



BNP PARIBAS

SEPARATE FINANCIAL STATEMENT OF

BNP PARIBAS BANK POLSKA S.A.



for the year ended 31 December

2025

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

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SELECTED SEPARATE FINANCIAL DATA

Selected separate financial data		PLN'000	PLN'000	EUR'000	EUR'000
Statement of profit or loss	Note	12 months ended 31.12.2025	12 months ended 31.12.2024	12 months ended 31.12.2025	12 months ended 31.12.2024
Net interest income	4	5,780,421	5,631,813	1,364,530	1,308,446
Net fee and commission income	5	1,181,514	1,188,293	278,909	276,078
Profit before tax		3,691,256	2,903,639	871,360	674,606
Profit after tax		3,012,195	2,320,798	711,061	539,194
Total comprehensive income		3,369,278	2,346,678	795,354	545,207
Statement of cash flows		12 months ended 31.12.2025	12 months ended 31.12.2024	12 months ended 31.12.2025	12 months ended 31.12.2024
Total net cash flows		3,019,450	2,408,579	712,773	559,588
Ratios		31.12.2025	31.12.2024	31.12.2025	31.12.2024
Number of shares (items)	46	147,880,491	147,799,870	147,880,491	147,799,870
Earnings per share	16	20.29	15.71	4.79	3.65
Statement of financial position		31.12.2025	31.12.2024	31.12.2025	31.12.2024
Total assets		176,310,134	163,087,501	41,713,425	38,166,979
Loans and advances to customers measured at amortised cost	21	86,786,401	81,189,258	20,532,898	19,000,528
Loans and advances to customers measured at fair value through profit or loss	22	286,183	452,506	67,708	105,899
Total liabilities		158,839,504	147,775,592	37,580,028	34,583,569
Amounts due to customers	32	141,355,067	130,830,128	33,443,364	30,617,863
Share capital	46	147,880	147,800	34,987	34,589
Total equity		17,470,630	15,311,909	4,133,397	3,583,410
Capital adequacy		31.12.2025	31.12.2024	31.12.2025	31.12.2024
Total own funds		17,407,001	15,916,910	4,118,343	3,724,996
Total risk exposure		102,421,309	90,554,074	24,231,980	21,192,154
Total capital ratio		17.00%	17.58%	17.00%	17.58%
Tier 1 capital ratio		13.70%	14.10%	13.70%	14.10%

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

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

- as at 31.12.2025 - 1 EUR = 4.2267 PLN
- as at 31.12.2024 - 1 EUR = 4.2730 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 1.01.2025 to 31.12.2025 - 1 EUR = 4.2362 PLN
- for the period from 1.01.2024 to 31.12.2024 - 1 EUR = 4.3042 PLN

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

SEPARATE STATEMENT OF PROFIT OR LOSS

	Note	12 months ended 31.12.2025	12 months ended 31.12.2024 restated*
Interest income	4	9,583,167	9,905,437
Interest income calculated with the use of effective interest rate method		8,771,401	8,981,723
interest income on financial instruments measured at amortised cost		7,849,310	8,131,361
interest income on financial instruments measured at fair value through other comprehensive income		922,091	850,362
Income similar to interest on instruments measured at fair value through profit or loss		811,766	923,714
Interest expense	4	(3,802,746)	(4,273,624)
Net interest income		5,780,421	5,631,813
Fee and commission income	5	1,439,476	1,467,058
Fee and commission expenses	5	(257,962)	(278,765)
Net fee and commission income		1,181,514	1,188,293
Dividend income	6	18,118	13,147
Net trading income (including exchange result)	7	1,076,959	865,207
Result on investment activities	8	(2,340)	14,374
Result on hedge accounting	20	(11,161)	1,946
Result on derecognition of financial assets measured at amortised cost		(19,698)	(35,739)
Net allowances on expected credit losses on financial assets and provisions for contingent liabilities	9	(155,350)	(225,350)
Result on legal risk related to foreign currency loans	54	(498,751)	(795,728)
General administrative expenses		(2,712,043)	(2,717,137)
Depreciation and amortisation	12	(528,890)	(514,858)
Other operating income	13	206,186	130,848
Other operating expenses	14	(250,357)	(248,206)
Operating result		4,084,608	3,308,610
Tax on financial institutions		(393,352)	(404,971)
Profit before tax		3,691,256	2,903,639
Income tax expense	15	(679,061)	(582,841)
Net profit		3,012,195	2,320,798
attributable to equity holders of the Bank		3,012,195	2,320,798
Earnings (loss) per share (in PLN per one share)			
Basic	16	20.29	15.71
Diluted	16	20.27	15.69

* for details of restatement, see Note 2.4 Changes in presentation of financial data

SEPARATE STATEMENT OF OTHER COMPREHENSIVE INCOME

	Note	12 months ended 31.12.2025	12 months ended 31.12.2024
Net profit for the period		3,012,195	2,320,798
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss upon fulfilment of certain conditions		356,033	27,255
Valuation of financial assets measured at fair value through other comprehensive income, gross	25	347,318	43,787
Deferred income tax on the valuation of gross financial assets measured through other comprehensive income	37	(56,160)	(8,320)
Valuation of cash flow hedging derivatives	20	78,145	(10,138)
Deferred income tax on valuation of cash flow hedging derivatives	37	(13,270)	1,926
Items that will not be reclassified to profit or loss		1,050	(1,375)
Actuarial valuation of gross employee benefits	3e	1,576	(1,698)
Deferred income tax on actuarial valuation of gross employee benefits	37	(526)	323
Other comprehensive income (net)		357,083	25,880
Total comprehensive income		3,369,278	2,346,678
attributable to equity holders of the Bank		3,369,278	2,346,678

SEPARATE STATEMENT OF FINANCIAL POSITION

ASSETS	Note	31 December 2025	31 December 2024
Cash and balances at Central Bank	17	10,224,866	11,325,551
Amounts due from banks	18	11,524,131	7,789,297
Derivative financial instruments	19	2,359,460	2,440,116
Differences from hedge accounting	20	345,550	230,658
Loans and advances to customers measured at amortised cost	21	86,786,401	81,189,258
Loans and advances to customers measured at fair value through profit or loss	22	286,183	452,506
Securities measured at amortised cost	23	36,180,626	32,364,550
Securities measured at fair value through profit or loss	24	240,409	320,925
Securities measured at fair value through other comprehensive income	25	24,719,802	23,027,454
Investments in subsidiaries	26	108,426	108,426
Intangible assets	27	965,224	978,163
Property, plant and equipment	28	947,435	946,796
Deferred tax assets	37	710,964	685,634
Other assets	30	910,657	1,228,167
Total assets		176,310,134	163,087,501
LIABILITIES		31 December 2025	31 December 2024
Amounts due to banks	31	5,923,407	5,757,872
Derivative financial instruments	19	2,276,575	2,311,741
Differences from hedge accounting	20	320,087	260,025
Amounts due to customers	32	141,355,067	130,830,128
Liabilities under issued debt securities (including subordinated issues)	33	4,226,368	-
Subordinated liabilities	34	-	3,420,128
Lease liabilities	29	553,267	606,204
Other liabilities	35	1,977,881	2,262,300
Current tax liabilities		172,523	358,468
Provisions	36	2,034,329	1,968,726
Total liabilities		158,839,504	147,775,592
EQUITY		31 December 2025	31 December 2024
Share capital	46	147,880	147,800
Supplementary capital	47	9,110,976	9,110,976
Other reserve capital	47	4,648,934	4,024,205
AT1 capital bonds	47	650,000	650,000
Revaluation reserve	47	(184,001)	(541,084)
Retained earnings		3,096,841	1,920,012
retained profit		84,646	(400,786)
net profit for the period		3,012,195	2,320,798
Total equity		17,470,630	15,311,909
Total liabilities and equity		176,310,134	163,087,501

SEPARATE STATEMENT OF CHANGES IN EQUITY

	Share capital	Supplementary capital	Other reserve capital	AT1 capital bonds	Revaluation reserve	Retained earnings	Total
As at 1 January 2025	147,800	9,110,976	4,024,205	650,000	(541,084)	1,920,012	15,311,909
Total comprehensive income for the period	-	-	-	-	357,083	3,012,195	3,369,278
Net profit for the period	-	-	-	-	-	3,012,195	3,012,195
Other comprehensive income for the period	-	-	-	-	357,083	-	357,083
Distribution of retained earnings	-	-	658,457	-	-	(1,820,798)	(1,162,341)
Distribution of retained earnings intended for capital	-	-	658,457	-	-	(658,457)	-
Dividends paid out	-	-	-	-	-	(1,162,341)	(1,162,341)
Share issue	80	-	-	-	-	-	80
Interest paid on AT1 capital bonds	-	-	(41,077)	-	-	(14,568)	(55,645)
Management stock options*	-	-	7,349	-	-	-	7,349
As at 31 December 2025	147,880	9,110,976	4,648,934	650,000	(184,001)	3,096,841	17,470,630

*the management stock option programme is described in Note 39

	Share capital	Supplementary capital	Other reserve capital	AT1 capital bonds	Revaluation reserve	Retained earnings	Total
As at 1 January 2024	147,677	9,110,976	3,513,978	-	(566,964)	607,042	12,812,709
Total comprehensive income for the period	-	-	-	-	25,880	2,320,798	2,346,678
Net profit for the period	-	-	-	-	-	2,320,798	2,320,798
Other comprehensive income for the period	-	-	-	-	25,880	-	25,880
Distribution of retained earnings	-	-	503,830	-	-	(1,007,828)	(503,998)
Distribution of retained earnings intended for capital	-	-	503,830	-	-	(503,830)	-
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
As at 31 December 2024	147,800	9,110,976	4,024,205	650,000	(541,084)	1,920,012	15,311,909

*the management stock option programme is described in Note 39

SEPARATE STATEMENT OF CASH FLOWS

CASH FLOWS FROM OPERATING ACTIVITIES:	Note	12 months ended 31.12.2025	12 months ended 31.12.2024
Net profit (loss)		3,012,195	2,320,798
Adjustments for:		6,902,239	12,962,475
Income tax expense		679,061	582,841
Depreciation and amortisation	12	528,890	514,858
Dividend income	6	(18,118)	(13,147)
Interest income	4	(9,583,167)	(9,905,437)
Interest expense	4	3,802,746	4,273,624
Change in provisions		67,179	426,667
Change in amounts due from banks	51	383,053	8,065,054
Change in assets due to derivative financial instruments		(34,236)	570,467
Change in loans and advances to customers measured at amortised cost	51	(5,678,774)	(117,129)
Change in loans and advances to customers measured at fair value through profit or loss		166,323	201,076
Change in amounts due to banks	51	168,373	(113,260)
Change in liabilities due to derivative financial instruments		103,041	(296,282)
Change in amounts due to customers	51	10,584,232	3,781,045
Change in other assets and deferred tax assets		301,930	(431,136)
Change in other liabilities and current income tax liabilities		(278,349)	134,307
Other adjustments	51	140,103	(59,943)
Interest received		10,156,299	10,124,278
Interest paid		(3,638,994)	(4,090,806)
Tax paid		(945,961)	(683,561)
Lease fees for short-term leases not included in the valuation of the liability		(1,392)	(1,041)
Net cash flows from operating activities		9,914,434	15,283,273

CASH FLOWS FROM INVESTING ACTIVITIES:	12 months ended 31.12.2025	12 months ended 31.12.2024
Inflows	176,136,370	241,785,413
Sale of securities	176,081,177	241,748,903
Sale of intangible assets and property, plant and equipment	37,075	13,063
Dividends received and other investment income	18,118	13,147
Disposal of shares in subsidiaries and liquidation of subsidiaries	-	10,300
Outflows	(182,237,227)	(254,811,674)
Purchase of securities	(181,771,624)	(254,347,370)
Purchase of intangible assets and property, plant and equipment	(465,603)	(464,304)
Net cash flows from investing activities	(6,100,857)	(13,026,261)
CASH FLOWS FROM FINANCING ACTIVITIES:	12 months ended 31.12.2025	12 months ended 31.12.2024
Inflows	4,184,513	1,945,797
Long-term loans received and subordinated liabilities	-	1,295,674
Debt securities issue (including subordinated issues)	4,184,433	-
AT1 capital bonds issue	-	650,000
Net inflows from issuance of shares and return of capital contributions	80	123
Outflows	(4,978,640)	(1,794,230)
Repayment of long-term loans received and subordinated liabilities	(3,608,193)	(1,148,623)
Repayment of lease liabilities	(139,407)	(141,609)
Interest paid on AT1 capital bonds	(68,699)	-
Dividends paid out	(1,162,341)	(503,998)
Net cash flows from financing activities	(794,127)	151,567
TOTAL NET CASH AND CASH EQUIVALENTS	3,019,450	2,408,579
Cash and cash equivalents at the beginning of the period	18,209,851	15,801,272
Cash and cash equivalents at the end of the period	50 21,229,301	18,209,851
Effect of exchange rate fluctuations on cash and cash equivalents	(97,104)	(91,498)

EXPLANATORY NOTES TO THE SEPARATE FINANCIAL STATEMENTS

1. GENERAL INFORMATION ABOUT THE BANK

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 Marcina Kasprzaka 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 of the Capital Group is unlimited.

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

As at 31 December 2025, the headcount of the Bank was 7,426 FTEs, as compared to 7,746 FTEs as at 31 December 2024.

BNP Paribas is a universal commercial bank offering a wide range of banking services provided to individual and institutional customers in accordance with the scope of services specified in the Bank’s Articles of Association. 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 Bank conducts brokerage and leasing activities and provides other financial services.

The Bank operates mainly in Poland.

Composition of the Bank’s Management Board as at 31 December 2025:

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 Kemblowski	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

Changes to the composition of the Bank’s Management Board in the period from 1 January to 31 December 2025 and until the signing of these separate financial statements:

- on 21 October 2025, Mr Andre Boulanger resigned as Vice-President of the Bank’s Management Board, Head of Corporate and Institutional Banking (CIB) as of 31 December 2025,
- on 10 December 2025, Ms Natalie Yacoubian was appointed Vice-President of the Bank’s Management Board, Head of Corporate and Institutional Banking (CIB) as of 1 January 2026,
- on 2 January 2026, Ms Agnieszka Wolska resigned as Vice-President of the Bank’s Management Board as of 2 January 2026.

Composition of the Bank's Supervisory Board as at 31 December 2025:

FULL NAME	FUNCTION HELD IN THE SUPERVISORY BOARD OF THE BANK
Lucyna Stańczak-Wuczyńska	Chairperson of the Supervisory Board, Independent Member
Francois Benaroya	Vice-Chairperson 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
Bożena Leśniewska	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	Member of the Supervisory Board

Changes in the composition of the Supervisory Board in the period from 1 January to 31 December 2025:

- on 15 April 2025, the Annual General Meeting of the Bank appointed Ms Bożena Leśniewska as Independent Member of the Bank's Supervisory Board as of 15 April 2025 until the end of the current five-year joint term of office of the members of the Supervisory Board,
- on 28 April 2025, Mr Mariusz Warych announced his resignation as Chairperson of the Audit Committee of the Supervisory Board as of 28 June 2025,
- on 6 May 2025, Mr Francois Benaroya announced his resignation as Member of the Audit Committee of the Supervisory Board as of 28 June 2025,
- on 7 May 2025, the Supervisory Board appointed Mr Jacques Rinino as Member of the Audit Committee of the Supervisory Board as of 28 June 2025,
- on 7 May 2025, the Supervisory Board appointed Ms Monika Kaczorek as Chairperson of the Audit Committee of the Supervisory Board as of 28 June 2025.

Approval of the financial statements for publication

The present Separate Financial Statements have been prepared as at 31 December 2025 and approved for publication by the Management Board of the Bank on 4 March 2026.

The Consolidated Financial Statements of BNP Paribas Bank Polska S.A. Capital Group have been prepared as at 31 December 2025 and approved for publication by the Management Board of the Bank on 4 March 2026.

Data included in the above mentioned financial statements are presented for the financial year ended 31 December 2025 with comparative data for the financial year ended 31 December 2024.

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

2.1. Basis for preparation of the separate financial statements

The present separate financial statements of the Bank 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 separate financial statements of the Bank have been prepared in Polish zloty and all amounts, unless otherwise indicated, are given in thousands of zloty (PLN thousand).

2.2. Going concern

The present separate financial statements have been prepared assuming that the Bank 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 separate financial statements have been prepared in accordance with the International Financial Reporting Standards as endorsed by the European Union ("IFRS EU").

The present separate 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 separate financial statements, the Bank 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 already 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 UE	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. The changes will not have a significant impact on the Bank's financial statements.
Amendments to 19: Subsidiaries without Public Accountability: Disclosures	21.08.2025	01.01.2027	No	The amendments cover new or amended IFRS issued between 28 February 2021 and 1 May 2024 that were not considered when IFRS 19 was first issued. The changes will not have a significant impact on the Bank's financial statements.

Amendments to IAS 21: Changes in Foreign Exchange Rates: Translation to a Hyperinflationary Presentation Currency	13.11.2025	01.01.2027	No	<p>The amendments clarify among others how entities translate financial statements from a non-hyperinflationary functional currency into a hyperinflationary presentation currency and how to proceed where the entity's presentation currency is no longer a hyperinflationary currency but the entity's functional currency remains a non-hyperinflationary currency.</p> <p>The changes will not have a significant impact on the Bank's financial statements.</p>
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New standards, interpretations and amendments to the existing standards issued by the International Accounting Standards Board (IASB), approved by the European Union but not yet effective and not implemented by the Bank yet

Standards / Interpretations	Date of issue/ publication	Date of entry into force in UE	Date of approval by EU	Description of changes
Amendments to IFRS 9 and IFRS 7: Changes to the classification and measurement of financial instruments	30.05.2024	01.01.2026	27.05.2025	<p>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.</p> <p>The changes will not have a significant impact on the Bank's financial statements.</p>
Amendments to IFRS 9 and IFRS 7: Nature-dependent electricity contracts	18.12.2024	01.01.2026	30.06.2025	<p>The amendments include:</p> <ul style="list-style-type: none"> ▪ clarifying the application of the 'own-use' requirements; ▪ permitting hedge accounting if these contracts are used as hedging instruments; and ▪ adding new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows. <p>The changes will not have a significant impact on the Bank's financial statements.</p>
Annual Improvements to IFRS - Volume 11	18.07.2024	01.01.2026	09.07.2025	<p>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'.</p> <p>The changes will not have a significant impact on the Bank's financial statements.</p>
IFRS 18 Presentation and Disclosure of Information in Financial Statements	9.04.2024	01.01.2027	16.02.2026	<p>IFRS 18 introduces new presentation and disclosure requirements in the financial statements for all entities applying IFRS standards.</p> <p>The Bank analyses the impact of the change on the Bank's financial statements.</p>

New standards, interpretations and amendments to the existing standards issued by the International Accounting Standards Board (IASB), approved by the European Union, effective and applied by the Bank

Standards / Interpretations	Date of issue/ publication	Date of entry into force in UE	Date of approval by EU	Description of changes
Amendments to IAS 21 Changes in Foreign Exchange Rates: Nonexchangeability 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. The changes do not have a significant impact on the Bank's financial statements.

2.4. Changes in presentation of financial data

Compared to the financial statements prepared for the year ended 31 December 2024, the Bank has changed the method of presentation of:

- gains/losses on sale of securities measured at amortised cost

Before the change, gains/losses on sale of such instruments were presented under net trading income; after the change, they are presented under the result on derecognition of financial assets measured at amortised cost. The table below presents the details:

Separate statement of profit and loss	12 months ended 31.12.2024	12 months ended 31.12.2024	
	before the change	change	after the change
Net trading income (including exchange result)	841,037	24,170	865,207
Result on derecognition of financial assets measured at amortised cost	(11,569)	(24,170)	(35,739)

- income from write-down of overdue funds in customer accounts

Before the change, income from write-down of overdue funds in customer accounts was presented under fee and commission income; after the change, it is presented under other operating income. The table below presents the details:

Separate statement of profit and loss	12 months ended 31.12.2024	12 months ended 31.12.2024	
	before the change	change	after the change
Fee and commission income	1,481,276	(14,218)	1,467,058
Other operating income	116,630	14,218	130,848

In the opinion of the Bank, the changes to presentation outlined above are a better reflection of the economic nature of such items and consequently provide more useful information to recipients of the financial statements.

2.5. Measurement of items denominated in foreign currencies

Functional and presentation currency

Items included in the financial statements are measured in the currency of the primary economic environment in which the Bank operates ("functional currency"). The separate financial statements are presented in PLN thousands, which is the functional currency of the Bank and the presentation currency of the Bank'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 financial statements as at 31 December 2025 and 31 December 2024 are presented in the table below:

	31.12.2025	31.12.2024
1 EUR	4.2267	4.2730
1 USD	3.6016	4.1012
1 GBP	4.8399	5.1488
1 CHF	4.5390	4.5371

2.6. Interest income and expenses

The statement of profit or loss 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 and income 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 Bank 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).

Interest income and expenses are presented in Note 4 Net interest income.

2.7. Net 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 granted (guarantees and credit facilities).

Fees for the Bank's commitment to grant a loan or advance (commissions on 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 Bank's remuneration specified in the contracts with customers and do not include amounts collected by the Bank on behalf of third parties, which are then transferred to them (i.e., insurance premiums collected which the Bank transfers to insurance companies). The Bank recognises 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 Bank 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 Bank 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 Bank recognises this type of income when the basis of its calculation is certain.

Debit and credit cards

Under debit card agreements with customers, the Bank recognises revenues from various types of fees and commissions. In a majority of cases, these are activities in which the Bank 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 Bank 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 Bank receives annual fees for the use of credit cards sold by the Bank together with separate services, including card insurance. The Bank allocates remuneration to individual performance obligations and recognises commissions throughout the service provision period.

Commitments to grant loans and advances

The Bank 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 disbursement, such as preparation commissions. Despite the provision of the service over time, the Bank recognises the revenue on account of the commission at the moment of the decision regarding the disbursement 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 Bank 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 Bank recognises revenue monthly based on the sales volume for a given month. In addition, the Bank 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 customers. The Bank's remuneration depends on the valuation of assets in the portfolio under management. The Bank recognises 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 Bank, 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 Bank recognises 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 Bank 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 constitutes 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 fee and 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 fee and 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 a 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 Bank'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 Bank to provide any post-sale services is recognised as income as at the effective/renewal date of the relevant insurance policy. The income is recognised under fee and commission income.

Fee for the services provided by the Bank 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 Bank 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 Bank 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.

Net fee and commission income are presented in Note 5 Net fee and commission income.

2.8. Dividend income

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

Dividend income is presented in Note 6 Dividend income

2.9. 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).

Net trading income is presented in Note 7 Net trading income (including result on foreign exchange).

2.10. 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 interest.

Result on investment activities is presented in Note 8 Result on investment activities.

2.11. Result on derecognition of financial assets measured at amortised cost

Derecognition of financial instruments measured at amortised cost applies to cases of material modification (for a description of the identification and recognition of material modifications, see Note 2.16 Classification and measurement of financial assets and liabilities, Modification of financial assets).

2.12. Result on 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 54 Litigation, claims and administrative proceedings.

2.13. Other operating income and expenses

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

The Bank 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 Bank, income and expenses related to provisions for litigation, excluding litigation related to mortgage loans in CHF.

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 re-invoicing of costs incurred by the Bank to other entities (in this case, due to acting as an agent, the Bank presents net income).

Other operating income and expenses are presented in Note 13 Other operating income and Note 14 Other operating expenses

2.14. 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 (or reimbursable) using tax rates and regulations valid in law or in fact as at the end of the reporting period.

Income tax expense is presented in Note 15 Income tax expense

2.15. Bank tax

Tax on certain financial institutions ("bank tax") is a property tax presented in the statement of profit or loss under 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 as at 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.

2.16. 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:

- the 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 option at the moment of initial recognition of the financial asset to classify it irrevocably 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 Bank did not designate any financial assets to be measured at fair value through profit or loss at the moment of their initial recognition.

Investments in equity instruments

Investments in equity instruments are measured at fair value through profit or loss. At initial recognition, an irrevocable choice to recognise 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 is not a contingent consideration recognised by the Bank 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 Bank did not use the option of fair value measurement through other comprehensive income.

Business models

The Bank 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 realised through the collection of contractual cash flows, the Bank analyses 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:

- sale of a financial asset due to an increase in credit risk,
- 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:

- sale of a financial asset for the purpose of managing concentration risk,
- 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 or 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 realisation 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 Bank 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 Bank's statement of financial position.

SPPI test

For the purpose of classification and subsequent measurement of financial assets, the Bank 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. Interest is 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 payments of principal and interest, the Bank 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 payments of principal and interest on the outstanding principal.

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

- the asset is held by the Bank 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:

- the asset is held by the Bank 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 recognised in the statement of profit or loss under Result from derecognition of financial assets measured at amortised cost.

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 cash flows discounted using the original effective interest rate, and the result arising from the immaterial modification is recognised 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.

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

In terms of recognising 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.

Impairment of financial assets

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

The Bank 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 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 impairment of the loan was not identified from the moment of its granting, the Bank recognises 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 Bank 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 Bank 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 shortfalls in the expected life of a financial asset weighted with probability of default and discounted using the effective interest rate. The shortfall in cash flows is the difference between all contractual cash flows due to the Bank and all cash flows that the Bank 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 Bank takes into account historical data on credit losses and adjusts them to current observable data. In addition, the Bank 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 Bank recognises 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 origination 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.

Netting

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

Securitisation

When entering into a securitisation transaction, the Bank analyses the transaction and checks whether, in light of the provisions of IFRS 9, the contractual terms of the securitisation meet the requirements for derecognising the securitised assets from the Bank's statement of financial position. If the requirements are met, the assets are derecognised from the Bank's statement of financial position; otherwise, the securitisation portfolio remains recognised on the Bank's books.

The securitisation transaction is described in Note 44 Securitisation.

Repo and sell buy back transactions

Securities sold under repo and sell buy back transactions are not derecognised 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.

Recognition and derecognition of financial assets and liabilities from the statement of financial position

The Bank recognises a financial asset or liability in the statement of financial position when it becomes a party to the contract of such an instrument. Standardised purchase and sale transactions of financial assets are recognised at the date of the transaction, which is the date when the Bank makes the commitment to purchase or sell a given financial asset. Standardised 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. Standardised purchase or sale transactions refer in particular to FX spot 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 Bank derecognises a financial asset when:

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

Transfer takes place:

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

2.17. Intangible assets

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

The Bank 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 amortisation 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 amortisation period or method, respectively, and treated as changes in estimates. Amortisation charges on intangible assets with a defined useful life are recognised in the statement of profit or loss under “Amortisation”.

An intangible asset created as a result of development work (or completion of the development stage of an internally conducted project) is recognised if and only if the Bank 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 others, the Bank can prove the existence of a 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 Bank, 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 capitalised in the amount of costs incurred for the purchase of a given software and its adaptation for use. Capitalised 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.

Amortisation 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.

Intangible assets is presented in Note 27 Intangible assets.

2.18. 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 utilisation, 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 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 and 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.

Property, plant and equipment is presented in Note 28 Property, plant and equipment.

2.19. Hedge accounting

The Bank 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 recognises 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 Bank 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 Bank’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 Bank 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 recognised at such time 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.

Hedge accounting is presented in Note 20 Hedge accounting.

2.20. Provisions

Provisions are created when the Bank 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 Bank expects reimbursement of the expenditure covered by 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 effect 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 provisions 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 recognise a provision for restructuring costs determined in IAS 37. In particular, the constructive obligation to perform a restructuring procedure occurs only when the Bank 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 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 unfavourable outcome for the Bank.

Provisions are presented in Note 36 Provisions.

2.21. Leases

Bank as a lessee

On the commencement date of the lease, the Bank recognises 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 lease contract (right to use an asset presented in position property, plant and equipment).

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

For contracts with indefinite duration relating to the Bank's branch offices, the Bank 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 Bank applies the exemptions provided for in IFRS 16 and does not recognise the asset components due to the right of use in the case of short-term leases and leases of low-value assets. Short-term leases are defined as leases with a period of no longer than 12 months as at the commencement 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 when new.

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 Bank 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 lease liabilities:

- fixed lease 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 call 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 an 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 makes them due and payable 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,
- lease payments made at the time or before the conclusion of the contract less any lease 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 Bank 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 lease 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 lease period or the useful life of the underlying asset, unless the Bank has sufficient certainty that it will obtain ownership before the end of the lease period - then the right to use is depreciated from the day of commencement until the end of the asset's useful life.

Bank 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 finance lease agreements. The value of receivables in the amount equal to the net investment in the lease is recognised in the statement of financial position. Income on finance lease contracts is recognised in a manner reflecting the constant periodic rate of return on the net investment in the lease made by the Bank under finance lease.

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

Leases is presented in Note 29 Leases.

2.22. Financial guarantees granted

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

Granted 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 granted financial guarantee contracts, the date on which the Bank becomes a party to the irrevocable commitment is considered as the date of initial recognition for the purpose of applying the impairment requirements.

Financial guarantees granted is presented in Note 40 Contingent liabilities.

2.23. Employee benefits

The Bank creates a provision for future liabilities due to retirement, disability and post-mortem benefits, unused annual holiday, restructuring of employment, and 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 Bank 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 Security 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 covered by the Policy underlies the calculation of the variable remuneration.

Under the current Policy, 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 deferral period.

The deferral 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 an amount exceeding 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, severance payments were made to employees made redundant at the employer's initiative and to employees covered by voluntary departure programmes.

Liabilities due to incentive and retention programs

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

2.24. Capital

Share capital

Registered share capital is disclosed at its nominal value, in accordance with the Articles of Association 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 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, if any, reduce the proceeds from the issue included in the equity.

Other capital

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

Other capital items

Other capital items are created as a result of:

- valuation of financial assets measured 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.

Capital is presented in Separate statement of financial position in part Equity.

2.25. 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.

A financial instrument is classified as an equity component in accordance with paragraph 16 of IAS 32 if the instrument does not include a contractual obligation to issue cash or other financial asset to another entity or to exchange financial assets or financial liabilities with another entity on potentially unfavourable terms for the issuer and if the instrument will be or may be settled in the issuer's own equity instruments.

Bonds classified as an equity instrument are recognised at fair value at the time of issuance and are not revalued thereafter. Interest at the time of payment is recognised in the reserve capital.

Issuance of AT1 capital bonds is presented in Separate statement of financial position in part Equity.

