease liabilities | 606,306 | 606,306 | 3 |
| Other financial liabilities | 1,042,979 | 1,042,979 | 3 |

| 31.12.2023 | Book value | Fair value | Level |
|---|---|---|---|
| **Financial assets** | | | |
| Cash and balances at Central Bank | 6,883,586 | 6,883,586 | 3 |
| Amounts due from other banks | 17,963,948 | 17,199,576 | 2.3 |
| Loans and advances to customers measured at amortised cost | 85,594,516 | 85,087,371 | 3 |
| Securities measured at amortised cost | 26,246,278 | 24,303,218 | 1.3 |
| Other financial assets | 560,888 | 560,888 | 3 |
| **Zobowiązania finansowe** | | | |
| Amounts due to other banks | 9,059,394 | 9,760,010 | 2.3 |
| Amounts due to customers | 127,174,831 | 126,262,678 | 3 |
| Subordinated liabilities | 4,336,072 | 5,038,080 | 3 |
| Lease liabilities | 626,269 | 626,269 | 3 |
| Other financial liabilities | 1,087,951 | 1,087,951 | 3 |

1) Amounts due from banks and amounts due to banks

   Amounts due from banks and amounts due to banks include interbank deposits and interbank settlements. The fair value of fixed and floating rate deposits/placements is based on discounted cash flows determined by reference to money market interest rates for items with similar credit risk and residual maturity.

2) Loans and advances to customers

   The estimated fair value of loans and advances is the discounted value of future cash flows to be received, using the current market rates adjusted by financing cost and by actual or estimated credit risk margins.

   The fair value of loans and advances covered by the Law on Community Financing for Business Ventures and Borrower Assistance takes into account the impact of changes in repayment schedules resulting from the introduction of loan vacations.

3) Securities measured at amortised cost

   The fair value of securities measured at amortised cost was determined by reference to the published quoted prices in an active market for quoted securities (first level of measurement or a second level in case of reduced liquidity).

However, for unquoted securities, fair value was determined using valuation techniques not based on available market data (third level of measurement).

4) Liabilities due to subordinated loan

Liabilities include subordinated loans. The fair value of the floating rate loan is based on discounted cash flows determined by reference to money market interest rates for items with similar credit risk and residual maturity.

5) Liabilities due to customers

The fair value of fixed and floating rate deposits is based on discounted cash flows determined by reference to money market interest rates adjusted by the actual cost of securing funds over the past three months. For demand deposits, it is assumed that the fair value is equal to their carrying amount.

6) Lease liabilities

The fair value of lease liabilities was determined as equal to their balance sheet value.

**Compensation of financial assets and liabilities**

| 31.12.2024 | Gross value presented in financial assets/liabilities | Net value presented in financial assets/liabilities | Offsetting value under concluded contracts | Cash collateral value | Net value |
|---|---|---|---|---|---|
| **Financial assets** | | | | | |
| Trading and hedging derivatives | 2,671,141 | 2,671,141 | (1,310,127) | (1,055,624) | 305,391 |
| **Total** | **2,671,141** | **2,671,141** | **(1,310,127)** | **(1,055,624)** | **305,391** |
| **Financial liabilities** | | | | | |
| Trading and hedging derivatives | 3,153,454 | 3,153,454 | (1,310,127) | (736,339) | 1,106,988 |
| **Total** | **3,153,454** | **3,153,454** | **(1,310,127)** | **(736,339)** | **1,106,988** |

| 31.12.2023 | Gross value presented in financial assets/liabilities | Net value presented in financial assets/liabilities | Offsetting value under concluded contracts | Cash collateral value | Net value |
|---|---|---|---|---|---|
| **Financial assets** | | | | | |
| Trading and hedging derivatives | 3,229,088 | 3,229,088 | (1,584,123) | (1,258,473) | 386,492 |
| **Total** | **3,229,088** | **3,229,088** | **(1,584,123)** | **(1,258,473)** | **386,492** |
| **Financial liabilities** | | | | | |
| Trading and hedging derivatives | 3,743,807 | 3,743,807 | (1,584,123) | (736,133) | 1,423,551 |
| **Total** | **3,743,807** | **3,743,807** | **(1,584,123)** | **(736,133)** | **1,423,551** |

The possibility to compensate receivables and liabilities which are not due as well as settlement in the net amount in case of early settlement of the contract, result from the provisions of framework agreements / ISDA concluded with the customers.

# 42. LOAN PORTFOLIO SALE

In 2024, the Bank concluded agreements for the sale of the retail, SME and corporate loan portfolio.

The gross carrying amount of the sold portfolio measured at amortised cost was PLN 430,520 thousand, the amount of impairment allowances created was PLN 291,643 thousand.

The contractual price for the sale of these portfolios was set at PLN 198,143 thousand. The net impact on the Bank's result due to the sale of portfolios amounted to PLN 59,266 thousand and is presented in the line Net allowances on expected credit losses of financial assets and provisions for contingent liabilities

# 43. SECURITIZATION

On 28 March 2024, the Bank entered into an agreement with the International Finance Corporation ('IFC', 'Investor') for a synthetic securitisation transaction executed on a portfolio of corporate loans/loans with a total value of PLN 2,180,097 thousand as at 31 December 2023. The main purpose of the transaction is to release capital that the Bank will use to finance climate projects (climate change mitigation projects focusing mainly on renewable energy, energy efficiency and green project financing).

As part of the transaction, the Bank transferred a significant part of the credit risk from the selected securitised portfolio to the Investor. The securitised selected loan portfolio remains on the Bank's books.

As at 31 December 2024, the value of the transaction portfolio included in the balance sheet and off-balance sheet amounted to PLN 876,049 thousand.

The closing date of the transaction according to the agreement is 31 December 2031.

The risk transfer of the securitised portfolio is implemented through a credit protection instrument in the form of a financial guarantee issued by the Investor up to PLN 86,288 thousand as at 31 December 2024. Costs on account of this guarantee are presented in Commission expenses - Guarantee commitments and documentary operations.

As at 31 December 2024, the conclusion of the Transaction has the effect of increasing the consolidated Common Equity Tier 1 (CET1) ratio by 0.07 p.p., Tier 1 capital ratio by 0.08 p.p. and the consolidated total capital ratio (TCR) by 0.10 p.p. in relation to the BNP Paribas Bank Polska S.A. Capital Group reported data.

The Transaction meets the material risk transfer requirements of the CRR Regulation and has been structured as meeting the STS criteria (simple, transparent and standard securitisation) under Regulation 2021/557.

The Bank acted as facilitator of the Transaction.

# 44. CUSTODY OPERATIONS

The Bank conducts custody operations consisting in maintaining assets or client transactions settlement. These assets have not been disclosed in the financial statements as they do not belong to the Bank.

As at 31 December 2024, the Custody Services Office conducted 146 securities accounts for the clients. The fair value of the financial instruments of the customers of the Custody Services Office for this date was PLN 25,315,376 thousand.

In the reporting period, securities in public trading and securities in material form as well as financial instruments traded in foreign markets were stored by the Bank. In providing custody services to clients, the Bank cooperated with several brokerage houses and central securities depositories. The Bank acts as a depository for domestic investment funds.

# 45. THE SHAREHOLDER'S STRUCTURE OF BNP PARIBAS BANK POLSKA S.A.

The table below shows the Bank's shareholding structure as at 31 December 2024, including those holding at least 5% of the total number of votes at the General Meeting of Shareholders:

| Shareholders | Number of shares | Percentage share in the share capital | Number of votes at the General Shareholders' Meeting | Percentage share in the total number of votes at the General Shareholders' Meeting |
|---|---|---|---|---|
| BNP Paribas, in total: | 120,124,392 | 81.28% | 120,124,392 | 81.28% |
| BNP Paribas directly | 84,634,166 | 57.26% | 84,634,166 | 57.26% |
| BNP Paribas Fortis SA/NV directly | 35,490,226 | 24.01% | 35,490,226 | 24.01% |
| Other shareholders | 27,675,478 | 18.72% | 27,675,478 | 18.72% |
| **Total** | **147,799,870** | **100.00%** | **147,799,870** | **100.00%** |

* Financial data have been rounded, and therefore, in some cases, the totals may not correspond exactly to the total sum.

As of 31 December 2024, the Bank's share capital amounted to PLN 147,800 thousand.

The share capital is divided into 147,799,870 shares with the par value of PLN 1.00 each, including: 15,088,100 A series shares, 7,807,300 B series shares, 247,329 C series shares, 3,220,932 D series shares, 10,640,643 E series shares, 6,132,460 F series shares, 8,000,000 G series shares, 5,002,000 H series shares, 28,099,554 I series shares, 2,500,000 J series shares, 10,800,000 K series shares, 49,880,600 L series shares, 302,636 M series shares and 78,316 N series shares.

Four B series registered shares in the Bank are preference shares with respect to payment of the full par value per share in the event of the Bank's liquidation, once the creditors' claims have been satisfied, with priority over payments per ordinary shares, which, after the rights attached to the preference shares have been exercised, may be insufficient to cover the total par value of those shares.

The total number of votes resulting from all the Bank's shares is 147,799,870 votes. The number of votes resulting from the M series shares granted is 44,608 votes and from the N series shares granted is 78,316 votes.

The amount of the conditional share capital increase after the issue of M and N series shares is PLN 1,395,048.

**Intention of BNP Paribas regarding the liquidity of the Bank's shares**

In accordance with the information received from BNP Paribas S.A. - the Bank's main shareholder – BNP Paribas SA declares its intention to increase the number of the Bank's free float shares to at least 25% in the future.

**Changes in shareholder structure in 2024**

**On 14 March 2024**, share block transactions were concluded in connection with the completion of the accelerated book building process (ABB) concerning the sale of 8,860,616 Bank shares by BNP Paribas SA, the Bank's main shareholder.

Following the settlement of the above transactions and the settlement of other transactions made on the regulated market concerning 6,545 Bank shares, the share of BNP Paribas SA in the total number of votes at the Bank's General Meeting of Shareholders decreased by approximately 6%. BNP Paribas SA directly holds 84,634,166 shares in the Bank representing (as at 31 December 2024) approximately 57.26% of the total number of shares and votes in the Bank, and together with other entities of the BNP Paribas SA Group controls a total of 120,124,392 shares in the Bank representing (as at 31 December 2024) approximately 81.28% of the total number of shares and votes in the Bank.

**On 5 April 2024**, the Bank's share capital was increased from PLN 147,676,946 to PLN 147,799,870 as a result of the subscription of 44,608 series M shares and 78,316 series N shares (a total of 122,924 Bank shares with a total nominal value of PLN 122,924) in execution of rights from previously subscribed registered subscription warrants of series A4 and B1 respectively.

**BNP Paribas Bank Polska shares held by the members of the Supervisory Board and Management Board**

Summary of the holdings of Bank shares and share entitlements by members of the Bank's Management Board and Supervisory Board as at the date of submission of the report for 2024 (13 March 2025) and the Financial statements for the three quarters of 2024 (8 November 2024) is presented below.

| MEMBER OF THE BANK'S MANAGEMENT BOARD | SHARES | SUBSCRIPTION WARRANTS [1] | SALE OF SHARES | SHARES | SUBSCRIPTION WARRANTS [1] |
|---|---|---|---|---|---|
| | 8.11.2024 | 8.11.2024 | | 13.03.2025 | 13.03.2025 |
| Przemysław Gdański | 39,366 | 8,280 | - | 39,366 | 8,280 |
| André Boulanger | - | 5,953 | - | - | 5,953 |
| Małgorzata Dąbrowska | - | - | - | - | - |
| Wojciech Kembłowski | - | 3,671 | - | - | 3,671 |
| Piotr Konieczny | - | 455 | - | - | 455 |
| Magdalena Nowicka | - | 2,392 | - | - | 2,392 |
| Volodymyr Radin | - | 1,364 | - | - | 1,364 |
| Agnieszka Wolska | 4,095 | 2,443 | - | 4,095 | 2,443 |

| MEMBER OF THE BANK'S MANAGEMENT BOARD | SHARES | SUBSCRIPTION WARRANTS [1] | SALE OF SHARES | SHARES | SUBSCRIPTION WARRANTS [1] |
|---|---|---|---|---|---|
| | 8.11.2024 | 8.11.2024 | | 13.03.2025 | 13.03.2025 |
| Jean-Charles Aranda | - | 1,828 | - | - | 1,828 |

1) A5 series subscription warrants taken up on 21.03.2024. - one A5 series warrant entitles to acquire one M series ordinary bearer share of BNP Paribas Bank Polska S.A., at the issue price of PLN 1.00 per share and B2 series - one B2 series warrant entitles to take up one N series ordinary bearer share of BNP Paribas Bank Polska S.A., at the issue price of PLN 1.00 per share.

The other members of the Supervisory Board did not declare their ownership of the Bank's shares/entitlements as of 13 March 2025, which has not changed since the date of submission of the Financial statements for the three quarters of 2024 (8 November 2024).

# 46. SUPLEMENTARY CAPITAL AND OTHER CAPITALS

| Supplementary capital | 12 months ended 31.12.2024 | 12 months ended 31.12.2023 |
|---|---|---|
| **Opening balance** | **9,110,976** | **9,110,976** |
| Distribution of profit for capital purposes | 45,963 | - |
| Other | (1,803) | - |
| **Closing balance** | **9,155,136** | **9,110,976** |

| Other reserve capitals | 31. December 2024 | 31. December 2023 |
|---|---|---|
| General banking risk fund | 627,154 | 627,154 |
| Other reserve capital | 3,415,661 | 2,897,902 |
| **Total** | **4,042,815** | **3,525,056** |

| Revaluation capital | 12 months ended 31.12.2024 | 12 months ended 31.12.2023 |
|---|---|---|
| **Opening balance** | **(566,754)** | **(1,149,786)** |
| Gain/loss on changes in fair value of financial assets measured through other comprehensive income | 43,787 | 653,872 |
| Net gain/loss on change in fair value of gross cash flow hedging derivatives | (10,138) | 67,303 |
| Actuarial valuation of employee benefits | (1,662) | (1,382) |
| Deferred income tax | (6,078) | (136,761) |
| **Closing balance** | **(540,845)** | **(566,754)** |

| Other reserve capital | 12 months ended 31.12.2024 | 12 months ended 31.12.2023 |
|---|---|---|
| **Opening balance** | **2,897,902** | **2,514,944** |
| Distribution of retained earnings | 511,362 | 376,471 |
| Management stock options | 6,397 | 6,487 |
| **Closing balance** | **3,415,661** | **2,897,902** |

| AT1 Capital bonds | 12 months ended 31.12.2024 | 12 months ended 31.12.2023 |
|---|---|---|
| **Opening balance** | **-** | **-** |
| Value of AT1 Capital bonds issues | 650,000 | - |
| **Closing balance** | **650,000** | **-** |

The Bank issued the AT 1 capital bonds referred to in Article 27a of the Bond Act of 15 January 2015 (‘AT1 Capital Bonds’), which were acquired by BNP Paribas SA, Paris, on 28 November 2024. The total nominal value of the AT1 Capital Bonds issued was PLN 650,000 thousand and the nominal value of one AT1 Capital Bond is PLN 500 thousand. The AT1 Capital Bonds bear interest at a variable rate, being the sum of the reference rate Wibor 3M and a margin. The interest rate was set at market terms. AT1 Capital Bonds are instruments without a specified redemption date, entitling to receive interest for an indefinite period, provided that the Bank will be able to redeem them earlier on the terms specified in the terms of issue. The terms and conditions of the issue of the Capital Bonds do not provide for the possibility of conversion into Bank shares, but only the possibility of their redemption in the form of a temporary write-down in the event of the CET1 ratio falling below the contractual reference value.

| Retained earnings | 12 months to 31.12.2024 | 12 months to 31.12.2023 |
|---|---|---|
| **Opening balance** | **(368,226)** | **(430,157)** |
| Transfer from current period profits | (48,777) | 65,026 |
| Other | (2,115) | (3,095) |
| **Closing balance** | **(419,118)** | **(368,226)** |

| Change in revaluation reserve on financial assets measured through other comprehensive income | 2024 | | 2023 | |
|---|---|---|---|---|
| | Gross value | Deferred tax | Gross value | Deferred tax |
| **Opening balance** | **(704,985)** | **133,947** | **(1,426,160)** | **270,971** |
| gains/losses on financial assets measured at fair value through other comprehensive income recognised in equity | 23,058 | (4,381) | 722,929 | (137,357) |
| reclassification to financial result due to sale of financial assets measured at fair value through other comprehensive income | 10,591 | (2,012) | (1,754) | 333 |
| **Closing balance** | **(671,336)** | **127,554** | **(704,985)** | **133,947** |

# 47. DIVIDENDS PAID

The Bank's General Meeting of Shareholders on 16 April 2024 adopted a resolution on the payment of dividends from the net profit made in 2023. On the basis of this resolution, the Bank paid a dividend of PLN 503,997,556.70, i.e. PLN 3.41 per share, on 10 May 2024. The dividend covers all shares issued by the Bank, i.e. 147,799,870 shares.

It is the Bank's intention, in accordance with the dividend policy adopted by the Supervisory Board on 9 December 2021, to make stable dividend payments to shareholders in the long term while maintaining the principle of prudent management of the Bank and the Bank Group in accordance with the requirements of the law and the PFSA's positions on the assumptions of the dividend policy of commercial banks.

The Bank's intention is to pay dividends in 2025 from the net profit earned for 2024. Pursuant to Article 395 § 2(2) of the Commercial Companies Code, the decision on the distribution of profit remains within the competence of the Bank's General Meeting of Shareholders.

# 48. DISTRIBUTION OF RETAINED EARNINGS

In accordance with the Resolution No. 7 of the General Meeting of Shareholders of BNP Paribas Bank Polska S.A. dated 16 April 2024 on distribution of the profit of BNP Paribas Bank Polska S.A. and payment of a dividend for the financial year 2023 from the net profit generated in 2023 in the amount of PLN 1,007,827,538.15 (one billion seven million eight hundred twenty seven thousand five hundred and thirty-eight zlotys and fifteen groszy) the Bank paid dividend in the amount of PLN 503,997,556.70 and remaining part in the amount of PLN 503,829,981.45 was allocated to the reserve capital.

# 49. CASH AND CASH EQUIVALENTS

For the purpose of preparation of the statement of cash flows, the balance of cash and cash equivalents comprises the following balances with maturity shorter than three months.

| Cash and cash equivalents | 31.12.2024 | 31.12.2023 |
|---|---|---|
| Cash and balances at Central Bank (Note 19) | 11,325,551 | 6,883,586 |
| Current accounts of banks and other receivables | 6,824,869 | 8,918,103 |
| Interbank deposits | 142,509 | 72,837 |
| **Total cash and cash equivalents** | **18,292,929** | **15,874,526** |

# 50. ADDITIONAL INFORMATION REGARDING THE STATEMENT OF CASH FLOWS

Differences between balance sheet changes of the value of items and changes in the balance of these items presented in operating activities.

| **Changes in amounts due from banks (including amounts due from Central Bank and cash)** | 31.12.2024 | 31.12.2023 |
|---|---|---|
| Change arising from the balance sheet | 5,659,432 | (10,346,456) |
| Elimination of a change in cash and cash equivalents | 2,408,579 | 2,674,665 |
| Change in balance arising from interest | (2,957) | 1,624 |
| **Total change in amounts due from banks** | **8,065,054** | **(7,670,167)** |

| **Change in amounts due from customers measured at amortised cost** | 31.12.2024 | 31.12.2023 |
|---|---|---|
| Change arising from the balance sheet | 193,000 | 2,087,334 |
| Change in balance arising from interest | (65,096) | 1,399,451 |
| **Total change in amounts due from customers measured at amortised cost** | **127,904** | **3,486,785** |

| **Change in amounts due to banks (including the Central Bank)** | 31.12.2024 | 31.12.2023 |
|---|---|---|
| Change arising from the balance sheet | (1,843,205) | 1,055,740 |
| Repayment of long-term loans received | (3,159,530) | (1,813,438) |
| Taking long-term loans from other banks | 3,972,382 | 2,227,687 |
| **Total change in amounts due to other banks** | **(1,030,353)** | **1,469,989** |

| **Change in amounts due to customers** | 31.12.2024 | 31.12.2023 |
|---|---|---|
| Change arising from the balance sheet | 3,749,923 | 7,153,788 |
| Change in balance arising from interest | 84,982 | (102,503) |
| **Total change in amounts due to customers** | **3,834,905** | **7,051,285** |

| **Cash flows from operating activities – other adjustments** | 12 months ended 31.12.2024 | 12 months ended 31.12.2023 |
|---|---|---|
| FX differences from subordinated loans | (30,835) | (81,145) |
| Valuation of securities recognized in the statement of profit or loss | (49,960) | (153,395) |
| Allowance for securities | (35) | (40,611) |
| Other adjustments | 20,951 | 6,108 |
| **Cash flows from operating activities – total other adjustments** | **(59,879)** | **(269,043)** |

# 51. RELATED PARTY TRANSACTIONS

BNP Paribas Bank Polska S.A. operates within the BNP Paribas Bank Polska S.A. Capital Group.

BNP Paribas Bank Polska S.A. is the parent in the BNP Paribas Bank Polska S.A. Capital Group.

The ultimate parent company is BNP Paribas S.A., based in Paris.

As of 31 December 2024, the Capital Group of BNP Paribas Bank Polska S.A. comprised BNP Paribas Bank Polska S.A. as the parent company, and its subsidiaries:

1) BNP PARIBAS TOWARZYSTWO FUNDUSZY INWESTYCYJNYCH S.A. („TFI”).
2) BNP PARIBAS LEASING SERVICES SP. Z O.O. („LEASING”).
3) BNP PARIBAS GROUP SERVICE CENTER S.A. („GSC”).

All transactions between the Bank and its related parties were entered into as part of daily operations and included mainly loans, deposits, transactions with reference to derivative instruments as well as income and expenses related to advisory and financial intermediation services.

