

citi handlowy

2025 Annual Report



SELECTED FINANCIAL DATA	PLN'000		EUR'000	
	2025	2024	2025	2024
Interest and similar income	3,106,738	3,044,819	733,205	707,406
Fee and commission income	510,035	470,131	120,371	109,226
Profit from continuing operations	2,154,522	2,371,547	508,478	550,984
Net gain/(loss) from discontinued operations	(91,797)	(24,768)	(21,665)	(5,754)
Net gain/(loss) from continuing and discontinued operations	1,667,392	1,791,979	393,513	416,333
Total comprehensive income	1,963,979	1,590,792	463,509	369,591
Increase/decrease of net cash	3,627,538	4,552,488	856,117	1,057,685
Assets classified as held for sale	6,083,766	-	1,435,799	-
Total assets	78,949,110	72,569,193	18,678,664	16,983,195
Amounts due to banks	4,096,744	4,435,817	969,254	1,038,104
Amounts due to customers	38,341,357	54,090,588	9,071,227	12,658,691
Amounts classified as held for sale	22,294,494	-	5,274,681	-
Shareholders' equity	9,999,669	9,855,483	2,365,834	2,306,455
Share capital	522,638	522,638	123,652	122,312
Number of shares (in pcs)	130,274,482	130,581,136	130,274,482	130,581,136
Book value per share (PLN/EUR)	76.76	75.47	18.16	17.66
Total capital adequacy ratio (in %)	22.0	22.2	22.0	22.2
Earnings per share (PLN/EUR)	12.56	13.72	2.96	3.19
Diluted net earnings per share (PLN/EUR)	12.56	13.72	2.96	3.19
Paid dividends per share (PLN/EUR)	10.29	11.15	2.43	2.59

Explanations to the table:

1) The impact of the IFRS 5 reclassification on the table is the same as in the statement of financial position and income statement.

2) Additional information on capital ratio is included in the supplementary note no. 4 in the section "Capital Adequacy" and "Information on capital adequacy of Bank Handlowy w Warszawie S.A. as at 31 December 2025" subject to publication on the Bank's website and it's subject to assessment of compliance of disclosures with the requirements for disclosure of information by institutions.

3) On the June 27, 2025, the Ordinary General Meeting of Shareholders of the Bank Handlowy w Warszawie S.A. adopted a resolution on distribution of the net profit for 2024. Additional information concerning dividend payout was presented in Note 34.

4) The following foreign exchange rates were applied to convert PLN into EUR: for the statement of financial position - NBP mid exchange rate as at 31 December 2025 - PLN 4. 2267 (as at 31 December 2024: PLN 4. 2730); for the income statement, statement of comprehensive income and cash flow statement - the arithmetic mean of NBP end-of-month exchange rates in 2025 - PLN 4. 2372 in 2024: PLN 4. 3042).



The Annual Financial Statements of Bank Handlowy w Warszawie S.A. for the Financial Year Ended 31 December 2025



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Income statement

PLN'000	For the period Note	2025	2024
CONTINUING ACTIVITY			
Interest income	6	2,803,434	2,766,583
Similar income	6	303,304	278,236
Interest expense and similar charges	6	(1,005,521)	(843,945)
Net interest income	6	2,101,217	2,200,874
Fee and commission income	7	510,035	470,131
Fee and commission expense	7	(79,159)	(69,144)
Net fee and commission income	7	430,876	400,987
Dividend income	8	15,221	45,970
Net income on trading financial instruments and revaluation	9	364,982	564,100
Net gain/(loss) on debt investment financial assets measured at fair value through other comprehensive income	39	173,621	50,652
Net gain/(loss) on equity and other instruments measured at fair value through income statement		10,960	31,517
Net gain/(loss) on hedge accounting	10	1,817	8,874
Other operating income	11	18,358	21,354
Other operating expenses	11	(30,599)	(37,118)
Net other operating income	11	(12,241)	(15,764)
General administrative expenses	12	(740,143)	(739,150)
Depreciation expense	13	(42,597)	(50,867)
Profit/(loss) on sale of other assets		545	885
Provisions for expected credit losses on financial assets and provisions for contingent liabilities	14	(25,926)	(18,933)
Tax on some financial institutions		(123,810)	(120,761)
Profit from discontinued operations before tax		2,154,522	2,358,384
Income tax expense	15	(395,333)	(541,637)
Net profit from continuing operations		1,759,189	1,816,747
Net profit from discontinued operations		(91,797)	(24,768)
Net profit from continuing and discontinued operations		1,667,392	1,791,979
Weighted average number of ordinary shares (in pcs)	16	130,274,482	130,581,136
Net earnings per share (PLN)	16	12.80	13.72
Diluted net earnings per share (PLN)	16	12.80	13.72

*Comparative data have been restated due to the fulfillment of the conditions of discontinued activity. Additional information disclosed in Note 3 "Assets and liabilities classified as held for sale and profit from discontinued operations"

Explanatory notes on following pages are an integral part of the annual financial statements.

Statement of comprehensive income

PLN'000	For the period	2025	2024
	Note		
Net profit from continuing and discontinued operations		1,667,392	1,791,979
Other comprehensive income, that is or might be subsequently reclassified to income statement:		305,514	(193,274)
Remeasurement of financial assets measured at fair value through other comprehensive income (net)	17	440,822	(152,246)
(Profit) or loss reclassification to income statement after derecognition of financial assets measured at fair value through other comprehensive income (net)	17	(135,308)	(41,028)
Other comprehensive income, that cannot be subsequently reclassified to income statement		(8,927)	(7,913)
Net actuarial profits/(losses) on defined benefit program valuation	17	(8,927)	(7,913)
Other comprehensive income net of tax		296,587	(201,187)
Total comprehensive income from continuing and discontinued operations		1,963,979	1,590,792

Explanatory notes on following pages are an integral part of the annual financial statements.

Statement of financial position

As at PLN'000	Note	31.12.2025	31.12.2024
ASSETS			
Cash and cash equivalents	18	9,205,484	5,794,345
Amounts due from banks	19	8,245,819	8,787,780
Financial assets held-for-trading	20	4,823,372	4,436,319
Hedging derivatives		-	54,140
Debt financial assets measured at fair value through other comprehensive income, including:	21	30,151,984	30,088,771
<i>Assets pledged as collateral</i>	41	49,130	200,309
Shares in subsidiaries	22	91,020	91,299
Equity and other instruments at fair value through the income statement	23	183,908	172,948
Amounts due from customers	23	18,222,892	21,367,246
Tangible fixed assets	24	446,980	521,131
Intangible assets	25	878,388	872,875
Deferred income tax asset	27	221,661	82,273
Other assets	28	384,670	300,066
Assets held-for-sale	3	6,083,766	-
Total assets		78,939,944	72,569,193
LIABILITIES			
Amounts due to banks	29	4,096,744	4,435,817
Financial liabilities held-for-trading	20	2,690,099	2,755,905
Hedging derivatives		358,677	72,737
Amounts due to customers	30	38,341,357	54,090,588
Provisions	31	77,176	120,529
Current income tax liabilities		11,770	99,568
Other liabilities	32	1,039,274	1,138,566
Liabilities classified as held for sale	3	22,294,494	-
Total liabilities		68,909,591	62,713,710
EQUITY			
Share capital	36	522,638	522,638
Supplementary capital	36	2,944,585	2,944,585
Own shares	36	(27,311)	(20,577)
Revaluation reserve	36	240,646	(64,868)
Other reserves	36	4,682,403	4,039,644
Retained earnings		1,667,392	2,434,061
Total equity		10,030,353	9,855,483
Total liabilities and equity		78,939,944	72,569,193

Explanatory notes on following pages are an integral part of the annual financial statements.

Statement of changes in equity

PLN '000	Ordinary shares	Share premium	Own shares	Revaluation reserve	Other reserves	Retained earnings	Total equity
Balance as at 1 January 2025	522,638	2,944,585	(20,577)	(64,868)	4,039,644	2,434,061	9,855,483
Total comprehensive income, including:	-	-		305,514	(8,927)	1,667,392	1,963,979
Net profit	-	-		-	-	1,667,392	1,667,392
Other comprehensive income:	-	-	-	305,514	(8,927)	-	296,587
Net valuation of financial assets measured at fair value through other comprehensive income	-	-	-	305,514	-	-	305,514
Net actuarial profits/(losses) on defined benefit program valuation	-	-	-	-	(8,927)	-	(8,927)
Equity awards program	-	-	(6,734)	-	8,953	-	2,219
Dividends paid	-	-	-	-	(448,551)	(1,342,777)	(1,791,328)
Transfer to capital	-	-	-	-	1,091,284	(1,091,284)	-
Balance as at 31 December 2025	522,638	2,944,585	(27,311)	240,646	4,682,403	1,667,392	10,030,353

PLN '000	Ordinary shares	Share premium	Own shares	Revaluation reserve	Other reserves	Retained earnings	Total equity
Balance as at 1 January 2025	522,638	2,944,585	-	128,406	3,191,946	2,880,445	9,668,020
Total comprehensive income, including:	-	-	-	(193,274)	(7,913)	1,791,979	1,590,792
Net profit	-	-	-	-	-	1,791,979	1,791,979
Other comprehensive income:	-	-	-	(193,274)	(7,913)	-	(201,187)
Net valuation of financial assets measured at fair value through other comprehensive income	-	-	-	(193,274)	-	-	(193,274)
Net actuarial profits/(losses) on defined benefit program valuation	-	-	-	-	(7,913)	-	(7,913)
Equity awards program	-	-	(20,577)	-	55,351	-	34,774
Dividends paid	-	-	-	-	-	(1,454,930)	(1,454,930)
Intragroup change effect	-	-	-	-	-	16,827	16,827
Transfer to capital	-	-	-	-	800,260	(800,260)	-
Balance as at 31 December 2025	522,638	2,944,585	(20,577)	(64,868)	4,039,644	2,434,061	9,855,483

Explanatory notes on following pages are an integral part of the annual financial statements.

Cash flow statement

PLN'000	For the period Note	2025	2024
A. Operating activities			
I. Net profit		1,667,392	1,791,979
II. Adjustments:		2,382,193	2,001,345
Current and deferred income tax recognized in income statement		275,414	554,451
Depreciation expense		48,077	119,338
Net result for expected credit losses on receivables		28,849	(14,834)
Net impairment due to non-financial assets value loss		-	432,512
Net provisions (recoveries), including provisions for contingent liabilities		11,299	20,030
Net interest income		(2,994,349)	(3,212,064)
Dividend income		(15,221)	(45,970)
Profit/loss on sale of fixed assets		63	(585)
Net unrealized exchange differences		(31,019)	(593)
Equity and other investment measured at fair value through the income statement		(10,960)	(31,517)
Other adjustments		467,000	-
Change in amounts due from banks		49,652	68,516
Change in amounts due from customers		573,811	6,550,869
Change in debt securities measured at fair value through other comprehensive income		(3,038,218)	(1,274,090)
Change in financial assets held-for-trading		1,144,352	300,177
Change in assets due to hedging derivatives		(339,320)	(346,334)
Change in other assets		54,140	(47,409)
Change in assets held-for-sale		(143,237)	(82,735)
Change in amounts due to banks		(324,855)	(12,493)
Change in amounts due to customers		6,410,703	(244,751)
Change in liabilities held-for-trading		(65,805)	(766,298)
Change in amounts due to hedging derivatives		285,940	(20,132)
Change in other liabilities		(4,123)	55,257
Interest received		3,466,336	3,329,103
Interest paid		(1,357,406)	(1,211,592)
Income tax paid		(644,232)	(834,159)
III. Net cash flows from operating activities – continuing and discontinued operations		5,514,283	5,076,676
B. Investing activities			
Inflows		46,390	80,392
Disposal of tangible fixed assets		30,895	5,859
Disposal of fixed assets held-for-sale		-	11,368
Dividends received		15,217	62,860
Other inflows from investing activities		278	305
Outflows		(64,771)	(171,621)
Purchase of tangible fixed assets		(43,814)	(76,258)
Purchase of intangible assets		(20,957)	(95,363)
Net cash flows from investing activities – continuing and discontinued operations		(18,381)	(91,229)
C. Financing activities			
Inflows		-	1,066,750
Drawing of long-term loans from financial sector		-	1,066,750
Outflows		(1,859,412)	(1,501,116)
Dividends paid		(1,791,328)	(1,454,930)
Expenditures related to the repayment of long-term loans from financial sector entities		(16,667)	(33,333)
Outflows for own shares purchase		(37,482)	-
Outflows from lease payments		(13,935)	(12,853)
Net cash flows from financing activities – continuing and discontinued operations		(1,859,412)	(434,366)

PLN'000	For the period Note	2025	2024
D. Exchange rates differences resulting from cash and cash equivalent calculation		(8,952)	1,407
E. Net increase/(decrease) in cash and cash equivalent		3,627,538	4,552,488
F. Cash and cash equivalent at the beginning of reporting period		5,794,361	1,241,873
G. Cash and cash equivalent at the end of reporting period		9,421,899	5,794,361

**Cash flows from discontinued operations, broken down into operating, investing and financing activities, will be presented in Note 3 "Assets and liabilities classified as held for sale and profit from discontinued operations".*

Explanatory notes on following pages are an integral part of the annual financial statements.

Additional information including the description of adopted accounting principles and other explanatory information

1. General information about the Bank

Bank Handlowy w Warszawie S.A. ("Bank") has its registered office in Poland at Senatorska 16, 00-923 Warszawa. The Bank was founded on the basis of the Deed of foundation of 13 April 1870 and is registered in the Register of Entrepreneurs in the National Court Register kept by the District Court for the Capital City of Warsaw, XII Commercial Department in Warsaw, under KRS number 0000001538. The Bank operates as a joint stock company. The name of entity did not change during the reporting period.

The Bank was given REGON statistical number: 000013037 and tax identification number NIP: 526-030-02-91.

The Bank was set up for an unspecified period of time.

The share capital of the Bank equals PLN 522,638,400 and is divided into 130,659,600 common bearer shares with a nominal value of PLN 4.00 per share. The shares are quoted on the Warsaw Stock Exchange.

The majority and strategic shareholder of the Bank is Citibank Europe Plc based in Dublin, Ireland – a company in the Citi Group (parent company of the Bank). The ultimate parent is Citigroup Inc.

Citi is a leading global provider of a wide range of financial services and products for corporations, institutional investors, public administration and individual clients, operating in more than 160 countries and jurisdictions. Citi provides services to business entities with international ambitions and is also a global leader in the field of wealth management services. Also, Citi offers banking services for individual clients in the United States. For more information, please visit website: <https://www.citigroup.com/global/about-us>

The Bank is a universal commercial bank that offers a wide range of banking services for individuals and corporate clients on domestic and foreign markets.

2. Significant accounting policies

Declaration of conformity

The annual standalone financial statements of the Bank have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("IFRS EU") and in respect to matters that are not regulated by the above standards, in accordance with the requirements of the Accounting Act dated 29 September 1994 respective operating regulations and regulations relating to issuers of securities admitted or sought to be admitted to trading on the official stock exchange quotation market.

The financial statements of the Bank were prepared on the assumption that the Bank will continue as a going concern for at least 12 months from balance sheet day. As at the date of signing these financial statements, the Management Board of the Bank does not state any facts or circumstances that would indicate a threat to the Bank's ability to continue as a going concern for at least 12 months from the balance sheet date as a result of an intentional or forced discontinuance or material limitation of the Bank's existing business.

The annual standalone financial statements of the Bank have been approved on 16 March 2026 by the Management Board of the Bank for publication. The financial statements will be finally approved by the General Shareholders' Meeting of the Bank.

Basis of preparation

These annual financial statements of the Bank have been prepared as at 31 December 2025, and the comparable financial data are presented as at 31 December 2024.

The financial statements are presented in PLN (presentation currency), rounded to the nearest thousand.

The financial statements have been prepared on the fair-value-basis for financial assets and financial liabilities measured at fair value through profit and loss including derivatives and equity investments (minority shareholdings) as well as financial assets measured at fair value through other comprehensive income. Other financial assets are presented at cost decreased by depreciation/ amortization and expected credit losses. Other financial liabilities are presented at amortized cost.

The preparation of consolidated annual financial statement of the Bank in accordance with IFRS requires the Management to make estimates and adopt assumptions that affect the amounts reported in financial statement. The most important accounting policies, estimations and assessments applied in the preparation of this annual financial statements were applied by the Bank in all the years presented on a continuous basis. In connection with the sale of the Retail Business to VeloBank S.A., the Bank adopted additional assumptions and estimates, which are described in detail in Note 3 "Assets and liabilities classified as held for sale and result from discontinued operations."

Estimates and associated assumptions are made on the basis of available historical data and many other factors that have been recognized as material in the presented period. These factors form the basis to make estimates of the balance-

sheet value of assets and liabilities whose value cannot be estimated on the basis of other sources. Actual results could differ from those estimates.

Estimates and associated assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Significant estimates applied in the year ended 31 December 2025 related to:

- Provisions for expected credit losses for financial assets (note 4);
- Assets and liabilities classified as held for sale and the result on discontinued operations (Note 3)
- Fair value of derivatives (note 20);
- Cash-generating units impairment testing (Note 26);
- Reserves (including provisions for disputes note 31);
- Employee benefits (note 45).

Significant accounting policies applied to prepare the financial statements are presented either in the notes to the financial statements or below:

Income statement	No of note with accounting policy description
Net interest income	6
Net fee and commission income	7
Dividend income	8
Net income on trading financial instruments and revaluation	2.1
Net gain/(loss) on debt investment financial assets measured at fair value through other comprehensive income	2.1
Net gain/(loss) on equity and other instruments measured at fair value through income statement	2.1
Net gain/(loss) on hedge accounting	37
Provisions for expected credit losses on financial assets and provisions for off-balance-sheet commitments	14
Net gain/(loss) on assets classified as held for sale	3

Statement of financial position	No of note with accounting policy description
Amounts due from banks	2.1
Financial assets held-for-trading	2.1
Debt financial assets measured at fair value through other comprehensive income	2.1
Equity and other instruments at fair value through the income statement	2.1
Amounts due from customers	2.1
Tangible fixed assets	24
Intangible assets	25
Deferred income tax asset	27
Non-current assets held-for-sale	3
Amounts due to banks	2.1
Financial liabilities held-for-trading	2.1
Hedging derivatives	37
Amounts due to customers	2.1
Provisions	31
Other liabilities	32
Liabilities classified as held for sale	3

Standards applicable from 1 January 2025

- IAS 21 “Effects of changes in foreign exchange rates”, issued August 15, 2023, clarifies when a currency is convertible into other currencies, how an entity determines the exchange rate when a currency is non-convertible, and specifies the scope of disclosures that will help the financial statements’ users to understand the impact of the lack of convertibility of currency on entity’s financial position, financial performance and cash flows. The amendment is effective from 1 January 2025. In the Group’s opinion, the amendment to the standard has no material impact on the financial statements.

The above-mentioned changes will not impact on the financial statement significantly.

Standards and interpretations issued but awaiting endorsement by the European Union and not yet obligatory

- On May 9, 2024, the IASB issued IFRS 19 "Subsidiaries without Public Accountability: Disclosures", which allows eligible subsidiaries to apply reduced information disclosure requirements, instead of the requirements of other IFRS Accounting Standards. The new standard will be applicable to the annual reporting periods beginning January 1, 2027, and the Bank believes it will not have a significant impact on the financial statements.
- On November 13, 2025, the International Accounting Standards Board published amendments to IAS 21, "The Effects of Changes in Foreign Exchange Rates." The amendments apply to entities whose presentation currency is the currency of a hyperinflationary economy and whose functional currency or foreign operations currency is the currency of a non-hyperinflationary economy. The amendments provide guidance on the translation of assets, liabilities, equity items, and income and expenses from the functional currency of a non-hyperinflationary economy to the presentation currency of a hyperinflationary economy. The amendments will be effective for annual periods beginning on or after January 1, 2027. These amendments will have no impact on the Bank's financial statements.

Standards and interpretations issued but awaiting endorsement by the European Union but not yet obligatory

- On 9 April 2024, the IASB issued IFRS 18 "Presentation and Disclosure in Financial Statements". The standard will be effective for annual reporting periods beginning on January 1, 2027. The new standard is intended to replace IAS 1 – "Presentation of Financial Statements" and will help to achieve comparability of the financial performance of similar entities. The new standard:
 - ✓ introduces a defined structure for the statement of profit or loss. Items in the statement of profit or loss will be classified into one of five categories: operating, investing, financing, income taxes and discontinued operations. The standard requires also to present totals and subtotals, including mandatory inclusion of "Operating profit or loss";
 - ✓ introduces an additional note presenting management-defined performance measures which are subtotals of income and expenses an entity uses in public communications outside financial statements, an entity uses to communicate to users of financial statements management's view of an aspect of the financial performance of the entity as a whole. The disclosure will have to contain a description of the aspects of financial performance that in management's view, is communicated by the management-defined performance measures, how the management-defined performance measure is calculated and reconciliation between the management-defined performance measure and the position from financial statement measured in accordance with other standards;
 - ✓ clarifies the guidelines for data aggregation and disaggregation which focus on grouping items based on their shared characteristics enabling entities to decide which items are presented in the primary financial statements and what information is disclosed in the notes.

The new IFRS 18 standard will also result in certain changes to the statement of cash flow and the statement of financial position, as well as changes to other standards harmonizing disclosure requirements. The Bank is in the process of assessing the impact of the new standard on the financial statements.

- The amendments to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures" issued May 30, 2024, clarify:
 - ✓ The timing of discontinuation of recognition of financial liabilities from the balance sheet, introducing an option for early derecognition of financial liabilities that are settled through an electronic payment system that meets certain criteria
 - ✓ How to assess the characteristics of contractual cash flows from "non-recourse" financial assets and financial assets in cases where contractual provisions refer to contingent events, including, for example, related to ESG objectives (for the purpose of classifying financial assets)

The amendments to the aforementioned standards also introduce additional disclosure requirements for financial assets and liabilities whose contractual terms make cash flows contingent on contingent events and for equity instruments designated at fair value through other comprehensive income. The amendments will be applicable from January 1, 2026. The Bank is in the process of assessing the impact of the new standard on the financial statements.

Since January 1, 2026, the Bank has adjusted the approach to the amended standard for selected outgoing international transfers that are executed with a date later than the order date. In such cases, the liability will be reduced when the obligation is executed. This change affects the Liabilities and Cash and Cash Equivalents items in the Bank's statement of financial position. The impact of this change on the Bank's financial statements is variable and depends on the number and value of such transactions ordered on the balance sheet data (D) with an execution date after that date (D+1).

- Due to the growing role of Power Purchase Agreements (PPAs) in mitigating the effects of climate change and decarbonizing production processes, the International Accounting Standards Board has introduced amendments to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures" (issued on 18 December 2024), which are intended to help better reflect the impact of such agreements on financial statements. The amendments will be effective from 1 January 2026 and will not affect the Bank's financial statements.
- On 18 July 2024, amendments to the International Financial Reporting Standards and International Accounting Standards (Volume 11) were issued, resulting from the annual review. These changes are intended to clarify the wording used in the standards, in order to improve their legibility, consistency and eliminate possible ambiguities. The changes introduced in this review relate to IFRS 1 'First-time Adoption of International Financial Reporting Standards', IFRS 7 'Financial Instruments: Disclosures', IFRS 9 'Financial Instruments', IFRS 10 'Consolidated Financial Statements', IAS 7 "Statement of Cash Flows". The changes will be effective from 1 January 2026 and will not have a material impact on the financial statements.

Comparative data

In connection with the Agreement regarding the separation of discontinued operations for the purpose of VeloBank, the Bank has separated the discontinued operations. Additional information presented in Note 3

The Bank has restructured the income statement for the 12-month period ended December 31, 2024, in order to reflect continuing and discontinued operations.

The transformation impact on comparative data of the Bank's income statement for the period of 12 months ended on December 31, 2025, was presented in the table above.

Consolidated income statement	01.01.2024 - 31.12.2024 before transformation	Change	01.01.2024 - 31.12.2024 after transformation
CONTINUING OPERATIONS			
Interest income	4,141,650	1,375,067	2,766,583
Interest income and similar	278,312	76	278,236
Interest expense and similar charges	(1,207,898)	(363,953)	(843,945)
Net interest income	3,212,064	1,011,190	2,200,874
Fee and commission income	686,476	216,345	470,131
Fee and commission expense	(115,088)	(45,944)	(69,144)
Net fee and commission income	571,388	170,401	400,987
Dividend income	45,970	-	45,970
Net income on trading financial instruments and revaluation	597,757	33,657	564,100
Net gain/(loss) on debt investment financial assets measured at fair value through other comprehensive income	50,652	-	50,652
Net gain/(loss) on equity and other instruments measured at fair value through income statement	31,517	-	31,517
Net gain/(loss) on hedge accounting	8,874	-	8,874
Other operating income	24,296	2,942	21,354
Other operating expense	(59,449)	(22,331)	(37,118)
Net other operating income and expense	(35,153)	(19,389)	(15,764)
General administrative expenses	(1,426,646)	(687,496)	(739,150)
Depreciation and amortization	(119,338)	(68,471)	(50,867)
Net impairment on non-financial assets	(432,512)	(432,512)	-
Profit on sale of other assets	585	(300)	885
Provision for expected credit losses on financial assets and provisions for contingent commitments	16,522	35,455	(18,933)
Tax on some financial institutions	(175,250)	(54,489)	(120,761)
Profit before tax	2,346,430	(11,954)	2,358,384
Income tax expense	(554,451)	(12,814)	(541,637)
Net profit from discontinued operations	-	(24,768)	(24,768)
Net profit from continuing and discontinued operations	1,791,979	-	1,791,979

Comparative data in subsequent disclosures was adequately restated.

Foreign currency

The values reported in annual standalone financial statement are presented in PLN, which is functional currency and the

currency of presentation of the Bank.

The statement of financial position and contingent liabilities received and granted items denominated in foreign currencies are converted to PLN equivalents using the average exchange rate of the currency determined by the Governor of the National Bank of Poland ("NBP") prevailing at the date of preparation of the statement of financial position.

Foreign currency transactions are converted at initial recognition to the functional currency (PLN) using the exchange rates prevailing at the date of transactions.

Foreign exchange profits and losses resulting from revaluation of the statement of financial position items denominated in foreign currencies and settlement of transactions in foreign currencies are included in net profit on foreign exchange, within the trade financial instruments and revaluation income.

The exchange rates of the major currencies applied in the preparation of these financial statements are:

PLN		31 December 2025	31 December 2024
1	USD	3.6016	4.1012
1	CHF	4.539	4.5371
1	EUR	4.2267	4.2730

2.1 Financial assets and liabilities – classification and measurement

Classification

The Bank classifies financial instruments into the following categories:

- financial assets measured at fair value through profit and loss,
- financial assets measured at amortized cost,
- financial assets measured at fair value through other comprehensive income,
- financial liabilities measured at fair value through profit and loss,
- financial liabilities measured at amortized cost.

Bank classifies financial assets to specific categories on initial recognition considering 2 criteria:

1) business model assessment of how assets are managed, which determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both

2) features of contractual cash flows of an asset, which is estimated by using SPPI test (solely payment of principal and interest), under which it is determined if contractual cash flows are solely payments of principal and interest on the principal amount. The test is passed if above-mentioned cash flows are consideration for the time value of money, credit risk, other basic lending risks (for example liquidity risk), costs (for example administration) associated with holding the financial asset for a particular period of time and profit margin.

Business model assessment

In order to classify a financial asset, the Bank assesses its business models and takes into account the specificity of entire portfolio the asset belongs to. The considered information include:

- the purpose of a given business model and generating assets
- how the performance of the portfolio is evaluated and reported to the management
- the risks of a portfolio and how they are managed
- the frequency, volume and types of sales.

Receivables from customers are managed to receive the contractual amounts and sales generally relate to impaired assets.

In case of treasury functions in relation to financial instruments there are two models:

- the model which objective is to achieve by both collecting contractual cash-flows and selling financial assets as the sale may be realized in accordance with current business needs and the instrument may also be held until maturity;
- held for sale.

Financial assets measured at fair value through profit and loss (Financial assets held-for-trading and Equity and other instruments at fair value through the income statement)

This category comprises:

- 1) financial assets that were classified neither as measured at amortized cost nor as measured at fair value through other comprehensive income

- 2) financial assets classified at initial recognition as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an “accounting mismatch”) that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases
- 3) equities and minority shareholdings

Assets are included in this category especially if they are held-for-trading (held-for-trading model), that is: they were purchased with the primary objective of selling or repurchasing to generate short-term profits, they are a part of a portfolio of identified financial instruments that are managed together and for which there is evidence of generating short-term profits, they are derivatives.

Minority shareholdings, both trading and non-trading, are valued at fair value through the income statement.

Minority shareholdings due to selected strategic exposures in the so-called infrastructure companies operating for the financial sector are presented in the financial statement as “Equity and other investments at fair value through the income statement”.

Financial assets measured at amortized cost (Amounts due from banks and due from customers)

A financial asset is measured at amortized cost if both conditions are met:

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

This category comprises, in the first instance, loans, deposit margins, purchased receivables and debt securities that are not quoted on the active market and interbank deposits and also reverse repo transactions.

Purchased or originated credit-impaired assets (POCI)

Purchased or originated credit-impaired assets on initial recognition may be identified when the Bank has originated or purchased exposures already impaired at the moment of initial recognition or the Bank has significantly modified an impaired exposure and a derecognition criterion has been met. POCI assets are recognized at fair value at initial recognition and subsequently at amortized cost using the effective interest rate adjusted by expected credit losses. Life-time expected credit losses are recognized in relation to such instruments.

Financial assets measured at fair value through other comprehensive income (Debt financial assets measured at fair value through other comprehensive income)

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

- a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Bank includes selected debt instruments in this category.

In the statement of cash flows, adjustment for change in debt securities measured at fair value through other comprehensive income are recognized in cash flows from operating activities.

Financial liabilities measured at fair value through profit and loss (Financial liabilities held-for-trading)

The category comprises derivative liabilities which are not hedging instruments and ‘short sale’ liabilities.

Financial liabilities measured at amortized cost (Amounts due to banks and clients)

This category primarily includes customer deposits, deposit margin, and liabilities resulting from repo transactions.

Recognition, derecognition and insignificant modifications

Transactions of purchase or sale of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income are recognized in the Bank’s statement of financial position and derecognized at the transaction settlement date, i.e. the date on which the Bank will receive or transfer the ownership right to assets. The rights and liabilities from a concluded transaction are measured at fair value from the transaction conclusion day to the transaction settlement day.

Loans and receivables are recognized at the time of disbursement of funds for the borrower.

Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Bank has transferred substantially all risks and rewards of ownership.

Financial liabilities are derecognized when and only when they are extinguished, i.e., the obligation described in the agreement was discharged, cancelled or expired.

The Bank applies the following criteria, which result in asset derecognition from the balance sheet and obligation to recognize them according to the classification rules:

- introduction to the loan agreement resulting in failure to pass the cash flow characteristics,
- a change of debtor,
- currency conversion,
- change of legal form/type of financial instrument,
- granting additional loan amount of at least 10% of the outstanding loan principal,
- extension of the schedule loan by min. 1 year, and a mortgage min. 4 years,
- renewal/extension of a non-schedule loan by min. 1 year preceded by a credit decision.

At the moment of derecognition, an unamortized part of the commission is recognized fully in interest income. The newly charged commission is settled in time using the effective interest rate method.

If there is a change in the cash flows of financial assets, that does not result in the financial asset being derecognized from the balance sheet and containing the repayment schedule measured at amortized cost that results from the annex to the contract, the Bank recalculates the gross balance-sheet value of financial assets and recognizes modification profit or loss in profit and loss. The gross balance-sheet value of that financial asset is calculated as present value of renegotiated or modified contract cash flows, discounted at the original effective interest rate of financial assets (or credit risk adjusted effective interest rate for credit risk for originated or purchased financial assets credit-impaired at initial recognition). All origination costs and fees in connection with the modification adjust the balance-sheet value of modified assets and are amortized until the maturity date of modified financial assets.

Derivative financial instruments are measured at fair value from the trade date and are derecognized from the balance on the settlement date.

Valuation

When financial assets or financial liabilities are recognized initially, they are measured at fair value increased by, in the case of assets and liabilities not measured at fair value, through profit or loss, significant transactional costs that are directly attributable to the acquisition or issue of the financial assets or financial liabilities.

After initial recognition, the Bank measures financial assets:

- at fair value without deducting transactional costs which it may incur in connection with the sale or disposal of assets. This measurement relates to financial assets held-for-trading, debt financial assets measured at fair value through other comprehensive income and equity and other instruments at fair value through the income statement),
- at amortized cost using the effective interest rate method – for amounts due from banks and from clients. Amounts measured at amortized cost include provisions for expected credit losses.

Financial liabilities:

- financial liabilities held-for-trading are measured at fair value through the profit and loss,
- amounts due to banks and amounts due to clients after initial recognition are measured at amortized cost using the effective interest rate method.

Profits or losses resulting from the change of fair value of financial assets or financial liabilities, which are not part of the hedging relationship, are recognized in the following way:

- in the case of financial assets or financial liabilities measured at fair value through profit or loss, they are profit and loss;
- profits or losses resulting from measurement of financial assets classified as measured at fair value through other comprehensive income are recognized in other comprehensive income. Effect of expected credit losses on debt financial assets measured at fair value through other comprehensive income, interest income and exchange rate differences on monetary assets and liabilities are recognized in the income statement. When financial assets are excluded from the statement of financial position, accumulated profits or losses which were previously included in equity are recognized through profit or loss.

The fair value of derivatives is estimated based on quotations in active markets, prices of transactions recently closed, and measurement techniques, including discounted cash flow models and option measurement models, depending on which method is appropriate in a given case. The derivatives that were not designated as hedging instruments according to hedge accounting principles are classified as trading assets or liabilities measured at fair value through profit or loss.

Embedded derivatives in host contracts that are liabilities are separated from the host and accounted for as derivatives, if their characteristics and risks are not closely related to the characteristics and risks of the host, and if the hybrid

contract is not measured at fair value through profit or loss.

Impairment of financial assets

For financial assets measured at amortized cost, contingent liabilities and financial assets measured at fair value by other comprehensive income (FVOCI), the Bank creates provisions for expected credit losses, in accordance to the developed internal rules and impairment methodologies.

They are aggregated for each of the three stages:

They are aggregated for each of the three stages:

- Stage 1: Credit exposures that have not had a significant increase in credit risk since initial recognition
- Stage 2: Credit exposures that have experienced a significant increase in credit risk since initial recognition
- Stage 3: Impaired credit exposures

On the balance sheet date, the Bank assesses if there is objective evidence of impairment of a financial asset or a group of financial assets. A financial asset or a group of financial assets are impaired only when there is objective evidence of impairment resulting from one or more events taking place after the initial recognition of an asset (the loss event) and the loss event (or events) influences the future expected cash flows resulting from a financial asset or a group of financial assets which may be reliably estimated.

Objective evidence of impairment of a financial asset or a group of assets includes information obtained by the Bank concerning events, which are provided in the later part of the note 3 "Risk management".

The classification of exposures to Stage 1 and 2 depends on the occurrence of a significant increase in credit risk since the moment of initial recognition. Assignment of the exposure depends on the approach to management over the client (individual vs. collective approach), taking into account the wide range of information obtained as part of standard risk management processes (including the Early Warning process) regarding both current and future events, including macroeconomic factors and delinquency.

The portfolio of securities available for sale (measured at fair value by other comprehensive income), due to the fact that they consist of exposures to governments and central banks with investment ratings, is considered a low default portfolio, so all reserves are classified to Stage 1.

The methodology and assumptions used to determine the provisions for amounts due to customer and banks are regularly reviewed and updated, as required. Furthermore, results are back-tested and actual amounts are compared to with estimated expected credit losses.

For financial assets measured at amortized cost, the provisions for expected credit losses are calculated using statistical parameters for the groups of assets combined in portfolios having similar credit risk characteristics.

In order to calculate the expected credit losses for assets measured at fair value through other comprehensive income, the Bank uses an internal methodology to define default probability (PD parameter), loss value at default (LGD parameter) and exposure value at the time of default (EAD parameter).

In the case of institutional exposures fully provided for, where debt collection activities have been carried out for at least 3 years and did not result in full debt repayment and there are no justified prospects for recovering all or part of the contractual cash flows associated with financial assets the Bank writes off the exposure against impairment allowances. Such exposures are recognized in off-balance sheet records, including the corresponding expected credit loss provision. If a written-off amount is subsequently recovered, it is presented in "Provision for expected credit losses on financial assets and provisions for off-balance sheet commitments".

If the exposure meets one of the following conditions:

- The Bank does not expect future cash flows and, based on tax regulations, the conditions necessary to include a written-off receivable as uncollectible and as tax deductible costs, have been met or
- receivable has been forgiven or
- the receivable has been otherwise extinguished.

based on the decision, the Bank:

a) writes off the receivables from balance sheet records or

b) when receivable from institutional customer has already been written off to off-balance sheet, it is removed from thereof.

If the present value of the estimated cash flows increases after an event occurring after impairment was identified, the provision that was previously created will be reversed through profit or loss.

Provisions for amounts due from banks and customers adjust the value of respective assets. Provisions for contingent liabilities are presented in as liabilities in line "Provisions".

For financial assets measured at fair value through other comprehensive income, the increase or decrease in expected credit losses is recognized in the profit and loss account under the item "Provision for expected credit losses on financial

assets and provisions for off-balance-sheet commitments”.