2.26. Custody operations

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

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

Custody operations has been described in more detail in Note 45 Custody operations.

2.27. Cash and cash equivalents

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).

Cash and cash equivalents are presented in Note 50 Cash and cash equivalents.

3. ESTIMATES AND JUDGEMENTS

The Bank makes judgements, estimates and assumptions that affect the value 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 estimates of the value and timing of future cash flows, the value of collateral 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 expected credit loss model.

Financial instruments subject to the assessment 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 of a financial instrument 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 Bank recognises 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 an 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 a financial instrument (Stage 2), the Bank 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 at the report date determined for the period from the report date to the maturity date and the cumulative PD as at 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 Bank range from 1.8 to 2.7 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 Bank, 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 others, 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).

In addition, in order to assess a significant increase in credit risk, the Bank 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 Bank uses a single definition of defaulted exposures and a definition of impaired exposures, and classification is based on 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 a facility where the exposure has a facility or forbore status,
- granting a facility without significant economic loss where at least one of the following conditions is met:
 - a large balloon 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 a debtor 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,
- filing an application for commencing enforcement proceedings by the Bank or becoming aware of the fact that enforcement proceedings against the debtor are being conducted in the amount which, in the opinion of the Bank, may result in the loss of creditworthiness,
- becoming aware of the fact of filing of an application for declaring the debtor bankrupt (liquidation bankruptcy, consumer bankruptcy), putting the debtor into liquidation, dissolution or cancellation of the company, appointment of an administrator, appointment of a receiver over the debtor's activity,
- filing 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 of an application to initiate enforcement proceedings against the customer,
- granting a public moratorium under Article 31fa of the Act of 2 March 2020 on special solutions related to the prevention, contravention 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 Bank takes into account the thresholds set 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 obligation 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 Bank considers a grace period, where 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 grace period differs depending on the customer type.

The length of the grace period is determined by the Bank 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 Bank implemented an indication based on the assessment of the relative change in the PD lifetime parameter.

The Bank continuously monitors the sensitivity of customer groups/segments to risk factors in the economic and geopolitical environment.

The detailed assumptions of the identification of customers sensitive to selected risk factors for institutional customers are presented in Note 55.2 Credit risk.

As at 31 December 2025, exposures to institutional customers considered sensitive was PLN 819,644 thousand. They were classified as Stage 2 customers affected by a significant increase in credit risk. The total allowance for these customers was PLN 121,471 thousand. As at 31 December 2024, the sensitive customers represented PLN 286,246 thousand and the allowance for these customers was PLN 7,808 thousand.

Institutional customers considered sensitive as at 31 December 2025 accounted for PLN 819,644 thousand and are classified as Stage 2 customers affected by a significant increase in credit risk. The total allowance for these customers was PLN 121,471 thousand. As at 31 December 2024, the sensitive customers represented PLN 286,246 thousand and the allowance for these customers was PLN 7,808 thousand.

With regard to the remaining segments, in the process of assigning Stages, the Bank 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 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.

These customers represented exposures at PLN 305,103 thousand as at 31 December 2025 and PLN 628,057 thousand as at 31 December 2024. Following a review, the Bank revised the assessment of the risk level of sensitive customers using credit holidays and consequently ceased to recognise the group as sensitive customers (the details are presented in the table on the Post Model Adjustments).

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

The individual valuation is performed by the Bank for individually significant financial assets for which an event of default was identified. It consists in the individual determination of the allowance for expected credit losses. During the individual valuation, the Bank 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 rate. 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 no event of default was 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 Bank 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 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 at 31 December 2025, the weight of the severe scenario ranged from 0% to 5.59%, depending on the portfolio, and the weight of the pessimistic scenario ranged from 0% to 22.36%.

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

1) probability of default (PD)

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 IFRS 9, 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)

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 debt enforcement) and the expected levels of loss if a given path occurs. The probabilities of occurrence of individual paths are determined based on a model using Markov chains or scoring models and estimations 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 debt enforcement. 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 debt enforcement.

The parameter values resulting from the above model are through-the-cycle. In order to ensure the point-in-time nature required by IFRS 9, 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) credit conversion factor of granted off-balance sheet liabilities to on-balance sheet receivables (CCF)

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 CCF, the Bank 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 PPF, the Bank demonstrated its lack of dependence on macroeconomic factors based on historical data.

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

For exposures for which there is no contractual lifetime, the behavioural lifetime of the loan is estimated. This value is assigned by customer segment and credit product type. The estimation of the behavioural lifetime of a loan is based on building a profile of historically observed lifetime of exposures 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 2025, the Bank made the following significant changes to the IFRS 9 model:

- Change in EAD amortisation granularity in the ECL calculation formula. Following the modification, ECL for Stage 1 and Stage 2 portfolios is calculated on a quarterly rather than annual basis and then aggregated to the appropriate horizon, taking into account the discounting effect. The change resulted in a reduction of impairment charges by PLN 40,620 thousand.
- Update of the PD model for a portfolio of businesses carrying full books of account, resulting in release of PLN 13,176 thousand provisions. The change calibrated the model estimating the impact of macroeconomic factors on credit loss by incorporating the latest observations. The adjustment ensured a better modelling of dependence and eliminated the unrealised conservatism of previous projections.
- Implementation of a new LGD model for a portfolio of mortgage-backed loans for retail customers, resulting in an addition of PLN 32,220 thousand provisions. The change implemented a new method of constructing statistical models and a dedicated approach to atypical events of default observed during the Covid-19 pandemic. The new solution ensures a better modelling of losses observed in the future.

The Bank verified its Post Model Adjustments (PMA) in 2025. As a result of the review, additional allowances for sensitive customers using credit holidays were released. In particular, this was due to the stable quality of the portfolio after the credit holiday scheme was terminated. The adjustment on estimated and planned changes to the LGD model was reversed as the changes were reflected directly in the LGD model.

As a result of analyses of the business loan portfolio, allowances for specific risks of selected industries were verified. The changes resulting from the review are presented in the table below. It should be noted that in the fourth quarter of 2025, the anticipatory reserve for sensitive customers in the photovoltaic farm segment, created in the third quarter of 2025 (PLN 43,000 thousand), was dissolved. The Bank reviewed the portfolio exposures in Q4 2025 and reflected the risk expectations directly in the individual customer ratings.

Type of Post Model Adjustment	31.12.2024	Change	31.12.2025
Customers particularly sensitive to changes in the economic environment	13,605	(4,348)	9,257
Farmers whose crops were affected by adverse weather events	51,258	(1,800)	49,458
Adjustment of parameters for sensitive customers using credit holidays	19,168	(19,168)	-
Adjustment for sensitive customers in commercial real estate segment	31,500	(11,000)	20,500
Adjustment for customers operating in sectors exposed to the German economy	72,800	(8,663)	64,137
Adjustment for LGD model changes estimated and planned for implementation	43,700	(43,700)	-
Total	232,031	(88,679)	143,352

In 2025, in the alignment of allowances with expected future macroeconomic factors, the allowances were increased by PLN 5,488 thousand due to an update of the forecast macroeconomic factors included in the IFRS 9 model in Q1 2025. In subsequent quarters, in view of significant market uncertainty, the Group decided not to include the effect of the forecast macroeconomic factors in the Group's results and to maintain more conservative assumptions for allowance estimations. It should also be noted that the Bank is working on changes to the model for incorporating macroeconomic forecasts into ECL scenario weights which, according to the Bank's expectations, should partially offset the effects of macroeconomic projection updates that are not recognised in the financial result.

Sensitivity of allowances

Allowances for the expected credit losses 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 Bank, which is independent of the owners and users of the models. The tasks of the unit include annual validation of risk model parameters considered to be significant. The process of validation covers both a 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 Bank 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 31.12.2025	Percentage change in the amount of allowance 31.12.2025	Change in the amount of allowance 31.12.2024	Percentage change in the amount of allowance 31.12.2024
Pessimistic scenario – considering pessimistic and baseline scenarios only (optimistic scenario 0%, baseline scenario 50%, pessimistic scenario 40%, severe scenario 10%)	255,237	16%	139,208	8%
Baseline scenario – uniform distribution of optimistic and pessimistic scenarios (optimistic scenario 25%, baseline scenario 50%, pessimistic scenario 15%, severe scenario 10)	95,271	6%	46,080	3%
Optimistic scenario – considering optimistic and baseline scenarios only (optimistic scenario 50, baseline scenario 50%, pessimistic scenario 0%, severe scenario 0%)	(80,942)	-5%	(60,388)	-3%

The sensitivity of the level of allowances results directly from the counter-cyclical nature of the calculation of weights assigned to individual macroeconomic scenarios. Counter-cyclicality 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 31.12.2025	Percentage change in the amount of allowance 31.12.2025	Change in the amount of allowance 31.12.2024	Percentage change in the amount of allowance 31.12.2024
PD decrease by 10%	(77,932)	-5%	(78,316)	-5%
PD increase by 10%	77,932	5%	78,315	5%
LGD decrease by 10%	(159,354)	-10%	(172,548)	-10%
LGD increase by 10%	138,036	9%	149,152	9%

The table below shows 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 31.12.2025	Percentage change in the amount of allowance for exposures subject to individual valuation 31.12.2025	Change in the amount of allowance 31.12.2024	Percentage change in the amount of allowance for exposures subject to individual valuation 31.12.2024
Decrease in present value of estimated future cash flows for individually assessable exposures by 10%	58,440	9%	86,136	12%
Increase in present value of estimated future cash flows for individually assessable exposures by 10%	(56,320)	-8%	(82,852)	-12%

Climate issues

When considering the need to disclose climate-related risks, the Bank takes into account the requirements for determining materiality of financial information in paragraph 7 of IAS 1. According to these requirements, the Bank 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 Bank treats ESG risks, including climate risk, as a cross-cutting risk affecting traditional risks, including credit, liquidity and operational risks. As part of the Bank's risk identification and assessment framework, a separate group of risks related to environmental, social and governance factors was defined. In the risk identification process, the significant impact of ESG factors on credit risk was recognised among others. 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 2026-2028 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 Guidelines on loan origination and monitoring, the Bank 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 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 Bank. 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 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 Bank's exposure to counterparties that could potentially be held liable for the negative impact of their activities on environmental, social and 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 Bank in the process of loan origination and monitoring 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. High ESG risk was identified for 14 customers as at 31 December 2025 with a total balance-sheet exposure of PLN 31.3 million.

The early warning indicators (EWA) include ESG indicators. One of the factors in the classification of customers as Doubtful Debts is the identification of adverse events linked to ESG risk factors. The incorporation of ESG factors helps to identify early indicators of potential deterioration of credit quality which may result in customer default. The rules for the classification of credit exposures include ESG factors in the list of criteria which may suggest the debtor's financial distress. The number of customers and the credit exposures of customers with identified ESG EWAs, including default customers a key risk indicators which are regularly monitored and reported to the Risk Management Committee, the Management Board and the Supervisory Board of the Bank. As at 31 December 2025, the Bank identified 6 customers with active ESG EWAs with a total balance-sheet exposure of PLN 40 million.

The Bank runs climate stress tests in order to assess the Bank's resilience under various climate change scenarios, including transition risk (e.g. more severe climate policy) and physical risk (greater frequency of floods and droughts). The results show which portfolios are most exposed to loss due to economic transition or climate change. The share of climate factors in loan loss provisions refers to the analysis of potential effect of physical risk and transition risk of climate change on asset quality and the cost of risk in the loan book. This component is designed to make a quantitative determination, looking forward, of how climate events (such as floods, droughts, extreme heat waves) or regulatory and economic changes related to transition to a low-carbon economy can increase losses. Practically, this incorporates the potential impact of climate scenarios on the customers' probability of default and collateral value. Such measurement helps to estimate the future financial impact of climate risks on the loan book, to make a forward-looking analysis, and to strengthen risk management and financial resilience in view of climate change risks. The stress tests are described in detail in the Sustainability Statement included in the Management Board's Report on the Activities of the Paribas Bank Polska S.A. Group

The process of selecting counterparties with which the Bank enters into business relationships also makes it possible to limit negative impacts in terms of ESG areas through, among others, the sector policies in place, watch lists and exclusions, and KYC (know-your-customer). The established sector policies enable the Bank 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 Bank. At the same time, the Bank has for a long time, through the policies in place and the verification of negative information about customers' ESG activity, 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.

The Bank 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.

b. Classification of financial instruments

When classifying financial instruments in accordance with IFRS 9, the Bank 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 outstanding principal.

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 parameterised 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 traded 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 default, the recovery rate.

For equity instruments not traded 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 realisation of assumed financial projections, market risk premium associated with an investment in a particular category of financial instruments.

Information on the fair value of financial assets and liabilities is presented in Note 42 Fair value of financial assets and liabilities.

d. Impairment of non-current assets

At the end of each reporting period, the Bank verifies whether there is any objective impairment trigger concerning its non-current assets (including investments in subsidiaries). If such triggers are identified, the Bank 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 non-current asset requires the Bank to make assumptions as to the estimated amounts and dates of future cash flows that may be generated by the Bank on the non-current asset. When estimating the fair value less costs to sell, the Bank 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 Bank creates provisions for retirement, disability and post-mortem severance pay ("severance"), in accordance with IAS 19. The severance provisions are calculated for each employee separately, using the actuarial method of projected unit credit, by an independent actuary, equal to the present value of the Bank's future liabilities to employees based on headcount and wages and salaries 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 Bank is to pay pursuant from the Remuneration Regulations in force at the Bank.

The anticipated severance pay is calculated as the function 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 Bank 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 through a probability distribution, based on the Bank'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 are 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 (GUS) and the Social Security Institution (ZUS).

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 2025 and 31 December 2024.

	increase by 1 p.p.	decrease by 1 p.p.
31.12.2025		
discount rate	(2,141)	2,486
wage growth rate	2,495	(2,187)
31.12.2024		
discount rate	(2,084)	2,427
wage growth rate	2,426	(2,121)

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

The table below presents the reconciliation of the opening balance and the closing balances of the present value of liabilities due to retirement, disability and post-mortem benefits:

	12 months ended 31.12.2025	12 months ended 31.12.2024
Opening balance	24,187	20,181
current employment costs	2,107	1,961
net interest on net liability	1,205	1,043
actuarial gain or loss	(1,576)	1,698
benefits paid	(659)	(696)
Closing balance	25,264	24,187

f. Restructuring provision

Continuing the Bank'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 2025, the provision amounts to PLN 17,444 thousand (as at 31 December 2024: 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 realisation of the related deferred income tax assets or settlement of deferred income tax liabilities.

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 liability 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 the temporary differences will not be reversed in the foreseeable future.

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 the abovementioned temporary differences will be reversed in the foreseeable future and taxable income allowing to offset any negative temporary differences will be generated.

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 realisation of the deferred tax asset will be realised. 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 Bank offsets deferred tax assets with deferred tax liabilities if and only if it has an enforceable legal title to compensate corresponding receivables and payables 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.

The Bank maintains assets linked to provisions set up in connection with the settlement process regarding:

- Settlements 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),
- cancelling CHF-denominated loan agreements.

For details, see Note 54 Litigation, claims and administrative proceedings.

Up to November 2025 and in 2024, current income tax and deferred tax liabilities were calculated using the 19% rate.

At the end of the reporting period, as a result of the adoption of the change in the CIT rate to 30% in 2026, 26% in 2027 and 23% in 2028 and subsequent years, the Bank valued deferred tax assets and provisions at the rates that, according to current forecasts, will apply at the time of realisation of the value of the assets or settlement of the liability.

The measurement is affected by temporary differences which change over time and are the basis for the calculation of the deferred tax asset and liability as at 31 December 2025, and by the expected settlement periods of such temporary differences.

For details, see Note 37 Deferred income tax.

Pillar Two

The Bank uses an exception from the recognition and disclosure of deferred tax asset and liability information related to income tax under Pillar Two in accordance with an amendment of IAS 12 issued in May 2023.

Global minimum tax level

The Bank applies an exception to the recognition and disclosure of information on deferred tax assets and liabilities related to income tax under Pillar II, in accordance with the IAS 12 update issued in May 2023.

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 income 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 operating in Poland 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, based on the available data, it was assumed that entities operating in Polish jurisdiction meet the conditions enabling the application of temporary safe harbours, which results in the absence of the obligation to carry out full calculations of the national countervailing tax and the global countervailing tax.

According to the Bank's assessment, the equalisation tax regulations did not cause an additional tax burden in 2025.

h. Provision for the return of commissions due to early repayment of loans

On 11 September 2019, the CJEU issued a judgment ruling that Article 16(1) of Directive 2008/48/EC of the European Parliament and of the Council of 23 April 2008 on consumer loan agreements and amending Council Directive 87/102/EEC should be interpreted in such a way that 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(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 in Świdnik, which examined three disputes between the company Lexitor, which acquired the claims of three customers, 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(1) of Directive 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 Bank's income, in particular on relations expired before the judgment was issued, the Bank decided in 2019 to create provisions for a proportional refund of commissions in the event of early repayment of loans in the amount of PLN 48,750 thousand. As at 31 December 2025, the provisions amounted to PLN 8,066 thousand (as at 31 December 2024, the provisions amounted to PLN 10,023 thousand).

The provisions were estimated based on the estimation of the total amount of provisions for early repaid loans and the expected percentage of customers who will claim for a refund of the due part of the commissions. Assuming that the percentage of customers is 5 p.p. higher than the assumed level, the amount of the provision will be higher by PLN 12,500 thousand.

The Bank recognises liabilities to customers due to proportional reimbursement of commissions in the event of early loan repayment in the period from the date of the judgment of the CJEU on 11 September 2019 to 31 December 2019. As at 31 December 2025, this liability amounted to PLN 2,204 thousand (PLN 2,242 thousand as at 31 December 2024).

Additionally, the Bank sets up provisions to cover the partial reimbursements of loan commissions in the event of early repayment. The estimate of the provisions is based on the difference between the value of commissions to be reimbursed to customers 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 customers, which reflects the expected average difference between the amounts of commissions to be reimbursed 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 used; for newly sold loans, a provision will be created on an ongoing basis. As at 31 December 2025, the provision amounted to PLN 27,513 thousand (PLN 39,810 thousand as at 31 December 2024).

The total amount of provisions and liabilities related to the CJEU judgment as at 31 December 2025 was PLN 37,783 thousand (as at 31 December 2024, the provision was PLN 52,074 thousand).

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

The above provisions are presented by the Bank in Note 36 under Provisions: Provision for litigation; the Bank presents the liability in Note 35 under Other liabilities: Sundry creditors.

i. 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 the model used by the Bank are presented in Note 54 Litigation, claims and administrative proceedings.

j. Provision for unauthorized transactions

Proceedings on a practice violating collective consumers interests - unauthorised transactions are described in Note 54 Litigation, claims and administrative proceedings.

4. NET INTEREST INCOME

Interest income	12 months ended 31.12.2025	12 months ended 31.12.2024
Interest income calculated using effective interest rate	8,771,401	8,981,723
interest income on financial instruments measured at amortised cost	7,849,310	8,131,361
Amounts due from banks	512,156	423,790
Loans and advances to customers measured at amortised cost, including:	5,999,884	6,404,285
non-bank financial entities	400,438	352,068
retail customers	2,603,555	2,724,364
corporates	2,981,033	3,311,513
including individual farmers	615,606	686,241
public sector institutions	6,735	4,366
lease receivables	8,123	11,974
Debt instruments measured at amortised cost	1,335,267	972,653
Securities purchased under repurchase agreements	2,003	330,633
interest income on instruments measured at fair value through other comprehensive income	922,091	850,362
Debt instruments measured at fair value through other comprehensive income	922,091	850,362
Income similar to interest on instruments measured at fair value through profit or loss	811,766	923,714
Loans and advances to customers measured at fair value through profit or loss	29,955	50,227
Debt instruments measured at fair value through profit or loss	5,216	7,466
Derivative instruments as part of fair value hedge accounting	737,283	854,393
Derivative instruments as part of cash flow hedge accounting	39,312	11,628
Total interest income	9,583,167	9,905,437
Interest expense	12 months ended 31.12.2025	12 months ended 31.12.2024
Amounts due to banks	(399,902)	(496,001)
Liability under issued debt securities	(42,071)	-
Amounts due to customers, including:	(2,275,268)	(2,436,587)
non-bank financial entities	(155,354)	(150,495)
retail customers	(1,163,295)	(1,173,195)
corporates	(807,545)	(970,583)
including individual farmers	(7,564)	(9,560)
public sector institutions	(149,074)	(142,314)
Lease liabilities	(20,748)	(23,274)
Derivative instruments and amortisation of the hedged position as part of fair value hedge accounting	(980,603)	(1,275,490)
Derivatives under cash flow hedge accounting	(63,816)	(36,561)
Securities sold subject to repurchase agreements	(20,338)	(5,711)
Total interest expense	(3,802,746)	(4,273,624)
Net interest income	5,780,421	5,631,813

The value of interest expense calculated using the effective interest rate in relation to financial liabilities measured at amortised cost, amounted to PLN 2,758,327 thousand (PLN 2,961,573 thousand for the period of 12 months ended 31 December 2024).

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 2025, amounted to PLN 112,057 thousand, as compared to PLN 82,837 thousand for 2024.

5. NET FEE AND COMMISSION INCOME

Fee and commission income	12 months ended 31.12.2025	12 months ended 31.12.2024 restated
loans, advances and leases	251,909	269,543
account maintenance	223,030	232,545
cash service	30,353	31,462
cash transfers and e-banking	101,898	108,047
guarantees and documentary operations	76,384	77,320
asset management and brokerage operations	118,389	103,118
payment and credit cards	423,611	414,307
insurance mediation activity	137,856	148,945
product sale mediation and customer acquisition	22,185	23,781
other commissions	53,861	57,990
Total fee and commission income	1,439,476	1,467,058

Fee and commission expense	12 months ended 31.12.2025	12 months ended 31.12.2024
loans, advances and leases	(458)	(998)
account maintenance	(9,398)	(9,774)
cash service	(30,466)	(28,566)
cash transfers and e-banking	(3,369)	(2,765)
guarantee obligations and documentary operations	(4,337)	(9,120)
asset management and brokerage operations	(7,279)	(5,428)
payment and credit cards	(108,468)	(121,800)
insurance mediation activity	(19,692)	(21,487)
product sale mediation and customer acquisition	(23,742)	(23,011)
other commissions	(50,753)	(55,816)
Total fee and commission expense	(257,962)	(278,765)
Net fee and commission income	1,181,514	1,188,293

Net fee and commission income for 2025 includes income from custody activities in the amount of PLN 118,389 thousand (PLN 103,118 thousand in 2024) and costs of custody activities in the amount of PLN 7,279 thousand (PLN 5,428 thousand in 2024).

Net fee and commission income includes commission income that relates to assets and liabilities not measured at fair value with the result of measurement recognised in the statement of profit or loss for 2025 in the amount of PLN 767,231 thousand, and for 2024 in the amount of PLN 814,323 thousand, and commission expense for 2025 in the amount of PLN 87,125 thousand, as compared to PLN 86,601 thousand for 2024.

Other commissions expenses for 2025 includes PLN 27 003 thousand fees and commissions arising from mobile banking, as compared to PLN 16 984 thousand in 2024.

6. DIVIDEND INCOME

Dividend income	12 months ended 31.12.2025	12 months ended 31.12.2024
Due to equity instruments measured at fair value through profit or loss	9,772	13,147
Due to interest in subsidiaries	8,346	-
Total dividend income	18,118	13,147

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

Net trading income	12 months ended 31.12.2025	12 months ended 31.12.2024 restated
Due to equity instruments measured at fair value through profit or loss	66,829	22,222
Due to debt instruments measured at fair value through profit or loss	(3,718)	2,730
Due to derivative instruments and result on foreign exchange transactions	1,013,848	840,255
Total result on financial instruments measured at fair value through profit or loss and foreign exchange differences	1,076,959	865,207
including margin on foreign exchange and derivative transactions with customers	778,785	722,952

8. RESULT ON INVESTMENT ACTIVITIES

Result on investment activities	12 months ended 31.12.2025	12 months ended 31.12.2024
Loans and advances to customers measured at fair value through profit or loss	(1,645)	3,783
Total result on investment activities	(2,340)	14,374

There was no change in the business models operating in the Bank during 2025 and 2024 and, consequently, no change in the classification of financial assets.

9. NET ALLOWANCES FOR EXPECTED CREDIT LOSSES ON FINANCIAL ASSETS AND PROVISIONS FOR CONTINGENT LIABILITIES

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

12 months ended 31.12.2025	Stage 1	Stage 2	Stage 3	POCI	Total
Amounts due from banks	(44)	(1,464)	-	-	(1,508)
Loans and advances to customers measured at amortised cost	14,794	(15,886)	(153,793)	(113)	(154,998)
Contingent commitments granted	(21,996)	4,521	18,784	(47)	1,262
Securities measured at amortised cost	(106)	-	-	-	(106)
Total net allowances for expected credit losses on financial assets and provisions on contingent liabilities	(7,352)	(12,829)	(135,009)	(160)	(155,350)

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

12 months ended 31.12.2024	Stage 1	Stage 2	Stage 3	POCI	Total
Amounts due from banks	594	-	-	-	594
Loans and advances to customers measured at amortised cost	(20,178)	(14,908)	(122,575)	(54,537)	(212,198)
Contingent commitments granted	8,289	4,980	(27,486)	436	(13,781)
Securities measured at amortised cost	35	-	-	-	35
Total net allowances for expected credit losses on financial assets and provisions on contingent liabilities	(11,260)	(9,928)	(150,061)	(54,101)	(225,350)

Change of allowances for expected credit losses on financial assets and provisions for contingent liabilities

	12 months ended 31.12.2025	12 months ended 31.12.2024
Opening balance	(2,494,411)	(2,552,156)
Increases due to acquisition or origination	(349,842)	(249,394)
Decreases due to derecognition	371,931	268,003
Net changes in credit risk	(299,817)	(457,175)
Change due to significant modifications	6,962	8,124
Use of allowances	405,061	480,440
Other changes (including foreign exchange differences)	14,558	7,747
Closing balance	(2,345,558)	(2,494,411)

Net allowances for expected credit losses on financial assets and provisions for contingent liabilities	12 months ended 31.12.2025	12 months ended 31.12.2024
Change in impairment allowances on financial assets and provisions for contingent liabilities	(239,301)	(401,015)
Change in initial impairment on financial assets classified as POCI	(5,415)	(25,703)
Revenue from the sale and write-off of receivables and costs related to the write-off of receivables	89,366	201,368
Total net allowances for expected credit losses on financial assets and provisions for contingent liabilities	(155,350)	(225,350)

10. GENERAL ADMINISTRATIVE COSTS

General administrative costs	12 months ended 31.12.2025	12 months ended 31.12.2024
Personnel expenses	(1,586,863)	(1,528,680)
Marketing	(121,595)	(103,893)
IT and telecom expenses	(334,468)	(305,169)
Short-term leases and operation	(88,863)	(82,622)
Other non-personnel expenses	(141,122)	(148,261)
Outsourced services from other contracts and consulting	(93,460)	(265,940)
Business travel	(12,107)	(11,631)
Vehicle operating fees	(28,397)	(26,107)
ATM and cash handling expenses	(31,448)	(29,952)
Costs of outsourcing services related to leasing operations	(918)	(1,445)
Court and notary fees	(53,626)	(49,366)
Bank Guarantee Fund fee	(196,335)	(143,992)
Cost of PFSA supervision	(22,841)	(20,079)
Total general administrative costs	(2,712,043)	(2,717,137)

Total costs related to legal support of court cases concerning CHF loans in the 12 months of 2025 amounted to PLN 59,674 thousand (for 2024: PLN 116,829 thousand) and were included in the lines: Outsourced services from other contracts and consulting – PLN 7,197 thousand in 2025 (PLN 68,530 thousand in 2024) and Court and notary fees - PLN 52,476 thousand in 2025 (PLN 48,299 thousand in 2024).

11. PERSONNEL EXPENSES

Personnel expenses	12 months ended 31.12.2025	12 months ended 31.12.2024
Payroll expenses	(1,265,223)	(1,226,044)
Payroll charges	(228,361)	(218,156)
Employee benefits	(58,456)	(58,002)
Costs of restructuring provision	(1,904)	(649)
Costs of provision for future liabilities arising from unused annual leave and retirement benefits	(5,966)	(5,237)
Appropriations to Social Benefits Fund	(23,160)	(19,074)
Other	(3,793)	(1,518)
Total personnel expenses	(1,586,863)	(1,528,680)

12. DEPRECIATION AND AMORTISATION

Depreciation and amortisation	12 months ended 31.12.2025	12 months ended 31.12.2024
Property, plant and equipment	(211,215)	(216,015)
Intangible assets	(317,675)	(298,843)
Total depreciation and amortisation	(528,890)	(514,858)

13. OTHER OPERATING INCOME

Other operating income	12 months ended 31.12.2025	12 months ended 31.12.2024 restated
Sale or liquidation of property, plant and equipment and intangible assets	32,579	19,233
Release of allowances on other receivables	5,011	7,907
Gains on sale of goods and services	17,592	8,651
Release of provisions for litigation and claims and other liabilities	83,212	19,460
Recovery of debt enforcement costs	18,039	19,723
Income from leasing operations	15,555	18,940
Other operating income	34,198	36,934
Total other operating income	206,186	130,848

In 2025, the item Release of provisions for litigation and claims and other liabilities includes income from release of provisions against the legal risk of relationships with the Bank's Partners and provisions for potential cost of litigation regarding the cancellation of credit contracts at PLN 38 million (PLN 2 million in 2024) and provisions for other liabilities at PLN 43 million (PLN 14 million in 2024).

The Bank presents income and cost of released provisions separately: release of provisions is presented under other operating income and the payment or settlement of liability covered by the provision is presented under other operating expenses.

14. OTHER OPERATING EXPENSES

Other operating expenses	12 months ended 31.12.2025	12 months ended 31.12.2024
Cost of sale or liquidation of property, plant and equipment and intangible assets	(10,095)	(13,614)
Impairment allowances on other receivables	(6,893)	(10,836)
Provisions for litigation and claims and other liabilities	(48,051)	(59,407)
Debt enforcement	(31,993)	(36,200)
Donations made	(9,304)	(7,779)
Costs of leasing operations	(12,278)	(20,318)
Other operating expenses	(131,743)	(100,052)
Total other operating expenses	(250,357)	(248,206)

In 2025, the item Other operating expenses includes the incidental cost of provisions against unauthorised transactions at PLN 49 million (PLN 8 million in 2024), the cost of settlements and enforcement of court judgments paid to the Bank's Partners at PLN 36 million (PLN 3 million in 2024).