Transactions with shareholders of BNP Paribas Bank Polska S.A. and related parties

| 31.12.2024 | BNP Paribas S.A. located in Paris | BNP Paribas Fortis S.A. | Other entities from the Capital Group of BNP Paribas S .A. | Key personnel | Total |
|---|---|---|---|---|---|
| **Assets** | **9,367,983** | **1,663** | **194,294** | **2,584** | **9,566,524** |
| Receivables on current accounts, loans and deposits | 7,466,281 | 1,663 | 167,344 | 2,520 | **7,637,808** |
| Derivative financial instruments | 1,670,668 | - | 8,614 | - | **1,679,282** |
| Derivative hedging instruments | 231,025 | - | - | - | **231,025** |
| Other assets | 9 | - | 18,336 | 64 | **18,409** |
| **Liabilities** | **13,396,820** | **26,789** | **1,033,503** | **1,973** | **14,459,085** |
| Due to loans received | 3,363,979 | - | 278,432 | - | **3,642,411** |
| Current accounts and deposits | 5,020,715 | 26,789 | 722,019 | 1,973 | **5,771,496** |
| Subordinated liabilities | 3,420,128 | - | - | - | **3,420,128** |
| Derivative financial instruments | 750,285 | - | 2,356 | - | **752,641** |
| Derivative hedging instruments | 841,713 | - | - | - | **841,713** |
| Other liabilities | - | - | 30,696 | - | **30,696** |
| **Contingent liabilities** | | | | | |
| Financial commitments granted | - | - | 294,101 | 1,145 | **295,246** |
| Guarantees granted | 430,288 | 86,650 | 662,905 | - | **1,179,843** |
| Commitments received | 440,132 | 121,264 | 2,270,042 | - | **2,831,438** |
| Derivative financial instruments (nominal value) | 75,378,215 | - | 184,840 | - | **75,563,055** |
| Derivative hedging instruments (nominal value) | 29,817,809 | - | - | - | **29,817,809** |
| **Statement of profit or loss** | **(89,425)** | **(1,125)** | **(11,201)** | **45** | **(101,706)** |
| 12 months ended 31.12.2024 | | | | | |
| Interest income | 446,538 | 228 | 58,871 | 159 | **505,796** |
| Interest expense | (652,843) | (1,353) | (45,978) | (114) | **(700,288)** |
| Fee and commission income | - | - | 840 | - | **840** |
| Net trading income | 252,546 | - | 14,909 | - | **267,455** |
| Other operating income | - | - | 90,453 | - | **90,453** |
| Other operating expense | - | - | (41,889) | - | **(41,889)** |
| General administrative costs | (135,666) | - | (88,407) | - | **(224,073)** |

| 31.12.2023 | BNP Paribas S.A. located in Paris | BNP Paribas Fortis S.A. | Other entities from the Capital Group of BNP Paribas S.A. | Key personnel | Total |
|---|---|---|---|---|---|
| **Assets** | **15,507,274** | **46,382** | **4,436,610** | **1,746** | **19,992,012** |
| Receivables on current accounts, loans and deposits | 13,202,692 | 46,281 | 4,404,351 | 1,724 | **17,655,048** |
| Derivative financial instruments | 2,222,035 | 101 | - | - | **2,222,136** |
| Derivative hedging instruments | 82,343 | - | - | - | **82,343** |
| Other assets | 204 | - | 32,259 | 22 | **32,485** |
| **Liabilities** | **13,511,883** | **7,595** | **1,361,730** | **3,369** | **14,884,577** |
| Loans received | 3,651,360 | - | 386,565 | - | **4,037,925** |
| Current accounts and deposits | 4,001,897 | 7,595 | 679,851 | 3,369 | **4,692,712** |
| Subordinated liabilities | 4,075,428 | - | 260,644 | - | **4,336,072** |
| Derivative financial instruments | 903,960 | - | 10,109 | - | **914,069** |
| Derivative hedging instruments | 878,532 | - | - | - | **878,532** |
| Other liabilities | 706 | - | 24,561 | - | **25,267** |
| **Contingent liabilities** | | | | | |
| Financial commitments granted | - | - | 265,487 | 1,262 | **266,749** |
| Guarantees granted | 322,568 | 120,284 | 1,265,596 | - | **1,708,448** |
| Commitments received | 8,312,740 | 155,406 | 1,625,763 | - | **10,093,909** |
| Derivative financial instruments (nominal value) | 81,242,618 | 51,095 | 239,256 | - | **81,532,969** |
| Derivative hedging instruments (nominal value) | 9,067,254 | - | - | - | **9,067,254** |
| **Statement of profit or loss** | **231,380** | **(1,903)** | **(151,134)** | **(155)** | **78,188** |
| 12 months ended 31.12.2023 | | | | | |
| Interest income | 404,788 | 737 | 29,098 | 37 | **434,660** |
| Interest expense | (561,021) | (2,640) | (65,885) | (192) | **(629,738)** |
| Fee and commission income | - | - | 2,791 | - | **2,791** |
| Net trading income | 494,336 | - | - | - | **494,336** |
| Other operating income | - | - | 10,846 | - | **10,846** |
| Other operating expense | - | - | (41,237) | - | **(41,237)** |
| General administrative costs | (106,723) | - | (86,747) | - | **(193,470)** |

**Remuneration of the Management Board and Supervisory Board**

| Remuneration of the Management Board | 12 months ended 31.12.2024 | 12 months ended 31.12.2023 |
|---|---|---|
| Short-term employee benefits | 16,891 | 20,283 |
| Long-term benefits | 4,784 | 4,587 |
| Benefits due to termination of employment | - | 1,801 |
| Post-employment benefits | - | 562 |
| Share-based payments* | 5,744 | 4,795 |
| Shares issued** | 1,855 | 2,279 |
| **Total** | **29,274** | **34,307** |

* includes an amount recognised in the Bank's capital linked to the Bank's shares taken up in the future (in accordance with the variable remuneration policy)

** value of shares issued based on actuarial valuation

| Remuneration of the Supervisory Board | 12 months ended 31.12.2024 | 12 months ended 31.12.2023 |
|---|---|---|
| Short-term employee benefits | 1,832 | 1,627 |
| **Total** | **1,832** | **1,627** |

# 52. OPERATING SEGMENTS

## Segment reporting

The Bank has divided its activities and applied the identification of income and expenses and assets and liabilities into the following reportable operating segments

- Retail and Business Banking,
- Small and Medium-Sized Enterprises (SME),
- Corporate Banking,
- Corporate and Institutional Banking (CIB),
- Other Operations, including ALM Treasury and the Corporate Centre.

In addition, it has been presented performance related to:

- Agro customers, i.e. individual farmers and agro-food sector enterprises,
- the Personal Finance

Although the aforesaid segment performance overlaps with that of the basic operating segments, it is additionally monitored separately for purposes of the Group's management reporting.

The abovementioned segmentation reflects the principles of customer classification to each segment in line with the business model adopted by the Group, which are based on entity and financial criterias (in particular the amount of turnover, level of credit exposure and assets collected) and the type of business. The detailed rules for assigning customers to specific segments are governed by the Group's internal regulations.

The Group's management performance is monitored by considering all items of the statement of profit or loss of the particular segment, to the level of gross profit, i.e. for each segment revenue, expenses and net impairment losses are reported. Management revenue takes into account cash flows between customer segments and the asset liability management unit, measured by reference to internal transfer prices of funds based on market prices and liquidity margins for each maturity and currency. Management expenses of the segments include direct operating expenses and expenses allocated using the allocation model adopted by the Group. Additionally, the management performance of the segments take into account amounts due to each business line for services between such lines.

The Group's operations are conducted in Poland only. As no considerable differences in the risks, which might be affected by the geographical location of the Bank's branches, can be identified, no geographical disclosures have been presented.

The Group applies consistent, detailed principles to all identified segments. As regards the revenue, in addition to standard items, components of the net interest income of the segments have been identified, to include external and internal revenue and expenses. As regards operating expenses, the Group's indirect expenses are allocated to each segment in the Expense allocation (internal) item. Considering the profile of the Group's business, no material seasonal or cyclical phenomena are identified. The Group provides financial services, the demand for which is stable, and the effect of seasonality is immaterial.

## Characteristics of operating segments

**Retail and Business Banking Segment** covers comprehensive services to retail customers, including private banking customers, as well as business clients (microenterprises). The scope of financial services offered by this area includes maintenance of current and deposit accounts, acceptance of term deposits, granting mortgage loans, cash loans, mortgage advances, overdrafts, loans to microenterprises, issuing debit and credit cards, cross-border cash transfers, foreign exchange transactions, sale of insurance products as well as other services of lesser importance to the Group's income. Additionally, the performance of the Retail and Business Banking Segment includes: performance of brokerage services and distribution and storage of investment fund units.

Retail and Business Banking customers are served through the Bank's branches and alternative channels, i.e. online banking, mobile banking and telephone banking, the Premium Banking channel and Wealth Management. In addition, sales of selected products is carried out through financial intermediaries both nationwide and locally.

**Personal Finance Segment** is responsible for development of product offering and management of financial services provided to consumers, with the following major products: cash loans, car loans, instalment loans and credit cards. The aforesaid products are distributed through the Retail and Business Banking branch network as well as external distribution channels.

**SME Banking Segment and Corporate Banking Segment** provide services to business customers and offer a wide range of services to companies, as well as corporate clients, financial institutions and public sector entities. Distribution network for Corporate Banking is based on Regional Corporate Banking Centres located in Warsaw, Łódź, Gdańsk, Poznań, Wrocław, Katowice, Kraków and Lublin. As part of the Regional Corporate Banking Centers, there are Corporate Banking Centers located in the largest business centres in Poland, ensuring a wide geographical and sector coverage. After-sales service for the clients of the Corporate Banking segment is also carried out by the Telephone Business Service Center and in the online banking system.

The main products provided to Business Customers include cash management and global trade finance services – comprehensive services related to import and export LCs, bank guarantees and documentary collection, supply chain and exports financing, acceptance of deposits (from overnight to term deposits), financing in the form of, inter alia, overdrafts, revolving and investment loans, loans from the group of agribusiness financing products, financial market products, including the conclusion of customer foreign exchange and derivative transactions, leasing and factoring products, as well as specialised services such as real estate financing, structured financing for mid-caps, investment banking and related services for public sector entities: organisation of municipal bond issues, forfaiting, dedicated cash management solutions.

**The Corporate and Institutional Banking (CIB) Segment** supports sales of products of the Group, dedicated to the largest Polish enterprises including services provided to key clients.

**Other Banking Operations** of the Group are performed mainly through the Asset and Liability Management Division (ALM Treasury). The main objective of the Division is ensuring an appropriate and stable level of funding to guarantee the security of the Bank's operations and compliance with the standards defined in the applicable laws. The ALM Treasury assumes responsibility for liquidity management at the Bank, setting internal and external reference prices, management of the interest rate risk inherent in the Group's balance sheet as well as the operational and structural currency risk. The ALM Treasury focuses on both prudential (compliance with external and internal regulations) and optimisation aspects (financing cost management and generating profit on management of the Group's items from the statement of financial position).

**The Other Operations segment** includes also direct costs of the support functions, which have been allocated to segments in the Expense allocation (internal) item, as well as results that may not be assigned to any of the aforementioned segments (to include equity investment, gains/losses on own accounts and customer accounts not allocated to a specific segment).

| 31.12.2024 | Retail and Business Banking | SME Banking | Corporate Banking | CIB | Other Operations | Total | including Agro customers | including Personal Finance |
|---|---|---|---|---|---|---|---|---|
| **Statement of profit or loss for the period of 12 months ended 31.12.2024*** | | | | | | | | |
| Net interest income | 3,165,168 | 621,002 | 1,581,981 | 101,767 | 271,089 | **5,741,006** | 747,854 | 740,596 |
| external interest income | 3,922,858 | 551,806 | 1,848,660 | 391,737 | 3,530,022 | **10,245,083** | 1,235,198 | 1,501,581 |
| external interest expenses | (1,623,496) | (354,646) | (654,462) | (13,838) | (1,857,635) | **(4,504,077)** | (183,195) | (192,860) |
| internal interest income | 3,386,012 | 799,427 | 1,865,683 | 15,907 | (6,067,028) | **-** | 548,400 | - |
| internal interest expenses | (2,520,206) | (375,585) | (1,477,899) | (292,040) | 4,665,730 | **-** | (852,549) | (568,125) |
| Net fee and commission income | 684,142 | 133,587 | 380,923 | 72,718 | (7,694) | **1,263,676** | 139,002 | 152,416 |
| Dividend income | - | - | 5,042 | - | 8,105 | **13,147** | 1,051 | - |
| Net trading income (including the result from FX position) | 115,385 | 85,338 | 362,856 | 232,352 | 44,951 | **840,882** | 71,136 | (170) |
| Result on investment activities | - | - | - | - | 14,374 | **14,374** | - | - |
| Result on hedge accounting | - | - | - | - | 1,946 | **1,946** | - | - |
| Other operating income and expenses | (76,329) | (13,476) | (11,785) | (13) | (9,145) | **(110,746)** | (9,257) | (14,146) |
| Result from derecognition of financial assets measured at amortized cost due to material modification | (11,569) | - | - | - | - | **(11,569)** | - | - |
| Result of allowance for expected credit losses of financial assets and provisions for contingent liabilities | (1,369) | 555 | (206,353) | (39,453) | 429 | **(246,192)** | 26,967 | (59,296) |
| Result from legal risk related to foreign currency loans | (795,728) | - | - | - | - | **(795,728)** | - | - |
| General administrative expenses | (1,108,042) | (128,122) | (378,511) | (107,389) | (1,115,295) | **(2,837,359)** | (18,708) | (312,945) |
| Depreciation and amortization | (124,401) | (2,255) | (70,948) | (20,454) | (296,392) | **(514,450)** | (264) | (17,209) |
| Expense allocation (internal) | (919,912) | (229,059) | (227,015) | (5,366) | 1,381,351 | **-** | - | (127,508) |
| **Operating result** | **927,345** | **467,570** | **1,436,190** | **234,162** | **293,719** | **3,358,987** | **957,781** | **361,738** |
| Tax on financial institutions | (184,739) | (26,218) | (125,339) | (26,714) | (41,962) | **(404,971)** | - | (53,498) |
| **Gross profit** | **742,606** | **441,352** | **1,310,851** | **207,448** | **251,757** | **2,954,016** | **957,781** | **308,240** |
| Income tax expenses | - | - | - | - | - | **(595,748)** | - | - |
| **Net profit** | | | | | | **2,358,268** | | |
| **Statement of financial position as at 31.12.2024*** | | | | | | | | |
| Segment assets | 44,241,900 | 6,745,374 | 31,188,298 | 5,089,125 | 80,274,894 | **167,539,589** | 14,475,650 | 15,135,293 |
| Segment liabilities | 76,154,055 | 17,670,878 | 45,168,667 | - | 13,151,934 | **152,145,533** | 12,650,778 | - |

* As the figures have been rounded and presented in PLN '000, in some cases their total may not correspond to the exact grand total.

| 31.12.2023 | Retail and Business Banking | SME Banking | Corporate Banking | CIB | Other Operations | Total | including Agro customers | including Personal Finance |
|---|---|---|---|---|---|---|---|---|
| **Statement of profit or loss for the period of 12 months ended 31.12.2023*** | | | | | | | | |
| Net interest income | 2,955,922 | 509,484 | 1,396,720 | 113,153 | 250,147 | **5,225,427** | 680,274 | 728,771 |
| external interest income | 4,150,760 | 607,876 | 1,880,960 | 490,257 | 2,697,407 | **9,827,260** | 1,267,531 | 1,400,914 |
| external interest expenses | (1,552,615) | (418,042) | (817,898) | (9,653) | (1,803,627) | **(4,601,833)** | (562,407) | (177,282) |
| internal interest income | 3,136,850 | 754,913 | 1,813,787 | 11,053 | (5,716,603) | **-** | 875,032 | - |
| internal interest expenses | (2,779,073) | (435,263) | (1,480,130) | (378,504) | 5,072,969 | **-** | (899,882) | (494,861) |
| Net fee and commission income | 621,676 | 142,678 | 371,382 | 79,159 | (3,933) | **1,210,962** | 157,666 | 135,588 |
| Dividend income | - | - | 4,419 | - | 6,462 | **10,881** | 425 | - |
| Net trading income (including the result from FX position) | 121,487 | 88,878 | 381,210 | 281,862 | 77,344 | **950,781** | 88,269 | (126) |
| Result on investment activities | - | - | - | - | (23,028) | **(23,028)** | - | - |
| Result on hedge accounting | - | - | - | - | (30,939) | **(30,939)** | - | - |
| Other operating income and expenses | (20,692) | (2,407) | (4,960) | - | (37,418) | **(65,476)** | (242) | (14,337) |
| Result from derecognition of financial assets measured at amortized cost due to material modification | 4,190 | - | - | - | - | **4,190** | - | - |
| Result of allowance for expected credit losses of financial assets and provisions for contingent liabilities | (54,118) | 7,444 | 43,430 | (31,156) | 31 | **(34,369)** | 41,815 | 2,774 |
| Result from legal risk related to foreign currency loans | (1,978,086) | - | - | - | - | **(1,978,086)** | - | - |
| General administrative expenses | (1,077,623) | (123,629) | (314,560) | (103,548) | (1,019,438) | **(2,638,799)** | (19,711) | (297,346) |
| Depreciation and amortization | (117,681) | (2,239) | (55,842) | (15,663) | (265,310) | **(456,736)** | (285) | (15,773) |
| Expense allocation (internal) | (833,499) | (217,125) | (201,766) | 6,890 | 1,245,500 | **-** | - | (141,502) |
| **Operating result** | **(378,424)** | **403,084** | **1,620,033** | **330,697** | **199,418** | **2,174,808** | **948,211** | **398,049** |
| Tax on financial institutions | (171,940) | (25,860) | (113,629) | (16,936) | (83,288) | **(411,653)** | **-** | (42,277) |
| **Gross profit** | **(550,364)** | **377,224** | **1,506,404** | **313,761** | **116,130** | **1,763,155** | **948,211** | **355,772** |
| Income tax expenses | - | - | - | - | - | **(750,609)** | - | - |
| **Net profit** | | | | | | **1,012,546** | | |
| **Statement of financial position as at 31.12.2023 *** | | | | | | | | |
| Segment assets | 44,403,787 | 7,009,167 | 27,894,340 | 4,915,595 | 76,802,856 | **161,025,747** | 15,018,059 | 13,946,959 |
| Segment liabilities | 68,192,973 | 17,944,045 | 44,666,126 | - | 17,361,327 | **148,164,472** | 18,977,677 | - |

* As the figures have been rounded and presented in PLN ‘000, in some cases their total may not correspond to the exact grand total.

# 53. LITIGATION, CLAIMS AND ADMINISTRATIVE PROCEEDINGS

**Legal risk**

As of 31 December 2024, there were no proceedings in the court, arbitration tribunal or state administration authorities regarding liabilities or receivables of the Bank, the value of which would exceed 10% of the Bank's equity.

**Court decision regarding calculation of the interchange fee**

On 6 October 2015, the Court of Appeals issued a decision regarding calculation of the interchange fee by banks acting in agreement. Thus, the decision of the first instance (Regional) Court of 2013 was changed by dismissing the banks' appeals in whole, while upholding the appeal brought by the Office of Competition and Consumer Protection (UOKiK), which had questioned a considerable reduction in the fines by the first instance court. This denotes that the penalty imposed under the first decision of the President of UOKiK of 29 December 2006 was upheld. It involved a fine levied on 20 banks, including Bank BGŻ S.A. and Fortis Bank Polska S.A., for practices limiting competition by calculating interchange fees on Visa and MasterCard transactions in Poland in agreement.

The total fine levied on Bank BGŻ BNP Paribas S.A. (presently BNP Paribas Bank Polska S.A.) amounted to PLN 12,554 thousand and included:

- a fine for the practice of Bank Gospodarki Żywnościowej in the amount of PLN 9,650 thousand; and
- a fine for the practice of Fortis Bank Polska S.A. (FBP) in the amount of PLN 2,895 thousand.

The penalty was paid by the Bank on 19 October 2015. The Bank prepared a last resort appeal against the aforesaid court decision and brought it on 25 April 2016. On 25 October 2017, the Supreme Court overruled the judgment of the Court of Appeal and remitted the case. Acquisition of the core business of RBPL did not change the situation of the Bank as RBPL was not a party to this claim.

On 23 November 2020, the Court of Appeal quashed the judgment of the first instance court and remitted the case for re-examination. In November 2022, the first hearing was held. The case is pending.

**Corporate claims against the Bank (interchange fee)**

As of 31 December 2024 the Bank received:

- 33 requests for settlement from companies (merchants), due to interchange fees paid in relation to the use of payment cards, (two from companies which submitted their requests twice and, one from the company which submitted its request three times and one from a company which submitted two requests for different payment methods). The total amount of these claims was PLN 1,028.02 thousand, including PLN 1,018.05 thousand where the Bank had joint responsibility with other banks.
- 4 requests for mediation before the PFSA. The requests were sent to the Bank by the same entrepreneurs who had previously submitted requests for a settlement attempt. The total value of claims arising from the above applications amounts to PLN 40,290 thousand, of which PLN 37,790 thousand relates to joint liability with other banks.
- Most of the settlement requests after the Bank's refusal to enter into negotiationas did not end up in court.

**Litigation and claims of investment fund participants in connection with the performance of the function of investment fund depositary**

As of 31 December 2024, the Bank had received a total of 164 individual lawsuits and six collective lawsuits by investment fund participants, related to the performance of the function of investment fund depositary (including the performance of this function by Raiffeisen Bank Polska S.A.).

The total amount of claims under the above-mentioned lawsuits is PLN 205,165 thousand. The total amount of provision 2,800 thousand.

The first two group lawsuits were filed by participants of the Retail Parks Fund Closed Investment Fund of Non-Public Assets in Liquidation (hereinafter RPF Fund), respectively: on behalf of 397 participants, value of claims: PLN 96,221 thousand and on behalf of 181 participants, value of claims: PLN 25,302 thousand.

Other group lawsuits concern the determination of the Bank's liability for the Bank's operations as depositary of the following funds: 3) PSF 2 Closed Investment Fund of Non-Public Assets (on behalf of 17 fund participants; no indication of the amount of claims), 4) PSF Closed Investment Fund of Non-Public Assets (on behalf of 81 fund participants; no indication of the amount of claims), 5) EPEF Closed Investment Fund of Non-Public Assets (lawsuit filed on behalf of 42 fund participants; the amount of claims – PLN 128 thousand) and 6) PSF Lease Closed Investment Fund of Non-Public Assets (on behalf of 38 fund participants; the amount of claims: PLN 8,988 thousand).

The allegations raised in the lawsuits focus, in particular, on the improper performance by Raiffeisen Bank Polska S.A., and then the Bank, of its obligations to ensure that the value of an investment fund's net assets and the value of net assets per investment certificate are calculated in accordance with the law and the investment fund's statute, and the obligation to verify the compliance of an investment fund's operations with the law governing investment funds or with the statute. The Bank's position is that the claims of fund participants against tha Bank are unfounded.

By 31 December 2024, there were a total of **10 non-final judgments of the courts** of first instance:

- **1 judgment unfavourable to the Bank** (the Court in the case concerning the InMedica fund awarded the amount of: PLN 64 thousand in favour of the plaintiff due to improper diversification of the fund's assets);
- **9 judgments in favour of the Bank** (actions of individual fund participants dismissed due to lack of prerequisites for the Bank's liability for damages, in one case a request for justification of the judgment was filed).

**Administrative proceedings of the Polish Financial Supervision Authority for the imposition of a penalty in connection with the performance of the function of depositary of investment funds**

On 28 September 2022 the Polish Financial Supervision Authority initiated administrative proceedings for the imposition of an administrative penalty against the Bank pursuant to Article 232(1a) of the Act on Investment Funds and Management of Alternative Investment Funds, in connection with the Bank's suspected breach of the provisions of the aforementioned Act during the period 31 January 2017 to 31 August 2019, by failing to exercise due diligence on the factual and legal acts carried out by investment funds PSF Closed Investment Fund of Non-Public Assets and PSF 2 Closed Investment Fund of Non-Public Assets to ensure that the net asset value of these funds and the net asset value per investment certificate were calculated in accordance with the law and the statutes of these funds.

By decision of 14 June 2024, the Polish Financial Supervision Authority imposed a fine of PLN 1,000 thousand on the Bank for breach of obligations related to ensuring that the net asset value of the funds and the net asset value per investment certificate are calculated in accordance with the law, for valuation dates falling between 31 October 2018 and 31 July 2019. In its rationale for the decision, the PFSA indicated that the breach of the aforementioned depositary duties consisted mainly of: i.) not obtaining full information on the financial situation of the issuers of the bonds that the funds were purchasing, which resulted in the Depositary not being able to fully assess the bond issuers' ability to redeem the bonds, ii.) not performing an analysis of the impact of circumstances regarding the financial situation of bond issuers on the rationale for impairment losses on bonds and the final fair value measurement of bonds, iii.) fail to investigate the reasons for negative capital on the part of bond issuers and the possible impact of these circumstances on the bond issuers' ability to repay their bond redemption obligations. The PFSA dismissed the proceedings in part to ensure that the net asset value of these funds and the net asset value per investment certificate are calculated in accordance with the statutes of these funds for the asset valuation days falling between 31 October 2018 and 31 July 2019, and in part to ensure that the net asset value of these funds and the net asset value per investment certificate are calculated in accordance with the law and the statutes of these funds for the asset valuation days falling between 31 January 2017 and 30 October 2018 (acting as depositary by Raiffeisen Bank Polska S.A.) and from 1 August 2019 to 31 August 2019.