The Bank classifies assets measured at amortized cost into the portfolio of assets that are individually significant and the portfolio of assets that are not individually significant (portfolio basis).

Expected credit losses for impaired receivables that are deemed as individually significant are calculated as the difference between the carrying amount of an asset and the present value of the expected future cash flows resulting from repayments by the borrower, cash settlement of collateral or the sale of receivables. The future cash flows are discounted to the present value with the effective interest rate of a given instrument.

Expected credit losses for impaired receivables that are deemed as individually not significant are calculated on the basis of a portfolio assessment which is based on the history of losses incurred on assets with similar risk characteristics.

Forborne exposures are exposures for which concessions were granted due to economic or legal reasons (in the area of financial conditions), resulting from financial difficulties of the obligor that would not have otherwise been extended. Financial hardship refers to borrowers who are experiencing or are likely to experience problems meeting their financial obligations.

The process of assigning "forborne" status for exposures is closely related to the credit risk management process, including the impairment recognition.

The "forborne" status may refer to both impaired and not-impaired exposures. As "forborne" not-impaired exposures are treated receivables if restructuring activities were applied but change of financing conditions has not implied any deterioration of future payment streams.

In case the Bank grants a concession to the debtor, if it does not change significantly the terms and expected cash flows of the financial asset, the expected cash flows from the financial asset subject to the concession are included in the measurement of the asset using the original effective interest rate for the instrument.

If the concession granted significantly changes the important terms or expected cash flows, the financial asset is derecognized, and the new one is recognized at fair value on the day of the initial recognition.

In the case of receivables resulting from activities other than the core business, the Bank has adopted the approach of creating provisions for expected credit losses in the full amount once a certain threshold of overdue payments is exceeded.

2.2 Accounting estimates and judgments

Determination of the carrying values of selected assets and liabilities as well as revenue and expense requires estimating the effect of uncertain future events on these items at the balance sheet date. The estimates and assumptions are subject to continuous evaluation and are based on historical experience and other factors, including expectations of future events which seem justified in a given situation. The most crucial estimates applied in the preparation of the financial statements are presented below.

Fair value of derivatives

The fair value of financial instruments not quoted on active markets is determined using valuation techniques. If valuation techniques are used to determine fair values, these methods are periodically assessed and verified. All the models are tested and approved before application. As far as possible, only observable data are used in the models, although in some areas, the entity's management must use estimates. Changes in the assumptions relating to the estimated factors may affect the fair value of financial instruments disclosed.

The Bank applies the following methods for measuring particular types of derivative instruments:

- FX forwards – discounted cash flows model;
- options – option market-based valuation model;
- interest rate transactions – discounted cash flows model;
- futures – current quotations.

The Bank uses a Credit Default Swap quotation for valuation of counterparty credit risk.

The Bank differentiates the valuation of counterparty risk due to the availability of quotations of credit derivatives (CDS):

- Counterparty Credit Risk of companies for which there is an active CDS market: It is considered that the CDS quotes reflect the market value of the credit risk;
- Counterparty Credit Risk of companies for which there is no active CDS market: On the basis of the credit rating (external or internal, when an external rating is not available) and industry, the CDS index (for a given industry) is assigned to the company. It is considered that the industry index CDS quotes reflect the market value of the credit risk.

In the case of valuation of own credit counterparty risk (DVA), the Bank is using a method defined for clients for which there is no active CDS market.

The main factors determining the change of counterparty credit risk estimations are: (i) change of fair value of derivative instruments correlated with a change of, inter alia, fx rates and interest rates, (ii) a change of CDS quotes (iii) changes in credit risk ratings.

Provisions for expected credit losses

The methodology of estimating provisions for expected credit losses has been described in section *Impairment of financial assets*.

Impairment of goodwill

The Bank carries out obligatory annual impairment tests of goodwill in accordance with the model based on guidance from IAS 36. The basis of valuation of the recoverable amount of cash-generating units to which the goodwill is assigned is their value in use which is estimated by the Bank's management based on the financial plan reflecting the adopted assumptions on future economic conditions and expected Bank performance, as well as the discount rate used in cash flow forecasts and the growth rate used to extrapolate cash flow forecasts beyond the period covered by the financial plan.

Reserves

The methodologies have been described in note 31 and note 40.

Employee benefits

Provisions for future payments in respect of employee benefits such as retirement and pension allowances are subject to periodic actuarial estimation by an independent actuary. The number of provisions corresponds to the current value of future long-term liabilities of the Bank to its employees according to employment and salaries on reporting day and is based on a number of assumptions in the field of staff statistics. Provisions are calculated on the basis of a number of assumptions including probability of a given person reaching the retirement age as the Bank's employee, including staff turnover, risk of death and risk of total work incapacity.

3. Assets and liabilities classified as held for sale and profit from discontinued operations

On 27 May 2025, the Bank signed an Agreement with VeloBank S.A. („VeloBank”), Promontoria Holding 418 B.V. (the only shareholder of VeloBank) („Promontoria”) and Citibank Europe Plc regarding the merger by separation of the Consumer business (the “Consumer Business”) of the Bank in favor of VeloBank.

In accordance with the conclusion of the Agreement, the exit transaction of Bank's Consumer Business will proceed in two related stages. The first stage is demerger of the Bank by separation, because of which the Retail Business will be transferred to VeloBank and in exchange the Bank will receive newly issued shares of VeloBank. The second stage is shares repurchase by Promontoria of all VeloBank shares that the Bank will acquire because of the demerger. This buyout will take place immediately after the registration of the division by the competent registry court, but no later than the day following such registration.

In the day of registration by the registry court, VeloBank will purchase the Consumer Business covering activities in the scope of credit card servicing, granting retail loans and credits, including PLN mortgage loans, accepting deposits, asset management (including brokerage services of the Consumer Business) and servicing entrepreneurs classified by the Bank as micro-entities, as well as the Bank's branches and other assets and liabilities of the Bank's Consumer Business, with the exception of certain assets and liabilities related to the above activities, which will not be transferred to VeloBank, including, in particular, foreign currency loans.

The agreement also contains provisions for the Bank to grant indemnification for certain identified risks, with a specified amount limit. As of the date of preparation of the financial statements, the Bank does not consider the probability of their materialization to be high. Consequently, there was no need to quantify these risks in the financial statements.

The number of shares acquired by Bank due to the demerger will be determined in accordance with the mechanism specified in the division plan, provided that it does not reach 25% of all shares in the share capital of VeloBank.

The shares will be repurchased by Promontoria from the Bank for the estimated amount of PLN 532 million consisting of two components based on financial indicators:

1. Fixed value component payable in connection with transaction closing in the estimated amount of PLN 432 million based on net assets transferred by the Bank to VeloBank in the moment of transaction closing and with the subject to any standard price adjustments that may occur upon closing of the transaction; and
2. Variable component payable in connection with achieved business volumes by Consumer Business in the day of transaction closing in the amount not higher than PLN 100 million

In connection with the conclusion of the Agreement, the Bank, at the time of classification of the consumer operations

as held for sale in accordance with IFRS 5, recognized a net loss in the amount of PLN 329 million in 2025 based on the fixed price component and the net asset value of the Consumer Business, taking into account the tax effect. Based on transaction conditions, the Group conservatively did not account for the variable component.

In the opinion of the Bank, IFRS 5 does not contain precise provisions regarding the timing and method of recognizing a loss in the case of held-for-sale group that mainly includes assets and financial liabilities in scope of IFRS 9 and consequently the Bank decided that the recognition of the loss at the moment of reclassification of the business to the held-for-sale group most clearly shows the expected economic consequences of the planned transaction. This loss, in terms of the balance sheet, has been accounted for as a reduction in the value of the assets of the group held for sale as a whole, without allocation to specific items.

The completion of the transaction is subject to the following activities and the fulfilment of certain conditions precedent, including, among others:

1. obtaining needed consents or decisions of the Polish Financial Supervision Authority ("KNF") by the Bank, VeloBank and its dominant entities;
2. obtaining consents of the relevant antitrust authority and other relevant authorities;
3. obtaining tax interpretations;
4. adoption of resolutions on approval of the division at general meetings of shareholders;
5. achieving readiness of the parties to perform the technical and operational activities concerning the migration of systems in connection with the demerger.

Second condition is met in full.

The parties have received tax interpretations which constitute the conditions for the execution of the transaction for the sale of the retail business. The ruling received by the Bank, regarding the possibility of classifying the assets transferred to the buyer as tax-deductible costs, partially challenges the Bank's approach. The final resolution may affect the ability to recognize the loss on the sale of the retail business as a tax cost. The Bank disagrees with the position presented in the ruling and, given its right to appeal, intends to take appropriate legal steps to challenge it. Tax effect related to the revaluation of assets and liabilities held for sale amounting to PLN 141 million was accounted for as a component of deferred tax assets.

As at 25 July 2025, The Management Board of the Bank and the Management Board of VeloBank agreed and signed the Bank's division plan in accordance with Article 534 of the Act of 15 September 2000 – the Commercial Companies Code.

The transaction is expected to be completed in mid-2026.

In connection with the signed Agreement, in the Bank's opinion, the Consumer Business meets the criteria of IFRS 5 required for reclassification of the assets and liabilities in scope of transaction as held for sale and separation of discontinued operations

Non-current assets held for sale are measured at the lower of their carrying amount or fair value less costs to sell. Non-current assets reclassified as held for sale are not subject to further depreciation.

The provisions of IFRS 5 do not apply to financial assets within the scope of IFRS 9 Financial Instruments, deferred tax assets (IAS 12 Income Taxes), or employee benefit assets (IAS 19 Employee Benefits). Therefore, the valuation method for these components of the group held for sale has not changed and is consistent with the principles set out in these standards.

Assumptions and estimates related to the presentation of discontinued operations

In the Agreement regarding the sale of the Bank's Consumer Business for VeloBank the principles of separating the assets and liabilities covered by the transaction were defined. In these financial statements, the balances have been allocated between continuing and discontinued operations in accordance with the Agreement and the requirements of IFRS 5. Therefore, the following assumptions and estimates were used for the balance sheet items:

1. Liabilities assigned to the discontinued operation exceed its assets, and as part of the transaction settlement, additional funds in the form of liquid assets are expected to be transferred (so-called excess liquidity to be transferred as part of the transaction settlement). The expected amount of assets to be transferred as part of the transaction settlement is not recognized in the statement of financial position as a component of the group of assets held for sale because the assets will be determined in the future and are not identifiable at the balance sheet date.
2. The consumer business includes dual-currency deposits with embedded derivatives. The fair value of the embedded derivatives was presented in the statement of financial position under "Financial assets held for trading" and was transferred to "Assets classified as held for sale."
3. Due to the recognized gross result on the transaction, a deferred tax asset was recognized. As the current tax will be paid by the Bank, the deferred tax asset is not included in the group of assets held for sale.

The following assumptions and estimates were used in the income statement:

1. The result on the disposal of the consumer business was recognized in 2025 and was included in the result from discontinued operations. The transaction price assumes certain variable component, so the Bank reported the result on the transaction based on its best estimate, as mentioned above.
2. Net interest income allocated to discontinued operations includes interest income and expenses on assets and liabilities classified as held for sale, increased by interest income on excess liquidity related to discontinued operations. A detailed description of the calculation of the excess liquidity result can be found below. Its

- reflection in the result from continuing operations is presented in Note 6.
3. General and administrative expenses allocated to discontinued operations include employee salaries, external services, IT services, space rental, and depreciation and were estimated based on the allocation keys used by the Bank in segment reporting adjusted for the scope of the transaction.
 4. Tax expense in discontinued operations is driven by the change of net deferred tax classified as held-for-sale and does not include tax charges settled by the Bank (including the effect of tax ruling described in Note 15). The profit and loss effect of the recognition of a deferred tax asset resulting from the recognized gross profit on the transaction is allocated to discontinued operations, as the deferred tax is directly related to the sale of the business classified as discontinued operations.

Assets and liabilities held-for-sale at as 31 December 2025 are presented in the table below:

PLN '000	31.12.2025
Cash and cash equivalents	216,403
Financial assets held-for-trading	3,731
Amounts due from customers	6,168,098
Tangible fixed assets	46,882
Deferred income tax asset	57,016
Other assets	58,636
Total assets	6,550,766
Impairment of assets not held-for-sale	(467,000)
Total assets held-for-sale	6,083,766
Amounts due to customers	22,152,903
Provisions	23,289
Other liabilities	118,302
Total liabilities	22,294,494
Net assets and liabilities held-for-sale	(16,210,728)
Expected amount of assets to be transferred as a part of the transaction settlement	16,642,728
Net Assets and liabilities held-for-sale after including assets to be transferred as a part of the transaction settlement	432,000

Expected amount of assets to be transferred as a part of the transaction settlement is the amount that will be transferred to VeloBank in order to settle the transaction. For the purposes of these financial statements and the table above, this surplus was calculated as of December 31, 2025. At the time of transaction settlement, the surplus will be transferred to VeloBank in the form of liquid assets in the appropriate currencies (cash and/or non-cash assets in the form of treasury bonds and bills denominated in PLN, USD, and EUR, with characteristics agreed upon between the parties to the transaction). Due to the volatility of the balance sheet structure and the expected settlement date of the transaction, it is not possible to precisely identify them at the time of preparation of these financial statements.

In connection with the recognized gross result on the transaction, the tax effect related to the revaluation of assets and liabilities held for sale in the amount of PLN 141 million was recognized. Because the current tax will be paid by the Bank, the deferred tax asset is not included in the group of assets held for sale. However, the group of assets held for sale includes net deferred tax asset in the amount of PLN 57 million directly related to the business held for sale.

The income statement of the discontinued operations is presented below:

PLN '000	01.01.-31.12.2025	01.01.-31.12.2024
Interest income	1,272,607	1,375,067
Similar income	213	76
Interest expense and similar expenses	(379,687)	(363,953)
Interest income	893,133	1,011,190
Interest income and similar charges	218,684	216,345
Interest expense and similar charges	(52,492)	(45,944)
Net fee and commission income	166,192	170,401
Net income from trading financial instruments and revaluation	32,281	33,657

	01.01.-31.12.2025	01.01.-31.12.2024
Other operating income	5,356	2,942
Other operating expenses	(19,579)	(22,331)
Net income from other operating income and expenses	(14,223)	(19,389)
General and administrative expenses	(767,949)	(687,496)
Depreciation of property, plant and equipment and intangible assets	(5,480)	(68,471)
Net impairment of non-financial assets	-	(432,512)
Net income from the sale of other assets	(608)	(300)
Net income from expected credit losses on financial assets and provisions for contingent liabilities	4,194	35,455
Operating profit	307,540	42,535
Tax on certain financial institutions	(49,122)	(54,489)
Profit before tax	258,418	(11,954)
Income tax expense	(20,776)	(12,814)
Net profit	237,642	(24,768)
Revaluation of assets and liabilities held-for-sale of at goodwill less costs to sell	(470,135)	-
Tax effect related to the revaluation of assets and liabilities held for sale	140,696	(24,768)
Net profit from discontinued operations	(91,797)	42,535

The value of the interest income from discontinued operations includes interest income and expenses from transactions with Consumer Business clients. Since Consumer Business is characterized by the surplus of deposits over assets, these funds were invested by Corporate Banking. After the transaction is settled, the Bank will no longer be able to invest funds derived from the excess of deposits over assets generated by Consumer Business. In the Management Board's opinion, presenting the interest income on the excess of deposits over assets in Consumer Business as an element of discontinued operations provides information that is relevant to the recipients of the financial statements. The Group eliminated internal transactions entered before the settlement of the exit transaction (internal interest income and interest expense) from continuing operations.

The Bank determined the level of interest income/net interest income generated by the Corporate Banking segment for the Retail Banking Segment based on this surplus using the formally adopted internal transfer rate methodology between the mentioned segments and presented it separately in Note 6 (Adjustment for excess liquidity related to discontinued operations). The internal transfer rate system is based on market rates at the relevant dates. For products with fixed maturities, rates corresponding to the maturities are selected, while for products with undefined schedules, these rates are adjusted based on behavioral assessments (primarily O/N or 1Y). The revenues thus determined in the amount of PLN 951,291 thousand in 2025 and PLN 1 027,401 thousand in 2024 were reduced by the cost of financing credit products in the amount of PLN 315,878 thousand in 2025 and PLN 346,621 thousand in 2024 using 3M rates for retail loans and O/N, 3M, and 1Y rates for credit cards.

Cash flows from discontinued operations are presented in the table below:

	For the period	01.01.-30.06. 2025	01.01.-30.06. 2024
PLN '000			
Cash flow from operating activities		675,100	5,188
Cash flow from investing activities		(10,051)	(81,595)
Cash flow from financial activities		(12,451)	(11,047)
Net cash flow		652,598	(87,454)

4. Risk management

RISK MANAGEMENT ORGANIZATIONAL STRUCTURE AND PROCESSES

The Bank performs analysis, assessment, approval and management of all kinds of risks associated with its business, arising from the applied business strategy. The risk management process is performed by all units and at all levels of the organization and covers among others: credit risk (including counterparty credit risk, residual risk limited by accepted collateral, and concentration risk), liquidity risk, market risk, and operational risk.

The foundation of the Bank's risk strategy is balanced risk taking while maintaining the rules of shared responsibility. The concept of risk management, based on the shared responsibility, is organized at three independent levels ("three lines of defense"):

- Level 1 i.e.: organizational units responsible for business activities resulting in risk taking and for risk management in the Bank's operational activity as well as risk identification and reporting to the units of second line of defense,

- Level 2 i.e.: risk management in organizational units, independently from the risk management by the first line, and compliance – organizational units or employees responsible for establishing standards for the risk management including risk identification, measurement or assessment, mitigation, control, monitoring and reporting and for overseeing the control mechanisms applied by other organizational units to mitigate the risk – organizational units in Risk Management Sector, Compliance Division, Financial Management Sector, Legal Division; Human Resources Division; Supervision and Internal Control Unit in Brokerage Department of Bank Handlowy,
- Level 3 i.e.: Internal Audit unit which ensures an independent assessment of risk management processes and internal control system.

In the risk management area, the Supervisory Board of Bank resolves upon:

- approving a strategy of the Bank's activity and the Principles of prudent and stable risk management, including operational risk strategy,
- approving the acceptable level of the Bank ("Risk appetite") contained in the Policy specifying the Risk Appetite for the Capital Group of Bank Handlowy w Warszawie S.A.,
- approving the fundamental organizational structure of the Bank, determined by the Bank's Management Board adapted to the scope and the profile of the risk taken,
- approving an annual assessment of the adequacy and effectiveness of the risk management system.

In addition, the Supervisory Board supervises the compliance of the Bank's policy related to risk-taking with the Bank's strategy and financial plan and performs the duties resulted from mentioned above strategies, regulations or other documents approved by the Supervisory Board.

The Management Board of the Bank, by way of a resolution, approves:

- the organizational structure of the Bank, with defined roles and responsibilities adequate for the size and risk profile, ensuring that the functions of risk measurement, monitoring and control are independent from risk taking activities,
- the Bank's Risk's Profile by determining material types of risk, at the same time providing implementation of processes to manage them and/or allocation of interior equity,
- Bank's strategy, the Principles of prudent and stable risk management constituting the risk management strategy, including operational risk strategy,
- the acceptable risk level ("Risk appetite"), included in the Policy specifying the Risk Appetite for the Capital Group of Bank Handlowy w Warszawie S.A.

The Principles together with the approved by the Supervisory Board Policy specifying the Risk Appetite and ESG Risk Management Framework constitute the BHW's Risk Management Strategy (including the operational risk management strategy).

The Management Board of the Bank nominates an independent Member of the Management Board responsible for Risk Management Sector (Chief Risk Officer) reporting directly to the President of the Management Board and responsible for the management and control of credit risk, market risk, and operational risk, including:

- introducing a risk management system in the Bank as well as risk identification, measurement, control and reporting methods,
- developing the risk management policy and developing risk assessment and control systems,
- making credit decisions in compliance with the principles resulting from the credit procedures as well as documents determining the Bank's credit policy,
- ensuring the proper safety level of the credit portfolio,
- managing the problem loans portfolio (including collections and debt restructurings).

Additionally, CRO is responsible for:

- developing, implementation and updating written policies regulations, strategies and procedures in term of risk management system, internal control system and internal capital estimation;
- reviewing the process of estimating and maintaining internal capital and the policy of variable remuneration components.

Risk management processes are implemented in the Bank on the basis of written policies and principles concerning the identification, measurement, mitigation, control, monitoring and reporting of risks to which the Bank is exposed, approved by the Management Board, persons authorized in accordance with the rules for issuing normative acts in the Bank or appropriately appointed Committees. There following committees have been established within the risk management framework:

- Assets and Liabilities Management Committee (ALCO),
- Risk and Capital Management Committee (RCMC), overseeing Model Commission, Consumer Bank (GCB) Risk Commission and Sustainable Development Products ("ESG") Commission,
- New Products Committee,
- Business Risk and Control Committee (BRCC)

Member of the Management Board responsible for Risk Management Sector presents the organizational structure of the Risk Management Sector to the Management Board of the Bank, which takes into account the specifics of credit, market, liquidity and operational risk management in the respective customer segments. For this purpose, organizational units

have been set up within the Risk Management Sector that are responsible for:

- managing credit risk of institutional clients i.e. of the Corporate Bank and the Commercial Bank,
- managing credit risk of the Consumer Bank
- managing impaired receivables,
- managing market risk, including interest rate risk in banking book,
- managing liquidity risk,
- managing operational risk,
- managing the equity process and model risk,
- model validation,
- risk management support in the above-mentioned areas including in control functions,
- the process of comprehensive and continuous assessment of credit risk (Fundamental Credit Risk Assessment).

The management of Risk Management Sector and of Business units are responsible for developing and implementing risk management policies and practices in their respective business units, overseeing risks in the business units, and responding to the needs and problems occurring in business units.

Risk management in the Bank is supported by a range of IT systems in the following areas:

- obligor and exposure credit risk assessment,
- credit, market and operational risk measurement, reporting and monitoring,
- valuation, monitoring and reporting of collateral,
- calculation and reporting of write-offs on expected credit losses.

Material Risks

The Bank manages all material risks arising from the implementation of its business strategy. As a result of risk identification and assessment process, in 2025, the Management Board considered the following type of risk as material:

- Credit Risk,
- Counterparty Credit Risk,
- Market Risk in trading book and in banking book,
- Liquidity Risk,
- Operational Risk,
- Compliance Risk,
- Strategic Risk,
- Climate Risk for: Credit Risk, Strategic Risk, Reputation Risk and Compliance Risk,
- Environmental Risk for Compliance Risk.

The Bank monitors all the above types of risk. Due to portfolio characteristics in this chapter are presented principles related to management of credit risk (including counterparty risk and concentration), operational risk, liquidity risk, market risk.

Credit risk (Retail and Wholesale), including also counterparty credit risk, is a potential loss resulting from a customer's breach of contract or insolvency, taking into account the loss mitigation methods used for the product or the financing. Credit risk arises in many of the Bank's business activities, hereinafter "products," including:

- Loans and advances,
- Guarantees and letters of credit,
- FX and derivatives transactions,
- Securities transactions,
- Financing and handling settlements, including trade (domestic and foreign),
- Transactions in which the Bank acts as an intermediary on behalf of its clients or other third parties.

The principles described in the "Credit Risk" section of this document covers different types of exposure, as defined in relevant Credit Policies of the Bank.

Additionally, within the risk management system, the Bank applies credit risk mitigation rules (incl. accepting collateral) thus mitigating the inherent **residual risk** and managing **concentration risk**, taking into account material concentration risk factors.

Liquidity risk is the risk that Bank will not be able to efficiently meet both expected and unexpected current and future cash flows and collateral needs without adversely affecting either daily operations or financial condition of the Bank. Risk may be exacerbated by the inability of the firm to access funding sources or monetize assets and the composition of liability funding and liquid assets. Liquidity risk is measured in accordance with the applicable law, in particular with the Banking Act, under standards set by the regulator (regulatory liquidity measures) and with internal measures which

support liquidity risk management.

Market risk is the risk of loss arising from changes in the value of Bank's assets and liabilities resulting from changes in market variables, such as interest rates, exchange rates or credit spreads. Losses can also result from the presence of basis risks. Market risk arises in trading book as well as in banking book. Market risk is measured in accordance with established standards to ensure consistency across businesses and the ability to aggregate risk.

Operational Risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition of operational risk includes legal risk - which is the risk of loss (including litigation costs, settlements and penalties) resulting from instable legal environment as well as wrongly defined contractual obligations in any aspect of the bank's business - but excludes strategic and reputation risks. This definition of operational risk includes also conduct risk as a risk related to the Bank's operations, that employees of the Bank or persons associated with the Bank, but not its employees - intentionally or negligently - cause damage to customers or the integrity of financial markets, with an effect on the Bank. As part of this risk, we also recognize ICT risk (Information, Communication and Technology). The Bank also recognizes the impact of Operational Risk on the reputation risk associated with Bank's business activities.

CREDIT RISK

The main objective in the field of credit risk management is to support the long-term plan for the stable development of the credit portfolio while maintaining its proper quality. Credit risk management is executed based on the policies and procedures that consistently and clearly define and communicate standards for risk identification, measurement, acceptance, control, monitoring and reporting.

In the current reporting period, the Bank continued activities related to credit risk management in perspective of the external environment situation development including, in particular, the impact of war between Russia and Ukraine, conflict in Palestine, high inflation and economic slowdown. In the reporting period the Bank did not observe significant impact of the above factors on the credit portfolio quality neither of Corporate Banking nor Retail Banking. In case of lending, the Bank is not active in Ukraine, Israel, Russia or Belarus, and the Bank's credit exposure to companies significantly involved in these countries is marginal.

Principles of the Credit Risk Management Policy

The Risk Management unit is responsible for establishing the principles of the Credit Policy for the Corporate Bank, the Credit Policy for the Commercial Bank and credit policies for the Consumer Bank as well as for approving other policies, programs and procedures, monitoring credit risk management performance, providing ongoing assessment of the credit risk of the portfolio and approving individually significant credit risk limits.

The rules for approving risk are matched with the strategy of the Bank, generally accepted risk level, credit portfolio performance and internal control results.

For corporate and commercial clients as well as investment banking activities across the organization, the credit process is based on a range of fundamental policies, including:

- joint business and independent risk management responsibility for the quality of the credit portfolio and process as well as for credit loss,
- adherence to portfolio guidelines to ensure diversification and maintain risk/capital alignment,
- credit authorization system assuming that credit authority can be given to authorized, trained and experienced staff based upon their professional experience and tested qualifications concerning risk assessment and making credit decisions,
- a minimum of two authorized credit approves with delegated credit authority required for all significant exposures,
- dependence of approval level from the risk taken - exposures with a higher risk (including size and risk assessment) require approval at a higher decision-making level,
- diverse risk rating standards, adequate to every obligor and exposure, including remedial actions,
- risk rating of every obligor and exposure in a consistent rating process using risk rating models and scorecards (scoring),
- periodic monitoring of customers' business results and identification of negative changes in their standing which require immediate reclassification of exposure or remedial actions,
- collateral selection, valuation, establishing legal basis and monitoring,
- exceptions to Credit Policies are approved at higher levels within the organization to ensure control over risk policy implementation by higher level managers in accordance with internal Bank's normative acts and generally applicable laws and regulations issued by the appropriate regulators.

In the Consumer Bank (GCB), the Management Board of the Bank has approved credit policy as well as detailed principles of its deployment for each credit product offered.

Credit risk in this area is managed by means of:

- detailed credit policies which define the credit scoring rules,

- a system for allocation of credit authority and independent supervision of the quality of credit analyst performance,
- a system of monitoring the quality of IT tools supporting credit scoring,
- a system of risk measurement and control for credit portfolios including: a detailed management information system covering the quality of the credit portfolio and debt collection, identification of impaired exposures, monitoring of delinquencies, monitoring of benchmarks, etc., internal limits of credit portfolio parameters approved by the Management Board,
- debt collection policy rules as well as a fraud prevention policy,
- credit portfolio quality reports to the GCB Risk Commission, the Risk and Capital Management Committee and the Supervisory Board's Risk and Capital Committee,
- stress testing rules,
- monitoring of the performance of scoring models and measurement and identification of impaired exposures,
- checking the behavior of Bank customers in the Credit Information Bureau (BIK),
- collateral valuation policy for mortgage-secured credits offered by GCB.

Each portfolio is subjected to stress testing at least on an annual basis.

Credit risk assessment and rating

The Bank maintains consistent risk ratings methodology across the corporate and commercial credit portfolio, which facilitates comparison of credit exposure across all lines of business, geographic regions and products.

Obligor Risk Rating and Obligor Limit Rating are elements of the assessment of credit risk associated with granted products. Obligor Risk Ratings reflect an estimated probability of default for an obligor within 1 year and are derived primarily through the use of statistical models, external rating agencies, or scoring models.

Obligor Limit Rating (OLR) as a measure of medium to long-term risk of the obligor is subject to assessment in terms of qualitative factors including sector seasonality, management quality, client's business strategy, influence of vulnerability to regulatory environment on client, transparency and quality of control processes.

Facility Risk Ratings are assigned using the obligor risk rating and facility-level characteristics such as collateral, thus decreasing the potential loss on a facility in case of default. As a result, Facility Risk Rating reflects a potentially expected loss given-default.

Credit Risk is measured at a number of levels, including:

- Aa a limit level, which may include one or more contracts, disposals or transactions,
- at an obligor level, if there are multiple facilities approved for an obligor where the risk associated with an obligor default can be assessed jointly,
- at a group level, considering the group structure of connected clients,
- at a portfolio level where Portfolio Risk Rating is calculated as the average rating of individual facility exposure ratings weighted with the size of exposure.

For ICG and CCB customers' credit exposures, the Bank uses scoring models of the various level of complexity i.e. depending on the size of customer's portfolio and customer's industry.

For retail credit exposures, the Bank uses scoring models developed on the basis of the history of behavior of the Bank's customers. Such models analyze the behavior of customers in the Credit Information Bureau, own data as well as customer demographics. The quality of performance of scoring models is reviewed on an ongoing basis and monitored annually. As a result, modifications are made in the model or the credit policy.

Credit risk of the retail credit portfolio is measured based on dedicated scoring models and reporting techniques including an analysis of ratios for new customers and existing portfolios with and without impairment.

The effectiveness of scoring models used in risk assessment processes is monitored regularly with population stability reports, KS (Kolmogorov-Smirnov) test reports and portfolio quality reports (delinquency and loss ratios). Each scoring model is validated annually.

Credit risk monitoring

Risk management units, supported by business units responsible for the cooperation with customers, are responsible for monitoring the probability of obligor default.

Credit risk exposure is monitored and managed at three levels: (a) exposure level, (b) customer level, and (c) portfolio level.

Exposure monitoring and management at a customer level includes periodic control reports, an early warning system and periodic reviews of the customer's standing.

Monitoring portfolio performance and identification of portfolio trends include regular management reports and control reports which also support active response to negative signals or trends.

In addition to management information reports analysis, risk managers and business representatives take part in regular

round tables regarding the portfolio in order to review business pipelines and discuss the credit issues.

In GCB, monitoring covers scoring models, impairment measurements, delinquencies, the effectiveness of debt collection, internal limits, customer behavior checks with BIK, benchmarks, etc.

Risk mitigation

Credit risk mitigation within the set risk appetite is an ongoing and key element of the Bank's risk management processes. It is achieved as described below:

- customers selection and credit confirmation:
 - Target market and customer selection criteria are determined;
 - Maximum credit exposure against the obligor is determined through obligor limits related to customer risk ratings and/or through risk acceptance criteria;
 - Limits are established and monitored in order to mitigate exposure concentration risk;
 - Robust credit due diligence standards are established and maintained;
 - Credit process standards are established in order to ensure a consistent approach to each segment;
 - Credit documentation standards are applied;
- collateral is used in order to minimize the risk and to manage residual risk:
 - Establishing acceptable collaterals and their classification in view of regain possibility in case of execution;
 - Setting collaterals in right law's form (documentation standards);
 - Expected collateral structure or credit value in relation to collateral value is determined;
 - The value of collateral on property and equipment is determined by dedicated specialty functions within the Bank using external valuation where required;
- monitoring and early warning system:
 - Credit exposures periodic monitoring and an early warning system are used;
 - Regular inspection of portfolio ensuring identification of adverse tendencies and concentration;
 - Active portfolio management includes implementation of necessary modifications to the credit strategy based on portfolio reviews or stress testing.

Policy of collateral acceptance

Apart from general rules of credit risk mitigation, the Bank has defined specific Corporate and Consumer rules of accepting, assessing, establishing and monitoring various types of collateral, including mortgages, pledge on fixed and current assets, guarantees and similar forms of support and assignment of receivables (jointly: "collateral"). The risk is limited by the requirement to insure the collateral for the time of credit exposure. These rules serve to minimize the residual risk.

As an additional element limiting the risk, in financing of companies and individuals who pursue business activity, is the rule that revenues from the customer's ongoing business are the key element of creditworthiness assessment of potential borrowers and the primary source of repayment of debt to the Bank.

In order to diversify risks associated with collateral, the Bank accepts various types of collateral:

- in the Consumer Bank, the most common type of collateral is residential real estate,
- in the Corporate and Commercial Bank, the following types of collateral are among other:
 - guarantees,
 - cash,
 - securities,
 - receivables,
 - inventory,
 - real estate,
 - equipment and machines,
 - vehicles.

Detailed procedures outlining the types of collateral acceptable to the Bank and the rules of their establishment and valuation as well as the creation of a special risk unit responsible for the collateral management process allow for the development of appropriate standards for this process, including:

- criteria for acceptance and valuation of collateral,
- documentation standards,
- rules and frequency of collateral value monitoring and updating (including inspections).

In addition, Corporate Banking credit regulations set such parameters as:

- the structure of collateral required for different types of credit receivables,
- the relationship of loan value to collateral value for each type of collateral,

- the desirable structure of the different types of collateral in the credit portfolio.

The Bank periodically controls whether the current structure of the collateral portfolio in Corporate Banking is compatible with the objectives and whether the value of the collateral is appropriate.

Within the Corporate Bank, the expected ratio of loan value to collateral value is determined in each case in a credit decision. This ratio is also subject to periodic inspection / monitoring.

The principal type of collateral in GCB is a mortgage register for mortgage-secured loans. The Bank also uses bridge insurance to mitigate the risk of the borrower's default between the time of disbursement of a loan and the time of a mortgage register.

The value of collateral is measured at each time on the basis of an expert valuation of real estate commissioned by the Bank. Expert valuations are reviewed by an independent valuation division according to valuation guidelines for real estate used as collateral of real estate loans for individuals who are GCB customers. The quality of the division's performance is monitored.

Concentration in credit risk

In order to prevent adverse events resulting from excessive concentration, the Bank reduces the concentration risk by setting limits arising from law and concentration standards adopted internally, in order to ensure adequate diversification of risk in the portfolio. The Bank establishes General and specific limits to mitigate the risk of credit concentration, adequate to the approved risk appetite in the Bank as well as business strategy.

In its credit risk management, the Bank takes into account in particular the risk arising from:

- exposure to single entities (including taking into account the effect of exposure to a single clearing house – KDPW CCP on the level of concentration risk exposure, particularly in the event of potential inability to meet the obligations of the clearing house), or related entities capitally or economically (counterparty concentration risk),
- exposure to the same industry, economic sector, similar type of activity or trading similar goods (industry concentration risk),
- exposure to the same geographical region, as well as individual countries (risk of geographical concentration),
- exposure to the entities belonging to the Capital Group of the Bank,
- exposure to counterparties in derivative transactions,
- used credit risk mitigation techniques (exposures secured by the same type of collateral), including due to large indirect credit exposures such as a single issuer (collateral concentration risk),
- specific of Bank products/portfolio and exposure tenor,
- individual products, markets or currencies.

General concentration limits are approved on the Management Board level and monitored according to relevant Policy rules, primarily by the Risk and Capital Management Committee. Credit Risk and Business managers define (where appropriate) detailed internal concentration limits, control and reporting frequency and rules of approval for excesses and corrective action plans. Exceeding of established limits is reported, depending on the specific requirements of the Policy, to the approval of appropriate persons, the Risk and Capital Management Committee and the Bank Management Board together with corrective action plans.

In hedge concentration, appropriate limits are settled and controlled, including commitments hedged with a mortgage in accordance with S Recommendation.

Obligor exposure concentration risk

The Bank limits the concentration of its exposure to a single customer or a group of customers with common ownership and/or organization. As at 31 December 2025, the Bank's exposure in bank portfolio transactions with groups of customers whose aggregate exposure exceeded 10% of the Bank's equity (as defined below in this report) amounted to PLN 7,173,025 thousand, i.e., 97.94% of equity (31 December 2024: 6,094,545 thousand, i.e., 87.30%). In 2025 and 2024 the Group complied with the provisions on limits of concentration of exposure.