The Bank presents income and cost of released provisions separately: release of provisions is presented under other operating income and the payment or settlement of liability covered by the provision is presented under other operating expenses.

15. INCOME TAX EXPENSE

	12 months ended 31.12.2025	12 months ended 31.12.2024
Current income tax	(774,347)	(666,482)
Deferred income tax	95,286	83,641
Total income tax expense	(679,061)	(582,841)
Profit before income tax	3,691,256	2,903,639
Statutory tax rate	19%	19%
Effective tax rate	18%	20%
Income taxes on gross profit	(701,339)	(551,691)
Permanent differences, including:	(151,838)	(166,685)
Receivables written off	(10,410)	(31,882)
Representation expenses	(1,328)	(927)
PFRON	(2,064)	(2,007)
Prudential fee to the Bank Guarantee Fund	(37,304)	(27,358)
Tax on financial institutions	(74,737)	(76,945)
Research and development relief	12,256	21,254
Provision for claims related to CHF loans	(30,459)	(44,955)
Legal risk provisions	5,783	(1,113)
Other differences	(13,575)	(2,752)
Other amounts affecting the effective tax rate	174,116	135,535
Change in estimate of deferred tax created based on provisions for future disbursements related to CHF loan cancellation process*	-	135,535
Deferred tax at tax rates expected to apply when the asset is realised or the provision is released	174,116	-
Total income tax expense	(679,061)	(582,841)

*For details, see Note 54 Litigation, claims and administrative proceedings.

16. EARNINGS PER SHARE

	12 months ended 31.12.2025	12 months ended 31.12.2024
Basic		
Net profit	3,012,195	2,320,798
Weighted average number of ordinary shares (units)	148,447,585	147,767,964
Basic earnings (loss) per share (in PLN per one share)	20.29	15.71
Diluted		
Net profit used in determining diluted earnings per share	3,012,195	2,320,798
Weighted average number of ordinary shares (units)	148,447,585	147,767,964
Adjustments for:		
- stock options	128,843	148,260
Weighted average number of ordinary shares for the diluted earnings per share (units)	148,576,428	147,916,224
Diluted earnings (loss) per share (in PLN per share)	20.27	15.69

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 39. 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 cause dilution of profit per share in the future.

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

The diluted earnings per share are 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: stock options. Dilutive shares are calculated as the number of shares that would be issued if all stock options were exercised at the market price determined as the average annual closing price of the Bank's shares.

17. CASH AND BALANCES AT CENTRAL BANK

	31.12.2025	31.12.2024
Cash and cash equivalents		
Cash and other balances	2,541,539	2,382,814
Account in the National Bank of Poland	7,683,669	8,943,135
Gross cash and cash equivalents	10,225,208	11,325,949
Allowance for expected credit losses	(342)	(398)
Total cash and cash equivalents	10,224,866	11,325,551
Change in allowance for expected credit losses on receivables on funds at the Central Bank		
	12 months ended 31.12.2025	12 months ended 31.12.2024
Opening balance	(398)	(790)
Changes resulting from the change in credit risk (net)	56	392
Closing balance	(342)	(398)

During the day, the Bank may use cash on statutory reserve accounts for current cash settlements based on an order placed at the National Bank of Poland. The Bank 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 2025, interest on statutory reserve accounts was 4% (5.75% as at 31 December 2024).

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 2025 was 3.5%. The declared reserve level to be maintained since 31 December 2025 was PLN 4,585,718 thousand.

18. AMOUNTS DUE FROM BANKS

31.12.2025	Stage 1	Stage 2	Stage 3	Total
Gross amounts due from banks	11,494,059	32,002	9	11,526,070
Current accounts	10,986,946	18,926	-	11,005,872
Interbank deposits	16,615	5,189	-	21,804
Loans and advances	-	-	9	9
Other receivables	490,498	7,887	-	498,385
Allowances due to expected credit loss from banks	(558)	(1,377)	(4)	(1,939)
Current accounts	(510)	(926)	-	(1,436)
Interbank deposits	(3)	(9)	-	(12)
Loans and advances	-	-	(4)	(4)
Other receivables	(45)	(442)	-	(487)
Total net amounts due from banks	11 493 501	30 625	5	11 524 131
31.12.2024	Stage 1	Stage 2	Stage 3	Total
Gross amounts due from banks	7,789,824	-	-	7,789,824
Current accounts	6,824,682	-	-	6,824,682
Interbank deposits	60,009	-	-	60,009
Loans and advances	203,173	-	-	203,173
Other receivables	701,960	-	-	701,960
Allowances due to expected credit loss from banks	(527)	-	-	(527)
Current accounts	(391)	-	-	(391)
Loans and advances	(105)	-	-	(105)
Other receivables	(31)	-	-	(31)
Total net amounts due from banks	7,789,297	-	-	7,789,297

Other receivables as at 31 December 2025 include receivables from cash collateral against settlement of derivatives in the gross amount of PLN 496,464 thousand (PLN 701,960 thousand as at 31 December 2024).

The total gross balance of long-term amounts due from banks as at 31 December 2025 amounted to PLN 94,638 thousand (PLN 701,960 thousand as at 31 December 2024).

Change in allowance due to expected credit losses on receivables from banks	Stage 1	Stage 2	Stage 3	Total
As at 1 January 2025	(527)	-	-	(527)
Increases due to acquisition or origination	(2,786)	(2,025)	(4)	(4,815)
Decreases due to derecognition	1,579	2,502	-	4,081
Changes resulting from the change in credit risk (net)	1,107	(1,941)	-	(834)
Other changes (including foreign exchange differences)	69	87	-	156
As at 31 December 2025	(558)	(1,377)	(4)	(1,939)

Change in allowance due to expected credit losses on receivables from banks	Stage 1	Stage 2	Stage 3	Total
As at 1 January 2024	(666)	(63)	-	(729)
Increases due to acquisition or origination	(4,599)	(534)	-	(5,133)
Decreases due to derecognition	6,666	-	-	6,666
Changes resulting from the change in credit risk (net)	(1,928)	597	-	(1,331)
As at 31 December 2024	(527)	-	-	(527)

19. DERIVATIVE FINANCIAL INSTRUMENTS

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

Trading derivatives	Nominal value	Fair value	Fair value
		Assets	Liabilities
31.12.2025			
Currency derivatives			
Foreign Exchange Forward (FX Forward + NDF)	11,962,084	47,570	1,014,109
Currency Swap (FX Swap)	25,534,449	1,497,304	522,909
Currency Interest Rate Swaps (CIRS)	3,316,143	32,398	20,391
OTC currency options	6,660,552	15,756	60,721
Total currency derivatives	47,473,228	1,593,028	1,618,130
Interest rate derivatives			
Interest Rate Swap	73,501,096	696,265	589,009
FRA	845,340	-	312
OTC interest rate options	6,876,181	17,702	18,482
Total interest rate derivatives	81,222,617	713,967	607,803
Other derivatives			
OTC Commodity Swap	1,313,706	52,465	50,642
Currency Spot (FX Spot)	1,890,734	-	-
Total other derivatives	3,204,440	52,465	50,642
Total trading derivatives	131,900,285	2,359,460	2,276,575
Including: measured using models	131,900,285	2,359,460	2,276,575

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	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 Commodity Swap	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

Fair value of derivatives by maturity*

31.12.2025	Fair value of assets						Fair value of liabilities					
	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)	47,570	6,537	7,340	22,098	11,595	-	1,014,109	57,778	105,547	402,375	448,409	-
Currency Swap (FX Swap)	1,497,304	85,665	80,293	566,685	764,661	-	522,909	22,668	13,627	101,030	385,584	-
Currency Interest Rate Swaps (CIRS)	32,398	-	-	6,031	26,295	72	20,391	-	209	-	20,051	131
OTC currency options	15,756	2,256	2,615	5,767	5,118	-	60,721	5,203	9,150	31,118	15,250	-
Total currency derivatives	1,593,028	94,458	90,248	600,581	807,669	72	1,618,130	85,649	128,533	534,523	869,294	131
Interest rate derivatives												
Interest Rate Swap	696,265	1,520	1,461	49,218	367,225	276,841	589,009	5,157	6,651	27,324	350,603	199,274
FRA	-	-	-	-	-	-	312	-	-	312	-	-
OTC interest rate options	17,702	-	1	992	13,999	2,710	18,482	-	1	1,359	14,362	2,760
Total interest rate derivatives	713,967	1,520	1,462	50,210	381,224	279,551	607,803	5,157	6,652	28,995	364,965	202,034
Other derivatives												
OTC Commodity Swap	52,465	20,184	13,739	16,610	1,932	-	50,642	19,850	13,529	15,899	1,364	-
Total other derivatives	52,465	20,184	13,739	16,610	1,932	-	50,642	19,850	13,529	15,899	1,364	-
Total trading derivatives	2,359,460	116,162	105,449	667,401	1,190,825	279,623	2,276,575	110,656	148,714	579,417	1,235,623	202,165

*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.

31.12.2024	Fair value of assets						Fair value of liabilities					
	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	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 Swap	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.

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 delivered/received: calculated as a difference in days between the transaction value date and the balance sheet date.

20. HEDGE ACCOUNTING

Fair value hedge

As at 31 December 2025, the Bank 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.
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Hedged items	Fixed-rate PLN, EUR and USD current accounts are the hedged items.
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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.
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Hedged position	Nominal value	Fair value	
		Assets	Liabilities
31.12.2025	21,392,032	-	21,472,628
31.12.2024	18,848,110	-	18,603,684

IRS	Nominal value	Fair value	
		Assets	Liabilities
31.12.2025	21,392,032	230,410	321,095
31.12.2024	18,848,110	128,395	560,884

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

31.12.2025 -PLN 158,096 thousand

31.12.2024 -PLN 482,813 thousand

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

31.12.2025 -PLN 7,357 thousand

31.12.2024 -PLN 98,875 thousand

The table below presents derivative hedging instruments at their nominal value by residual maturity dates as at 31 December 2025 and 31 December 2024:

31.12.2025

Hedging derivatives	Fair value		Nominal value					Total
	positive	negative	< 1 month	1-3 months	3 months-1 year	1-5 years	> 5 years	
Interest rate agreements								
Swap (IRS)	230,410	321,095	2,924,039	1,919,216	3,980,430	7,161,408	5,406,939	21,392,032
Hedging derivatives - total	230,410	321,095	2,924,039	1,919,216	3,980,430	7,161,408	5,406,939	21,392,032

31.12.2024

Hedging derivatives	Fair value		Nominal value					Total
	positive	negative	< 1 month	1-3 months	3 months-1 year	1-5 years	> 5 years	
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

In 2025 and 2024, the hedging relationships presented proved effective.

As at 31 December 2025, the Bank used no fair value hedge accounting for fixed-rate loans in PLN (micro fair value hedge).

The hedging relationship as at 31 December 2024 expired in 2025.

Hedging relationship description	The hedges were 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 were fixed-rate loans in PLN.
Hedging instruments	Hedging instruments were standard IRS transactions, i.e. plain vanilla IRS, denominated in PLN, in which the Bank received a floating rate based on WIBOR 3M and paid a fixed interest rate.

Hedged position	Nominal value	Fair value	
		Assets	Liabilities
31.12.2024	1,025,000	1,075,119	-

IRS	Nominal value	Fair value	
		Assets	Liabilities
31.12.2024	1,025,000	-	46,206

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

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

Hedging derivatives	Fair value		Nominal value					Total
	positive	negative	< 1 month	1-3 months	3 months-1 year	1-5 years	> 5 years	
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

In 2024, the hedging relationships presented proved effective.

Additionally, the Bank applies **micro fair value hedge** accounting as at 31 December 2025.

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 and USD SOFR.

Hedged position	Nominal value	Fair value	
		Assets	Liabilities
31.12.2025	12,326,873	12,447,552	-
31.12.2024	9,319,699	9,362,899	-

IRS	Nominal value	Fair value	
		Assets	Liabilities
31.12.2025	12,326,873	68,402	99,700
31.12.2024	9,319,699	102,630	120,190

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 table below presents derivative hedging instruments at their nominal value by residual maturity dates as at 31 December 2025 and 31 December 2024:

31.12.2025								
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)	68,402	99,700	-	180,080	92,987	5,629,378	6,424,427	12,326,872
Hedging derivatives - total	68,402	99,700	-	180,080	92,987	5,629,378	6,424,427	12,326,872
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

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

	12 months ended 31.12.2025	12 months ended 31.12.2024
Interest income on hedging derivative instruments	737,283	854,393
Interest expense on hedging derivative instruments	(889,085)	(1,036,163)
Interest expense on amortisation of the hedged position in fair value hedge accounting	(91,518)	(239,327)
Change in fair value of hedging transactions recognised in the Result on hedge accounting, including:	(10,971)	1,930
change in fair value of hedging instruments	378,243	56,113
change in fair value of hedged instruments	(389,214)	(54,183)

In 2025 and 2024, the hedging relationships presented proved effective.

Cash flow hedging

Additionally, the Bank applies **cash flow hedge** accounting as at 31 December 2025.

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.
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Hedged items	The hedged items are: Floating rate bonds WZ1131 and WZ0330.
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Hedging instruments	Hedging instruments include standard IRS transactions, i.e. plain vanilla IRS in PLN in which the Bank receives a fixed rate and pays a floating rate based on WIBOR 6M.
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Hedged position	Nominal value	Fair value	
		Assets	Liabilities
31.12.2025	1,325,000	1,291,131	-
31.12.2024	625,000	602,037	-

IRS	Nominal value	Fair value	
		Assets	Liabilities
31.12.2025	1,325,000	46,738	64,745
31.12.2024	625,000	-	114,433

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.
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The table below presents derivative hedging instruments at their nominal value by residual maturity dates as at 31 December 2025 and 31 December 2024:

31.12.2025

Hedging derivatives	Fair value		Nominal value					Total
	positive	negative	< 1 month	1-3 months	3 months-1 year	1-5 years	> 5 years	
Interest rate agreements								
Swap (IRS)	46,738	64,745	-	-	-	700,000	625,000	1,325,000
Hedging derivatives - total	46,738	64,745	-	-	-	700,000	625,000	1,325,000

31.12.2024

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

Amounts recognised in the statement of profit or loss under **cash flow hedge** accounting:

	12 months ended 31.12.2025	12 months ended 31.12.2024
Interest income on hedging derivative instruments	39,312	11,628
Interest expense on hedging derivative instruments	(63,816)	(36,561)
Change in fair value of hedging transactions recognised in the Result on hedge accounting, including:	(190)	16
change in fair value of hedging instruments	(190)	16
change in fair value of hedged instruments	-	-

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

	12 months ended 31.12.2025	12 months ended 31.12.2024
Opening balance	(112,125)	(101,987)
Hedging gains or losses recognised in other comprehensive income during the reporting period	78,145	(10,138)
Closing balance	(33,980)	(112,125)

In 2025 and 2024, the hedging relationships presented proved effective.

The adjustment of the fair value of the hedged and hedging positions includes the items presented in the table below:

	2025		2024	
	Assets	Liabilities	Assets	Liabilities
Adjustment of the fair value of the hedged and hedging positions				
Hedging positions:	345,550	485,540	231,025	841,713
Derivatives designated as fair value hedge – IRS	298,812	420,795	231,025	727,280
Derivatives designated as cash flow hedge – IRS	46,738	64,745	-	114,433
Hedged positions:	-	(165,453)	(367)	(581,688)
Hedged instruments value adjustment – active relationships	-	(158,096)	(367)	(482,813)
deposits	-	(158,096)	-	(482,813)
loans	-	-	(367)	-
Difference in value to hedged position fair value – terminated relationships	-	(7,357)	-	(98,875)
Closing balance	345,550	320,087	230,658	260,025

21. LOANS AND ADVANCES TO CUSTOMERS MEASURED AT AMORTISED COST

31.12.2025

Loans and advances to customers measured at amortised cost	Gross balance sheet value	Allowance	Net balance sheet value
Loans and advances for			
Non-bank financial entities	6,122,520	(48,348)	6,074,172
overdraft	5,637,462	(13,007)	5,624,455
investment loans	183,203	(34,858)	148,345
other loans	301,855	(483)	301,372
Retail customers	34,428,276	(668,459)	33,759,817
mortgage loans	21,335,075	(225,837)	21,109,238
other loans	13,093,201	(442,622)	12,650,579
Corporate customers	48,104,604	(1,452,913)	46,651,691
overdraft	21,807,021	(696,606)	21,110,415
investment loans	19,656,273	(593,366)	19,062,907
other loans	6,641,310	(162,941)	6,478,369
including individual farmers	7,296,966	(249,325)	7,047,641
overdraft	4,712,173	(139,978)	4,572,195
investment loans	2,572,536	(108,173)	2,464,363
other loans	12,257	(1,174)	11,083
Public sector entities	218,025	(984)	217,041
overdraft	170,374	(861)	169,513
investment loans	30,750	(104)	30,646
other loans	16,901	(19)	16,882
Lease receivables	96,632	(12,952)	83,680
Total loans and advances to customers measured at amortised cost	88,970,057	(2,183,656)	86,786,401

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-bank financial entities	6,484,263	(28,960)	6,455,303
overdraft	5,669,050	(23,666)	5,645,384
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	43,959,373	(1,512,250)	42,447,123
overdraft	19,592,707	(822,522)	18,770,185
investment loans	18,002,369	(528,263)	17,474,106
other loans	6,364,297	(161,465)	6,202,832
including individual farmers	7,769,080	(361,727)	7,407,353
overdraft	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 entities	67,960	(516)	67,444
overdraft	44,577	(453)	44,124
investment loans	23,165	(60)	23,105
other loans	218	(3)	215
Lease receivables	151,860	(26,971)	124,889
Total loans and advances to customers measured at amortised cost	83,521,549	(2,332,291)	81,189,258

Net loans and advances to customers by Stage

31.12.2025	Stage 1	Stage 2	Stage 3	POCI	Total
Gross loans and advances to customers measured at amortised cost	79,114,490	7,462,059	2,277,438	116,070	88,970,057
Non-bank financial entities	5,909,974	209,454	2,582	510	6,122,520
Retail customers	31,963,611	1,787,990	645,479	31,196	34,428,276
Corporate customers	41,025,028	5,373,702	1,621,510	84,364	48,104,604
including individual farmers	6,398,264	626,899	256,424	15,379	7,296,966
Public sector entities	212,950	5,075	-	-	218,025
Lease receivables	2,927	85,838	7,867	-	96,632
Allowances for expected credit losses on loans and advances for	(324,108)	(532,871)	(1,313,300)	(13,377)	(2,183,656)
Non-bank financial entities	(9,496)	(36,526)	(2,148)	(178)	(48,348)
Retail customers	(91,122)	(128,304)	(446,511)	(2,522)	(668,459)
Corporate customers	(222,708)	(358,169)	(861,359)	(10,677)	(1,452,913)
including individual farmers	(69,293)	(34,228)	(143,642)	(2,162)	(249,325)
Public sector entities	(776)	(208)	-	-	(984)
Lease receivables	(6)	(9,664)	(3,282)	-	(12,952)
Total net loans and advances to customers measured at amortised cost	78,790,382	6,929,188	964,138	102,693	86,786,401
31.12.2024	Stage 1	Stage 2	Stage 3	POCI	Total
Gross loans and advances to customers measured at amortised cost	72,748,214	8,106,657	2,550,778	115,900	83,521,549
Non-bank financial entities	6,370,246	104,738	9,070	209	6,484,263
Retail customers	29,641,536	2,477,237	704,447	34,873	32,858,093
Corporate customers	36,602,677	5,463,511	1,812,367	80,818	43,959,373
including individual farmers	6,466,106	896,275	391,583	15,116	7,769,080
Public sector entities	58,752	9,208	-	-	67,960
Lease receivables	75,003	51,963	24,894	-	151,860
Allowances for expected credit losses on loans and advances for	(339,533)	(520,612)	(1,445,674)	(26,472)	(2,332,291)
Non-bank 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	(238,886)	(305,132)	(944,732)	(23,500)	(1,512,250)
including individual farmers	(74,904)	(47,840)	(236,922)	(2,061)	(361,727)
Public sector entities	(252)	(264)	-	-	(516)
Lease receivables	(2,673)	(6,784)	(17,514)	-	(26,971)
Total net loans and advances to customers measured at amortised cost	72,408,681	7,586,045	1,105,104	89,428	81,189,258

31.12.2025	Stage 2	Stage 3	Total
Gross POCI loans and advances to customers measured at amortised cost	30,352	85,718	116,070
Non-bank financial entities	3	507	510
Retail customers	20,911	10,285	31,196
Corporate customers	9,438	74,926	84,364
including individual farmers	3,428	11,951	15,379
Allowances for expected credit losses on loans and advances for	(94)	(13,283)	(13,377)
Non-bank financial entities	-	(178)	(178)
Retail customers	(48)	(2,474)	(2,522)
Corporate customers	(46)	(10,631)	(10,677)
including individual farmers	-	(2,162)	(2,162)
Total net POCI loans and advances to customers measured at amortised cost	30,258	72,435	102,693
31.12.2024	Stage 2	Stage 3	Total
Gross POCI loans and advances to customers measured at amortised cost	31,942	83,958	115,900
Non-bank financial entities	4	205	209
Retail customers	23,907	10,966	34,873
Corporate customers	8,031	72,787	80,818
including individual farmers	1,261	13,855	15,116
Allowances for expected credit losses on loans and advances for	(190)	(26,282)	(26,472)
Non-bank financial entities	-	(107)	(107)
Retail customers	(87)	(2,778)	(2,865)
Corporate customers	(103)	(23,397)	(23,500)
including individual farmers	-	(2,061)	(2,061)
Total net POCI loans and advances to customers measured at amortised cost	31,752	57,676	89,428

Allowance for expected credit losses on loans and advances measured at amortised cost

Change in allowances for expected credit losses	Stage 1	Stage 2	Stage 3	POCI	Total
As at 1 January 2025	(339,533)	(520,612)	(1,445,674)	(26,472)	(2,332,291)
Increase due to acquisition or origination	(164,854)	(15,329)	(37,640)	-	(217,823)
Decrease due to derecognition	62,786	42,303	141,122	1,715	247,926
Changes resulting from the change in credit risk (net)*	116,857	(42,848)	(377,421)	3,587	(299,825)
Use of allowances	11	229	397,040	7,781	405,061
Other changes (including foreign exchange differences)	625	3,386	9,273	12	13,296
As at 31 December 2025	(324,108)	(532,871)	(1,313,300)	(13,377)	(2,183,656)

Change in allowances for expected credit losses	Stage 1	Stage 2	Stage 3	POCI	Total
As at 1 January 2024	(320,337)	(554,119)	(1,491,020)	(38,862)	(2,404,338)
Increase due to acquisition or origination	(131,913)	(20,188)	(37,870)	-	(189,971)
Decrease due to derecognition	34,739	37,628	142,628	977	215,972
Changes resulting from the change in credit risk (net)*	76,997	(32,343)	(458,054)	(29,815)	(443,215)
Use of allowances	2	43,802	395,513	41,122	480,439
Other changes (including foreign exchange differences)	979	4,608	3,129	106	8,822
As at 31 December 2024	(339,533)	(520,612)	(1,445,674)	(26,472)	(2,332,291)

*For details, see Note 3a Impairment of financial assets

The total gross balance of long-term loans and advances to customers as at 31 December 2025 amounted to PLN 73,586,082 thousand (PLN 70,556,302 thousand as at 31 December 2024).

Change in gross loans and advances to customers measured at amortised cost	Stage 1	Stage 2	Stage 3	POCI	Total
As at 1 January 2025	72,748,214	8,106,657	2,550,778	115,900	83,521,549
Increase due to acquisition or origination	24,883,348	1,294,308	87,136	50,760	26,315,552
Decrease due to derecognition	(27,447,008)	(4,858,560)	(1,072,253)	(78,559)	(33,456,380)
Changes resulting from transfers between stages	(2,673,063)	2,026,866	646,197	-	-
Other changes	11,602,999	892,788	65,580	27,969	12,589,336
As at 31 December 2025	79,114,490	7,462,059	2,277,438	116,070	88,970,057

Change in gross loans and advances to customers measured at amortised cost	Stage 1	Stage 2	Stage 3	POCI	Total
As at 1 January 2024	72,744,166	8,253,483	2,396,847	147,067	83,541,563
Increase due to acquisition or origination	19,579,810	1,047,096	166,272	42,504	20,835,682
Decrease due to derecognition	(25,657,304)	(4,246,866)	(1,471,520)	(172,058)	(31,547,748)
Changes resulting from transfers between stages	(3,137,574)	2,137,263	1,000,311	-	-
Other changes	9,219,116	915,681	458,868	98,387	10,692,052
As at 31 December 2024	72,748,214	8,106,657	2,550,778	115,900	83,521,549

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

Loans by currency	31.12.2025	31.12.2024
CHF	254,276	406,207
EUR	18,334	20,928
PLN	21,062,351	19,779,708
USD	114	219
Total	21,335,075	20,207,062

31.12.2025

Value of loan portfolio including CHF	Gross balance sheet value	including CHF exposures	Allowance	including CHF exposures
Loans and advances for				
Non-bank financial entities	6,122,520	369	(48,348)	-
overdraft	5,637,462	369	(13,007)	-
investment loans	183,203	-	(34,858)	-
other loans	301,855	-	(483)	-
Retail customers	34,428,276	257,392	(668,459)	(101,869)
mortgage loans	21,335,075	254,276	(225,837)	(99,747)
other loans	13,093,201	3,116	(442,622)	(2,122)
Corporate customers	48,104,604	18,229	(1,452,913)	(8,353)
overdraft	21,807,021	11,771	(696,606)	(2,063)
investment loans	19,656,273	6,458	(593,366)	(6,290)
other loans	6,641,310	-	(162,941)	-
including individual farmers	7,296,966	44	(249,325)	(2)
overdraft	4,712,173	44	(139,978)	(2)
investment loans	2,572,536	-	(108,173)	-
other loans	12,257	-	(1,174)	-
Public sector entities	218,025	-	(984)	-
overdraft	170,374	-	(861)	-
investment loans	30,750	-	(104)	-
other loans	16,901	-	(19)	-
Lease receivables	96,632	4,696	(12,952)	(1,264)
Total loans and advances	88,970,057	280,686	(2,183,656)	(111,486)

31.12.2024

Value of loan portfolio including CHF	Gross balance sheet value	including CHF exposures	Allowance	including CHF exposures
Loans and advances for				
Non-bank financial entities	6,484,263	-	(28,960)	-
overdraft	5,669,050	-	(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	43,959,373	32,485	(1,512,250)	(9,964)
overdraft	19,592,707	24,742	(822,522)	(2,930)
investment loans	18,002,369	7,743	(528,263)	(7,034)
other loans	6,364,297	-	(161,465)	-
including individual farmers	7,769,080	212	(361,727)	(20)
overdraft	5,028,136	212	(197,256)	(20)
investment loans	2,730,561	-	(163,321)	-
other loans	10,383	-	(1,150)	-
Public sector entities	67,960	-	(516)	-
overdraft	44,577	-	(453)	-
investment loans	23,165	-	(60)	-
other loans	218	-	(3)	-
Lease receivables	151,860	23,156	(26,971)	(14,329)
Total loans and advances	83,521,549	468,790	(2,332,291)	(150,827)

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

	31.12.2025	31.12.2024
Subsidised loans	286,183	452,506
Total loans and advances to customers measured at fair value through profit or loss	286,183	452,506

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 Bank - 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
31.12.2025	352,481	286,183
31.12.2024	527,495	452,506

Subsided loans measured at fair value	Stage 1	Stage 2	Stage 3	Total
31.12.2025	225,234	51,044	9,905	286,183
31.12.2024	347,269	86,634	18,603	452,506

23. SECURITIES MEASURED AS AMORTISED COST

31.12.2025			
Securities	Gross balance sheet value	Allowance	Net balance sheet value
issued by local banks	5,419,691	(66)	5,419,625
issued by other financial institutions	8,319,932	(23)	8,319,909
issued by governments – Treasury bonds	22,414,182	(84)	22,414,098
issued by non-financial entities – bonds	8,155	(4,217)	3,938
issued by local governments – municipal bonds	23,100	(44)	23,056
Total securities measured at amortised cost	36,185,060	(4,434)	36,180,626

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

31.12.2025	Stage 1	Stage 2	Stage 3	Total
Securities	36,180,905	-	4,155	36,185,060
issued by local banks	5,419,691	-	-	5,419,691
issued by other financial institutions	8,319,932	-	-	8,319,932
issued by governments – Treasury bonds	22,414,182	-	-	22,414,182
issued by non-financial entities – bonds	4,000	-	4,155	8,155
issued by local governments – municipal bonds	23,100	-	-	23,100
Impairment allowances on securities:	(279)	-	(4,155)	(4,434)
issued by local banks	(66)	-	-	(66)
issued by other financial institutions	(23)	-	-	(23)
issued by governments – Treasury bonds	(84)	-	-	(84)
issued by non-financial entities – bonds	(62)	-	(4,155)	(4,217)
issued by local governments – municipal bonds	(44)	-	-	(44)
Total net securities measured at amortised cost	36,180,626	-	-	36,180,626
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 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

Pursuant to Article 369 of the Act of 10 June 2026 on the Bank Guarantee Fund, the Deposit Guarantee System and Forced Restructuring, there is no need to keep funds blocked in the Bank's Securities Register account with NBP since 2025.

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 348,772 thousand (with the nominal value of PLN 360,000 thousand), securing the guaranteed funds under BFG.

Change in debt instruments measured at amortised cost at carrying value	12 months ended 31.12.2025	12 months ended 31.12.2024
Opening balance	32,364,550	26,246,278
Purchase of securities	7,473,698	11,316,130
Redemption of securities	(1,382,368)	(1,944,534)
Sale of securities	(2,329,555)	(3,080,657)
Change in impairment allowances	(101)	35
Change in interest due, foreign exchange differences, discounts and premiums	54,402	(172,702)
Closing balance	36,180,626	32,364,550

Change in impairment allowances on debt instruments measured at amortised cost	12 months ended 31.12.2025	12 months ended 31.12.2024
Opening balance	(4,334)	(4,368)
Increases due to creation and acquisition	(672)	(66)
Decreases due to derecognition	562	-
Changes due to changes in credit risk (net)	10	100
Closing balance	(4,434)	(4,334)

The gross amount of long-term securities measured at amortised cost as at 31 December 2025 was PLN 35,909,681 thousand (PLN 30,651,053 thousand as at 31 December 2024).

24. SECURITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

Securities measured at fair value through profit or loss	31.12.2025	31.12.2024
Bonds convertible for non-financial entities shares	68,767	80,284
Equity instruments	171,162	239,821
Certificates issued by non-financial entities	480	820
Total securities measured at fair value through profit or loss	240,409	320,925

Change in securities measured at fair value through profit or loss	12 months ended 31.12.2025	12 months ended 31.12.2024
Opening balance	320,925	290,887
Purchase of securities	62,000	2,258
Redemption of securities	(4,000)	(2,001)
Sale of securities	(72,655)	-
Change in measurement at fair value through profit or loss	(55,639)	26,740
Change in interest due, foreign exchange differences, discounts and premiums	(10,222)	3,041
Closing balance	240,409	320,925

The gross amount of long-term securities measured at fair value through profit or loss as at 31 December 2025 was PLN 12,794 thousand (PLN 32,663 thousand as at 31 December 2024).

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

	12 months ended 31.12.2025	12 months ended 31.12.2024
Classified as obligatorily measured at fair value through profit or loss at initial recognition	69,247	81,103
Classified as measured at fair value through profit or loss at initial recognition	171,162	239,822
Total securities measured at fair value through profit or loss	240,409	320,925

25. SECURITIES MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Securities	31.12.2025	31.12.2024
issued by Central Bank - NBP bills	2,198,779	4,997,605
issued by banks - bonds	2,811,136	2,629,766
issued by governments - treasury bonds	6,901,457	4,303,712
issued by other financial institutions - bonds	12,808,430	11,096,371
Securities measured at fair value through other comprehensive income	24,719,802	23,027,454

Change of securities measured at fair value through other comprehensive income	12 months ended 31.12.2025	12 months ended 31.12.2024
Opening balance	23,027,454	16,634,303
Purchase of securities	174,251,926	243,028,982
Redemption of securities	(171,726,000)	(235,600,230)
Sale of securities	(582,599)	(1,121,481)
Change in measurement at fair value through other comprehensive income	347,318	43,787
Change in measurement at fair value through profit or loss	(64,865)	23,220
Change in interest due, foreign exchange differences, discounts and premiums	(535,129)	32,367
Other changes	1,697	(13,494)
Closing balance	24,719,802	23,027,454

The gross amount of securities measured at fair value through other comprehensive income as at 31 December 2025 was PLN 22,068,533 thousand (PLN 16,077,861 thousand as at 31 December 2024).

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 ended 31 December 2025 and 31 December 2024.

Profit/loss on securities measured at fair value through other comprehensive income	12 months ended 31.12.2025	12 months ended 31.12.2024
Profits included directly in equity and then transferred from equity to the statement of profit or loss	222	11 183
Losses included directly in equity and then transferred from equity to the statement of profit or loss	(917)	(592)
Total profit/loss on securities measured at fair value through other comprehensive income	(695)	10,591

26. INVESTMENTS IN SUBSIDIARIES

	31.12.2025	31.12.2024
Financial sector entities	76,728	76,728
Non-financial sector entities	31,698	31,698
Total investments in subsidiaries	108,426	108,426

Shares in subsidiaries as at 31 December 2025 and 31 December 2024

31.12.2025	Acquisition cost of shares	Balance sheet value	Interest held by the Bank in the entity's equity
Entity's name			
BNP PARIBAS TOWARZYSTWO FUNDUSZY INWESTYCYJNYCH S.A.	36,731	36,731	100%
BNP PARIBAS LEASING SERVICES SP. Z O.O.	39,997	39,997	100%
BNP PARIBAS GROUP SERVICE CENTER S.A.	31,698	31,698	100%
Total	108,426	108,426	

The deletion of the company Campus Leszno Sp. z o.o. from the National Court Register (KRS) took effect on 2 July 2025, closing the company's liquidation.

31.12.2024	Acquisition cost of shares	Balance sheet value	Interest held by the Bank in the entity's equity
Entity's name			
BNP PARIBAS TOWARZYSTWO FUNDUSZY INWESTYCYJNYCH S.A.	36,731	36,731	100%
BNP PARIBAS LEASING SERVICES SP. Z O.O.	39,997	39,997	100%
BNP PARIBAS GROUP SERVICE CENTER S.A.	31,698	31,698	100%
Total	108,426	108,426	

27. INTANGIBLE ASSETS

Intangible assets	31.12.2025	31.12.2024
Licenses	680,689	702,505
Other intangible assets	104,669	96,381
Expenditure on intangible assets	179,866	179,277
Total intangible assets	965,224	978,163

Intangible assets				
12 months ended 31.12.2025	Licenses	Other intangible assets	Expenditure on intangible assets	Total
Gross book value				
As at 1 January 2025	2,185,601	157,874	180,773	2,524,248
Increases:	267,047	41,785	312,825	621,657
reclassification from expenditure	260,875	41,782	-	302,657
purchase	6,172	3	312,339	318,514
other	-	-	486	486
Decreases:	(179,158)	(3,079)	(312,236)	(494,473)
reclassification from expenditure	-	-	(302,657)	(302,657)
sale, liquidation, donation, shortage	(178,541)	(3,079)	-	(181,620)
other	(617)	-	(9,579)	(10,196)
As at 31 December 2025	2,273,490	196,580	181,362	2,651,432
Accumulated amortisation (-)				
As at 1 January 2025	1,483,096	61,493	-	1,544,589
Changes:	109,705	30,418	-	140,123
amortisation for the financial year	284,222	33,453	-	317,675
sale, liquidation, donation, shortage	(169,848)	(3,035)	-	(172,883)
other	(4,669)	-	-	(4,669)
As at 31 December 2025	1,592,801	91,911	-	1,684,712
Impairment allowances (-)				
As at 1 January 2025	-	-	1,496	1,496
Changes:	-	-	-	-
write-down update	-	-	-	-
As at 31 December 2025	-	-	1,496	1,496
Net book value				
As at 1 January 2025	702,505	96,381	179,277	978,163
As at 31 December 2025	680,689	104,669	179,866	965,224

Intangible assets				
12 months ended 31.12.2024	Licenses	Other intangible assets	Expenditure on intangible assets	Total
Gross book value				
As at 1 January 2024	1,885,998	104,135	215,233	2,205,366
Increases:	313,923	53,739	356,174	723,836
reclassification from expenditure	305,977	53,617	-	359,594
purchase	7,946	122	347,913	355,981
other	-	-	8,261	8,261
Decreases:	(14,320)	-	(390,634)	(404,954)
reclassification from expenditure	-	-	(359,594)	(359,594)
sale, liquidation, donation, shortage	(14,320)	-	-	(14,320)
other	-	-	(31,040)	(31,040)
As at 31 December 2024	2,185,601	157,874	180,773	2,524,248
Accumulated amortisation (-)				
As at 1 January 2024	1,224,191	35,801	-	1,259,992
Changes:	258,905	25,692	-	284,597
amortisation for the financial year	273,151	25,692	-	298,843
sale, liquidation, donation, shortage	(13,727)	-	-	(13,727)
other	(519)	-	-	(519)
As at 31 December 2024	1,483,096	61,493	-	1,544,589
Impairment allowances (-)				
As at 1 January 2024	-	-	5,292	5,292
Changes:	-	-	(3,796)	(3,796)
write-down update	-	-	(3,796)	(3,796)
As at 31 December 2024	-	-	1,496	1,496
Net book value				
As at 1 January 2024	661,807	68,334	209,941	940,082
As at 31 December 2024	702,505	96,381	179,277	978,163

The Bank 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 2025, the Bank had significant contractual obligations incurred in connection with the acquisition of intangible assets in the amount of PLN 12,855 thousand (PLN 17,506 thousand as at 31 December 2024).

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.

28. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment	31.12.2025	31.12.2024
Fixed assets, including:	404,958	377,613
land and buildings	65,245	71,366
IT equipment	171,035	139,648
office equipment	33,762	35,405
other, including leasehold improvements	134,916	131,194
Fixed assets under construction	38,268	28,006
Right of use, including:	504,209	541,177
land and buildings	475,257	508,655
motor vehicles	28,275	31,317
IT equipment	591	1,084
other, including leasehold improvements	86	121
Total property, plant and equipment	947,435	946,796

Changes in property, plant and equipment in 2025 and 2024 are presented below:

	Property, plant and equipment and fixed assets under construction			
12 months ended 31.12.2025	Land and buildings	Property, plant and equipment	Fixed assets under construction	Total
Gross book value				
As at 1 January 2025	170,233	1,035,746	28,061	1,234,040
Increases:	814	162,360	74,557	237,731
reclassification from fixed assets under construction	662	49,783	-	50,445
purchase	152	72,380	74,557	147,089
other	-	40,197	-	40,197
Decreases:	(8,060)	(151,339)	(64,347)	(223,746)
reclassification from fixed assets under construction	-	-	(50,445)	(50,445)
sale, liquidation, donation, shortage	(8,060)	(123,180)	-	(131,240)
other	-	(28,159)	(13,902)	(42,061)
As at 31 December 2025	162,987	1,046,767	38,271	1,248,025
Accumulated depreciation (-)				
As at 1 January 2025	92,814	728,518	-	821,332
Changes:	(1,015)	(21,807)	-	(22,822)
depreciation for the financial year	3,912	98,653	-	102,565
sale, liquidation, donation, shortage	(4,927)	(120,460)	-	(125,387)
As at 31 December 2025	91,799	706,711	-	798,510
Impairment allowances (-)				
As at 1 January 2025	6,053	981	55	7,089
Changes:	(110)	(638)	(52)	(800)
write-down update	(110)	(638)	(52)	(800)
As at 31 December 2025	5,943	343	3	6,289
Net book value				
As at 1 January 2025	71,366	306,247	28,006	405,619
As at 31 December 2025	65,245	339,713	38,268	443,226

	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 at 1 January 2024	181,276	1,022,323	19,149	1,222,748
Increases:	854	133,631	53,141	187,626
reclassification from fixed assets under construction	156	31,677	-	31,833
purchase	613	68,243	39,467	108,323
other	85	33,711	13,674	47,470
Decreases:	(11,897)	(120,208)	(44,229)	(176,334)
reclassification from fixed assets under construction	-	-	(31,833)	(31,833)
sale, liquidation, donation, shortage	(11,897)	(88,737)	-	(100,634)
other	-	(31,471)	(12,396)	(43,867)
As at 31 December 2024	170,233	1,035,746	28,061	1,234,040
Accumulated depreciation (-)				
As at 1 January 2024	95,940	714,005	-	809,945
Changes:	(3,126)	14,513	-	11,387
depreciation for the financial year	4,222	100,949	-	105,171
sale, liquidation, donation, shortage	(7,348)	(86,436)	-	(93,784)
other	-	-	-	-
As at 31 December 2024	92,814	728,518	-	821,332
Impairment allowances (-)				
As at 1 January 2024	7,344	2,211	145	9,700
Changes:	(1,291)	(1,230)	(90)	(2,611)
write-down update	(1,291)	(1,230)	(90)	(2,611)
As at 31 December 2024	6,053	981	55	7,089
Net book value				
As at 1 January 2024	77,992	306,107	19,004	403,103
As at 31 December 2024	71,366	306,247	28,006	405,619

Other increases present acquired and unused tangible fixed assets.

As at 31 December 2025, the Bank had significant contractual obligations incurred in connection with the acquisition of property, plant and equipment in the amount of PLN 990 thousand (PLN 541 thousand as at 31 December 2024).

	Right of use					
12 months ended 31.12.2025	Land and buildings	Motor vehicles	IT equipment	Other, including leasehold improvements	Total	
Gross book value						
As at 1 January 2025	981,490	58,208	1,974	191	1,041,863	
Increases:	109,232	12,025	-	3	121,260	
Decreases:	(75,344)	(9,468)	-	(6)	(84,818)	
As at 31 December 2025	1,015,378	60,765	1,974	188	1,078,305	
Accumulated depreciation (-)						
As at 1 January 2025	471,820	26,891	890	70	499,671	
Changes:	67,902	5,599	493	32	74,026	
depreciation for the financial year	95,833	12,292	493	32	108,650	
other	(27,931)	(6,693)	-	-	(34,624)	
As at 31 December 2025	539,722	32,490	1,383	102	573,697	
Impairment allowances (-)						
As at 1 January 2025	1,015	-	-	-	1,015	
Changes:	(616)	-	-	-	(616)	
recognition of impairment allowance	14	-	-	-	14	
reversal of impairment allowance	(630)	-	-	-	(630)	
As at 31 December 2025	399	-	-	-	399	
Net book value						
As at 1 January 2025	508,655	31,317	1,084	121	541,177	
As at 31 December 2025	475,257	28,275	591	86	504,209	

12 months ended 31.12.2024	Right of use				Total
	Land and buildings	Motor vehicles	IT equipment	Other, including leasehold improvements	
Gross book value					
As at 1 January 2024	935,428	53,804	1,974	797	992,003
Increases:	154,553	21,723	-	83	176,359
Decreases:	(108,491)	(17,319)	-	(689)	(126,499)
As at 31 December 2024	981,490	58,208	1,974	191	1,041,863
Accumulated depreciation (-)					
As at 1 January 2024	409,926	23,397	395	483	434,201
Changes:	61,894	3,494	495	(413)	65,470
depreciation for the financial year	98,301	11,886	495	162	110,844
other	(36,407)	(8,392)	-	(575)	(45,374)
As at 31 December 2024	471,820	26,891	890	70	499,671
Impairment allowances (-)					
As at 1 January 2024	1,168	-	-	-	1,168
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	524,334	30,407	1,579	314	556,634
As at 31 December 2024	508,655	31,317	1,084	121	541,177

29. LEASES

Bank as a lessee

The Bank is a contractual party of lease agreements related to such underlying assets as:

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

The lease period of vehicles equals 1 to 5 years. Lease agreements contain extension options. In respect of vehicles, the Bank also concludes leaseback agreements.

The Bank is also a party to real estate lease 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 Bank determines the lease period based on the notice period. The agreements provide for variable lease fees depending on an index (e.g. GUS, HICP).

The Bank 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 31.12.2025	12 months ended 31.12.2024
Costs of lease recognised in the statement of profit or loss	(130,870)	(134,589)
cost of interest from lease liabilities	(20,748)	(23,274)
cost of amortisation of assets due to the right of use	(108,650)	(110,844)
costs related to short-term leases (recognised as administrative costs)	(1,472)	(471)
Undiscounted lease payments by maturity	31.12.2025	31.12.2024
up to 1 year	120,111	137,045
from 1 year to 5 years	373,713	404,875
over 5 years	143,146	151,812
Total	636,970	693,732
	31.12.2025	31.12.2024
Book value of liabilities due to discounted lease fees	553,267	606,204

Bank 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 lease investment. The income recognition from finance lease agreements reflects the constant periodic rate of return on the net lease investment made by the Bank under finance leases.

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

	31.12.2025	31.12.2024
Finance lease receivables		
Gross receivables due to finance lease	96,681	163,274
Unrealised financial income	(49)	(11,414)
Present value of minimum lease payments	96,632	151,860
Impairment allowance	(12,952)	(26,971)
Total finance lease receivables	83,680	124,889
Gross finance lease receivables by maturity	31.12.2025	31.12.2024
up to 1 year	20,153	57,553
from year to 5 years	76,528	105,721
Total gross finance lease receivables	96,681	163,274

30. OTHER ASSETS

Other assets:	31.12.2025	31.12.2024
Receivables from contracts with customers:		
sundry debtors	351,839	625,139
accrued income	72,661	95,542
payment card settlements	25,466	27,250
social insurance settlements	301	1,841
Other:		
interbank and intersystem settlements	304,470	373,626
deferred expenses	96,864	100,080
tax and other regulatory receivables	30,916	14,178
other lease receivables	770	847
other	66,760	56,617
Total other assets (gross)	950,047	1,295,120
Impairment allowances on other receivables from sundry debtors	(39,390)	(66,953)
Total other assets (net)	910,657	1,228,167
including financial assets*	643,456	961,750

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

31. AMOUNTS DUE TO BANKS

Amounts due to banks	31.12.2025	31.12.2024
Current accounts	508,339	619,766
Interbank deposits	36,257	-
Loans and advances received	4,013,273	4,063,385
Other liabilities	1,365,538	1,074,721
Total amounts due to banks	5,923,407	5,757,872

Also presented under Other liabilities are liabilities to customers from cash collateral in the gross amount of PLN 1,347,782 thousand (PLN 1,038,897 thousand as at 31 December 2024); there were no liabilities from securities sold under repo or sell buy back agreements as at 31 December 2025 (PLN 23,722 thousand as at 31 December 2024).

In 2025 and 2024, there were no breaches of contractual provisions and covenants related to the Bank's financial position and disclosure obligations in financing agreements. As at 31 December 2025, there were no such covenants in the Bank's financing agreements.

The gross amount of long-term liabilities due to banks as at 31 December 2025 equals PLN 5,330,935 thousand (PLN 5,102,282 thousand as at 31 December 2024).

32. AMOUNTS DUE TO CUSTOMERS

Amounts due to customers	31.12.2025	31.12.2024
Non-bank financial entities	6,727,607	5,463,926
Current accounts	2,930,055	2,592,161
Term deposits	3,331,989	2,412,093
Loans and advances received	450,612	449,955
Other liabilities	14,951	9,717
Retail customers	59,183,277	55,184,397
Current accounts	33,583,850	29,692,494
Term deposits	24,847,419	24,966,589
Other liabilities	752,008	525,314
Corporate customers	71,675,496	66,845,338
Current accounts	54,351,641	51,169,786
Term deposits	16,825,515	15,238,714
Other liabilities	498,340	436,838
including individual farmers	4,424,592	4,318,283
Current accounts	4,232,207	4,119,103
Term deposits	169,731	179,281
Other liabilities	22,654	19,899
Public sector institutions	3,768,687	3,336,467
Current accounts	3,444,256	2,881,865
Term deposits	321,246	452,788
Other liabilities	3,185	1,814
Total amounts due to customers	141,355,067	130,830,128

The gross amount of long-term amounts due to customers as at 31 December 2025 was PLN 226,209 thousand (PLN 712,297 thousand as at 31 December 2024).

33. LIABILITIES UNDER ISSUED DEBT SECURITIES (INCLUDING SUBORDINATED ISSUES)

	31.12.2025	31.12.2024
Debt securities	4,226,368	-

Change of liabilities under issued debt securities (including subordinated issues)	12 months ended 31.12.2025	12 months ended 31.12.2024
Opening balance	-	-
Issue of debt securities	4,184,433	-
Change due to discount, interest, fees and commissions on debt securities at effective interest rate, exchange differences	41,935	-
Closing balance	4,226,368	-

In 2025, the Bank issued bonds in the total amount of EUR 990,000 thousand (EUR 790,000 thousand are subordinated issues and EUR 200,000 thousand are issues under MREL). Subordinated issued bond described in detail in Note 57 Major events in BNP Paribas Bank Polska S.A. in 2025.

34. SUBORDINATED LIABILITIES

Subordinated liabilities	31.12.2025	31.12.2024
	-	3,420,128

Change of subordinated liabilities	12 months ended 31.12.2025	12 months ended 31.12.2024
Opening balance	3,420,128	4,336,072
Loan repayments	(3,411,967)	(873,320)
Change in interest, commissions and fees at effective interest rate	(12,279)	(11,789)
Exchange differences	4,118	(30,835)
Closing balance	-	3,420,128

35. OTHER LIABILITIES

Other liabilities	31.12.2025	31.12.2024
Liabilities due to contracts with customers		
Sundry creditors	257,095	567,525
Payment card settlements	205,228	210,545
Deferred income	80,686	80,316
Escrow account liabilities	-	544
Social security settlements	19,559	18,880
Other liabilities		
Interbank and intersystem settlements	357,040	232,555
Provisions for non-personnel expenses	554,939	682,136
Provisions for other employee liabilities	278,908	262,083
Provision for unused holidays	37,143	39,437
Other regulatory liabilities	70,756	73,645
Other lease liabilities	2,301	3,607
Other	114,226	91,027
Total other liabilities	1,977,881	2,262,300
including financial liabilities*	841,223	1,033,656

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

36. PROVISIONS

	31.12.2025	31.12.2024
Provision for restructuring	20,897	41,825
Provision for retirement benefits and similar obligations	25,264	24,187
Expected credit losses on contingent liabilities	155,187	156,861
Provisions for litigation and claims	1,772,095	1,696,299
Other provisions	60,886	49,554
Total provisions	2,034,329	1,968,726
Change in restructuring provisions	12 months ended 31.12.2025	12 months ended 31.12.2024
Opening balance	41,825	64,050
Provisions recognition	-	142
Provisions utilisation	(20,928)	(22,367)
Closing balance	20,897	41,825

Change in provisions for retirement benefits and similar obligations	12 months ended 31.12.2025	12 months ended 31.12.2024
Opening balance	24,187	20,181
Provisions recognition	3,989	5,652
Provisions utilisation	(659)	(696)
Provisions release	(2,253)	(950)
Closing balance	25,264	24,187

Change in expected credit losses on contingent liabilities	12 months ended 31.12.2025	12 months ended 31.12.2024
Opening balance	156,861	141,931
Provisions recognition	140,000	65,468
Provisions release	(139,789)	(64,916)
Changes resulting from changes in credit risk (net)	(777)	13,305
Other changes	(1,108)	1,073
Closing balance	155,187	156,861

Change in provisions for litigation and similar liabilities	12 months ended 31.12.2025	12 months ended 31.12.2024
Opening balance	1,696,299	1,282,655
Provisions recognition	426,565	617,548
Provisions utilisation	(338,840)	(173,159)
Provisions release	(12,404)	(7,374)
Other changes, including foreign exchange differences	475	(23,371)
Closing balance	1,772,095	1,696,299

As at 31 December 2025, 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 1,684,489 thousand, provisions for reimbursement of commissions for early repayment of loans in the amount of PLN 35,579 thousand, and provisions for other litigation and similar liabilities in the amount of PLN 52,028 thousand.

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.

Change in other provisions	12 months ended 31.12.2025	12 months ended 31.12.2024
Opening balance	49,554	31,544
Provisions recognition	48,935	18,055
Provisions utilisation	(10,152)	(45)
Provisions release	(27,451)	-
Closing balance	60,886	49,554

As at 31 December 2025, the Other provisions item showed a provision for unauthorised transactions in the amount of PLN 55,794 thousand (PLN 8,000 thousand as at 31 December 2024).

37. DEFERRED INCOME TAX

Changes in deferred income tax in the financial year:

Deferred tax assets	Deferred tax base as at 31 December 2025	Deferred tax base as at 31 December 2024	Charge arising from changes in the asset in 2025
Outstanding interest accrued on liabilities, including CD interest and discount	1,208,784	980,389	126,983
Fair value measurement of derivative instruments and securities	1,686,642	2,261,856	7,341
Unrealised liabilities due to hedged items and hedging instruments	131,155	33,001	27,719
Allowances on expected credit losses on financial assets and provisions for contingent liabilities (non-deductible), which are probable to occur/documentated	2,229,607	2,326,731	135,725
Revenue collected in advance and measured at amortised cost at effective interest rate	37,356,00	-	9,681,00
Provision for retirement benefits and provision for restructuring	49,053	64,597	439
Other provisions for personnel costs	309,416	297,325	23,694
Provisions for non-personnel expenses	541,791	657,851	15,414
Impairment allowance on property, plant and equipment and intangible assets	7,961	8,764	398
Impairment of investment in subsidiaries and associates	17,566	17,566	1,215
Compensations paid	45	5,947	(1,118)
Impairment allowance on lease receivables	9,670	9,456	709
Impairment allowance on available for sale assets related to leasing operations	3,282	17,514	(2,477)
Surplus of the tax value of leased fixed assets over the book value of receivables	49,305	54,508	2,421
Deferred income from leasing operations	120	11,485	(2,151)
Lease liabilities	554,481	608,120	28,151
Impairment allowances on other assets	41,364	52,021	836
Valuation of securities measured through other comprehensive income	394,674	731,116	(45,611)
Provisions for legal risk related to foreign currency loans*	956,383	958,295	65,771
Other negative deductible temporary differences	35,783	24,155	4,682
Total:	8,264,438	9,120,697	399,822

*For details, see Note 54 Litigation, claims and administrative proceedings.

Base for assets recognised in profit or loss (in the current and preceding years) and charge arising from changes in assets**	7,869,764	8,389,581	445,433
Base for assets recognised in correspondence with revaluation reserve and charge arising from changes in assets	394,674	731,116	(45,611)

**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 20,015 thousand as at 31 December 2025 as compared to PLN 21,498 thousand as at 31 December 2024.

Deferred tax liability	Deferred tax basis as at 31 December 2025	Deferred tax basis as at 31 December 2024	Charge arising from changes in the asset in 2025
Accrued revenue from interest on amounts due	(1,947,608)	(1,615,597)	(197,956)
Fair value measurement of derivative instruments and securities	(1,638,810)	(1,992,968)	(46,200)
Valuation of securities measured through other comprehensive income	(148,826)	(59,806)	(23,819)
Revenue collected in advance and measured at amortised cost at effective interest rate	(367,454)	(192,924)	(58,607)
Difference between accounting and tax depreciation of the Bank's own fixed assets	(465,741)	(446,966)	(35,820)
Net value of right of use (RoU)	(504,608)	(542,193)	(27,804)
R&D expenses	(116,860)	(109,864)	(9,422)
Subleasing agreements	(12,283)	(22,510)	1,093
Unrealised liabilities related to hedged items and hedging instruments	(289,251)	(515,815)	23,016
Deferred costs of leasing operations	(1,445)	(10,147)	1,553
Other positive temporary differences	(4,882)	(3,306)	(526)
Total:	(5,497,768)	(5,512,096)	(374,492)
Base for the liability recognised in profit or loss (in the current and preceding years) and charge arising from changes in liability	(5,344,060)	(5,448,984)	(350,147)
Base for the liability charged to revaluation reserve and charge arising from changes in liability	(153,708)	(63,112)	(24,345)

As a result of changes to tax rates, deferred tax was measured in accordance with IAS12.47 at the tax rates expected to apply when the asset is realised or the liability is released. As a result of the measurement, the tax expense in the statement of profit or loss decreased by PLN 174 million and the tax expense in other comprehensive income by PLN 11 million.

	31.12.2025	31.12.2024
Deferred tax assets	2,132,755	1,732,932
Deferred tax liability	(1,421,791)	(1,047,298)
Net deferred tax asset	710,964	685,634

38. DISCONTINUED OPERATIONS

The Bank did not discontinue any operations in 2025 or 2024.

39. SHARE BASED PAYMENTS

The Bank has adopted the “Remuneration policy for persons with a significant 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 Regulation of the Minister of Finance, Funds and Regional Policy dated 8 June 2021 on the risk management system, internal control system and remuneration policy in banks and recommendations included in CRD5.

Pursuant to the Remuneration policy for persons with a significant impact on the risk profile of BNP Paribas S.A. applied in the Bank, starting in 2020 (excluding persons who have terminated their cooperation with the Bank), the applicable financial instrument in which part of the variable remuneration is paid are 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 a significant impact on the risk profile of the Bank. The changes consisted mainly in adjusting the provisions of the Policy to 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 and the guidelines contained in CRD5 and consisted, among others, in extending the deferral period.

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 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 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 deferral period.

The Bank will grant subscription warrants to the participants of the Incentive Scheme, 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 will 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 adopted resolutions on the issue of subscription warrants and a 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. a part constituting at least 50% is granted in the form of the Bank’s shares (which will be acquired by exercising rights from subscription warrants);
2. a 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 is 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 granted variable remuneration in excess of the maximum amount to be paid (MDA) 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 2025, for the variable remuneration granted for 2020-2024 and in connection with the forecast of the variable remuneration for 2025, which will be granted in 2026, in the part concerning shares to be issued in the future, the Bank recognised in capital an amount of PLN 7,349 thousand. At the same time, an amount of PLN 32,443 thousand (recognised in the previous years) is presented in capital.

Financial instruments (shares - deferred portion) changes in 2025 and 2024 determined in relation to the deferred part of the variable remuneration for 2020-2024 are presented in the table below.

	31.12.2025		31.12.2024	
	units	value (PLN'000)	units	value (PLN'000)
Opening balance	131,976	9,087	142,158	8,750
granted in the period	30,539	3,035	34,426	3,412
exercised in the period	(33,651)	(1,856)	(44,608)	(3,075)
Closing balance	128,864	10,267	131,976	9,087

The table below presents the terms and conditions of the Share/Warrants Purchase Plan for 2025.

Type of transaction under IFRS 2	Share-based payments
Program announcement date	31 January 2020 – effective date of the Resolution of the Supervisory Board approving the Remuneration Policy.
The commencement date for granting of shares	12 March 2025
The end date for granting shares	8 April 2025

40. CONTINGENT LIABILITIES

The table below presents the value of liabilities granted and received.

Contingent liabilities	31.12.2025	31.12.2024
Contingent commitments granted	39,191,098	34,611,132
Financial commitments	26,388,870	22,111,126
Guarantees	12,802,228	12,500,006
Contingent commitments received	57,773,732	55,172,867
Financial commitments	31,000	551,870
Guarantees	57,742,732	54,620,997

The amount of long-term contingent liabilities granted as at 31 December 2025 was PLN 19,058,230 thousand (PLN 18,152,339 thousand as at 31 December 2024); the amount of contingent liabilities received as at 31 December 2025 was PLN 51,141,921 thousand (PLN 49,217,162 thousand as at 31 December 2024).

In connection with the amendments introduced by Regulation (EU) 2024/1623 of the European Parliament and of the Council of 31 May 2024 (CRR3) amending Regulation (EU) No 575/2013, the Bank recognised as at 31.12.2025 offering liabilities in the amount of PLN 4,216,046 thousand.

41. COLLATERAL

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

Assets of the Bank pledged as collateral

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 collateral	31.12.2025	31.12.2024
Guaranteed amount protection fund – Bank Guarantee Fund (BFG)		
type of collateral	-	Treasury bonds
nominal value of collateral	-	360,000
balance sheet value of collateral	-	348,772
maturity of collateral	-	21.07.2033
Collateral for derivative transaction settlement		
type of collateral	call deposits	call deposits
nominal value of collateral	514,053	736,339
Securities sold under repurchase agreements (repo transactions)		
balance sheet value of collateral	-	23,722
fair value of collateral	-	23,597

Collateral pledged over customer assets

The Bank did not establish any collateral on customer assets that may be sold or pledged

Following a change of requirements in 2025, it is no longer required to block securities in the NBP Securities Register.