On 4 July 2024 the Bank applied for reconsideration of the case by the Polish Financial Supervision Authority.The bank has created a provision for the imposed penalty.

The Polish Financial Supervision Authority has informed the Bank that the proceedings to determine the aforementioned application are scheduled to be completed in April 2025.

On 7 December 2022, the Polish Financial Supervision Authority initiated administrative proceedings for the imposition of a penalty under Article 232(1a) of the Act on Investment Funds and Management of Alternative Investment Funds, in connection with the Bank's suspected breach of the provisions of the aforementioned Act in the years 2017 - 2019, by failing to exercise continuous control over the factual and legal actions carried out by the Retail Parks Fund Closed Investment Fund of Non-Public Assets, in connection with the valuation of the fund's assets, aimed at ensuring that the net asset value of the fund and the net asset value per investment certificate are calculated in accordance with the law.

By decision of 14 June 2024, the Polish Financial Supervision Authority imposed a fine of PLN 500 thousand on the Bank for breach of duties related to ensuring that the fund's net asset value and the net asset value per investment certificate were calculated in accordance with the law, for the valuation days falling on 30 November 2018 and 28 February 2019.

In the justification for the decision, the PFSA indicated that the breach of the above-mentioned duties of the Depositary consisted primarily in the failure to conduct a thorough analysis of the circumstances affecting the determination of the situation of the issuers of the bonds purchased by the fund and to obtain sufficient information on the circumstances affecting this situation. As a result the Depositary did not recognise the legitimacy of making impairment allowances for the bonds in an appropriate amount and the valuation of the bonds was inadequate to their actual value. The PFSA dismissed the proceedings in the part concerning the suspected breach in the period from 1 January 2017 to 30 October 2018.

On 4 July 2024 the Bank has applied for reconsideration of the case by the Polish Financial Supervision Authority. The bank has created a provision for the imposed penalty.

The Polish Financial Supervision Authority informed the Bank that the proceedings for the recognition of the aforementioned application are scheduled to be completed in March 2025.

**Proceedings on practices violating collective consumer interests - unauthorised transactions**

On 8 July 2022, the Office of Competition and Consumer Protection (UOKiK) initiated proceedings related to the practices violating the collective interests of consumers. The UOKiK alleges that the Bank, upon receipt of a consumer complaint regarding an unauthorised transaction, does not automatically return funds to customers within the D+1 deadline, but instead conducts an initial clarification procedure to determine whether the transaction in question should be considered as accepted/conducted by the customer. The second allegation of the UOKiK relates to the Bank providing inappropriate information to customers when rejecting complaints about the disputed transaction. When rejecting such complaints, the Bank explained that, according to its systems, the transaction is considered authorised, because it has been confirmed in accordance with the provisions of the contract applicable to the customer, including through elements that only he/she should be aware of, and thus, if the customer questions this the situation should be considered as customer negligence.

The UOKiK made similar allegations against more than a dozen other banking sector entities.

In August and December 2024, the UOKiK requested additional information and extended the proceedings until 11 April 2025.

**Proceedings for practices violating the collective interests of consumers - credit holidays**

On 5 September 2022, the Bank received the UOKiK's decision to initiate proceedings against practices that violate the collective interests of consumers by limiting the possibility to apply for a mortgage loan withholding by limiting one application to 2 months, whereas the customer should be able to apply for all periods at the same time (up to 8 months).

The Bank disagreed with the allegations and has sent its reply to UOKiK, in which it pointed that the Bank accepted and processed all individual applications applied by customers (for any number of months). Thus, there was no violation of the collective interests of consumers, as the Bank did not deprive customers of their rights, but only failed to fully automate the electronic application as of the effective date of the law. At the same time, the Bank informed UOKiK that it had changed the questioned practice by launching a new application form in GOonline e-banking on 8 September 2022, allowing customers to apply for any/all periods simultaneously (up to 8 months).

On 17 January 2023, the Bank received the Decision of the UOKiK, in which:

- it recognized the questioned practice as violating the collective interests of consumers;
- the practice was found to be abandoned;
- it ordered publication of the decision;
- it imposed a penalty on the Bank in the amount of PLN 2,721 thousand (reduced by 50% (30% - for cessation of the practice, 20% as a result of initiating a meeting and expressing willingness to cooperate).

On 17 February 2023, the Bank has appealed the decision to the Competition and Consumer Protection Court. On 8 December 2023, the court delivered to the Bank the UOKiK's response to the Bank's appeal, filed with the UOKiK on 28 August 2023.

The Bank has created a provision in the amount of the penalty imposed.

The court closed the hearing and set the date for the announcement of the verdict - March 24, 2025.

**Court proceedings concerning the institution of free credit sanctions referred to in Article 45 of the Consumer Credit Act of 12 May 2011 ('u.k.k.')**

The institution of the sanction of free credit is regulated in Article 45 of the Consumer Credit Act, according to which, in the event of a breach by the creditor of the provisions of the Act listed therein, the consumer, after submitting a written statement to the creditor, shall repay the credit without interest and other credit costs due to the creditor within the time limit and in the manner agreed in the credit agreement, and if no such manner has been agreed, shall repay the credit in equal instalments, payable monthly, from the date of the conclusion of the credit agreement. Pursuant to Article 45(5) of the Consumer Credit Act., the entitlement to the sanction of free credit expires one year after the execution of the credit agreement.

The first lawsuits related to customers' use of the free credit sanction institution started to be received by the Bank in 2021. At the end of 2024, the Bank had received 801 lawsuits with a total litigation value of PLN 16,865.25 thousand.

The Bank disputes the validity of the claims raised in these cases. The jurisprudence to date is overwhelmingly in favour of the Bank.

The majority of court proceedings are pending before courts of first instance. There were 92% of favourable judgements in finalised cases as at 31 December 2024.

Out of all the cases pending against the Bank: 595 are at first instance, 73 are at the second instance stage, while 133 have been finalised.

The use of the sanction of free credit is also alleged in the Bank's debt collection proceedings. As at 31 December 2024, the plea in question has been raised in 31 such cases.

Legal issues concerning the institution of the sanction of free credit are the subject of numerous preliminary questions addressed by Polish courts to the Court of Justice of the European Union (CJEU), concerning:

- the admissibility of interest on non-interest credit costs and the information obligations incumbent on financial institutions in this regard (Cases C-472/23, C-566/24 and C-744/24),
- the interpretation of the one-year time limit for declaring the sanction of free credit (Case C-566/24),
- the scope of the consumer's information on the early repayment procedure (Cases C-566/24, C-831/24) and the consumer's right of withdrawal (Case C-566/24),
- examination by the court of its own motion of the creditor's infringement of provisions other than those specified in the declaration of free credit (Case C-831/24),
- the admissibility of the assignment of claims arising from a consumer credit agreement and the obligation of the court to examine the assignment agreement ex officio from the point of view of the abusive nature of the provisions contained therein (C-80/24)
- the permissible method of determining the consideration to which a consumer is entitled under an assignment agreement (Case C-600/24),
- the application of the sanction of free credit in the light of the principle of proportionality (Cases C-472/23, C-566/24, C-831/24).

On 24 October 2024, the Court of Justice (EU) handed down its judgment in Case C-339/23 (Horizon). The CJEU ruled that the provisions of Directive 2008/48/EC of the European Parliament and of the Council of 23 April 2008 on credit agreements for consumers and repealing Council Directive 87/102/EEC allow the Member States to introduce various sanctions for failure to carry out a consumer credit assessment and for breach of the information obligations set out in the Directive. The CJEU did not analyse the Polish legislation or identify a specific sanction for breaching the obligation to carry out a consumer creditworthiness assessment, noting that the choice of sanctions is up to the Member State, provided that they are effective, proportionate and dissuasive. In Article 45 u.k.k., the legislator did not provide for the possibility of applying a free credit sanction for a bank's breach of its obligation to examine the consumer's creditworthiness.

The interpretation of the provisions on the institution of free credit sanctions is also the subject of legal issues referred for consideration by the Supreme Court, concerning: the power of the court to examine ex officio other violations than those indicated in the content of the declaration submitted by the consumer on the use of free credit sanctions, the interpretation of the one-year time limit for the submission of the declaration on the use of free credit sanctions, the mutual relation of the institution of free credit sanctions and the provisions on prohibited provisions, as well as the admissibility of interest on non-interest costs and the possibility of applying free credit sanctions on this account (ref. II Ca 825/24).

**Lawsuits concerning mortgage loan agreements with interest rates based on WIBOR**

In the first quarter of 2022, the first media reports of lawsuits against banks challenging WIBOR in loan agreements (with allegations that clauses relating to WIBOR are abusive, or alternatively that the agreement is invalid) appeared in Poland. These lawsuits seek to challenge WIBOR as the basis for variable interest rates. In addition, the extent to which and the manner in which consumers are provided with instructions and information about the volatility of the index as well as the methods of calculating the index and the factors influencing its change are undermined.

In January 2023, the Bank received the first lawsuits challenging the WIBOR and variable interest rate clauses based on the WIBOR benchmark in the mortgage loan agreements.

By 31 December 2024, the Bank had received a total of 64 lawsuits (one lawsuit was withdrawn). The lawsuits were filed on behalf of consumers and relate to mortgage loan agreements in PLN, only 1 lawsuit was filed by an entrepreneur and relates to a revolving credit agreement.

In the case of the Bank's products offered to consumers, only mortgage loans and certain products for Wealth customers are based on the WIBOR reference index. Mortgage loans represent 68 thousand agreements with a carrying value of PLN 14,840,135 thousand. The total value of the subject of litigation in ongoing court proceedings is PLN 17,312 thousand, of which PLN 3,939 thousand is covered by a demand for payment. Most of the court proceedings are pending before the courts of first instance. In three cases, judgments of the court of first instance favourable to the bank were issued, one of which is legally binding

In addition, in 24 debt collection cases brought by the Bank, customers have raised arguments challenging WIBOR as a reference index.

The vast majority of lawsuits are submitted along with applications for injunctive relief by withholding the interest portion of the instalment based on the WIBOR interest rate for the duration of the lawsuit. The majority of applications are dismissed by the courts (57 out of 63 applications for security were dismissed). As at 31 December 2024, only two orders granting the request for security are binding, of which one order is final after the Bank's complaint was dismissed, in the case of the other order, the Bank has filed a complaint but it has not yet been heard.

The Bank's position is that the clients' claims are unjustified, in particular in view of the fact that WIBOR is an official index whose administrator has received the relevant approvals required by law, among others from the Polish Financial Supervision Authority, and the process of its determination, carried out by the administrator (an independent entity not affiliated with the Bank), is in accordance with the law and is also subject to supervisory assessment by the Polish Financial Supervision Authority. The Commission confirmed WIBOR's compliance with the requirements of the law. An analogous position was also presented by the Financial Stability Committee, which comprises representatives of: the National Bank of Poland, the Polish Financial Supervision Authority, the Ministry of Finance and the Bank Guarantee Fund.

On 29 June 2023, the Polish Financial Supervision Authority published an assessment of WIBOR's ability to measure the market and economic realities, concluding that WIBOR has the ability to measure the market and economic realities it was designed to measure and responds appropriately to changing liquidity conditions, changes in central bank rates and economic realities.

On 26 July 2023, the Polish Financial Supervision Authority ("PFSA") published a position paper on legal and economic concerns relating to mortgage loan agreements in Polish currency in which the WIBOR interest rate benchmark is used. The position paper contains an explicit statement that WIBOR meets all the requirements prescribed by law and that, in the PFSA's view, there are no grounds to question the reliability and legality of WIBOR, in particular in the context of the use of this index in Polish currency mortgage contracts. The PFSA indicated that its position could be used by banks in court proceedings.

According to data from the Polish Bank Association (as at the end of December 2024), there are currently 1,532 court proceedings underway in which customers are appealing against contractual provisions providing for interest rates based on the WIBOR reference rate. In 124 judgments out of 130 passed, the courts of first instance have issued rulings in favour of the banks. 64 proceedings have been finally concluded, including one final judgment unfavourable to the bank (however, the invalidity of the agreement was due to reasons other than the WIBOR index).

In an order of 31 May 2024 in a case brought by borrowers against PKO BP SA, the Regional Court of Częstochowa addressed legal questions to the CJEU concerning the possibility of examining contractual provisions concerning variable interest rates based on the WIBOR index, the bank's information obligations regarding variable interest rate risk and the possibility of continuing a loan agreement based on a fixed margin if contractual provisions concerning variable interest rates based on the WIBOR are considered unfair. The case registered under case number C-471/24 has not yet been decided.

**Administrative proceedings of the Polish Financial Supervision Authority regarding the imposition of a penalty**

On 22 November 2023 the Polish Financial Supervision Authority initiated administrative proceeding against BNP Paribas Bank Polska S.A. in respect of the imposition of a penalty under Article 176i(1)(4) of the Act on Trading in Financial Instruments. At the current stage of the proceedings, it is not possible to reliably estimate the size of the potential penalty.

**Litigation concerning CHF credit agreements in the banking sector**

According to data from the Polish Bank Association, the number of pending lawsuits relating to CHF-indexed/denominated loan agreements at the end of December 2024 was over 169 thousand compared to over 153 thousand at the end of 2023.

This has resulted in an increase in provisions for these proceedings made by banks with CHF mortgage portfolios.

**Proceedings instigated by the Bank's customers being parties to CHF denominated loan agreements**

The gross balance sheet value of residential mortgage loans granted to retail customers in CHF as at 31 December 2024 amounted to PLN 406,207 thousand, compared with PLN 815,687 thousand at the end of 2023.

As at 31 December 2024, the number of active foreign currency and CHF-denominated loans amounted to 8,3 thousand.

As at 31 December 2024, the Bank was a defendant in 6,596 (2,716 new cases in 2024) pending court proceedings (including legally finalised cases, customers brought a total of 9,591 claims against the Bank), in which they demand either that a foreign currency or CHF-denominated mortgage loan agreement be declared invalid or that the agreement be declared permanently ineffective and the amounts paid to date be repaid. The claims are based on the presence of abusive provisions in the agreement which do not allow the agreement to be sustained (Article $385^1$ of the Civil Code); the Bank is not a party to any collective claim involving such loan agreements.

The total value of the claims asserted in the currently pending cases as at 31 December 2024 amounted to PLN 3,495,835 thousand (PLN 2,835,204 thousand as at 31 December 2023), and in the legally concluded cases to PLN 1,141,019 thousand (PLN 434,544 thousand as at 31 December 2023).

By 31 December 2024, in 2,995 finalised proceedings, there were 806 judgments in favour of the Bank, including 539 in connection with court settlements, and in 2,189 cases the courts ruled against the Bank, declaring the loan agreement invalid or permanently ineffective.

The Bank continuously assesses the impact of legal risks related to pending court proceedings involving denominated or foreign currency loans, taking into account the current status of judgments in cases against the Bank and the line of jurisprudence.

The Polish courts, despite the different indications resulting from the rulings of Court of Justice (EU) (C-19/20 and C-932/19), in the vast majority rule on the invalidity or ineffectiveness of credit agreements.

The total impact of legal risk related to litigation recognised in the Bank's statements as at 31 December 2024 was PLN 3,238,760 thousand (PLN 3,404,016 thousand as at 31 December 2023), with an impact of PLN 795,728 thousand on the Bank's statement of profit or loss in 2024 (PLN 1,978,086 thousand in 2023).

Changes in the total impact of legal risks related to litigation in 2024 are presented in the table below (in PLN thousand):

| **Total impact of legal risks** | 12 months ended 31.12.2024 | 12 months ended 31.12.2023 |
|---|---|---|
| **Balance at beginning of period** | **3,404,016** | **1,920,564** |
| Increase in the profit and loss account | 795,728 | 1,978,086 |
| Utilisation | (861,738) | (619,450) |
| Exchange rate differences | (99,246) | (16,947) |
| Reclassification of expected credit losses due to change in accounting policy | - | 141,763 |
| **Balance at the end of period** | **3,238,760** | **3,404,016** |

In 2024, the Bank used PLN 422,952 thousand from the estimated impact of legal risk of CHF loans in connection with settlements reached (in 2023, the Bank used PLN 376,100 thousand on this account).

In 2024, the Bank used PLN 438,786 thousand from the estimated impact of legal risk of CHF loans in connection with final judgments received declaring loan agreements invalid (in 2023, the Bank used PLN 243,350 thousand on this account).

The total impact of legal risk related to litigation is presented in the table below (in PLN thousand):

| **31.12.2024** | Gross carrying amount (before adjustment for legal risk) | Impact of legal risks | Gross carrying amount (after adjustment for legal risk) |
|---|---|---|---|
| Real estate loans for individuals in CHF currency | 2,080,799 | 1,674,592 | 406,207 |
| Impact of legal risk recognized as provisions for litigation | - | 1,564,168 | - |
| **Total impact of legal risk** | | **3,238,760** | |

| **31.12.2023** | Gross carrying amount (before adjustment for legal risk) | Impact of legal risks | Gross carrying amount (after adjustment for legal risk) |
|---|---|---|---|
| Real estate loans for individuals in CHF currency | 3,070,272 | 2,254,585 | 815,687 |
| Impact of legal risk recognized as provisions for litigation | - | 1,149,431 | - |
| **Total impact of legal risk** | | **3,404,016** | |

In estimating the impact of legal risk, the Bank takes into account, among other things, the estimated number of future lawsuits, the number of lawsuits filed, the probability of losing the case, and the Bank's estimated loss in the event of an unfavorable judgment. In addition, the Bank included in the model the estimated number of settlements that will be made with customers. The amount of the estimated impact of the legal risk associated with the settlements was PLN 238,170 thousand from the total impact estimate.

The Bank estimates the probability of losing a case based on historical judgments, separately for the foreign currency and denominated loan portfolios. Due to the observed volatility in case law, the Bank, when estimating the probability of an adverse judgment, takes into account judgments made after 31 December 2020.

In estimating the loss in the event of a judgment declaring the loan invalid, the Bank assumes that the customer is obliged to return the capital paid out without taking into account other benefits from the consumer (remuneration for the use of the capital or valorisation), that the Bank is obliged to return the sum of the capital and interest instalments repaid together with the statutory default interest awarded and that the Bank writes off the credit exposure. The loss estimate takes into account the time value of money.

The accounting effect of signing a settlement agreement with a customer is the derecognition of a CHF loan, recognition of a new loan in PLN and the recognition of a result from the derecognition and the recording of settlements with customers.

The accounting effect of the final judgment declaring the loan agreement invalid is the derecognition of CHF loan exposure and the recording of settlements with customers due to the declaration of invalidity of the agreement.

Should the assumed average loss change by +/- 5%, with all other significant assumptions unchanged, the amount of the estimated impact would change by +/- PLN 113,754 thousand.

The Bank conducted a sensitivity analysis of the model used to estimate the number of lawsuits lost. A change in this estimate would have the following impact on the estimated loss due to legal risk related to CHF loans.

| Parameter | Scenario | Impact on Bank's loss due to legal risk |
|---|---|---|
| Percentage of lost cases | +5 p.p. | PLN +80,439 thousand |
| | -5 p.p. | PLN -115,074 thousand |

The Bank conducted a sensitivity analysis of the model used to estimate the number of future lawsuits. A change in the number of future lawsuits would have the following impact on the estimated loss due to legal risk related to CHF loans.

| Parameter | Scenario | Impact on Bank's loss due to legal risk |
|---|---|---|
| Number of future lawsuits | +20% | PLN +68,031 thousand |
| | -20% | PLN -68,031 thousand |

Additionally, according to the Bank's assessment if 1% of customers with CHF loans filed a lawsuit against the Bank, the loss due to legal risk would increase by approx. PLN 35,379 thousand.

When calculating the expected loss on legal risk related to CHF loans, the Bank takes into account the available historical data, including the content of judgments in concluded cases. The Bank monitors the number of collected certificates and the changing number of lawsuits in order to update the estimated impact of legal risk of foreign currency loans accordingly

The current line of jurisprudence in cases involving actions by CHF borrowers is unfavourable to banks, but nevertheless some legal issues are still not clarified, in particular the qualification of loans as foreign currency loans. The above issues are relevant to the assessment of the risks associated with proceedings involving part of the Bank's portfolio

The Bank monitors the courts' rulings on an ongoing basis and will adjust the level of estimated impact of legal risk to the current case-law. At the same time, the Bank is aware that the assumptions made are subject to a subjective assessment of the current situation, which may change in the future. In determining the value of the estimated impact of legal risk, the Bank relies on all information available at the date of signing the financial statements.

At the same time, the Bank has taken into account the right to recognise a deferred tax asset in connection with the entitlement to apply a tax preference in respect of settlements falling within the scope of the Ordinance of the Minister of Finance of 11 March 2022, as amended by the Ordinance of 20 December 2022, in force until the end of 2024, on the abandonment of the collection of income tax on certain income (revenue) related to a residential mortgage loan. As at 31 December 2023, the Bank held assets of PLN 25,422 thousand, of which PLN 25,422 thousand was realised in the first half of 2024 and an additional PLN 24,267 thousand on the basis of a created reserve. Based on an new estimate of the impact of the legal risk associated with foreign currency loans at the end of 2024, the Bank leaves PLN 38,165 thousand in assets with an expected realisation by the end of 2025.

In addition, the Bank - based on the ruling of the Supreme Administrative Court on the tax treatment of returned interest related to cancelled foreign currency loan agreements and the exchange rate differences arising in relation to these loans, recognised in previous years, as well as the individual interpretation, according to which statutory interest for late payment ordered by the court consists of a tax-deductible cost for the Bank on the date of payment - analysed their impact on the deferred tax estimate and, as a result, decided to create, as at 31 December 2024, an additional deferred tax asset of PLN 135,535 thousand in respect of the percentage of the estimated impact of the legal risk associated with CHF-denominated loan agreements of PLN 713,343 thousand.

Also based on the aforementioned ruling of the Supreme Administrative Court and the interpretation, the Bank adjusted its CIT return for 2023 in May this year for an amount of PLN 19,023 thousand in connection with the settlement of the cancellation of CHF loans for that year.

### Case law of the Court of Justice (EU)

On 12 January 2024, the CJEU issued its decision in Case **C-488/23**, concerning the admissibility of the judicial valorisation of a bank's consideration in the form of the paid-out capital of a loan. Referring to Case C-520/21, the CJEU pointed out that, where a credit agreement is declared invalid in its entirety as a result of the elimination of abusive clauses from it, the provisions of Directive 93/13 preclude a judicial interpretation of the law of a Member State according to which a credit institution is entitled to demand from the consumer, in addition to reimbursement of the capital disbursed pursuant to the credit agreement and statutory default interest from the date of the demand for payment, compensation consisting in a judicial adjustment of the benefit of the capital disbursed in the event of a material change in the purchasing power of money after that capital has been paid to the consumer.

On 25 April 2024, the CJEU issued its judgments in Cases **C-484/21** and **C-561/21**, concerning the running of limitation periods for actions raised on the basis of claims of prohibited terms.

In the first judgment, the CJEU stated that the provisions of Directive 93/13 preclude:

- the limitation period for a claim for reimbursement of expenses incurred by the consumer when concluding a contract with the trader in respect of a term which has been found unfair by a final court ruling subsequent to the payment of those expenses started to run from the date of that payment, irrespective of whether the consumer was or could have been aware of the unfair nature of the term at the time of that payment or before that term was declared invalid by the judgment,
- the limitation period for a claim for reimbursement of costs incurred by a consumer on the basis of a term in a contract with a trader which has been found unfair by a final judgment of a court shall start to run on the day on which the national supreme court delivered an earlier judgment, in a separate case, declaring a standard term corresponding to that term in that contract unfair.