Concentration of exposure to the top 10 non-banking borrowers of the Bank:

PLN'000	31.12.2025			31.12.2024		
	Balance sheet exposure*	Financial commitments and guarantees	Total exposure	Balance sheet exposure*	Financial commitments and guarantees	Total exposure
GROUP	1,474,788	219,672	1,694,460	1,352,976	229,893	1,582,869
CLIENT	1,408,710	-	1,408,710	-	-	-
CLIENT	1,279,050	-	1,279,050	1,099,430	-	1,099,430
GROUP	1,002,149	-	1,002,149	1,002,896	-	1,002,896
GROUP	62,822	787,933	850,755	197,656	679,866	877,522
GROUP	820,166	-	820,166	836,507	-	836,507
CLIENT	766,096	30,000	796,096	-	30,000	30,000
GROUP	412,224	328,075	740,299	266,525	315,928	582,453
GROUP	652,880	23,334	676,214	552,871	23,565	576,436
GROUP	579,403	71,472	650,875	197,920	462,406	660,326
Total	8,458,288	1,460,486	9,918,774	5,506,781	1,741,658	7,248,439

*Excluding investment in shares and other securities.

As at 31.12.2025; data from 31.12.2024 are comparative and do not illustrate concentration of exposures as at 31.12.2024.

The Group is understood as a capital group consisting of entities in relation to which the Capital Group of Bank Handlowy w Warszawie S.A. has exposures.

The limits of the Bank's maximal exposure are determined in the Banking Law Bill from 29 August 1997 and 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 (Regulation No 575/2013). When keeping conditions determined in Regulation 575/2013, it is allowed for the Bank to maintain an overdraft of liabilities level over limits determined in paragraph 71 of the Banking Law Bill only in the case of liabilities resulting from operations rated in trade portfolio. Own funds for determining limits of exposure purposes were determined according to Regulation No 575/2013.

As at 31 December 2025, the Bank did not have an exposure to one entity exceeding the statutory exposure concentration limits.

Concentration of exposure in individual industries*

Given that there is a large diversity of customers representing individual industries, the table below shows aggregate data for the Bank's exposure to the industrial sectors.

Sector of the economy according to NACE*	31.12.2025		31.12.2024	
	PLN'000	%	PLN'000	%
Financial service activities, excluding insurance and pension funds	14,785,832	36.8%	1,868,664	35.4%
Wholesale trade, except of motor vehicles	3,701,961	9.2%	14,050,812	4.7%
Financial services, insurance and pension funds supporting activities	2,068,880	5.1%	1,806,950	4.5%
Production and supply of electricity, gas, steam, hot water and air for air conditioning systems	1,980,679	4.9%	1,942,595	4.9%
Production of food products	1,383,230	3.4%	1,566,630	3.9%
Retail trade, except of motor vehicles	1,254,440	3.1%	1,383,112	3.5%
Activities of head offices; consulting related to the management	1,213,236	3.0%	1,455,548	3.7%
Production of other transport equipment	1,202,953	3.0%	1,033,543	2.6%
Rental and lease	1,117,619	2.8%	-	-
Production of electrical equipment	920,922	2.3%	950,298	2.4%
„10" industries total	29,629,752	73.7%	26,058,152	65.6%
Other industries	10,557,367	26.3%	13,681,322	34.4%
Total	40,187,119	100.0%	39,739,474	100.0%

*Balance-sheet and off-balance-sheet exposure gross to institutional customers (including Groups) as at 31.12.2025, based on NACE Revision 2 (The Statistical Classification of Economic Activities in the European Community), data from 31.12.2024 are comparative and do not illustrate concentration of exposures as at 31.12.2024.

Gross amounts due from customers and banks by type of business:

PLN'000	31.12.2025	31.12.2024
Gross amounts due from economic entities and Groups		
Financial	15,205,613	13,892,311
Production	3,656,802	3,536,234
Services	3,508,066	3,231,131,
Other	4,361,586	3,681,363,
	26,732,067	24,341,039
Gross amounts due from individual customers	6,432,345	6,360,276
Total (see Note 18, 22)	33,164,412	30,701,315

Determination of Expected Credit Loss

The Bank creates provisions for expected credit losses, according to developed internal rules and methodologies for calculating provisions for all financial assets. They are made based on aggregated level for each of the 3 Stages:

- Stage 1: Credit exposures that have not had a significant increase in credit risk since initial recognition
 - For these assets, a 12-months ECLs are recognized (representing the portion of lifetime expected credit losses that result from default events that are possible within 12 months after the reporting date),
- Stage 2: Credit exposures that have experienced a significant increase in credit risk since initial recognition, but for which the exposure is not yet defaulted
 - For these assets, a lifetime ECLs are recognized,
- Stage 3: Credit exposures with credit loss that has already been suffered on the assets
 - For these assets, ECL is established as for defaulted assets.

The assignment of the exposure to particular Stage is based on the approach to client management (individual vs. group approach), taking into account:

- the wide range of information obtained as part of standard risk management processes (including the Early Warning process) regarding both current and future events, including macroeconomic factors and
- the number of days passed due (where days past due calculation, for the purpose of exposure assignment to Stages, is done in line with EBA/GL/2016/07 guidance and the regulation of Ministry of Finance, Investment and Development of October 3rd, 2019, on the significance level of overdue credit exposure).

Stage 1

All exposures not classified as Stage 2 and Stage 3 are classified as Stage 1.

Stage 2

In case of credit exposures from the retail banking area the overdue criterion of over 30 days (incl. materiality of overdue credit exposure) as well as of above 90 days (regardless of the materiality of overdue credit exposure) are a direct trigger for identifying a significant increase in credit risk. Additionally, qualitative premises are considered, such as modification activities carried out, including forbore category, and the fact that information about the probability of default is not available, as well as a quantitative criterion – analysis of the change in the PD level since initial recognition. Under this criterion, the change in the PD level is analyzed for exceeding relative and absolute thresholds, obtained at the level of homogeneous product portfolios using a dedicated model, the purpose of which is to determine the thresholds above which an increase in risk is considered significant. Due to the product characteristics, absolute thresholds are applied only to credit cards and credit lines portfolios.

For credit exposures in the area of institutional banking, except from overdue by more than 30 days criterion, in order to assess if a significant increase in credit risk took place within the internal classification process and ongoing monitoring process, the Bank analyses changes in risk of default by comparing the current assessment of default with the assessment of default in the initial recognition.

Assessment of change in risk of default for given credit exposure is conducted during internal classification process and monitoring process and includes:

- qualitative indicators (including Early Warning System),
- quantitative information (change of the Lifetime PD at the reporting date with the Lifetime PD at initial recognition above the relative and absolute threshold for a given sensitivity class, financial data),
- expected exposure life period,
- occurrence of economic or legal reasons related to the borrower's financial difficulties and granting to the borrower a concession to financial conditions that the lender would not otherwise consider, (assuming that those changes do not imply deterioration in future payment flows).

Stage 3

The Bank applies the general principle that the creditor's default occurs when one or both of the following events occur:

- a) delay in the debtor's repayment of any material loan obligations to the Bank is 90 days or more,
- b) it is unlikely that the debtor fully fulfills his credit obligations towards the Bank, without the institution having to undertake activities such as collateral execution.

The Bank assesses at each balance sheet date if there is an objective impairment trigger for given financial asset of group of financial assets.

A financial asset or a group of financial assets lost their value and the impairment loss was incurred only when there is objective evidence of impairment resulting from one or more events taking place after the initial recognition of the asset (event causing the loss), and the event (or events) causing a loss has an impact on the expected future cash flows resulting from a financial asset or a group of financial assets whose reliable estimation is possible.

In the institutional banking area, materialization of credit exposure value loss takes place if there is objective evidence of impairment, which can be a result of, among others, events as below:

- obtaining information on significant financial difficulties of the client,
- reduction of the client credit rating by an accepted by the Bank External Credit Assessment Institution¹,
- occurrence of economic or legal reasons related to the borrower's financial difficulties and granting to the borrower a concession to financial conditions that the lender would not otherwise consider, (forborne non-performing), including
- granting a forbearance measure as referred to in Article 47b of the credit obligation where that measure is likely to result in a diminished financial obligation due to the material forgiveness, or postponement, of principal, interest or, where relevant, fees;
- high likelihood of bankruptcy, gaining information on:
 - declaration of bankruptcy,
 - commencing bankruptcy proceedings or submitting a bankruptcy petition/ petition for bankruptcy proceedings,
 - putting the debtor into bankruptcy or liquidation,
 - dismissing the bankruptcy petition because the debtor's assets are insufficient or only sufficient to cover the costs of bankruptcy proceedings,
 - dissolution or annulment of the company,
 - appointing of a guardian,
 - establishing a trustee (bankruptcy administrator),
 - submitting an application for restructuring proceedings within the meaning of the Restructuring Law,

or granting to the obligor a similar protection if it would allow him to avoid or delay repayment of credit obligations,

- Bank initiates procedure to obtain an enforcement title,
- delay in payment equal to 90 days or more (where days past due are calculated in line with EBA/GL/2016/07 guidance and the regulation of Ministry of Finance, Investment and Development of October 3rd, 2019, on the significance level of overdue credit exposure),
- obtaining information from an external database about the delay in payment of debtor's financial liabilities in other financial institutions by 90 days or more in line with the materiality thresholds
- default contagion in line with EBA/GL/2016/07 guidance,
- status of exposure has been changed from "accrual"/ "performing" to "non-accrual"/ "non-performing",
- exposure has been classified (as per internal classification) to category: "Substandard non-performing/ non-accrual"/ "Doubtful" or "Loss",
- obligor Risk Rating (ORR) is worse than 7- which is applied for obligors that are defaulted,
- justified suspicion of abuse or extorting credit exposure, or identifying cases of a probable criminal act related to a credit exposure, documented by submitting a notification of suspected crime to the competent state authority
- termination of the loan agreement due to high credit risk,
- obtaining information on the execution of a court judgment process against the debtor in an amount which, in the opinion of the bank, may result in the loss of creditworthiness,
- lack of payment by the debtor the amount of the realized Government guarantee,
- death, permanent disability or serious illness of the debtor (in the case of debtors running a company in the form of entrepreneurship), resulting in the inability to continue the activity,
- staying in custody or prison of the debtor (in the case of debtors running a company in the form of entrepreneurship), resulting in the inability to continue the activity.
- obtaining information about a customer's default under agreements with other Citi group entities,
- in case the Economic Loss (L) resulted from the sale of credit obligations is higher than 5%, all other remaining client exposures should be considered as defaulted,

or any other events that may have an impact on the estimated future cash flows from the financial asset that can be reliably estimated.

¹ Below risk level corresponding to internal 7- rating (i.e. to CCC- for Standard & Poors, Caa3 Moody's)

Objective evidence of impairment of a financial asset or a group of assets in the Retail Banking area includes the fulfillment of even one of the following conditions by any of the customer's exposures:

- occurrence of delays in repayment of principal and interest, the minimum amount to be paid, commission or exceeding the permitted limit. For the purpose of default identification, it is assumed that the delay in repayment is equal to or exceeds 90 days at the moment of calculating the provision (where days past due are calculated in line with EBA/GL/2016/07 guidance and the regulation of Ministry of Finance, Investment and Development of October 3rd, 2019, on the significance level of overdue credit exposure,
- granting modifications to the terms of the agreement (restructuring), as a result of which the current value of cash flows falls below the book value before the modification,
- termination of the contract for reasons other than a delay in the repayment of mortgage products,
- default contagion in line with EBA/GL/2016/07 guidance,
- occurrence of qualitative circumstances:
 - death,
 - bankruptcy,
 - permanent disability or serious illness,
 - fraud,
 - obtaining information about initiating bankruptcy proceedings of the client or announcing bankruptcy by the client,
 - impairment or threat of collateral impairment,
 - obtaining information about significant financial problems of the client,
 - justified suspicion of extortion of credit exposure or identifying cases of the substantiated criminal offense concerning credit exposure,
 - obtaining information about the execution of the debtor in the amount, which in the bank's opinion may result in the loss of creditworthiness,
 - the client's stay in custody or prison,
 - partial capital write-off,
 - agreement termination,
 - the Bank's request to initiate enforcement proceedings against the client.

In the case of clients who do not meet the restructuring criteria, and in particular, for which the legal path has been implemented (bankruptcy, enforcement, court dispute) without the prospects of returning the repayment formula from the client's core operations, the debt collection process is carried out and the receivables are written off. The main goal of this process is to maximize the number of outstanding exposures recovered by the Bank. In the debt collection process, the Bank will develop a cooperation formula with the client, in the course of which the Bank's activity is not limited only to legal actions, but also, if possible, ongoing cooperation. In the event that the repayment of the exposure is jeopardized due to the poor financial standing of the debtor or by the transfer of assets beyond the scope of recovery, the exposures can be sold in exceptional cases.

The Bank has established and applies a quarantine period for exposures that cease to be classified as Stage 3 assets.

In the area of institutional banking, a change in status from "impairment" to "no impairment" may take place when there are no arrears to the Bank within a minimum period of 12 months and the principal amount and related additional claims under the contract are recoverable in full. The main premise for changing the status from impairment to no impairment is complete recovery of creditworthiness.

In the Retail area, the quarantine mechanism relies on maintaining the customer in the status of impairment for the next 9 months after all indications of impairment have ceased to exist.

The expected credit loss, which is the basis for determining the level of the provision for impaired receivables and with a significant increase of credit risk since the initial recognition is determined throughout the lifetime of the exposure. In the case of installment exposures, this is the period to the contractual maturity date. For revolving exposures, the contractual maturity is not specified, in replacement of the so-called behavioral maturity resulting from the empirical estimation of the life of the credit product.

Provisions for expected credit losses for consumer banking portfolio are calculated on the basis of statistical models for groups of assets combined in portfolios with common credit risk features. The Bank aggregates financial instruments for the purpose of measurement of expected credit losses on product level in consumer banking and on segment level for homogenous micro-entrepreneurships portfolio with minimal shareholding in the sum of gross receivables of the Bank. In terms of product aggregation, the following portfolios are defined: credit cards, cash loan within credit card, credit line, cash loan and mortgages.

In the financial statements, the Bank adjusts the value of credit exposures by provision for expected credit losses. In case individually significant exposure is at Stage 3, provisions are measured using individual approach. Exposures are deemed to be individually significant, if an expected credit loss for the borrower in Stage 3 exceeds 10% of average provisions related to receivables in Stage 3 in the last quarter.

In the area of Institutional Banking, the main sources of parameters included in the methodology of expected credit losses ('ECL') are the results of internal customer assessment processes and the results of loan models:

- the rate of expected credit losses is derived from the client's rating determined based on internal rating models. The ECL methodology describes the process of applying existing migration ratings, expected in a given

- macroeconomic scenario, to migration schedules. In this way, in the following forecast periods, the probability of migration to a given rating range is obtained,
- the value of the LGD parameter results directly from the dedicated model for impaired clients,
 - the exposure value for subsequent forecast periods is based on available repayment schedules as well as (for renewable products) on the expected change in exposure described by the value of the CCF parameter. The basis for estimating this parameter was internal data on amounts used by customers before the Bank identified impairment of value,
 - the assignment to the stage is based on the customer assessment process used in the Bank to manage the client. This process includes both quantitative factors (e.g. customer rating) and a number of qualitative factors (e.g. Early Warning Signals),
 - the maturity dates adopted by the Bank result directly from agreements with customers and periods in which the Bank is exposed to possible risks.
 - In the area of Retail Banking, the basis of parameters included in the ECL methodology are the existing internal models of the client's creditworthiness assessment in the Bank, information about the stage of debt collection proceedings and information from the Bank's data warehouse:
 - the rate of expected credit losses is the submission of a number of models of customer creditworthiness assessment, connected to each other by process called integration logic. The ECL methodology, based on forecasts provided by the Chief Economist, transforms the results of integration logic so that the result reflects the expected changes in the economy. The parameters thus obtained are then applied to the loss vectors during the life of the product, estimated on the basis of historically observed loss rates. Recovery value vectors are the result of the analysis of the amount of historically collected receivables for homogeneous populations. The populations were segmented against similar features such as product type, time from default, amount of exposure left for repayment or historically observed repayments,
 - the value of the EAD parameter is based on installment products on the expected repayment schedules generated based on the length of the contract and the interest rate on the product. For renewable products, EAD is based on the internally estimated CCF vector.

The Bank uses macroeconomic scenarios including explanatory variables in models used to measure expected credit losses. Scenarios are prepared by the Chief Economist of the Bank min. once a quarter in a 3-year horizon divided into quarters (base scenario with 60% weight and positive and negative variation from scenario with 20% weight).

In the area of institutional banking, the Bank divided the loan portfolio into industries in terms of their sensitivity to macroeconomic conditions, identified macroeconomic variables that best explained the historical changes in credit quality and analyzed the dependence on macroeconomic factors using statistical methods. Finally, the Bank has built a model for two classes with a higher level of industry sensitivity allowing for the dependence of the coefficient determining the level of client migration between ratings from these factors. For the class with low sensitivity, the Bank did not make the level of migration dependent on macroeconomic factors.

In the area of Retail Banking, at the level of homogeneous product portfolios, the Bank, using statistical methods, built equations making the level of annual loss rates dependent on macroeconomic factors. The models allow for dynamic shaping of the provision for expected credit losses depending on the expected changes in the economy.

Macroeconomic scenarios in the area of Institutional Banking include below variables:

- annual amendment of index WIG,
- NBP reference rate

however, Retail Banking uses two variables in modeling the expected credit losses:

- unemployment rate „BAEL”,
- annual change of index WIG.

Macroeconomic scenarios for the variables used to estimate expected credit losses as at 31 December 2025, is presented below.

Basic macroeconomic scenario	4q25	1q26	2q26	3q26	4q26	1q27	2q27	3q27	4q27	1q28	2q28	3q28	4q28
NBP reference rate	4.00	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75
Unemployment rate „BAEL”	3.20	3.40	3.00	2.90	2.70	3.10	2.80	2.80	2.60	2.90	2.60	2.70	2.70
WIG (end of the period)	110,171	110,894	111,617	112,340	113,063	114,117	115,170	116,224	117,277	118,030	118,782	119,535	120,288

Pessimistic macroeconomic scenario	4q25	1q26	2q26	3q26	4q26	1q27	2q27	3q27	4q27	1q28	2q28	3q28	4q28
NBP reference rate	4.00	3.50	3.25	2.50	2.00	1.75	1.50	1.50	1.50	1.75	2.00	2.25	2.50
Unemployment rate „BAEL”	3.23	3.47	3.13	3.17	3.10	3.58	3.37	3.58	3.51	3.89	3.76	3.88	3.98

Pessimistic macroeconomic scenario	4q25	1q26	2q26	3q26	4q26	1q27	2q27	3q27	4q27	1q28	2q28	3q28	4q28
WIG (end of the period)	105,741	102,031	98,447	94,985	95,596	96,487	97,378	98,269	99,159	99,796	100,432	101,068	101,705

Optimistic macroeconomic scenario	4q25	1q26	2q26	3q26	4q26	1q27	2q27	3q27	4q27	1q28	2q28	3q28	4q28
NBP reference rate	4.00	4.00	4.50	5.00	5.50	5.75	6.00	6.00	6.00	5.75	5.50	5.25	5.00
Unemployment rate „BAEL”	3.17	3.19	2.72	2.48	2.19	2.47	2.07	2.09	1.89	2.16	1.92	1.99	2.07
WIG (end of the period)	114,601	120,126	125,912	131,971	132,821	134,058	135,296	136,534	137,771	138,655	139,540	140,424	141,308

Macroeconomic scenarios for the variables used to estimate expected credit losses as at 31 December 2024, is presented below.

Basic macroeconomic scenario	4q24	1q25	2q25	3q25	4q25	1q26	2q26	3q26	4q26	1q27	2q27	3q27	4q27
NBP reference rate	5.75	5.50	5.50	5.00	4.75	4.25	4.00	3.75	3.75	3.75	3.75	3.75	3.75
Unemployment rate „BAEL”	2.70	2.90	3.00	2.90	2.70	3.00	2.90	2.90	2.56	3.00	2.80	2.88	2.70
WIG (end of the period)	82,762	84,431	86,101	87,770	89,440	90,746	92,053	93,359	94,666	96,073	97,481	98,889	100,296

Pessimistic macroeconomic scenario	4q24	1q25	2q25	3q25	4q25	1q26	2q26	3q26	4q26	1q27	2q27	3q27	4q27
NBP reference rate	5.75	5.25	5.00	4.25	3.75	3.00	2.75	2.50	2.50	2.50	2.50	2.50	2.50
Unemployment rate „BAEL”	2.72	3.01	3.19	3.26	3.15	3.50	3.54	3.66	3.38	3.90	3.75	3.76	3.63
WIG (end of the period)	79,293	77,591	75,893	74,204	75,616	76,720	77,825	78,930	80,034	81,224	82,414	83,604	84,794

Optimistic macroeconomic scenario	4q24	1q25	2q25	3q25	4q25	1q26	2q26	3q26	4q26	1q27	2q27	3q27	4q27
NBP reference rate	5.75	6.00	6.50	6.50	6.75	6.25	6.00	5.75	5.50	5.25	5.00	4.75	4.50
Unemployment rate „BAEL”	2.66	2.79	2.80	2.64	2.26	2.40	2.24	2.17	1.76	2.17	1.97	1.90	1.73
WIG (end of the period)	86,230	91,560	97,184	103,116	105,078	106,613	108,148	109,683	111,217	112,871	114,525	116,179	117,832

As part of the adequacy assessment of the methodology used to determine expected credit losses, the Bank regularly (at least annually) carries out an analysis to verify to which extent the provision were reflected in actual losses. In addition, the models provisioning are subject to evaluation by an independent Model Validation Office.

The Bank assesses sensitivity of expected credit losses with respect to applied methods and underlying assumptions, in particular concerning macroeconomic parameters. The table below presents change of expected credit losses for not impaired exposures that were determined as a difference between the expected credit losses estimated assuming one particular scenario and expected credit losses estimated using probability-weighted approach (the "-" sign means lower and the "+" sign means higher expected losses).

Change of expected credit losses for stage 1 and 2 assuming 100% scenario weight as at 31.12.2025	Optimistic scenario	Pessimistic scenario
Consumer Bank	(3,580)	3,158
Stage 1	(998)	899
Stage 2	(2,582)	2,259
Institutional Bank	(844)	1 403

Change of expected credit losses for stage 1 and 2 assuming 100% scenario weight as at 31.12.2025	Optimistic scenario	Pessimistic scenario
Stage 1	(420)	756
Stage 2	(424)	647
	(4,424)	4,561

Change of expected credit losses for stage 1 and 2 assuming 100% scenario weight as at 31.12.2024	Optimistic scenario	Pessimistic scenario
Consumer Bank	(2,141)	1,701
Stage 1	(365)	291
Stage 2	(1,776)	1,410
Institutional Bank	(1,395)	1,626
Stage 1	(924)	892
Stage 2	(471)	734
	(3,536)	3,327

The Bank recognizes and manages counterparty credit risk in transactions in financial instruments based on internal limits for pre-settlement and settlement engagement. The exposures also include credit ratings.

In 2025, the Bank introduced methodological changes to expected credit losses estimation, which entailed:

- In Institutional Banking, the change in PD parameter assignment to unify attributes used in the credit process and for calculating provisions. The changes resulted in an increase in expected credit losses in the amount of PLN 2.9 MM.
- in case of credit exposures from the retail customers, change to the provisioning model in terms of identifying a significant increase in credit risk since initial recognition, consisting of implementation, in addition to existing relative threshold, an absolute threshold of significant increase in credit risk for credit cards and unsecured overdrafts portfolios. Change resulted in a decrease in expected credit losses in the amount of PLN 3.3 million and a significant drop in Stage 2 portfolio.

The table below presents the maximum exposure of the Bank to credit risk:

PLN'000	Note	31.12.2025	31.12.2024
Gross receivables due from the Central Bank	18	9,421,899	5,794,361
Gross receivables due from banks	19	8,250,519	8,788,431
Gross receivables due from institutional customers**	(below)	18,481,548	15,552,608
Gross receivables due from individual customers**	(below)	6,432,345	6,360,276
Debt securities held-for-trading	20	2,294,275	1,801,904
Derivative instruments	20	2,497,556	2,623,860
Debt investment financial assets measured at fair value through other comprehensive income	21	30,151,984	30,088,771
Other financial assets	28	336,992	239,344
Contingent liabilities granted	40	18,735,331	20,724,650
		96,602,449	91,974,205

The table above included assets and liabilities held for sale. Additional information on the discontinued activity disclosed in Note 3 "Assets and liabilities classified as held for sale and profit from discontinued operations".

*As at 31 December 2025, the value of mortgage collateral (limited to net exposure value) for receivables from institutional clients amounted to PLN 1,800,667 thousand (December 31, 2024: PLN 1,719,596 thousand) and for receivables from individual clients amounted to PLN 2,397,078 thousand (December 31, 2024: PLN 2,356,824 thousand).

The table below presents the mortgage-backed receivables from individual customers in a given Loan-to-value (LtV) interval. The amount of exposure is measured by unpaid principal amount.

PLN'000	31.12.2025	31.12.2024
Less than 50%	1,412,658	1,340,156
51 - 80%	941,477	956,511
81 - 100%	39,040	27,432
	2,393,175	2,324,098

Collateral values are included in the process of calculating expected credit losses by multiplying their value by an estimate of any potential recovery parameter that provides for the sale of collateral. Hypothetical impact of mortgage collateral onto expected credit losses for receivables from individual customers as at 31 December 2025 amounts to PLN

10.2 million. This scenario assumes that the collateral amount is not taken into account in the estimation of expected credit losses.

The collateral amount (mainly mortgage) used to estimate expected credit losses for impaired receivables from institutional customers as at 31 December 2025 equaled PLN 108.9 million (before reflecting time-value-of-money). For particular exposures the collateral amount was decreased to account of accommodate the expectations in collection processes, capped by exposure amount, and weighted with a probability of a collateral collection scenario.

The tables below present the portfolio grouped whether they are impaired or not. The tables also present the details of expected credit losses provision.

According to credit management process, Group groups assets into assessed individually and collectively.

Exposures without impairment are classified based on the internal risk ratings from 1 to 7, where risk category 1 is the best rating.

Impaired exposures have assigned internal risk ratings from 8 to 10.

The internal risk ratings are received in the complex credit assessment process, which consists of rating models and methodologies, additional adjustments resulting, among others, from the acquired support and collateral, and all the defined processes used in order to determine risk ratings.

The risk rating defines the probability of breach of contract by the debtor within the 1-year period. Ratings from 1 to 4-inclusive are treated as the equivalent of ratings at investments levels of external credit rating agencies, which implies that they indicate a low or medium level of credit risk. Ratings below 4- indicate increased credit risk, wherein the rating 7 means high credit risk and low ability to service debt obligations, even in favorable macroeconomic conditions.

The structure of the portfolio of exposures to banks and clients from the point of view of credit risk as at 31 December 2025:

PLN '000	Receivables from institutional customers	Receivables from individual customers	Receivables from banks	Total	Including receivables from assets held for sale
Receivables without recognized impairment (Stage 1)					
By risk rating					
Risk rating 1-4-	12,938,453	-	8,059,475	20,997,928	32,233
Risk rating +5-6-	3,542,729	-	191,034	3,733,763	-
By delinquency	-	-	-	-	-
No delinquency	-	5,413,725	-	5,413,725	5,393,121
1-30 days	-	26,736	-	26,736	26,736
31-90 days	-	38	-	38	38
Gross amount	16,481,182	5,440,499	8,250,509	30,172,190	5,452,128
Provision for expected for credit losses	(25,562)	(14,007)	(4,461)	(44,030)	(14,854)
Net amount	16,455,620	5,426,492	8,246,048	30,128,160	5,437,274
Receivables without recognized impairment (Stage 2)					
By risk rating					
Risk rating 1-4-	402,183	-	-	402,183	1,332
Risk rating +5-6-	1,104,230	-	10	1,104,240	-
Risk rating +7 and greater	195,898	-	-	195,898	-
By delinquency					
No delinquency	-	581,570	-	581,570	581,570
1-30, days	-	81,007	-	81,007	81,007
31-90, days	-	12,822	-	12,822	12,822
Gross amount	1,702,311	675,399	10	2,377,720	676,731
Provision for expected for credit	(48,258)	(30,697)	-	(78,955)	(31,132)
Net amount	1,654,053	644,702	10	2,298,765	645,600
Receivables with recognized impairment (Stage 3)					
By delinquency	-	299,441	-	299,441	298,050
By risk rating					
Risk rating +7 and greater	296,934	-	-	296,934	14,092
Gross amount	296,934	299,441	-	596,375	312,142

PLN '000	Receivables from institutional customers	Receivables from individual customers	Receivables from banks	Total	Including receivables from assets held for sale
Provision for expected for credit	(171,096)	(233,095)	-	(404,191)	(243,497)
Net amount	125,838	66,346	-	192,184	68,645
Receivables with recognized impairment					
By delinquency	-	17,006		17,006	17,006
By risk rating					
Risk rating +7 and greater	1,121	-	-	1,121	-
Gross amount	1,121	17,006	-	18,127	17,006
Provision for expected for credit	-	(426)	-	(426)	(426)
Net amount	1,121	16,580	-	17,701	16,580
Total gross value	18,481,548	6,432,345	8,250,519	33,164,412	6,458,007
Provision for expected for credit losses	(244,916)	(278,225)	(4,461)	(527,602)	(289,909)
Total net value	18,236,632	6,154,120	8,246,058	32,636,810	6,168,098

The structure of the portfolio of exposures to banks and clients from the point of view of credit risk as at 31 December 2024:

PLN '000	31.12.2024			
	Receivables from institutional customers	Receivables from individual customers	Receivables from banks	Total
Not impaired receivables (Stage 1)				
By risk rating				
Risk rating 1-4-	10,173,771	-	8,779,409	18,953,180
Risk rating +5-6-	3,815,106	-	673	3,815,779
By delinquency				
No delinquency	-	4,524,788	-	4,524,788
1-30 days	-	55,909	-	55,909
31-90 days	-	-	-	-
Gross amount	13,988,877	4,580,697	8,780,082	27,349,656
Provision for expected credit losses	(27,095)	(14,900)	(307)	(42,302)
Net amount	13,961,782	4,565,797	8,779,775	27,307,354
Not impaired receivables (Stage 2)				
By risk rating				
Risk rating 1-4-	338,066	-	-	338,066
Risk rating +5-6-	757,175	-	8,349	765,524
Risk rating +7 and greater	186,980	-	-	186,980
By delinquency				
No delinquency	-	1,342,659	-	1,342,659
1-30 days	-	64,109	-	64,109
31-90 days	-	13,027	-	13,027
Gross amount	1,282,221	1,419,795	8,349	2,710,365
Provision for expected credit losses	(36,630)	(42,577)	(344)	(79,551)
Net amount	1,245,591	1,377,218	8,005	2,630,814
Impaired receivables (Stage 3)				
By delinquency		341,339		341,339
By risk rating				
Risk rating +7 and greater	280,635		-	280,635
Gross amount	280,635	341,339	-	621,974
Provision for expected credit losses	(159,501)	(265,668)	-	(425,169)
Net amount	121,134	75,671	-	196,805

PLN '000	31.12.2024			
	Receivables from institutional customers	Receivables from individual customers	Receivables from banks	Total
Purchased or originated credit-impaired receivables				
By delinquency	-	18,445	-	18,445
By risk rating				
Risk rating +7 and greater	875	-	-	875
Gross amount	875	18,445	-	19,320
Provision for expected credit losses	166	567	-	733
Net amount	1,041	19,012	-	20,053
Total gross value	15,552,608	6,360,276	8,788,431	30,701,315
Provision for expected credit losses	(223,060)	(322,578)	(651)	(546,289)
Total net value	15,329,548	6,037,698	8,787,780	30,155,026

As described above, one of the main factors influencing the management of individual customers portfolio are days of delay, while in the institutional customers segment rating is the key determinant of credit risk.

Impaired receivables are characterized by a relatively lower and, in some circumstances, positive allowance for expected credit losses, as disclosed in the table above. Upon initial recognition, POCI assets are recognized at fair value and the fair value adjustment, which primarily reflects credit risk, is included in the gross carrying amount of the receivable.

Structure of derivatives in terms of credit risk

PLN '000	31.12.2025			31.12.2024		
	Transactions with institutional customers	Transactions with individual customers	Transactions with banks	Transactions with institutional customers	Transactions with individual customers	Transactions with banks
Derivatives by risk rating						
Risk rating 1-4-	1,741,216	-	749,500	1,523,080	-	1,085,301
Risk rating +5-6-	6,554	-	-	14,579	-	900
Risk rating +7 and greater	286	-	-	-	-	-
Total	1,748,056	-	749,500	1,537,659	-	1,086,201

The classification of exposures in the portfolio of debt securities held for trading and portfolio of debt securities measured at fair value through other comprehensive income by ratings agency Fitch is presented below:

PLN '000	31.12.2025		31.12.2024	
	Debt securities held-for-trading*	Debt securities measured at fair value through the income statement*	Debt securities held-for-trading	Debt securities available-for-sale
Issuer rating by Fitch agency				
A (including from A- to AAA)	2,294,275	30,151,984	1,801,904	30,088,771
Total	2,294,275	30,151,984	1,801,904	30,088,771

Structure of granted contingent liabilities in terms of credit risk as at 31 December 2025:

PLN '000	31.12.2025		31.12.2024	
	Liabilities due to institutional customers	Liabilities due to individual customers	Liabilities due to banks	Including receivables from assets held for sale
Contingent liabilities granted (Stage 1)	11,469,653	5,078,093	1,124,509	3,451,850
by risk rating				
Risk rating 1-4-	9,076,934	-	1,124,475	-
Risk rating +5-6-	2,392,689	-	34	40,519
Risk rating +7 and greater	30	-	-	-
Contingent liabilities granted (Stage 2)	916,221	111,053	-	1,786,254
by risk rating				
Risk rating 1-4-	282,859	-	-	-
Risk rating +5-6-	585,782	-	-	-

PLN '000	Liabilities due to institutional customers	Liabilities due to individual customers	Liabilities due to banks	Including receivables from assets held for sale
Risk rating +7 and greater	47,580	-	-	-
Contingent liabilities granted (Stage 3)	3,803	5,495	-	5,568
by risk rating				
Risk rating +7 and greater	3,803	-	-	-
Contingent liabilities granted	26,504	-	-	-
by risk rating				
Risk rating 1-4-	870	-	-	-
Risk rating +7 and greater	25,634	-	-	-
Total	12,416,181	5,194,641	1,124,509	5,243,672

Structure of granted contingent liabilities in terms of credit risk as at 31 December 2024:

PLN '000	31.12.2024		
	Liabilities due to institutional customers	Liabilities due to individual customers	Liabilities due to banks
Contingent liabilities granted (Stage1)	13,196,783	3,538,682	1,339,807
by risk rating			
Risk rating 1-4-	10,739,288	-	1,339,807
Risk rating+5-6-	2,457,495	-	-
Contingent liabilities granted (Stage 2)	921,188	1,693,746	-
by risk rating			
Risk rating 1-4-	170,881	-	-
Risk rating+5-6-	724,178	-	-
Risk rating +7and greater	26,129	-	-
Contingent liabilities granted (Stage3)	1,820	6,111	-
by risk rating			
Risk rating +7and greater	1,820	6,111	-
Purchased or originated credit-impaired	26,513	-	-
by risk rating			
Risk rating +7and greater	26,513	-	-
Total	14,146,304	5,238,539	1,339,807

“Forbearance” practices

Forborne exposures are identified in the Bank within credit risk management. Bank takes into account "forborne" exposures according to the reporting requirements and under ESMA Document 2012/853. In case of impaired or restructured exposures the Bank applies EBA guidelines, EBA/GL/2018/06.

The Bank considers "forborne" exposures, where the Bank grants debtor experiencing or about to face financial difficulties preferential financing conditions (i.e. on non-market conditions), which would not have been considered in a different situation. Preferential financing conditions are considered situations in which for example the yield of the modified facility is lower than the contractual yield prior to the restructuring and/or the yield on the modified loan is below a market yield for the relevant tenor and credit risk.

The extent to which the financing conditions are changed is determined individually for each debtor in question. In particular, these activities include:

- receipt of assets;
- granting a new or restructured facility in partial or full satisfaction of a facility;
- modification of the terms of the existing facility, including rescheduling of future payments (e.g. extension of financing tenor), change of interest rate or methods of repayment, reduction of amount to be repaid (principal or accrued interest).

The process of assigning "forborne" status for exposures is closely related to the credit risk management process, including the impairment recognition process for exposures.

For institutional clients, similarly to retail exposures, the "forborne" status may refer to both the exposures: from the impaired portfolio as well as from the portfolio without any impairment. As "forborne" without impairment are recognized by the Bank exposures, where restructuring activities were applied, but change of financing conditions has not implied any deterioration of future payment streams. In such cases the change into "forborne" status is not evidence of exposure's impairment.

For Retail exposures the Bank assumes, that exposures will remain in "forborne" status until they are entirely paid off.

Exposures with modified conditions according to forbearance rules (forborne exposures) are subject to regulatory and internal reporting.