For details, see Note 23 Securities measured at amortised cost.

42. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Based on the methods used to determine fair value, the Bank 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 Bank 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 fair value 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 Bank transfers the asset or liability to the appropriate level of measurement in the reporting period in which the change occurred.

In 2025 and 2024, no changes were made to the rules for classification into valuation levels.

As at 31 December 2025, particular instruments were included in the following valuation levels:

- 1) Level 1: Treasury bonds and bonds issued by European Investment Bank (fair value is determined directly by reference to published active market quotations), quoted shares;
- 2) Level 2: 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) Level 3: 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 separate financial statements into three categories.

31.12.2025	Level 1	Level 2	Level 3	Total
Assets measured at fair value	24,720,559	2,559,806	671,039	27,951,404
Derivative financial instruments	-	2,190,900	168,560	2,359,460
Hedging instruments	-	345,550	-	345,550
Securities measured at fair value through other comprehensive income	24,719,802	-	-	24,719,802
Securities measured at fair value through profit or loss	757	23,356	216,296	240,409
Loans and advances to customers measured at fair value through profit or loss	-	-	286,183	286,183
Liabilities measured at fair value	-	2,628,496	133,619	2,762,115
Derivative financial instruments	-	2,142,956	133,619	2,276,575
Hedging instruments	-	485,540	-	485,540

31.12.2024	Level 1	Level 2	Level 3	Total
Assets measured at fair value	23,028,091	2,607,196	836,739	26,472,026
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	637	78,270	242,018	320,925
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

In 2025, no events of a change in fair value level from 1 to 2, 1 to 3, 2 to 1, and 3 to 1 were recorded (in 2024, no events of a change in fair value level from 1 to 2, 1 to 3, 2 to 1, 2 to 3, and 3 to 1 were recorded).

In 2025, there were 153 events of derivatives for which the fair value level changed from 2 to 3.

In all cases, this was due to a shortening of the time to maturity of the transaction (in 2024, 188 cases due to a shortening of the time to maturity of the transaction).

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

12 months ended 31.12.2025	Derivative financial instruments - assets	Derivative financial instruments - liabilities
Opening balance	120,026	114,857
Closing balance	263,820	266,847

12 months ended 31.12.2024	Derivative financial instruments - assets	Derivative financial instruments - liabilities
Opening balance	437,535	357,502
Closing balance	492,288	412,763

In 2025, there were 7 events of derivatives for which the fair value level changed from 2 to 3. In one case, the change was due to a Fair Value Correction for the transaction; in the other cases, the change was due to a significant BCVA.

In 2024, there were no derivatives for which the fair value level changed from 2 to 3.

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

12 months ended 31.12.2025	Derivative financial instruments - assets	Derivative financial instruments - liabilities
Opening balance	261,464	119
Closing balance	50,078	331

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 31.12.2025	Derivative financial instruments - assets	Financial assets measured at fair value	Derivative financial instruments - liabilities	Hedging instruments - liabilities
Opening balance	142,215	694,524	137,825	-
Total gains/losses recognised in:	26,345	(7,689)	(4,206)	-
statement of profit or loss	26,345	(7,689)	(4,206)	-
Purchase	-	28,000	-	-
Sale	-	(33,996)	-	-
Settlement/expiry	-	(178,360)	-	-
Closing balance	168,560	502,479	133,619	-
Unrealised gains/losses recognised in profit or loss related to assets and liabilities at the end of the period	26,345	(7,689)	(4,206)	-

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	-	-
Settlement/expiry	-	(215,171)	-	-
Closing balance	142,215	694,524	137,825	-
Unrealised 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)

The table below shows the effect of unobservable factors on the value of financial instruments classified to level 3.

Instrument type	31.12.2025		31.12.2024	
	fair value according to		fair value according to	
	positive scenario	negative scenario	positive scenario	negative scenario
Derivatives ¹	36,357	34,710	5,347	10,588
Commercial bonds ²	63,038	61,401	66,323	65,658
Stocks and shares ³	154,907	140,154	169,605	153,452
Loans ⁴	287,102	285,264	457,479	447,578

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

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

³scenario: change in valuation by +5%/-5%

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

The Bank 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 Bank 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 nonobservable parameters for all the categories.

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

31.12.2025	Book value	Fair value	Level
Financial assets			
Cash and balances at Central Bank	10,224,866	10,224,866	3
Amounts due from banks	11,524,131	10,898,263	3
Loans and advances to customers measured at amortised cost	86,786,401	86,469,106	3
Securities measured at amortised cost	36,180,626	35,745,699	1,3
Other financial assets	643,456	643,456	3
Investments in subsidiaries	108,426	108,426	3
Financial liabilities			
Amounts due to banks	5,923,407	6,129,596	3
Amounts due to customers	141,355,067	140,529,819	3
Lease liabilities	553,267	553,267	3
Other financial liabilities	841,223	841,223	3
Liabilities under issued debt securities	4,226,368	4,235,185	3

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 banks	7,789,297	7,413,534	3
Loans and advances to customers measured at amortised cost	81,189,258	80,687,335	3
Securities measured at amortised cost	32,364,550	30,365,556	1,3
Other financial assets	961,750	961,750	3
Investments in subsidiaries	108,426	108,426	3
Financial liabilities			
Amounts due to banks	5,757,872	6,317,487	2,3
Amounts due to customers	130,830,128	130,124,764	3
Subordinated liabilities	3,420,128	3,879,943	3
Lease liabilities	606,204	606,204	3
Other financial liabilities	1,033,656	1,033,656	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 Crowdfunding for Business Ventures and Borrower Assistance takes into account the impact of changes in repayment schedules resulting from the introduction of credit holidays.

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 valuation or 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 valuation).

4) Subordinated liabilities

The liabilities include subordinated loans. The fair value of a 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) Amounts 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.

7) Liabilities under issued debt securities

Fair value of liabilities under issued securities is determined using a model which discounts future cash flows from the investment, based on market interest rate curves adjusted for issuer credit risk.

Netting of financial assets and liabilities

31.12.2025	Gross value presented in financial assets/liabilities	Net value presented in financial assets/liabilities	Netting value under concluded contracts	Cash collateral value	Net value
Financial assets					
Trading and hedging derivatives	2,705,010	2,705,010	(1,101,112)	(1,346,764)	257,134
Total	2,705,010	2,705,010	(1,101,112)	(1,346,764)	257,134
Financial liabilities					
Trading and hedging derivatives	2,762,115	2,762,115	(1,101,112)	(514,053)	1,146,951
Total	2,762,115	2,762,115	(1,101,112)	(514,053)	1,146,951
31.12.2024					
31.12.2024	Gross value presented in financial assets/liabilities	Net value presented in financial assets/liabilities	Netting 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

The possibility of netting 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 master agreements / ISDA agreements concluded with the counterparties.

43. LOAN PORTFOLIO SALE

In 2025 and 2024, the Bank concluded agreements for the sale of the retail, SME and corporate loan portfolio.

According to IFRS 9, the sale of a financial asset due to an increase in credit risk does not cause a change to the business model.

Consequently, the Bank maintains the loan portfolio in the business model with the objective of holding financial assets to obtain contractual cash flows.

The gross carrying amount of the sold portfolio measured at amortised cost was PLN 273,916 thousand (PLN 430,520 thousand in 2024), the amount of impairment allowances created was PLN 291,696 thousand (PLN 291,643 thousand in 2024).

The contractual price for the sale of these portfolios was set at PLN 82,392 thousand (PLN 198,143 thousand in 2024). The net impact on the Bank's result due to the sale of portfolios amounted to PLN 28,172 thousand (PLN 59,266 thousand in 2024) and is presented in the line Net impairment allowances on financial assets and provisions for contingent liabilities.

44. SECURITISATION

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 with a total value of PLN 2,180,097 thousand as at 31 December 2023. The main purpose of the transaction was to release capital that the Bank used 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 remained on the Bank's books.

As at 31 December 2025, the value of the transaction portfolio included in the balance sheet and off-balance sheet amounted to PLN 213,638 thousand.

The closing date of the transaction according to the agreement is 31 December 2031; however, the securitisation transaction was closed on 10 January 2026 as the time-call option was exercised.

The risk transfer of the securitised portfolio was implemented through a credit protection instrument in the form of a financial guarantee issued by the Investor up to PLN 19,317 thousand as at 31 December 2025. Costs on account of this guarantee are presented in Fee and commission expenses - Guarantee commitments and documentary operations.

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

The Bank acted as arranger of the transaction.

45. CUSTODY OPERATIONS

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

As at 31 December 2025, the Custody Services Office held 115 securities accounts for the customers. The fair value of the financial instruments of the customers of the Custody Services Office for this date was PLN 29,035,744 thousand.

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

46. SHAREHOLDERS OF BNP PARIBAS BANK POLSKA S.A.

The table below shows the Bank's shareholding structure as at 31 December 2025, including those holding at least 5% of the total number of votes at the General Meeting:

Shareholder	Number of shares	Percentage share in the share capital	Number of votes at the General Shareholders' Meeting	Percentage share in the number of votes at the General Shareholders' Meeting
BNP Paribas, in total:	110,910,367	75.00%	110,910,367	75.00%
BNP Paribas directly	75,420,141	51.00%	75,420,141	51.00%
BNP Paribas Fortis SA/NV directly	35,490,226	24.00%	35,490,226	24.00%
Other	36,970,124	25.00%	36,970,124	25.00%
Total	147,880,491	100.00%	147,880,491	100.00%

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

As at 31 December 2025, the Bank's share capital amounted to PLN 147,800,491.

The share capital was divided into 147,800,491 shares with the par value of PLN 1.00 each, including: 15,088,100 series A shares, 7,807,300 series B shares, 247,329 series C shares, 3,220,932 series D shares, 10,640,643 series E shares, 6,132,460 series F shares, 8,000,000 series G shares, 5,002,000 series H shares, 28,099,554 series I shares, 2,500,000 series J shares, 10,800,000 series K shares, 49,880,600 series L shares, 322,859 series M shares and 138,714 series N shares.

Four B series registered shares in the Bank are preferred 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 preferred 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 147,800,491 votes. The number of votes resulting from the series M shares granted in 2025 is 20,223 votes and from the series N shares is 60,398 votes.

Changes in shareholder structure in 2025

On **7 April 2025**, the Bank's share capital was increased from PLN 147,799,870 to PLN 147,820,093 as a result of the acquisition of 20,223 series M shares of the Bank in exercise of rights from previously acquired series A5 subscription warrants.

On **8 April 2025**, the Bank's share capital was increased from PLN 147,820,093 to PLN 147,880,491 as a result of the acquisition of 60,398 series N shares of the Bank in exercise of rights from previously acquired series B2 subscription warrants.

On **16 December 2025**, as a result of the settlement of block trades concluded on 12 December 2025 in connection with the completion of the accelerated book building for 9,214,025 shares of the Bank, the share of BNP Paribas S.A. in the total number of votes at the Bank's general meeting decreased by approximately 6.23%.

BNP Paribas S.A. directly holds 75,420,141 shares in the Bank representing (as at 31 December 2025) approximately 51.00% of the total number of shares and votes in the Bank, and together with other entities of the BNP Paribas S.A. Group controls a total of 110,910,367 shares in the Bank representing (as at 31 December 2025) approximately 75.00% of the total number of shares and votes in the Bank.

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

BNP Paribas S.A.'s intention to increase the number of the Bank's free float shares to at least 25% was fulfilled in December 2025 with the sale of 9,214,025 Bank shares by BNP Paribas S.A.

BNP Paribas Bank Polska S.A. shares held by members of the Management Board and members of the Supervisory Board

A summary of the Bank's shares and share entitlements held by the members of the Bank's Management Board and Supervisory Board as at the date of the report for 2025 (5 March 2026) and the Financial Statements for the third quarter of 2025 (6 November 2025) is presented below.

MEMBER OF THE BANK'S MANAGEMENT BOARD	SHARES	SUBSCRIPTION WARRANTS ¹	SALE/PURCHASE OF SHARES	SHARES	SUBSCRIPTION WARRANTS ¹
	6.11.2025	6.11.2025		5.03.2026	5.03.2026
Przemysław Gdański	47,646 ²	8,203	-14,146	33,500 ²	8,203
André Boulanger ³	-	5,163	-	-	5,163
Małgorzata Dąbrowska	-	1,208	-	-	1,208
Wojciech Kemblowski	-	3,590	-	-	3,590
Piotr Konieczny	455	1,571	-	455	1,571
Magdalena Nowicka	2,392	2,632	-	2,392	2,632
Volodymyr Radin	1,364	2,333	-	1,364	2,333
Agnieszka Wolska ⁴	6,538	2,905	-	6,538	2,905
Natalie Yacoubian ⁵	-	-	-	-	-

MEMBER OF THE BANK'S SUPERVISORY BOARD	SHARES	SUBSCRIPTION WARRANTS ¹	SALE/PURCHASE OF SHARES	SHARES	SUBSCRIPTION WARRANTS ¹
	6.11.2025	6.11.2025		5.03.2026	5.03.2026
Jean-Charles Aranda	-	770	-	-	770

- 1) subscription warrants taken up on 24.03.2025: series A6 - one series A6 warrant entitles to take up one series M ordinary bearer share of BNP Paribas Bank Polska S.A., at the issue price of PLN 1.00 per share and B3 series - one series B3 warrant entitles to take up one series N ordinary bearer share of BNP Paribas Bank Polska S.A., at the issue price of PLN 1.00 per share
- 2) registered pledge was established on 18,000 shares of the Bank held by Przemysław Gdański, at a price of PLN 111.50 per share
- 3) André Boulanger resigned as a member of the Bank's Management Board as of 31 December 2025; the shareholding balance as at 31 December 2025 is presented at the date of the 2025 Report (5 March 2026)
- 4) Agnieszka Wolska resigned as a member of the Bank's Management Board as of 2 January 2026; the share and subscription warrant holding balance as at 2 January 2026 is presented at the date of the 2025 Report (5 March 2026)
- 5) Natalie Yacoubian has been a member of the Bank's Management Board as of 1 January 2026

The other members of the Supervisory Board did not declare their shareholding/entitlements in the Bank as at 5 March 2026, which has not changed since the submission of the Q3 2025 Financial Statements (6 November 2025).

47. SUPPLEMENTARY CAPITAL AND OTHER CAPITALS

The tables below present changes in supplementary capital and other reserve capitals:

Supplementary capital	12 months ended 31.12.2025	12 months ended 31.12.2024
Opening balance	9,110,976	9,110,976
Changes	-	-
Closing balance	9,110,976	9,110,976

Other reserve capitals	31 December 2025	31 December 2024
General banking risk fund	627,154	627,154
Other reserve capital	4,021,780	3,397,051
Total	4,648,934	4,024,205

Revaluation capital	12 months ended 31.12.2025	12 months ended 31.12.2024
Opening balance	(541,084)	(566,964)
Gain/loss on changes in fair value of financial assets measured through other comprehensive income	347,318	43,787
Gain/loss on change in fair value of cash flow hedging derivatives	78,145	(10,138)
Actuarial valuation of employee benefits	1,576	(1,698)
Deferred income tax	(69,956)	(6,071)
Closing balance	(184,001)	(541,084)

Other reserve capital	12 months ended 31.12.2025	12 months ended 31.12.2024
Opening balance	3,397,051	2,886,824
Distribution of retained earnings	658,457	503,830
Management stock options	7,349	6,397
Interest paid on AT1 capital bonds	(41,077)	-
Closing balance	4,021,780	3,397,051

AT1 capital bonds	12 months ended 31.12.2025	12 months ended 31.12.2024
Opening balance	650,000	-
Value of AT1 capital bonds issues	-	650,000
Closing balance	650,000	650,000

The Bank issued 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 Wibur 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 AT1 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 ended 31.12.2025	12 months ended 31.12.2024
Opening balance	(400,786)	(400,786)
Transfer from current period profits	500,000	-
Interest paid on AT1 capital bonds	(14,568)	-
Closing balance	84,646	(400,786)

Change in revaluation reserve on financial assets measured through other comprehensive income	2025		2024	
	Gross value	Deferred tax	Gross value	Deferred tax
Opening balance	(671,310)	127,549	(704,959)	133,942
gains/losses on financial assets measured at fair value through other comprehensive income recognised in equity	426,158	(80,970)	23,058	(4,381)
reclassification to profit or loss due to sale of financial assets measured at fair value through other comprehensive income	(695)	132	10,591	(2,012)
Closing balance	(245,847)	46,711	(671,310)	127,549

48. DIVIDENDS PAID

The Bank's General Meeting on 15 April 2025 adopted a resolution on the payment of dividends from the net profit made in 2024. On the basis of this resolution, the Bank paid a dividend of PLN 1,162,340,659.26, i.e. PLN 7.86 per share, on 9 May 2025. The dividend covers all shares issued by the Bank, i.e. 147,880,491 shares.

It is the Bank's intention, in accordance with the dividend policy adopted by the Supervisory Board on 10 December 2025, to make stable dividend payments to shareholders in the long term while maintaining the principle of prudent management of the Bank and the Bank's 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 2026 at approximately 50% of the Bank's separate profit for 2025. 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.

49. DISTRIBUTION OF RETAINED EARNINGS

In accordance with Resolution No. 7 of the General Meeting of Shareholders of BNP Paribas Bank Polska S.A. dated 15 April 2025 on distribution of the profit of BNP Paribas Bank Polska S.A. and payment of a dividend for the financial year 2024 from the net profit generated in 2024 in the amount of PLN 2,320,797,922.26 (two billion three hundred twenty million seven hundred ninety-seven thousand nine hundred and twenty-two zlotys and twenty-six groszy) the Bank paid dividend in the amount of PLN 1,162,340,659.26, allocated the amount of PLN 658,457,263.00 to the reserve capital and retained the remaining amount as retained earnings.

50. 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	31.12.2025	31.12.2024
Cash and balances at Central Bank (Note 17)	10,224,866	11,325,551
Current accounts of banks and other receivables	11,004,435	6,824,291
Interbank deposits	-	60,009
Total cash and cash equivalents	21,229,301	18,209,851

51. ADDITIONAL INFORMATION REGARDING THE STATEMENT OF CASH FLOWS

Changes in amounts due from banks (including amounts due from Central Bank and cash)	31.12.2025	31.12.2024
Change arising from the balance sheet	(2,634,149)	5,659,432
Elimination of a change in cash and cash equivalents	3,019,450	2,408,579
Change in balance arising from interest	(2,248)	(2,957)
Total change in amounts due from banks	383,053	8,065,054

	31.12.2025	31.12.2024
Change in amounts due from customers measured at amortised cost		
Change arising from the balance sheet	(5,597,143)	(52,033)
Change in balance arising from interest	(81,631)	(65,096)
Total change in amounts due from customers measured at amortised cost	(5,678,774)	(117,129)
Change in amounts due to banks (including the Central Bank)		
Change arising from the balance sheet	3,776,566	(260,311)
Repayment of long-term loans received	(3,608,193)	(1,148,623)
Long-term loans from banks	-	1,295,674
Total change in amounts due to banks	168,373	(113,260)
Change in amounts due to customers		
Change arising from the balance sheet	10,524,939	3,696,063
Change in balance arising from interest	59,293	84,982
Total change in amounts due to customers	10,584,232	3,781,045
Cash flows from operating activities – other adjustments		
	12 months ended 31.12.2025	12 months ended 31.12.2024
FX differences from subordinated loans	4,118	(30,835)
Valuation of securities recognised in the statement of profit or loss	120,504	(49,960)
Allowance for securities	101	(35)
Other adjustments	15,380	20,887
Total cash flows from operating activities – other adjustments	140,103	(59,943)

52. 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 entity of the BNP Paribas Bank Polska S.A. Capital Group.

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

As at 31 December 2025, 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 in 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

31.12.2025	BNP Paribas S.A., Paris	BNP Paribas Fortis S.A.	Other entities of the BNP Paribas S.A Group	Key personnel	Subsidiaries	Total
Assets	13,421,778	-	604,275	1,204	2,638,444	16,665,701
Receivables on current accounts, loans and deposits	11,435,318	-	600,999	1,163	2,635,261	14,672,741
Derivative financial instruments	1,640,910	-	-	-	-	1,640,910
Derivative hedging instruments	345,550	-	-	-	-	345,550
Other assets	-	-	3,276	41	3,183	6,500
Liabilities	10,351,327	35,769	823,774	2,934	114,355	11,328,159
Current accounts and deposits	5,099,198	35,769	795,190	2,934	114,163	6,047,254
Liability under issued debt securities (including subordinated issues)	4,226,368	-	-	-	-	4,226,368
Derivative financial instruments	540,221	-	3,048	-	-	543,269
Derivative hedging instruments	485,540	-	-	-	-	485,540
Other liabilities	-	-	25,536	-	192	25,728
Contingent liabilities						
Financial commitments granted	-	-	260,628	4,631	-	265,259
Guarantees granted	478,432	77,244	535,329	-	1,775,214	2,866,219
Commitments received	7,883,148	109,827	749,058	-	1,923,389	10,665,422
Derivative financial instruments (nominal value)	59,595,048	-	26,627	-	-	59,621,675
Derivative hedging instruments (nominal value)	35,043,905	-	-	-	-	35,043,905
Statement of profit or loss	735,468	(791)	58,335	46	248,855	1,041,913
12 months ended 31.12.2025						
Interest income	986,889	244	12,825	117	177,251	1,177,326
Interest expense	(1,390,267)	(1,035)	(9,716)	(71)	-	(1,401,089)
Fee and commission income	-	-	-	-	14,303	14,303
Fee and commission expense	-	-	-	-	(1,519)	(1,519)
Net trading income	1,198,685	-	9	-	-	1,198,694
Other operating income	-	-	97,323	-	59,125	156,448
Other operating expense	-	-	(25,767)	-	(120)	(25,887)
General administrative costs	(59,839)	-	(16,339)	-	(185)	(76,363)

31.12.2024	BNP Paribas S.A., Paris	BNP Paribas Fortis S.A.	Other entities of the BNP Paribas S.A Group	Key personnel	Subsidiaries	Total
Assets	9,367,983	1,663	103,956	2,584	2,716,736	12,192,922
Receivables on current accounts, loans and deposits	7,466,281	1,663	84,274	2,520	2,714,035	10,268,773
Derivative financial instruments	1,670,668	-	8,614	-	-	1,679,282
Derivative hedging instruments	231,025	-	-	-	-	231,025
Other assets	9	-	11,068	64	2,701	13,842
Liabilities	10,032,841	26,789	753,218	1,973	35,259	10,850,080
Current accounts and deposits	5,020,715	26,789	722,019	1,973	34,772	5,806,268
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	-	-	28,843	-	487	29,330
Contingent liabilities						
Financial commitments granted	-	-	294,101	1,145	-	295,246
Guarantees granted	430,288	86,650	662,905	-	897,330	2,077,173
Commitments received	440,132	121,264	2,270,042	-	857,821	3,689,259
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	94,621	(1,125)	60,598	45	238,813	392,952
12 months ended 31.12.2024						
Interest income	446,538	228	54,621	159	166,701	668,247
Interest expense	(468,797)	(1,353)	(23,491)	(114)	-	(493,755)
Fee and commission income	-	-	-	-	16,072	16,072
Fee and commission expense	-	-	-	-	(2,078)	(2,078)
Net trading income	252,546	-	14,909	-	-	267,455
Other operating income	-	-	74,175	-	58,464	132,639
Other operating expense	-	-	(41,889)	-	(124)	(42,013)
General administrative costs	(135,666)	-	(17,727)	-	(222)	(153,615)

Remuneration of the Management Board and Supervisory Board

Remuneration of the Management Board	12 months ended 31.12.2025	12 months ended 31.12.2024
Short-term employee benefits	15,946	15,523
Long-term benefits	5,487	4,434
Share-based payments*	5,382	5,744
Shares issued**	2,096	1,855
Total	28,911	27,556

* includes an amount 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 31.12.2025	12 months ended 31.12.2024
Short-term employee benefits	1,971	1,832
Total	1,971	1,832

53. 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, the Bank presents the results of:

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

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

The abovementioned segmentation reflects the principles of customer classification by segment in line with the business model adopted by the Bank, which are based on entity and financial criteria (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 Bank's internal regulations.

The Bank'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. income, expenses and net impairment losses are reported for each segment. Management income takes into account cash flows between customer segments and the asset and 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 Bank. Additionally, the management performance of the segments takes into account amounts due to each business line for services between such lines.

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

The Bank applies consistent, detailed principles to all identified segments. As regards income, in addition to standard items, components of the net interest income of the segments have been identified, to include external and internal income and expenses. As regards operating expenses, the Bank's indirect expenses are allocated to each segment in the Expense allocation (internal) item. Considering the profile of the Bank's business, no material seasonal or cyclical phenomena are identified. The Bank 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 customers (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 Bank'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 are 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 customers, financial institutions and public sector entities. Distribution network for Corporate Banking is based on Regional Corporate Banking Centres located in Warsaw, Gdańsk, Poznań, Wrocław, Katowice, Kraków and Rzeszów. After-sales service for the customers of the Corporate Banking segment is also carried out by the Telephone Business Service Centre 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 in 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 Bank dedicated to the largest Polish enterprises including services provided to key customers.

Other Banking Operations 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 Bank'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 Bank's balance sheet).

The **Other Banking 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 (including equity investment, gains/losses on own accounts and customer accounts not allocated to a specific segment).

31.12.2025	Retail and Business Banking	SME Banking	Corporate Banking	CIB	Other Banking Operations	Total	including Agro customers	including Personal Finance
Statement of profit or loss for the period of 12 months ended 31.12.2025*								
Net interest income	3,166,891	567,722	1,421,720	100,625	523,461	5,780,421	681,495	655,749
external interest income	3,357,908	418,838	1,725,113	371,292	3,710,017	9,583,167	1,005,629	1,248,984
external interest expenses	(1,361,035)	(242,134)	(573,944)	(10,645)	(1,614,988)	(3,802,746)	(102,229)	-
internal interest income	3,519,352	704,347	1,605,474	15,580	(5,844,753)	-	491,605	-
internal interest expenses	(2,349,333)	(313,329)	(1,334,922)	(275,602)	4,273,186	-	(713,510)	(593,235)
Net fee and commission income	621,795	123,336	392,444	50,614	(6,676)	1,181,514	119,903	121,561
Dividend income	8,346	-	2,594	-	7,177	18,118	1,439	-
Net trading income (including the result from FX position)	112,594	86,605	394,661	304,149	178,950	1,076,959	68,722	-
Result on investment activities	-	-	(1)	-	(2,339)	(2,340)	-	-
Result on hedge accounting	-	-	-	-	(11,161)	(11,161)	-	-
Other operating income and expenses	(57,444)	3,099	(6,880)	1,345	15,708	(44,171)	(1,789)	(14,265)
Result on derecognition of financial assets measured at amortised cost due to material modification	(6,584)	(2,939)	2,994	-	(13,168)	(19,698)	1,033	(7,829)
Result on allowance for expected credit losses on financial assets and provisions for contingent liabilities	5,251	59,637	(157,104)	(46,438)	(16,696)	(155,350)	60,201	(54,556)
Result on legal risk related to foreign currency loans	(498,751)	-	-	-	-	(498,751)	-	-
General administrative expenses	(1,113,951)	(92,270)	(388,508)	(113,301)	(1,004,014)	(2,712,043)	(18,647)	(293,189)
Depreciation and amortisation	(118,791)	(1,448)	(77,640)	(19,958)	(311,053)	(528,890)	(243)	(18,217)
Expense allocation (internal)	(879,473)	(234,928)	(185,929)	4,455	1,295,875	-	-	(105,507)
Operating result	1,239,883	508,814	1,398,351	281,491	656,064	4,084,608	912,114	283,747
Tax on financial institutions	(210,851)	(31,753)	(123,056)	(22,928)	(4,763)	(393,352)	-	(49,603)
Gross profit	1,029,032	477,061	1,275,295	258,563	651,301	3,691,256	912,114	234,144
Income tax expense	-	-	-	-	-	(679,061)	-	-
Net profit	-	-	-	-	-	3,012,195	-	-
Statement of financial position as at 31.12.2025*								
Segment assets	42,244,160	5,811,262	31,843,707	7,837,808	88,573,197	176,310,134	13,765,965	12,866,746
Segment liabilities	79,959,474	17,076,699	45,534,508	-	16,268,822	158,839,504	12,288,596	-

*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.

31.12.2024	Retail and Business Banking	SME Banking	Corporate Banking	CIB	Other Banking 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	3,111,281	611,303	1,536,621	101,767	270,841	5,631,813	736,545	696,860
external interest income	3,651,222	500,651	1,833,626	391,737	3,528,200	9,905,437	1,178,105	1,264,985
external interest expenses	(1,405,747)	(313,190)	(684,789)	(13,838)	(1,856,061)	(4,273,624)	(137,411)	-
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	606,354	128,295	388,784	72,718	(7,858)	1,188,293	135,608	122,899
Dividend income	-	-	5,042	-	8,105	13,147	1,051	-
Net trading income (including the result from FX position)	115,512	85,354	362,867	232,352	69,121	865,207	71,136	-
Result on investment activities	-	-	-	-	14,374	14,374	-	-
Result on hedge accounting	-	-	-	-	1,946	1,946	-	-
Other operating income and expenses	(92,715)	(3,595)	(13,273)	(13)	(7,764)	(117,358)	(3,325)	(29,263)
Result on derecognition of financial assets measured at amortised cost due to material modification	(3,192)	(8,385)	8	-	(24,170)	(35,739)	(5,847)	(4,555)
Result on allowance for expected credit losses on financial assets and provisions for contingent liabilities	2,522	11,173	(199,704)	(39,453)	112	(225,350)	30,135	(54,675)
Result on legal risk related to foreign currency loans	(795,728)	-	-	-	-	(795,728)	-	-
General administrative expenses	(1,024,778)	(114,293)	(355,379)	(107,389)	(1,115,298)	(2,717,137)	(18,708)	(266,635)
Depreciation and amortisation	(124,809)	(2,255)	(70,948)	(20,454)	(296,392)	(514,858)	(264)	(17,742)
Expense allocation (internal)	(919,912)	(229,059)	(227,015)	(5,366)	1,381,351	-	-	(127,508)
Operating result	874,535	478,538	1,427,003	234,162	294,368	3,308,610	946,332	319,381
Tax on financial institutions	(184,739)	(26,218)	(125,339)	(26,714)	(41,962)	(404,971)	-	(53,498)
Gross profit	689,796	452,320	1,301,664	207,448	252,406	2,903,639	946,332	265,883
Income tax expense	-	-	-	-	-	(582,841)	-	-
Net profit	-	-	-	-	-	2,320,798	-	-
Statement of financial position as at 31.12.2024 *								
Segment assets	40,937,665	5,904,277	28,022,504	5,089,125	83,133,929	163,087,501	13,568,651	12,374,444
Segment liabilities	72,916,607	16,841,038	42,045,238	-	15,972,708	147,775,592	11,805,870	-

*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.