In the second judgment, the CJEU ruled that the provisions of Directive 93/13:

- do not preclude the limitation period for a claim for the reimbursement of costs incurred by a consumer in respect of a contractual term declared unfair by a final judgment of a court following payment of those costs from running from the date on which the judgment becomes final, subject to the trader being able to prove that the consumer knew or could have known of the unfair nature of the term in question prior to that judgment,
- preclude the running of the limitation period for a claim for reimbursement of the costs incurred by a consumer in respect of a term in a contract concluded with a trader, the unfair nature of which has been established by a final court judgment subsequent to the payment of those costs, from starting on an earlier date on which the national supreme court has, in separate cases, delivered judgments declaring unfair the terms corresponding to the relevant term of that contract,
- preclude the limitation period for a claim for reimbursement of costs incurred by a consumer on the basis of a term of a contract concluded with a trader which has been declared unfair by a final court judgment from running from the date of certain judgments of the CJEU which confirmed in principle the compatibility with European Union law of the limitation periods for claims for reimbursement.

The CJEU confirmed that a consumer's claim to establish the unfairness of contractual terms is not time-barred, whereas a consumer's restitutionary claims (for reimbursement of benefits provided on the basis of unfair contractual terms) may be time-barred, provided that the time limits set in national law do not make it impossible or excessively difficult for the consumer to pursue claims under Directive 93/13. The CJEU confirmed that the limitation period for a consumer's restitutionary claim cannot start to run before the consumer has become aware of the unfair nature of the contractual term in question. In particular, the time limit cannot start to run already on the date of the consumer's undue performance or on the date of a judgment of the CJEU (e.g. in Case C-260/18) or the Supreme Court in another similar case (without the involvement of that consumer), if at that time the consumer had no knowledge of the unfair nature of the condition. According to the CJEU, the starting date of the limitation period of a consumer's claim may be, in particular, the date on which the court issues a final judgment in a case involving the consumer, if it was only on that date that the consumer became aware of the unfair nature of the term in question. Due to the scope of the preliminary questions, the CJEU did not rule on the limitation period of the Bank's claims.

On 24 October 2024, it delivered its judgment in Case C-347/23, concerning the concept of consumer. According to the CJEU, Directive 93/13 must be interpreted as meaning that an individual who concludes a mortgage credit contract to finance the purchase of a single residential property with a view to renting it out for a consideration falls within the concept of consumer within the meaning of the Directive if that individual is acting for purposes which are outside his trade, business or profession. The mere fact that that natural person seeks to derive an income from the management of that property cannot, in itself, lead to the exclusion of that person from the concept of consumer.

### Resolution of the Supreme Court of 25 April 2024

On 25 April 2024, the entire Civil Chamber of the Supreme Court adopted the so-called 'large resolution on Swiss franc loans issue', resolving the key legal issues, file III CZP 25/22 according to which:

1) If a provision of an index-linked or denominated loan agreement relating to the method of determining the foreign currency exchange rate consists of an unauthorised contractual term and is not binding, that provision cannot, in the current state of the law, be regarded as being replaced by another method of determining the foreign currency exchange rate which results from legal or customary provisions.
2) If it is not possible to establish a foreign currency exchange rate that is binding on the parties in an indexed or denominated loan agreement, the agreement shall also not be otherwise binding.
3) Where, in the execution of a loan agreement which is not binding due to the illegal nature of its terms, the bank has provided the borrower with all or part of the amount of the loan and the borrower has made repayments of the loan, independent claims for the repayment of the wrongful performance arise in favour of each party.
4) If a loan agreement is not binding because of the illegal nature of its terms, the limitation period for the bank's claim for repayment of sums paid out in respect of the loan begins, as a general rule, from the day following the day on which the borrower questioned the bank about its bindingness to the terms of the agreement.
5) If a loan agreement is not binding because of the illegal nature of its terms, there is no legal basis for either party to claim interest or other remuneration for the use of its funds during the period between the time when the wrongful service was provided and the time when repayment of that service is delayed.

The resolution was passed by a majority. There were separate dissenting opinions from 6 of the 17 judges, primarily as to whether the agreement should be upheld after the elimination of the conversion clauses. In its wording, the resolution refers only to the effects of declaring conversion clauses in indexed or denominated loan agreements abusive (without prejudging the abusiveness of such clauses). The resolution does not apply to foreign currency loans, where the conversion clauses are of an optional nature and as such are not necessary for the execution of the loan agreement.

In the justification for the resolution, published in September 2024, the Supreme Court:

1) distinguished between indexed, denominated and foreign currency loans, indicating that a foreign currency loan should refer to a loan whose amount is denominated in a foreign currency, with disbursement by the bank and repayment by the borrower in the same currency. This type of loans is not the subject of the resolution,
2) confirmed that the limitation period of the bank's claims does not start to run on the date of disbursement of the loan, but only from the date on which the consumer challenged the validity of the agreement with the bank,
3) stated that the consumer's will not to be bound by an illicit provision may be expressed in any way, including by implication,
4) pointed out that exercising the right of set-off makes it possible, partially, to prevent the negative consequences of thelimitation period for claims, since, according to Article 502 of the Civil Code, the limitation of a claim does not exclude its set-off if, at the time when the set-off became possible, the limitation period had not yet expired,
5) pointed out that if the defendant has not yet taken action to actualise the claim, raising a plea of set-off may take place not only in the first phase of the trial: the legislator takes into account the necessity of addressing an appropriate request for payment, and then only after the expiry of two weeks from the receivable becoming due, the subject loses the right to raise a plea of set-off. Finally, the defendant may defend himself or herself by filing a counterclaim or by making use of the institution of an anti-enforcement action.

It should be emphasised that the position of the Supreme Court expressed in the justification does not unequivocally resolve previous divergences in case law regarding the definition of a foreign currency loan[1]. However, the Supreme Court noted that in the case of foreign currency loans in which there is no problem of abusiveness in determining the exchange rate at the time of disbursement of the loan by the bank, or in which, as a result of the removal of this abusiveness, the agreement is still in force in a form in which, in principle, repayment of the loan in foreign currency is possible, it may be assumed that Article 358 § 2 of the Civil Code, as the relevant dispositive provision, applies to the conversion of the exchange rate (i.e. the agreement may be continued using the average exchange rate of the National Bank of Poland).

[1] Cf. Supreme Court judgment of 20 May 2022, ref. II CSKP 713/22, Supreme Court order of 24 June 2022, ref. I CSKP 2822/22, Supreme Court judgment of 26 January 2023, ref. II CSKP 408/22, Supreme Court judgment of 31 January 2023, ref. II CSKP 334/22, Supreme Court judgment of 15 September 2023, ref. II CSKP 1356/22, Supreme Court judgment of 9 May 2024, ref. II CSKP 2416/22 and Supreme Court judgment of 25 July 2024, ref. II CSKP 1424/22.

### Supreme Court case law on CHF denominated and foreign currency loans

On 19 June 2024, a seven-member panel of the Civil Chamber of the Supreme Court issued a resolution in Case III CZP 31/23, in which it indicated that the right of retention (Article 496 of the Civil Code) does not apply to a party that can set off its claim against the claim of the other party. In the justification, it was stated that, although the possibility of applying the right of retention does not raise doubts when the parties' performances are not homogeneous, in a situation where both parties are obliged to mutually perform monetary performances, the Civil Code provides for a more far-reaching institution, namely the set-off of mutual claims (Article 498 et seq. of the Civil Code), the effect of which is to cancel the claim up to the amount of the lower claim, without the risk of insolvency of the other party. Since the right of retention - as a subsidiary instrument - gives way before other types of security, it should give way even more before set-off as an institution aimed at the satisfaction of claims.

On 2 July 2024, a three-judge panel of the Supreme Court in Case III CZP 2/24 resolved that a power of attorney is sufficient for the effectiveness of raising a charge of set-off under Article 2031 of the Code of Civil Procedure and receiving such a declaration. The Supreme Court stated that due to the rationality of the legislator and the consistency of the legal system, it should be assumed that the allegation of deduction was built on the construction of a substantive legal deduction, allowing it to be raised by a legal representative.

Issues concerning the reciprocity of the credit agreement and the application of the right of retention will also be decided by the Supreme Court in Case III CZP 37/24 (formerly III CZP 89/22) - the legal issue was submitted to a panel of seven judges of the Supreme Court for decision. The resolution adopted may be given the force of legal principle.

As of the end of 2024, 239 cassation appeals have been filed with the Supreme Court in cases of CHF loans granted by the Bank, 50 appeals have been accepted by the Supreme Court for examination and are awaiting substantive decision, as to 129 cassation appeals, the Supreme Court has issued a decision on refusal to accept for examination. Five cases have been sent back for examination, while in 6 it dismissed the cassation appeal.

In February 2025, a draft of a new Act on special solutions for the recognition of cases concerning loan agreements denominated or indexed to CHF concluded with consumers was published. The Act concerns claims related to a credit agreement concluded with a consumer denominated or indexed to CHF (not applicable to foreign currency loans). The key mechanisms provided for in the Act include:

- the suspension of the consumer's obligations under the loan agreement as soon as the lawsuit is served on the bank,
- making a first-instance judgment awarding a monetary benefit to a consumer enforceable as soon as a the judgment rendered in closed session is announced or served on the defendant bank,
- removing time limits on raising a set-off, removing interpretative doubts as to whether a declaration of set-off can be made and accepted by a legal representative,
- allowing the Bank's restitution claim to be submitted during proceedings initiated by the consumer,
- granting tax benefits to parties who decide to withdraw appeals addressed to the courts,
- the possibility of hearing the parties in CHF loans-related cases in writing and the exclusion of restrictions on hearing witnesses outside the courtroom in a remote meeting,
- the introduction of a review (so-called pre-court) of cassation appeals accepted by the Supreme Court for examination in CHF loans-related cases, prior to the unification of the jurisprudential line in these cases.

Adoption of the Act is tentatively scheduled for the second quarter of 2025.

**Individual settlements offered by the Bank**

Since December 2021, the Bank is involved in individual negotiation processes with its customers with whom the Bank is in dispute or about whom there is a reasonable risk of entering into a dispute. The Bank took this parameter into account when updating the amount of the total impact of legal risk.

As of 31 December 2024, the Bank has made individual settlement proposals to 13,915 customers (12,807 customers as of 31 December 2023) and 6,202 customers accepted the terms of the proposals presented (4,237 in 2023) out of which 5,550 settlements were signed (3,567 in 2023).

# 54. FINANCIAL RISK MANAGEMENT

## 54.1. Financial instrument strategy

The Group's core business focuses on financial products offered to customers: retail customers, entrepreneurs and enterprises, public sector and budget institutions as well as non-banking financial institutions. Short-term fixed rate deposits as well as current and savings accounts are the key items of the Group's liabilities. On the other hand, the Group's assets comprise such credit products as mortgage loans, cash loans, credit cards, overdrafts, investment and revolving loans, subsidized loans, factoring facilities, leasing, guarantees, international trade finance transactions (e.g. letters of credit), the majority of which are medium- and long-term instruments bearing interest based on short-term market rates.

The Group uses financial market instruments in the first place to manage the liquidity, interest rate and currency risk inherent in its core business, considering the internal risk appetite as well as market trends in the medium and long term.

Additionally, the Group offers access to financial market instruments to its customers for purposes of hedging market (currency, interest rate or commodity) risk inherent with their core business.

## 54.2. Credit risk

Credit risk is inherent in the core financial operations of the Group, the scope of which includes both lending and providing funding with the use of capital market products. Consequently, credit risk is identified as the risk with the highest potential to affect the present and future profits and equity of BNP Paribas. Proof of the key nature of credit risk is its 56.14% share in the total economic capital estimated by the Group for purposes of covering major risks involved in the Bank's operations, in addition to its 86.88% share in the total value of regulatory capital.

Credit risk management is primarily aimed at implementation of the Group's strategy through a harmonious increase in the loan portfolio, accompanied by maintenance of the credit risk appetite at an acceptable level.

Credit risk management principles adopted by the Group include:

- each credit transaction requires comprehensive credit risk assessment expressed in internal rating or scoring;
- in-depth and careful financial analysis serves as the basis for regarding the customer's financial information and collateral-related data as reliable; prudential analyses performed by the Group always take into account a safety margin;
- as a rule, financing is provided based on the customer's ability to generate cash flows that ensure payment of liabilities to the Group;
- credit risk assessment is additionally verified by credit risk assessment personnel, independent of the business;
- pricing terms of a credit transaction have to take account of the risk involved in such a transaction;
- credit risk is diversified with regard to geographical regions, industries, products and customers;
- credit decisions may only be taken by competent employees;
- the Bank enters credit transactions only with known customers and long-term relationships are the basis for cooperation with customers;
- the customer and the transactions made with the customer are monitored transparently from the perspective of the customer, in a manner strengthening the relationship between the Bank and the customer;
- the Group enters credit transactions only with known customers and long-term relationships are the basis for cooperation with customers;
- the customer and the transactions made with the customer are monitored transparently from the perspective of the customer, in a manner strengthening the relationship between the Bank and the customer.

**Concentration risk** is the Bank's risk inherent to its statutory operations, which is appropriately defined and managed.

The Management Board assesses the concentration risk policy in terms of its application. In particular, it analyses the efficiency and adequacy of the principles applied in the context of the current and planned operations and risk management strategy. The adequacy of the concentration risk management is reviewed if any material changes are observed in the Group's environment or if the risk management strategy is modified. The appropriate assessment of the concentration risk of the Group is highly dependent on correct identification of all key concentration risks.

In justified cases, the Group identifies concentration risk when planning its new activities involving the development and launch of new products, services, expansion to new markets, considerable alterations of products and services or market changes.

Credit portfolio diversification is one of the key credit risk management tools. The Group avoids excessive credit concentration, as it increases the risk. Possible losses pose a considerable threat, and therefore the concentration level should be monitored, controlled and reported to the Group's management. Key concentration risk mitigation tools include risk identification and measurement mechanisms and exposure limits in individual Bank portfolio segments and in subsidiaries. These tools enable internal differentiation of the loan portfolio and mitigation of negative effects of adverse changes in the economy.

A significant concentration area (aspect) is the one whose share in the Group's balance sheet total is equal or higher than 10% or 5% of the net profit planned for a given year. In such cases, a given concentration area (aspect) is subject to analyses, reporting and management under the concentration risk management process.

An important potential source of credit risk is the high concentration of the Bank's credit exposures in individual entities or groups of entities with capital and organisational links. In order to mitigate it, EU Regulation No 575/2013 sets a limit on the Bank's maximum exposure. In accordance with Article 395 of EU Regulation No 575/2013: An institution shall not take on an exposure to a client or group of connected clients the value of which, after taking into account the effect of the credit risk mitigation in accordance with Articles 399 to 403, exceeds 25% of its Tier 1 capital. If such a client is a credit institution or if the group of connected clients includes one or more credit institutions, the value shall not exceed 25% of the credit institution's Tier 1 capital or EUR 150 million, whichever is higher, provided that the sum of the exposure values to all connected clients that are not credit institutions, after taking into account the effect of the credit risk mitigation in accordance with Articles 399 to 403, does not exceed 25% of the credit institution's Tier 1 capital.

As at the end of December 2024: the limits set out in Article 395 of the EU Regulation No. 575/2013 with respect to BNP Paribas S.A Group entities - were not exceeded, the Bank's exposure represented 10.22% of Tier 1 capital on a consolidated basis.

With regard to the limit of exposure to entities outside the BNP Paribas S.A. Group, the limits were not exceeded, the largest exposure represented 11.61% of Tier 1 capital on a consolidated basis.

Concentration risk tolerance in the Group is determined by a system of internal limits, including both assumed development directions and speed of the Group's business, an acceptable level of credit risk and liquidity, as well as external conditions, macroeconomic and sectoral perspective. Among others, internal limits for credit concentration risk are determined for:

- selected sectors / industries;
- exposures denominated in foreign currencies;
- customer segments (intra-bank customer segmentation);
- loans secured with a given type of collateral;
- geographical regions;
- average probability of default;
- exposures with a specified rating (the Group's internal rating scale);
- exposures with a specified debt-service-to-income ratio;
- exposures with a specified loan-to-value ratio.

Activities that limit Group's exposure to concentration risk may include systemic measures and one-off / specific decision and transactions. Systemic measures that limit concentration risk include:

- reduction of the scope of crediting of determined customer types through credit policy adjustment;
- reduction of limits charged with concentration risk;
- diversification of asset types on the level of the Group's statement of financial position;
- change of business strategy to ensure prevention of excessive concentration;
- diversification of accepted collateral types.

The Group's concentration risk mitigation activities of a single/specific decision and transaction nature include the following:

- reduction of further transactions with a given customer or a group of related customers;
- sale of selected assets/loan portfolios;
- securitization of assets;
- establishing of new collateral types (e.g. credit derivatives, guarantees, sub-participation, and insurance contracts) for existing or new credit exposures.

The industry concentration analysis covers all the Group's credit exposures to institutional customers. The Group defines industries based on the Polish Classification of Business Activities. The structure of the Group's exposure to industries analysed at the end of December 2024, is characterised by concentration towards the following industries: Agriculture, Forestry, Hunting and Fishing and Industrial Processing. At the end of December 2024, the share of Industrial Processing increased by 0.45 p.p. to 22.2% compared to the end of 2023 while the share of the Agriculture, Forestry, Hunting and Fishing industry decreased by 1.26 p.p. compared to the end of 2023 and amounted to 16.8% of industry exposure.

A table showing the breakdown of loans measured at amortised cost and those measured at fair value through profit or loss by industry of activity (gross carrying value at 31 December 2024 and 31 December 2023) is presented below.

| | Engagement* | Engagement* | Share of impaired loans | Share of impaired loans |
|---|---|---|---|---|
| Industry | 31.12.2024 | 31.12.2023 | 31.12.2024 | 31.12.2023 |
| **INDIVIDUAL CLIENTS** | **32,858,354** | **34,411,210** | **2.3%** | **2.3%** |
| **CORPORATE CLIENTS:** | **55,453,912** | **54,354,205** | **3.9%** | **3.5%** |
| AGRICULTURE, FORESTRY AND FISHING | 9,320,401 | 9,818,765 | 4.8% | 5.7% |
| MINING AND QUARRYING | 51,861 | 54,691 | 0.2% | 0.6% |
| MANUFACTURING | 12,310,338 | 11,823,706 | 5.8% | 3.0% |
| ELECTRICITY, GAS, STEAM AND AIR CONDITIONING SUPPLY | 961,471 | 992,908 | 0.2% | 0.3% |
| WATER SUPPLY; SEWERAGE, WASTE MANAGEMENT AND REMEDIATION ACTIVITIES | 150,724 | 178,053 | 1.9% | 1.6% |
| CONSTRUCTION | 2,369,279 | 2,977,251 | 6.9% | 6.3% |
| WHOLESALE AND RETAIL TRADE; REPAIR OF MOTOR VEHICLES AND MOTORCYCLES | 7,916,807 | 8,076,424 | 3.7% | 3.8% |
| TRANSPORTATION AND STORAGE | 2,829,260 | 2,953,351 | 3.6% | 2.3% |
| ACCOMMODATION AND FOOD SERVICE ACTIVITIES | 391,006 | 446,469 | 12.4% | 10.5% |
| INFORMATION AND COMMUNICATION ACTIVITIES | 2,962,091 | 2,908,983 | 0.6% | 1.3% |
| FINANCIAL AND INSURANCE ACTIVITIES | 3,111,541 | 2,068,878 | 0.4% | 0.8% |
| REAL ESTATE ACTIVITIES | 6,059,204 | 5,586,628 | 3.7% | 2.1% |
| PROFESSIONAL, SCIENTIFIC AND TECHNICAL ACTIVITIES | 3,421,499 | 3,241,917 | 2.3% | 2.1% |
| ADMINISTRATIVE AND SUPPORT SERVICE ACTIVITIES | 1,729,697 | 1,374,941 | 1.4% | 3.4% |
| PUBLIC ADMINISTRATION AND DEFENCE, COMPULSORY SOCIAL SECURITY | 59,098 | 54,066 | 0.0% | 0.0% |
| EDUCATION | 151,045 | 147,760 | 2.6% | 3.6% |
| HUMAN HEALTH AND SOCIAL WORK ACTIVITIES | 1,448,251 | 1,110,520 | 1.4% | 6.5% |
| ARTS, ENTERTAINMENT AND RECREATION ACTIVITIES | 33,657 | 36,932 | 3.0% | 3.4% |
| OTHER ACTIVITIES | 176,682 | 501,962 | 4.5% | 1.9% |
| **Total** | **88,312,266** | **88,765,415** | **3.3%** | **3.1%** |

* Financial data have been rounded and presented in PLN ‘000, and therefore, in some cases, the totals may not correspond exactly to the total sum.

The Group manages the risk of collateral concentration. For this purpose, the Group introduced limits for the involvement of particular types of collateral, ensuring their appropriate diversification. As at the end of December 2024 the limits were not exceeded.

Similarly to the loan portfolio, the concentration of deposits from customers is monitored and reported to the Bank's management. Monitoring and reporting is performed on a daily basis, in addition to critical values for branches, whose consumption is determined monthly.

The Bank has established three levels of critical values for deposit concentration:

- for depositors: separate for micro and small businesses (customers of the Retail and Business Banking, Small and Medium-sized Enterprises Segment) at 1.4% of the total deposit balance of non-banking customers, and large businesses (customers of the CIB, Corporate Banking Segment) at 4% of the total deposit balance of non-banking customers,
- for industries: 25% of the total deposit base regardless of industry,
- share of top 10 depositors: 10% of total deposits excluding deposits collected from banks.

At the end of December 2024, the critical values for deposit concentration were not exceeded.

**Maximum exposure on credit risk**

The table below presents the Group's maximum exposure to credit risk for financial instruments recognised in the financial statements. The maximum exposure is presented gross, before taking into account the impact of collateral and other credit enhancement instruments.