Exposure values in the "forborne" status:

PLN '000	31.12.2025	31.12.2024
Receivables without recognized impairment	24,299,391	21,271,590
Receivables without recognized impairment (Stage 1), including	21,921,681	18,569,574
non-financial sector entities	15,631,390	13,459,215
Institutional customers	10,190,891	8,878,518
Individual customers	5,440,499	4,580,697
Receivables without recognized impairment (Stage 2), including:	2,377,710	2,702,016
non-financial sector entities	2,208,206	2,702,001
Institutional customers, including:	1,532,807	1,282,206
„forborne”	497,113	848,416
Individual customers, including:	675,399	1,419,795
„forborne”	100	132
Receivables with recognized impairment (Stage 3), including:	596,375	621,974
non-financial sector entities	596,375	621,974
Institutional customers, including:	296,934	280,635
„forborne”	60,451	(347,897)
Individual customers, including:	299,441	341,339
„forborne”	14,456	20,848
Purchased or originated credit-impaired receivables	18,127	19,320
non-financial sector entities	18,127	19,320
Institutional customers, including:	1,121	875
„forborne”	-	875
Individual customers, including:	17,006	18,445
„forborne”	10,879	12,549
Total gross amount, including:	24,913,893	21,912,884
non-financial sector entities	18,454,098	16,802,510
Institutional customers, including:	12,021,753	10,442,234
„forborne”	557,564	501,394
Individual customers, including:	6,432,345	6,360,276
„forborne”	25,435	33,529
Provision for expected credit losses	(523,141)	(545,638)
On „forborne” receivables	(53,774)	(63,755)
Total net amounts due from customers, including:	24,390,752	21,367,246
„forborne” receivables	529,225	471,168

LIQUIDITY RISK

The processes and organization of liquidity risk management

Liquidity risk is defined as the risk that Bank will not be able to efficiently meet both expected and unexpected current and future cash flows and collateral needs without adversely affecting either daily operations or financial condition of the Bank. Risk may be exacerbated by the inability of the firm to access funding sources or monetize assets and the composition of liability funding and liquid assets.

The objective of liquidity risk management is to ensure that the Bank can meet all commitments to customers when due and to secure the liquidity necessary to clear all money market transactions when due.

Liquidity risk management is based on:

- Applicable law, in particular on the Banking Law;
- Requirements of Polish regulatory institutions and especially resolutions of the Polish Financial Supervision Authority;
- Rules of prudent and stable risk management of the Bank as well as general risk levels approved by the Supervisory Board of the Bank;

taking into account the best market practice.

The ultimate responsibility for ensuring that the Bank operates under approved liquidity risk limits lies within the Management Board of the Bank, and ongoing market risk management is performed by the:

- Member of the Management Board responsible for Risk Management Sector;
- Assets and Liabilities Management Committee (ALCO);
- Head of the Market Risk unit;
- People delegated to risk management in the Bank's entities.

Liquidity management

The objective of liquidity risk management is to ensure that the Bank's entities have adequate access to liquidity in order to meet its financial obligations when due, including under extreme but probable stress conditions.

The Bank analyses and manages liquidity risk in several time horizons while distinguishing current, short-, mid- and long-term liquidity, to which appropriate risk measurement methods and limits apply. The adopted measures and limits aim to limit excessive concentration in terms of the balance sheet structure and sources of financing.

Long-term liquidity risk management is the responsibility of ALCO and as such it is reflected in the Bank's strategy. It is based on the monitoring of balance sheet structural ratios and on long-term regulatory liquidity measures and includes the analysis of liquidity gaps, the ability to acquire sufficient funding sources in the future as well as funding costs in the light of the overall business profitability.

Mid-term liquidity risk management, in the one-year time horizon, is the responsibility of ALCO and is based on the established on annual bases Funding and Liquidity Plan which defines the size of internal limits taking into account the business plans for changes in assets and liabilities that are being prepared by business units of the Bank as part of the financial plans for the next budget year.

Short-term liquidity risk management, in the three-month time horizon, is the responsibility of the Financial Markets and Corporate Banking Sector and is performed based on short-term regulatory liquidity measures as well as internal limits. In addition, the Bank analyses liquidity under stress scenarios, assuming the lack of liquidity gaps in all tenors up to three months as a necessary condition.

Intraday and current liquidity management is the responsibility of the Financial Markets and Corporate Banking Sector and comprises the management of the balances on the Bank's nostro accounts and especially the mandatory reserve account with NBP while applying available money market products and central bank facilities.

In 2025 the Bank did not implement any significant changes in liquidity risk management processes and systems. Bank made changes to its liquidity risk management procedures and policies resulting from the completion of a review of the liquidity ratio calculation methodology, in particular with respect to determining the value of operational deposits.

Funding and Liquidity Plan

The Annual Funding and Liquidity Plan (Plan) is prepared for Bank by the Balance Sheet Management Supervision Department, the Financial Markets and Corporate Banking Sector, and the Market Risk Department. The Plan is subject to ALCO approval. The Plan should cover all significant funding and liquidity elements arising from business plans, particularly in the areas of deposits and customer loans, as defined in the annual budgets of individual business units, as well as significant changes in the regulatory environment and market conditions.

Liquidity risk management tools

The Bank measures and manages liquidity risk by applying both external regulatory measures and additional internal liquidity measures.

The supervisory liquidity measures

The LCR and NSFR regulatory liquidity measures were at a safe level and amounted to:

	31.12.2025	31.12.2024	Change
LCR	193%	225%	-32p.p.
NSFR	196%	208%	-15p.p.

The table includes assets and liabilities held for sale

The reduction in the LCR and NSFR ratios is primarily due to a review of the liquidity ratio calculation methodology conducted in 2025, particularly with respect to determining the value of operating deposits.

The exclusion of retail operations will impact liquidity ratios; after excluding retail operations, the Bank will continue to maintain a safe buffer above regulatory minimums.

Internal liquidity risk management tools

In addition to the regulatory liquidity measures, the Bank applies a range of liquidity risk management tools including:

- Analysis of liquidity gaps resulting from stress tests;
- Stress scenarios;
- Liquidity ratios;
- Market Triggers;
- Significant Funding Sources;
- Contingency Funding Plan.

Stress scenarios

Stress tests are intended to quantify the potential impact of an event on the Bank's balance sheet and cumulative gap over a twelve-month period, and to ascertain what incremental funding may be required under any of the defined scenarios. The scenarios are proposed by the Bank's Financial Markets and Corporate Banking Sector and Market Risk and approved by ALCO.

The Bank conducts stress tests monthly. The scenarios assume material changes in the underlying funding parameters, i.e.:

- Concentration event;
- Highly Stressed Market Disruption ("S2") – serious disruptions of financial markets;
- Local market event.

Contingency Funding Plan

Financial Markets and Corporate Banking Sector is responsible for the preparation and annual update of the Contingency Funding Plan, which defines the Bank's action plan in case of a contingency, specifically in cases assumed in liquidity stress scenarios and described in the annual Funding and Liquidity Plan. The Contingency Funding Plan is approved by ALCO.

The Contingency Funding Plan defines:

- Circumstances / symptoms of contingency events;
- Responsibilities for executing the action plan;
- Sources of liquidity, and in particular the principles of maintenance of a liquid assets portfolio to be used in the case of a liquidity contingency;
- Rules for assets disposal and balance sheet restructuring;
- Procedures for restoring customer confidence.

The levels of the cumulative liquidity gap in stress conditions and the level of liquid assets as at 31 December 2025 and 31 December 2024.

The cumulative liquidity gap as at 31 December 2025 in real terms:

PLN'000	Up to 1 month	More than 1 to 3 months	More than 3 months to 1 year	More than 1 year to 2 years	More than 2 years
Assets	37,604,782	528,099	8,781,667	-	32,034,562
Liabilities	11,752,944	6,037,586	21,077	-	61,137,503
Balance-sheet gap in the period	25,851,838	(5,509,487)	8,760,590	-	(29,102,941)
Conditional derivative transactions – inflows	42,116,517	16,263,134	31,613,061	9,027,013	11,642,399
Conditional derivative transactions – outflows	42,095,795	15,927,364	31,681,354	9,227,635	12,052,067
Off-balance-sheet gap in the period	20,722	335,770	(68,293)	(200,622)	(409,668)
Potential utilization of credit lines granted	711,105	474,070	(1,185,175)	-	-
Cumulative gap	25,161,455	19,513,668	29,391,140	29,190,518	(322,091)

The cumulative liquidity gap as at 31 December 2024 in real terms:

PLN'000	Up to 1 month	More than 1 to 3 months	More than 3 months to 1 year	More than 1 year to 2 years	More than 2 years
Assets	33,623,315	357,977	5,468,641	-	34,030,614
Liabilities	10,605,653	5,458,492	2,873	-	57,413,529
Balance-sheet gap in the period	23,017,662	(5,100,515)	5,465,768	-	(23,382,915)
Conditional derivative transactions – inflows	39,521,673	19,483,837	22,995,643	38,830,563	16,891,761
Conditional derivative transactions – outflows	39,393,024	19,161,150	22,726,200	38,800,173	17,102,669
Off-balance-sheet gap in the period	128,649	322,687	269,443	30,390	(210,908)
Potential utilization of credit lines granted	857,032	571,354	(1,428,386)	-	-
Cumulative gap	22,289,279	16,940,097	24,103,694	24,134,084	540,261

Liquid assets and the cumulative liquidity gap up to 1 year:

PLN'000	31.12.2025	31.12.2024	Change
Liquid assets, including:	41,528,137	37,402,857	4,125,280
nostro account in NBP and stable part of cash	9,081,878	5,512,182	3,569,696
debt securities held-for-trading	2,294,275	1,801,904	492,371
debt financial assets measured at fair value through other comprehensive income	30,151,984	30,088,771	63,213
Cumulative liquidity gap up to 1 year	29,391,140	24,103,694	5,287,446
Coverage of the gap with liquid assets	Positive gap	Positive gap	-

Financial liabilities of the Bank, by contractual maturity, are presented below. The amounts presented do not include the impact of the effective rate on the interest payable.

As at 31 December 2025

PLN'000	Note	Total	Up to 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years
Amounts due to banks	29	3,904,516	2,827,841	-	20,000	1,056,675	-
Financial liabilities held-for-trading							
Short positions in financial assets	19	8,880	8,880	-	-	-	-
Amounts due to customers, including:	30	60,686,513	53,040,626	5,516,462	1,975,163	104,130	50,132
Deposits from financial sector entities	30	6,118,097	6,087,407	29,583	1,107	-	-
Deposits from non-financial sector entities	30	54,213,692	46,826,449	5,484,379	1,902,864	-	-
Other liabilities	30	354,724	126,770	2,500	71,192	104,130	50,132
Financial liabilities held-for-trading							
Derivative financial instruments (settled on a net basis)	19	3,120,040	19,489	72,923	232,580	1,934,506	860,542
Hedging derivatives		359,930	-	-	-	118,683	241,247
Unused credit lines liabilities	40	14,547,861	11,511,784	-	47,550	1,992,911	995,616
Guarantee lines	40	4,027,732	4,027,732	-	-	-	-
		86,655,472	71,436,352	5,589,385	2,275,293	5,206,905	2,147,537
Derivatives settled on a gross basis							
Inflows		93,623,778	42,646,366	16,743,128	28,093,646	5,903,872	236,766
Outflows		93,083,837	42,618,162	16,384,120	27,936,771	5,907,922	236,862
		539,941	28,204	359,008	156,875	(4,050)	(96)

As at 31 December 2024

PLN'000	Note	Total	Up to 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years
Amounts due to banks	29	4,435,832	3,367,582	-	-	1,068,250	-
Financial liabilities held-for-trading							
Short positions in financial assets	19	156,708	156,708	-	-	-	-
Amounts due to customers, including:	30	54,090,604	47,750,484	4,312,590	2,026,078	1,452	-
Deposits from financial sector entities	30	4,103,593	4,053,920	46,770	2,903	-	-
Deposits from non-financial sector entities	30	49,439,211	43,152,169	4,264,175	2,021,415	1,452	-
Other liabilities	30	547,800	544,395	547,800	1,760	-	-
Financial liabilities held-for-trading							
Derivative financial instruments (settled on a net basis)	19	2,816,672	45,236	23,071	182,725	1,584,532	981,108
Hedging derivatives		72,737	-	-	-	40,183	32,554
Unused credit lines liabilities	40	16,261,305	12,495,483	526,122	358,380	1,654,508	1,226,812
Guarantee lines	40	4,057,549	4,057,549	-	-	-	-
		81,891,407	67,873,042	4,861,783	2,567,183	4,348,925	2,240,474
Derivatives settled on a gross basis							
Inflows		117,463,044	39,295,616	21,051,859	18,528,429	38,293,800	293,340
Outflows		116,312,386	39,254,227	20,488,092	18,249,279	38,028,247	292,541
		1,150,658	41,389	563,767	279,150	265,553	799

* Data as of December 31, 2024, has changed due to a presentation change in 2025. Additional information presented in Note 2 in the "Comparative Data" section.

MARKET RISK

The processes and organization of market risk management

Market risk is the risk of loss arising from changes in the value of Bank's assets and liabilities resulting from changes in market variables, such as interest rates, exchange rates or credit spreads. Losses can also result from the presence of Basis Risks.

The objective of market risk management is to ensure that the extent of risk accepted within the Bank corresponds to the level acceptable to the shareholders and banking supervision authorities and to ensure that all exposures to market risk are properly reflected in the calculated risk measures, communicated to relevant people and bodies responsible for the management of the Bank. The adopted market risk measures and limits aim to prevent excessive concentration of exposure to a single risk factor or a group of related risk factors, as well as to determine the overall maximum level of risk taken in the trading or banking book. Market risk management in the Bank is based on:

- Requirements of Polish regulatory institutions and especially resolutions of the Polish Financial Supervision Authority;
- Rules of prudent and stable risk management of the Bank as well as general risk levels approved by the Supervisory Board of the Bank;

taking into account best market practice.

The ultimate responsibility for ensuring that the Bank operates under approved market risk exposure limits lies within the Management Board of the Bank, and ongoing market risk management is performed by the:

- Member of the Management Board responsible for Risk Management Sector;
- Assets and Liabilities Management Committee (ALCO);
- Head of the Market Risk unit;
- Heads of risk-taking business units;
- Persons delegated to risk management in Bank entities.

Market risk management

Scope of risk

Market risk management applies to all portfolios generating income exposed to the negative impact of market factors including interest rates, foreign exchange rates, equity prices, commodity prices and the parameters of their volatility. Two types of portfolios have been defined for the purpose of market risk management: trading portfolios and bank portfolios.

The trading portfolios include transactions in financial instruments (balance-sheet and off-balance-sheet instruments) expected to generate income owing to a change in market parameters over a short period. The trading portfolios include balance-sheet items such as debt securities held-for-trading, i.e., debt securities acquired to be further traded and meeting pre-defined liquidity criteria, as well as all derivative instrument positions broken down into portfolios acquired purely for trading and transactions executed in order to provide an economic hedge of bank portfolio positions. The trading portfolios are valued directly at market prices or using market pricing-based valuation models. The trading portfolio operations are performed by the Bank's Financial Markets and Corporate Banking Sector in respect of interest rate risk portfolios and FX risk portfolios. The trading portfolio also includes options, mainly foreign exchange options and interest rate and optional structures being a reflection of economic nature and risk resulting from products offered to customers of the Bank. In this area, the Bank concludes transactions in a way which ensures concurrent (at each time and immediate) conclusion of an opposite transaction with the same parameters and, in consequence, the option portfolio does not generate open exposition of market risk. The only item related to the conclusion of option transactions which is reflected in market risk measurement, and in particular in foreign exchange risk, is the premium paid/received in a foreign currency.

The bank portfolios include all other balance-sheet and off-balance-sheet positions not assigned to any of the trading portfolios. The transactions are executed to make a profit over the entire contracted transaction period. The Bank's and Corporate Banking Sector takes over the interest rate risk positions held in the bank portfolios of all other organizational units of the Bank. The mechanism of transferring the interest rate risk positions is based on the transfer price system.

Measurement of the market risk of the non-trading portfolios

The Bank typically uses the following methods for measuring the risk of the non-trading portfolios:

- Interest rate gap analysis;
- Interest Rate Exposure (IRE), based both on the gap and cashflow/income method over the relevant time horizon;
- Net interest income measures, economic value measures,
- Stress testing.

Interest rate gap analysis uses the schedule of maturities or revaluations of balance-sheet positions and of derivative instruments used in hedge accounting or qualified as economic hedge for the purpose of establishing the differences between positions whose maturity or interest rate revaluation fall within a given time range.

The general rule in the interest rate gap analysis is that of classifying transactions to respective bank portfolio position revaluation bands by the contracted or assumed transaction interest rate revaluation dates.

It is assumed that:

- transactions with a fixed interest rate (such as term deposits, interbank deposits, portfolio of debt securities available-for-sale with a fixed interest rate, granted loans both repaid in full at maturity and repaid in installments) are classified into appropriate revaluation bands in accordance with their maturity dates;
- transactions with a floating interest rate, updated at a regular frequency (primarily, loans granted with interest set based on a specific market/base rate such as, e.g., WIBOR 1M) are classified into appropriate revaluation bands in accordance with the nearest interest rate revaluation date;
- transactions with an administrated floating interest rate (i.e., any changes in the interest rate and its revaluation date are reserved to sole decision of the Bank) or undefined maturity or interest rate revaluation date are classified into appropriate revaluation bands in accordance with historically observed or expert assessed shifts in the moment and scale of change in the interest rate of given positions in relation to change in the market interest rates (model of minimizing product margin variability). This group of transactions / balance-sheet positions includes among others: current accounts, card loans and overdraft facilities. Additionally, early loan repayments are taken into account based on analysis of actual repayments made by customers before the due date and product interest rate revaluation profiles are set on that basis. This pertains particularly to installment loans;
- transactions insensitive to changes of interest rates, including cash, fixed assets, equity, other assets/liabilities, are classified into the longest revaluation band;
- transactions executed directly by the Financial Markets and Corporate Banking Sector for the purpose of management of interest rate risk and liquidity risk (Financial Markets and Corporate Banking Sector own portfolio) are always classified into appropriate revaluation bands in accordance with the contracted dates.

The table below presents projections of the net interest income sensitivity for the Bank as at 31 December 2025 and 31 December 2024, in the +/-100 bp and +/-200 bp scenarios. The statement is presented separately for the main currencies, i.e., PLN, USD and EUR, which jointly account for over 90% of the Bank's balance sheet, and for all currencies in total.

Projections of the net interest income sensitivity to interest rates for the Bank

PLN '000	31.12.2025				31.12.2024			
	+200 bp	+100 bp	-100 bp	-200 bp	+200 bp	+100 bp	-100 bp	-200 bp
PLN	149,466	75,994	(85,718)	(172,877)	271,499	136,160	(136,570)	(273,960)
USD	(14,406)	(7,203)	7,203	14,767	58,237	29,529	(29,529)	(59,878)
EUR	34,936	17,288	(17,288)	(35,296)	23,377	11,483	(11,483)	(22,146)
Total for all currencies	166,766	84,386	(93,722)	(189,538)	351,473	177,097	(177,583)	(354,344)

The table above includes assets and liabilities included in disposal groups classified as held for sale.

The reduction in the net interest income sensitivity as at 31 December 2025 compared to 31 December 2024 results from implementing by the Bank in 2025 changes in the balance sheet structure, ensuring a reduction of the SOT NII ratio below the supervisory threshold.

The exclusion of retail activities will contribute to a decreased sensitivity of net interest income.

Stress tests measure the potential impact of material changes in the level or directionality of interest rate curves on open interest positions in the bank portfolio.

The Bank runs stress tests of predefined interest rate movement scenarios, which represent combinations of market factor movements defined as large moves and stress moves occurring both in Poland and abroad. Values of the assumed market factor movements are regularly assessed and are adjusted as appropriate to changes in the market conditions of the Bank's operation. Stress tests also include changes in the value of capital as a result of movements in interest rates for individual currencies in scenarios compliant with the CRR requirements.

Activities relating to securities available-for-sale are the responsibility of the Assets and Liabilities Management Department within the Professional Markets Division. Three basic goals of activities in the portfolio of securities available-for-sale have been defined as follows:

- management of the liquidity;
- hedging against the risk transferred to the Financial Markets and Corporate Banking Sector from other organizational units of the Bank or the Banks's entities;
- opening of own interest rate risk positions on the Bank's books by the Financial Markets and Corporate Banking Sector.

In order to avoid excessive fluctuations in the Bank's capital funds, caused by the revaluation of assets held-for-sale, the maximum limits of DV01 (Dollar Value of 1 basis point), which determines the potential change in the value of risk positions on a given interest rate curve at a specific nodal point (which brings together all the cash flows in a given time horizon), caused by a shift in the market interest rate by 1 basis point upwards, are established for this kind of portfolio. The limits also concern the open positions in derivatives (i.e. interest rate swap transactions), carried out to hedge the fair value of the portfolio.

Hedge accounting program

In addition to the general rules limiting market risk, in particular, interest rate risk, the Bank has defined rules for the application of fair value hedge accounting. The main risk, which is hedged under hedge accounting, is the risk of changes in interest rates resulting from holding portfolio of securities measured at fair value through other comprehensive income with fixed interest rates. At the end of each month, when the hedging relation happens, the Bank shall evaluate the effectiveness of the hedging instrument used by analyzing the changes in the fair value of the hedged and hedging instrument in respect of the risk being hedged.

The hedged item was part of a portfolio of securities measured at fair value through other comprehensive income at a fixed interest rate, denominated in PLN. In all cases, the hedging instrument was the interest rate swap (IRS), which converts the fixed interest rate on a variable. Gains and losses arising from revaluation at fair value of the hedging instrument and changes in the fair value of the hedged items are reflected - in part resulting from the hedged risk - in profit and loss items "Net income from hedge accounting".

The table below presents the risk measured with DV01 for the portfolio of securities available-for-sale, including the economic collateral, broken down by currency:

PLN '000	31.12.2025			Total in the period 01.01.2025 – 31.12.2025		
	Total	Securities	IRS	Average	Maximum	Minimum
PLN	(4,505)	(7,087)	2,582	(4,407)	(3,538)	(5,308)
USD	(280)	(280)	-	(353)	(257)	(449)
EUR	(234)	(234)	-	(194)	(41)	(280)

PLN '000	31.12.2024			Total in the period 01.01.2024 – 31.12.2024		
	Total	Securities	IRS	Average	Maximum	Minimum
PLN	(3,578)	(6,958)	3,380	(2,423)	(1,140)	(3,852)
USD	(369)	(369)	-	(272)	-	(420)
EUR	(185)	(185)	-	(238)	(165)	(365)

The Bank's activities involving investments in debt securities available-for-sale were also one of the main factors influencing changes in the level of the risk of mismatch in revaluation periods as expressed by the IRE measure.

Measurement of the market risk of the trading portfolios

The following methods are applicable in measurement of the risk of the trading portfolios:

- Factor Sensitivity;
- Value at Risk (VaR); and
- Stress testing.

Factor Sensitivity measures the change in the value of positions in an underlying instrument in the case of a specific change in a market risk factor (e.g., change of the interest rate by 1 basis point at a given point on the interest rate curve, change of the currency exchange rate or share price by 1%).

In the case of interest rates, the applicable sensitivity measure is DV01.

In the case of exchange rate (FX) risk, the Factor Sensitivity value is equal to the value of the FX position in a given currency.

In the case of positions held in equities, the Factor Sensitivity value is equal to the net value of the positions held in the respective instruments (shares, indices, participation units).

Value at Risk (VaR) is the integrated measure of the market risk of trading portfolios which combines the impact of positions in respective risk factors and accounts for the effect of correlation between the fluctuations of different factors. VaR is applied for the purpose of measuring the potential decrease in the value of a position or portfolio under normal market conditions, at a specific confidence level and within a specific time period. In the case of positions opened in the Bank's trading portfolio, VaR is calculated at a 99% confidence level and a one-day holding period.

DV01 as well as VaR for the trading portfolio are calculated net of the economic hedge of the portfolio of securities available-for-sale, i.e., net of derivative instruments intended to hedge the fair value of the portfolio. The exposures to the risk of such transactions are mitigated through the application of relevant risk measurement methods and by the bank portfolio risk limits.

Each day, the Bank runs stress tests on the assumption that the risk factors change by more than expected in the Value at Risk scenario and ignoring the historical correlations of these factors.

The Bank keeps records of exposures of the bank portfolios to market risk in over twenty currencies both for currency positions and exposures to interest rates risk. These exposures are significant only for a few currencies. For a large group of currencies, the exposures are the consequence of a gap between transactions executed on the customer's orders and closing transactions with other wholesale market counterparties. Significant exposures to market risk are opened for PLN, currencies of well-developed markets (predominantly USD and EUR with a lesser focus on GBP, CHF and JPY) and Central European currencies.

The values of significant exposures to the interest rate risk of the trading portfolios risk in terms of DV01 in 2025 are presented in the table below:

PLN'000	31.12.2025	31.12.2024	In the period 1.01.2025 – 31.12.2025		
			Average	Maximum	Minimum
PLN	79	653	305	806	(758)
EUR	160	(259)	26	263	(483)
USD	(7)	39	(4)	48	(62)

Average exposures to the interest rate risk in the local currency in 2025 were higher compared to the average level from the previous year (PLN - 305 thousand) and amounted to PLN -204 thousand. Average exposure to the interest rate risk in EUR was higher than in 2024 (DV01 amounted to PLN 26 thousand, compared to PLN -45 thousand in the previous year). Average exposure in USD was higher than in 2024 (average DV01 amounted to PLN -4 thousand, compared to PLN -26 thousand in 2024). The maximum exposure in PLN of the biggest exposures accepted by the Treasury Division was PLN 806 thousand compared to PLN 730 thousand in 2024 and the position in EUR amounted to PLN 263 thousand compared to PLN 508 thousand in the previous year.

The Financial Markets and Corporate Banking Sector, which trades in financial instruments within the Bank, continued the strategy of very active management of exposures to FX risk and interest rate risk by adjusting the volume and direction of such exposures depending on changing market conditions, which is reflected in the range of volatility of these exposures (the minimum and the maximum values in the table above).

The table below presents the levels of risk measured by VaR (net of economic hedges of the portfolio of securities available-for-sale) broken down by FX risk and interest rate risk position in 2025:

PLN'000	31.12.2024	31.12.2024	In the period 1.01.2024– 31.12.2024		
			Average	Maximum	Minimum
Currency risk	537	237	610	2,586	73
Interest rate risk	14,422	17,179	17,638	26,606	8,475
Spread risk	3,077	7,494	4,205	7,731	2,258
Total risk	15,579	20,859	18,953	27,753	10,210

The main risk factor was the interest rate risk, followed by the spread risk, where the credit spread risk determines the impact on the valuation of the instrument / portfolio resulting from changes in the market perception of the credit quality of certain instruments, such as "cross currency swap", "asset swap" or a portfolio of securities denominated in a foreign currency.

The overall average level of the market risk of the trading portfolios was 16% lower in 2025 than the average level in 2024, and amounted to PLN 18,953 thousand, mainly as a result of spread risk and interest rates volatility. The maximum level of price risk remained at a similar level (27,753 thousand PLN in 2025, and 28,316 thousand PLN in 2024).

Equity instruments risk

Bank is active in capital market instruments through the Brokerage Department of Bank Handlowy (DMBH). In accordance with its core scope of activity, DMBH is authorized to accept pricing risk of the trading portfolio of shares, or rights to shares, traded or likely to be traded on the Warsaw Stock Exchange ("WSE"), or BondSpot WIG20 index futures and Indexed Participation Units, as well as shares of companies dual-listed on the WSE which are traded on international stock exchanges. The pricing risk of DMBH's portfolios of instruments is managed by means of volume limits applicable to specific types of financial instruments and concentration warning thresholds applicable to instruments of specific issuers. Moreover, DMBH uses warning thresholds of potential loss under stress scenarios and the cumulative realized loss on the trading portfolio.

The equity instruments measured at fair value through profit and loss, that are not actively traded by the Bank include, for example, shares of Visa Inc (the valuation method of which is presented in note 38).

The Bank's FX exposure

The table below presents the Bank's FX exposure by main currencies:

31.12.2025

PLN'000	Balance-sheet transactions		Contingent derivative transactions*		Net position
	Assets	Liabilities	Assets	Liabilities	
EUR	8,639,894	10,310,078	34,388,224	32,641,722	76,318
USD	3,315,970	6,162,839	18,133,485	15,307,109	(20,492)
GBP	52,544	617,686	598,961	34,967	(1,148)
CHF	26,647	327,514	299,684	2,184	(3,366)
Other currencies	255,044	213,256	1,512,327	1,555,894	(1,780)
	12,290,099	17,631,373	54,932,682	49,541,876	49,532

*at present value which is the sum of discounted future cash flows

31.12.2024

PLN'000	Balance-sheet transactions		Contingent derivative transactions*		Net position
	Assets	Liabilities	Assets	Liabilities	
EUR	9,200,084	10,540,152	42,021,904	40,675,770	6,066
USD	8,084,565	7,253,740	20,633,407	21,489,359	(25,127)
GBP	23,007	466,786	495,617	52,491	(653)
CHF	34,475	327,864	298,726	7,041	(1,704)
Other currencies	187,334	186,608	2,183,931	2,173,278	11,379

PLN'000	Balance-sheet transactions		Contingent derivative transactions*		Net position
	Assets	Liabilities	Assets	Liabilities	
	17,529,465	18,775,150	65,633,585	64,397,939	(10,039)

*at present value which is the sum of discounted future cash flows

OPERATIONAL RISK

Strategic goals and assumptions of the operational risk management system

The objective of operational risk management is to ensure a permanent and effective approach to the identification, measurement/assessment, mitigation, control, monitoring and reporting of the risk, as well as the effective reduction of the level of exposure to operational risk, and as a consequence, to reduce the number and scale of operational risk events (policy of low tolerance for operational risk losses).

Operational risk management is also aimed at the full integration of this risk management processes into business decision-making processes (i.e., business strategy is supported by an operational risk assessment, and the business is assessed on the basis of pre-determined indicators of control and operational risk).

While organizing operational risk management process, the Bank takes into account business strategy, Bank's risk profile, macroeconomic environment, available resources of capital and liquidity and regulatory requirements (in particular Recommendation M) that constitute a framework for the preparation of operational risk control and management system in the Bank.

The Management Board and subsidiary Management Boards are responsible for the development, implementation and operation of proper operational risk management system through the introduction of appropriate internal regulations, ensures consistency between operational risk management system and Bank's Strategy, as well as its proper functioning within the organization through an analysis of information that allow to assess whether the system is adequate for operational risk profile. If needed, operational risk management system is reinforced through implementation of crucial improvements.

Operational risk management system in the Bank is built in a way that ensures risk management at every stage, i.e.: identification, assessment/measurement, mitigation, control, monitoring and reporting.

The implementation of the strategy by the Management Board shall be assessed by the Supervisory Board, assisted by Audit Committee and Risk and Capital Management Committee based on synthetic reports submitted by the Management Board with frequency correlated with the committees' meetings, determining the scale and types of operational risk that the Bank is exposed to, methods of operational risk management, probability of risk's occurrence, assessment of potential negative impact of operational risk management methods, as well as results of operational risk profile and operational risk appetite monitoring. If necessary, after evaluation, the Supervisory Board may request revision of the entire or partial internal control system.

Operational risk definition

Operational Risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition of operational risk includes legal risk - which is the risk of loss (including litigation costs, settlements and penalties) resulting from instable legal environment as well as wrongly defined contractual obligations in any aspect of the bank's business - but excludes strategic and reputation risks. This definition of operational risk includes also conduct risk as a risk related to the Bank's operations, that employees of the Bank or persons associated with the Bank, but not its employees - intentionally or negligently - cause damage to customers or the integrity of financial markets, with an effect on the Bank. As part of this risk, we also recognize ICT risk (Information, Communication and Technology). The Bank also recognizes the impact of Operational Risk on the reputation risk associated with Bank's business activities.

The operational risk was considered significant for 2025. Additionally, the Compliance Risk, which is included in the Operational Risk for the purposes of the ICAAP process, has also been considered material risk.

Rules of operational risk identification

Each Bank's Business Unit identifies all significant operational risks related to its processes. This includes identification by the Bank's Management of significant risks associated with all processes, products, human factors, systems and compliance with applicable laws, regulatory administrative actions, the Bank's internal regulations and the Bank's strategy, also taking into consideration risk associated with dependence on other entities in the Bank.

Bank's organizational units and the Independent Control and Operational Risk Department use in the operational risk identification processes, regular analysis of information generated using the tools of operational risk management.

Operational Risk Profile

Operational Risk Profile - scale and structure of exposure to operational risk, defining the level of exposure to operational risk, expressed in selected structural measures (e.g., types of operational risk events, types of business lines, significant

processes) and scale measures (e.g., assessed potential loss). The Bank defines its operational risk profile based on operational loss data and based on information gathered through utilized operational risk management tools.

Measurement and assessment

In the process of risk estimation Bank applies differentiated methods of risk measurement and assessment. Risk assessment is the determination of the probability of occurrence and scale of potential future operational losses. Bank applies quantitative and qualitative methods for the purpose of risk assessment (e.g. appetite for risk, capital requirements, the target risk profile, key risk indicators, data loss and operational risk events, issues and corrective actions, the process of self-assessment, concentration risk areas and increasing the risk level, scenario analysis, stress tests, changes in processes and products, information from internal and external reviews and audits, information reported to the Commissions and Committees). Risk assessment analyses involve internal and external threats. Proper operational risk assessment enables adequate determination of risk profile and adequate risk management.

Assessed capital requirement for operational risk covers all risk categories included by the Bank in operational risk definition.

Risk tolerance framework, risk control and mitigation

The Bank sets tolerance levels for each operational risk category and business areas within a determined risk appetite. Excess of the established level of tolerance thresholds requires undertaking of corrective actions in line with the decision of the Risk and Capital Management Committee.

Risk and Capital Management Committee or Management Boards of subsidiaries can decide on the following treatment of the identified risks by:

- accepting (conscious avoidance of activities, aiming at mitigation of probability and results of an event, including ensuring of funds for covering of potential losses);
- mitigation (mainly by adequate definition of processes, products, systems, procedures and implementation of control mechanisms);
- transfer (movement of part or whole risk related to a particular threat to the external party, in particular by outsourcing of activity to an external services provider or by insurance);
- avoidance of activities, leading to risk exposure.

In key aspects, processes of risk identification, self-assessment, measurement, monitoring and reporting are unified and generally accepted in all organizational units of the Bank. Risk mitigation processes are determined for each entity and may be different for individual units.

Control is a process designed to mitigate cause(s), reduce the probability of an event occurring and/or minimize the severity of an effect. Risk mitigation measures include also risk transfer mechanisms (outsourcing, insurance). Risk mitigation measures include internal controls as well as risk transfer mechanisms, i.e., transfer of part or whole risk related to a given threat to an external entity, in particular by outsourcing or insurance. The Bank regularly assesses and monitors the proper functioning of risk transfer mechanisms.

Monitoring and reporting

The Risk and Capital Management Committee, Operational Risk, Control and Compliance Committee, New Products Committee and commissions supporting the Committees are accountable for ongoing monitoring of operational risk. Quality and effectiveness of operational risk management processes (including the self-assessment process) in the respective organizational units of the Capital Group are subject to inspections and assessment carried out by the internal audit.

Within the consolidated oversight operational risk data of Bank and subsidiaries is presented to Commissions and Committees, supporting the Management and Supervisory Board in the operational risk management process.

The Supervisory Board supervises and assesses the adequacy and effectiveness of operational risk management. The Supervisory Board is supported by Committees of Supervisory Board – Audit Committee, Risk and Capital Committee and Remuneration and Nomination Committee.

Based on synthetic operational risk reports, presented periodically by the Management Board at least twice a year, prepared based on data resulting from operational risk monitoring, covering scale and types of operational risk the Bank is exposed at, probability of its occurrence, dimension of its possible negative impact, operational risk management principles and the operational risk profile, and risk concentration areas, Supervisory Board, supported by the Audit Committee and Risk and Capital Committee, monitors the effectiveness of internal control and risk management and the Supervisory Board shall review the implementation by the Management of the risk management strategy (including operational risk management).

Assumptions of internal control of operational risk

Internal control system and risk management system, functioning in the Bank, are organized at three independent levels.

Within the Management Board, one of its members – Risk Management Sector Head – supervises Independent Control and Operational Risk Department and is responsible for providing the Management Board and the Supervisory Board with complex information on the risk.

The Management Board is supported by Risk and Capital Management Committee, Operational Risk, Control and Compliance Committee, New Products Committee, GCB and ICG Investment and Insurance Commission and Ethics and Disciplinary Commission.

Each Business Unit must establish an appropriate system of controls that are commensurate with the level of risk (incl. operational risk), including proper documentation of the control procedures and appropriate staff training. Each Business Unit must evaluate the risks that are unacceptable or outside of the Business Unit's risk appetite/tolerance and determine the appropriate actions for their mitigation or transfer.

Settings of control standards, coordination of the management, as well as monitoring of operational risk for key risk categories are supported by specialized organizational units.

Independent Control and Operational Risk Department – ICOR (internal control system second line of defense) is responsible for operational risk management supervision within the Bank, in particular for setting and enforcing standards and tools of the operational risk management, self-assessment process, management of the operational risk indicators monitoring process, monitors, prevents and reports operational losses, performs corrective action plans' monitoring. Additionally, the Department is responsible for maintaining operational risk management-supporting systems, calculation of regulatory and assessment of economic capital requirement for operational risk, management and regulatory reporting regarding operational risk, operational risk market disclosures, recommending changes in the processes and operations of the Bank to adjust control functions to the acceptable risk exposure level. The Department conducts also reviews within the organizational units of the Bank regarding the increased operational risk areas, and recommends changes in the procedures, processes and banking operations in order to mitigate the operational risk level. In the scope of internal control system Independent Control and Operational Risk Department is responsible for Control Function Matrix coordination and vertical monitoring

The Audit Department (IA-Internal Audit) is responsible for independent assessment of the effectiveness of operational risk management processes and assessment of adequacy and effectiveness of operational risk management system, as well as for its regular reviews. Results of internal and external audits are considered in the management information system, the process of decision making with regard to risk management and management of the Bank.