54. LITIGATION, CLAIMS AND ADMINISTRATIVE PROCEEDINGS

Legal risk

As at 31 December 2025, 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.

UOKiK proceedings

Court decision on the UOKiK decision regarding calculation of the interchange fee

On 6 October 2015, the Court of Appeal 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 means 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 Raiffeisen Bank Polska S.A. (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 reexamination. In November 2022, the first hearing was held. The case is pending.

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.

The Bank is talking to the UOKiK to agree the final decision, the proceedings are expected to be closed in April 2026.

The case is pending, the Bank is working with the UOKiK to finalise it. The UOKiK announced an extension of the proceedings until 11 April 2026.

Details of the cost of provisions against unauthorised transactions of customers are described in Note 14 Other operating expenses.

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 payment suspension 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 sent its reply to UOKiK, in which it pointed out that the Bank accepted and processed all individual applications submitted 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 recognised 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 appealed against 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 created a provision in the amount of the penalty imposed.

On 24 March 2025, the Court announced its decision which dismissed the Bank's appeal. The Bank appealed against the Court's decision on 9 May 2025.

PFSA proceedings

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 control of the factual and legal acts carried out by investment funds PSF Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych and PSF 2 Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych 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 the justification 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) failure 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 created a provision for the imposed penalty.

The Polish Financial Supervision Authority informed the Bank that the proceedings to determine the aforementioned application are scheduled to be completed in March 2026.

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 of Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych, 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 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 2026.

Administrative proceedings of the Polish Financial Supervision Authority for the imposition of a penalty in connection with a breach of the Act on Trading in Financial Instruments

On 24 January 2025, the Polish Financial Supervision Authority opened administrative proceedings against BNP Paribas Bank Polska S.A. for the imposition of a penalty under Article 138(3)(3a) or Article 138(7aa)(1) of the Banking Law in connection with a breach of the Act on Trading in Financial Instruments.

The proceedings are pending.

Legal risks of the portfolio of foreign currency and CHF denominated loans

Court proceedings instigated by the Bank's customers being parties to foreign currency and CHF denominated loan agreements

The gross balance sheet value of residential mortgage loans granted to retail customers in CHF as at 31 December 2025 amounted to PLN 254,276 thousand, compared with PLN 406,207 thousand as at 31 December 2024.

As at 31 December 2025, the number of active foreign currency and CHF denominated loans amounted to 5.3 thousand.

As at 31 December 2025, the Bank was a defendant in 5,865 (1,456 new cases in 2025) pending court proceedings (including legally finalised cases, customers brought a total of 11,047 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 385¹ 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 2025 amounted to PLN 3,126,776 thousand (PLN 3,495,835 thousand as at 31 December 2024), and in the legally concluded cases to PLN 2,107,350 thousand (PLN 1,141,019 thousand as at 31 December 2024).

By 31 December 2025, in 5,182 finalised proceedings, there were 1,403 judgments in favour of the Bank, including 908 in connection with court settlements and 453 cases in connection with the proceedings being stayed. In 3,779 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 as at 31 December 2025 was PLN 2,823,983 thousand (PLN 3,238,760 thousand as at 31 December 2024), with an impact of PLN 498,751 thousand on the Bank's statement of profit or loss in 2025 (PLN 795,728 thousand in 2024).

Changes in the total impact of legal risks related to litigation in 2025 are presented in the table below (in PLN thousand):

Total impact of legal risk	12 months ended 31.12.2025	12 months ended 31.12.2024
Opening balance	3,238,760	3,404,016
Increase in the profit and loss account	498,751	795,728
Utilisation	(911,894)	(861,738)
Exchange rate differences	(1,634)	(99,246)
Closing balance	2,823,983	3,238,760

In 2025, the Bank used PLN 289,634 thousand from the estimated impact of legal risk of CHF loans in connection with settlements reached (in 2024, the Bank used PLN 422,952 thousand on this account).

In 2025, the Bank used PLN 622,260 thousand from the estimated impact of legal risk of CHF loans in connection with final judgments received declaring loan agreements invalid (in 2024, the Bank used PLN 438,786 thousand on this account).

The total impact of legal risk related to litigation is presented in the tables below (in PLN thousand):

31.12.2025	Gross balance sheet value (before adjustment for legal risk)	Impact of legal risks	Gross balance sheet value (after legal risk)
Real estate loans for individuals in CHF	1,393,771	1,139,495	254,276
Impact of legal risk recognised as provisions for litigation	-	1,684,488	-
Total impact of legal risk		2,823,983	

31.12.2024	Gross balance sheet value (before adjustment for legal risk)	Impact of legal risks	Gross balance sheet value (after legal risk)
Real estate loans for individuals in CHF	2,080,799	1,674,592	406,207
Impact of legal risk recognised as provisions for litigation	-	1,564,168	-
Total impact of legal risk		3,238,760	

In estimating the impact of legal risk, the Bank takes into account, among others, 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 unfavourable 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 145,884 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 principal 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 a 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 79,630 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 62,839 thousand
	-5 p.p.	-PLN 80,414 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 26,734 thousand
	-20%	-PLN 26,734 thousand

Additionally, according to the Bank's assessment, if an additional 1% of customers with CHF loans filed a lawsuit against the Bank, the loss due to legal risk would increase by approx. PLN 24,246 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 Regulation of the Minister of Finance of 11 March 2022, as amended by the Regulation of 20 December 2022, in force until the end of 2024, on the abandonment of the collection of income tax on certain income (net income) related to a residential mortgage loan.

As at 31 December 2024, the Bank held assets of PLN 38,165 thousand, which were realised in full in 2025. In 2025, the Bank additionally realised assets at PLN 1,863 thousand, set up during 2025 on the basis of additional legal risk provisions. Based on a new estimate of the impact of the legal risk associated with foreign currency loans as at 31 December 2025, the Bank leaves PLN 32,161 thousand in assets with an expected realisation by the end of 2026; at a rate of 19%, the asset would be PLN 23,599 thousand.

In addition, 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, and
- the analysis of their impact on the deferred tax estimate,

the Bank recognised a deferred tax asset.

As at 31 December 2024, the deferred tax asset was PLN 143,911 thousand. As at 31 December 2025, the deferred tax asset in view of expected cancellations was PLN 215,482 thousand; at a rate of 19%, the asset would be PLN 158,114 thousand.

Case law of the Court of Justice (EU) in 2025

On 19 June 2025, the CJEU passed a judgment in case **C-396/24** (Lubreczlik) concerning mBank S.A. According to the CJEU, Directive 93/13 should be interpreted as precluding national case-law according to which:

- 1) where a term of a loan agreement classified as unfair renders that agreement invalid, the seller or supplier is entitled to require the consumer to repay the full nominal amount of the loan, irrespective of the value of repayments made by the consumer in performance of that agreement and irrespective of the amount remaining due;
- 2) in the event of the consumer's acceptance of a claim, brought by a seller or supplier, for repayment of the sums paid under a loan agreement declared invalid based on the presence of an unfair term in that agreement, the court is required to declare of its own motion the judgment granting that claim immediately enforceable, in so far as national law does not allow that court to adopt all the measures necessary to protect the consumer from the particularly unfavourable consequences which that declaration could have with regard to that consumer.

On 27 November 2025, the CJEU passed a judgment in case **C-746/24** (Gryczara) concerning Bank Millenium S.A. According to the judgment, Directive 93/13 should be interpreted as precluding national legislation which allows a consumer, as the defendant who has been unsuccessful in an action brought by a seller or supplier for repayment of the loan capital following the annulment of a loan agreement on account of the unfairness of terms contained therein, to be ordered to pay the costs including court costs which, as a result of the distinction made by that legislation in the calculation of the amount of those costs according to whether the applicant is a consumer, significantly exceed those which that consumer would have had to bear if he or she had been unsuccessful in an action brought by him or her seeking a declaration that those terms are unfair and, as the case may be, a declaration of the invalidity of those terms and of the loan agreement.

On 11 December 2025, the CJEU passed a judgment in case **C-767/24** (Kuszycka) concerning mBank S.A. According to the CJEU, Directive 93/13 must be interpreted as meaning that, in the context of the annulment in its entirety of a mortgage loan agreement concluded between a consumer and a banking institution, on the ground that that agreement contains an unfair term without which that agreement cannot continue in existence, it precludes the application of national case-law according to which the submission by that consumer of a declaration of set-off of his or her claim against that of that banking institution entails an implied waiver of the objection that the claim relied on by that institution is time-barred.

Supreme Court case law on CHF denominated and foreign currency loans

On 25 April 2024, the full formation of the Civil Chamber of the Supreme Court adopted the so-called 'large resolution on Swiss franc loans issue', resolving the key legal issues, ref. 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 unfair 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 unfair 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 undue benefits arise in favour of each party.
- 4) If a loan agreement is not binding because of the unfair 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 challenged the terms of the agreement as binding.
- 5) If a loan agreement is not binding because of the unfair 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 undue benefit was provided and the time when repayment of that benefit is delayed.

The resolution refers only to the effects of declaring conversion clauses in indexed or denominated loan agreements as unfair (without prejudging whether such clauses are unfair). 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.

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 loan¹.

However, as the Supreme Court noted in the justification to the resolution, this kind of loan is not subject to questions referred by the First President of the Supreme Court.

The Supreme Court noted that in the case of foreign currency loans in which there is no problem of unfair terms 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 such unfair terms, 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 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).

This position of the full formation of the Chamber of the Supreme Court was reflected in a separate opinion of Supreme Court Judge Dariusz Pawłyszczke regarding the judgment of the Supreme Court of 25 June 2024, ref. II CSKP 1765/22 (concerning the Bank). In the justification of the separate opinion, the Judge pointed to the different structure of the Bank's loan agreements and argued that Resolution III CZP 25/22 did not apply to foreign currency loans as, under such agreements, the option of repayment in PLN (at the bank's exchange rates) is merely the borrower's right.

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.

The case-law of common courts includes decisions pointing to the different nature of foreign currency loans and the impact of such classification on the validity of agreements. This position was taken by the Appeal Court in Warsaw in its legally valid judgment, favourable to the Bank, of 5 June 2025, ref. VIII ACa 2851/25. The Court stressed the foreign currency aspect of the loan agreement between the Bank and the consumer, found no infringement of consumer interests, and confirmed the validity of the loan agreement.

Following the CJEU judgment of 19 June 2025 in case **C-396/24** (Lubreczlik), the Supreme Court confirmed the applicability of the legal principle defined in the resolution of the full formation of the Civil Chamber of the Supreme Court of 25 April 2024, ref. III CZP 25/22, i.e., where a loan agreement is not binding due to its terms being unfair, separate claims arise for the return of undue benefits for each party of the agreement. On 6 August 2025, the Supreme Court passed a judgment in case II CSKP 774/23, confirming that the theory of two separate claims applied to settlements between a bank and borrowers where the loan agreement is declared invalid. Likewise, the Supreme Court in another formation pointed out in its judgment of 5 September 2025 in case II CSKP 550/24 that the legal principle defined in point 3 of the resolution of the full formation of the Civil Chamber of the Supreme Court of 25 April 2024 in case III CZP 25/22 was binding (similar to the judgment of the Supreme Court of 18 July 2025, II CSKP 84/23). In its judgment of 10 July 2025, II CSKP 64/23, the Supreme Court ruled that the legal principle defined by the full formation of the Chamber of the Supreme Court could only be departed from by passing another resolution of the same formation (Article 88 of the Act on the Supreme Court).

As at 31 December 2025, 295 appeals on a point of law were filed with the Supreme Court in cases of CHF loans granted by the Bank, 44 appeals were accepted by the Supreme Court for examination and are awaiting substantive decision, as to 159 appeals on a point of law, the Supreme Court issued a decision on refusal to accept them for examination. Nine cases were sent back for examination, while in 22 it dismissed the appeals on a point of law.

Draft Act on special solutions for handling cases concerning loan agreements denominated or indexed to CHF concluded with consumers

On 30 January 2025, the Ministry of Justice published a draft Act on special solutions for handling cases concerning loan agreements denominated or indexed to CHF concluded with consumers. Following comments raised in the public consultation and the CJEU judgment of 19 June 2025 in case C-396/24 (Lubreczlik), a new draft Act was published dated 30 June 2025.

The goal of the draft law is to accelerate court proceedings concerning loan agreements denominated or indexed to CHF. The key mechanisms set out in the draft include:

- protection of consumer interests (Article 3 of the draft) – once an action lodged by a consumer is served on the defendant or once a counterclaim lodged by the consumer is served on the plaintiff, the obligation of the consumer to perform the benefits arising from the loan agreement is suspended by law until the proceedings are closed with a final judgment;
- plea of offset (Articles 5 and 18 of the draft) – change to the time limitation for the option of raising the plea of offset in the proceedings (until the proceedings are closed in second instance);
- counterclaim (Article 8 of the draft) – change to the time limitation in civil proceedings (under the general procedure, no later than in the statement of defence) – allowing for a counterclaim to be lodged until the hearing is closed in first instance.

The draft law was tabled to the Sejm on 2 October 2025.

The Sejm held the first reading of the draft on 16 October 2025, after which the draft was referred to the Committee for Justice and Human Rights (and the Committee for the Economy and Development). Both Committees started to work on the draft on 17 December 2025 at a joint meeting.

The work on the draft is scheduled to continue in 2026.

Individual settlements offered by the Bank in CHF loan cases

Since December 2021, the Bank is involved in individual negotiations with its customers with whom the Bank is in dispute or for 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 at 31 December 2025, the Bank made individual settlement proposals to 14,473 customers (13,915 customers as at 31 December 2024) and 7,130 customers accepted the terms of the proposals presented (6,202 in 2024), out of which 6,724 settlements were signed (5,550 in 2024).

Other material court proceedings

Court proceedings concerning mortgage loan agreements with interest rates based on WIBOR

In January 2023, the Bank received the first claims challenging the variable interest rate clauses based on the WIBOR benchmark in mortgage loan agreements. These claims 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 benchmark as well as the methods of calculating the benchmark and the factors influencing its change are contested.

By 31 December 2025, the Bank received a total of 130 claims (2 claims were withdrawn). The actions were filed on behalf of consumers and relate to mortgage loan agreements in PLN, only 1 action 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 rate. The total value of the subject of litigation in ongoing court proceedings lodged by customers is PLN 33,401 thousand. Most of the court proceedings are pending before the courts of first instance. In nine cases, judgments of the court of first instance favourable to the bank were issued, three of which are legally binding. One judgment is unfavourable to the Bank and is not legally binding.

Arguments challenging WIBOR as a benchmark are also raised in debt enforcement cases filed by the Bank.

The Bank's position is that the customers' claims are unjustified, in particular in view of the fact that WIBOR is an official benchmark 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 Polish Financial Supervision Authority confirmed WIBOR's compliance with the requirements of the law. The same position was 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.

Four questions regarding WIBOR have been referred to the CJEU, including one question referred to in connection with a case pending against the Bank:

- On 12 February 2026, the CJEU issued its judgment in case C 471/24 concerning PKO BP SA, in which it held that a national court may not examine the method of determining the WIBOR benchmark, as doing so would violate the EU Benchmarks Regulation (BMR). The Court did not accept the allegations challenging the reliability or market based nature of WIBOR. The CJEU stated that banks did not have any special information obligations regarding the methodology of this benchmark. Banks are required to comply with the information obligations imposed by Directive 2014/17/EU of the European Parliament and of the Council of 4 February 2014 on credit agreements for consumers relating to residential immovable property, amending Directives 2008/48/EC and 2013/36/EU, and Regulation (EU) No 1093/2010 as amended by Regulation 2016/1011, since the obligation to publish and make available the benchmark methodology rests with the benchmark administrator. A bank is not required to inform the consumer about the specific characteristics of the benchmark, in particular the nature of the input data (price quotations rather than actual transactions) used to determine it, nor that the creditor contributes such data for the benchmark's calculation. The bank's contribution of input data also does not constitute an imbalance in the rights and obligations of the parties. A potential breach of information obligations regarding variable interest rates is not, in itself, sufficient to invalidate the contract. Even in the event of such a breach, the court must subsequently examine the fairness of the clause. In practice, this means comparing the contractual interest rate with statutory interest and with market rates applicable at the time the contract was concluded.
- Case C-586/25 against PKO BP SA (agreement concluded before the effective date of the BMR and the mortgage loan act) – the Court referred among other questions whether, in the light of Directive 93/13, the provisions of a loan agreement concerning floating interest rates based on WIBOR could be considered to be phrased in a simple and understandable language, whether the fact that the floating interest rate of a loan is based on WIBOR, whose determination rules were not based on generally applicable law but which was determined by a third party while the bank had an indirect impact on the benchmark, results in a significant imbalance of the rights and obligations of the parties, and whether, where the provisions of an agreement concerning floating interest rates based on WIBOR are declared unfair contractual provisions, the agreement may continue to exist as a loan at a fixed interest rate based on the bank's margin or whether the agreement must be declared invalid.
- Case C-607/25 against the Bank (the question concerns an agreement concluded after the effective date of the BMR and the mortgage loan act) – the Court asks whether national legislation laying down the method for fixing the variable interest rate as the value of the reference index and the amount of the margin ensures effective balance between the parties to the agreement where the provisions of national law do not set any maximum limits on the permitted increase in the value of the reference index and in the amount of the margin during the lifetime of the agreement, and the maximum interest rate permitted under provisions of national law governing maximum contractual interest rates may be changed throughout the lifetime of the agreement.

- Case C-630/25 against PKO BP SA (agreement concluded before the effective date of the BMR and the mortgage loan act) – the Court asks whether the requirement under Directive 93/13 to phrase the provisions of an agreement in a simple and understandable way requires the bank to inform the consumer of the entity which is providing the benchmark forming the basis of the interest rate on the loan and the detailed rules setting out the method for fixing the benchmark (in particular, whether the bank is required to present the consumer with the regulations containing those rules for fixing the benchmark and whether the bank is required to make the consumer aware that that benchmark is calculated on the basis of declarations by a group of banks and not on the basis of actual market transactions). Furthermore, the Court asks whether it is possible to regard as unfair a contractual term setting the interest rate on a loan that uses a benchmark which is calculated on the basis of declarations by a group of banks and is not defined in provisions of national or EU law, with no State authority supervising the manner in which that benchmark is provided, and which does not reflect the actual costs of financing the loan.

Court proceedings concerning claims of investment fund members in connection with the function of investment fund depositary

Up to 31 December 2025, the Bank received in total 197 individual claims and 6 claims in collective proceedings lodged by investment fund members in connection with the function of investment fund depositary (including the investment fund depositary function performed by Raiffeisen Bank Polska S.A.).

The total amount of the claims is PLN 211,221 thousand. The total provisions are PLN 3,739 thousand.

The first two collective claims were filed by members of the Retail Parks Fund of Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych w likwidacji (formerly Fundusz RPF) respectively on behalf of 397 members with claims at PLN 96,221 thousand and on behalf of 181 members with claims at PLN 25,302 thousand.

Other collective claims are to establish the Bank's responsibility for its actions as depositary of the following funds: (3) PSF 2 Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych (filed on behalf of 17 fund members; claims value not specified), (4) PSF Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych (filed on behalf of 81 fund members; claims value not specified) (5) EPEF Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych (filed on behalf of 42 fund members; claims value PLN 128 thousand) and (6) PSF Lease Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych (filed on behalf of 38 fund members; claims value PLN 8,988 thousand).

The claims raised focus in particular on undue performance by Raiffeisen Bank Polska S.A. and subsequently the Bank of obligations to ensure that the net asset value of the fund and the net asset value per investment certificate are calculated in accordance with the law and the investment fund statute and of the obligation to check the compliance of the investment fund with laws governing investment funds and with the statute. The Bank takes the view that the claims of the fund members against the Bank are unfounded.

Up to 31 December 2025, a total of 27 non-final judgments of first instance courts and 2 legally valid judgments were passed:

- 1 legally valid judgment unfavourable to the Bank (in the case of the InMedica fund, the Court awarded PLN 64 thousand to the plaintiff due to incorrect diversification of fund assets);
- 1 legally valid judgment favourable to the Bank (in the case of the InMedica fund, the Court dismissed the claim in its entirety as the criteria of the Bank's liability for damages were not met);
- 27 judgments favourable to the Bank (claims of individual fund members were dismissed as the criteria of the Bank's liability for damages were not met).

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

The institution of free credit sanction 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 free credit sanction expires one year after the execution of the credit agreement.

The first lawsuits related to customers' use of the free credit sanction started to be received by the Bank in 2021. As at 31 December 2025, the Bank received 1,456 lawsuits with a total litigation value of PLN 35,099 thousand.

As at 31 December 2025, the provisions stood at PLN 1,491 thousand.

The Bank disputes the validity of the claims raised in these cases.

The jurisprudence to date is overwhelmingly in favour of the Bank.

Out of all the cases pending against the Bank: 943 are at first instance, 217 are at the second instance stage, while 296 have been finalised.

The use of the free credit sanction is also raised in the Bank's debt enforcement proceedings. As at 31 December 2025, the plea was raised in 64 such cases.

Legal issues concerning the free credit sanction are the subject of numerous preliminary questions referred 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 (C-566/24, C-744/24 and C-473/25),
- the interpretation of the one-year time limit for declaring use of the free credit sanction (C-566/24),
- the scope of the consumer's information on the early repayment procedure (C-566/24, C-831/24) and the consumer's right of withdrawal (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 use of the free credit sanction (C-831/24),
- the application of the free credit sanction in the light of the principle of proportionality (C-566/24, C-831/24, C-684/25),
- the mutual relation of unfair terms of contracts and the free credit sanction (C-429/25, C-684/25) and information obligations of the Court versus the consumer in this regard (C-684/25),
- the admissibility of the free credit sanction where the financial institution formally performed the information obligation but the information provided to consumers was erroneous or unclear (C-473/25),
- the admissible method of phrasing the modification clause on fees and commissions reserved in the agreement and the grounds for the free credit sanction in the case of minor irregularities to this extent which do not affect the consumer's decision to enter into the agreement (case C-684/25).

On 24 October 2024, the Court of Justice (EU) passed 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 ("**Directive 2008/48**") 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.

On 13 February 2025, the CJEU passed its judgment in case C-472/23 concerning the impact of an overstated annual percentage rate of charge (due to terms providing for interest on non-interest costs being declared unfair) on an infringement of the information obligation by the creditor which may result in the application of the free credit sanction, the rules for phrasing of clauses providing the terms of adjusting fees and commissions, the proportionality of national legislation providing for a uniform sanction for each infringement of information obligations. The CJEU ruled that:

1. the fact that a credit agreement refers to an annual percentage rate of charge, which proves to be overstated because certain terms of that agreement are subsequently found to be unfair, does not constitute, in itself, an infringement of the creditor's obligation to provide information which may result in the application of the free credit sanction;
2. the provisions of the loan agreement which provide for a change in the fees paid under the agreement should be worded in a clear and understandable way so that a reasonably well-informed and reasonably observant and circumspect consumer is in a position to ascertain whether circumstances justifying an increase in the costs have arisen and their effect on those costs;
3. the principle of proportionality of sanctions does not preclude national legislation which provides for a uniform penalty in the event of an infringement of the creditor's information obligation, consisting of depriving the creditor of its right to interest and charges, irrespective of the individual level of seriousness of such an infringement, where that infringement is capable of calling into question the possibility for the consumer to assess the extent of his or her liability.

On 9 October 2025, the CJEU passed a judgment in case C-80/24 concerning the admissibility of a claim assignment arising from a consumer credit contract and the obligation of the court to examine the assignment of its own motion to check whether its terms are unfair. The CJEU ruled that Directive 2008/48 does not preclude national legislation that allows a consumer to assign a claim arising from the infringement of a right conferred on him or her to a third party which is not a consumer and that Directive 93/13 must be interpreted as meaning that a national court is not required to examine of its own motion the unfairness of a term in a claim assignment agreement concluded where the dispute does not concern that assignment agreement, but the consumer's claim against that seller or supplier.

The interpretation of the provisions on the free credit sanction is also the subject of legal issues referred for consideration by the Supreme Court, concerning: the obligation of the court to examine of its own motion all circumstances which justify the application of the free credit sanction (including other than those indicated in the content of the declaration submitted by the consumer on the use of the free credit sanction), the interpretation of the one-year time limit for the submission of the declaration on the use of the free credit sanction, the mutual relation of unfair terms and the free credit sanction, as well as the admissibility of interest on non-interest costs and the possibility of applying the free credit sanction on this account (ref. III CZP 3/25 and III CZP 15/25). The Supreme Court has suspended these cases as long as the cases referred by Polish courts to the CJEU are pending.

55. FINANCIAL RISK MANAGEMENT

55.1. Financial instrument strategy

The Bank's core business focuses on financial products offered to customers: retail customers, entrepreneurs and enterprises, public sector and budget institutions, as well as non-bank financial entities. Short-term fixed rate deposits as well as current and savings accounts are the key items of the Bank's liabilities. On the other hand, the Bank's assets comprise such credit products as mortgage loans, cash loans, credit cards, overdrafts, investment and revolving loans, subsidised 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 Bank 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 Bank offers access to financial market instruments to its customers for purposes of hedging market (currency, interest rate, commodity) risk inherent in their core business.

55.2. Credit risk

Credit risk is inherent in the core financial operations of the Bank, 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 Bank Polska S.A. Proof of the key nature of credit risk is its 55.45% share in the total economic capital estimated by the Bank for purposes of covering major risks involved in the Bank's operations, in addition to its 87.28% share in the total value of regulatory capital.

Credit risk management is primarily aimed at implementation of the Bank'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 Bank 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 data as reliable; prudential analyses performed by the Bank 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 Bank;
- credit risk assessment is additionally verified by credit risk assessment personnel, independent of business units;
- 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 into 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 in its statutory operations, which is appropriately defined and managed.

The Management Board assesses the concentration risk management 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 process is reviewed if any material changes are observed in the Bank's environment or if the risk management strategy is modified. The appropriate assessment of the concentration risk of the Bank is highly dependent on correct identification of all key concentration risks.

In justified cases, the Bank 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 Bank 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 Bank'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 diversification of the loan portfolio and mitigation of negative effects of adverse changes in the economy.

A significant concentration area (aspect) is one whose share in the Bank'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 Regulation No 575/2013: An institution shall not incur an exposure to a customer or group of connected clients the value of which exceeds 25 % of its Tier 1 capital, after taking into account the effect of the credit risk mitigation in accordance with Articles 399 to 403. Where that client is an institution or an investment firm, or where a group of connected clients includes one or more institutions or investment firms, that value shall not exceed 25 % of the institution's Tier 1 capital or EUR 150 million, whichever is higher, provided that the sum of exposure values, after taking into account the effect of the credit risk mitigation in accordance with Articles 399 to 403, to all connected clients that are not institutions or investment firms, does not exceed 25 % of the institution's Tier 1 capital.

As at 31 December 2025, the limits set out in Article 395 of the Regulation No. 575/2013 with respect to BNP Paribas S.A Group entities were not exceeded, the Bank's exposure represented 11.45% of Tier 1 capital on a separate 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 19.93% of Tier 1 capital on a separate basis.

Concentration risk tolerance in the Bank is determined by a system of internal limits, including both assumed development directions and growth rate of the Bank's business, an acceptable level of credit risk and liquidity risk, 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 Bank's internal rating scale);
- exposures with a specified debt-service-to-income ratio;
- exposures with a specified loan-to-value ratio.

Measures that limit the Bank's exposure to concentration risk may include systemic measures and one-off / specific decisions 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 concentration risk limits;
- diversification of asset types at the level of the Bank's statement of financial position;
- change of business strategy to ensure prevention of excessive concentration;
- diversification of accepted collateral types.

The Bank's concentration risk mitigation measures which are single/specific decisions and transactions include the following:

- reduction of further transactions with a given customer or a group of related customers;
- sale of selected assets/loan portfolios;
- securitisation of assets;
- establishing 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 of the Bank's credit exposures to institutional customers. The Bank defines industries based on the Polish Classification of Business Activities. The structure of the Bank's exposure to industries analysed as at 31 December 2025 shows concentration towards the following industries: Agriculture, Forestry, Hunting and Fishing, and Industrial Processing. As at 31 December 2025, the share of Industrial Processing increased by 0.3 p.p. compared to 31 December 2024, i.e. to 21.0%, while the share of Agriculture, Forestry, Hunting and Fishing decreased by 2.9 p.p. compared to 31 December 2024 and amounted to 14.5% of industry exposure.

The table below shows the breakdown of loans measured at amortised cost and those measured at fair value through profit or loss by industry of activity (gross balance sheet value at 31 December 2025 and 31 December 2024).