31.12.2024

| Assets | Maximum exposure on credit risk – no collaterals included | Maximum exposure on credit risk – collaterals included |
|---|---|---|
| Cash and balances at Central Bank | 11,325,949 | 11,325,551 |
| Amounts due from other banks | 7,872,902 | 7,872,375 |
| Derivative financial instruments | 2,440,116 | 2,440,116 |
| Fair value adjustment of hedged and hedging items | 230,658 | 230,658 |
| Loans and advances to customers measured at amortised cost | 87,859,760 | 85,401,516 |
| Loans and advances to customers measured at fair value through profit or loss | 452,506 | 452,506 |
| Securities measured at amortised cost | 32,368,884 | 32,364,550 |
| Securities measured at fair value through profit or loss | 321,434 | 321,434 |
| Securities measured at fair value through other comprehensive income | 23,027,454 | 23,027,454 |
| Deferred tax assets | 859,567 | 859,567 |
| Current income tax receivables | 1,515 | 1,515 |
| Other financial assets | 1,096,235 | 1,029,154 |
| **Total assets** | **167,856,980** | **165,326,396** |
| **Total contingent liabilities** | **36,666,533** | **36,509,672** |
| **Total exposure on credit risk** | **204,523,513** | **201,836,068** |

31.12.2023

| Assets | Maximum exposure on credit risk – no collaterals included | Maximum exposure on credit risk – collaterals included |
|---|---|---|
| Cash and balances at Central Bank | 6,884,376 | 6,883,586 |
| Amounts due from other banks | 17,964,677 | 17,963,948 |
| Derivative financial instruments | 3,146,745 | 3,146,745 |
| Fair value adjustment of hedged and hedging items | 94,496 | 94,496 |
| Loans and advances to customers measured at amortised cost | 88,111,833 | 85,594,516 |
| Loans and advances to customers measured at fair value through profit or loss | 653,582 | 653,582 |
| Securities measured at amortised cost | 26,250,646 | 26,246,278 |
| Securities measured at fair value through profit or loss | 291,351 | 291,351 |
| Securities measured at fair value through other comprehensive income | 16,634,303 | 16,634,303 |
| Deferred tax assets | 766,504 | 766,504 |
| Current income tax receivables | 4,730 | 4,730 |
| Other financial assets | 635,300 | 560,888 |
| **Total assets** | **161,438,543** | **158,840,927** |
| **Total contingent liabilities** | **17,095,145** | **17,095,145** |
| **Total exposure on credit risk** | **178,533,688** | **175,936,072** |

**Exposure to credit risk by credit quality ratings**

The table below presents significant credit risk exposures to which the expected credit loss model was applied. The breakdown was based on the rating scale presented below:

31.12.2024

| Gross loans and advances measured at amortised cost, for which impairment allowance is estimated as *: | | | | | | |
|---|---|---|---|---|---|---|
| Rating | Stage 1 12-month expected credit loss | Stage 2 Expected credit loss during the exposure period | Stage 3 Expected credit loss during the exposure period | POCI Expected credit loss during the exposure period | Gross portfolio value for a given rating category | Net portfolio value for a given rating category |
| 1 | - | - | - | - | - | - |
| 2 | 175,059 | 4,132 | - | - | 179,191 | 179,055 |
| 3 | 1,296,497 | 23,978 | - | - | 1,320,475 | 1,319,559 |
| 4 | 4,572,264 | 54,251 | - | 185 | 4,626,700 | 4,613,008 |
| 5 | 10,738,258 | 551,308 | - | 622 | 11,290,188 | 11,246,575 |
| 6 | 18,914,474 | 980,212 | - | 3,330 | 19,898,016 | 19,790,803 |
| 7 | 9,198,527 | 1,954,574 | - | 1,438 | 11,154,539 | 10,997,276 |
| 8 | 1,013,742 | 2,202,164 | - | 295 | 3,216,201 | 3,057,232 |
| 9 | 7,946 | 561,084 | - | 1,132 | 570,162 | 517,752 |
| 10 | 416 | 557,927 | - | 1,032 | 559,375 | 456,903 |
| 11 to 12 | - | - | 2,059,194 | 72,993 | 2,132,187 | 1,074,221 |
| no rarting | 54,633 | - | - | - | 54,633 | 54,633 |
| **Total** | **45,971,816** | **6,889,630** | **2,059,194** | **81,027** | **55,001,667** | **53,307,017** |

31.12.2023

| Gross loans and advances measured at amortised cost, for which impairment allowance is estimated as *: | | | | | | |
|---|---|---|---|---|---|---|
| Rating | Stage 1 12-month expected credit loss | Stage 2 Expected credit loss during the exposure period | Stage 3 Expected credit loss during the exposure period | POCI Expected credit loss during the exposure period | Gross portfolio value for a given rating category | Net portfolio value for a given rating category |
| 1 | 32 | - | - | - | 32 | 32 |
| 2 | 38 | - | - | - | 38 | 38 |
| 3 | 1,606,632 | 49,280 | - | - | 1,655,912 | 1,655,162 |
| 4 | 3,454,979 | 156,426 | - | - | 3,611,405 | 3,609,436 |
| 5 | 8,325,447 | 339,128 | - | - | 8,664,575 | 8,652,064 |
| 6 | 17,369,715 | 887,870 | - | 808 | 18,258,393 | 18,180,488 |
| 7 | 13,160,363 | 2,037,791 | - | 15,356 | 15,213,510 | 15,029,751 |
| 8 | 1,012,560 | 2,193,428 | - | 558 | 3,206,546 | 3,053,978 |
| 9 | 45,580 | 694,153 | - | 2,451 | 742,184 | 673,053 |
| 10 | 775 | 462,555 | - | 2,457 | 465,787 | 390,900 |
| 11 to 12 | - | - | 1,771,523 | 88,330 | 1,859,853 | 782,567 |
| no rating | 22,911 | - | - | - | 22,911 | 22,911 |
| **Total** | **44,999,032** | **6,820,631** | **1,771,523** | **109,960** | **53,701,146** | **52,050,380** |

*Financial data have been rounded and presented in PLN ‘000, and therefore, in some cases, the totals may not correspond exactly to the total sum.

The rating assessment is performed for the Bank's total loan portfolio excluding individual customers. The Group determines internal rating classes in accordance with the adopted credit policy. The rating classes are based on the risk model dedicated to this part of the loan portfolio and are the basis for estimating the amount of the provision in accordance with IFRS 9. The Group's customers are assigned ratings from 1 (clients for whom the Group identifies the lowest credit risk) to 12 (clients for whom the Group identifies the highest credit risk). In order to assign ratings, the annual financial data provided by the client and the general quality assessment of its market situation are used.

**The structure of overdue receivables**

The structure of the loan portfolio (measured at amortised cost and measured at fair value through profit or loss) divided into impaired exposures and not impaired exposures along with the level of arrears in repayment are presented in the tables below.

31.12.2024

| Structure of overdue loan portfolio (net balance sheet value)* | not impaired | | | | impaired | Total |
|---|---|---|---|---|---|---|
| | 0 days | 1-30 days | 31-60 days | 61-90 days | | |
| Current loans | 28,580,038 | 2,191,968 | 28,600 | 10,298 | 571,444 | 31,382,348 |
| Investment loans | 17,639,868 | 345,646 | 3,738 | 2,034 | 380,194 | 18,371,480 |
| Mortgage loans for retail customers | 19,730,330 | 85,924 | 6,570 | 3,061 | 109,206 | 19,935,091 |
| Other loans | 9,541,295 | 50,922 | 4,794 | 1,315 | 174,449 | 9,772,775 |
| Lease receivables | 6,196,303 | 62,499 | 5,014 | 2,913 | 125,599 | 6,392,328 |
| **Total** | **81,687,834** | **2,736,959** | **48,716** | **19,621** | **1,360,892** | **85,854,022** |

31.12.2023

| Structure of overdue loan portfolio (net balance sheet value)* | not impaired | | | | impaired | Total |
|---|---|---|---|---|---|---|
| | 0 days | 1-30 days | 31-60 days | 61-90 days | | |
| Current loans | 29,001,793 | 1,271,021 | 43,617 | 13,407 | 616,800 | 30,946,638 |
| Investment loans | 17,451,776 | 383,008 | 5,153 | 234 | 197,192 | 18,037,363 |
| Mortgage loans for retail customers | 21,477,358 | 48,114 | 9,907 | 3,159 | 130,375 | 21,668,913 |
| Other loans | 9,455,913 | 132,287 | 6,205 | 3,518 | 97,056 | 9,694,979 |
| Lease receivables | 5,554,049 | 212,117 | 27,585 | 13,550 | 92,904 | 5,900,205 |
| **Total** | **82,940,889** | **2,046,547** | **92,467** | **33,868** | **1,134,327** | **86,248,098** |

* Financial data have been rounded and presented in PLN ‘000, and therefore, in some cases, the totals may not correspond exactly to the total sum.

With regard to the mortgage loan portfolio, the Bank defines the DSTI (debt service to income) ratio as the ratio of the total annual cost of servicing credit and non-credit financial commitments (from which the retail customer cannot withdraw, i.e. arising, inter alia, from legislation or having a permanent and irrevocable nature) to the total annual income of the retail customer. In accordance with its mortgage lending policy, the Bank sets maximum levels for the DSTI ratio by following the requirements of Recommendation S. The Bank monitors the level of the DSTI ratio during annual credit policy reviews, as well as in dedicated ad hoc analyses.

At the end of December 2024, the Bank does not observe increased credit risk for new loan production as well as the existing mortgage loan portfolio. Both Vintage ratios and NPL (non performing loan) levels in the mortgage segment are stable at levels no higher than those observed in the Polish banking market.

Due to the ongoing war in Ukraine and the economic sanctions issued against Russia and Belarus, the Bank analysed credit exposures directly related to these countries and, on this basis, did not identify significant exposures in both the corporate and retail portfolios.

At the same time, the Bank monitors the situation of customers on an ongoing basis with a view to securing the loan portfolio and maintaining its high quality. Preventive actions taken in Q1 2022 are continued. As part of these activities, institutional customers whose business activity is:

- linked to the economies of the above countries and thus may be vulnerable to war and imposed sanctions,
- particularly vulnerable to inflation,
- vulnerable to the Russian gas embargo.

For the selection of the war-exposed loan portfolio, the Bank takes into account, inter alia, the following factors:

- export/import to/from countries at risk,
- capital or organisational links with Russian or Belarusian citizens,
- transport services provided in countries at risk or logistic channels passing through countries at risk,
- production carried out in countries at risk,
- investments in fixed assets and capital investments in countries at risk,
- existence of commercial contracts in countries at risk (especially construction contracts),
- employment of workers from Russia, Ukraine or Belarus,
- distribution of Russian and Belarusian goods or services (risk of boycott of goods).

In the case of inflation, on the basis of information provided by the Economic and Sectoral Analysis Department, the Bank selected industries that were particularly sensitive. The share of wages and salaries and third-party service costs in operating costs (as the main drivers of inflation) and the gross margin were taken into account. An increased risk threshold was defined for each of these factors. Information on the possibility of passing on price increases to customers was also included in the sensitivity assessment.

The group of customers selected on this basis was subject to further detailed analysis in order to identify activities with a higher level of risk. The risk assessment is updated on a semi-annual basis.

## Impairment allowances

Impairment allowances reflect the expected credit loss calculated using the three-step approach required by IFRS 9, as described in Note 3.

## Collaterals

**Description of collateral held or other mechanisms that improve the credit quality**

The Group assesses the creditworthiness of each client on an individual basis. The value of collateral obtained, if it is deemed necessary by the Group due to the granting of a loan, is subject to valuation by the Bank.

The Group accepts various forms of collateral for loans, while the main categories include:

- real estate mortgage;
- insurance of real estate being the subject of a mortgage;
- life insurance of the borrower;
- registered pledge.

Impact of collaterals on the valuation of exposure with impairment identified (loans measured at amortised cost and at fair value through profit or loss) *

| 31.12.2024 | Gross value with impairment | Collateral value | Net value with impairment |
|---|---|---|---|
| **Loans and advances to:** | | | |
| Other financial institutions | 9,279 | 4,182 | 2,020 |
| Retail customers | 739,323 | 337,749 | 260,182 |
| Corporates: | 1,961,735 | 1,450,456 | 973,091 |
| including retail farmers | 422,509 | 368,496 | 183,526 |
| Public sector entities | - | - | - |
| Lease receivables | 187,807 | - | 125,599 |
| **Total gross loans and advances** | **2,898,144** | **1,792,387** | **1,360,892** |
| Allowances (negative value) | (1,537,252) | - | - |
| **Total net loans and advances** | **1,360,892** | **-** | **-** |

| 31.12.2023 | Gross value with impairment | Collateral value | Net value with impairment |
|---|---|---|---|
| **Loans and advances to:** | | | |
| Other financial institutions | 13,600 | 7,030 | 4,934 |
| Retail customers | 806,815 | 371,415 | 302,420 |
| Corporates: | 1,738,371 | 1,299,145 | 734,062 |
| including retail farmers | 503,046 | 447,001 | 215,556 |
| Public sector entities | 31 | - | 7 |
| Lease receivables | 157,463 | - | 92,904 |
| **Total gross loans and advances** | **2,716,280** | **1,677,590** | **1,134,327** |
| Allowances (negative value) | (1,581,953) | - | - |
| **Total net loans and advances** | **1,134,327** | **-** | **-** |

* Financial data have been rounded and presented in PLN ‘000, and therefore, in some cases, the totals may not correspond exactly to the total sum

In the period covered by the present financial statements, there were no significant changes in the quality of collateral as a result of deterioration or changes in the Group's collateral policy.

## Mortgage loans in foreign currencies and denominated in foreign currencies

The total gross balance sheet value of mortgage loans in foreign currencies and denominated in foreign currencies is PLN 427,354 thousand, which accounts for ca. 1% of the loan portfolio of non-financial sector of the Bank (gross carrying amount), a major part of which (99%) are foreign currency loans and loans denominated in CHF (the Swiss franc).

The Group performs revaluation of the residential property pledged as collateral for loans on an annual basis, on the following assumptions:

- where the debt is below PLN 12 million at the revaluation date – the property is revalued using a statistical method;
- where the debt is more than PLN 12 million at the revaluation date – the property is revalued on a case-by-case basis.

The revalued amount is the basis for calculation of the current LTV for a single exposure and the average LTV for the entire portfolio as the average weighted by the gross carrying amount of individual LTVs.

The total on-balance sheet exposure and the average LTVs for mortgage loans in foreign currencies considering impairment and delinquency in days is presented below:

| days past due | gross balance sheet value | average LTV weighted with gross balance sheet value |
|---|---|---|
| 0-30 days | 315,044 | 62.43% |
| 31-60 days | 1,441 | 98.04% |
| 61-90 days | 1,353 | 41.99% |
| over 90 days | 109,516 | 94.54% |
| **Total** | **427,354** | **69.84%** |

| impairment identified | gross balance sheet value | average LTV weighted with gross balance sheet value |
|---|---|---|
| NO | 311,751 | 62.09% |
| YES | 115,603 | 94.00% |
| **Total** | **427,354** | **69.84%** |

The average current LTV for the entire foreign currency mortgage loan portfolio was at the level 69.84%, while the average current LTV for mortgage loans in the Polish currency was 49.94%.

Exposure structure and average current LTV by loan granting year (mortgage loans in foreign currencies) are presented in the table below:

| date of agreement | number of loans granted | gross balance sheet value | average LTV weighted with gross book value | gross balance sheet value * |
|---|---|---|---|---|
| 2005 and before | 1,117 | 23,592 | 43.89% | 3,991 |
| 2006 | 2,284 | 79,908 | 53.54% | 18,610 |
| 2007 | 2,067 | 108,112 | 73.27% | 25,143 |
| 2008 | 2,444 | 168,574 | 82.92% | 51,670 |
| 2009 | 255 | 18,044 | 52.22% | 4,045 |
| 2010 and beyond | 135 | 29,124 | 51.64% | 12,144 |
| **Total** | **8,302** | **427,354** | **69.84%** | **115,603** |

* non-impaired loans

## „Forbearance” practices

The Group treats its exposures as forborne if the obligor is provided with a forbearance due to economic reasons (financial difficulties), including any forbearance granted for exposures with identified impairment triggers. In case the forbearance is granted for a customer with a material economic loss, the Bank classifies such a customer as default.

A facility is understood as the occurrence of at least one of the following events:

- a change to the repayment schedule, especially extending the loan maturity date;
- cancellation of overdue amounts (e.g. capitalization of an overdue amount, which can be repaid at a later date);
- redemption of principal, interest or fees;
- consolidation of loans into one new product, if the amounts of payments of the consolidated loan are lower than the sum of payments of these loans separately before the consolidation occurred;
- decrease of the base interest rate or margin;
- originating a new loan to repay the existing debt;
- conversion of an existing credit;
- amendment or waiver of significant provisions of the agreement (e.g. a condition of the agreement that was breached as a result of financial difficulties);
- additional collateral presented by the Borrower (if present together with another event meeting the definition of a facility) or sale of the collateral agreed with the Bank, with the proceeds from the repayment of the collateral being used to repay the Bank's loan obligation.

The above events are treated as facilities granted for economic reasons only in the situation of customer’s current financial difficulties or, in the event of changes on the market environment, or such difficulties may occur in the future.

For retail customers, non-reporting individual farmers and companies with simplified accounting, the event of financial difficulties is identified in a situation when:

- the exposure is subject to debt collection; or
- the exposure is not subject to debt collection but there is evidence (provided by the customer or obtained in the decision-making process) that the customer is facing financial difficulties or may be facing them in the near future.

For other customers:

- the client with the default status, or
- the client with the indicated rating meeting the defined financial criteria.

The Bank also has dedicated criteria regarding financial difficulty for clients from the Real Estate segment.

A material economic loss is defined by the Bank as the drop of present value of expected cash flows, resulting from forbearance granted, equal or higher than 1%. The drop of the present value is calculated in accordance with the below formula:

$$\frac{NPV_0 - NPV_1}{NPV_0}$$

where:

NPV0 – the present value of expected cash flows (including interest and fees / commissions) prior to the introduction of changes in loan terms, discounted with the original effective interest rate,

NPV1 – the present value of expected cash flows (including interest and fees / commissions), after the introduction of changes in the loan terms, discounted using the original effective interest rate. In the case of consolidation of many loans for the original interest rate for the purpose of assessing the significance of economic loss, the average EIR weighted with the gross balance sheet exposure at the moment of granting the facility is assumed.

The change in the present value of expected cash flows shall be calculated at the level of single exposure.

In justified cases resulting from complex restructuring measures for a given client (e.g. priority repayment of loans with a collateral of a low value), it is permissible to calculate NPV at the level of a client.

The "forborne" status is no longer assigned if the following conditions have been satisfied:

- exposure reclassified to performing portfolio as a result of the analysis of financial situation (in case of corporate portfolio), which proved that the customer does not meet the criteria for being classified to the impaired portfolio;
- the exposure has not been considered impaired for 24 months in a row;
- none of the exposures to the customer are past due by more than 30 days;
- the obligor has been making regular and considerable payments for at least a half of the trial period.

The revocation of forborne status shall take place in accordance with the aforementioned conditions, while the extension of the period of exit from forborne status shall require a credit decision by the competent credit decision-makers, in other cases the status shall be revoked automatically.

31.12.2024

| **Forborne exposures** | Total portfolio | including forbearance exposures | including change of terms | including refinancing |
|---|---|---|---|---|
| **Loans and advances for:** | **88,312,266** | **1,628,369** | **1,577,130** | **51,239** |
| Non-banking financial institutions | 3,770,228 | 406 | 246 | 160 |
| Retail customers | 32,858,353 | 289,466 | 282,886 | 6,580 |
| Corporate customers | 45,096,101 | 1,338,497 | 1,293,998 | 44,499 |
| including retail farmers | 8,174,363 | 242,870 | 241,424 | 1,446 |
| Public sector institutions | 67,960 | - | - | - |
| Lease receivables | 6,519,624 | - | - | - |
| **Impairment losses on loans and advances for:** | **(2,458,244)** | **(537,219)** | **(523,464)** | **(13,755)** |
| Non-banking financial institutions | (28,960) | (184) | (158) | (26) |
| Retail customers | (763,594) | (113,192) | (110,460) | (2,732) |
| Corporate customers | (1,537,878) | (423,843) | (412,846) | (10,997) |
| including retail farmers | (361,727) | (86,081) | (86,041) | (40) |
| Public sector institutions | (516) | - | - | - |
| Lease receivables | (127,296) | - | - | - |
| **Total loans and advances (net)** | **85,854,022** | **1,091,150** | **1,053,666** | **37,484** |

31.12.2023

| Forborne exposures | Total portfolio | including forbearance exposures | including change of terms | including refinancing |
|---|---|---|---|---|
| **Loans and advances for:** | **88,765,415** | **1,318,483** | **1,263,535** | **54,948** |
| Non-banking financial institutions | 1,919,471 | 876 | 713 | 163 |
| Retail customers | 34,411,211 | 389,952 | 381,471 | 8,481 |
| Corporate customers | 46,353,339 | 904,329 | 858,025 | 46,304 |
| including retail farmers | 8,347,615 | 277,106 | 275,473 | 1,633 |
| Public sector institutions | 58,375 | - | - | - |
| Lease receivables | 6,023,019 | 23,326 | 23,326 | - |
| **Impairment losses on loans and advances for:** | **(2,517,317)** | **(446,132)** | **(427,332)** | **(18,800)** |
| Non-banking financial institutions | (13,610) | (488) | (479) | (9) |
| Retail customers | (866,551) | (135,480) | (132,227) | (3,253) |
| Corporate customers | (1,513,608) | (304,121) | (288,583) | (15,538) |
| including retail farmers | (396,126) | (100,472) | (100,366) | (106) |
| Public sector institutions | (734) | - | - | - |
| Lease receivables | (122,814) | (6,043) | (6,043) | - |
| **Total loans and advances (net)** | **86,248,098** | **872,351** | **836,203** | **36,148** |

**Country risk**

Within credit risk, the Bank additionally distinguishes country risk, which covers all risks related to conclusion of financial agreements with foreign parties, assuming that it is possible that economic, social or political events will have an adverse effect on creditworthiness of the Bank's obligors in that country or where intervention of a foreign government could prevent the obligor (which could also be the government itself) from discharging his liabilities.

The Bank's policy concerning country risk has been conservative. Country limits have been reviewed periodically and the limit level modified to precisely match the anticipated business needs and risk appetite of the Bank.

As at the end of 2024, 77% of the Bank's exposures to countries other than Poland were transactions related to the Bank's foreign lending activities, treasury transactions (including placement and derivative transactions) amounted to 15% and the remainder (8%) was foreign trade transactions (letters of credit and guarantees). France concentrated 44% of exposures, Italy 18%, Luxembourg 12%, the Netherlands and Germany 6% each, Spain and Austria 5% each. The remaining exposures were concentrated around Belgium, Mexico and the Czech Republic.

The Bank had no material credit exposures in Russia, Ukraine and Belarus.

## 54.3. Counterparty risk

Counterparty risk is the credit risk concerning the counterparty transactions in case of which the amount of liability may change in time depending on market parameters. Therefore, the counterparty risk is related to transactions on instruments whose value may change over time depending on such factors as interest rates or foreign exchange rates. The varying exposure may affect the customer's solvency and is of crucial importance to the customer's ability to discharge its liabilities when the transaction is settled. The Bank's customers may enter into financial market transactions. The exposure is determined by the Bank on the basis of the current measurement of contracts as well as the potential future changes in the exposure, depending on the transaction type, customer type and the settlement dates.

At the end of December 2024, the counterparty risk was calculated for the following types of transactions: foreign exchange transactions, interest rate swap transactions, FX options, interest rate options and commodity derivatives.

Counterparty credit risk, for transactions which generate counterparty risk, is assessed using the same methodology as the one applied to loans. This denotes that in the credit process, these transactions are subject to limits, the value of which results directly from assessment of customer creditworthiness. However, the assessment also takes into account the specific nature of transactions, in particular their changing value in time or direct dependence on market parameters.

The principles applicable to foreign exchange transactions, derivative transactions as well as credit limit granting, use and monitoring for transactions subject to counterparty risk limits have been laid down in dedicated procedures. According to the policy in place at the Bank, all transactions are entered into considering individual limits and knowledge of the customer. The Bank diversifies availability of products, which are offered to customers depending on their knowledge and experience. The Bank has transparent rules applicable to hedging the counterparty credit risk exposure in place.

At the end of December 2024, the Bank's exposure to the counterparty risk due to concluded derivative transactions was PLN 3.1 billion. Corporate and financial clients constituted 78% of the exposure, while the remaining 22% were banks.

In connection with the ongoing war in Ukraine and the economic sanctions issued against Russia and Belarus, the Bank observes increased volatility in market risk parameters, which translates into fluctuations in counterparty risk exposure. The Bank assesses counterparty risk on an ongoing basis by conducting reviews of the portfolio of clients in case of whom this risk exists. The Bank maintains the application of its basic principle of "Know Your Customer". Due to the non-standard situation, some clients were asked for additional information related to the change in business. The Bank also takes into account the higher volatility of the above parameters in risk assessment when entering into new transactions.