ESG Risk

ESG risk is the risk of losses arising from any negative financial impact on the Bank stemming from the current or prospective impacts of environmental, social and governance factors on its counterparties or invested assets. The ESG risk subcategories encompass Environmental (including climate), Social, and Governance risks.

ESG risk is considered cross-cutting, meaning that it may manifest through or amplify primary risk categories (i.e. Credit risk, Market risk, Strategic risk, etc.). As part of the 2025 risk materiality assessment process, ESG risk materiality was assessed across three-time horizons: short-term (less than 3 years), medium-term (3-5 years), and long-term (over 5 years). In the short term (i.e. ICAAP horizon), the following was concluded:

- Climate risk materiality for Strategic, Credit, Reputational, and Compliance risks,
- Environmental risk materiality for Compliance risk,
- Non-materiality of Social and Governance risks.

The main objective of ESG risk management is to effectively integrate these risk factors into existing risk management processes, all to ensure the effectiveness of the Bank's risk profile in the short, medium and long term. Due to the cross-cutting nature of ESG risks and the dynamic development of regulatory expectations and good practices, the Bank has developed a dedicated document "ESG Risk Management Framework in the Capital Group of Bank Handlowy w Warszawie S.A.", which is one of the elements of the Bank's risk management strategy. This document:

- describes the key elements of the organizational structure and processes used by the Bank to identify, measure, monitor, control and report ESG risk,
- clarifies the roles and responsibilities in relation to ESG risk management of the Bank's Management Board, as well as employees across the three Lines of Defense.

ESG risk management practices are successively developed as part of policies and procedures for managing individual risk categories.

In the risk assessment process, the Bank uses a combination of methods of measuring or estimating risk, tailored to the risk category, including:

- determining KRI indicators as part of the risk appetite covering priority portfolios, as well as risk types with a material impact of ESG risk drivers,
- monitoring credit exposure to transactions with elevated environmental and social risk,
- using industry climate and environmental heatmaps at the portfolio and client levels to identify and measure these risks,
- conducting stress tests for material ESG risks identified as part of the risk materiality assessment,
- conducting a quantitative analysis of the impact of climate threats on the Bank's business continuity as part of the

risk materiality assessment process,

- conducting a quantitative climate risk assessment for key market risk indicators/limits as part of the risk materiality assessment process,
- analyzing portfolio alignment with emission reduction pathways stemming from the regulatory goals of the Paris Agreement and regional climate policies.

Monitoring the correctness and ensuring the effectiveness of ESG risk management and ensuring appropriate consideration of ESG risk in the Bank's risk profile and risk appetite are the tasks of the Risk and Capital Management Committee of the Bank's Management Board. A package of ESG risk analysis reports is prepared periodically and submitted to the Bank's Management Board, including the Risk and Capital Management Committee, and the Supervisory Board, including the Risk and Capital Committee.

ESG risk did not have a material direct impact on individual areas of estimates made as of 31 December 2025, including the determination of the expected credit loss recognized in these financial statements, nor on the Bank's continuity of business in the period of 12 months before the date of approval of this statement.

Detailed information on ESG risk management in the Bank can be found in the Information on the capital adequacy of the Capital Group of Bank Handlowy w Warszawie S.A. as of 31 December 2025.

EQUITY MANAGEMENT

According to the Banking Act, banks in Poland are obliged to maintain equity at a level adequate for their specific business risks. The capital level presented below is considered sufficient for conducting business activity. The capital level is regularly monitored by using the capital adequacy ratio.

The Bank determines a policy of future dividend payment to the shareholders as part of the capital management process. The dividend policy depends on a number of factors including the Bank's profits, the Bank's expectations concerning future financial results, the level of capital requirements, as well as tax, regulatory and legal issues.

Capital adequacy

The capital ratio was calculated in accordance with the principles set out in 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, as amended (the "CRR").

Financial data necessary to calculate the Bank's capital adequacy ratio is presented in the table below:

PLN'000	31.12.2025	31.12.2024
I Own Funds	7,312,929	7,529,994
Common Equity Tier 1 Capital	7,312,929	7,529,994
II Total capital requirements, including:	2,660,992	2,707,685
credit risk capital requirements	2,093,479	1,769,619
counterparty risk capital requirements	78,697	101,817
credit valuation correction capital requirements	10,026	8,688
excess concentration and large exposures risk capital requirements	-	-
total market risk capital requirements	115,403	113,887
operational risk capital requirements	363,387	713,674
Common Equity Tier 1 Capital ratio (%)	22.0%	22.2%
Total Capital ratio (%)	22.0%	22.2%

Own funds and the total capital ratio as of December 31, 2024, were retrospectively recalculated to include the profit for 2024 after its approval by the General Meeting of Shareholders.

On 25 November 2025, the Polish Financial Supervision Authority announced that in the supervisory assessment process, the Bank's sensitivity to the possible materialization of stress scenarios affecting the level of own funds and risk exposure was assessed as low and it did not set an additional capital charge (P2G) for the Bank to absorb potential losses resulting from the occurrence of stress conditions.

The Bank's capital ratios remain above the minimum requirements under the CRR, the Act on Macroprudential Supervision and the recommendation of the supervisory authority.

The Bank is a resolution entity that is part of a global systemically important institution in accordance with the definition contained in CRR and according to Art. 92a CRR must satisfy the following requirements for own funds and eligible liabilities:

- a risk-based ratio of 18%, representing the own funds and eligible liabilities of the institution expressed as a percentage of the total risk exposure amount (TLAC TREA);
- a non-risk-based ratio of 6,75%, representing the own funds and eligible liabilities of the institution expressed as a

percentage of the total exposure measure (TLAC TEM).

In accordance with the CRR regulations, the amount of the required TLAC TREA for the Bank plus the combined buffer requirement for the Group as of 31 December 2025 is 21.74%, while TLAC TREA of the Bank on a consolidated level was 25.39%. The TLAC TEM ratio as of December 31, 2025, is 9.51%.

The TLAC TREA and TLAC TEM ratios as of December 31, 2025, remain above the minimum requirements resulting from the CRR regulation, taking into account the combined buffer requirement.

Eligible liabilities counting towards meeting the TLAC requirement include a loan granted by Citibank Europe PLC, Dublin, pursuant to an agreement entered on 6 June 2024. The value of the loan used is presented in Note 29 in the line Loans and advances received.

01 January 2025 came into force the main changes resulting from Regulation CRR3 (i.e. 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 and the minimum capital threshold (CRR3). Values as of the end of December 2025 reflect regulatory changes applicable to that date. Pursuant to Commission Delegated Regulation (EU) 2025/1496 of 12 June 2025, changes to market risk requirements will apply from 1 January 2027.

5. Segment reporting

Information on segment reporting is presented in Annual Consolidated Financial Statements of the Capital Group of Bank Handlowy w Warszawie S.A. for the financial year ended 31 December 2025, which have been approved by the Management Board of the Bank for publication on the same date as Annual Unconsolidated Financial Statements of Bank Handlowy w Warszawie S.A. for the financial year ended 31 December 2025.

6. Net interest income

Accounting policy:

For all financial instruments, interest income and interest expense are recognized through the profit or loss account using the effective interest rate method.

The effective interest rate method calculates the amortized cost of a financial asset or a financial liability and allocates interest income or interest expense to appropriate periods. The effective interest rate is a rate that discounts the estimated future inflows or payments in the expected period until the maturity of the financial instrument to the gross carrying value of a financial asset or the amortized cost for a financial liability. When calculating the effective interest rate, the Bank takes into account all the terms and conditions of a financial instrument agreement (e.g., prepayments, call options, etc.) but excludes potential future losses in connection with non-recoverable loans. The calculation covers all the commissions payable to and receivable from the parties to the agreement, integral components of the effective interest rate, transactional costs and any other premiums and discounts. As a result, commissions that are an integral part of the effective interest rate less direct costs of obtaining the financial instrument are recognized as components of interest income.

The effective interest rate applies for the gross carrying amount of financial assets, except for impaired financial assets.

In the case of financial assets for which impairment losses were recognized, interest income is measured using the interest rate that was used to discount the future cash flows to estimate such impairment losses and are calculated on the amount of exposure reduced by expected credit losses.

Financial information:

PLN'000	For the period	2025	2024
Interest income from:		3,438,848	3,447,363
Financial assets measured at amortized cost		1,569,375	1,593,651
Balances with Central Bank and current accounts with other banks		155,947	189,224
Amounts due from banks		378,300	481,359
Amounts due from customers, in respect of:		1,035,128	923,068
financial sector entities		371,805	304,012
non-financial sector entities, including:		663,323	619,056
Financial assets measured at fair value through comprehensive income		1,869,473	1,853,712
Debt investment financial assets measured at fair value through comprehensive income		1,869,473	1,853,712
Similar income from:		303,304	278,236
Debt securities held-for-trading		136,830	87,101
Liabilities with negative interest rate		96	7
Derivatives in hedge accounting		166,378	191,128
Effect of excess liquidity to be transferred as part of transaction		(635,414)	(680,780)

PLN'000	For the period	2025	2024
settlement		3,106,738	3,044,819
Interest expense and similar charges for:			
Financial liabilities measured at amortized cost		(863,622)	(707,203)
Balances with the Central Bank		(4)	(4)
Amounts due to banks		(56,305)	(106,311)
Amounts due to customers		(767,275)	(592,222)
Amounts due to financial sector entities		(142,561)	(442,095)
Amounts due to non-financial sector entities		(624,714)	(150,127)
Loans and advances acquired		(36,476)	(5,131)
Lease liabilities		(3,562)	(3,535)
Derivatives in hedge accounting		(141,899)	(136,742)
		(1,005,521)	(843,945)
Net interest income		2,101,217	2,200,874

The table above does not include the net income from discontinued activity in the amount of PLN 893,133 thousand for 2025 and in the amount of PLN 1,011,190 thousand for 2024. Information on discontinued operations disclosed in Note 3 "Assets and liabilities classified as held for sale and profit from discontinued operations". In particular, Note 3 explains the methodology for calculating income from excess liquidity attributed to discontinued operations (included in interest income from discontinued operations in the amount of PLN 893,133 thousand for 2025 and 1,011,190 for 2024,), which at the same time reduce the result from continuing operations, which is included in the table above in the line "Effect of excess liquidity to be transferred as part of the transaction settlement".

The impact on value of financial assets, whose cash flows resulting from the contract were modified, however were not discontinued recognition, as at 31 December 2025 amounted to PLN (1,759) thousand and net modification gain in 2025 amounted to PLN (1,521) thousand (PLN (3,454) thousand and PLN (4,015) thousand as at 31 December 2024, respectively).

7. Net fee and commission income

Accounting policy:

Commission and fee income is generated when the Bank renders financial services to its customers. The Bank classifies its commission into the following categories:

- commissions that are an integral part of the effective interest rate,
- commissions for brokerage activities, including commissions for the execution of orders to buy or sell financial instruments, offering financial instruments, maintaining cash accounts, holding and registering cash instruments and acting as market makers,
- commissions for services rendered,
- commissions for executing significant transactions.

Commissions that are an integral part of the effective interest rate are recognized in the income statement adjusted by the calculation of the effective interest rate and are shown in interest income.

In the case of loans and borrowings with undetermined installment payment dates, e.g., overdrafts or credit cards, commissions and fees are recognized using the straight-line method until the expiry date of a credit limit. Such commissions and fees are recognized as commission income.

For other commissions, the Bank performs the principles of IFRS 15. In particular if the Bank transfers control of service over time and, therefore, satisfies a performance obligation and the customer simultaneously receives and consumes the benefits provided by the Bank's performance as the Bank performs, then fees are recognized over time in proportion to the completion of the service in fee income. In other cases, the fees are recognized at a point in time when services have been completed and are presented in fee income. There are no situations of withholding services which would affect the manner of revenue recognition described above in connection with meeting the obligation to provide services. The majority of commission income is settled on a one-off basis, except situation where the commission is charged in advance for a period of service exceeding one month. Such situation arises in respect of guarantees or loans for which no repayment schedule is agreed. In the area of commission income, the remuneration received is in principle non-refundable.

The Bank considers the terms of the contract to determine the transaction price. The transaction price is the amount of consideration (fixed, variable or both) to which Bank expects to be entitled in exchange for transferring promised services to a customer, excluding amounts collected on behalf of third parties.

The Bank renders intermediary services for insurance products. Income for the distribution of insurance products not directly relating to the occurrence of financial assets is recognized in the income statement when the service has been provided or renewal of the insurance policy has taken place, except for the part of remuneration for services provided after the sale, which is amortized over the life of the facility using the straight-line method.

In the case of products directly attributable to financial assets, where income is received up front for a period longer than one month, to establish the way of showing income on distributing this insurance, a model of relative fair value is used as a result of which income from the sale of an insurance product is divided into the following components:

- income on account of services provided as an insurance agent, and
- income recognized in the Income Statement as an effective interest rate component, adjusted by the estimated amounts of potential future returns in case of early termination of insurance products based on the share of the fair value of each of these parts in the total of their fair values.

The income described above takes into account the estimation of future returns on customers renouncing their insurance in given conditions.

Costs directly attributable to the acquisition of a cash loan are amortized over the life of the product as an effective interest rate component and are part of the interest income.

If the Bank incurs costs directly associated with the sale of an insurance product, such costs are accounted for in accordance with the principle of matching revenues and expenses. Costs not directly associated with the sale of insurance products are recognized when incurred.

Financial information:

PLN'000	For the period	2025	2024
Fee and commission income			
Credit activities (other than income covered by the calculation of the effective interest rate process)		42,516	41,384
Servicing bank accounts		82,613	85,356
Payment and credit cards		12,207	12,726
Payment services		110,827	112,876
Custody services		150,832	127,326
Brokerage operations		44,704	27,764
Clients' cash on account management services		21,033	23,962
Financial liabilities granted		42,391	34,919
Other		2,912	3,818
		510,035	470,131
Fee and commission expense			
Payment and credit cards		(1,397)	(1,326)
Brokerage operations		(13,323)	(13,183)
Fees paid to the National Depository for Securities (KDPW)		(39,024)	(34,148)
Broker's fees		(4,273)	(3,896)
Other		(21,142)	(16,591)
		(79,159)	(69,144)
Fee and commission income		430,876	400,987

The table above does not include the net income from discontinued activity in the amount of PLN 166,192 thousand for 2025 and in the amount of PLN 170,401 thousand for 2024. Additional information on the discontinued activity disclosed in Note 3 "Assets and liabilities classified as held for sale and profit from discontinued operations".

8. Dividend income

Accounting policy:

Dividends equity investments are recognized in profit and loss when the entity's right to receive payment is established. There is a possibility that the entity will get economic benefits connected with dividend and the dividend will be set plausibly.

Financial information:

Dividend income amounted to PLN 15,221 thousand in 2025 (2024: PLN 45,970 thousand) include dividends received and due from the Bank's subsidiaries – PLN 2,649 thousand (in 2024: PLN 34,461 thousand). The remaining number of dividends was received from entities with no controlling interest of the Bank.

9. Net income on trading financial instruments and revaluation

Accounting policy:

This item covers net income on trading financial instruments measured in fair value through profit or loss (as described in note 2.1 Financial assets and liabilities – classification and measurement) and net income on revaluation.

Financial information:

PLN'000	For the period	2025	2024
Net income on financial instruments measured at fair value through profit and loss from:			
Debt instruments		69,435	(9,363)
Equity instruments		3,824	(3,692)
Derivative instruments, including:		(158,078)	111,112
Interest rate derivatives		(157,990)	102,894
Equity		(89)	8,154
Commodity		1	64
		(84,819)	98,057
Net income on FX operations			
Operations on FX derivative instruments		209,019	554,793
FX gains and losses (revaluation)		240,782	(88,750)
		449,801	466,043
Net income on trading financial instruments and revaluation		364,982	564,100

The table above does not include the net income from discontinued activity in the amount of PLN 32,281 thousand for 2025 and in the amount of PLN 33,657 thousand for 2024. Additional information on the discontinued activity disclosed in Note 3 "Assets and liabilities classified as held for sale and profit from discontinued operations".

The net income on trading financial instruments and revaluation for 2025 contains movement in (net) adjustment of the valuation of derivatives reflecting the counterparty credit risk and own credit risk in the amount of PLN (1,010) thousand (in 2024: PLN (1,859) thousand).

Net income from debt instruments includes the net results on trading in government securities, corporate debt securities, EBI (European Investment Bank) securities and money market instruments held-for-trading.

Net income from equity instruments includes net income from shares in other entities.

Income from derivative instruments includes net income due to transactions in interest rate swaps, options, futures and other derivatives.

Net profit on foreign exchange includes profit and losses on valuation of assets and liabilities denominated in foreign currency and foreign currency derivatives such as forward, CIRS and option contracts and also contains a margin realized on spot and forward currency transactions.

10. Net gain/(loss) on hedge accounting

Accounting policy:

Additional information regarding the Bank's hedge accounting including accounting policy disclosed in Note 37.

Financial information:

PLN'000	For the period	2025	2024
Fair value hedge accounting			
Net gain on hedged transaction valuation		334,757	(145,533)
Net gain on hedging transaction valuation		(332,940)	154,407
Hedge accounting income		1,817	8,874

11. Net other operating income and expense

Accounting policy:

Other operating income and expenses comprise income and expenses that are not directly related to banking activities. They include the proceeds from and costs of selling or disposing of tangible fixed assets and assets held for disposal,

income related to services for related parties, compensation, penalties and fines.

Financial information:

PLN'000	For the period	2025	2024
Other operating income			
Income from provision of services for related parties outside the Group		8,744	8,878
Income from office rental		825	3,200
Other		8,789	9,276
		18,358	21,354
Other operating expenses			
Amicable procedure and vindication expenses		(65)	(247)
Net provision for litigation		(14,219)	(21,822)
Other**		(16,315)	(15,049)
		(30,599)	(37,118)
Net other operating income and expense		(12,241)	(15,764)

*The item includes the (net) costs of provisions for litigation proceedings including those related to TSUE judgements

**The item "Other" includes i.a. operating losses and donation costs

The table above does not include the net income from discontinued activity in the amount of PLN (14,223) thousand for 2025 and in the amount of PLN 19,389 thousand for 2024. Additional information on the discontinued activity disclosed in Note 3 "Assets and liabilities classified as held for sale and profit from discontinued operations".

12. General administrative expenses

Accounting policy:

General administrative expenses are recognized in the period they apply to.

Financial information:

PLN'000	For the period	2025	2024
Staff expenses			
Remuneration costs, including:		(331,895)	(309,039)
Provisions for retirement allowances		(26,625)	(24,719)
Bonuses and rewards		(51,172)	(56,845)
Social insurance costs		(54,822)	(52,200)
		(437,889)	(418,084)
Administrative expenses			
Telecommunication fees and hardware purchases		(83,618)	(90,428)
Costs of external services, including advisory, audit, consulting services		(47,168)	(41,269)
Building maintenance and rent costs		(43,967)	(56,463)
Advertising and marketing costs		(4,874)	(4,775)
Cash management service, KIR service and other transactional costs		(33,209)	(34,487)
Costs of external services related to the distribution of banking products		(4,969)	(4,706)
Postal services, office supplies and printmaking costs		(869)	(885)
Banking and capital supervision costs		(7,622)	(7,916)
Costs paid to Bank Guarantee Fund		(81,235)	(76,872)
Other expenses*		5,277	(3,265)
		(302,254)	(321,066)
Total general administrative expenses		(740,143)	(739,150)

*The item "Other costs" includes the VAT deduction for purchases related to taxable or mixed sales.

The table above does not include the net income from discontinued activity in the amount of PLN (767,949) thousand for 2025 and in the amount of PLN (687,496) thousand for 2024. Additional information on the discontinued activity disclosed in Note 3 "Assets and liabilities classified as held for sale and profit from discontinued operations".

The cost of renting and maintaining real estate includes lease payments relating to contracts for which the Bank has

used exemptions (low-value assets and short-term contracts), variable lease payments, service charges and other fees that do not constitute lease payments, as well as the costs of maintaining real estate used by the Bank (owned and leased).

Staff expenses include the following employee benefits for current and former members of the Management Board:

PLN'000	For the period	2025	2024
Short-term employee benefits		17,144	16,887
Long-term employee benefits		61	227
Capital assets		9,997	9,964
		27,202	27,078

13. Depreciation expense

Accounting policy:

Depreciation expenses are recognized on a straight-line basis according to depreciation rates described in note 23 for tangible fixed assets and note 24 for intangible assets.

Financial information:

PLN'000	For the period	2025	2024
Depreciation of property and equipment		(38,239)	(47,335)
Amortization of intangible assets		(4,358)	(3,532)
Depreciation expense, total		(42,597)	(50,867)

The table above does not include the net profit from discontinued activity in the amount of PLN (5,480) thousand for 2025 and in the amount of PLN (68,471) thousand for 2024. Additional information on the discontinued activity disclosed in Note 3 "Assets and liabilities classified as held for sale and profit from discontinued operations".

14. Provisions for expected credit losses on financial assets and provisions for contingent liabilities

Accounting policy:

Provisions for expected credit losses and provisions for contingent commitments are presented in this position. Impairment policy is described in detail in note 3 in Credit risk part.

Financial information:

PLN'000	For the period	2025	2024
Provision for expected credit losses on equity investments			
Provision creation		(36)	(68)
Provision release		35	33
		(1)	(35)
Provision for expected credit losses on amounts due from banks			
Provision creation		(7,795)	(2,162)
Provision release		3,655	2,524
		(4,140)	362
Provision for expected credit losses on amounts due from customers			
Provision creation and reversals		(34,171)	2,898
Provision creation		(200,994)	(212,010)
Provision release		179,330	227,447
Other		(12,507)	(12,539)
Recoveries from debt sold		9,965	11,998
		(24,206)	14,896
Provision for expected credit losses on debt investment financial assets measured at fair value through other comprehensive income			
Provision creation		(4,316)	(6,847)
Provision release		3,813	6,458
		(503)	(389)
Provision for expected credit losses on financial assets		(28,850)	14,834

PLN'000	For the period	2025	2024
Created provisions for granted financial and guarantee commitments		(24,726)	(31,546)
Release of provisions for granted financial and guarantee commitments		31,844	33,234
Provision for expected credit losses for contingent liabilities		7,118	1,688
Provision for expected credit losses on financial assets and provisions for contingent liabilities		(21,732)	16,522

The table above includes the net income from discontinued activity in the amount of PLN 4,194 thousand for 2025 and in the amount of PLN 35,455 thousand for 2024. Additional information on the discontinued activity disclosed in Note 3 "Assets and liabilities classified as held for sale and profit from discontinued operations".

In 2025 the Group sold a portfolio of retail non-performing credit exposures with a net carrying amount of PLN 7.5 million, achieving a positive result on sales of PLN 10 million.

15. Income tax expense

Accounting policy:

Income tax consists of current tax and deferred tax. Income tax is recognized in the income statement, except for taxes related to amounts that are allocated to other comprehensive income.

Financial information:

Recognized in the income statement

PLN'000	For the period	2025	2024
Current tax			
Current year CIT		(555,571)	(484,423)
Adjustments for prior years		(1,449)	9,502
		(557,020)	(474,921)
Deferred tax			
Origination and reversal of temporary differences		281,607	(79,530)
		281,607	(79,530)
Total income tax expense in income statement		(275,413)	(554,451)

Reconciliation of effective tax rate

PLN'000	For the period	2025	2024
Profit before tax		1,942,806	2,346,430
Income tax at the domestic corporate tax rate of 19%		(369,133)	(445,822)
Impairment provision not constituting deductible expenses		(5,682)	(4,171)
Deductible income not recognized in the income statement		(4,513)	(4,599)
Non-taxable income		2,825	8,671
Tax on some financial institutions		(32,857)	(33,297)
Bank Guarantee Fund		(20,040)	(17,072)
Change of income tax rates		114,160	-
Other permanent differences, including other non-deductible expenses		39,827	(58,162)
Depreciation of fixed assets and intangible assets of retail operations		40,862	-
Total tax expenses		(275,413)	(554,452)
Effective tax rate		14.18%	23.63%

*In 2025 the Bank received an individual tax interpretation confirming the possibility of including in tax-deductible costs the depreciation of fixed assets and intangible assets of the Retail Banking Segment covered by a write-off in 2024 resulting from the impairment test of the income-generating unit, which were not recognized in the deferred tax asset as at the date of the write-off.

The tables above include the income tax attributed to the result from discontinued operations in the amount of PLN 119,920 thousand for 2025 and in the amount of PLN (12,814) thousand for 2024. Additional information on the discontinued activity

disclosed in Note 3 "Assets and liabilities classified as held for sale and profit from discontinued operations".

EQUALIZATION TAX – Pillar 2 of the BEPS 2.0 reform

Pillar 2 of the BEPS 2.0 reform introduces the general framework for a 15% global minimum tax, approved by the OECD. For European Union member states, the first step in implementing the new rules was the adoption of Council Directive 2022/2523 of 14 December 2022 on ensuring a global minimum level of taxation for international groups of enterprises and large domestic groups in the European Union (hereinafter referred to as the "Directive"). In the case of Poland, where the Group operates, the Act of November 6, 2024, on equalization taxation of constituent entities of international and domestic groups (Journal of Laws of 2024, item 1685 – hereinafter referred to as the "Act"), implementing the provisions of the Directive, was published on November 19, 2024. Pursuant to the Act, Polish legal regulations imposing obligations on obligated entities entered into force on January 1, 2025 (for all three equalization taxes, i.e., the global equalization tax, the domestic equalization tax, and the equalization tax on undertaxed profits), with the possibility of voluntary application of these regulations from January 1, 2024, in the case of the global and domestic equalization taxes.

During the review of the Group's effective tax rate ("ETR") in Poland for 2025 for the purposes of the domestic equalization tax ("QDMTT") under the Act, after calculations based on the Group's assumptions, the calculated ETR was above 15%. As a result, the Group will not pay QDMTT for 2025.

Additionally, at the Citi Group level, it was determined that the Polish entities within the Citi Group should be considered taxpayers of the undertaxed profits tax ("UTPR") for 2025. The Citi Group has presented preliminary estimates of the UTPR attributable to the BHW Group. These preliminary estimates indicate that the potential UTPR tax liability will be immaterial.

The obligation to file a QDMTT and UTPR return will be fulfilled within the statutory deadline of 21 months after the end of 2025, due to the fact that 2025 is the first tax year for the Group in which it is subject to equalization tax obligations. Final calculations of the QDMTT and UTPR tax liability will be performed for the purpose of filing the aforementioned returns.

Deferred tax recognized directly in equity

Deferred tax recognized directly in equity as at 31 December 2025 is related to financial assets measured at fair value through other comprehensive income and valuation of defined benefit plan and amounted to PLN 63,796 thousand (31 December 2024: PLN 20,617 thousand).

16. Earnings per share

Accounting policy:

Basic earnings per share for each reporting period shall be computed by dividing the net profit from continuing operations for the reporting period by the weighted average number of shares outstanding in the given reporting period. Diluted earnings per share for each reporting period shall be calculated by dividing the net profit from continuing operations for the reporting period by the total of weighted average number of shares outstanding in the given reporting period and all shares.

Financial information:

In 2025 due to implementation of the incentive programs referred to in Note 36, the Bank purchased a total of 150,019 treasury shares at the same time issuing a total of 102,139 treasury shares free of charge to eligible employees of the Bank. Based on information regarding the purchase and issuance of treasury shares in the 12-month period ended 31 December 2025, the weighted average number of shares was calculated at the level 130,274,482.

In 2024 due to implementation of the incentive programs referred to in the Note 36, the Bank purchased a total of 335,901 treasury shares at the same time issuing a total of 116,994 treasury shares free of charge to eligible employees of the Bank. Based on information regarding the purchase and issuance of treasury shares in the 12-month period ended 31 December 2024, the weighted average number of shares was calculated at the level 130,581,136.

PLN'000	31.12.2025	31.12.2024
Weighted average number of ordinary shares outstanding, used for calculation of basic earnings per share	130,274,482	130,581,136
Net profit for the reporting period	1,636,708	1,791,979
Net earnings per share	12.56	13.72

17. Changes in other comprehensive income

Deferred income tax and reclassification included in other comprehensive income concern the valuation of financial assets measured at fair value recognized in the revaluation reserve and valuation of the defined benefit program recognized in other reserves.

PLN'000	Gross amount	Deferred income tax	Net amount
As at 1 January 2025	(108,508)	20,617	(87,891)
Remeasurement of financial assets measured at fair value through other comprehensive income (net)	565,642	(124,820)	440,822
(Profit) or loss reclassification to income statement after derecognition of financial assets measured at fair value through other comprehensive income (net)	(173,621)	38,313	(135,308)
Total comprehensive income connected with financial assets measured at fair value through other comprehensive income	283,513	(65,890)	217,623
Net actuarial profits/(losses) on defined benefit program valuation	(11,021)	2,094	(8,927)
As at 31 December 2025	272,492	(63,796)	208,696

PLN'000	Gross amount	Deferred income tax	Net amount
As at 1 January 2024	139,871	(26,575)	113,296
Remeasurement of financial assets measured at fair value through other comprehensive income (net)	(187,958)	35,712	(152,246)
(Profit) or loss reclassification to income statement after derecognition of financial assets measured at fair value through other comprehensive income (net)	(50,652)	9,624	(41,028)
Total comprehensive income connected with financial assets measured at fair value through other comprehensive income	(98,739)	18,761	(79,978)
Net actuarial profits/(losses) on defined benefit program valuation	(9,769)	1,856	(7,913)
As at 31 December 2024	(108,508)	20,617	(87,891)

18. Cash and cash equivalents

PLN'000	31.12.2025	31.12.2024
Cash in hand	503,360	486,315
Current balances with Central Bank	8,883,789	5,296,169
Deposits in Central Bank	6,162	-
Current accounts in other banks	28,588	11,877
Total gross value	9,421,899	5,794,361
Provision for expected credit losses	(12)	(16)
Total net value	9,421,887	5,794,345

The table above includes the assets held for sale in the amount of PLN 216,403 thousand for 2025. Additional information on the discontinued activity disclosed in Note 3 "Assets and liabilities classified as held for sale and profit from discontinued operations".

On the current account in the National Bank of Poland (NBP), the Bank maintains an obligatory reserve which may be used only under the condition that the sum of the average monthly balance on the current account in NBP is not lower than the declared balance.

The declared balance of obligatory reserve amounted as at 31 December 2025 to PLN 2,342,834 thousand (31 December 2024: PLN 2,098,239 thousand).

19. Amounts due from banks

Accounting policy:

Classification and measurement of Amounts due from banks are described in note 2.1 "Financial assets and liabilities – classification and measurement".

Financial information:

PLN'000	31.12.2025	31.12.2024
Current accounts	211,796	5,258
Deposits	419,467	235,635
Receivables due to purchased securities with a repurchase agreement	7,581,815	8,217,515
Deposits pledged as collateral of derivative instruments and stock market transactions	25,946	324,170
Other receivables	11,495	5,853
Total gross amount	8,250,519	8,788,431
Impairment provision	(4,461)	(651)
Total net amount due from banks	8,246,058	8,787,780

Changes in gross amounts due from banks that contributed to movements in provision for expected credit losses amounts are as follows:

PLN'000	Stage 1	Stage 2	Stage 3	Total
Loss allowance - amounts due from banks				
Loss allowance as at 1 January 2025	(168)	(483)	-	(651)
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
(Creation)/Releases in the period through the income statement	(4,612)	483	-	(4,129)
Foreign exchange and other movements	319	-	-	319
Loss allowance as at 31 December 2025	(4,461)	-	-	(4,461)

PLN'000	Stage 1	Stage 2	Stage 3	Total
Loss allowance - amounts due from banks				
Loss allowance as at 1 January 2024	(364)	(541)	-	(905)
Transfer to Stage 1	(69)	69	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
(Creation)/Releases in the period through the income statement	258	(11)	-	247
Foreign exchange and other movements	7	-	-	7
Loss allowance as at 31 December 2024	(168)	(483)	-	(651)

The closing balance of impairment recognized on loans and advances to customers consisted of:

PLN'000	Stage 1	Stage 2	Stage 3	Total
Gross amounts due from banks measured at amortized cost				
Gross amounts due from banks as at 1 January 2025	8,780,083	8,348	-	8,788,431
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Receivables increase / repayment	(520,630)	(8,300)	-	(528,930)
Other movements	(8,944)	(38)	-	(8,982)
Gross amounts due from banks as at 31 December 2025	8,250,509	10	-	8,250,519

PLN'000	Stage 1	Stage 2	Stage 3	Total
Gross amounts due from banks measured at amortized cost				
Gross amounts due from banks as at 1 January 2024	15,337,047	35,410	-	15,372,457
Transfer to Stage 1	20,030	(20,030)	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Receivables increase / repayment	(6,574,128)	(7,000)	-	(6,581,128)
Other movements	(2,866)	(32)	-	(2,898)
Gross amounts due from banks as at 31 December 2024	8,780,083	8,348	-	8,788,431

*comparative data were changed due to presentation method verification

20. Financial assets and liabilities held-for-trading

Accounting policy:

Classification and measurement of financial assets and liabilities held-for-trading are described in note 2.1.

Financial information:

Financial assets held-for-trading

Derivative instruments, excluding hedging instruments, and selected debt securities are classified as held-for-trading and presented in the financial statement as "Financial assets held-for-trading".

PLN'000	31.12.2025	31.12.2024
Debt securities held-for-trading		
Bonds and notes issued by:		
Banks and other financial entities*	259,761	963,254
Central governments	2,034,514	838,650
	2,294,275	1,801,904
Including:		
Listed on active market	2,294,275	1,801,904
Equity instruments held-for-trading	35,272	10,555
Derivative financial instruments	2,497,556	2,623,860
Financial assets held-for-trading, total	4,827,103	4,436,319

*As at 31 December 2025, some of the securities (bonds) issued by banks in the amount of PLN 259,761 thousand are covered by Government guarantees (31 December 2024: PLN 956,638 thousand).

The table above includes assets held for sale in the amount of PLN 3,731 thousand (embedded derivatives) at the date of December 31, 2025. Additional information on the discontinued activity disclosed in Note 3 "Assets and liabilities classified as held for sale and profit from discontinued operations".

Financial liabilities held-for-trading

PLN'000	31.12.2025	31.12.2024
Liabilities related to short sale of securities	8,880	156,708
Derivatives	2,681,219	2,599,197
Financial liabilities held-for-trading, total	2,690,099	2,755,905

As at 31 December 2025 and 31 December 2024, the Group did not hold any financial assets and liabilities designated at fair value through profit or loss at initial recognition.

Derivative financial instruments as at 31 December 2025

PLN'000	Nominal amount with remaining life of				Total	Fair value	
	less than 3 months	between 3 months and 1 year	between 1 year and 5 years	more than 5 years		Assets	Liabilities
Interest rate instruments	8,716,614	36,393,216	84,846,131	23,526,467	153,482,428	1,384,056	2,006,245
FRA	730,000	1,940,000			2,670,000	0	27
Interest rate swaps (IRS)	6,663,657	27,686,269	80,793,173	23,526,467	138,669,566	1,383,284	2,004,736
Interest rate options			16,460		16,460	52	52
Futures*	1,322,957	6,766,947	4,036,498		12,126,402	720	1,430
Currency instruments	59,394,692	28,094,987	6,325,172	236,766	94,051,617	1,113,101	674,855
FX forward	18,676,566	6,622,071	215,557		25,514,194	372,994	26,860
FX swap	27,778,401	9,346,869	1,783,609		38,908,879	534,201	448,318
Currency-interest rate swaps (CIRS)**	10,020,389	11,467,932	4,326,006	236,766	26,051,093	201,791	195,558
Foreign exchange options	2,919,336	658,115			3,577,451	4,115	4,119
Securities transactions	784,744	8,893	-	-	793,637	399	119
Futures*	32,351	8,893			41,244	-	-
Securities purchased/sold pending delivery	752,393	-	-	-	752,393	399	119
Total derivative instruments	68,896,050	64,497,096	91,171,303	23,763,233	248,327,682	2,497,556	2,681,219

*Exchange-traded products

** Foreign exchange interest rate swaps with capital exchange

The table above includes assets held for sale in the amount of PLN 3,731 thousand (embedded derivatives) at the date of December 31, 2025. Additional information on the discontinued activity disclosed in Note 3 "Assets and liabilities classified as held for sale and profit from discontinued operations".