	Gross balance sheet value*	Gross balance sheet value*	Share of impaired loans	Share of impaired loans
Industry	31.12.2025	31.12.2024	31.12.2025	31.12.2024
INDIVIDUAL CUSTOMERS	34,428,411	32,858,354	2.0%	2.3%
CORPORATE CUSTOMERS:	54,827,829	51,115,701	3.1%	3.8%
AGRICULTURE, FORESTRY, HUNTING AND FISHING	7,975,070	8,895,844	3.8%	4.8%
MINING AND QUARRYING	27,401	24,514	0.6%	0.0%
MANUFACTURING	11,506,942	10,595,802	6.0%	6.2%
ELECTRICITY, GAS, STEAM, HOT WATER AND AIR CONDITIONING SUPPLY	1,373,526	955,262	0.2%	0.2%
WATER SUPPLY; SEWERAGE, WASTE MANAGEMENT AND REMEDIATION ACTIVITIES	90,155	89,439	13.8%	2.6%
CONSTRUCTION	2,224,152	1,875,345	4.6%	7.7%
WHOLESALE AND RETAIL TRADE; REPAIR OF MOTOR VEHICLES AND MOTORCYCLES	6,987,633	6,656,805	3.5%	4.1%
TRANSPORTATION AND STORAGE	2,038,296	2,172,938	2.0%	2.2%
ACCOMMODATION AND FOOD SERVICE ACTIVITIES	341,751	294,010	7.8%	15.6%
INFORMATION AND COMMUNICATION ACTIVITIES	2,760,722	2,524,501	0.4%	0.5%
FINANCIAL AND INSURANCE ACTIVITIES	5,420,069	5,734,522	0.1%	0.2%
REAL ESTATE ACTIVITIES	6,148,620	5,712,575	3.3%	3.7%
PROFESSIONAL, SCIENTIFIC AND TECHNICAL ACTIVITIES	2,687,717	2,978,438	1.0%	2.4%
ADMINISTRATIVE AND SUPPORT SERVICE ACTIVITIES	3,690,554	1,338,643	0.5%	1.2%
PUBLIC ADMINISTRATION AND DEFENCE, COMPULSORY SOCIAL SECURITY	166,957	57,507	0.0%	0.0%
EDUCATION	150,743	66,233	4.8%	4.1%
HUMAN HEALTH AND SOCIAL WORK ACTIVITIES	1,086,590	1,051,135	1.5%	1.7%
ARTS, ENTERTAINMENT AND RECREATION ACTIVITIES	60,480	8,081	5.9%	8.1%
OTHER ACTIVITIES	90,451	84,107	3.6%	5.2%
Total	89,256,240	83,974,055	2.7%	3.2%

*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 Bank manages the risk of collateral concentration. For this purpose, the Bank introduced limits on the share of particular types of collateral, ensuring their appropriate diversification. As at 31 December 2025, 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, with the exception of critical values for industries, 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-bank customers, and large businesses (customers of the CIB, Corporate Banking Segment) at 4% of the total deposit balance of non-bank 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.

As at 31 December 2025 and as at 31 December 2024, the critical values for deposit concentration were not exceeded.

Maximum exposure to credit risk

The table below presents the Bank'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.

31.12.2025		
Assets	Maximum exposure to credit risk – no collateral included	Maximum exposure to credit risk – collateral included
Cash and balances at Central Bank	10,225,208	10,224,866
Amounts due from banks	11,526,070	11,524,131
Derivative financial instruments	2,359,460	2,359,460
Fair value adjustment of hedged and hedging items	345,550	345,550
Loans and advances to customers measured at amortised cost	88,970,057	86,786,401
Loans and advances to customers measured at fair value through profit or loss	286,183	286,183
Securities measured at amortised cost	36,185,060	36,180,626
Securities measured at fair value through profit or loss	240,409	240,409
Securities measured at fair value through other comprehensive income	24,719,802	24,719,802
Other financial assets	682,846	643,456
Total assets	175,540,645	173,310,884
Total contingent liabilities	39,191,098	39,035,911
Total exposure to credit risk	214,731,743	212,346,795

31.12.2024		
Assets	Maximum exposure to credit risk – no collateral included	Maximum exposure to credit risk – collateral included
Cash and balances at Central Bank	11,325,949	11,325,551
Amounts due from banks	7,789,824	7,789,297
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	83,521,549	81,189,258
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	320,925	320,925
Securities measured at fair value through other comprehensive income	23,027,454	23,027,454
Other financial assets	1,028,703	961,750
Total assets	162,506,568	160,102,065
Total contingent liabilities	34,611,132	34,454,271
Total exposure to credit risk	197,117,700	194,556,336

Exposure to credit risk by credit quality rating

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:

31.12.2025

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	26,473	508	-	7	26,988	26,974
3	4,296,223	101,110	-	-	4,397,333	4,393,716
4	7,038,497	29,817	-	151	7,068,465	7,050,222
5	10,399,331	194,318	-	1,100	10,594,749	10,548,327
6	17,645,972	982,211	-	2,319	18,630,502	18,520,526
7	7,200,041	1,693,787	-	2,449	8,896,277	8,741,379
8	480,327	1,915,333	-	1,939	2,397,599	2,202,333
9	20,965	535,455	-	1,257	557,677	483,463
10	-	221,530	-	219	221,749	186,800
11 to 12	-	-	1,631,959	75,433	1,707,392	829,794
no rating	43,050	-	-	-	43,050	43,050
Total	47,150,879	5,674,069	1,631,959	84,874	54,541,781	53,026,584

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	25,880	1,016	-	-	26,896	26,779
3	3,967,698	-	-	-	3,967,698	3,966,881
4	4,036,999	18,753	-	185	4,055,937	4,042,542
5	8,899,459	412,965	-	622	9,313,046	9,270,910
6	16,970,145	845,127	-	3,330	17,818,602	17,716,773
7	8,246,500	1,622,915	-	1,438	9,870,853	9,727,003
8	888,004	1,830,106	-	295	2,718,405	2,581,666
9	7,199	452,071	-	1,132	460,402	415,674
10	-	446,467	-	1,032	447,499	355,314
11 to 12	-	-	1,846,331	72,993	1,919,324	926,423
no rating	64,794	-	-	-	64,794	64,794
Total	43,106,678	5,629,420	1,846,331	81,027	50,663,456	49,094,759

*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 retail customers. The Bank 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 Bank's customers are assigned ratings from 1 (customers for whom the Bank identifies the lowest credit risk) to 12 (customers for whom the Bank identifies the highest credit risk). In order to assign ratings, the annual financial data provided by the customer and the general quality assessment of its market situation are used.

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 is presented in the tables below.

31.12.2025

Structure of overdue loan portfolio (net balance sheet value)	not impaired				impaired	Total
	0 days	1-30 days	31-60 days	61-90 days		
Overdraft	35,191,300	1,140,705	24,758	11,952	572,613	36,941,328
Investment loans	18,702,827	540,562	8,896	687	274,438	19,527,410
Mortgage loans for retail customers	20,946,527	62,118	4,752	1,383	94,459	21,109,239
Other loans	9,248,244	28,592	2,543	907	130,641	9,410,927
Lease receivables	79,095	-	-	-	4,585	83,680
Total	84,167,993	1,771,977	40,949	14,929	1,076,736	87,072,584

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		
Overdraft	31,294,073	2,191,968	28,600	10,298	571,444	34,096,383
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	8,919,593	45,316	3,140	961	144,911	9,113,921
Lease receivables	117,509	-	-	-	7,380	124,889
Total	77,701,373	2,668,854	42,048	16,354	1,213,135	81,641,764

* 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 DSTI (debt service to income) 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 DSTI following the requirements of Recommendation S. The Bank monitors the level of DSTI during annual credit policy reviews, as well as in dedicated ad hoc analyses.

As at 31 December 2025, 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 imposed on Russia and Belarus, the Bank analysed credit exposures directly related to these countries and, on this basis, did not identify significant exposures in the corporate and retail portfolios.

At the same time, the Bank monitors the situation of customers on an ongoing basis with a view to protecting the loan portfolio and maintaining its high quality. Preventive actions taken in Q1 2022 are continued. As part of these activities, institutional customers are analysed if their 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,
- exposed to a more restrictive US trade policy.

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 energy and material costs in operating expenses and the share of imports in operating expenses 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.

To assess the impact of customs tariffs imposed by the USA, the Bank performed a sector analysis based on public data of exports to the USA. The analysis identified sensitive sectors which were divided into 4 categories: high impact, relatively high impact, relatively low impact, low impact.

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.

Collateral

Description of collateral held or other mechanisms that improve the credit quality

The Bank assesses the creditworthiness of each customer on an individual basis. The value of collateral obtained, if it is deemed necessary by the Bank due to the granting of a loan, is subject to valuation by the Bank.

The Bank 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 collateral on the valuation of exposure with identified impairment (loans measured at amortised cost and at fair value through profit or loss)*

31.12.2025	Gross value with impairment	Collateral value	Net value with impairment
Loans and advances for:			
Non-bank financial entities	3,092	386	766
Retail customers	676,680	280,801	227,647
Corporate customers:	1,715,774	1,311,709	843,738
including individual farmers	279,942	235,757	134,138
Lease receivables	7,867	-	4,585
Total gross loans and advances	2,403,413	1,592,896	1,076,736
Allowances (negative value)	(1,326,677)		
Total net loans and advances	1,076,736		

31.12.2024	Gross value with impairment	Collateral value	Net value with impairment
Loans and advances for:			
Non-bank financial entities	9,279	4,182	2,020
Retail customers	739,323	337,749	260,182
Corporate customers:	1,911,785	1,450,456	943,553
including individual farmers	422,509	368,496	183,525
Lease receivables	24,894	-	7,380
Total gross loans and advances	2,685,281	1,792,387	1,213,135
Allowances (negative value)	(1,472,146)		
Total net loans and advances	1,213,135		

*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 Bank's collateral policy.

Mortgage loans in foreign currencies and denominated in foreign currencies

The total gross balance sheet value of retail mortgage loans in foreign currencies is PLN 272,724 thousand, which accounts for less than 1% of the Bank's loan portfolio to the non-financial sector (gross carrying amount), a major part of which (93%) are loans in CHF (the Swiss franc).

The Bank 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 with the gross balance sheet value of individual LTVs.

The total on-balance sheet exposure and the average LTVs for retail mortgage loans in foreign currencies by impairment and days past due is presented below:

days past due	gross balance sheet value	average LTV weighted with gross balance sheet value
0-30 days	175,348	55.40%
31-60 days	730	50.36%
61-90 days	620	61.53%
over 90 days	96,026	89.29%
Total	272,724	65.83%

impairment identified	gross balance sheet value	average LTV weighted with gross balance sheet value
NO	173,462	55.06%
YES	99,262	88.71%
Total	272,724	65.83%

The average current LTV for the entire foreign currency retail mortgage loan portfolio was 65.83%, while the average current LTV for loans in PLN was 48.17%.

Exposure structure and average current LTV by loan granting year (retail 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 balance sheet value	gross balance sheet value*
2005 and earlier	658	11,182	34.86%	8,975
2006	1,483	47,196	50.02%	32,962
2007	1,410	66,700	66.76%	46,171
2008	1,532	110,017	80.70%	63,136
2009	149	11,903	42.68%	8,485
2010 and later	110	25,726	45.83%	13,734
Total	5,342	272,724	65.83%	173,462

*non-impaired loans

Forbearance practice

The Bank treats its exposures as forbore if the debtor is provided with facilities due to economic reasons (financial difficulties), including any facility granted for exposures with identified impairment triggers. In case a facility 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. capitalisation 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;
- currency conversion of an existing loan;
- 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.

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, where such difficulties may occur in the future.

For retail customers, non-reporting individual farmers and companies with simplified accounting, an event of financial difficulties is identified where:

- the exposure is subject to debt enforcement; or
- the exposure is not subject to debt enforcement 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:

- customer with default status, or
- customer with indicated rating meeting defined financial criteria.

The Bank also has dedicated criteria regarding financial difficulty for customers from the Real Estate segment.

A material economic loss is defined by the Bank as a decrease of present value of expected cash flows, resulting from facilities granted, equal or higher than 1%. The decrease of the present value is calculated in accordance with the formula below:

$$\frac{NPV_0 - NPV_1}{NPV_0}$$

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, the original interest rate for the purpose of assessing the significance of economic loss is the average EIR weighted with the gross balance sheet exposure at the moment of granting the facility.

The change in the present value of expected cash flows is calculated at the level of single exposure.

In justified cases resulting from complex restructuring measures for a given customer (e.g. priority repayment of loans with a collateral of a low value), it is permissible to calculate NPV at the level of a customer.

The forbore 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 more than 30 days past due;
- the debtor has been making regular and considerable payments for at least a half of the trial period.

The forbore status is revoked in accordance with the aforementioned conditions, while the extension of the period of exit from forbore status requires a credit decision by the competent credit decision-makers; in other cases the status is revoked automatically.

31.12.2025

Forborne exposures	Total portfolio	including forbearance exposures	including change of terms	including refinancing
Loans and advances for:	89,256,240	1,379,016	1,343,098	35,918
Non-bank financial entities	6,122,520	275	227	48
Retail customers	34,428,411	213,431	206,700	6,731
Corporate customers:	48,390,652	1,165,310	1,136,171	29,139
including individual farmers	7,544,080	183,137	182,458	679
Public sector entities	218,025	-	-	-
Lease receivables	96,632	-	-	-
Impairment losses on loans and advances for:	(2,183,656)	(548,417)	(539,512)	(8,905)
Non-bank financial entities	(48,348)	(80)	(78)	(2)
Retail customers	(668,459)	(97,747)	(95,376)	(2,371)
Corporate customers:	(1,452,913)	(450,590)	(444,058)	(6,532)
including individual farmers	(249,325)	(51,424)	(51,419)	(5)
Public sector entities	(984)	-	-	-
Lease receivables	(12,952)	-	-	-
Total net loans and advances	87,072,584	830,599	803,586	27,013

31.12.2024

Forborne exposures	Total portfolio	including forbearance exposures	including change of terms	including refinancing
Loans and advances for:	83,974,055	1,628,369	1,577,130	51,239
Non-bank financial entities	6,484,263	406	246	160
Retail customers	32,858,353	289,466	282,886	6,580
Corporate customers:	44,411,619	1,338,497	1,293,998	44,499
including individual farmers	8,174,363	242,870	241,424	1,446
Public sector entities	67,960	-	-	-
Lease receivables	151,860	-	-	-
Impairment losses on loans and advances for:	(2,332,291)	(537,219)	(523,464)	(13,755)
Non-bank financial entities	(28,960)	(184)	(158)	(26)
Retail customers	(763,594)	(113,192)	(110,460)	(2,732)
Corporate customers:	(1,512,250)	(423,843)	(412,846)	(10,997)
including individual farmers	(361,727)	(86,081)	(86,041)	(40)
Public sector entities	(516)	-	-	-
Lease receivables	(26,971)	-	-	-
Total net loans and advances	81,641,764	1,091,150	1,053,666	37,484

Country risk

Under credit risk, the Bank additionally distinguishes country risk, which covers all risks related to conclusion of financial agreements with foreign parties, where it is possible that economic, social or political events will have an adverse effect on creditworthiness of the Bank's debtors in that country or where intervention of a foreign government could prevent the debtor (which could also be the government itself) from meeting its 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 31 December 2025, 83% 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 12% and the remainder (5%) was foreign trade transactions (letters of credit and guarantees). France accounted for 40% of exposures, Italy 15%, the USA 13%, Luxembourg 7%, the Netherlands and Germany 6% each, Spain 5%, and Austria 2%. The remaining exposures were concentrated in Belgium, Turkey and the Czech Republic.

The Bank had no material credit exposures in Russia, Ukraine, and Belarus.

55.3. Counterparty risk

Counterparty risk is the credit risk concerning counterparty transactions in case of which the amount of liability may change in time depending on market parameters. Therefore, counterparty risk is related to transactions in 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 meet 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 settlement dates.

As at 31 December 2025, 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 means 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 set out 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.

As at 31 December 2025, the Bank's exposure to counterparty risk due to concluded derivative transactions was PLN 2.6 billion (PLN 3.2 billion as at 31 December 2024). Corporate customers accounted for 77% of the exposure, while the remaining 23% were banks.

In connection with the ongoing war in Ukraine and the economic sanctions imposed on 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 customers 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 customers 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 has not observed significant changes in the materialisation of counterparty risk.

55.4. Interest rate risk in the banking book (ALM Treasury)

The banking book of BNP Paribas Bank Polska S.A. is composed of two parts. The first one is the ALM portfolio where structural interest rate, currency and liquidity risks are managed, resulting from the structure of the statement of financial position determined by the core lending, deposit and investing operations of the Bank. On the other hand, the Treasury portfolio is used for daily and short-term liquidity management. It is also used by the Bank for purposes of performing its investing activities as well as concluding hedging transactions in 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 (including equity, property, plant and equipment, 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 Bank'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 Bank 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 Bank's profit to changes in market factors, while 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 Bank'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-term deposits and interest-free accounts.

The adjusted interest rate gap, net interest income sensitivity, and economic capital sensitivity are the key measures of 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 where 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 market interest rates;

- e) for the portfolio of impaired loans - for net values (decreased by the created provisions) - the average contractual maturity for unimpaired exposures (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 book, the Bank 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 Bank hedges a significant portion of them with long-term positions (bonds, interest rate swaps). Regarding other commercial items, the Bank aims to hedge interest rate risk.

For interest rate risk models, the Bank follows the provisions of Recommendation W regarding verification of the model, 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 a stable part and a variable part, which is assigned to the ON tenor 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 non-structural 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 Bank are used. Prepayments are analysed separately for individual types of loans (cash, car, fixed-rate mortgage, floating-rate mortgage) 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 Bank maintains an interest rate risk management approach for its banking book. Medium and long-term interest rate positions are hedged with IRS transactions and fixed rate bonds. Short-term positions are hedged using FRA/IRS transactions.

Utilisation of the interest rate limits in 2025 and 2024 was stable.

The tables below present the Bank's adjusted interest rate gap as at 31 December 2025 and 31 December 2024 (PLN'000)* on a separate basis:

31.12.2025

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	10,224,866	-	-	-	-	10,224,866
Amounts due from banks	11,503,131	-	21,000	-	-	11,524,131
Loans and advances to customers	26,756,087	30,063,670	13,534,466	13,956,460	1,693,267	86,003,950
Investment securities	2,295,000	2,758,540	4,022,134	30,890,999	20,795,741	60,762,414
Other assets	1,228,287	62,173	279,780	1,492,161	746,080	3,808,481
Total assets:	52,007,371	32,884,383	17,857,380	46,339,620	23,235,088	172,323,842
Amounts due to banks	(3,157,959)	(2,735,448)	(30,000)	-	-	(5,923,407)
Amounts due to customers	(51,035,138)	(24,027,571)	(24,726,078)	(27,216,481)	(14,019,654)	(141,024,922)
Other amounts due	(4,184,433)	(650,000)	-	-	-	(4,834,433)
Capital	92,057	(357,526)	(4,334,217)	(8,580,629)	(4,290,314)	(17,470,629)
Other liabilities	(4,738,000)	-	-	-	-	(4,738,000)
Total liabilities:	(63,023,473)	(27,770,545)	(29,090,295)	(35,797,110)	(18,309,968)	(173,991,391)
Net off-balance sheet liabilities	1,821,830	(3,149,021)	3,649,356	(1,758,185)	(363,380)	200,600
Interest rate gap	(9,194,272)	1,964,817	(7,583,559)	8,784,325	4,561,740	(1,466,949)

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 banks	7,789,297	-	-	-	-	7,789,297
Loans and advances to customers	26,113,246	29,530,857	12,127,734	11,366,965	1,662,566	80,801,368
Investment securities	5,000,500	1,631,966	5,652,493	24,559,201	19,089,847	55,934,007
Other assets	1,109,988	68,224	307,010	1,637,387	818,693	3,941,302
Total assets:	51,338,582	31,231,047	18,087,237	37,563,553	21,571,106	159,791,525
Amounts due to banks	(2,559,777)	(6,209,884)	(408,339)	-	-	(9,178,000)
Amounts due to customers	(45,758,869)	(21,167,558)	(26,994,386)	(23,924,339)	(12,875,493)	(130,720,645)
Capital	(1,828,788)	(309,232)	(1,391,543)	(7,421,564)	(3,710,782)	(14,661,909)
Other liabilities	(5,195,698)	-	-	-	-	(5,195,698)
Total liabilities:	(55,343,132)	(28,336,674)	(28,794,268)	(31,345,903)	(16,586,275)	(160,406,252)
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	(5,872,817)	(2,896,209)	(5,891,156)	12,041,900	2,416,077	(202,205)

*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.

Estimated decreases or increases in the net interest income for the banking book between 1 and 3 years, resulting from changes in market interest rates, are the measure of its sensitivity. For risk management and control purposes, the Bank 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 stressed 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 no shift between deposit products, is presented in the tables below.

Immediate shift in interest rates for all currencies by 100 bps:	31.12.2025	31.12.2024
increase	345,110	313,080
decrease	(352,540)	(316,630)

Sensitivity of net interest income by main currencies:

Immediate shift in interest rates by 100 bps:	PLN	EUR	USD	CHF
increase	232,280	88,354	20,810	(1,426)
decrease	(239,918)	(88,354)	(20,810)	1,622

Thanks to the medium- and long-term investments of the structural elements, the Bank's supervisory outlier test of net interest income sensitivity (SOT NII) remains below 5% of Tier1 capital. As at 31 December 2025, SOT NII stood at -4.49%. 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. As at 31 December 2025, the maximum SOT EVE was -6.32%.

In terms of base risk, the Bank analyses positions based on different types of rates with the same interest rate repricing date. The largest potential change in the Bank'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 1,020 thousand.

The war in Ukraine did not affect the method of managing the interest rate risk in the banking book.

Impact of the benchmark reform on BNP Paribas Bank Polska S.A.

In connection with a plan to replace the WIBOR interest rate benchmark with a new reference index, the Polish Financial Supervision Authority established, at the request of financial market participants, a National Working Group ("NWG"). The work of the NGR is supervised and coordinated by the NWG Steering Committee.

According to the NWG Steering Committee's communication of 25 October 2023, the conversion to the new benchmark will take place at the end of 2027.

Following a 2024 review and analysis of benchmarks alternative to WIBOR, the NWG Steering Committee identified POLSTR as the target benchmark on 18 December 2024. POLSTR represents the average interest rate weighted with the volume of O/N deposit transactions in PLN on the wholesale money market defined as the market of unsecured deposits made by credit institutions and financial institutions.

The POLSTR administrator within the meaning of Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 (BMR) is a subsidiary of the Warsaw Stock Exchange, GPW Benchmark S.A., entered in the register of the European Securities and Markets Authority. POLSTR is expected to become a critical interest-rate benchmark within the meaning of the BMR.

The Roadmap ("Roadmap") for the replacement of WIBOR and WIBID reference rates, updated by the NWG Steering Committee on 28 March 2025, provides for the definition of standards for the use of POLSTR in banking products, debt instruments and derivatives and for a wide use of POLST on the Polish financial market.

On 2 June 2025, GPW Benchmark S.A. started to publish POLSTR and POLSTR-based compound indices: the single-base index and historical compound indices for 1M, 3M and 6M. On 1 September 2025, POLSTR was granted benchmark status under the BMR requirements.

On 30 September 2025, GPW Benchmark S.A. announced cessation of the provision and publication of selected WIBID and WIBOR reference rates:

- Overnight (O/N) – as of 1 October 2026,
- Tomorrow/Next (T/N) – as of 22 December 2025,
- 2 weeks (2W) - as of 22 December 2025,
- WIBOR 1 year (1Y) as of 22 December 2025 based on the existing method, but from 22 December 2025 to 21 December 2026, WIBOR 1Y is determined under the algorithmic method based on WIBOR 3M and an adjustment spread.

The communication also referred to the 1 week (SW) tenor which is calculated as of 22 December 2025 as an index within the meaning of the BMR. The calculated SW values cannot be used or applied in financial contracts and instruments as a benchmark within the meaning of the BMR.

On 21 November 2025, the Ministry of Finance completed the first issue of Treasury bonds based on POLSTR, which is a key milestone under the Roadmap. According to the recommended benchmark use standards, the interest rate on the bonds is based on a compound interest rate calculated separately for each business day of the interest period.

The regulatory event triggers are planned to be verified in 2026.² According to the assumptions, the occurrence of a regulatory event will cause the Minister of Finance to issue a Regulation identifying a replacement to the critical benchmark WIBOR. The Regulation of the Minister of Finance will apply to financial contracts and instruments which are not subject to contractual conversion. The Roadmap provides for readiness to cease the provision and publication of WIBID and WIBOR as of the beginning of 2028.

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 includes 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. Following the decisions of the NGR Steering Committee on Reference Indicator Reform, the Bank withdrew the WIRON / WIRON compound rate from the Bank's product offering.

As at 31 December 2025, the Bank identified:

- WIBOR-based financial assets in PLN million by index tenor:

ON	1W	1M	3M	6M	1Y	Total
432	29	13,216	29,765	10,767	14	54,223

² Defined in Article 23c(1) of Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014

- WIBOR-based financial liabilities in PLN million by index tenor:

ON	1W	1M	3M	6M	1Y	Total
5,357	65	4,118	3,372	2	0	12,914

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 2,355 million, of which PLN 2,355 million under fair value hedge accounting, and based on WIBOR 6M with a total nominal value of PLN 12,538 million, of which PLN 11,788 million under hedge accounting.

The Bank also had financial assets based on POLSTR of PLN 95 million.

In the Bank's view, establishing an appropriate method for determining the spread adjustment and its application, the development of an effective derivatives market, and the issuance of Treasury debt based on the new benchmark are critical elements of the Roadmap. The Bank expects that the implementation of the Roadmap will largely mitigate risks which may materialise during the reform including:

- high uncertainty regarding the valuation of on-balance sheet and off-balance sheet items,
- early closure of IRS contracts by central counterparties 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.

At present, it is not possible to identify any rationale for cessation of the publication of EURIBOR. Thus, the flows resulting from this benchmark are exchanged between the counterparties under the current rules.

55.5. Market risk (interest rate risk in the trading book and currency risk)

Market risk management organisation

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 currency risk, the Bank is sensitive to changes in market interest rates, foreign exchange rates, securities prices and implied volatility of options leading to changes in the result on measurement of the present value of financial instruments. 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 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 authorisations and place of each organisational 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 the trading book in line with the defined market risk limits, including limits related to interest rate in the trading book and currency risk, which is managed at a centralised level for the entire Bank. The Integrated Risk Management Division is in charge of measuring and reporting risk and limit exceedances. Additionally, the Integrated Risk Management Division ensures that financial instruments are measured properly. The management result is calculated by the Financial Market Transactions Monitoring Department, while transactions are recorded and settled by the Financial Market Transactions Processing Department. The system of limit exceedance acceptance is hierarchical. It depends on the period of an exceedance 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 exceedance. Irrespective of the process, all limit exceedances 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-bank 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 positions in the commodity market.

As part of the interest rate risk exposure, which is the key exposure in the trading book, the Bank could enter into IRS, OIS, CIRS, FRA and basis swap transactions and purchase and sale of foreign currency options and interest rate options. Interest rate risk was also determined by positions resulting from FX Swap and FX Forward transactions.

Throughout 2025, as part of internal risk limits, the Bank maintained an open option position in order to optimise the result, i.e. generate additional benefits due to the lack of immediate closing of customer positions by opposite transactions on the interbank market. The priority of the Bank is to hedge 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 interest rate risk in the trading book. Additionally, the Bank conducts sensitivity analyses using stressed conditions, 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 2025 in absolute terms (average PLN -2 thousand) than in 2024 (-PLN 17 thousand).

The table below shows interest rate risk in the trading book in terms of BPV (Basis Point Value, in PLN'000).

BPV*	31.12.2025		31.12.2024	
	PLN	EUR	PLN	EUR
31.12.	(20)	(65)	11	25
average	(2)	(47)	(17)	(14)
max	55	34	51	28
min	(74)	(99)	(69)	(62)

*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 sensitivity to a 1 basis point movement in interest rate curves and to currency risk in 2025 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 29% of the allocated limit (compared to 35% a year earlier).

Currency risk

The Bank, while measuring 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 back-testing period covers the last 250 business days. The VaR model was back-tested in 2025 and the results indicate that there is no necessity to make any adjustments.

Foreign currency transactions used for management of the Bank's currency position were characterised by a stable exposure and a low risk. The risk resulting from foreign currency transactions with customers was hedged on the inter-bank market. The level of risk exposure was maintained at a low level, i.e. around 11% 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 table below presents currency risk of the Bank expressed as FX VaR (in PLN'000):

	31.12.2025	31.12.2024
FX VaR*		
average	273	315
max	1,693	1,600
min	25	21

*The Bank uses a historical exponential method which assumes a confidence level of 99% and a one-day holding period of positions

The table below presents the currency structure of assets and liabilities in their balance sheet value expressed in PLN'000:

Currency position items	31.12.2025		31.12.2024	
	Assets	Liabilities	Assets	Liabilities
USD	5,657,786	6,187,279	7,229,614	6,060,130
GBP	133,403	478,217	86,456	467,064
CHF	200,505	2,006,307	350,226	2,521,591
EUR	37,331,427	30,239,785	29,394,845	24,778,317
Other currencies	111,360	197,293	84,913	224,739
PLN	132,875,653	137,201,253	125,941,447	129,035,660
Total	176,310,134	176,310,134	163,087,501	163,087,501

55.6. Liquidity risk

Risk management process organisation

The Bank's comprehensive liquidity management system covers both immediate (intraday) and future (current, short-term, as well as structural medium- and long-term) liquidity. Risk is managed by the Bank by building the balance sheet and the financing structure reflected in the financial statements 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 stressed conditions.

The Bank ensures separation and independence of its operations, risk management, control and reporting functions. In particular, transactions with counterparties and customers are entered into by the business lines, 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.

The liquidity risk limits adopted by the Bank reduce its exposure to this type of risk. Risk is monitored and controlled based on documents adopted by resolutions of the Bank's Management Board and a circular letter of the Vice-President of the Management Board (risk measurement and monitoring policy and methodologies), developed in compliance with the guidelines set out in Recommendation P of the Polish Financial Supervision Authority and 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 supports optimisation 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.

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, 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 based on periodic information and current reports.

In compliance with the requirements of Recommendation P, the Bank conducts numerous analyses verifying its ability to maintain liquidity in crisis situations. Stress tests cover comprehensive scenarios considering internal and systemic factors and combining different variants with possible interactions. Stress test results are taken into account in determining liquidity limits. The Bank has a comprehensive contingency plan in place. It covers various scenarios along with action plans for liquidity crises in the Bank and in the banking system as a whole. Stress test results are correlated with the contingency plan and reaching defined warning levels triggers the contingency plan.

Risk measures

The Bank 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), the contractual liquidity gap and the liquidity gap adjusted 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 business line, and simulation analyses are performed. Furthermore, the Bank analyses the costs of the deposit base with a view to optimising the liquidity buffer and the use of such tools as the liquidity margin or pricing policy.

The external measures include supervisory long- and short-term liquidity ratios: the liquidity coverage ratio (LCR), as defined in 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 Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No. 575/2013 and developed in line with 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 Liquidity Contingency Plan. These allow, when warning levels are reached, to introduce remedial actions and restore the Bank's safety in terms of liquidity across all tenors.