The Bank have not observed significant changes in the materialisation of counterparty risk.

## 54.4. Interest rate risk in the banking portfolio (ALM Treasury)

The banking book of the Capital Group of BNP Paribas Bank Polska S.A. is composed of two parts: the first one is the ALM portfolio as part of which structural interest rate, currency and liquidity risks resulting from the structure of the statement of financial position determined by the core lending, deposit and investing operations of the Group, are managed. On the other hand, the Treasury portfolio is subject to daily and short-term liquidity management. It is also used by the Group for purposes of performing its investing activities as well as concluding hedging transactions on the financial market.

The ALM portfolio comprises accounts, deposits and loans, strategic items (long-term investments, own debt issues and long-term loans), financial market transactions hedging the portfolio (derivative instruments) and zero-interest items (to include equity, tangible assets, intangible assets, taxes and provisions and profit for the period), transferred under management of ALM Treasury through the Fund Transfer Pricing (FTP) system.

The Treasury portfolio includes liquid securities (liquidity buffer), interbank deposits and placements, nostro and loro accounts as well as financial market transactions hedging the market risk of the portfolio (derivative instruments).

The Group’s policy in respect of the banking book – ALM and Treasury portfolios managed collectively – is to earn additional, stable revenue in excess of the product margin, without any threat to the stability of funds deposited by customers, equity and profit. The above mentioned objective is accomplished by the Group by maintaining or matching its natural exposure generated by the core lending and deposit operations, in line with the adopted risk limits which guarantee limited sensitivity of the Group’s profit to changes in market factors, in addition to bringing the exposure into line with financial market trends forecast in the medium and long term.

Competitive conditions of the local financial market and customer expectations are the main factors shaping the Group's product policy, in particular the application of variable interest rates for medium- and long-term credit products, and financing of these assets with short deposits and interest-free accounts.

The real interest rate gap, net interest income sensitivity and economic capital sensitivity are the key measures of the market risk in the banking book, which comprises the ALM portfolio and the Treasury portfolio.

The major assumptions adopted for measurement of interest rate risk in banking book are as follows:

a) individual assets, liabilities and off-balance sheet transactions are analysed at their nominal value which is used as the basis for calculation of interest;

b) items and transactions based on floating reference rates, such as WIBOR, NBP rediscount rate etc. are taken into account for purposes of determining the gap at the nearest repricing date for a given contract;

c) items based on floating reference rates scaled with a multiplier are taken into account for purposes of determining the gap at the nearest repricing date for a given contract at nominal value scaled with a multiplier and the nominal amount scaled with a value (1 – multiplier) is considered at the maturity date or proportionally at the principal payment dates;

d) fixed rate items and transactions are taken into account for purposes of determining the gap at the principal payment dates, at the amounts of the principal paid at a given date or at the full amount at the maturity date for items in case of which the principal is not repaid (e.g. term deposits). Items and transactions with unspecified maturity, repricing date or non-interest bearing are taken into account in line with the profile determined as a result of modelling, which is aimed to ensure the best possible reflection of the changes in interest and principal cash flows resulting from customer behaviours and in response to external factors, in particular the market interest rates.

e) for the portfolio of impaired loans - for net values (decreased by the created reserves) - the average contractual maturity for unimpaired exposures (IFRS stage 1 and 2) increased by two years is applied,

f) economic capital is calculated based on positions at internal prices.

As part of interest rate risk management in the banking portfolio, the Group distinguishes structural elements consisting of interest-free current accounts and the Bank's capital as well as other commercial items. In terms of structural elements, the Group secures a significant portion of them by long-term positions (bonds, interest rate exchange transactions). Regarding other commercial items, the Group's intention is to reduce interest rate risk.

For interest rate risk models, the Group uses the provisions of the Recommendation W regarding verification of the model's operation, qualitative criteria, minimum model acceptance criteria and ongoing control of the model's accuracy.

Replication portfolio models for accounts with no specific maturity dates are behavioural models built on the basis of the historical variability of deposit account balances and the analysis of the closing ratios for the modelled position. As part of modelling, the portfolio is divided into the stable parts and a variable part, which is assigned the symbol ON in interest rate analyses. The stable part is divided into a part that is insensitive to interest rate changes (the structural part) and a part sensitive to interest rate changes (the unstructured part). A long-term interest rate repricing profile is determined for the structural part, while for the non-structural part it depends on the current macroeconomic situation and forecasts of the behaviour of interest rates for individual currencies. The hedging of these positions is consistent with the designated interest rate risk profile.

As regards loans with a fixed interest rate, prepayment ratios determined in accordance with the applicable models at the Group are used. Prepayments are analysed separately for individual types of loans (cash, car, fixed-rate mortgages, variable-rate mortgages), due to the different characteristics of these products. Factors included in the prepayment analysis: loan age, seasonality, financial incentive for the customer to prepay the loan.

The impact of the granted and undrawn credit lines on the interest rate risk profile is determined by the estimated profiles of loan disbursements.

The Group maintains an interest rate risk management approach for its banking portfolio. Medium and long-term interest rate positions are hedged by using IRS transactions and fixed rate bonds. Short-term positions are hedged using FRA/IRS transactions..

Utilisation of the remaining interest rate limits in 2024 was stable.

The following tables present the Group's real interest rate gap as at 31 December 2024 and 31 December 2023 (PLN '000)* on a consolidated basis:

31.12.2024

| **Interest rate gap** | Up to 1 month | 1-3 months | 3-12 months | 1-5 years | Over 5 years | Total |
|---|---|---|---|---|---|---|
| Cash and balances at Central Bank | 11,325,551 | - | - | - | - | 11,325,551 |
| Amounts due from other banks | 7,789,297 | - | - | - | - | 7,789,297 |
| Loans and advances to customers | 29,915,755 | 29,554,809 | 12,188,579 | 11,574,172 | 1,669,960 | 84,903,275 |
| Investment securities | 5,000,500 | 1,631,966 | 5,652,493 | 24,559,201 | 19,089,847 | 55,934,007 |
| Other assets | 581,726 | 146,114 | 327,215 | 1,734,959 | 821,567 | 3,611,581 |
| **Total assets** | **54,612,829** | **31,332,889** | **18,168,287** | **37,868,332** | **21,581,374** | **163,563,711** |
| Amounts due to banks | (5,806,902) | (6,269,723) | (468,972) | (300,583) | (8,348) | (12,854,528) |
| Amounts due to customers | (45,729,345) | (21,167,558) | (26,994,386) | (23,924,339) | (12,875,493) | (130,691,121) |
| Other amounts due | - | (650,000) | - | - | - | (650,000) |
| Capital | (1,828,788) | (309,232) | (1,391,543) | (7,421,564) | (3,710,782) | (14,661,909) |
| Other liabilities | (5,184,303) | (99,590) | (10,497) | (25,802) | (686) | (5,320,878) |
| **Total liabilities:** | **(58,549,338)** | **(28,496,103)** | **(28,865,398)** | **(31,672,288)** | **(16,595,309)** | **(164,178,436)** |
| Net off-balance sheet liabilities | (1,868,267) | (5,790,582) | 4,815,875 | 5,824,250 | (2,568,754) | 412,522 |
| **Interest rate gap** | **(5,804,776)** | **(2,953,796)** | **(5,881,236)** | **12,020,294** | **2,417,311** | **(202,203)** |

31.12.2023

| Interest rate gap | Up to 1 month | 1-3 months | 3-12 months | 1-5 years | Over 5 years | Total |
|---|---|---|---|---|---|---|
| Cash and balances at Central Bank | 6,883,582 | - | - | - | - | 6,883,582 |
| Amounts due from other banks | 17,827,198 | 20,000 | 43,500 | - | - | 17,890,698 |
| Loans and advances to customers | 30,210,912 | 30,650,554 | 14,098,918 | 10,553,549 | 1,541,514 | 87,055,448 |
| Investment securities | 4,151,690 | 1,250,205 | 5,256,706 | 16,968,907 | 15,667,451 | 43,294,960 |
| Other assets | 790,060 | 207,252 | 308,856 | 1,736,859 | 783,916 | 3,826,942 |
| **Total assets** | **59,863,442** | **32,128,011** | **19,707,980** | **29,259,315** | **17,992,880** | **158,951,629** |
| Amounts due to banks | (7,710,372) | (6,629,872) | (553,761) | (346,134) | (13,681) | (15,253,819) |
| Amounts due to customers | (44,050,895) | (20,881,213) | (26,159,655) | (22,400,351) | (12,905,000) | (126,397,113) |
| Capital | (1,033,638) | (283,833) | (1,277,249) | (6,811,993) | (3,405,996) | (12,812,709) |
| Other liabilities | (4,748,614) | (101,402) | (4,500) | (11,833) | (484) | (4,866,834) |
| **Total liabilities:** | **(57,543,519)** | **(27,896,320)** | **(27,995,165)** | **(29,570,310)** | **(16,325,162)** | **(159,330,476)** |
| Net off-balance sheet liabilities | (2,602,125) | (5,014,081) | 1,298,372 | 6,081,210 | 753,622 | 516,997 |
| **Interest rate gap** | **(282,203)** | **(782,390)** | **(6,988,813)** | **5,770,215** | **2,421,341** | **138,150** |

* Financial data have been rounded and presented in PLN '000, and therefore, in some cases, the totals may not correspond exactly to the total sum.

Estimated decreases or increases in the net interest income for the banking portfolio between 1 and 3 years, resulting from changes in market interest rates, are the measure of its sensitivity. For management and risk control purposes, the Group calculates sensitivity to a number of different market parameter change scenarios: immediate shifts and shifts in time, parallel and non-parallel shifts, in normal and stress conditions, varying depending on the currency, market and instrument.

Annual net interest income sensitivity to an immediate shift of market rates by 100 bps (in PLN '000) assuming the most probable change in the product structure, especially in the corporate segment, is presented in the below tables.

| Immediate shift in interest rates for all currencies by 100 bps: | 31.12.2024 | 31.12.2023 |
|---|---|---|
| increase | 318,327 | 253,151 |
| decrease | (321,877) | (228,881) |

Sensitivity of interest income by main currencies:

| Immediate shift in interest rates by 100 bps: | PLN | EUR | USD | CHF |
|---|---|---|---|---|
| increase | 239,631 | 66,198 | 9,384 | (1,994) |
| decrease | (243,182) | (66,198) | (9,384) | 1,994 |

Thanks to the medium- and long-term investments of the structural elements, the Group's supervisory outlier test of interest income sensitivity (SOT NII) remains below 5% of Tier1 capital. At the end of December 2024, the SOT NII stood at -4.47%. At the same time, the supervisory outlier test for the economic value of equity (SOT EVE) remains significantly below the regulatory limit of 15% of Tier1 capital. At the end of December 2024, the maximum SOT EVE was -6.26%.

In terms of base risk, the Group analyses positions based on different types of rates with the same interest rate repricing date. The largest potential change in the Group's net interest income may result from a change in the spread between Wibor 1M rates and the NBP reference rate. If the market rate changes by 50 bps compared to the reference rate, the change in the result will be PLN 1,657 thousand.

The war in Ukraine has generally not affect the method of managing the interest rate risk in the banking portfolio

**Impact of the benchmark reform on BNP Paribas Bank Polska S.A.**

In 2022, a plan was established to replace the WIBOR interest rate benchmark with a new reference index. In pursuit of this plan, the Financial Supervision Commission established, at the request of financial market participants, a National Working Group ("NGR") to prepare measures for the smooth and safe implementation of the new reference index. The work of the NGR is supervised and coordinated by the NGR Steering Committee. In September 2022 the Steering Committee has selected the WIRON index as the recommended index to replace the existing WIBOR reference index. The administrator of WIRON, within the meaning of Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016. (BMR Regulation), is a subsidiary of the Warsaw Stock Exchange S.A. - WSE Benchmark S.A., which is registered with the European Securities and Markets Authority

In September 2022, the NGR Steering Committee approved a Roadmap for the process of replacing (converting) the WIBOR and WIBID benchmarks with so-called Risk Free Rate benchmarks. This document sets out the basic assumptions for the work of the NGR, including the discontinuation of the calculation and publication of the WIBOR and WIBID benchmarks.

According to the information from the NGR Steering Committee of 25 October 2023, there has been a change in the Roadmap's original deadline for conversion (1 January 2025) by indicating that conversion will be carried out at the end of 2027.

On 29 March 2024, the NGR Steering Committee decided to initiate a review and analysis of alternative indices to WIBOR, taking into account both WIRON and other possible Risk Free Rate indices. The aim of the review is to verify the decision of the NGR Steering Committee, taken in September 2022, based on a wider range of market information in the dynamically changing macroeconomic environment of the Polish economy. In May 2024, the NGR launched a public consultation on the review and evaluation of alternative interest rate indices. On 1 July 2024, the collection of views as part of the public consultation process ended.

On 4 October 2024, the NGR Steering Committee provided a summary of the completed public consultation and announced that it had launched an additional round of consultation, where it wished to seek views and opinions on a modified list of alternative interest rate indices, developed taking into account the positions and opinions of market participants provided in the public consultation completed on 1 July 2024. In the additional round of public consultation, the NGR Steering Committee decided to include four WIRF index proposals. In contrast, they did not include WIRON, WIRON+ or WRR.

On 18 December 2024, the NGR Steering Committee identified an index with the technical name WIRF- as the target reference index. Participants in the consultation as justification for the high ratings for the WIRF- index proposal mainly pointed to: the homogeneity of the trading resource, the relatively low volatility of this index proposal and the highest probability, in their opinion, of creating a derivatives market for such a target index and plotting a forward curve. In addition, it was noted that the WIRF- index proposal is characterised by the lowest but sufficient trading resource.

In line with the decision of the NGR Steering Committee on 24 January 2025, the technical name WIRF- has been changed to the target name POLSTR (Polish Short Term Rate).

The next step for the NGR SC will be to update the Roadmap. The NGR SC also intends to review and update the NGR recommendations issued so far in the near future.

Ultimately, POLSTR- is intended to become a key interest rate benchmark within the meaning of the BMR Regulation that can be used in financial contracts (e.g. loan agreements), financial instruments (e.g. debt securities or derivatives) and by investment funds (e.g. in setting management fees).

Structured work is underway at the Bank to adapt its operations to the changes associated with the replacement of the WIBOR interest rate benchmark. This work is supervised and coordinated by the relevant steering committee. Internal work included activities related to the planned implementation of the new index in terms of documentation, communication and the Bank's IT systems. Persons designated by the Bank are also directly involved in the work of the NGR. However, following the decision of the NGR Steering Committee on Reference Indicator Reform of 29 March 2024 to start the process of reviewing and analysing alternative indicators to WIBOR, the Bank decided to postpone indefinitely the broad introduction of the WIRON / WIRON compound rate into the Bank's product offering.

As at 31.12.2024 the Bank has identified:

- WIBOR-based financial assets in PLN million by index tenor:

| ON | 1W | 1M | 3M | 6M | 1Y | Total |
|---|---|---|---|---|---|---|
| 36 | 66 | 12,380 | 30,902 | 8,340 | 16 | 51,740 |

- WIBOR-based financial liabilities in PLN million by index tenor:

| ON | 1W | 1M | 3M | 6M | 1Y | Total |
|---|---|---|---|---|---|---|
| 5,476 | 114 | 4,043 | 5,271 | 5 | 6 | 14,915 |

The Bank also had interest rate swaps (CIRS/IRS/FRA) on its banking book based on WIBOR 3M with a total nominal value of PLN 4.130 million, of which PLN 4.130 million under fair value hedge accounting, and based on WIBOR 6M with a total nominal value of PLN 6.438 million, of which PLN 5.088 million under hedge accounting.

The Bank also had financial assets based on WIRON of PLN 0.5 million and financial liabilities based on WIRON of PLN 0.16 million.

The Bank assumes that the replacement of the WIBOR interest rate reference index with a new reference index will be carried out in an orderly manner, in accordance with the formal requirements of the BMR Regulation and the relevant Polish regulations.

In the Bank's view, it is critical to establish an appropriate method for determining the spread adjustment and to apply it to take into account the effects of a change in the benchmark. It is also important to implement the reform in a way that provides the transition period necessary for shaping an efficient derivatives market. The Bank also assesses that a key element of the roadmap is the issuance of Treasury debt based on the new benchmark. The absence of these elements in the transit to the new benchmark could result in:

- high uncertainty regarding the valuation of on-balance sheet and off-balance sheet items,
- early closure of IRS contracts by central clearing houses in the case of absence of valuation options,
- abrupt and difficult to manage changes in financial institutions' interest rate risk exposures,
- questioning of flows arising from the application of spread adjustments that do not ensure economic equivalence in settlements between parties.

The Bank assesses that the potential risks that may materialise during the implementation of the reform related to the replacement of the WIBOR interest rate with the new reference rate may consequently lead to significant systemic disruptions in the functioning of the entire national economy.

At present, it is not possible to identify any rationale for ending the publication of the EURIBOR index. Thus, the flows resulting from this index are exchanged between the counterparties under the current rules.

## 54.5. Market risk (interest rate risk in the trading book and currency risk)

**Market risk management organization**

The operations of BNP Paribas Bank Polska S.A. are recorded in the trading and in the banking book. In relation to market risk, covering interest risk in the trading book and the currency risk, the Bank is sensitive for changes in market interest rates, foreign exchange rates, security prices and implied volatility of option instruments leading to changes in the result on measurement of the financial instruments present value. The risk of adverse changes in the value, driven by the aforesaid factors, is recognised by the Bank as market risk. The risk is monitored and managed with the use of the defined and specially designed tools and measures.

In order to reflect the characteristics of financial market transactions appropriately, i.e. the intentions of the parties entering into the transactions, the major risks and the accounting treatment, the Bank allocates all on- and off-balance sheet items to the banking or trading book. Detailed allocation criteria are established in the documents (“policies” and “methodologies”) adopted by resolutions of the Management Board of the Bank and defining the purpose of keeping each book, the profile and types of risks assumed by the Bank, the measurement and mitigation methods as well as the authorizations and place of each organizational unit of the Bank in the risk generation, measurement, mitigation and reporting process.

The process of concluding transactions and their recording, as well as risk level supervision and adoption of risk limits is performed by independent units. In line with the long-term strategy adopted by the Bank, as well as with its financial plan, the Supervisory Board determines the Bank’s risk tolerance, i.e. an acceptable risk level and profile, which is subsequently allocated by the Risk Management Committee. The Financial Markets Division takes responsibility for daily operational management of the risk inherent in trading book in line with the defined market risk limits, including limits related to interest rate in the trading book and the currency risk, which is managed at a centralized level for the entire Bank. The Integrated Risk Management Department are in charge of measuring and reporting risk and limit overrides. Additionally, the Integrated Risk Management Department ensures that financial instruments are measured properly. The management result is calculated by the Financial Market Transactions Monitoring Unit, while transactions are recorded and settled by the Financial Market Transactions Processing Department. The system of limit override acceptance is hierarchical. It depends on the period of such override and its scale, and is managed by the Division head or Members of the Bank’s Management Board exercising supervision of the Risk Function and the function responsible for the risk override. Irrespective of the process, all limit overrides are reported immediately after they occur and discussed at monthly Risk Management Committee meetings.

**Interest rate risk in the trading book**

The Bank's trading activities are supplementary, as they support sales of financial products to corporate customers, non-banking financial customers (directly) and retail customers (through structured products, which are officially classified into the banking book). The Bank opens its own positions, thus generating income on short-term changes in price parameters (foreign currency rates or interest rates), while maintaining the exposure within the adopted risk limits. The Bank offers commodity instruments but does not maintain open position in commodity market.

As part of the interest rate risk exposure, which is the key exposure in the trading portfolio, the Bank could enter into IRS, OIS, CIRS, FRA and basis swap transactions and purchase and sale of foreign currency options on interest options. The interest rate risk was also determined by positions resulting from FX swap and FX Forward transactions.

In 2024, as part of internal risk limits, the Bank maintained an open option position in order to optimize the result, i.e. generate additional benefits due to the lack of immediate closing of customer positions by reverse transactions on the interbank market. The priority of the Bank is to hedge the interest rate risk and currency risk.

Sensitivity of items to shifts in the yield curve and the value at risk (VaR – which is a measure that estimates the potential loss arising from a change in the market value of a portfolio under specified assumptions about market parameters, over a specified period of time and with specified probability) are the key measures of the interest rate risk in the trading portfolio. Additionally, the Bank conducts sensitivity analyses, where the changes in interest rates are more considerable than those typically observed (stress tests).

Interest rate risk for PLN positions measured by the sensitivity to a change in interest rate curves in the trading book was lower in 2024 (average PLN -17 thousand) than in 2023 (PLN -30 thousand).

The following table shows the interest rate risk in the trading book in terms of BPV (*Basis Point Value*, in PLN'000).

| | 31.12.2024 | | 31.12.2023 | |
|---|---|---|---|---|
| **BPV*** | **PLN** | **EUR** | **PLN** | **EUR** |
| 31.12. | 11 | 25 | (5) | (27) |
| average | (17) | (14) | (30) | (16) |
| max | 51 | 28 | 25 | 21 |
| min | (69) | (62) | (82) | (95) |

***** a measure of the sensitivity of instrument measurement to a shift in interest rate curves by 1 basis point

Exposure to interest rate risk in the trading book as measured by the sensitivity to a 1 basis point movement in interest rate curves and to currency risk in 2024 was maintained at relatively low levels. In contrast, the exposure measured by the use of the internal VaR limit decreased compared to the previous year and averaged 35% of the allocated limit (compared to 50% a year earlier).

**Currency risk**

The Bank, while measuring the currency risk, limits the maximum allowable open currency position at the individual currency level and for all currencies combined, and applies the value at risk method (VaR). For purposes of currency risk monitoring, it is assumed that VaR is determined with a 99% confidence level and that a position is maintained for one day. The VaR methodology is validated on an annual basis by means of an analysis which involves a comparison of the forecast figures and those determined on the basis of actual changes in foreign exchange rates, assuming that the currency position is maintained (back-testing). The comparative period covers the last 250 business days. The VaR model was back-tested in 2024 and the verification results indicate that there is no necessity to make any adjustments.

Foreign currency transactions used for management of the Bank's currency position were characterized by a stable exposure and a low risk. The risk resulting from foreign currency transactions with customers was offset on the inter-bank market. The level of risk exposure was maintained at a low level, i.e. around 13% of the utilisation of the available VaR limit and, as in the previous year, this risk did not make a significant contribution to the overall risk level. The Bank maintained a small open position in foreign exchange options to ensure the serviceability of customer transactions, for which the exposure was limited through a set of additional dedicated limits for the Greek gamma and vega ratios.

The following table presents currency risk of the Bank expressed as FX VaR (in PLN ’000):

| | 31.12.2024 | 31.12.2023 |
|---|---|---|
| **FX VaR*** | | |
| average | 315 | 289 |
| max | 1,600 | 1,838 |
| min | 21 | 43 |

***** The Bank uses a historical exponential method which assumes the confidence level 99% and 1-day holding period

The table below presents the currency structure of assets and liabilities in their balance sheet value expressed in PLN ‘000:

| | 31.12.2024 | | 31.12.2023 | |
|---|---|---|---|---|
| **Currency position items** | **Assets** | **Liabilities** | **Assets** | **Libilities** |
| USD | 7,229,614 | 6,060,150 | 7,275,172 | 6,370,474 |
| GBP | 86,456 | 467,064 | 532,017 | 504,233 |
| CHF | 350,226 | 2,521,591 | 755,200 | 2,539,229 |
| EUR | 31,779,368 | 27,162,071 | 33,903,872 | 26,928,779 |
| Other currencies | 84,913 | 224,739 | 94,358 | 207,189 |
| PLN | 128,009,012 | 131,103,974 | 118,465,128 | 124,475,843 |
| **Total** | **167,539,589** | **167,539,589** | **161,025,747** | **161,025,747** |

## 54.6. Liquidity risk

**Risk management process organisation**

The comprehensive liquidity management system at consolidated level covers both immediate (intraday), which mainly concerns the Bank and future (current, short-term as well as structural medium- and long-term) liquidity. The risk management at consolidated level is carried out by the balance sheet and the financing structure reflected in the financial statements of the Group including both balance and off-balance sheet items to ensure liquidity at any time, taking into consideration the profile of the Bank’s business, customer characteristics and behaviours as well as needs that may arise as a result of changes in the financial market. Additionally, the risk identification and measurement methods used by the Bank enable it to forecast future liquidity levels, also in stress conditions.