Derivative financial instruments as at 31 December 2024

PLN'000	Nominal amount with remaining life of				Total	Fair value	
	less than 3 months	between 3 months and 1 year	between 1 year and 5 years	more than 5 years		Assets	Liabilities
Interest rate instruments	32,557,968	42,871,630	82,384,391	29,605,070	187,419,059	608,997	1,299,743
FRA	13,700,000	4,340,000	-	-	18,040,000	1,522	4,010
Interest rate swaps (IRS)	3,772,194	15,866,977	76,402,711	29,605,070	125,646,952	572,375	1,295,620
Interest rate options	-	1,110,980	20,845	-	1,131,825	106	113
Futures*	15,085,774	21,553,673	5,960,835	-	42,600,282	34,994	-
Currency instruments	60,391,684	18,570,602	38,722,067	293,340	117,977,693	1,997,438	1,282,595
FX forward	13,260,201	5,282,716	3,896,464	-	22,439,381	226,064	27,337
FX swap	37,482,704	8,846,021	10,056,172	-	56,384,897	1,328,477	608,259
Currency-interest rate swaps (CIRS)**	6,244,481	3,382,507	24,762,464	293,340	34,682,792	407,606	611,689
Foreign exchange options	3,404,298	1,059,358	6,967	-	4,470,623	35,291	35,310
Securities transactions	455,977	9,090	-	-	465,067	1,328	761
Futures*	6,851	9,090	-	-	15,941	-	-
Securities purchased/sold pending delivery	449,126	-	-	-	449,126	1,328	761
Commodity transactions	21,843	-	-	-	21,843	16,097	16,098
Swaps	21,843	-	-	-	21,843	16,097	16,098
Total derivative instruments	93,427,472	61,451,322	121,106,458	29,898,410	305,883,662	2,623,860	2,599,197

*Exchange-traded products

** Foreign exchange interest rate swaps with capital exchange

21. Debt investment financial assets measured at fair value through other comprehensive income

Accounting policy:

The policy for classification and measurement of debt investment financial assets measured at fair value through other comprehensive income is described in note 2.1 "Financial assets and liabilities – classification and measurement".

Financial information:

PLN'000	31.12.2025	31.12.2024
Bonds and notes issued by:		
Central Banks	-	999,202
Other banks*, including:	9,028,162	13,889,991
Covered bonds in fair value hedge accounting	1,904,233	3,225,777
Other financial sector entities	1,756,978	1,843,248
Covered bonds in fair value hedge accounting	537,652	505,371
Central governments, including:	19,366,844	13,356,330
Covered bonds in fair value hedge accounting	2,427,315	2,836,707
Debt securities measured at fair value through other comprehensive income, total	30,151,984	30,088,771
Including:		
Listed on active market instruments	30,151,984	29,089,569
Unlisted instruments on the active market	-	999,202

*As at 31 December 2025, the securities (bonds) issued by banks in the amount of PLN 9,028,162 thousand are covered by Government guarantees (31 December 2024: PLN 13,889,991 thousand).

For debt investment financial assets measured at fair value through other comprehensive income, the cumulated value of impairment as at 31 December 2025 amounts to PLN 9,023 thousand (as at 31 December 2024: PLN 8,520 thousand).

The movement in debt investment financial assets measured at fair value through other comprehensive income is as follows:

PLN'000	2025	2024
As at 1 January	30,088,771	29,560,292
Increases (due to):		
Purchases	395,281,306	548,803,054
Revaluation	752,057	-
Foreign exchange differences	-	44,170
Depreciation of discount, premium and interest	1,557,056	1,717,000
Decreases (due to):		
Sale	(397,356,505)	(549,653,949)
Revaluation	-	(362,750)
Foreign exchange differences	(136,418)	-
Depreciation of premium	(34,283)	(19,046)
As at 31 December	30,151,984	30,088,771

22. Shares in subsidiaries and Equity and other instruments at fair value through the income statement

Accounting policy:

Subsidiaries are all entities controlled by the Bank. The Bank controls an entity when the Bank has power over an entity, is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity.

Investments in subsidiaries in the Bank's separate financial statements are recognized using the cost method in accordance with IAS 27.

Shares in entities other than dependent entities (lack of affiliates and joint ventures) are classified as financial assets measured at fair value through income statement. Their classification and measurement are described in note 2.1

Financial information:

PLN'000	31.12.2025	31.12.2024
Shares in subsidiaries	101,715	101,993
Impairment	(10,695)	(10,694)
Equity and other instruments measured at fair value through income statement	183,908	172,948
Equity investments, total	274,928	264,247
Including:		
Listed on active market instruments	45,632	38,117
Unlisted on active market instruments	229,296	226,130

The movement in shares in subsidiaries, equity and other investments is as follows:

PLN'000	Subsidiaries	Other entities	Total
As at 1 January 2025	91,299	172,948	264,247
Increases (due to):			
Revaluation*	-	10,960	10,960
Decreases (due to):			
Selling/liquidation/reduction of subsidies Revaluation	(278)	-	(278)
Revaluation	(1)		(1)
As at 31 December 2025	91,020	183,908	274,928

*Including PLN 2,597 thousand from VISA shares conversion

PLN'000	Subsidiaries	Other entities	Total
As at 1 January 2024	91,639	141,495	233,134
Increases (due to):			
Revaluation	-	31,453	31,453
Decreases (due to):			
sale/liquidation/reduction of subsidies	(305)	-	(305)
Revaluation	(35)		(35)
As at 31 December 2024	91,299	172,948	264,247

*Including PLN 2,548 from VISA shares conversion

Financial information on subsidiaries, 31.12.2025

Subsidiaries fully consolidated

Name of subordinate	Location	Activity	Capital relationship	Share in equity (%)	Book value of shares	Assets	Liabilities	Equity	Revenues	Profit/Loss
HANDLOWY – LEASING Sp. z o.o.	Warszaw	Leasing	Subsidiary	97,47	15,720	16,981	712	16,269	581	136
Handlowy Financial Services Sp. z o.o. (formerly Dom Maklerski Banku Handlowego S.A.)*	Warszaw	Brokerage	Subsidiary	100	70,950	72,974	690	72,284	2,437	1,333
HANDLOWY INVESTMENTS S.A.	Luxembu	Investment activity	Subsidiary	100	4,274	4,386	29	4,357	626	163
HANDLOWY – INWESTYCJE Sp. z o.o.	Warszaw	Investment activity	Subsidiary	100	76	10,691	69	10,622	359	163
						91,020				

Date in thousands of PLN

*direct share

Explanation of indirect relationships

1/ Indirect relationship via Handlowy-Inwestycje Sp. z o.o.

Name of subordinate	Location	Activity	Capital relationship	Share in	Book value	Assets	Liabilities	Equity	Revenues	Profit/Loss
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		equity of		[%] shares					
HANDLOWY - LEASING Sp. z o.o. Warsaw	Leasing	Subsidiary	2.53	414	16,981	712	16,269	581	136

Date in thousands of PLN

The above presented financial data of the entities available at the time of preparation of the financial statements originate from the non-audited financial statements of the entities. Financial data of Handlowy Investments S.A. originate from the financial statements prepared as at 28 February 2025, which is the entity's balance sheet date.

Financial information on subsidiaries, 31.12.2024

Subsidiaries fully consolidated

Name of subordinate	Location	Activity	Capital relationship	Share in equity (%)	Book value of shares	Assets	Liabilities	Equity	Revenue
HANDLOWY – LEASING Sp. z o.o.	Warsaw	Leasing	Subsidiary	15,720	15,720	15,720	15,720	690	273
Handlowy Financial Services Sp. z o.o. (formerly Dom Maklerski Banku Handlowego S.A.)*.	Warsaw	Brokerage	Subsidiary	70,950	70,950	70,950	70,950	3,978	2,385
HANDLOWY INVESTMENTS S.A.	Luxembu	Investment activity	Subsidiary	4,274	4,274	4,274	4,274	813	269
HANDLOWY – INWESTYCJE Sp. z o.o. 1/	Warsaw	Investment activity	Subsidiary	355	355	355	355	481	278
						91,299			

Date in thousands of PLN

*direct share

Explanation of indirect relationships:

1/ Indirect relationship via Handlowy-Inwestycje Sp. z o.o

Name of subordinate	Location	Activity	Capital relationship	Share in equity [%]	Book value of shares	Assets	Liabilities	Equity	Revenues	Profit/Loss
HANDLOWY - LEASING Sp. z o.o. Warsaw	Leasing	Subsidiary	2.53	414	17,108	704	16,404	690	273	

Date in thousands of PLN

The above-mentioned financial data of the entities available at the time of preparation of the financial statements originate from the audited financial statements of the entities. Financial data of Handlowy Investments S.A. originate from the financial statements prepared as at 29 February 2024, which is the entity's balance sheet date.

23. Amounts due from customers

Accounting policy:

Classification and measurement of amounts due from customers are described in note 2.1 "Financial assets and liabilities – classification and measurement".

Financial information:

PLN'000	31.12.2025	31.12.2024
Amounts due from financial sector entities		
Loans, placements and advances	3,576,712	2,190,586
Debt financial assets unlisted	1,002,149	1,002,896
Receivables due to purchased securities with a repurchase agreement	10,880	303,408
Guarantee funds and deposits pledged as collateral	1,870,054	1,613,484
Total gross amount	6,459,795	5,110,374
Provision for expected credit losses	(10,854)	(2,623)

PLN'000	31.12.2025	31.12.2024
Total net amount	6,448,941	5,107,751
Amounts due from non-financial sector entities		
Loans and advances	15,288,312	13,920,199
Purchased receivables	-	2,840,285
Realized guarantees	3,118,387	30,533
Other receivables	30,467	11,493
Total gross amount	18,454,098	16,802,510
Provision for expected credit losses	(512,287)	(543,015)
Total net amount	17,941,811	16,259,495
Total net amounts due from customers	24,390,752	21,367,246

The table above includes the assets held for sale in the amount of PLN 6,168,098 thousand for 2025. Additional information on the discontinued activity disclosed in Note 3 "Assets and liabilities classified as held for sale and profit from discontinued operations".

In amounts due from customers presented on the line Unlisted debt financial assets are securitization assets covered by the Bank. The Bank acts as investor in transactions involving senior tranches. The assets purchased by the Bank are not traded on the market. The Bank intends to maintain investments until the maturity date. The main risk of securitization transactions is credit risk. The Bank's maximum exposure to loss from involvement in these entities is equal to their carrying gross value, as at 31 December 2025 in the amount of PLN 1,002,149 thousand (31 December 2024: PLN 1,002,896 thousand). The carrying value of assets relating in Bank participation in unconsolidated structured entities as at 31 December 2025 in the amount of PLN 1,001,723 thousand (31 December 2024: PLN 1,002,403 thousand).

Movement in [provision for expected credit losses](#) - amounts due from customers presents as follows:

2025

PLN '000	Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired assets	Total
Loss allowance - amounts due from institutional customers					
Provision for expected credit losses as at 1 January 2025	(27,095)	(36,629)	(159,501)	166	(223,059)
Transfer to Stage 1	(1,030)	1,028	2	-	-
Transfer to Stage 2	1,080	(1,080)	-	-	-
Transfer to Stage 3	-	735	(735)	-	-
(Creation)/Releases in the period though the income statement	-	55	-	(55)	-
Decrease in provisions due to write-offs	(923)	(12,878)	(10,468)	188	(24,081)
Decrease in write-downs in connection with the write-off	-	-	410	-	410
Decrease in write-downs in connection with the sale of receivables	-	-	-	-	-
Changes in accrued interest in Stage 3 other than written off and sale of receivables	-	1	(6,259)	-	(6,258)
Decrease in provisions due to derecognition from the balance sheet as a result of significant change	-	-	-	(273)	(273)
Foreign exchange and other movements	2,406	510	5,455	(26)	8,345
Provision for expected credit losses as at 31 December 2025	(25,562)	(48,258)	(171,096)	-	(244,916)

Effect of minor modification on provision for expected credit losses is insignificant

PLN '000	Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired assets	Total
Loss allowance - amounts due from individual customers					
Provision for expected credit losses as at 1 January 2025	(14,900)	(42,578)	(265,668)	567	(322,579)
Transfer to Stage 1	(11,123)	10,176	947	-	-
Transfer to Stage 2	2,112	(4,979)	2,867	-	-
Transfer to Stage 3	517	8,585	(9,102)	-	-
Transfer to purchased or originated credit-impaired assets	-	-	9,080	(9,080)	-
(Creation)/Releases in the period though the income statement	10,577	(4,655)	(16,458)	(1,118)	(11,654)
Changes resulting from the update of the estimation method used (net)	(1,190)	2,754	-	-	1,564
Decrease in write-downs due to write-offs	-	-	7,300	-	7,300
Decrease in write-downs in connection with the sale of receivables	-	-	68,344	3,180	71,524
Changes in accrued interest in Stage 3 other than written off and sale of receivables	-	-	(23,975)	(3,055)	(27,030)
Decrease in impairment losses due to de-balance sheet as a result of a material change	-	-	-	9,080	9,080
Foreign exchange and other movements	-	-	(6,430)	-	(6,430)
Provision for expected credit losses as at 31 December 2025	(14,007)	(30,697)	(233,095)	(426)	(278,225)

Effect of minor modification on provision for expected credit losses is insignificant

2024

PLN '000	Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired assets	Total
Loss allowance - amounts due from institutional customers					
Provision for expected credit losses as at 1 January 2024	(20,582)	(29,898)	(260,474)	646	(310,308)
Transfer to Stage 1	(738)	738	-	-	-
Transfer to Stage 2	2,006	(2,006)	-	-	-
Transfer to Stage 3	-	6	(6)	-	-
Transfer to purchased or originated credit-impaired assets	-	-	-	-	-
(Creation)/Releases in the period though the income statement	(4,953)	(9,072)	(1,988)	(42)	(16,055)
Decrease in provisions due to write-offs	-	-	99,698	-	99,698
Decrease in write-downs in connection with the sale of receivables	-	-	307	-	307
Changes in accrued interest in Stage 3 other than written off and sale of receivables	10	(1)	(3,990)	-	(3,981)
Decrease in provisions due to derecognition from the balance sheet as a result of significant change	-	-	-	(1,107)	(1,107)
Foreign exchange and other movements	(2,838)	3,604	6,879	669	8,314

PLN '000	Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired assets	Total
Provision for expected credit losses as at 31 December 2024	(27,095)	(36,629)	(159,574)	166	(223,132)

Effect of minor modification on provision for expected credit losses is insignificant

PLN '000	Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired assets	Total
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Loss allowance - amounts due from individual customers

Provision for expected credit losses as at 1 January 2024	(31,893)	(69,853)	(324,962)	(176)	(426,884)
Transfer to Stage 1	(18,287)	17,101	1,186	-	-
Transfer to Stage 2	5,175	(8,077)	2,902	-	-
Transfer to Stage 3	1,088	17,514	(18,602)	-	-
Transfer to purchased or originated credit-impaired assets	-	-	13,295	(13,295)	-
(Creation)/Releases in the period though the income statement	29,017	733	(12,800)	2,003	18,953
Decrease in write-downs due to write-offs	-	-	15,326	-	15,326
Decrease in write-downs in connection with the sale of receivables	-	-	90,214	2,141	92,355
Changes in accrued interest in Stage 3 other than written off and sale of receivables	-	4	(28,894)	(3,400)	(32,290)
Decrease in impairment losses due to de-balance sheet as a result of a material change	-	-	-	13,295	13,295
Foreign exchange and other movements	-	-	(3,333)	(1)	(3,334)
Provision for expected credit losses as at 31 December 2024	(14,900)	(42,578)	(265,668)	567	(322,579)

Effect of minor modification on provision for expected credit losses is insignificant

The closing balance of impairment recognized on loans and advances to customers consisted of:

PLN'000	Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired assets	Total
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Gross amounts due from customers measured at amortized cost

Gross amounts due from customers as at 1 January 2025	18,569,574	2,702,016	621,974	19,320	21,912,884
Transfer to Stage 1	1,127,516	(1,124,964)	(2,552)	-	-
Transfer to Stage 2	(945,892)	953,328	(7,436)	-	-
Transfer to Stage 3	(24,097)	(73,329)	97,430	(4)	-
Transfer to purchased or originated credit-impaired assets	(915)	(3,911)	(4,613)	9,439	-
Receivables increase / repayment*	3,319,006	(55,186)	(43,358)	(5,427)	3,215,035
Receivables written-off	-	-	(377)	-	(377)
Disposed receivables	-	-	(67,894)	(5,457)	(73,351)
Other movements	(123,511)	(20,244)	3,201	256	(140,298)
Gross amounts due from customers as at 31 December 2025	21,921,681	2,377,710	596,375	18,127	24,913,893

PLN'000	Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired assets	Total
Gross amounts due from customers measured at amortized cost					
Gross amounts due from customers as at 1 January 2024	17,683,704	2,286,856	793,881	27,205	20,791,646
Transfer to Stage 1	1,009,326	(1,004,302)	(5,024)	-	-
Transfer to Stage 2	(1,001,989)	1,008,256	(6,267)	-	-
Transfer to Stage 3	(43,093)	(51,613)	94,706	-	-
Transfer to purchased or originated credit-impaired assets	(162)	(924)	(13,759)	14,845	-
Receivables increase / repayment*	1,073,713	464,437	(54,653)	(9,814)	1,473,683
Receivables written-off	-	-	(109,719)	-	(109,719)
Disposed receivables	-	-	(95,579)	(1,429)	(97,008)
Other movements	(151,925)	(694)	18,461	(11,487)	(145,645)
Gross amounts due from customers as at 31 December 2024	18,569,574	2,702,016	622,047	19,320	21,912,957

For gross amounts due from customers and provisions for expected credit losses which changed Stages during the period, transfers are presented as the change between the Stage as of 1 January 2025 or at the moment of initial recognition and as of 31 December 2025.

24. Tangible fixed assets

Accounting policy:

Tangible fixed assets are stated at historical cost minus accumulated depreciation or amortization and impairment losses. The historical cost of an item of property and equipment includes any directly attributable costs of purchasing and bringing the asset into use.

Subsequent expenditure relating to an item of property and equipment is added to the carrying amount of the asset or recognized as a separate asset (where appropriate) only when it is probable that future economic benefits will flow to the Bank and the cost of the asset can be measured reliably. Any other expenditure, e.g., repairs and maintenance, is recognized as an expense when incurred.

Depreciation and amortization are calculated using the straight-line method over the expected useful life of an asset on the basis of rates that are approved in the depreciation and amortization plan for 2025.

Illustrative annual depreciation and amortization rates applied by the Bank are presented in the table below:

Buildings and structures	1.5%-4.5%
Motor vehicles	14.0%-34.0%
Computers	25.0%
Office equipment	20.0%
Other tangible fixed assets	7.0%-34.0%
Leasehold improvements – compliant with lease agreement period	

At each balance sheet date, the residual values of non-current assets and their useful lives are reviewed, and the depreciation and amortization schedule are adjusted where appropriate.

Assets with original cost below PLN 3,500 are fully depreciated on a one-off basis when brought into use. The total cost of other tangible fixed assets depreciated on a one-off basis is not material to the financial statements.

Assets in the course of construction are stated at the total of costs directly attributable to construction, assembly or improvement in progress less impairment provision.

Tangible fixed assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The carrying amount of an item of property and equipment is written down to its recoverable amount if the carrying amount exceeds the recoverable amount. The recoverable amount of an item of property and equipment is the higher of its fair value less costs of sale and value in use.

The carrying amounts are reviewed at each balance sheet date to determine whether there is any evidence of impairment. If so, the asset's recoverable amount is estimated.

The recoverable amount in the case of assets other than financial assets is higher fair value less selling costs and value in use. For value in use calculation, the estimation of future cash flows is discounted to their present value using the discount rate before taxation, which represents present market expectations regarding money value and specific risk regarding an asset. For assets that are not generating independent cash flows, the recoverable amount is estimated for the cash-generating unit, the asset owner (see Note 25).

Revaluation impairment allowances are recognized if the book value of an asset or cash-generating unit exceeds the recoverable amount. Revaluation impairment allowances are recognized in profit or loss.

The revaluation provision for impairment is reversed if the estimations for the recoverable amount have changed.

The revaluation write-off for impairment can be reversed only to the level by which the book value of the asset does not exceed the depreciation decreased book value that would be estimated if the impairment write-off was not recognized.

Tangible fixed assets from the date of initial application of IFRS 16 include the assets of the right of use of the assets. Details are presented in note 43.

Financial information:

Movements of tangible fixed assets in 2025

PLN'000	Land and buildings	Vehicles	Other	Under construction	Total
Gross amount					
As at 1 January 2025	762,802	45,833	252,922	8,279	1,069,836
Increases:					
Purchases	299	25,237	8,370	9,908	43,814
Other increases*	5,268	-	-	-	5,268
Decreases:					
Disposals	(57,822)	(20,418)	(8,751)	-	(86,991)
Liquidation	-	(26)	(29,677)	-	(29,703)
Classification as non-current assets held for sale	(107,874)	(13,557)	(26,859)	-	(148,290)
Other decreases*	(628)	(86)	(60)	(1,402)	(2,176)
Transfers	9,455	-	2,664	(12,119)	-
As at 31 December 2025	611,500	36,983	198,609	4,666	851,758
Depreciation					
As at 1 January 2025	344,668	6,807	183,406	-	534,881
Increases:					
Amortization charge for the period	15,979	5,445	16,815	-	38,239
Other increases	-	-	-	-	-
Decreases:					
Disposals	(41,179)	(6,451)	(8,404)	-	(56,034)
Classification as non-current assets held for sale	-	(26)	(29,622)	-	(29,648)
Liquidation	(69,668)	1,020	(18,515)	-	(87,163)
Other decreases	(329)	(17)	(21)	-	(367)
As at 31 December 2025	249,471	6,778	143,659	-	399,908
Impairment write-offs					
As at 1 January 2025	5,059	-	8,765	-	13,824
Increases	(1,205)	-	(7,749)	-	(8,954)
As at 31 December 2025	3,854	-	1,016	-	4,870
Carrying amount					
As at 1 January 2025	413,075	39,026	60,751	8,279	521,131
As at 31 December 2025	358,175	30,205	53,934	4,666	446,980

*Other increases/ decreases include for example restoration of a liquidated asset to inventory, donations, settlements of fixed assets under construction, new and terminated lease agreements.

Movements of tangible fixed assets in 2024

PLN'000	Land and buildings	Vehicles	Other	Under construction	Total
Gross amount					
As at 1 January 2024	653 665	39 745	228 802	98 324	1 020 536
Increases:					
Purchases	687	16 425	9 667	49 479	76 258
Other increases*	24 103	-	143	-	24 246
Decreases:					
Disposals	-	(10 048)	-	-	(10 048)
Liquidation	(604)	-	(20 931)	-	(21 535)
Other decreases*	(6 145)	(289)	-	(13 184)	(19 618)
Transfers	91 094	-	35 246	(126 340)	-
As at 31 December 2024	762 802	45 833	252 922	8 279	1 069 836
Depreciation					
As at 1 January 2024	321 202	5 586	185 345	-	512 133
Increases:					
Amortization charge for the period	27 745	3 929	18 596	-	50 270
Other increases	-	-	-	-	-
Decreases:					
Disposals	-	(2 672)	-	-	(2 672)
Liquidation	(540)	-	(20 530)	-	(21 070)
Other decreases	(3 740)	(37)	-	-	(3 777)
As at 31 December 2024	344 667	6 806	183 411	-	534 884
Impairment losses					
As at 1 January 2024	-	-	-	-	-
Increases	-	-	-	-	-
As at 31 December 2024	5 059	-	8 765	-	13 824
Carrying amount					
As at 1 January 2024	332,464	34,158	43,457	98,324	508,403
As at 31 December 2024	413,075	39,026	60,751	8,279	521,131

*Other increases/ decreases include for example restoration of a liquidated asset to inventory, donations, settlements of fixed assets under construction, new and terminated lease agreements.

As at 31 December 2025, as well as at 31 December 2024, the Bank had no significant contractual obligations for future purchases of tangible fixed assets.

25. Intangible assets

Accounting policy:

Intangible assets are stated at historical cost minus accumulated depreciation or amortization and impairment losses. The historical cost of an item of intangibles includes any directly attributable costs of purchasing and bringing the asset into use.

Subsequent expenditure relating to an item of intangibles is added to the carrying amount of the asset or recognized as a separate asset (where appropriate) only when it is probable that future economic benefits will flow to the Bank and the cost of the asset can be measured reliably. Any other expenditure, e.g., repairs and maintenance, is recognized as an expense when incurred.

Depreciation and amortization are calculated using the straight-line method over the expected useful life of an asset on the basis of rates that are approved in the depreciation and amortization plan for 2025.

Illustrative annual depreciation and amortization rates applied by the Bank are presented in the table below:

Computer software and licenses (except the main operating systems, which are depreciated at the rate of 10% and 20%)	34.0%
Other intangible fixed assets	20.0%

At each balance sheet date, the residual values of non-current assets and their useful lives are reviewed, and the depreciation and amortization schedule are adjusted where appropriate.

Intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The carrying amount of an item of property and equipment or intangible asset is written down to its recoverable amount if the carrying amount exceeds the recoverable amount.

The recoverable amount is higher fair value less selling costs and value in use. For value in use calculation, the estimation of future cash flows is discounted to their present value using the discount rate before taxation, which represents present market expectations regarding money value and specific risk regarding an asset. For assets that are not generating independent cash flows, the recoverable amount is estimated for the cash-generating unit, the asset owner (see Note 25).

Revaluation impairment allowances are recognized if the book value of an asset or of the cash-generating unit exceeds the recoverable amount. Revaluation impairment allowances are recognized in profit or loss.

The revaluation provision for impairment, excluding goodwill, is reversed if the estimations for the recoverable amount have changed.

The revaluation write-off for impairment for other assets can be reversed only to the level by which the book value of the asset does not exceed the depreciation decreased book value that would be estimated if the impairment write-off was not recognized.

Financial information:

Movements of intangible assets in 2025

PLN'000	Goodwill	Software	Prepayments	Total
Gross amount				
As at 1 January 2025	1,245,976	952,693	32,067	2,230,736
Increases:				
Purchases	-	49	20,908	20,957
Decreases:				
Liquidation	-	(14,562)	(951)	(15,513)
Other decreases	-	(1,387)	(9,510)	(10,897)
Transfers	-	16,081	(16,081)	-
As at 31 December 2025	1,245,976	952,874	26,433	2,225,283
Depreciation				
As at 1 January 2025	-	724,467	-	724,467
Increases:				
Amortization charge for the period	-	4,547	-	4,547
Decreases:				
Liquidation	-	(14,562)	-	(14,562)
As at 31 December 2025	-	714 452	-	714 452
Impairment write-offs				
As at 1 January 2025	394,771	216,105	22,518	633,394
Increases	-	1,387	4,818	6,205
Decreases	-	(1,387)	(5,769)	(7,156)
Transfers	-	9,966	(9,966)	-
As at 31 December 2025	394,771	226,071	11,601	632,443
Carrying amount				
As at 1 January 2025	851,205	12,121	9,549	872,875
As at 31 December 2025	851,205	12,351	14,832	878,388

Movements of intangible assets in 2024

PLN'000	Goodwill	Software	Prepayments	Total
Gross amount				
As at 1 January 2024	1,245,976	854,854	54,590	2,155,420
Increases:				
Purchases	-	342	95,021	95,363
Decreases:				
Liquidation				
Other decreases	-	-	(20,047)	(20,047)
Transfers	-	97,497	(97,497)	-
As at 31 December 2024	1,245,976	952,693	32,067	2,230,736
Depreciation				
As at 1 January 2024	-	655,399	-	655,399
Increases:				
Amortization charge for the period	-	69,068	-	69,068
As at 31 December 2024	-	724,467	-	724,467
Impairment write-offs				
As at 1 January 2024	214,707	-	-	214,707
Increases	180,064	216,105	22,518	418,687
As at 31 December 2024	394,771	216,105	22,518	633,394
Carrying amount				
As at 1 January 2024	1,031,269	199,455	54,590	1,285,314
As at 31 December 2024	851,205	12,121	9,549	872,875

As at 31 December 2025, as well as at 31 December 2024, the Bank had no significant contractual obligations for future purchases of intangible assets.

Intangible assets in the amount of PLN 878,388 thousand as at 31 December 2025 (as at 31 December 2024: PLN 872,875 thousand) include goodwill in the amount of PLN 851,205 thousand (as at 31 December 2024: PLN 851,205 thousand).

In the consolidated financial statements of the Bank, goodwill represents the difference between the cost of the acquisition and the fair value of the Bank's interest in identifiable assets, liabilities and contingent liabilities acquired at the business combination date. Goodwill included PLN (1,243,645) thousand proceed from merger from 28 February 2001 between Bank Handlowy w Warszawie S.A. and Citibank (Poland) S.A., and PLN (2,331) thousand proceed from acquisition of organized part of the banking enterprise ABN Amro Bank (Poland) S.A., which happened on 1 March 2005.

Goodwill is stated at cost minus any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortized but is tested annually for impairment independently of objective evidence of impairment.

Goodwill is disclosed at acquisition cost less total impairment losses to date. Goodwill is not amortized but is tested annually for impairment independently of objective evidence of impairment. The Bank has identified two cash-generating units (the Retail Banking Segment and the Institutional Banking Segment) to which goodwill has been allocated.

As a result of a test performed, as of June 30, 2024, the Bank's Management Board has fully written off the goodwill attributable to the Retail Banking Segment.

The revaluation write-off for impairment for goodwill cannot be reversed.

The allocation of goodwill to cash-generating units is presented in the table below.

Book value of goodwill allocated to unit

PLN'000	31.12.2025	31.12.2024
Corporate Bank	851,206	851,206
Consumer Bank	-	-
	851,206	1,031,269

26. Impairment test for goodwill

Impairment testing is performed by comparing the carrying amount of an asset with its recoverable amount. Due to the fact that some property, plant and equipment, intangible assets and goodwill do not generate cash flow independently, for the purposes of the impairment test, they are assigned to the so-called cash generating units (CGUs).

A cash-generating unit is defined by International Accounting Standard 36 as the smallest identifiable set of assets that generates cash inflows that are largely independent of cash inflows from other assets or other sets of assets.

The Bank has identified two cash-generating units: the Institutional Banking Sector and the Retail Banking Sector, and their recoverable amount was determined on the basis of such a division.

The recoverable number of cash-generating units is determined on the basis of their value in use estimated on the basis of the financial plan. The plan is based on rational assumptions about future facts that reflect management assessment of future economic conditions and expected results of the Bank. The plan is periodically updated and approved by the Bank's Supervisory Board. The board accepted a 3-year time period for the process of financial planning.

IAS 36 requires that impairment testing be performed at least once a year, unless there is an indication of impairment. As at 31 December 2025, the Bank performed an impairment test. For the purposes of the impairment test, for each year, the valuation used discount rates (from the range 9,1% - 12%) estimated using a beta coefficient for the banking sector, a risk premium and risk-free rate. Extrapolation of cash flows, which exceed the period covered by the financial plan, has been based on growth rates reflecting the long-term NBP inflation target that amounted to 2.5% as at 31 December 2025.

27. Deferred income tax asset

Accounting policy:

A deferred tax provision and asset are calculated using the carrying value method by computing temporary differences between the carrying value of assets and liabilities in the statement of financial position and the tax base of assets and liabilities. In the statement of financial position, the Bank discloses the deferred tax asset net of deferred tax provisions after compensation, when there is a legal title to set such compensation and when the provision and asset refer to the same taxpayer.

Deferred tax assets are recognized only to the extent that it is probable that a tax benefit will be realized in the future.

Financial information:

PLN'000	31.12.2025	31.12.2024
Deferred income tax asset	1,311,291	842,905
Deferred income tax liability	(1,033,929)	(762,737)
Deferred income tax net asset	277,362	80,168

The table above includes net deferred tax assets held for sale in the amount of PLN 57,016 thousand for 2025. Additional information on the discontinued activity disclosed in Note 3 "Assets and liabilities classified as held for sale and profit from discontinued operations".

Due to the entry into force of the Act of November 6, 2025, amending the Corporate Income Tax Act and the Act on Tax on Certain Financial Institutions, which provides for an increase in the corporate income tax rate for banks, the Bank has revalued its net deferred tax asset to reflect the increased tax rates.

In connection with paragraph 47 of IAS 12, deferred tax assets and deferred tax liabilities are measured using the tax rates expected to apply when the asset is realized or the liability is reversed, based on the tax rates (and tax regulations) that were legally or substantively in effect at the end of the reporting period.

As a result of the revaluation of the net asset taking into account the increase in the tax rate from 19% to the rate applicable at the expected time of realization of temporary differences (respectively: 30% in 2026, 26% in 2027 and 23% in subsequent years), the positive impact on the net financial result for 2025 amounted to PLN 114 million (of which PLN 51 million concerns the reduction of the net loss related to the transaction of sale of the retail business).

Positive and negative taxable and deductible temporary differences are presented below:

Deferred tax asset is attributable to the following:

PLN'000	31.12.2025	31.12.2024
Interest accrued and other expense	32,860	23,975
Revaluation impairment provision	74,394	66,433
Unrealized premium from securities	9,418	3,717
Negative valuation of derivative financial instruments	837,241	547,897

PLN'000	31.12.2025	31.12.2024
Negative valuation of securities held-for-trading	2,575	28,773
Income collected in advance	16,563	15,868
Commissions	3,695	3,146
Debt and equity securities measured at fair value through other comprehensive income	(13,163)	40,532
Staff expenses and other costs due to pay	100,984	73,585
Leasing IFRS16	41,631	34,698
Assets and liabilities classified as held for sale	140,100	-
Amortization of Consumer Segment	60,506	-
Other	4,487	4,281
Deferred tax asset	1,311,291	842,905

Deferred tax liability is attributable to the following:

PLN'000	31.12.2025	31.12.2024
Interest accrued (income)	40,817	20,632
Positive valuation of derivative financial instruments	669,499	537,290
Unrealized securities discount	120,486	106,014
Income to receive	8,382	5,138
Positive valuation of securities held-for-trading	2,517	23,965
Debt and equity securities measured at fair value through other comprehensive income	100,900	(7,044)
Investment relief	3,548	5,997
Valuations of shares	33,180	26,462
Leasing IFRS16	41,158	33,119
Other	13,441	11,167
Deferred tax liability	1,033,929	762,737

Net deferred income tax asset	277,362	80,168
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Movement in temporary differences during the year 2025

The movement in temporary differences relating to deferred tax asset:

PLN'000	As at 1 January 2025	Adjustments recognized in income	Adjustments recognized in equity	As at 31 December 2025
Interest accrued and other expense	23,975	8,885	-	32,860
Revaluation impairment provision	66,433	7,961	-	74,394
Unrealized premium from securities	3,717	5,701	-	9,418
Negative valuation of derivative financial instruments	547,897	289,344	-	837,241
Negative valuation of securities held-for-trading	28,773	(26,198)	-	2,575
Income collected in advance	15,868	695	-	16,563
Commissions	3,146	549	-	3,695
Debt and equity securities measured at fair value through other comprehensive income	40,532	(33,078)	(20,617)	(13,163)
Staff expenses and other costs due to pay	73,585	27,399	-	100,984
Leasing IFRS16	34,698	6,933	-	41,631
Assets and liabilities classified as held for sale	-	140,100	-	140,100
Amortization of Consumer Segment	-	60,506	-	60,506
Other	4,281	206	-	4,487
	842,905	489,003	(20,617)	1,311,291

The movement in temporary differences relating to the deferred tax provision:

PLN'000	As at 1 January 2025	Adjustments recognized in income	Adjustments recognized in equity	As at 31 December 2025
Interest accrued (income)	20,632	20,185	-	40,817
Positive valuation of derivative financial instruments	537,290	132,209	-	669,499
Unrealized securities discount	106,014	14,472	-	120,486
Income to receive	5,138	3,244	-	8,382
Positive valuation of securities held-for-trading	23,965	(21,448)	-	2,517
Debt and equity securities measured at fair value through other comprehensive income	(7,044)	44,148	63,796	100,900
Investment relief	5,997	(2,449)	-	3,548
Valuations of shares	26,462	6,718	-	33,180
Leasing IFRS16	33,119	8,039	-	41,158
Other	11,164	2,278	-	13,442
	762,737	207,396	63,796	1,033,929
Change in net deferred income tax assets	80,168	281,607	(84,413)	277,362

Movement in temporary differences during the year 2024

The movement in temporary differences relating to deferred tax assets:

PLN'000	As at 1 January 2024	Adjustments recognized in income	Adjustments recognized in equity	As at 31 December 2024
Interest accrued and other expense	54,534	(30,559)	-	23,975
Revaluation impairment provision	84,236	(17,803)	-	66,433
Unrealized premium from securities	16,395	(12,678)	-	3,717
Negative valuation of derivative financial instruments	770,046	(222,149)	-	547,897
Negative valuation of securities held-for-trading	2,421	26,352	-	28,773
Income collected in advance	16,794	(926)	-	15,868
Commissions	3,498	(352)	-	3,146
Debt and equity securities measured at fair value through other comprehensive income	3,421	16,494	20,617	40,532
Staff expenses and other costs due to pay	67,370	6,215	-	73,585
Leasing IFRS16	31,194	3,504	-	34,698
Other	8,323	(4,042)	-	4,281
	1,058,233	(235,944)	20,617	842,905

The movement in temporary differences relating to the deferred tax provision:

PLN'000	As at 1 January 2024	Adjustments recognized in income	Adjustments recognized in equity	As at 31 December 2024
Interest accrued (income)	65,703	(45,071)	-	20,632
Positive valuation of derivative financial instruments	729,711	(192,421)	-	537,290
Unrealized securities discount	48,966	57,048	-	106,014
Income to receive	4,920	218	-	5,138
Positive valuation of securities held-for-trading	1,226	22,739	-	23,965
Debt and equity securities measured at fair value through other comprehensive income	26,575	(7,044)	(26,575)	(7,044)
Investment relief	7,158	(1,161)	-	5,997
Valuations of shares	22,126	4,336	-	26,462
Leasing IFRS16	29,707	3,412	-	33,119
Other	9,636	1,531	-	11,167
	945,727	(156,414)	(26,575)	762,737
Change in net deferred income tax assets	112,506	(79,531)	47,192	80,168

28. Other assets

PLN'000	31.12.2025	31.12.2024
Interbank settlements	131,607	35,132
Settlements related to brokerage activity	8,843	114,269
Income to receive	147,277	52,431
Staff loans out of the Social Fund	39,681	11,711
Sundry debtors	4,233	78,232
Prepayments	45,032	8,291
Other assets, total	384,670	300,066
Including financial assets*	336,992	239,344

*Financial assets include all the positions "Other assets", except the positions "Income to receive" and "Prepayments".