Liquidity risk profile

In 2025, the Bank's financial liquidity was maintained at a safe level. The Bank's funds were sufficient for payment of all its liabilities upon maturity. The portfolio of the most liquid securities was maintained at a high level which was sufficient to offset a potential outflow of funds placed with the Bank by the major depositors in whole.

2025 was another year of the war in Ukraine, but the situation required no specific liquidity management measures by the Bank. The Bank maintained on its portfolio government bond and bonds 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 with the business lines through regularly held meetings and consultations discussing the liquidity situation and the behaviour of customers.

As at 31 December 2025, the Bank's surplus liquidity was at the level of PLN 78 billion:

	31.12.2025	31.12.2024
Balances at Central Bank (above the mandatory reserve requirement)	5,639,148	4,464,719
Cash at other banks up to 30 days	11,502,379	7,599,214
Highly-liquid securities*	61,140,837	51,786,398
Surplus liquidity up to 30 days	78,282,364	63,850,331

*amount of securities according to valuation

The liquidity surplus increased compared to the end of 2024, mainly due to a significant increase in highly liquid securities and an increase in funds in other banks held up to 30 days (nostro accounts), and the Bank had a higher surplus over the required reserve requirement at the turn of the year.

	31.12.2025	31.12.2024	limit
Liquidity Coverage Ratio (LCR)	279%	234%	100%

In 2025, the Bank continued to optimize its funding sources, the aim of which is to reduce the unnecessary, and at the same time costly and unstable surplus of financing from non-bank customers. The Bank also replaced some of the loans (EUR 100 million, CHF 150 million, PLN 2,300 million) with issues of own bonds in the amount of EUR 990 million. As a result of these operations, the total value of medium and long-term loans from the BNPP Group and its subsidiaries increased slightly.

The stability of the Bank's funding sources remained at a slightly lower level throughout 2025 compared to the previous year.

	31.12.2025		31.12.2024	
	balance	stable (%)	balance	stable (%)
long-term loans from the Group	8,232,061	100%	7,458,669	100%
other long-term loans	450,000	100%	450,000	100%
retail	59,183,277	97%	55,180,605	97%
corporates	82,171,790	91%	75,191,081	92%
banks and other unstable sources	8,802,376	0%	6,944,218	0%
Total	158,839,504	88.6%	145,224,573	89.9%

The stability of the individual components of the Bank's funding is calculated based on the sources of financing: wholesale funding in the form of loans or own issue instruments is assessed according to its contractual maturity, and therefore its stability is assumed to be 100%. Customer funding is calculated based on the weighted average stability of individual sources by business line, product and currency, in accordance with the liquidity models for Customer funding approved by the Bank. These models are built on the behavioural characteristics of specific Customer segments, for the products and currencies in which those products are offered. This means that the stability of current account balances is analysed separately for retail and corporate Customers, and separately for savings accounts and term deposits. Based on the share of individual products and currencies within each business line as at the reporting date, a weighted average is determined for the pool of funds received from non-bank Customers.

Inflows and outflows expected under agreements concluded by the Bank, presented as contractual liquidity gap*

31.12.2025

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	13,037,467	2,268,917	11,269,287	33,893,028	25,535,322	86,004,020
Debt securities	2,200,000	100,540	638,134	36,402,999	21,420,741	60,762,414
Interbank deposits	11,502,379	-	21,000	-	-	11,523,379
Cash and balances at Central Bank	5,639,148	-	-	-	4,585,718	10,224,866
Fixed assets	-	-	-	-	947,435	947,435
Other assets	1,037,649	-	-	-	1,856,064	2,893,714
Off-balance sheet liabilities: derivatives	10,638,265	4,238,727	13,703,989	15,872,275	8,124	44,461,379
Interest receivable	1,524,245	-	-	-	-	1,524,245
Liabilities						
Retail customer deposits	41,994,782	9,758,733	7,161,048	12,832	-	58,927,395
Corporate customer deposits	73,521,563	5,298,627	2,767,097	153,488	20,649	81,761,423
Interbank deposits	1,767,598	5,000	30,000	-	-	1,802,598
Loans from financial institutions	-	-	-	4,006,912	-	4,006,912
Liabilities under issued debt securities	-	-	-	-	845,340	845,340
Equity and subordinated liabilities	-	-	-	-	17,470,630	17,470,630
Other liabilities	5,203,355	-	-	-	-	5,203,355
Off-balance sheet liabilities: derivatives	10,595,247	4,281,339	13,626,452	15,947,459	8,071,610	52,522,107
Interest payable	309,128	-	-	-	-	309,128
Total receivables	45,579,153	6,608,184	25,632,409	86,168,301	54,353,405	218,341,452
Total liabilities	133,391,673	19,343,699	23,584,597	20,120,690	26,408,229	222,848,888
Liquidity gap	(87,812,520)	(12,735,515)	2,047,812	66,047,612	27,945,175	(4,507,436)

*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.

31.12.2024

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	11,346,802	2,389,737	8,974,042	33,583,343	24,541,710	80,835,634
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	1,032,300	-	-	-	1,985,056	3,017,356
Off-balance sheet liabilities: derivatives	13,263,785	4,397,644	12,926,745	24,982,125	31,314	55,601,613
Interest receivable	1,345,076	-	-	-	-	1,345,076
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	-	-	-	3,210,358	1,290,446	4,500,804
Equity and subordinated liabilities	2,174,307	-	-	1,107,865	17,489,416	20,771,588
Other liabilities	5,818,274	-	-	-	-	5,818,274
Off-balance sheet liabilities: derivatives	13,260,892	4,416,163	12,654,076	25,036,302	31,177	55,398,610
Interest payable	342,545	-	-	-	-	342,545
Total receivables	46,503,552	8,179,566	24,194,270	85,910,460	51,897,192	216,685,040
Total liabilities	130,024,605	19,125,860	21,286,689	29,560,560	18,824,083	218,821,797
Liquidity gap	(83,521,053)	(10,946,294)	2,907,581	56,349,900	33,073,109	(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.

Compared to 2024, the contractual gap up to 1 month increased, mainly due to the position in debt securities whose portfolio is bigger with longer contractual maturities. As for customer deposits, the pool of these funds at contractual maturity up to 1 month increased, but these are mainly funds in corporate customers' current accounts. The stability of such funds tested at the Bank was similar to 2024. The stability of customer funds is at 91% for corporate customers (due to a large share of funds in current accounts at the turn of the year) and 97% for retail customers. As at 31 December 2025, off-balance sheet liabilities in derivatives amounted to PLN 52 billion. Loans from financial institutions shown in the gap mature within 4 to 5 years. All the loans meet the MREL criteria. The AT1 debt issued by the Bank in 2024 are bonds with no fixed maturity. The subordinated loans (own issues) mature beyond 14 years and represent slightly more than 19% of Equity and subordinated liabilities.

The Bank's liquidity position continued to improve throughout the year 2025 and the share of retail customer funds increased. The ongoing war in Ukraine had no impact on the Bank's overall liquidity position. In 2025, the Monetary Policy Council cut the rates several times, from a reference rate of 5.75% at the beginning of 2025 to 4% at the end of the year. Inflationary concerns, wage pressures, as well as significant increases in energy prices continued, holding back demand for loans in the retail segment as well as in the corporate segment.

At all times, the primary source of funding are funds raised from non-bank customers in view of a growing share of financing raised from retail customers.

55.7. Operational risk

The Bank's operational risk is defined in accordance with the requirements of the Polish Financial Supervision Authority set out in Recommendation M and the requirements of CRR³, as the risk of incurring a loss due to inappropriate or unreliable internal processes, human resources, systems or external factors. It comprises, without limitation, legal risk, model risk, and ICT (information and communication technology) risk, but not strategic risk or reputation risk. The Bank identifies operational risk as permanently significant risk. Operational risk is inherent in all banking operations. The Bank recognises operational risk events and losses which may result from the materialisation of compliance risk.⁴

Operational risk management strategy and policy

Operational risk management consists includes processes aimed at operational risk identification, analysis, monitoring, control, reporting, and taking measures to mitigate such risk and resulting losses. Such measures take into account the structures, processes, resources and scope of responsibilities for the said processes at various organisational levels, within the three lines of defence.

The operational risk management strategy is described in the "Operational risk management strategy and internal control at BNP Paribas Bank Polska S.A.", which is reviewed annually and was approved by the Management Board and the Supervisory Board of the Bank. The "Operational Risk Policy of BNP Paribas Bank Polska S.A.", adopted by the Risk Management Committee of the Bank, constitutes the organisational framework and standard 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 and applicable laws, including both national and Union laws.

The Bank's operational risk management objectives include, in particular, compliance with high operational risk management standards that guarantee security of customer deposits and the Bank's equity, stability of the Bank's financial performance, as well as maintenance of the operational risk level within 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 and 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, 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 2025, focusing on geopolitical, regulatory, and operational factors impacting the operational risk profile and on cybercrime threats which remain a key risk of increasing importance. Actions were continued 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. The Bank mainly focused on strengthening processes and tools for preventing and combating fraud against the Bank, including cybercrime. The measures implemented were aimed, inter alia, at combating credit fraud and reducing unauthorised transactions, as well as continuing the programme to raise awareness of internal 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.

³ Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012

⁴ 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.

In connection with 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.

External environment including geopolitical risk

To manage operational risk, the Bank continuously analyses risks arising as a consequence of war activity in Ukraine and rising geopolitical tensions in the Middle East. Such events may cause increased cybercrime, physical attacks, and disruptions to global supply chains and critical infrastructure, including payment and banking infrastructure. The Bank takes appropriate measures to ensure security of the Bank's employees and customers and to ensure business continuity and uninterrupted execution of processes in its operations.

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, including ICT risk, 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 Bank's Internal Services Division, 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 Bank's operations, and is involved in judicial and administrative proceedings that affect the Bank. The ongoing monitoring of compliance risk and the development and improvement of adequate techniques for its control are handled by the Compliance Division.

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 understood as the identification of the main areas of the Bank's exposure to adverse operational events and the identification of the most serious potential operational events which may cause (or do cause) adverse effects for the Bank, i.e. financial and non-financial losses. 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.", approved by the Bank's Management Board. This document describes the main principles, organisational framework and standards for the functioning of the control environment at the Bank, complying with the PFSA requirements set out 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 organisational 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 three lines of defence model, which consists of:

- 1st line of defence, which consists of organisational units in particular banking and support areas,
- 2nd line of defence, which consists of organisational units of the Risk Division responsible for risk management, including risk measurement, monitoring, controlling and reporting, independently of the first line defence, the Finance Division Second Line of Defence Office, the Legal Division, the Custody Services Department Chief Supervision Officer, the Brokerage Office Regulation and Supervision Section, and the Compliance Division,
- 3rd line of defence, which is the Internal Audit Division.

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 organisation of the operational risk management system is reviewed as part of audits carried out 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 regulatory capital for operational risk on a separate basis in accordance with CRR3 under the new standardised method for operational risk.

56. CAPITAL ADEQUACY MANAGEMENT

Capital adequacy management is aimed to ensure the Bank'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 the calculation of capital ratios, following the implementation of Regulation (EU) 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 (CRR), as amended by Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 (CRR2) as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and as amended among others by Regulation (EU) 2024/1623 of the European Parliament and of the Council of 31 May 2024 amending Regulation (EU) No 575/2013 as regards 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 One: updated standard method for credit risk, standard method for counterparty credit risk, new basic method for credit value adjustment (CVA) risk, new standard method for operational risk, and standard method for market risk.

In the completed implementation project, the Bank made the necessary alignments in the calculation of credit risk capital requirement as presented below.

- For the new class of exposures secured by property mortgages and ADC exposures, the Bank:
 - implemented new definitions, in particular the concept of income-producing real estate (IPRE exposure) and exposures related to land acquisition, development and construction (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.
- For off-balance sheet exposures, the Bank:
 - implemented a process related to the identification 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.

- For exposures to institutions, the Bank:
 - implemented a new SCRA (Standardised Credit Risk Assessment Approach) 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.
- For 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.
- For retail exposures, the Bank:
 - identified transactor exposures, for which it assigns a preferential risk weight;
 - adjusted the classification of retail exposures to the updated definition.
- For 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 for 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 clarify various issues related to the changes resulting from CRR 3.

The Bank made changes to credit valuation adjustment (CVA) risk by implementing a new basic method which aligns the calculation formula with the requirements under CRR3.

The Bank also made changes in operational risk, including implementing a new method for calculating operational risk requirement and updating the operational risk management framework by making the necessary regulatory and definition adaptations to the CRR3 requirements.

Due to the postponement of the implementation of the modified rules for determining capital requirements for the trading book, in FRTB (Fundamental Review of Trading Book), the standard method will be applied for 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.

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 2025, the adjustment in common equity Tier 1 capital related to other intangible assets amounted to PLN 466,945 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 Polish 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 10 September 2025, the Bank received for information a request from the Polish Financial Supervision Authority regarding an opinion by the Financial Stability Committee on the amendment of the Polish Financial Supervision Authority decision of 4 October 2016, as amended by the Polish Financial Supervision Authority decision of 6 December 2024. By its decision of 4 October 2016, the Polish Financial Supervision Authority identified the Bank as an other systemically important institution. By its decision of 6 December 2024, the Polish Financial Supervision Authority amended the decision of 4 October 2016 and imposed on the Bank a buffer of other 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. By its decision of 21 November 2025, the Polish Financial Supervision Authority imposed on the Bank a buffer of other systemically important institution in an amount equivalent to 0.25% of the total risk exposure amount calculated in accordance with Article 92(3) of Regulation (EU) No 575/2013.

The Polish Financial Supervision Authority, by letter dated 16 December 2024, announced that the Bank's sensitivity to the possible materialisation of stress scenarios affecting the level of own funds and risk exposures was evaluated as low in the supervisory assessment process. 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 Two 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 macroprudential 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 1% at 31 December 2025. The ratio was affected by the countercyclical buffer rate for credit exposures in the territory of the Republic of Poland that applied as at 31 December 2025 and which increased from 0% to 1% under the Regulation of the Minister of Finance of 18 September 2024.

By 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, 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., Paris.

According to the Resolution of the Annual General Meeting of the Bank of 15 April 2025, the Bank's profit for 2024 in the amount of PLN 2,320,798 thousand was allocated to a dividend payment in the amount of PLN 1,162,341 thousand, reserves in the amount of PLN 658,457 thousand, with PLN 500,000 thousand allocated to retained earnings.

The Polish Financial Supervision Authority approved the classification of capital bonds by the Bank as Tier 2 instruments, including by decision of 11 August 2025 concerning series B capital bonds issued by the Bank on 6 June 2025 in the total nominal amount of EUR 160,000,000 and by decision of 21 November 2025 concerning series C capital bonds issued by the Bank on 10 October 2025 in the total nominal amount of EUR 630,000,000.

On 12 August 2025, the Polish Financial Supervision Authority approved the repayment by the Bank of Tier 2 instruments before contractual maturity in the form of a subordinated loan of 10 December 2018 in the total nominal amount of EUR 40,000,000, a subordinated loan of 15 November 2012, as amended by an annex of 20 November 2017, with a total nominal amount of CHF 60,000,000, and a subordinated loan of 15 November 2012, as amended by an annex of 20 November 2017, in the total nominal amount of EUR 60,000,000. The loans subject to prudential amortisation were repaid in September 2025.

On 7 November 2025, the Polish Financial Supervision Authority approved the repayment by the Bank of Tier 2 instruments before contractual maturity in the form of a subordinated loan of 12 September 2014, as amended by an annex of 13 September 2019, in the total nominal amount of CHF 90,000,000. On 1 December 2025, the Polish Financial Supervision Authority approved the repayment by the Bank of Tier 2 instruments before contractual maturity in the form of a subordinated loan of 7 December 2020 in the total nominal amount of PLN 2,300,000,000.

The common equity Tier 1, Tier 1, and Total Capital Requirement ratios on a separate basis were above the requirements for the Bank as at 31 December 2025.

At the same time, the Bank 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.

31.12.2025	Minimum supervisory separate capital adequacy ratios of the Bank	Separate capital adequacy ratios of the Bank
CET 1	8.25%	13.06%
Tier 1	9.75%	13.70%
Total Capital Ratio	11.75%	17.00%
31.12.2024		
CET 1	7.50%	13.38%
Tier 1	9.00%	14.10%
Total Capital Ratio	11.00%	17.58%

Minimum requirement for 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 mandatory restructuring. The Bank's preferred tool for mandatory restructuring is the open bank bail-in tool.

On 8 May 2025, the Bank received an updated letter from the BFG regarding the MREL requirement. The MREL requirement for the Bank was set on the separate basis at 15.93% of the total risk exposure amount ("TREA") and 5.91% of the total exposure measure ("TEM"). This requirement is binding from 8 May 2025.

MREL requirement applies on the separate basis.

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 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.

As at 31 December 2025, the Bank meets the MREL-TREA and MREL-TEM requirements.

31.12.2025	Minimum separate regulatory requirements for the Bank	Minimum separate regulatory MREL ratios for the Bank increased by the combined buffer requirement	Bank's separate requirement ratios
MREL-TREA	15.93%	19.68%	21.73%
MREL-TEM	5.91%	5.91%	11.34%

31.12.2024	Minimum separate regulatory requirements for the Bank	Minimum separate regulatory MREL ratios for the Bank increased by the combined buffer requirement	Bank's separate requirement ratios
MREL-TREA	16.02%	19.02%	22.83%
MREL-TEM	5.91%	5.91%	11.61%

57. MAJOR EVENTS IN BNP PARIBAS BANK POLSKA S.A. IN 2025

14.03.2025	<p>Individual recommendation of the Polish Financial Supervision Authority on the criteria of dividend payment up to 50% of 2024 net profit. In view of the strong quality of the Bank's loan portfolio, the possible dividend rate was raised to 75%.</p>
27.03.2025	<p>Information on the annual contribution the bank resolution fund at PLN 156,118 thousand for 2025 set by the Bank Guarantee Fund for BNP Paribas Bank Polska S.A.</p>
7.04.2025	<p>Issue of series M shares under a conditional share capital increase and change of the share capital of BNP Paribas Bank Polska S.A.</p> <p>According to a statement from the Central Securities Depository of Poland (KDPW) and a resolution of the Management Board of the Warsaw Stock Exchange (WSE), as per the Bank's current report no. 9/2025, the following were registered in KDPW and admitted to trading by WSE on 7 April 2025:</p> <p>- 20,223 series M ordinary bearer shares of the Bank with a nominal value of PLN 1 per share (Series M Shares), which were recorded in the securities accounts of their holders.</p> <p>The Series M Shares were issued under a conditional share capital increase of the Bank pursuant to Resolution No. 5 of the Extraordinary General Meeting of the Bank of 31 January 2020 as amended by Resolution No. 37 of the Annual General Meeting of the Bank of 29 June 2020. The Series M Shares were taken up in performance of rights attached to previously acquired individual series A5 subscription warrants, each of which conferred the right to take up one Series M Share.</p> <p>According to the second sentence of Article 451 (2) of the Commercial Companies Code, the award of the Series M Shares took effect when the Shares were recorded in the securities accounts of their holders.</p> <p>As a result, under Article 451 (2) in conjunction with Article 452 (1) of the Commercial Companies Code, rights were acquired in 20,223 Series M Shares with a nominal value of PLN 20,223 and the Bank's share capital was increased from PLN 147,799,870 to PLN 147,820,093, divided into 147,820,093 shares with a nominal value of PLN 1 per share.</p>
8.04.2025	<p>Issue of series N shares under a conditional share capital increase and change of the share capital of BNP Paribas Bank Polska S.A.</p> <p>According to a statement from the Central Securities Depository of Poland (KDPW) and a resolution of the Management Board of the Warsaw Stock Exchange (WSE), as per the Bank's current report no. 11/2025, the following were registered in KDPW and admitted to trading by WSE on 8 April 2025:</p> <p>- 60,398 series N ordinary bearer shares of the Bank with a nominal value of PLN 1 per share (Series N Shares), which were recorded in the securities accounts of their holders.</p> <p>The Series N Shares were issued under a conditional share capital increase of the Bank pursuant to Resolution No. 39 of the Extraordinary General Meeting of the Bank of 27 June 2022. The Series N Shares were taken up in performance of rights attached to previously acquired individual series B2 subscription warrants, each of which conferred the right to take up one Series N Share.</p> <p>According to the second sentence of Article 451 (2) of the Commercial Companies Code, the award of the Series N Shares took effect when the Shares were recorded in the securities accounts of their holders.</p> <p>As a result, under Article 451 (2) in conjunction with Article 452 (1) of the Commercial Companies Code, rights were acquired in 60,398 Series N Shares with a nominal value of PLN 60,398 and the Bank's share capital was increased from PLN 147,820,093 to PLN 147,880,491, divided into 147,880,491 shares with a nominal value of PLN 1 per share.</p>
15.04.2025	<p>Annual General Meeting of BNP Paribas Bank Polska S.A.</p> <p>The AGM passed a resolution to pay a dividend for 2024 in the amount of PLN 1,162,340,659.26 i.e. PLN 7.86 per share. The dividend covers all of the Bank's 147,880,491 outstanding shares.</p> <p>Dividend record date: 22 April 2025, dividend payment date: 9 May 2025.</p>

29.04.2025	<p>Entry in the National Court Register of amendments to the Articles of Association of BNP Paribas Bank Polska S.A.: increase of the Bank's share capital to PLN 147,880,491 as a result of acquisition of series M shares and series N shares under Article 29a(2)(d) and Article 29b(2)(a) of the Articles of Association of BNP Paribas Bank Polska S.A.</p>
9.05.2025	<p>Minimum own funds and eligible liabilities requirement (MREL) set for BNP Paribas Bank Polska S.A.</p> <p>The MREL requirement for the Bank on a separate basis was set at 15.93% of the Total Risk Exposure Amount (TREA) and 5.91% of the Total Exposure Measure (TEM). The Bank was obliged to meet the requirement immediately upon receipt of the update. As at the date of receipt of the BFG update, the Bank met the MREL requirement set therein.</p>
2.06.2025	<p>Issue of Tier 2 bonds</p> <p>BNP Paribas S.A., Paris, accepted the offer to acquire the capital bonds referred to in Article 27a of the Act of 15 January 2015 on Bonds (the "Bonds"), presented by BNP Paribas Bank Polska S.A.</p> <p>The total nominal value of the Bonds is EUR 160,000,000, and the nominal value of a single Bond is EUR 100,000. The maturity date of the Bonds is 6 June 2040.</p> <p>The interest rate on the Bonds was set based on the compounded daily €STR rate plus a margin. The interest rate was determined on market terms.</p> <p>The terms of the Bond issue provide for the possibility of early redemption by the Bank after 10 years from the issue date, subject to prior approval from the Polish Financial Supervision Authority.</p> <p>On 11 August 2025, the Polish Financial Supervision Authority approved the classification of these capital Bonds as Tier 2 capital instruments.</p> <p>The funds raised from the issue of the Bonds replaced funds originating from subordinated loans in the amounts of EUR 60,000,000, CHF 60,000,000, and EUR 40,000,000 (as previously disclosed by the Bank in current reports no. 24/2017 of 20 November 2017 and 76/2018 of 10 December 2018). The loans were subject to prudential amortisation and were repaid in September 2025.</p>
10.09.2025	<p>Fitch Ratings rating action – change of the Bank's Long-Term Issuer Default Rating ("IDR") outlook from "Stable" to "Negative" and confirmation of the Long-Term IDR and Shareholder Support Rating ("SSR") at "A+" and "a+" respectively.</p> <p>The change in the Bank's rating outlook follows revision of Poland's local-currency Long-Term Issuer Default Rating outlook from "Stable" to "Negative." The Bank's ratings are capped at a level two notches above Poland's sovereign rating ("A-/Negative") due to the incorporation of country risk, which, in the Agency's view, may limit the Bank's ability to obtain support from its parent entity in the event of a crisis situation.</p> <p>Full list of rating actions communicated by Fitch:</p> <ul style="list-style-type: none"> • Long-Term Issuer Default Rating (LT IDR) was confirmed as "A+", outlook negative, • Short-Term Issuer Default Rating (ST IDR) was confirmed as "F1", • National Long-Term Rating (Natl LT) was confirmed as "AAA(pol)", outlook stable, • National Short-Term Rating (Natl ST) was confirmed as "F1+(pol)", • Viability Rating (VR) was confirmed as "bbb-", • Shareholder Support Rating (SSR) was confirmed as "a+".
12.09.2025	<p>Request submitted by the Polish Financial Supervision Authority for the Financial Stability Committee to provide an opinion on determining the level of the Other Systemically Important Institution (O-SII) buffer for BNP Paribas Bank Polska, whose appropriate level—according to the principles arising from the methodology established by the Polish Financial Supervision Authority—should be set at 0.25% of the total risk exposure amount.</p> <p>The current O-SII buffer for the Bank is set at a level equivalent to 0.50% of the total risk exposure amount.</p>

8.10.2025 Issue of Tier 2 Capital Bonds

BNP Paribas S.A., Paris, accepted the offer submitted by BNP Paribas Bank Polska S.A. to acquire capital bonds referred to in Article 27a of the Act of 15 January 2015 on Bonds (the "Bonds").

The total nominal value of the Bonds is EUR 630,000,000, and the nominal value of a single Bond is EUR 100,000. The maturity date of the Bonds is 10 October 2040.

The interest rate on the Bonds was set on the basis of the compounded daily €STR rate plus a margin. The interest rate was determined on market terms.

The terms of the Bond issuance provide for the possibility of early redemption by the Bank after 10 years from the issue date, subject to prior approval from the Polish Financial Supervision Authority ("KNF").

On 24 November 2025, the Bank received a KNF decision dated 21 November 2025 granting approval for the classification of the capital bonds with a total value of EUR 630,000,000, issued by the Bank on 10 October 2025, as Tier 2 capital instruments.

The Bank's intention is for the funds raised from the issuance of the Bonds to replace funds obtained by the Bank from subordinated loans in the amounts of CHF 90,000,000 and PLN 2,300,000,000, as disclosed in current reports no. 25/2019 of 13 September 2019 and 38/2020 of 7 December 2020. The first of these loans was subject to prudential amortisation and, following KNF approval, was repaid in November 2025. The second loan, following KNF approval, was repaid in December 2025.

The Bank's objective is to maintain the level of Tier 2 capital and improve the maturity structure of the instruments that comprise it.

27.10.2025 Fitch Rating rating action – upgrade of the Bank's Viability Rating (VR) to "bbb" from "bbb-" and confirmation of the Long-Term Issuer Default Rating (LT IDR) as "A+", outlook negative, and Shareholder Support Rating (SSR) as "a+".

The upgrade of the Viability Rating (VR) is the result of a significant and lasting reduction in the legal risk associated with CHF mortgage loans, which no longer has a negative impact on the Bank's risk profile and profitability assessment.

Full list of rating actions communicated by Fitch:

- Long-Term Issuer Default Rating (LT IDR) was confirmed as "A+", outlook negative,
- Short-Term Issuer Default Rating (ST IDR) was confirmed as "F1",
- National Long-Term Rating (Natl LT) was confirmed as "AAA(pol)", outlook stable,
- National Short-Term Rating (Natl ST) was confirmed as "F1+(pol)",
- Viability Rating (VR) was upgraded to "bbb",
- Shareholder Support Rating (SSR) was confirmed as "a+".

27.11.2025 Extraordinary General Meeting of BNP Paribas Bank Polska S.A.

Resolutions amending the Bank's Articles of Association and approving the consolidated text.

10.12.2025 BNP Paribas Bank Polska S.A. Group's Strategy 2026-2030

16.12.2025

Information on the change in the share of total vote in BNP Paribas Bank Polska S.A. – as a result of the settlement of block trades concluded on 12 December 2025 in connection with the completion of the accelerated bookbuilding covering 9,214,025 shares of the Bank (“Settlement”), the share of BNP Paribas S.A. in the total number of votes at the Bank’s General Meeting decreased by approximately 6.23%.

As a result of the Settlement, on the date of notification, BNP Paribas S.A. directly holds 75,420,141 shares of the Bank, representing approximately 51.00% of the Bank’s share capital and in the total number of votes at the General Meeting, and together with its subsidiary BNP Paribas Fortis SA/NV holds a total of 110,910,367 shares of the Bank, representing approximately 75.00% of the Bank’s share capital and in the total number of votes at the General Meeting. This is consistent with the previously announced intention to increase the number of the Bank’s shares in free float to at least 25%.

Before the Settlement, BNP Paribas SA directly held 84,634,166 shares of the Bank, representing approximately 57.23% of the Bank’s share capital and the total number of votes at the General Meeting, and together with its subsidiary BNP Paribas Fortis SA/NV held a total of 120,124,392 shares of the Bank, representing approximately 81.23% of the Bank’s share capital and in the total number of votes at the General Meeting.

Furthermore, BNP Paribas SA reported that the above transactions were settled at a price of PLN 120 per share (resulting in a total transaction value of approximately PLN 1.1 billion / approximately EUR 261 million). The shares were offered through an accelerated bookbuilding process addressed exclusively to institutional investors. BNP Paribas S.A. has committed to a 180-day lock-up on its remaining shares in the Bank, with the possibility of waiver by the investment firms acting as intermediaries in the transaction.

Changes to the Supervisory Board and the Management Board of the Bank in 2025 are described in Note 1 General Information about the BNP Paribas Bank Polska S.A.

58. SUBSEQUENT EVENTS

Changes to the Management Board of the Bank in 2025 and until the date of signing of these financial statements are described in Note 1 General Information about the BNP Paribas Bank Polska S.A.

SIGNATURES OF THE MANAGEMENT BOARD MEMBERS OF BNP PARIBAS BANK POLSKA S.A.

4.03.2026	Przemysław Gdański President of the Management Board	signed with a qualified electronic signature
4.03.2026	Małgorzata Dąbrowska Vice-President of the Management Board	signed with a qualified electronic signature
4.03.2026	Wojciech Kemblowski Vice-President of the Management Board	signed with a qualified electronic signature
4.03.2026	Piotr Konieczny Vice-President of the Management Board	signed with a qualified electronic signature
4.03.2026	Magdalena Nowicka Vice-President of the Management Board	signed with a qualified electronic signature
4.03.2026	Volodymyr Radin Vice-President of the Management Board	signed with a qualified electronic signature
4.03.2026	Natalie Yacoubian Vice-President of the Management Board	signed with a qualified electronic signature

Warsaw, 4 March 2026