The Group ensures separation and independence of its operations, risk management, control and reporting functions. In particular, transactions with contracting parties and customers are entered into by the business, confirmed and processed by Operations, immediate (intraday) and future liquidity is managed by ALM Treasury, daily supervision of the risk level and compliance with risk limits is the responsibility of the Risk Function, while supervisory liquidity measures are reported independently by the Finance Division. A similar liquidity reporting and management, although to a lesser extent and detail due to the nature of the company, is carried out at Leasing. The impact of the Leasing on the Group's overall liquidity profile is not significant.

The liquidity risk limits adopted by the Group reduce its exposure to this type of risk. The Bank’s risk is monitored and controlled based on documents adopted by resolutions of the Bank’s Management Board (risk measurement and monitoring policy and methodologies), developed in compliance with the guidelines formulated in Recommendation “P” of the Polish Financial Supervision Authority and European Commission Delegated Regulation 2018/60 of 13 July 2018 amending Commission Delegated Regulation (EU) 2015/61 of 10 October 2014. The Bank has an internal transfer pricing system in place, which reflects accurately the real financing cost for each asset and liability type, and the transfer pricing structure stimulates optimization of the statement of financial position, including diversification of the sources of funding, from the perspective of liquidity risk. LTD limits for each business line are an important additional component of that system, as they facilitate maintenance of a secure level of assets relative to liabilities, which is appropriate considering the characteristics of each line. Risk monitoring and control for Leasing is overseen by the ALCO Committee for the leasing company, where the Managing Director of the Bank's Asset and Liability Management Division is a member and oversees the liquidity management process.

The level of liquidity risk appetite is determined by the Supervisory Board of the Bank and the risk management policy based on that appetite, including definition of general liquidity risk measures for the Bank, is approved by the Management Board, whereas specific risk limits and their monitoring are the responsibility of ALCO. The Bank’s Management Board and Supervisory Board supervise the effectiveness of the liquidity risk management process, both within the Bank and the Group, based on periodic information and current reports.

In compliance with the requirements of the Recommendation P", the Bank conducts numerous analyses verifying its ability to maintain liquidity in crisis situations. Stress tests cover comprehensive scenarios considering internal and system factors and combining different variants with possible interactions. Stress test results are taken into account in determining liquidity limits. The Bank has a comprehensive emergency plan in place. It comprises various scenarios along with action plans for liquidity crisis situations in the Bank and in the banking system as a whole. Stress test results are correlated with the emergency plan and reaching defined warning levels triggers the emergency plan.

**Risk measures**

The Group uses external and internal risk measures. The internal measures include, among others: an analysis of trends and volatility of each source of funding relative to the loan portfolio (LTD) and leasing portfolio, the contractual liquidity gap and the liquidity gap realigned based on behavioural factors along with mismatch structure limits defined on its basis, an analysis of surplus liquidity and the available sources of funding, an analysis of stability and concentration of the deposit base as well as a review of the structure of funds placed with the Bank by the major depositors by volume and maturity. Additionally, sales plans (covering loans and deposits) are monitored, by each business line, and simulation analyses are performed. Furthermore, the Bank analyses the costs of the deposit base with a view to optimizing the liquidity buffer and the use of such tools as the liquidity margin or pricing policy. BNP Leasing's financing is done by raising finance on the wholesale market.

The external measures include supervisory long- and short-term liquidity ratios: the liquidity coverage ratio (LCR), as defined in European Commission Delegated Regulation 2018/60 of 13 July 2018 amending Commission Delegated Regulation (EU) 2015/61 of 10 October 2014, and the net stable funding ratio (NSFR) determined in the Regulation No. 2019/876 of 20 May 2019 amending the Regulation (EU) No. 575/2013 of the European Parliament and of the Council and developed in line with the Commission Implementing Regulation (EU) No. 680/2014 and the Basel document on the NSFR.

The on-going supervision includes early warning tools, such as monthly reviews of additional liquidity requirements defined in the Commission Implementing Regulation (EU) No. 2016/313. In addition, the Bank conducts daily analyses of various liquidity indicators with warning levels defined in the Emergency Liquidity Plan. Theses allow, when warning levels are reached, to introduce remedial actions and restore the Bank's safety in terms of liquidity.

**Liquidity risk profile**

In 2024 the Group's financial liquidity was maintained at a safe level. The Group's funds were sufficient for payment of all its liabilities upon maturity. The portfolio of the most liquid securities was maintained at a level, which was sufficient to offset a potential outflow of funds placed with the Bank by the major depositors in whole.

2024 was a year of continuation of the war in Ukraine, but this no longer required additional actions on the liquidity management side of the Bank. The Bank maintained on its portfolio the purchased issues of government bonds and those issued by Bank Gospodarstwa Krajowego to support pandemic relief efforts. Internal models and internal transfer prices were adjusted on an ongoing basis. The ALMT Division coordinated activities with the business lines through regularly held meetings and consultations discussing the liquidity situation and customer behaviour.

As at the end of 2024 the Group's 30-day liquidity surplus was at the level of PLN 64 billion:

| | 31.12.2024 | 31.12.2023 |
|---|---|---|
| Cash at Central Bank (above the mandatory reserve requirement) | 4,464,719 | 65,758 |
| Cash at other banks uo to 30 days | 7,628,741 | 17,675,780 |
| Highly-liquid securities * | 51,786,398 | 50,227,484 |
| **Surplus liquidity up to 30 days** | **63,879,858** | **67,969,022** |

* amount of securities according to valuation

The liquidity surplus decreased compared to the end of 2023, mainly due to a significant reduction in funds in other banks held up to 30 days, but the highly liquid securities portfolio increased and the Bank had a higher surplus over the required reserve requirement at the turn of the year.

| | 31.12.2024 | 31.12.2023 | limit |
|---|---|---|---|
| Liquidity Coverage Ratio (LCR) | 238% | 239% | **100%** |

In 2024, the Bank continued to optimise its funding sources with the aim of reducing unnecessary, yet costly and unstable excess funding. In 2024, the Group increased the level of medium and long-term borrowings from the BNPP Group and its subsidiaries, and the Bank repaid part of the amount of subordinated loans from the BNP Group by entering into other loan agreements to meet the MREL requirement. At year-end, the Bank obtained new financing of EUR 142 million from BNP Group as financing under the MREL requirement to be used to finance green projects. Lease financing is covered by medium and long-term lines from the Group and development banks such as the EIB.

The stability of the Bank's funding sources remained at a higher level throughout 2024 compared to the previous year.

| | 31.12.2024 | | 31.12.2023 | |
|---|---|---|---|---|
| | balance | stable (%) | balance | stable (%) |
| long-term loans from the Group | 13,815,095 | 100% | 13,097,573 | 100% |
| other long-term loans | 1,044,538 | 100% | 912,078 | 100% |
| retail | 55,180,605 | 97% | 50,355,270 | 92% |
| corporates | 75,191,081 | 92% | 71,192,077 | 78% |
| banks and other unstable sources | 6,944,218 | 0% | 7,530,607 | 0% |
| **Total** | **152,175,537** | **90.4%** | **143,087,605** | **81.0%** |

Inflows and outflows – expected under the agreements concluded by the Bank is presented as contractual liquidity gap *

31.12.2024

| Contractual liquidity gap | Up to 1 month | 1-3 months | 3-12 months | 1-5 years | Over 5 years | Total |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| Loans and advances to customers | 11,585,599 | 2,772,353 | 10,621,371 | 37,970,967 | 24,799,156 | 87,749,446 |
| Debt securities | 5,000,500 | 1,392,185 | 2,293,483 | 27,344,992 | 19,902,847 | 55,934,007 |
| Interbank deposits | 7,599,214 | - | - | - | - | 7,599,214 |
| Cash and balances at Central Bank | 6,915,875 | - | - | - | 4,489,469 | 11,405,344 |
| Fixed assets | - | - | - | - | 946,796 | 946,796 |
| Other assets | 1,300,444 | - | - | - | 1,985,056 | 3,285,500 |
| Off-balance sheet liabilities, including: derivatives | 13,263,785 | 4,397,644 | 12,926,745 | 24,982,125 | 31,314 | 55,601,613 |
| Interest receivable | 1,370,986 | - | - | - | - | 1,370,986 |
| **Liabilities** | | | | | | |
| Retail deposits | 38,879,831 | 10,211,315 | 6,019,166 | 70,293 | - | 55,180,605 |
| Corporate deposits | 67,930,466 | 4,498,382 | 2,613,447 | 135,742 | 13,044 | 75,191,081 |
| Interbank deposits | 1,618,290 | - | - | - | - | 1,618,290 |
| Loans from financial institutions | 179,753 | 540,178 | 1,686,799 | 7,509,380 | 1,512,834 | 11,428,944 |
| Equity and subordinated liabilities | 2,174,307 | - | 25,741 | 1,107,865 | 17,573,576 | 20,881,489 |
| Other liabilities | 5,965,275 | - | - | - | - | 5,965,275 |
| Off-balance sheet liabilities, including: derivatives | 13,260,892 | 4,416,163 | 12,654,076 | 25,036,302 | 31,177 | 55,398,610 |
| Interest payable | 365,369 | - | - | - | - | 365,369 |
| **Total receivables** | **47,036,403** | **8,562,182** | **25,841,599** | **90,298,084** | **52,154,638** | **223,892,906** |
| **Total liabilities** | **130,374,183** | **19,666,038** | **22,999,229** | **33,859,582** | **19,130,631** | **226,029,663** |
| **Liquidity gap** | **(83,337,780)** | **(11,103,856)** | **2,842,370** | **56,438,502** | **33,024,007** | **(2,136,757)** |

* Financial data have been rounded and presented in PLN ‘000, and therefore, in some cases, the totals may not correspond exactly to the total sum.

31.12.2023

| Contractual liquidity gap | Up to 1 month | 1-3 months | 3-12 months | 1-5 years | Over 5 years | Total |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| Loans and advances to customers | 12,947,697 | 2,646,320 | 10,294,100 | 36,343,237 | 25,195,581 | 87,426,934 |
| Debt securities | 3,940,690 | 1,063,205 | 1,438,921 | 20,547,193 | 16,303,889 | 43,293,899 |
| Interbank deposits | 17,618,841 | 20,000 | 43,500 | - | - | 17,682,341 |
| Cash and balances at Central Bank | 2,492,672 | - | - | - | 4,374,198 | 6,866,870 |
| Fixed assets | - | - | - | - | 959,737 | 959,737 |
| Other assets | 959,442 | - | - | - | 1,632,575 | 2,592,016 |
| Off-balance sheet liabilities, including: derivatives | 8,819,109 | 3,710,000 | 11,824,836 | 23,007,522 | 1,074,608 | 48,436,076 |
| Interest receivable | 1,255,068 | - | - | - | - | 1,255,068 |
| **Liabilities** | | | | | | |
| Retail deposits | 47,196,153 | 10,893,918 | 7,608,365 | 206,523 | - | 65,904,960 |
| Corporate deposits | 55,965,438 | 2,896,382 | 1,060,286 | 219,032 | 10,293 | 60,151,431 |
| Interbank deposits | 1,610,802 | 40,000 | 15,000 | 450,000 | 2,808,808 | 4,924,610 |
| Loans from financial institutions | 155,945 | 471,144 | 1,511,017 | 4,094,471 | 206,246 | 6,438,824 |
| Equity and subordinated liabilities | 1,440,681 | - | 25,694 | 1,590,568 | 13,087,924 | 16,144,867 |
| Other liabilities | 4,389,561 | - | - | - | - | 4,389,561 |
| Off-balance sheet liabilities, including: derivatives | 8,728,769 | 3,725,749 | 11,595,676 | 23,000,882 | 1,073,666 | 48,124,743 |
| Interest payable | 456,281 | - | - | - | - | 456,281 |
| **Total receivables** | **48,033,519** | **7,439,524** | **23,601,358** | **79,897,952** | **49,540,588** | **208,512,941** |
| **Total liabilities** | **119,943,630** | **18,027,194** | **21,816,038** | **29,561,477** | **17,186,938** | **206,535,277** |
| **Liquidity gap** | **(71,910,111)** | **(10,587,669)** | **1,785,320** | **50,336,475** | **32,353,650** | **1,977,664** |

* Financial data have been rounded and presented in PLN ‘000, and therefore, in some cases, the totals may not correspond exactly to the total sum.

Compared to 2023, the value of the contractual gap within 1 month has increased, due to changes on off-balance sheet derivative products. As for customer deposits, the pool of these funds at contractual maturity up to 1 month has increased, but the stability of the funds studied at the Bank is higher than last year The stability of customer funds is at 92% from corporate and 97% for retail customers. At the end of 2024, off-balance sheet liabilities outside derivatives amounted to PLN 49 billion.

The Group's liquidity position continued to improve throughout the year. The ongoing war in Ukraine had no impact on the Group's overall liquidity position. There was also no change in interest rates in 2024. However, inflationary concerns, wage pressures as well as significant increases in energy prices are holding back demand for loans in the retail segment as well as in the corporate segment.

At all times, the primary source of funding is funds raised from non-bank customers.

## 54.7. Operational risk

The Bank’s operational risk is defined in accordance with the requirements of the Polish Financial Supervision Authority included in Recommendation M as the risk of incurring a loss through the fault of inappropriate or unreliable internal processes, people, technical systems or as a result of external factors. It comprises legal but not strategic risk.

The Bank also recognizes as operational risk events and losses which may result from the materialization of compliance risk[2]. Operational risk as such is inherent in any banking operations. The Bank identifies the operational risk as permanently significant.

[2] Compliance risk means the risk of negative consequences, including legal and regulatory sanctions, financial penalties and loss of reputation, due to the Bank’s failure to comply with laws, standards and recommendations of regulatory authorities, ethical and market standards and internal regulations applicable to the Bank.

**Operational risk management strategy and policy**

Operational risk management consists in employment of measures aimed at operational risk identification, analysis, monitoring, control, reporting and mitigating. Such measures take into account the structures, processes, resources and scopes of responsibilities for the said processes at various organizational levels, within the three lines of defence. The operational risk management strategy has been described in the Operational risk management strategy and internal control at BNP Paribas Bank Polska S.A., which was approved by the Management Board of the Bank and accepted by the Supervisory Board. The Operational Risk Policy of BNP Paribas Bank Polska S.A., adopted by the Risk Management Committee of the Bank, constitutes organizational framework and standards for operational risk management. It addresses all aspects of the Bank's operations in addition to defining the Bank's objectives and the methods of their achievement as regards the quality of operational risk management as well as compliance with legal requirements set out in the recommendations and resolutions issued by national financial supervision authorities. The Bank's operational risk management objectives include, in particular, compliance with high operational risk management that guarantee security of customer deposits, the Bank's equity, stability of its financial performance as well as maintenance of the operational risk level within the range of the operational risk appetite and tolerance defined by the Bank. When developing the operational risk management system, the Bank complies with the applicable legal requirements, in particular, with the recommendations and resolutions of the national financial supervision authorities and the standards adopted by the BNP Paribas Group.

According to the Policy, operational risk management instruments include, among others:

- the identification and assessment of operational risk, including through the collection of information on operational events, the assessment of risks in processes and products, the self-assessment of operational risk and control, the assessment of operational risk for contracts with external suppliers (outsourcing) and the determination of key risk indicators;
- setting operational risk appetite and limits on a Bank-wide and individual business area level; operational risk analysis, including operational risk scenario analysis and its monitoring and ongoing control;
- reporting on operational risk.

The Bank's Management Board periodically assesses the implementation of the operational risk strategy and, if necessary, orders necessary adjustments to improve the operational risk management processes. To this end, the Bank's Management Board is regularly informed of the scale and types of operational risk to which the Bank is exposed, its effects and operational risk management methods. In particular, both the Bank's Management Board and the Supervisory Board are regularly informed of the development of the operational risk appetite measures set out in the Operational Risk Management Strategy.

As part of the implementation of the operational risk management and internal control Strategy, the Bank took and continued to take a number of measures to mitigate operational risk in 2024. Actions were taken to streamline and improve the quality of processes and to optimise and enhance the effectiveness of the internal control environment, including the control mechanisms and processes assigned to this type of risk. In particular, processes and tools for preventing and combating fraud against the Bank, including cybercrime, were strengthened. The measures implemented focused, inter alia, on combating credit fraud and reducing unauthorised transactions, as well as continuing the programme to raise awareness of fraud risks in order to reduce them. The Bank monitored its exposure to legal risk on an ongoing basis, including the risk arising from pending litigation concerning CHF-denominated loans, in order to respond adequately to changes in the level of risk.

Following the ongoing armed conflicts, the Bank monitored potential risks to the Bank on an ongoing basis, including those relating to security and ensuring business continuity.

The Bank's Management Board and the Risk Committee of the Supervisory Board are informed about the effectiveness of the solutions implemented by the Bank in this respect.

**Internal environment**

The Bank precisely defines the division of responsibilities for operational risk management, which is adapted to the organisational structure. As part of the second line of defence, comprehensive supervision of the organisation of operational risk management standards and methods is exercised by the Operational Risk, Internal Control and Anti-Fraud Division operating within the Risk area. The Division's responsibilities include, inter alia, issues relating to operational risk management, combating fraud against the Bank and the supervision of internal control, including the control of personal data protection processes.

The definition and implementation of the Bank's insurance strategy, as a method of risk mitigation, is the responsibility of the Property and Administration Department, while business continuity management is the responsibility of the Security and Business Continuity Management Division.

As part of legal risk management, the Legal Division monitors, identifies and analyses changes in law and their impact on the Group's operations, and is involved in judicial and administrative proceedings that affect the Group. The ongoing monitoring of compliance risk and the development and improvement of adequate techniques for its control are handled by the Compliance Department.

**Risk management**

The Bank pays particular attention to the processes for identifying and assessing the causes of current operational risk exposure within banking products. The Bank seeks to reduce the level of operational risk by improving internal processes, as well as to reduce operational risks accompanying the introduction of new products and services and the outsourcing of activities.

Pursuant to the “Operational Risk Policy of BNP Paribas Bank Polska S.A.”, the operational risk analysis aims to understand the relationships between the factors generating this risk and the types of operational events, and its most important result is the determination of the operational risk profile.

The operational risk profile is an assessment of the level of materiality of this risk, understood as the scale and structure of the exposure to operational risk, determining the degree of exposure to this risk (i.e. to operational losses), expressed in structural and scale dimensions selected by the Bank. The periodic assessment and review of the Bank's operational risk profile is carried out based on an analysis of the Bank's current risk parameters, changes and risks in the Bank's environment, the implementation of the business strategy, as well as an assessment of the adequacy of the organisational structure and the effectiveness of the Bank's risk management and internal control system. The analysis of the operational risk profile also takes into account the Bank's subsidiaries.

**Internal control system**

The purpose of internal control is effective risk control, including risk prevention or early detection. The role of the internal control system is to achieve general and specific objectives of the internal control system, which should be considered at the design stage of control mechanisms. The principles of the internal control system are described in the "Policy on internal control at BNP Paribas Bank Polska S.A." document, approved by the Bank's Management Board. This document describes the main principles, organizational framework and standards for the functioning of the control environment at the Bank, complying with the PFSA requirements provided in Recommendation H and the Regulation of the Minister of Finance, Funds and Regional Policy of 8 June 2021 on the risk management system and the internal control system, the remuneration policy in banks. Detailed internal regulations concerning specific areas of the Bank's activity are adapted to the specifics of the Bank's operations. The appropriate organizational units of the Bank, in accordance with the scope of the tasks assigned to them, are responsible for developing detailed regulations relating to the area of internal control.

The internal control system at the Bank is based on the 3 defence lines model, which consists of:

- 1st line of defence, which consists of organizational units from particular areas of banking and support areas,
- 2nd line of defence, which consists of organizational units responsible for risk management, regardless of the risk management related to the first line defence, and the compliance unit,
- 3rd line of defence, which is independent and objective internal audit unit.

The Bank ensures internal control through independent monitoring of compliance with control mechanisms, including on-going verification and testing.

**Monitoring and reporting**

The Bank periodically monitors the efficiency of the operational risk management system and its appropriateness for its current risk profile. The organization of the operational risk management system is reviewed as part of periodic control exercised by the Internal Audit Division, which is not directly involved in the operational risk management process but provides professional and unbiased opinions supporting achievement of the Bank’s objectives. The operational risk management system is overseen, and its appropriateness and efficiency are assessed by the Supervisory Board.

**Capital requirements due to operational risk**

The Bank estimates its regulatory capital necessary to cover operational risk in accordance with the applicable regulations. The said calculation was performed using the standard approach (STA). Requirements regarding Bank’s subsidiaries, to be disclosed in the consolidated financial statements, were determined in accordance with the base indicator method (BIA).

**Subsidiaries**

In accordance with supervisory regulations, the Bank supervises the operational risk related to the activities of its subsidiaries, covering them with the Operational Risk Management Strategy and periodically assessing the consistency of the operational risk management strategies and policies of entities within the Group. Operational risk management in subsidiaries is carried out within dedicated units/persons appointed for this purpose. The manner and methods of operational risk management in subsidiaries are organised adequately to the scope of activity of an entity and its business profile, in accordance with the rules in force in the Group.

**Risks arising from the ongoing armed conflicts**

In terms of operational risk management, the Bank analyses the risks related to the consequences of the war activities in Ukraine and in the Middle East (including, in particular, cyber or physical attacks targeting the payment or banking infrastructure that may result in business continuity disruptions) on an ongoing basis, and continues appropriate measures to ensure the security of both the Bank's employees and customers and to ensure the uninterrupted execution of processes related to its operations, including by introducing additional security measures and increasing monitoring of the ICT infrastructure.

# 55. CAPITAL ADEQUACY MANAGEMENT

Capital adequacy management is aimed to ensure the Capital Group's compliance with macro-prudential regulations defining capital requirements related to the risks incurred by the Bank, quantified in the form of the capital ratio.

Since 1 January 2014, banks have been subject to new principles applicable to calculation of capital ratios, following the implementation of Regulation No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on macro-prudential requirements for credit institutions and investment firms, as amended by Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 (CRR2) in relation to leverage ratio, net stable funding ratio, own funds and eligible liabilities requirements, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements.

On 23 December 2020, Commission Delegated Regulation (EU) 2020/2176 of 12 November 2020, amending Delegated Regulations (EU) No 241/2014 as regards the deduction of software assets from Common Equity Tier 1 items, entered into force. As at 31 December 2024 the adjustment in common equity Tier 1 capital related to other intangible assets amounted to PLN 484,382 thousand.

The capital ratios, capital requirements and equity have been calculated in accordance with the aforesaid Regulation with the use of national options.

Pursuant to the Act of 5 August 2015 on macroprudential supervision of the financial system and crisis management in the financial sector (Journal of Laws 2015, item 1513, as amended), an additional buffer of 2.5% was introduced starting from 1 January 2019.