The table above does not include the assets held for sale in the amount of PLN 58,636 thousand for 2025. Additional information on the discontinued activity disclosed in Note 3 "Assets and liabilities classified as held for sale and profit from discontinued operations".

29. Amounts due to banks

Accounting policy:

Classification and measurement of amounts due to banks are described in note 2.1 "Financial assets and liabilities – classification and measurement".

Financial information:

PLN'000	31.12.2025	31.12.2024
Current accounts	1,964,349	1,871,173
Term deposits	696,503	714,223
Credits and loans received	1,060,443	1,073,387
Other liabilities, including:	183,212	777,034
margin deposits	182,553	775,767
Total amounts due to banks	3,904,507	4,435,817

PLN'000	01.01.- 31.12.2025	01.01.- 31.12.2024
As the beginning of period	1,073,387	-
Increases (due to):	24,538	-
received credits and loans	-	1,066,750
received credit and loans interest	41,250	5,137
currency differences	(16,712)	1,500
Decreases (due to):	(37,482)	-
	(37,482)	-
As at the end of period	1,060,443	1,073,387

30. Amounts due to customers

Accounting policy:

Classification and measurement of amounts due to customers are described in note 2.1 "Financial assets and liabilities – classification and measurement".

Financial information:

PLN'000	31.12.2025	31.12.2024
Deposits from financial sector entities		
Current accounts	3,362,034	1,750,733
Term deposits	2,756,061	2,352,859
	6,118,095	4,103,592
Deposits from non-financial sector entities		

PLN'000	31.12.2025	31.12.2024
Current accounts, including:	33,656,849	34,350,246
institutional customers	18,764,512	20,334,301
individual customers	11,695,551	11,385,244
public sector units	3,196,786	2,630,701
Term deposits, including:	20,556,829	15,088,950
institutional customers	10,025,054	5,793,514
individual customers	8,877,509	8,694,430
public sector units	1,654,266	601,006
	54,213,678	49,439,196
Total deposits	60,331,773	53,542,788
Other liabilities		
Other liabilities, including:	354,724	547,800
cash collaterals	238,743	446,647
margin deposits	81,088	53,863
Total other liabilities	354,724	547,800
Total amounts due to customers	60,686,497	54,090,588

The table above include the assets held for sale in the amount of PLN 22,152,903 thousand for 2025. Additional information on the discontinued activity disclosed in Note 3 "Assets and liabilities classified as held for sale and profit from discontinued operations".

31. Provisions

Accounting policy:

A provision is recognized in the statement of financial position when the Bank has a present legal or constructive obligation as a result of a past event, and also if it is probable that the discharge of this obligation will result in an outflow of economic benefits, and the provision amount can be reliably estimated.

A restructuring provision is recorded when the following conditions have been met: (i) the Bank has a detailed and formalized restructuring plan; (ii) the restructuring has already begun or has been publicly announced; (iii) the provision amount can be reliably estimated. The restructuring provision does not include future operating expenses.

Financial information:

PLN'000	31.12.2025	31.12.2024
Litigation	47,543	52,583
Granted financial and guarantee liabilities*	17,392	33,256
Other	12,241	34,690
Provisions, total	77,176	120,529

The movement in provisions is as follows:

PLN'000	2025	2024
As at 1 January	120,529	111,011
Provisions for:		
Litigation	52,583	46,350
Granted financial and guarantee commitments	33,256	34,960
Other	34,690	29,701
Increases:		
Charges to provisions in the period:	51,207	62,424
Litigation	24,167	16,249
Granted financial and guarantee commitments	22,840	31,546
Other	4,200	14,629
Decreases:		

PLN'000	2025	2024
Release of provisions in the period	(39,384)	(46,101)
Litigation	(8,619)	(5,184)
Granted financial and guarantee commitments	(25,044)	(33,234)
Other	(5,721)	(7,683)
Provisions used in the period, including:	(23,514)	(6,789)
Litigation	(17,409)	(4,832)
Other	(6,105)	(1,957)
Other, including:	(370)	(16)
Granted financial and guarantee commitments	(370)	(16)
Impairment losses due to IFRS 5	(31,292)	=
As at 31 December	77,176	120,529

*Additional information concerning provisions for granted financial and guarantee commitments are presented in note 40.

**The „Other” item includes portfolio provisions related to TSUE judgements, which has been described in note 40.

The table above does not include the assets held for sale in the amount of PLN 23,289 thousand for 2025. Additional information on the discontinued activity disclosed in Note 3 “Assets and liabilities classified as held for sale and profit from discontinued operations”.

32. Other liabilities

Accounting policy:

The Bank records accruals and prepayments of expenses primarily in relation to the Bank's overhead expenses in reporting periods to which they relate. Accruals and prepayments are presented as 'Other liabilities' in the statement of financial position.

Within the range of liabilities to provision of providing services on time, the Bank uses a method of income on the time proportion in the time of providing services. According to the bank, this method reflects the procedure of providing services.

Within the area of methods, input data and assumptions adopted to estimate variable remuneration, the Bank uses approach most likely values in accordance the remuneration received for achievement of the objectives, whereas within the range of remuneration reimbursements in insurance mediation, statistical methods are used, and provision is presented as accrual. The Bank addresses all issues setting the level of income subject to identified variables (remuneration under specified objectives, expected reimbursements, all discounts).

For the remuneration for mediation in distribution of insurance products, in particular with the insurance connected with the Bank's credit product, the model of relative fair value is used. According to this model, using the fair value of the credit product and the sales services of the insurance product, the Bank separates remuneration being part of interest income and remuneration for provided services connected with the distribution and operation of these products.

Lease liabilities are measured in accordance with note 43.

Provisions due to employee benefits, including provision for retirement payments that are part of a defined benefit plan, are described in detail in note 47.

Financial information:

PLN'000	31.12.2025	31.12.2024
Staff benefits	11,177	20,835
Interbank settlements	265,806	198,432
Inter-branch settlements	-	2,543
Settlements related to brokerage activity	165,430	90,953
Liabilities due to leasing assets	84,174	121,165
Sundry creditors	100,879	159,184
Accruals:	321,626	384,334
Provision for employee payments	117,437	115,974
Provision for employee retirement	86,686	113,117
IT services and bank operations support	55,498	68,619
Consultancy services and business support	7,530	8,591
Other	54,475	78,033
Deferred income	34,622	38,318
Settlements with Tax Office and National Insurance (ZUS)	55,560	122,802
Other liabilities, total	1,039,274	1,138,566

PLN'000	31.12.2025	31.12.2024
Including financial liabilities*	627,466	593,112

*Financial liabilities include all the positions "Other liabilities", except the positions "Settlements with Tax Office and National Insurance (ZUS)" and "Deferred income".

** The dividend payable to shareholders paid on July 14, 2025, was included in operating activities as Other adjustments in the 2025 Statement of Cash Flows.

The table above does not include the net income from discontinued activity in the amount of PLN 118,302 thousand for 2025. Additional information on the discontinued activity disclosed in Note 3 "Assets and liabilities classified as held for sale and profit from discontinued operations".

33. Financial assets and liabilities by contractual maturity

As at 31 December 2025

PLN'000	Note	Total	Up to 1 month	Between 1 and 3 months	Between 3 months and 1 year	Between 1 and 5 years	More than 5 years
Cash and cash equivalents	17	9,421,899	9,421,899	-	-	-	-
Amounts due from banks (gross)	18	8,250,519	108,362	-	7,723,821	-	418,336
Financial assets held-for-trading							
Debt securities held-for-trading	19	2,294,275	11,270	3,082	48,338	1,694,431	537,154
Financial assets measured at fair value through other comprehensive income							
Debt financial assets measured at fair value through other comprehensive income	20	30,151,984	1	-	119,312	25,358,871	4,673,800
Amounts due from customers (gross)							
Amounts due from financial sector entities	22	6,459,795	2,151,389	37,331	231,124	4,039,951	-
Amounts due from non-financial sector entities	22	18,454,098	6,498,606	1,565,954	2,791,149	5,100,069	2,498,320
Amounts due to banks	29	3,904,507	2,827,832	-	20,000	1,056,675	-
Amounts due to customers							
Amounts due to financial sector entities	30	6,130,502	6,099,812	29,583	1,107	-	-
Amounts due to non-financial sector entities	30	54,555,995	46,940,798	5,486,879	1,974,056	104,130	50,132

The table above does not include the net income from discontinued activity in the amount of PLN 6,168,098 thousand for 2025. Additional information on the discontinued activity disclosed in Note 3 "Assets and liabilities classified as held for sale and profit from discontinued operations".

As at 31 December 2024

PLN'000	Note	Total	Up to 1 month	Between 1 and 3 months	Between 3 months and 1 year	Between 1 and 5 years	More than 5 years
Cash and cash equivalents	17	5,794,361	5,794,361	-	-	-	-
Amounts due from banks (gross)	18	8,788,431	2,207,277	1,909,437	4,437,500	-	234,217
Financial assets held-for-trading							
Debt securities held-for-trading	19	1,801,904	15,711	3,551	130,147	603,542	1,048,953
Financial assets measured at fair value through other comprehensive income							
Debt financial assets measured at fair value through other comprehensive income	20	30,088,771	3,044,865	44,569	3,725,093	14,102,723	9,171,521
Amounts due from customers (gross)							
Amounts due from financial sector entities	22	5,110,374	2,034,675	75,699	700,000	2,300,000	-
Amounts due from non-financial sector entities	22	16,802,510	7,108,926	1,503,255	1,804,731	3,803,684	2,581,914

PLN'000	Note	Total	Up to 1 month	Between 1 and 3 months	Between 3 months and 1 year	Between 1 and 5 years	More than 5 years
Amounts due to banks	29	4,435,817	3,367,567	-	-	1,068,250	-
Amounts due to customers							
Amounts due to financial sector entities	30	4,139,020	4,089,347	46,770	2,903	-	-
Amounts due to non-financial sector entities	30	49,951,568	43,661,121	4,265,820	2,023,175	1,452	-

34. Repurchase and reverse repurchase agreements

The Bank enters into purchase and sale transactions under agreements to resell and repurchase the same financial assets, so-called sell-buy-back and buy-sell-back respectively, as well as repo and reverse repo transactions in securities. Securities sold under repurchase agreements continue to be shown as the Bank's assets. If the acquirer has the right to sell or pledge the assets, such assets are presented in a separate in the statement of financial positions line. At the same time liabilities arising from the repurchase promise are recognized. In the case of securities purchased under agreements to resell, securities are presented in the statement of financial position as loans and advances. Any differences between sale/purchase prices and repurchase/resale prices are recognized respectively as interest income and expense using the effective interest rate method. In the case of sale of the securities previously purchased in the reverse repo transaction, the Bank recognizes liabilities due to the short sale of securities. These liabilities are evaluated at fair value.

Repurchase agreements

Repurchase agreements are commonly used as a tool for short-term financing of interest-bearing assets, depending on the prevailing interest rates.

In repo transactions, all gains and losses on the assets held are on the Bank's side.

Assets sold under repo transactions could not be traded by the Bank further.

As at 31 December 2025 the Bank no had repo liabilities which were offset in the financial statements described in note 36.

In 2025, the total interest expense on repurchase agreements was PLN 6,879 thousand (in 2024: PLN 26,558 thousand).

Reverse repurchase agreements

Reverse repurchase agreements are entered into as a facility to provide funding to customers.

As at 31 December 2025, assets purchased subject to agreements to resell were as follows:

PLN'000	Carrying amount of receivable*	Fair value of assets held as collateral	Resale date	Resale price
Amounts due from banks	814	814	Up to 1 month	814
	7,581,001	7,587,401	Up to year	7,718,551
Amounts due from other financial sector entities	10,880	10,888	Up to 1 month	10,886
	7,592,695	7,599,103	-	7,730,251

*Including interest

As at 31 December 2024, assets purchased subject to agreements to resell were as follows:

PLN'000	Carrying amount of receivable*	Fair value of assets held as collateral	Resale date	Resale price
Amounts due from banks	1,840,962	1,894,830	Up to 1 month	1,843,107
	1,914,286	2,160,656	Up to 3 months	1,924,318
	4,462,267	4,464,007	Up to year	4,579,296
Amounts due from other financial sector entities	303,408	301,011	Up to 1 month	303,565
	8,520,923	8,820,504		8,650,286

As at 31 December 2025 and 31 December 2024, the Bank held the option to pledge or sell the assets acquired through reverse repo.

In 2025, the total interest income on reverse repurchase agreements was PLN 7,997 thousand (in 2024: PLN 468,741)

thousand).

As at 31 December 2025, the liabilities due to short sale of securities purchased in reverse repo transactions amounted to PLN 8,880 thousand (as at 31 December 2024: PLN 156,708 thousand).

35. Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and presented in the statement of financial position on a net basis when there is a legally enforceable right to offset, and their settlement is intended to take place on a net basis or to realize the asset and settle the liability simultaneously.

In the statement of financial position, the Bank offsets financial assets and financial liabilities resulting from derivative contracts, settled by a central counterparty (CCP) - KDPW_CCP S.A.

The Bank changed its approach to offsetting of derivative instruments which is presented in Note 2.

The disclosure below additionally presents financial assets and financial liabilities resulting from forward and derivative transactions under master agreements, which constitute market standards developed under the International Swaps and Derivatives Association (ISDA), the Polish Bank Association and other master agreements, , under which, in certain breaches of the contracts' provisions, the contract may be legally terminated and settled in the net amount of receivables and liabilities.

The table below presents the fair values of derivatives (from the trading portfolio and designated as hedging instruments) as well as executable collateral for framework deals enabling lawful compensation in defined situations.

PLN'000	31.12.2025		31.12.2024	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
Receivables/liabilities arising from purchased/sold securities with a repurchase agreement received/granted	7,592,695	-	8,520,923	-
The effect of offsetting	-	-	-	-
The value of receivables and liabilities presented in the statement of financial position	7,592,695	-	8,520,923	-
Fair value of derivatives	3,907,542	4,154,616	4,818,938	4,153,965
The effect of offsetting*	(1,409,986)	(1,114,720)	(2,140,938)	(1,482,031)
Valuation of derivatives (net) presented in the statement of financial position	2,497,556	3,039,896	2,678,000	2,671,934
Value of collateral received/placed	(201,640)	(1,013,102)	(754,135)	(960,760)
Assets and liabilities subject to offsetting under the master agreement	2,295,916	2,026,794	1,923,865	1,711,174
Maximum amount of potential offset	(1,978,628)	(1,978,628)	(1,659,912)	(1,659,912)
Assets and liabilities subject to offsetting under the master agreement considering the maximum amount of potential offset	317,288	48,166	263,953	51,262

*Offsetting effect relates only to derivative instruments presented in the statement of financial position. Offsetting additionally impacts Amounts due to customers, deposit margin.

36. Capital and reserves

Equity is stated at nominal value, except for the revaluation reserve for financial assets measured at fair value through other comprehensive income, which is stated taking into account the impact of deferred income tax.

Share capital

Series/ issue	Type of shares	Type of preference	Type of limitation	Number of shares	Par value of series/issue [PLN'000]	Method of issue payment	Date of registration	Eligibility for dividends (from date)
A	bearer	none	-	65,000,000	260,000	paid in	27.03.97	01.01.97
B	bearer	none	-	1,120,000	4,480	paid in	27.10.98	01.01.97
B	bearer	none	-	1,557,500	6,230	paid in	25.06.99	01.01.97
B	bearer	none	-	2,240,000	8,960	paid in	16.11.99	01.01.97
B	bearer	none	-	17,648,500	70,594	paid in	24.05.02	01.01.97
B	bearer	none	-	5,434,000	21,736	paid in	16.06.03	01.01.97
C	bearer	none	-	37,659,600	150,638	transfer of Citibank	28.02.01	01.01.00

Series/ issue	Type of shares	Type of preference	Type of limitation	Number of shares	Par value of series/issue [PLN'000]	Method of issue payment	Date of registration	Eligibility for dividends (from date)
						(Poland) assets to the Bank		
				130,659,600	522,638			

The par value of 1 share amounts to PLN 4.00

As at 31 December 2025, the Parent entity's share capital amounted to PLN 522,638,400 divided into 130,659,600 common bearer shares with a nominal value of PLN 4 each, which has not changed since 31 December 2024.

The Parent entity has not issued preferred shares.

Both in 2025 and

, there was no increase in the share capital by shares issuance.

Principal shareholders

During 2025 and the period from the publication of the previous annual financial statement for 2024 until the day of the publication of this annual financial statement for 2025, the structure of major shareholdings of the Bank changed.

The following table presents the shareholders who, as at 31 December 2025, held at least 5% of the total number of votes at the General Meeting or at least 5% of the Parent entity's share capital:

	Number of shares	% Shares	Number of votes at GM	% votes at GM
Citibank Europe PLC, Ireland	97,994,700	75.00	97,994,700	75.00
Other shareholders	32,664,900	25.00	32,664,900	25.00
	130,659,600	100.00	130,659,600	100.00

Supplementary capital

As at 31 December 2025, supplementary capital was PLN 2,944,585 thousand (31 December 2024: PLN 2,944,585 thousand). Supplementary capital is designated for offsetting financial losses or for other purposes including payment of dividends to the shareholders. The General Shareholders' Meeting of the Bank decides on the utilization of supplementary capital, but a portion of its balance amounting to one third of the total share capital may be used exclusively for offsetting losses shown in the financial statements.

The supplementary capital includes the amount of PLN 2,485,534 thousand constituting the excess of the fair value of the issued shares over their nominal value in connection with the business combination of the Bank and Citibank (Poland) S.A., which took place on 28 February 2001.

Issue, redemption and repayment of debt and equity securities

On February 14, 2025, the Bank received a decision of the Polish Financial Supervision Authority dated February 13, 2025, in which the PFSA granted the Bank permission to buy-back own shares in 2025 for the purpose of offering them by the Bank to eligible employees under the incentive program. Under the above permission issued for the period until December 16, 2025, the Bank may acquire a maximum of 477,450 own shares, and the price of the own shares purchased by the Bank may not exceed PLN 16,667,000 in total.

In the period from January 1, 2025 to December 31, 2025, the Bank acquired a total of 150,019 own shares with a nominal value of PLN 4 per share, representing 0.1148167% of the Bank's share capital and entitling to 150,019 votes at the General Meeting of the Bank, which constitutes 0.1148167% of the total number of votes at the General Meeting of the Bank, for a total price of PLN 16,666,927.

Since the beginning of the share buyback, i.e. from January 2024, to the date of this report, the Bank has acquired a total of 485,920 own shares with a nominal value of PLN 4 per share, representing 0.3718977% of the Bank's share capital and entitling to 485,920 votes at the Bank's General Meeting, which constitutes 0.3718977% of the total number of votes at the Bank's General Meeting. During the period in which the Bank owned its own shares, the Bank did not exercise the voting rights attached to these shares.

On 22 July 2024, the Bank issued (i.e. initiated the transfer of), against no consideration, a total of 102,139 treasury shares previously purchased by the Bank. The shares issued represent a total of 0.0781718% of the share capital of the Bank and entitled to 0.0781718% of the total number of votes at the General Meeting of Shareholders of the Bank, thus completing the process of issuing own shares in 2025.

As of the end of December 2025, the Bank retained a total of 266,787 treasury shares, representing 0.2041848% of the Bank's share capital and entitling to 0.2041848% of the total number of votes at the General Meeting of Shareholders of the Bank, thus completing the process of issuing own shares in 2025.

Revaluation reserve

PLN'000	31.12.2025	31.12.2024
Revaluation of financial assets measured at fair value through other comprehensive income	240,646	(64,868)

The revaluation reserve is not distributed. As at the day of derecognition of all or part of the financial assets measured at fair value through other comprehensive income from the statement of financial position, retained earnings that were previously presented in the other comprehensive and accumulated income in "Revaluation reserve" are reclassified to the income statement.

Other reserves

PLN'000	31.12.2024	31.12.2024
Reserve capital	3,467,117	3,467,117
General risk reserve	540,200	540,200
Capital from the valuation of the equity awards program	64,305	55,352
Reserve capital for dividend payment	642,732	-
Net actuarial losses on defined benefit program valuation	(31,951)	(23,025)
Other reserves, total	4,682,403	4,039,644

Reserve capital

Reserve capital is created from the annual distribution of profits or from other sources, independently of the supplementary capital.

Reserve capital is designated for offsetting financial position losses or for other purposes, including payment of dividends to shareholders. The General Shareholders' Meeting of the Bank makes decisions on utilization of reserve capital.

General risk reserve

The general risk reserve is recorded out of net profit against unidentified risk arising from banking activities. The General Shareholders' Meeting of the Bank makes decisions on utilization of the general risk reserve subject to applicable regulations.

Dividends

Dividends are recognized as liabilities on the date at which the General Meeting of the Bank has approved the appropriation of earnings.

Dividends paid (or declared)

On June 27, 2025, the Annual General Meeting of the Bank adopted a resolution on distribution of net profit for 2024. Pursuant to the resolution the net profit for 2024 in the amount of PLN 1,791,978,477.05 was distributed as follows:

- Dividend: PLN 1,342,776,931.65, i.e. PLN 10.29 per share,
- Reserve capital: PLN 449,201,545.40

Dividend day was set for July 7, 2024, and the dividend payment date for July 14, 2024.

The dividend amount per share was calculated by dividing the dividend amount for shareholders by the total number of the Bank's shares, reduced by the number of treasury shares held by the Bank on the dividend date. Consequently, 130,493,385 shares participated in the dividend distribution.

The dividend accounted for 75% of the net profit for 2024, and the payment of funds in this amount was in line with the individual recommendation of the Polish Financial Supervision Authority regarding fulfilling by the Bank of requirements for dividend payment from net profit generated in 2024.

On 22 August 2025, The Bank was advised by the Polish Financial Supervision Authority that the PFSA did not have any objections to the potential payout by the Bank of the dividend (advance dividend) from the 2019 profit in the amount of PLN 449,201,545.40. The payment of advance dividend to shareholders depends on the final decisions of the Management Board and the Supervisory Board of the Bank.

On 9 September 2025 the Management Board of the Bank resolved, subject to the consent of the Bank's Supervisory Board, to pay out to Bank's shareholders the advance payment on account of the expected dividend, which will be decided by the Ordinary General Meeting of the Bank in 2026, and to allocate PLN 448,551,276.72 to that payment (hereinafter referred to as: "Advance Dividend"). On 18 September 2025 the Bank's Supervisory Board approved this Advance Dividend.

The Advance Dividend was paid from part of the reserve capital created by the Ordinary General Meeting of the Bank in resolution No. 26/2025 of the Ordinary General Meeting of the Bank of 27 June 2025, to be used for the payment of dividends, including advance dividends (Dividend capital), while the funds for the payment of the Advance Dividend came from part of the Bank's profit generated in 2019 year. 130 392 813 shares give entitlement to the Advance Dividend. The Advance Dividend per share was PLN 3.44 gross. The record date for the Advance Dividend was October 21, 2025 and the date of the Advance Dividend payment was: October 28, 2025.

37. Hedge accounting

Accounting policy:

The Bank hedges against the risk of change in the fair value of fixed interest rate debt securities measured at fair value through other comprehensive income. The hedged risk results from changes in interest rates. In respect of hedge accounting the Bank applies IAS 39.

IRS, denominated in the same currency as the hedged items, is the hedging instrument swapping the fixed interest rate for a variable interest rate.

The gain or loss on the hedged item attributable to the hedged risk is recognized in the result on hedge accounting in the income statement. The remainder of the change in the fair value valuation of debt securities available for sale is recognized in other comprehensive income. Interest income on debt securities is recognized in net interest income.

Changes in the fair value of derivative instruments designated and qualifying as fair value hedges are recognized in the result on hedge accounting in the income statement. Interest income and interest expenses related to the interest measurement component of derivatives concluded as hedging instruments under fair value hedges are presented in the interest result in the position interest income/expense on derivatives in hedge accounting.

Financial information:

As at 31 December 2025 and as at 31 December 2024, the Bank had an active hedging relationship. Details are presented below.

As at 31 December 2025:

PLN'000	Notional value	Balance value		Listing in the statement of financial position	Change in fair value used to take hold of hedge ineffectiveness
		Assets	Liabilities		
Hedge accounting of fair value					
Interest rate risk					
IRS Transactions	4,848,500	-	358,677	Hedging derivatives	(332,939)

Details of the hedged items are presented in the table below.

PLN'000	Balance value		Cumulative amount of hedging fair value in balance value of hedged item corrections	Listing in the statement of financial position	Change in fair value used to take hold of hedge ineffectiveness
	Assets	Liabilities			
Hedge accounting of fair value					
Interest rate risk					
Treasury bonds	2,427,315	-	161,184	Debt investment securities measured at fair value through other comprehensive income	197,940
Bonds of financial institution	2,441,885	-	130,541	Debt investment securities measured at fair value through other comprehensive income	136,817

Cumulated amounts of adjustments related to fair value hedges included in the statement of financial position for all hedged items, with respect for which adjustments for gains and losses on fair value hedging have ceased, amounted to PLN (73,078) thousand as at 31 December 2025.

Information regarding hedge effectiveness is presented below.

	Hedge ineffectiveness recognized in income statement	Listing in the statement of financial position
Hedge accounting of fair value		
Interest rate risk	1,817	Hedge accounting result

As at 31 December 2024:

PLN'000	Notional value	Balance value		Listing in the statement of financial position	Change in fair value used to take hold of hedge ineffectiveness
		Assets	Liabilities		
Hedge accounting of fair value					
Interest rate risk					
IRS Transactions	3,211,000	6,731	92,869	Hedging derivatives	(90,428)

Details of the hedged items are presented in the table below.

PLN'000	Balance value		Cumulative amount of hedging fair value in balance value of hedged item corrections	Listing in the statement of financial position	Change in fair value used to take hold of hedge ineffectiveness
	Assets	Liabilities			
Hedge accounting of fair value					
Interest rate risk					
Bank bonds	2,836,707	-	(24,366)	Debt investment securities measured at fair value through other comprehensive income	(38,107)
Bonds issued by financial institutions	3,731,148	-	(8,546)	Debt investment securities measured at fair value through other comprehensive income	(107,426)

Cumulated amounts of adjustments related to fair value hedges included in the statement of financial position for all hedged items, with respect for which adjustments for gains and losses on fair value hedging have ceased, amounted to PLN (108,981) thousand as at 31 December 2025.

Information regarding hedge effectiveness is presented below.

	Hedge ineffectiveness recognized in income statement	Listing in the statement of financial position
Hedge accounting of fair value		
Interest rate risk	8,874	Hedge accounting result

38. Fair value information

Fair value of financial assets and liabilities

Fair value is a price that would be received for selling an asset or paid for transferring the liability in a transaction carried out in the conditions between market participants at the measurement date.

The summary below provides a statement of financial position (by category) and fair value information for each category of financial assets and liabilities.

As at 31 December 2025

PLN'000	Note	Held-for-trading	Loans, advances and other receivables	Measured at fair value through other comprehensive income	Other financial assets/liabilities	Total carrying value	Fair value*	Fair value disclosure**
Financial assets								
Amounts due from banks measured at amortized cost	18	-	8,246,058	-	-	8,246,058	n/a	8,250,663
Financial assets held-for-trading measured at fair value	19	4,827,103	-	-	-	4,827,103	4,827,103	n/a
Debt investment financial assets measured at fair value through other comprehensive income	20	-	-	30,151,984	-	30,151,984	30,151,984	n/a
Shares in subsidiaries		-	-	-	91,020	91,020	n/a	12,362
Equity and other instruments measured at fair value through income statement	21	-	-	-	183,908	183,908	183,908	n/a
Amounts due from customers measured at amortized cost	22	-	24,390,752	-	-	24,390,752	n/a	24,730,157
Amounts due from institutional customers		-	18,236,632	-	-	18,236,632	n/a	18,575,483
Amounts due from individual customers		-	6,154,120	-	-	6,154,120	n/a	6,154,675
		4,827,103	32,636,810	30,151,984	274,928	67,890,825	35,162,995	32,993,182
Financial liabilities								
Amounts due to banks	29	-	-	-	3,904,507	3,904,507	n/a	3,904,535
Financial liabilities held-for-trading	19	2,690,099	-	-	-	2,690,099	2,690,099	n/a
Amounts due to customers	30	-	-	-	60,686,497	60,686,497	n/a	60,660,560
		2,690,099	-	-	64,591,004	67,281,103	2,690,099	64,565,095

*Fair value of assets and liabilities that are recognized and measured in the statement of financial position at fair value.

**Fair value of assets and liabilities that are not recognized and measured in the statement of financial position at fair value, but for which fair value is additionally disclosed in accordance with the requirements of IFRS 13.

The table above includes the assets and liabilities held for sale. Additional information on the discontinued activity disclosed in Note 3 "Assets and liabilities classified as held for sale and profit from discontinued operations".

As at 31 December 2024

PLN'000	Note	Held-for-trading	Loans, advances and other receivables	Measured at fair value through other comprehensive income	Other financial assets/liabilities	Total carrying value	Fair value*	Fair value disclosure**
Financial assets								
Amounts due from banks measured at amortized cost	18	-	8,787,780	-	-	8,787,780	n/a	8,787,781
Financial assets held-for-trading measured at fair value	19	4,436,319	-	-	-	4,436,319	4,436,319	n/a
Debt investment financial assets measured at fair value through other comprehensive income	20	-	-	30,088,771	-	30,088,771	30,088,771	n/a
Shares in subsidiaries		-	-	-	172,948	172,948	172,948	n/a
Equity and other instruments measured at fair value through income statement	21	-	21,367,246	-	-	21,367,246	n/a	21,381,622
Amounts due from customers measured at amortized cost	22	-	15,329,548	-	-	15,329,548	n/a	15,321,332
Amounts due from institutional customers		-	6,037,698	-	-	6,037,698	n/a	6,060,290
Amounts due from individual customers		-	8,787,780	-	-	8,787,780	n/a	8,787,781
		4,436,319	30,155,026	30,088,771	172,948	64,853,064	34,698,038	30,169,403
Financial liabilities								
Amounts due to banks	29	-	-	-	4,435,817	4,435,817	n/a	4,435,873
Financial liabilities held-for-trading	19	2,755,905	-	-	-	2,755,905	2,755,905	n/a
Amounts due to customers	30	-	-	-	53,985,032	53,985,032	n/a	53,963,225
		2,755,905	-	-	58,420,849	61,176,754	2,755,905	58,399,098

*Fair value of assets and liabilities that are recognized and measured in the statement of financial position at fair value.

**Fair value of assets and liabilities that are not recognized and measured in the statement of financial position at fair value, but for which fair value is additionally disclosed in accordance with the requirements of IFRS 13.

Comparative fair value data as at 31 December 2024 for receivables from institutional and retail clients have been adjusted in relation to the disclosures in the financial statements for 2024.

Depending on the method of determining fair value, individual financial assets or liabilities are classified into the following categories:

- Level I: financial assets/liabilities valued directly on the basis of prices from an active market where the regular quotations and turnover are available.
The active market includes stock and brokerage quotes and quotes in systems as pricing services, such as Reuters and Bloomberg, which represent the actual market transactions concluded on market conditions. Level I mainly include securities held-for-trading or available-for-sale.
- Level II: financial assets/liabilities valued on the basis of models based on input data from the active market and presented in Reuters and Bloomberg systems; depending on financial instruments, the following specific valuation techniques are used:
 - listed market prices for a given instrument or listed market prices for an alternative instrument;
 - fair value of interest rate swaps and forward foreign exchange contracts is calculated as the current value of future cash flows based on the market yield curves and current NBP fixing exchange rate in case of foreign currency instruments;
 - other techniques, such as yield curves based on alternative prices for a given financial instrument.

- Level III: financial assets/liabilities valued on the basis of valuation techniques using relevant parameters not market based.

The tables below present carrying amounts of financial instruments presented in the statement of financial position measured at fair value, arranged according to the above categories:

As at 31 December 2025

PLN'000	Note	Level I	Level II	Level III	Total
Financial assets					
Financial assets held-for-trading	19	2,330,267	2,496,836	-	4,827,103
derivatives		720	2,496,836		2,497,556
debt securities		2,294,275			2,294,275
equity instruments		35,272			35,272
Hedging derivatives	37	-	-	-	-
Debt investment financial assets measured at fair value through other comprehensive income	20	30,151,984	-	-	30,151,984
Equity and other instruments measured at fair value through income statement	21	45,632	-	138,276	183,908
Financial liabilities					
Financial liabilities held-for-trading	18	10,310	2,679,789	-	2,690,099
short sale of securities		8,880		-	8,880
derivatives		1,430	2,679,789	-	2,681,219
Hedging derivatives			358,677	-	358,677

The table above includes the assets held for sale in the amount of PLN 3,731 thousand (embedded derivatives) for 2025. Additional information on the discontinued activity disclosed in Note 3 "Assets and liabilities classified as held for sale and profit from discontinued operations".

As at 31 December 2024

PLN'000	Note	Level I	Level II	Level III	Total
Financial assets					
Financial assets held-for-trading	19	1,847,453	2,588,866	-	4,436,319
derivatives		34,994	2,588,866	-	2,623,860
debt securities		1,801,904	-	-	1,801,904
equity instruments		10,555	-	-	10,555
Hedging derivatives	37	-	54,140	-	54,140
Debt investment financial assets measured at fair value through other comprehensive income	20	29,089,569	999,202	-	30,088,771
Equity and other instruments measured at fair value through income statement	21	38,117	-	134,831	172,948
Financial liabilities					
		-	-	-	-
Financial liabilities held-for-trading	18	156,708	2,599,197	-	2,755,905
short sale of securities		156,708	-	-	156,708
derivatives		-	2,599,197	-	2,599,197
Hedging derivatives		-	72,737	-	72,737

As an outcome of the transaction in the third quarter of 2025, the Bank acquired 58 privileged Visa Inc series A shares worth PLN 7,243 thousand; simultaneously the conversion ratio of C series to A series change as well, which resulted in a reduction in the valuation of series C shares by PLN 4,646 thousand as of the day of conversion. The positive result on operation amounted to PLN 2,597 thousand and was in the Net gain/(loss) on equity investments and other at fair value through income statement.

As at 31 December 2025, the amount of financial assets classified to level III includes the value of the share in Visa Inc. in the amount of PLN 4,534 thousand (privileged series C) and also the value of other minority shareholding in the amount of PLN 133,742 thousand (as at December 31, 2024 PLN 10,949 thousand and PLN 123,882 thousand, respectively).

The sensitivity analysis for equity instruments classified to Level III is presented in the table below:

PLN'000	Fair value	Scenario	Fair value in the positive scenario	Fair value in the negative scenario
Equity and other instruments measured at fair value through income statement	138,276	Change of the key parameter (cost of capital by - 10% / + 10% or conversion rate by + 10% / - 10%)	157,068	123,585

The method of estimating the fair value of series C Visa Inc preference shares takes into account the value of Visa Inc. shares and corrections resulting from disputes (current or potential) to which Visa or the Bank would be a party. Minority shareholdings in structured companies are measured at fair value taking into account, inter alia, the expected discounted dividends using an assumed cost of capital and the history of profit distribution in the particular companies. Changes in the valuation are taken to the Income statement and presented in the Net gain/(loss) on equity and other instruments measured at fair value through income statement.

Changes in financial assets and liabilities measured at a fair value that was defined by using relevant parameters that are not market-based are presented below:

PLN'000	01.01.-31.12.2025	01.01.-31.12.2024
	Equity and other investments measured at fair value through income statement	
As at 1 January	134,831	121,756
Conversion of shares - transfer to Level I	(4,646)	(8,346)
Revaluation	8,091	21,421
As at 31 December	138,276	134,831

Revaluation is recognized in the Net gain/(loss) on equity and other instruments measured at fair value through income statement.

In 2025 the Bank has not made any changes in classification criteria of financial instruments (presented in the statement of financial position at fair value) to each category reflecting the fair value (level I, level II, level III).

In the same period the Bank has not made any changes in financial assets classification that could result from asset's purpose or usage change.

Fair value measurement

In the case of short-term financial assets and liabilities, it is assumed that their carrying amount is practically equal to their fair value. In the case of other instruments, the following methods and assumptions have been adopted.

Amounts due from customers and banks

The carrying amount of loans is presented at amortized cost less impairment. The fair value of loans and advances is calculated as the discounted value of expected future principal payments and takes into account fluctuations in market interest rates as well as changes in margins during the financial period. Changes in margins on loans are based on concluded transactions. It is assumed that loans and advances will be paid on the contractual date. In the case of loans for which repayment dates are not fixed (e.g., overdrafts), the fair value is the repayment that would be required if the amount were due on the balance sheet date.

The methods of valuation mentioned above are classified to the third level of the fair value financial hierarchy: assets valued on the basis of valuation techniques using relevant parameters not market based.

Amounts due to banks and customers

In the case of on-demand deposits, as well as deposits without a pre-determined maturity date, the fair value is the amount that would be paid out if demanded on the balance date. The fair value of fixed maturity deposits is estimated on the basis of cash flows discounted with current interest rates taking into account current margins in a similar way as adopted for the valuation of loans.