The Financial Supervision Authority, in a release dated 20 November 2023, announced that, based on the provisions of the Act of 5 August 2015 on macroprudential supervision of the financial system and crisis management in the financial system and after taking into account the opinion of the Financial Stability Committee, it confirmed the identification of ten banks as other systemically important institutions (O-SII).

On 16 September 2024, the Bank received for information a request from the Polish Financial Supervision Authority regarding the expression of an opinion by the Financial Stability Committee regarding the amendment of the Commission's decision of 4 October 2016, as amended by the Commission's decision of 19 December 2017, to impose on the Bank (on a consolidated and individual basis) a buffer of another systemically important institution equivalent to 0.25% of the total risk exposure amount calculated in accordance with Article 92(3) of Regulation (EU) No 575/2013. By its decision of 6 December 2024, the Polish Financial Supervision Authority amended the decision of 4 October 2016 imposing on the Bank a buffer of another systemically important institution in an amount equivalent to 0.50% of the total risk exposure amount calculated in accordance with Article 92(3) of Regulation (EU) No 575/2013 of the European Parliament and of the Council.

The Polish Financial Supervision Authority, by letter dated 16 December 2024, informed that in the supervisory assessment process the Bank's sensitivity to the possible materialisation of stress scenarios affecting the level of own funds and risk exposures was evaluated as low. On the basis of the 2024 supervisory stress tests conducted by the Polish Financial Supervision Authority and in accordance with the instruction, the total capital charge recommended under Pillar II offset by the capital buffer requirement was set at 0.00 p.p. on a separate and on a consolidated basis.

The Bank-specific countercyclical buffer rate, determined in accordance with the provisions of the Act of 5 August 2015 on macro-prudential supervision of the financial system and crisis management in the financial system, as a weighted average of the countercyclical buffer rates applicable in the jurisdictions where the Bank's relevant credit exposures are located, was 0 bps at 31 December 2024. The value of the ratio was affected by the application of Article 2.5(b) of Commission Delegated Regulation (EU) No 1152/2024 according to which foreign exposures, whose aggregate does not exceed 2% of the aggregate of the general credit, trading book and securitisation exposures of that institution are allocated to the institution's home Member State. The countercyclical buffer rate for credit exposures in the territory of the Republic of Poland that applied at the end of 31 December 2024 was 0%.

The level of Tier 1 capital and total capital ratio (TCR) on a consolidated basis were above the requirements applicable to the Capital Group as at 31 December 2024. Pursuant to the Resolution of the Bank's Annual General Meeting of 16 April 2024, the Bank's profit for 2023, amounting to PLN 1,007,828 thousand, was assigned to dividend payment in the amount of PLN 503,998 thousand and reserve capital in the amount of PLN 503,830 thousand.

On 16 September 2024, the Bank communicated to BNP Paribas S.A (the lender) that it had made use of its right to exercise its option to make an early repayment of the Tier II loans in the amounts of PLN 440 million and EUR 40 million concluded under separate agreements on 29 December 2015. On 30 November 2024, the Bank communicated to BNP Paribas Succursale de Luxembourg (the lender) that it had exercised its right of early repayment of the Tier II loan in the amount of EUR 60 million concluded under an agreement on 22 November 2016.

By a decision dated 31 December 2024, the Polish Financial Supervision Authority approved the Bank's classification of capital instruments constituting series A capital bonds with ISIN code PLO164300017, in the number of 1,300 (in words: one thousand three hundred) units, with a nominal value of PLN 500,000 each, and with a total value of PLN 650,000,000, as Additional Tier 1 (AT1) capital instruments. The Capital Bonds issued by the Bank on 28 November 2024 are instruments with no fixed maturity date, entitling the Bank to receive interest for an indefinite period, subject to the Bank's ability to redeem them early under the terms and conditions of issue. The Capital Bonds have been acquired exclusively by BNP Paribas S.A., based in Paris.

At the same time, the Capital Group complies with the legal requirements under the Act of 5 August 2015 on macroprudential supervision of the financial system and crisis management in the financial sector.

| 31.12.2024 | The minimum supervisory consolidated solvency ratios of the Capital Group | Consolidated capital adequacy ratios of the Capital Group |
|---|---|---|
| CET I | 7.50% | 13.10% |
| Tier I | 9.00% | 13.80% |
| Total Capital Ratio | 11.00% | 17.20% |
| **31.12.2023** | | |
| CET I | 7.93% | 12.51% |
| Tier I | 9.43% | 12.51% |
| Total Capital Ratio | 11.43% | 16.67% |

**Requirement of a minimum level of own funds and eligible liabilities (MREL)**

On 20 June 2023, the Bank received a letter from the BGF regarding the joint decision of the resolution authorities, i.e. the Single Resolution Board (“SRB”) and the BGF on the minimum level of own funds and eligible liabilities ("MREL").

The joint decision indicates that the Group's restructuring plan envisages a Single Point of Entry (SPE) strategy for the mandatory restructuring. The Group’s preferred tool for mandatory restructuring is the open bank bail-in tool).

On 31 May 2024, the Bank received an updated letter from the BFG regarding the MREL requirement. The MREL requirement for the Bank has been set at an individual level at 16.02% of the total risk exposure ("TREA") and 5.91% of the total exposure measure ("TEM"). This requirement is binding from 31 May 2024.

MREL requirement applies at individual level.

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 BGF Act, which transposes Article 45f(2) BRRD. According to the BGF's expectations, the part of MREL corresponding to the recapitalisation amount ("RCA") will be met in the form of AT1, T2 instruments and other subordinated eligible liabilities acquired directly or indirectly by the parent company. The Bank meets the mentioned requirement.

At the same time, the BGF indicated that Common Equity Tier 1 ("CET1") instruments held by the Bank for the purposes of the combined buffer requirement cannot be counted towards the MREL requirement expressed as a percentage of TREA. This rule does not apply to the MREL requirement expressed as a TEM percentage.

On 12 September 2024, 29 October 2024 and 19 December 2024, the Bank entered into agreements with BNP Paribas S.A. to raise Senior Non Preferred loans of EUR 142 million, EUR 60 million and EUR 100 million, respectively. The above loans were recognised for the purposes of meeting the MREL ratios in relation to TREA and TEM.

As of 31 December 2024, the Bank meets the defined requirements of MREL-TREA and MREL-TEM.

Tables containing the above information are presented in the note on Capital Adequacy Management in the Separate financial statements dor the year ended 31 December 2024.

# 56. MAJOR EVENTS IN BNP PARIBAS BANK POLSKA S.A. IN 2024

**2.01.2024**

**Extraordinary General Meeting of Shareholders of Campus Leszno Sp. z o.o.** - adoption of a resolutions to dissolve the company and open its liquidation

**29.02.2024**

**Appointment of the Management Board of BNP Paribas Bank Polska S.A. for a new term of office**

**13.03.2024**

**Accelerated book building process (ABB)**

Notifications from the shareholder of BNP Paribas Bank Polska S.A. (the Bank) - BNP Paribas SA (the Shareholder) - of: (i) the commencement of the process of selling a portion of the Bank's shares held by it under the accelerated bookbuilding process, (ii) the completion of the ABB process.

20 March 2024. - Information from the Shareholder on the change in its share in the total number of votes in the Bank. As a result of the settlement of block transactions concluded on 14 March 2024 in connection with the completion of the ABB process concerning 8,860,616 Bank shares and the settlement of other transactions made on the regulated market concerning 6,545 Bank's shares, the share of BNP Paribas SA in the total number of votes at the Bank's General Meeting decreased by approximately 6%.

As a result of the settlement of the transactions, as at the date of the notification, BNP Paribas SA directly holds 84,634,166 shares in the Bank representing approximately 57.31% of the shares in the Bank's share capital and in the total number of votes at the Bank's general meeting, and together with its subsidiary BNP Paribas Fortis SA/NV holds a total of 120,124,392 shares in the Bank representing approximately 81.34% of the shares in the Bank's share capital and in the total number of votes at the Bank's General Meeting.

**28.03.2024**

**Conclusion of a synthetic securitisation transaction** on a portfolio of corporate loans/advances with a total value of PLN 2,180 million (as at 31 December 2023) (the Transaction) with International Finance Corporation (IFC)

The main objective of the Transaction is to release capital that the Bank will use to finance climate change mitigation projects. As part of the Transaction, the Bank transferred to IFC a significant portion of the credit risk from the selected securitised portfolio. The selected securitised loan portfolio remains on the Bank's balance sheet. The termination date of the Transaction according to the agreement is 31 December 2031. The transfer of risk of the securitised portfolio is implemented through a credit protection instrument in the form of a financial guarantee of up to PLN 218 million, issued by the IFC. The Transaction meets the requirements for the transfer of a material portion of risk set out in the CRR Regulation and has been structured as meeting the STS criteria (simple, transparent and standard securitisation) in accordance with Regulation 2021/557.

BNP Paribas SA acted as the arranger of the Transaction.

**3.04.2024**

**Statement of the National Securities Depository S.A. (KDPW)** on conditional registration in the securities depository maintained by the KDPW of up to 1,200,000 Series N ordinary bearer shares of BNP Paribas Bank Polska S.A. with a par value of PLN 1 each.

**Resolution of the Warsaw Stock Exchange S.A. (WSE)** on the admission and introduction to exchange trading on the WSE Main Market of up to 1,200,000 series N ordinary bearer shares of BNP Paribas Bank Polska S.A. with a par value of PLN 1 each.

| | |
|---|---|
| 5.04.2024 | **Issue of series M shares and series N shares under the conditional share capital increase and change in the value of the share capital of BNP Paribas Bank Polska S.A.**<br>In accordance with the relevant statements of the National Securities Depository (KDPW) and resolutions of the Board of Directors of the Warsaw Stock Exchange (WSE) - the Bank's current report No. 16/2024 - registration with the KDPW and admission to trading by the WSE took place:<br>– 44,608 series M ordinary bearer shares of the Bank (Series M Shares) with a nominal value of PLN 1 each, and the recording of these shares in the securities accounts of authorized persons,<br>– 78,316 ordinary bearer shares of the Bank, series N (Series N Shares) with a nominal value of PLN 1 each and the recording of these shares in the securities accounts of eligible persons.<br>Series M Shares were issued as part of the Bank's conditional share capital increase pursuant to Resolution No. 5 of the Bank's Extraordinary General Meeting of January 31, 2020, as amended by Resolution No. 37 of the Bank's Annual General Meeting of 29 June 2020. Series M shares were subscribed for in exercise of the rights under Series A4 registered subscription warrants previously subscribed for, each of which entitled the holder to subscribe for one Series M share.<br>The Series N Shares were issued as part of a conditional increase in the Bank's share capital pursuant to Resolution No. 39 of the Bank's Annual General Meeting of 27 June 2022. The Series N Shares were subscribed for in exercise of rights under Series B1 registered subscription warrants previously subscribed for, each of which entitled the holder to subscribe for one Series N Share.<br>Pursuant to Article 451 § 2, second sentence, of the Commercial Companies Code, the grant of Series M Shares and Series N Shares became effective upon their recording in the securities accounts of the eligible persons.<br>Accordingly, pursuant to Article 451 § 2 in conjunction with Article 452 § 1 of the Commercial Companies Code, the rights from:<br>– 44,608 Series M Shares with a nominal value of PLN 44,608,<br>– 78,316 Series N Shares with a nominal value of PLN 78,316,<br>i.e. a total of 122,924 shares of the Bank with a total nominal value of PLN 122,924, and an increase in the Bank's share capital from PLN 147,676,946 to PLN 147,799,870, which is divided into 147,799,870 shares with a nominal value of PLN 1 each. |
| **16.04.2024** | **Annual General Meeting of Shareholders of BNP Paribas Bank Polska S.A.**<br>Adoption of a resolution on, among others, the payment of dividend for 2023 in the amount of PLN 503,997.556.70, i.e. PLN 3.41 per share. The dividend covers all shares issued by the Bank, i.e. 147,799,870 shares. Dividend date: 23 April 2024, dividend payment date: 10 May 2024. |
| **14.05.2024** | **Entry into the National Court Register of the amendments to the Articles of Association of BNP Paribas Bank Polska S.A.** i.e. increase of the Bank's share capital up to PLN 147,799,870 as a result of subscription of Series M shares and Series N shares by eligible persons under the conditions specified in § 29a Section 2 item d) and § 29b Section 2 item a) of the Articles of Association of BNP Paribas Bank Polska S.A. |
| **3.06.2024** | **Determination of the minimum level of own funds and eligible liabilities (MREL) by the BGF for BNP Paribas Bank Polska S.A.**<br>The MREL requirement for the Bank has been set at an individual level at 16.02% of the total risk exposure (TREA) and 5.91% of the total exposure measure (TEM). The Bank was required to meet the requirement immediately upon receipt of the information. As of the date of receipt of the BGF's letter, the Bank was in compliance with the MREL requirements set forth in the body of the letter. |
| **18.06.2024** | **Entry into the National Court Register of the amendments to the Articles of Association of BNP Paribas Bank Polska S.A.** adopted by the Annual General Meeting of the Bank on 16 April 2024. |

| | |
|---|---|
| **2.07.2024** | **Extraordinary General Meeting of Shareholders** – adoption of a resolutions on:<br>– the assessment of the individual adequacy of the candidate for the Supervisory Board and appointment of a new member, Ms Monika Kaczorek, to the Supervisory Board of BNP Paribas Bank Polska S.A., effective 3 July 2024,<br>– assessment of the collective adequacy of the Supervisory Board of BNP Paribas Bank Polska S.A. in relation to the change in the composition of the Supervisory Board,<br>– amendment to Resolution No. 8 of the Extraordinary General Meeting of BNP Paribas Bank Polska S.A. dated 17 June 2021 regarding the determination of the remuneration of the members of the Supervisory Board of BNP Paribas Bank Polska S.A. (‘Resolution No. 8’), Resolution No. 37 of the Annual General Meeting of 27 June 2022 on amending Resolution No. 8 and Resolution of the Annual General Meeting of BNP Paribas Bank Polska S.A. of 30 June 2023 on amending Resolution No. 8,<br>– amendments to the Bank's Articles of Association and the unified text of the Articles of Association; the amendments resulted from the necessity to adjust the Bank's scope of business to the Banking Law amended by the Act - Act on amending certain acts in connection with ensuring the development of the financial market and the protection of investors on this market of 16 August 2023 (Journal of Laws of 2023, item 1723) with respect to brokerage activity. |
| **26.08.2024** | **Entry into the National Court Register of the amendments to the Articles of Association of BNP Paribas Bank Polska S.A.** adopted by the Annual General Meeting of the Bank on 2 July 2024. |
| **17.09.2024** | **Request from the Polish Financial Supervision Authority (PFSA) for the Financial Stability Committee to provide an opinion on the determination of the amount of the Other Systemically Important Institution (O-SII) buffer for the Bank,** the adequate amount of which, according to the principles resulting from the methodology established by the PFSA, should be set at the equivalent of 0.5% of the total risk exposure amount. The current O-SII buffer set for the Bank is the equivalent of 0.25% of the total risk exposure amount. |
| **22.11.2024** | **Obtaining corporate consents required for the issuance of Additional Tier 1 Instruments (AT1)**<br>The Supervisory Board of the Bank passed a resolution expressing consent to the issue of capital bonds referred to in Art. 27a of the Act of 15 January 2015 on Bonds, in Polish zlotys ("Capital Bonds in PLN").<br>The Capital Bonds in PLN will be instruments without a specified redemption date, entitling the holder to receive interest indefinitely, provided that the Bank may redeem them early on the terms specified in the conditions of issue.<br>The total nominal value of the issue of the Capital Bonds in PLN will not exceed PLN 650,000,000, and the nominal value of one Capital Bond in PLN will be PLN 500,000. The interest rate will be determined based on market conditions and will be based on the Wibor 3M reference rate and a margin.<br>The Capital Bonds in PLN will be acquired exclusively by BNP Paribas S.A. headquartered in Paris.<br>The Capital Bonds in PLN will be classified as the Bank's own funds as additional instruments in Tier I capital after the Bank has obtained the appropriate consent from the PFSA. The consent of the Supervisory Board is required in relation to Art. 27m of the Act of 15 January 2015 on Bonds. |
| **22.11.2024** | **The Extraordinary General Meeting of Shareholders of Campus Leszno Sp. z o.o.** – adoption of a resolution to close the liquidation of the company |
| **28.11.2024** | **Issue of Additional Tier 1 (AT1) instruments**<br>The Bank issued the Capital Bonds referred to in Article 27a of the Bond Act of 15 January 2015 (the ‘Capital Bonds’), which were acquired by BNP Paribas SA, Paris, on 28 November 2024, for the value and under the terms and conditions set out in the resolution of the Supervisory Board of 22 November 2024.<br>The terms and conditions of the issue of the Capital Bonds do not provide for the possibility of conversion into shares of the Bank, but only for their redemption in the form of an interim write-down. |

| | |
|---|---|
| | Based on the approval of the PFSA on 31 December 2024, the Capital Bonds were classified as additional instruments in Tier 1 capital. |
| **6.12.2024** | **Decision of the Polish Financial Supervision Authority** on the determination of the amount of the Other Systemically Important Institution ('O-SII') buffer to be imposed on the Bank, equivalent to 0.50% of the total risk exposure amount calculated in accordance with Article 92(3) of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and amending Regulation (EU) No 648/2012 (OJ EU L 176 of 27 June 2013, as amended).<br>The O-SII buffer previously applicable to the Bank was 0.25% of the total risk exposure amount. |
| **17.12.2024** | **The Polish Financial Supervision Authority did not set an additional capital charge for BNP Paribas Bank Polska S.A. under Pillar II (P2G)** to absorb potential losses arising from stress events.<br>The Bank's sensitivity to the possible materialisation of stress scenarios affecting the level of own funds and risk exposure was assessed as low. |

Changes to the composition of the Bank's Supervisory Board in 2024 are described in Note 1 General information about the BNP Paribas S.A. Capital Group.

# 57. SUBSEQUENT EVENTS

**Adapting the Bank to the requirements related to the implementation of the CRR 3 / CRD 6 regulation package**

The Bank has adjusted internal procedures, systems, and documentation in connection with the implementation of the Regulation of the European Parliament and Council (EU) 2024/1623 of 31 May 2024 amending Regulation (EU) No 575/2013 as regards requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor.

Starting from January 2025, the Bank applies the following methods for determining the capital requirement under Pillar I: updated standard method for credit risk, new standard method for operational risk, and standard method for market risk.

As part of the completed implementation project, the Bank introduced necessary adjustments in the calculation of the capital requirement for credit risk, which are discussed below.

1) As part of the new class of exposures secured by property mortgages and ADC exposures, the Bank:
- implemented new definitions, in particular the concept of income generating property exposures (so-called IPRE exposure) and exposures related to the land acquisition, development and construction (so-called ADC exposure);
- developed a data-collection process for identifying eligibility criteria in relation to mortgage collateral;
- updated rules for assigning risk weights and segmentation of individual exposures within the exposure class;
- adjusted the process for new real estate valuation rules and updated the internal model for their valuation.

2) In terms of off-balance sheet exposures, the Bank:
- implemented a process related to the identification.n of liabilities entered into with counterparties, according to new definitions;
- updated segmentation of off-balance sheet exposures to new buckets and the credit conversion factors (CCF) assigned to them

3) In terms of exposure to institutions, the Bank:
- implemented a new SCRA (Standardised Credit Risk Assessment Approach) method in relation to institutions for which it does not have information about the assigned external rating;
- updated rules for assigning risk weights for institutions with an external rating.

4) Regarding exposures associated with specialised lending, the Bank:
- implemented a process of segmenting exposures related to specialised lending into appropriate subcategories;
- adjusted the rules for assigning risk weights and developed a data-collection process for project information.

5) In terms of retail exposures, the Bank:
- identified exposures to the transactor, for which it assigns a preferential risk weight;
- adjusted the classification of retail exposures to the updated definition.

6) In terms of equity exposures, the Bank:
- took into account the new treatment of equity exposures in terms of assigning risk weights.

The Bank takes into account transitional provisions that allow the use of preferential approaches in the scope of individual exposure classes and rules for assigning the credit conversion factor for off-balance sheet exposures. Additionally, the Bank continuously monitors the register of documents published by the EBA, which are refining various issues related to the changes resulting from the CRR 3 Regulation.

The Bank has also made changes in operational risk, including implementing a new method for calculating requirements and updating the operational risk management framework.

Due to the postponement of the implementation of the modified rules for determining capital requirements for the trading book, within the so-called FRTB (Fundamental Review of Trading Book), the standard method will be applied for the market risk, based on the rules in effect before 1 January 2025. This means that the interest rate risk requirement will be determined based on the maturity ladder method, the foreign exchange risk based on the standard method, and non-linear risks resulting from maintaining positions in option instruments based on the delta-plus method.

As a result of the changes made to the rules for calculating capital requirements, adjustments will also be made to the disclosure of information under Pillar 3. These changes will apply from the disclosure for 31 March 2025.

The introduction of the above changes to the rules for determining capital requirements (assuming data as at 31 December 2024 for the purposes of calculation) would result in an increase in risk-weighted assets by PLN 3,131,512 thousand and a change in the Bank's capital ratios by -43 bps for CET1, -45 bps for Tier 1 and -56 bps for the Total Capital Ratio (unaudited data).

The bank constantly monitors its capital position and potential and planned changes to the rules for determining capital requirements. Taking into account the introduction of the changes described above starting from January 2025, in the fourth quarter of 2024, the Bank took appropriate adjustment actions in the area of own funds (including by issuing capital bonds - AT1 instruments in November).

After taking into account changes in the rules for determining capital requirements, the Bank meets the regulatory capital requirements.

**Administrative proceedings of the Polish Financial Supervision Authority regarding the imposition of a penalty in connection with a suspicion of violating the provisions on trading in financial instruments**

On January 28, 2025, the Polish Financial Supervision Authority notified the Bank of the initiation of administrative proceedings to impose an administrative penalty on the Bank under Article 138, paragraph 3, item 3a or Article 138, paragraph 7aa, item 1 of the Act of August 29, 1997 - Banking Law, in connection with the suspicion that the Bank had violated the provisions of Article 83c, paragraph 1 of the Act of July 29, 2005 on Trading in Financial Instruments in connection with the Bank's cooperation with unauthorized third parties, Article 83c, paragraph 3 in connection with paragraph 2 of the Act on Trading in Financial Instruments by presenting information on financial instruments to the client in an unreliable manner, and Article 9c, paragraph 1, item 4 of the Banking Law by failing to ensure compliance of the Bank's operations with the provisions of the law and internal regulations.

# SIGNATURES OF THE MANAGEMENT BOARD MEMBERS OF BNP PARIBAS BANK POLSKA S.A.

| | | |
|---|---|---|
| 12.03.2025 | **Przemysław Gdański**<br>President of the Management Board | qualified electronic signature |
| 12.03.2025 | **André Boulanger**<br>Vice-President of the Management Board | qualified electronic signature |
| 12.03.2025 | **Małgorzata Dąbrowska**<br>Vice-President of the Management Board | qualified electronic signature |
| 12.03.2025 | **Wojciech Kembłowski**<br>Vice-President of the Management Board | qualified electronic signature |
| 12.03.2025 | **Piotr Konieczny**<br>Vice-President of the Management Board | qualified electronic signature |
| 12.03.2025 | **Magdalena Nowicka**<br>Vice-President of the Management Board | qualified electronic signature |
| 12.03.2025 | **Volodymyr Radin**<br>Vice-President of the Management Board | qualified electronic signature |
| 12.03.2025 | **Agnieszka Wolska**<br>Vice-President of the Management Board | qualified electronic signature |

Warsaw, 12 March 2025