For overnight placements, the fair value is equal to their carrying amount. For fixed interest rate placements, the fair value is assessed on the basis of discounted cash flows using current money market interest rates for receivables with similar credit risk, time to maturity, and currency.

As described above, the models used to determine the fair value of assets and liabilities to banks and customers, recognized in the statement of financial position at amortized cost, involve valuation techniques based on non-market parameters. Therefore, the Bank classifies the valuation of financial instruments for the purpose of disclosure to the third level of the fair value hierarchy. For all other financial instruments not at fair value, the Bank believes that the fair value

generally approximates the carrying value

39. Derecognition of financial assets

The net gain/(loss) on derecognition of financial assets in Bank relates to the gain on debt investment financial assets measured at fair value through other comprehensive income and amounted to PLN () thousand in 2025 (in 2024: PLN (147,758) thousand).

PLN '000	01.01.- 31.12.2025	01.01.- 31.12.2024
Net gain/(loss) on debt investment financial assets measured at fair value through other comprehensive income		
Polish treasury bonds	48,393	30,176
Securities of international financial institutions	6,010	18,064
Others	119,218	2,412
	173,621	50,652

Due to specific activity of the Bank, changes in debt investment financial assets measured at fair value through other comprehensive income are presented in operating activities in the statement of cash-flows.

40. Contingent liabilities and litigation proceedings

Information on pending proceedings

No proceedings regarding receivables or liabilities of the Bank conducted in 2025 in court, public administration authorities or an arbitration authority is of significant value. In Bank's opinion no proceedings conducted before in court, public administration authority or an arbitration authority, pose a threat to the Bank's financial liquidity, individually or in total.

In the case of legal proceedings involving the risk of cash outflow, the appropriate reserves are created.

In accordance with applicable regulations, the Bank recognizes impairment losses for receivables subject to legal proceedings.

The value of provisions for disputes as at 31 December 2025 and 31 December 2024 is presented in the table below:

PLN '000	31.12.2025	31.12.2024
Provisions for disputes, including:		
provisions for option cases on derivative instruments	17,506	16,718
provisions for individual cases relating TSUE	21,694	25,446
other	8,343	10,419
Provisions for disputes	47,543	52,583

The above values do not include portfolio provision created in connection with the CJEU judgments presented in Note 31 under "Other".

In 2025 the Bank did not make any significant settlements resulting from court's final judgment.

- On 27 May 2019 the Bank received a statement of claim submitted by Rigall Arteria Management spółka z ograniczoną odpowiedzialnością sp. k. for the payment of PLN 386,139,809 along with statutory interest for delay from the date of filing the claim to the payment date and the amount of PLN 50,017,463.89 including statutory interest for delay from the date of filing the claim to the date of payment. The statement of claim refers to the agency agreement, which covered intermediary services for the Bank's products and services, primarily in the segment of consumer banking, and was terminated in 2014. The Court has referred the matter to mediation proceedings, which have not resulted in a mutual agreement, so the case is pending before the court of first instance.

On 10 February 2020 the Bank received a statement of claim submitted by Rotsa Sales Direct sp. z o.o. for the payment of PLN 419,712,468 along with statutory interest for delay from the date of filing the claim to the payment date and the amount of PLN 33,047,245 including statutory interest for delay from the date of filing the claim to the date of payment. The statement of claim refers to the agency agreement, which covered intermediary services for the Bank's products and services, primarily in the segment of consumer banking, and was terminated in 2014. The court referred the matter to mediation proceedings, so the case is pending before the court of first instance.

In the Bank's opinion, the number of claims filed by the companies is not justified. The Bank's position is confirmed by final and binding decisions of the companies' previous legal actions against the Bank, confirmed by Supreme Court judgments, favorable to the Bank, the judgment of the Court of Justice of the European Union of October 13, 2022, issued in case number C-64/21 in connection with preliminary questions from the Supreme Court, and the judgment of the District Court in Warsaw of December 16, 2025, issued in the case brought by Rigall Arteria Management.

The proceedings described in this section were excluded from the transaction of transferring the Bank's retail business to VeloBank S.A. pursuant to the agreement on the demerger by separating the Bank's retail business to VeloBank S.A. entered into on May 27, 2025, by the Bank with VeloBank S.A., Promontoria Holding 418 B.V., and Citibank Europe Plc.

As at 31 December 2025, the Bank was among others a party to 10 court proceedings associated with derivative transactions. Among these, 8 proceedings have not been terminated with a legally binding conclusion, and 2 have been terminated with a legally binding conclusion and cassation proceedings took place. In 6 proceedings the Bank acted as a defendant and in 4 as a plaintiff. The claims and allegations in the individual cases against the Bank are based on various legal bases. The subject of the dispute refers mainly to the validity of the derivative transactions and clients' liabilities demanded by the Bank with respect to those derivative transactions, as well as potential claims regarding potential invalidation of such demands by court decisions. Clients try to prevent the Bank from seeking claims resulting from derivative transactions; they dispute their liabilities towards the Bank, question the validity of the agreements and, in some cases, demand payment from the Bank.

The proceedings described in this section do not cover the Bank's retail activities and are not subject to transfer to VeloBank S.A.

- The Bank was a party to proceedings initiated by the President of the Office of Competition and Consumer Protection (UOKiK) against the Visa and Europay payment system operators and banks - issuers of Visa cards and Europay/Eurocard/Mastercard cards. The Bank was one of the addressees of the President of UOKiK's decision in the case. The proceedings have concerned alleged practices limiting competition on the payment cards market in Poland consisting in the fixing of interchange fees for transactions made with Visa and Europay/Eurocard/Mastercard cards, as well as limiting access to the market for operators who do not belong to the unions of card issuers, against whom the proceedings were initiated. The President of UOKiK's decision was the subject of legal analyses in appeal proceedings. On April 22, 2010, the Appeal Court overturned the verdict of the Court of Competition and Consumer Protection (SOKiK) and referred the case back to the court of first instance. On 21 November 2013 SOKiK gave a judgment, under which a penalty imposed on the Bank was modified and set in the amount of PLN 1,775,720. On October 6, 2015, the Appeal Court modified the verdict of the Competition and Consumer Protection Court and denied all appeals from the decision of the President of the Competition and Consumer Protection Office, including the changes of amounts of the fines that were imposed upon banks. As a result, the fine in the amount of 10,228,470 PLN that was originally imposed upon the Bank has been reinstated. As the Bank submitted extraordinary appeal on the 25 October 2017 the Supreme Court has overturned the Appeal Court's verdict, and the case has been returned to the Appeal Court for a second review. The appeals proceedings have begun again. In the first quarter of 2018, the Bank received the reimbursed. By the judgment of November 23, 2020, the Appeal Court set aside the judgment of November 21, 2013, and remitted the case to the court of first instance for reconsideration.

The proceedings described in this section were excluded from the transaction of transferring the Bank's retail business to VeloBank S.A. based on the agreement on the division by separating the Bank's retail business to VeloBank S.A. concluded on May 27, 2025 by the Bank with VeloBank S.A., Promontoria Holding 418 B.V. and Citibank Europe Plc

- The Bank is carefully following the changes of the legal environment arising out of the courts' case law regarding mortgage loans indexed to foreign currencies. On 15 June 2023, the Court of Justice of the European Union (CJEU) in case C 520/21 essentially duplicated the opinion of the Advocate General from February 16, 2023, and ruled that only the consumer may demand additional benefits resulting from the cancellation of the Swiss franc loan agreement. The Bank may only demand the return of the loan capital together with statutory interest for delay without the possibility of demanding remuneration from the customer (consumer) for non-contractual use of capital. It has been held that Directive 93/13 does not directly govern the consequences of the invalidity of a contract concluded between a seller or supplier and a consumer after the unfair terms have been removed. It is for the Member States to determine the consequences of such a finding and the measures which they adopt in that regard must comply with EU law and, in particular, with the objectives of that directive. It will be for the national courts to assess, in the light of all the circumstances of the dispute, whether the acceptance of such consumer claims is compatible with the principle of proportionality. When estimating the risk resulting from court litigations regarding indexation clauses in mortgage loan agreements, Bank Handlowy w Warszawie S.A. continuously did not factor in receivables under its claims against borrowers for the payment of amounts equivalent to a fee for using the loan capital, therefore, the Bank does not have to revise its assumptions following the Advocate General's and CJEU's opinion.

As at 31 December 2025, the Bank had receivables under CHF-indexed retail mortgage loans at the gross carrying amount of PLN 16 million. The Bank maintained a collective provision in the amount of PLN 21.7 million (compared to PLN 22.8 million as at 31 December 2024). Estimation of the provision assumes the expected level of probability of settlement or litigation resolution and an estimate of the Bank's loss should a dispute be settled in court. This value, as well as provisions for individual litigation cases, is included in the consolidated financial statement under Provisions.

As at 31 December 2025, the Bank was sued in 78 cases relating to a CHF-indexed loan for a total amount of approximately PLN 34.9 million. 59 cases were legally lost, and the Bank decided to file two cassation appeals (one appeal was rejected on formal grounds, as to the second the Supreme Court refused to accept the cassation appeals for consideration). Most of the cases are in the first instance.

The proceedings described in this section were excluded from the transaction of transferring the Bank's retail business to VeloBank S.A. pursuant to the agreement on the demerger by separating the Bank's retail business to VeloBank S.A. concluded on May 27, 2025 by the Bank with VeloBank S.A., Promontoria Holding 418 B.V. and Citibank Europe Plc.

- On 22 June 2021, the President of the Office of Competition and Consumer Protection initiated explanatory proceedings to initially determine whether the Bank's actions taken after consumers reported unauthorized payment transactions may justify the initiation of proceedings regarding practices violating the collective interests of consumers or proceedings regarding to recognize the provisions of the standard contract as prohibited. On 8 February 2024, the President of the Office of Competition and Consumer Protection initiated proceedings (decision delivered on 13 February 2024) regarding practices violating the collective interests of consumers regarding unauthorized payment transactions. The charges brought are:
 - failure to refund the amount of an unauthorized payment transaction to the customer within the D+1 deadline despite the lack of premises for such refusal,
 - misleading consumers as to the Bank's obligations and the distribution of the burden of proving the authorization of a payment transaction.

The proceedings are the result of the explanatory proceedings of the President of the Office of Competition and Consumer Protection initiated in June 2021. At this stage of the proceedings, the amount of potential penalty cannot be estimated reliably.

- As of 31 December 2025, the Bank was the defendant in a total of 317 court cases concerning claims arising from the free credit sanction related to consumer loans offered by the Bank. The total value of the dispute in these cases as of the above date was PLN 7.2 million. The Bank noted the preliminary questions submitted by Polish courts in cases concerning Polish financial market entities, which concern issues related to the free credit sanction, and is closely following the course of proceedings in which these questions are to be resolved. The Bank closely monitors court decisions in cases involving sanctions for free loans. Currently, the majority of court decisions in the Bank's cases are favorable to the Bank.

The proceedings described in this section were excluded from the transaction of transferring the Bank's retail business to VeloBank S.A. pursuant to the agreement on the demerger by separating the Bank's retail business to VeloBank S.A. concluded on May 27, 2025 by the Bank with VeloBank S.A., Promontoria Holding 418 B.V. and Citibank Europe Plc.

Commitments due to granted and received financial and guarantee liabilities

The amount of financial and guarantee commitments granted and received, by product category, is as follows:

PLN '000	State as at	
	31.12.2025	31.12.2024
Contingent liabilities and guarantees granted		
Letters of credit	159,738	245,189
Guarantees granted	4,004,978	4,035,116
Credit lines granted	14,547,861	16,261,305
Other financial liabilities	-	160,607
Underwriting other issuers' securities issues	22,754	22,433
	18,735,331	20,724,650
<hr/>		
PLN '000	31.12.2025	31.12.2024
Letters of credit		
Import letters of credit issued	159,738	245,189
	159,738	245,189

The table above includes liabilities held for sale in the amount of PLN 5,235,160 thousand for 2025. Additional information on the discontinued activity disclosed in Note 3 "Assets and liabilities classified as held for sale and profit from discontinued

operations”.

Guarantees issued include credit principal repayment guarantees, other repayment guarantees, advance repayment guarantees, performance guarantees, tender guarantees, and bill of exchange guarantees.

The provisions for expected credit losses for contingent liabilities and guarantees granted by the Bank are established. As at 31 December 2025 the amount of provisions of granted contingent liabilities and guarantees was PLN 25,767 thousand (31 December 2024: 33,256 thousand).

Movement in provision for expected credit losses – contingent liabilities and guarantees granted presented as follows:

PLN '000	Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired assets	Total
Provision for expected credit losses – contingent liabilities and guarantees granted					
Provision for expected credit losses as at 1 January 2025	15,823	12,538	3,629	1,266	33,256
Transfer to Stage 1	2,392	(2,009)	(383)	-	-
Transfer to Stage 2	(542)	1,110	(568)	-	-
Transfer to Stage 3	(12)	(600)	612	-	-
Transfer to purchased or originated credit-impaired assets	-	(8)	-	8	-
(Creation) / Releases in the period though the income statement	(4,906)	(3,803)	327	1,264	(7,118)
Foreign exchange and other movements	(302)	(62)	8	(15)	(371)
Provision for expected credit losses as at 31 December 2025	12,453	7,166	3,625	2,523	25,767

PLN '000	Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired assets	Total
Provision for expected credit losses – contingent liabilities and guarantees granted					
Provision for expected credit losses as at 1 January 2024	12,512	18,057	3,686	705	34,960
Transfer to Stage 1	3,799	(3,515)	(284)	-	-
Transfer to Stage 2	(702)	1,049	(347)	-	-
Transfer to Stage 3	(33)	(1,024)	1,057	-	-
Transfer to purchased or originated credit-impaired assets	-	-	-	-	-
(Creation) / Releases in the period though the income statement	(485)	(1,290)	(659)	746	(1,688)
Foreign exchange and other movements	732	(739)	176	(185)	(16)
Provision for expected credit losses as at 31 December 2024	15,823	12,538	3,629	1,266	33,256

Movements in contingent liabilities granted that contribute to movements in provision for expected credit losses presented as follows:

PLN'000	Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired assets	Total
Gross amount of contingent liabilities granted					
Gross amount of contingent liabilities granted as at 1 January 2025	18,075,272	2,614,934	7,931	26,513	20,724,650
Transfer to Stage 1	1,869,218	(1,868,214)	(1,004)	-	-
Transfer to Stage 2	(822,529)	824,389	(1,860)	-	-
Transfer to Stage 3	(538)	(20,726)	21,264	-	-

PLN'000	Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired assets	Total
Transfer to purchased or originated credit-impaired assets	-	(1,836)	-	1,836	
(Creation)/Releases in the period though the income statement	(1,078,767)	(506,649)	(16,819)	(1,562)	(1,603,797)
Foreign exchange and other movements	(370,401)	(14,624)	(216)	(281)	(385,522)
Net amount of contingent liabilities granted as at 31 December 2025	17,672,255	1,027,274	9,298	26,504	18,735,331

PLN'000	Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired assets	Total
Gross amount of contingent liabilities granted					
Gross amount of contingent liabilities granted as at 1 January 2024	14,798,876	2,517,837	7,868	17,721	17,342,302
Transfer to Stage 1	342,481	(342,465)	(16)	-	-
Transfer to Stage 2	(614,155)	614,198	(43)	-	-
Transfer to Stage 3	(7)	(104)	111	-	-
Transfer to purchased or originated credit-impaired assets	-	-	-	-	-
(Creation)/Releases in the period though the income statement	645,797	(197,926)	24	8,257	456,152
Foreign exchange and other movements	2,902,280	23,394	-13	535	2,926,196
Net amount of contingent liabilities granted as at 31 December 2024	18,075,272	2,614,934	7,931	26,513	20,724,650

PLN'000	31.12.2024	31.12.2024
Financial and guarantees liabilities received		
Guarantees	14,881,119	12,910,800
	14,881,119	12,910,800

The table above includes liabilities held for sale in the amount of PLN 496 thousand for 2025. Additional information on the discontinued activity disclosed in Note 3 "Assets and liabilities classified as held for sale and profit from discontinued operations".

41. Assets pledged as collateral

Details of the carrying amounts of assets pledged as collateral are as follows:

PLN'000	31.12.2025	31.12.2024
Assets pledged		
Debt investment financial assets measured at fair value through other comprehensive income, including:		
Assets pledged as collateral	49,130	322,449
Amounts due from banks		
Settlements related to operations in derivative instruments and stock market trading	49,130	200,309
Amounts due from customers		
Stock market trading guarantee funds and settlements	25,946	324,170
	1,870,054	1,613,484
	1,896,000	2,260,103

As at 31 December 2025, the debt securities measured at fair value through other comprehensive income presented in the table constituted a reserve against the funds guaranteed to the Bank Guarantee Fund in the amount of PLN thousand and debt securities that serve as collateral for the settlement of derivative instruments in the Euroclear clearing house in the amount of PLN 49,130thousand (31 December 2024 accordingly: PLN 122,140 thousand and PLN 200,309 thousand).

In the statement of financial positions, the Bank presents separately non-cash assets pledged as collateral for liabilities, where the acquirer has the right to sell or pledged the collateral.

Other assets disclosed above secure settlement of derivatives transactions and stock market transactions. The terms and conditions of the transactions executed to date are standard and typical for such dealings.

Restricted assets, apart from the instruments presented in this note, also include the value of the obligatory reserve that the Bank is required to maintain in its current account with the NBP. More information on the required reserve is provided in Note 18 Cash and cash equivalents.

42. Leases

Accounting policy:

At the commencement date, the Bank as a lessee measures the lease liability at the present value (discounted) of the lease payments that are not paid at that date. A right-of-use assets are measured at cost.

Right of use of assets due to perpetual usufruct of land are presented as tangible fixed assets in the statement of financial position, while lease liabilities are presented in other liabilities.

In the profit and loss account, the depreciation of the right to use assets is included in the depreciation tangible fixed and intangible assets, interest costs on lease liabilities - in interest costs, and the costs of short-term contracts, leasing low-value assets and leasing variables - in general administrative expenses.

In the statement of cash flows, interest flows are recognized in cash flows from operating activities, while the equity component is included in cash flows from financing activities.

Leases where the Bank is the lessee

Financial information:

The Bank leases office space and has the right of perpetual usufruct of land:

PLN'000	2025			2024		
	Rights to perpetual usufruct	Real estate and other	Total	Rights to perpetual usufruct	Real estate and other	Total
ROU - Opening	75,563	37,290	112,853	76,667	28,601	105,268
ROU - Added	-	127	127	-	21,688	21,688
ROU - Classified as held for sale	-	(32,108)	(32,108)	-	-	-
ROU - Amortization	(1,104)	(2,120)	(3,224)	(1,104)	(12,999)	(14,103)
ROU - Closing	74,459	3,189	77,648	75,563	37,290	112,853
Liability Balance as at reporting date	80,936	3,239	84,175	81,141	40,024	121,165

PLN'000	2025			2024		
	Rights to perpetual usufruct	Real estate and other	Total	Rights to perpetual usufruct	Real estate and other	Total
Lease Cost	4,494	2,292	6,786	4,512	2,573	7,085
- Depreciation of right-of-use Assets	1,104	2,120	3,224	1,104	2,446	3,550
- Interest on Lease Liabilities	3,390	172	3,562	3,408	127	3,535
Reporting Exceptions Cost Short-term Leases	-	1,051	1,051	-	320	320
Reporting Exceptions Cost Low-value Leases	-	2,302	2,302	-	2,256	2,256
Variable Lease Cost	303	12,847	13,149	-	-	-
Result on lease modification	-	6	6	-	(87)	(87)
Total Lease Cost	4,797	18,498	23,295	4,512	22,297	26,809

The table above includes balance of discontinued operations in the amount of PLN8,872 thousand for 2025 and in the amount of 13,657 for 2024. Additional information on the discontinued activity disclosed in Note 3 "Assets and liabilities classified as held for sale and profit from discontinued operations".

PLN'000	2025			2024		
	Rights to perpetual usufruct	Real estate and other	Total	Rights to perpetual usufruct	Real estate and other	Total
Cash Flows - Total	3,595	2,265	5,860	3,595	13,590	17,185
<i>Cash Flows - Interest</i>	3,390	172	3,562	3,408	918	4,326
<i>Cash Flows - Principle Repayment</i>	205	2,093	2,298	187	12,672	12,859
Weighted-average Remaining Lease Term (in years)	67,7	3,5	3,2	68,7	4,2	62,1
Weighted-average Incremental Borrowing Rate	4,3%	2,9%	4,2%	4,3%	2,6%	4,1%
Total Lease Cost	3,595	2,265	5,860	3,595	13,590	17,185

43. Transactions with the key management personnel

PLN'000	31.12.2025		31.12.2024	
	Members of the Management Board	Members of the Supervisory Board	Members of the Management Board	Members of the Supervisory Board
Loans granted	3,377	51	3,537	56
Deposits				
Current accounts	12,964	3,895	11,062	8,810
Term deposits	556	29,227	1,074	26,730
	13,520	33,122	12,136	35,540

As at 31 December 2025 and 31 December 2024, no guarantees were granted to members of the Management Board or the Supervisory Board

All transactions of the Bank with members of the Management Board and the Supervisory Board are at arm's length.

Staff expenses for current and former members of the Management Board are presented in note 12.

In 2025, the total amount of remuneration paid to the Bank's Supervisory Board was PLN 1,570 thousand (2024: PLN 1,437 thousand). In 2025 and 2024, the Members of the Bank's Supervisory Board did not receive any salaries or any fringe benefits from Subsidiaries. In 2025 there were changes in the composition of the Bank's Management Board and the Bank's Supervisory Board, as listed below.

Changes in the composition of the Bank's Management Board

On April 9, 2025, Ms. Katarzyna Majewska resigned from the role of Vice President of the Management Board effective January 31st, 2025, due to the intention to take on new challenges outside the Bank's structures.

On May 29, 2025, the Supervisory Board of the Bank decided to appoint Mr. Tomasz Dziurzyński to the Management Board of Bank Handlowy w Warszawie S.A. with the position of the Member of the Management Board as of 30 November 2024 for a four-year term of office. As part of the internal division of powers in the Management Board, Mr. Tomasz Dziurzyński will be a Member of the Bank's Management Board responsible for operations and technology.

On August 21, 2025, Mr. Ivan Vrhel resigned from the role of Member of the Management Board effective November 30, 2025.

On November 3, 2025, the Supervisory Board of the Bank decided to appoint Mr. Sebastian Perczak to the Management Board of Bank Handlowy w Warszawie S.A. with the position of the Member of the Management Board responsible for transaction banking and custody services as of December 1, 2025. The appointment took place due to the resignation of Mr. Ivan Vrhel as of November 30, 2025.

Changes in the composition of the Bank's Supervisory Board

In 2025 the composition of the Bank's Management Board has not been changed.

Among all employment contracts between the Bank and the members of the Management Board of the Bank, there is no contract that provides for financial compensation in the case of termination with prior notice or for reasons specified in Article 53 of the Labour Code.

A separate non-competition agreement conducted with the Bank applies to each member of the Bank's Management Board. According to its provisions, in case of termination of employment in the Bank, in the period of 12 months (in case of one member of the Management Board – of 6 months) from the date of employment termination, the member of the

Management Board is obligated to refrain from competitive activities against the Bank. Due to limitations mentioned above, the Bank will be obliged to pay the compensation to the member of the Management Board.

44. Related parties

The Bank is a member of Citigroup Inc., which is the ultimate controlling party. The parent entity of the Bank is Citibank Europe PLC based in Ireland.

Within its normal course of business activities, the Bank enters into transactions with related entities, in particular with entities of Citigroup Inc.

The transactions with related entities result from current activity of the Bank, and mainly include deposits, guarantees and derivatives transactions.

Apart from the transactions described in this section, in the presented period neither the Bank nor the Bank's subsidiaries conducted any transactions with related entities, which would be individually or jointly significant. No transaction with related entities was concluded on terms other than market terms.

Transactions with subsidiaries

The receivables and liabilities towards subsidiaries are as follows:

PLN'000	31.12.2025	31.12.2024
Deposits		
Current accounts	4,488	296
Term deposits	100,599	105,269
	105,087	105,565
Deposits		
Opening balance	105,565	154,597
Closing balance	105,087	105,565

PLN'000	2025	2024
Interest and commission income	17	28
Interest and commission expenses	3,783	5,156
Other operating income	48	46

As at 31 December 2025 and 31 December 2024, no receivables or contingent liabilities granted to subsidiaries were subject to impairment provision.

Transactions with Citigroup Inc. entities

The receivables and liabilities toward Citigroup Inc. entities are as follows:

PLN'000	31.12.2025	31.12.2024
Receivables, including:	7,791,730	7,304,663
Placements	-	-
Liabilities, including*:	2,623,925	3,197,334
Deposits	1,091,727	2,096,072
Credits and loans received**	1,060,443	1,073,387
Balance-sheet valuation of derivative transactions:		
Assets held-for-trading	618,584	1,595,239
Liabilities held-for-trading	605,645	942,136
Contingent liabilities granted	248,245	269,064
Contingent liabilities received	131,871	220,724
Contingent transactions in derivative instruments (nominal value), including:	66,728,140	119,673,376
Interest rate instruments	12,855,786	44,035,640
Interest rate swaps (IRS)	721,154	869,446
Interest rate options	8,230	565,912
Futures contracts	12,126,402	42,600,282
Currency instruments	53,371,076	75,382,595

PLN'000	31.12.2025	31.12.2024
FX forward/spot	702,859	711,140
Currency – interest rate swaps (CIRS)	22,557,778	30,706,330
FX swap	28,272,672	41,688,289
Foreign exchange options	1,837,767	2,276,836
Securities transactions	501,278	244,219
Securities purchased pending delivery	59,674	60,961
Securities sold pending delivery	441,604	183,258
Commodity transactions	-	10,922
Swaps	-	10,922

*On 31 December 2025 the Bank's liabilities from the parent company and its branches were amounted to PLN 1,623 millions while off-balance sheet liabilities were amounted to PLN 102 millions (31 December 2024: PLN 1,589 million and PLN 124 millions).

**To draw funds from subordinated loan under the Framework Loan Facility Agreement, concluded by the Bank and Parent Entity.

PLN'000	2025	2024
Interest and commission income*	351,032	255,328
Interest and commission expense*	57,338	53,708
General administrative expenses	196,641	192,201
Other operating income	8,696	8,832

*Including interest and commission income in amount of PLN 17,342 thousand (2024: PLN 16,296 thousand) and interest and commission expense in amount of PLN 38,685 thousand (2024: PLN 7,452 thousand) refer to the parent company

The Group incurs costs and receives income on derivative transactions with Citigroup Inc. entities to hedge the Bank's position in market risk. These derivative transactions are opposite (back-to-back) to derivative transactions with other Group clients or close the proprietary position of the Group. The net carrying amount of financial derivative transactions with related entities as at 31 December 2025 amounted to PLN 12,939 thousand (as at 31 December 2024: PLN 653,103 thousand).

Furthermore, the Bank incurs costs and receives income from agreements concluded between Citigroup Inc. entities and the Bank for the mutual provision of services.

The costs arising and accrued (including VAT, reflected in the Group's costs) under concluded agreements in 2025 and 2024 mainly related to the cost of services provided to the Bank for the maintenance of the banking IT systems and advisory support and are included in general administrative expenses; income was mainly related to the provision of data processing services by the Bank to such entities and is presented in other operating income.

In 2025, the capitalization of investments regarding functionality modification of Retail Banking IT systems took place. Total payments for Citigroup Inc. entities amounted to PLN thousand (In 2024: PLN 88,744 thousand). Information on transactions with key management personnel is presented in note 43.

Citibank Europe PLC is absorbing interest rate exposures associated with the transferred asset and liabilities from the date of the Bank entering into an agreement to sell consumer banking business (described in Note 3) through to completion. Additionally, the Bank may incur certain migration costs from various Citigroup affiliates related to the transaction. Amounts will be billed at market rates by Citigroup, which will be due and payable to various Citigroup affiliates. Citigroup affiliates may assume certain costs related to these arrangements. At the end of 2025, there are no outstanding balances between Citigroup affiliates and the Bank related to these arrangements related to the transaction.

No guarantees have been given to or received by the Bank related to the transaction with related parties.

45. Employee benefits

Employee benefits are divided into the following categories:

- short-term benefits, which include salaries, awards, social insurance contributions, paid leave and benefits in kind (such as medical care, company cars and other free or subsidized benefits).

Depending on their individual grade, employees may receive an award from the incentive fund, a discretionary annual bonus under the internal employee compensation regulations. The costs of short-term benefits are expensed in the income statement in the period to which they relate. At the end of a given reporting period, if there is a balance payable which equals the expected undiscounted value of short-term benefits for that period, the Bank will record it as an accrued expense presented under Other liabilities in the statement of financial position.

- Long-term employee benefits

Under its compensation scheme, the Bank guarantees its employees retirement and pension allowances, constituting defined benefit plans. Their amount depends on years worked in the Bank, falling directly before gaining rights to payment. For the future payments of retirement and pension allowances there is a reserve made, shown in liabilities in "Other liabilities" in the statement of financial position and in "Activities costs and general and administrative expenses" of the profit and loss account in part resulting from costs of current employment and time. Part of the provision resulting from a change of actuarial assumptions (economics and demographic) taken to valuation is shown in other total income.

- Employee Pension Plan

The Bank conducts for its employees the Employee Pension Plan ("PPE", "Plan"), registered by the Supervisory Authority under numbers ZM RPPE 178/02/12/19 and 993/02/12/19. Collective agreement is based on records of payment of employee contributions to the investment fund by the employer. The Plan is conducted and managed by Goldman Sachs TFI S. A. (previously NN Investment Partners TFI S.A.).

The Bank's pension plan is a defined contribution program in accordance with IAS 19. The Bank pays contributions for its staff to a separate organization and, after they are paid, has no other payment liabilities. Premiums are shown as employee benefit expenses in the period they concern.

The basic contribution paid by the employer is defined as a percentage of salary of the Plan member. The basic contribution rate amounts to 7%. The additional contribution – voluntary, is paid by the employee – the Plan participant. The basic contribution is the income of the Program participant, from whom he is obliged to pay personal income tax (articles 12 and 13 of the Act on the income tax from individuals of 26 July 1991, Official Journal from 2019, item 1387 with amendments).

Payments from the Plan are paid after the participant's or entitled person's motion and under conditions specified in the program.

The Plan participant may quit the Plan. The employer stops charging and paying basic and additional contributions for the Plan participant, and the funds that have accumulated on the Plan participant's registers are left there till the time of payment, transfer payment, transfer or refund. In connection with the operation of the PPE in the Bank, the Bank has not implemented the Employee Capital Plan (PPK)

- other long-term employee benefits – jubilee and other long service awards and until 2021 – deferred cash awards granted to the Management Board and people, whose professional operating has a significant impact on the Bank's risk profile. Based on the agreement signed with trade unions in 2024, since 1 January 2025 instead of rewards in kind Bank introduced additional day offs subject to years of service – for every 5 years, starting from 5th anniversary. Starting with the annual bonus for 2022, the granting of bonuses in the form of a deferred cash bonus has been discontinued. Since then, the Bank has been granting deferred variable remuneration conditionally only in a financial instrument.
- employee equity benefits – in the form of existing shares in the capital of Bank Handlowy w Warszawie S.A. or phantom shares (including under the Transaction Reward) and also in the form of common stock under deferred stock award programs based on shares of Citigroup (capital accumulation plan – CAP). In first half of 2025, the Bank converted a specific part of the awards settled in cash into awards settled in equity instruments of Bank Handlowy S.A., which resulted in a change of method of recognizing certain equity awards in accordance with IFRS 2 "Share-based payments". The conversion of awards involved the transfer of part of liabilities to employees previously included in the statement of financial position in the item Other liabilities to the equity item Other reserves. Awards are recognized as costs in the period of acquiring rights by the awarded employees in correspondence with equity. The value of the award is determined according to the fair value of the shares determined on the date of granting and is not subject to revaluation thereafter. Awards that have not been converted are treated as cash-settled programs. A provision is created for future payments is shown in the "statement of financial position" and "General administrative expenses" in the income statement. The costs of the program are determined on the basis of the Bank's shares price or Citigroup share price. According to IFRS, the fair value is measured at grant date and, subsequently, at each reporting date until the final settlement. Total expenses recorded in a given period are based on the fair value deferred shares at the reporting date times the part of the rights that were deemed acquired in that period. Detailed information concerning the employee equity benefits are presented further in this note.

Provisions/accruals for the above employee benefits are as follows:

PLN'000	31.12.2025	31.12.2024
Provision for remuneration	93,816	93,503
Provisions for unused leave	13,225	17,458
Provision for employee retirement and pension benefits	86,686	113,117

PLN'000	31.12.2025	31.12.2024
Provision for employee equity compensation	10,396	5,013
	204,123	229,091

The provision for retirement and pension benefits is created individually on the basis of an actuarial valuation performed periodically by an external independent actuary. The valuation of the employee benefit provisions is performed using actuarial techniques and assumptions. The calculation of the provision includes all retirement and pension benefits expected to be paid in the future. The Bank performed a reassessment of its estimates as at 31 December 2025, on the basis of calculation conducted by an independent external actuary. The provisions calculated equate to discounted future payments, taking into account staff turnover, and relate to the period ending on the balance sheet date. The discount rate was set at 5.0% and wage growth rate at 5.3% in 2025 and 4.5% in next years.

Change in provisions/accruals for employee retirement allowances and jubilee payments:

PLN'000	2025	2024
As at 1 January	113,241	95,546
Increases (due to):	23,356	20,186
Actuarial profit/loss on revaluation	11,020	9,769
Including those resulting from:		
Change of economic assumptions	176	(772)
Change of demographic assumptions	4,327	4,584
Experience adjustment	6,517	5,957
Remuneration cost	6,609	5,587
Interest cost	5,727	4,830
Decreases (due to):	(49,911)	(2,615)
Provisions utilization	(2,037)	(2,615)
Limitation of benefits	(8,024)	-
Classification as held for sale	(39,850)	-
As at 31 December	86,686	113,117

Analysis of sensitivity for significant actuarial assumptions

PLN'000	2025	2024
Central value	86,686	113,117
Decrease of growth salary to 1 p.p.	77,670	101,255
Increase of growth salary to 1 p.p.	97,022	127,014
Decrease of rotation by 10%	89,657	117,104
Increase of rotation by 10%	83,919	109,640
Decrease of discount rate by 0.5 p.p., including:	73,535	116,258
Falling to benefits paid within 1 year	6,840	9,321
Increase of discount rate by 0.5 p.p., including:	69,159	110,443
Falling to benefits paid within 1 year	6,840	9,321

More information about defined benefit programs in the Bank's financial report can be found in note 2.

In 2025, the Bank's expenses in respect of premiums for the Employee Pension Plan amounted to PLN 37,686 thousand (in 2024: PLN 31,122 thousand).

Employment in the Bank*:

FTEs	2025	2024
Average employment during the year	3,062	3,038
Employment at the end of the year	3,045	3,050

*In 2025, the Bank changed the methodology for calculating average employment and employment at the end of the period. In previous periodic reports, both average employment and employment at the end of the period were calculated excluding employees absent due to illness, parenthood or unpaid leave. Currently, the Bank does not apply this exclusion. Comparative data has been changed accordingly.

Description and principles of employee stock benefit schemes

Under the employee stock benefit program, the shares of Bank Handlowy w Warszawie S.A. and may be awarded in the form of Citigroup stock (the so-called Capital Accumulation Program, or CAP) are offered to selected employees. Bank has amended remuneration policies by introducing a possibility to payout financial instrument in form of existing shares in the capital of the Bank to employees whose professional activities have material impact on risk profile of the Bank (the "Identified Staff") and to employees without such status, indicated in above-mentioned policies. On November, 7 2022 the Management Board by way of resolution amended remuneration policies, and in November, 14 2022 Supervisory Board adopted them. On December, 16 2022 the Extraordinary General Assembly of Shareholders decided to implement motivation programs that are based on the existing shares in capital of the Bank. In case Bank will not be able to deliver to employees required number of real shares, adopted changes to policies enable Bank to payout a part of remuneration as phantom share award or in case of the decision of the Bank, in form of phantom or real shares of the Bank. Remuneration policies allow for 1:1 conversion of phantom shares granted before the adoption of amendments, provided that an appropriate agreement is signed with employees concerned. On February 14, 2025 the Bank received decision dated as of February 13, 2025 of the Polish Financial Supervision Authority in which the Bank was granted the permission to buy-back treasury shares referred to in Article 77 and Article 78 section 1 of Regulation (EU) No. 575/2013 of the European Parliament and of the Council of June 26, 2013 on prudential requirements for credit institutions and amending Regulation (EU) No. 648/2012. Obtaining the Polish Financial Supervision Authority's permission allowed the Bank to continue the buy-back of treasury shares for the purpose of offering them to employees. On June 27, 2025, the Ordinary General Assembly of Shareholders decided to launch another edition of the share-based incentive programs.

Within the framework of the CAP, eligible employees could receive so-called "deferred shares" of Citigroup which are granted at the NYSE average closing price as at the 5 days prior to the grant date. "Deferred shares" give the right to equivalents of dividends, but without voting rights, and must not be sold prior to their conversion into stocks. "Deferred shares" are converted into stocks after the end of a period that is determined in the Program Rules. As a general rule, the employee has a right to options revoked at the moment of employment termination in the Citigroup, provided the termination of separate contract for granted options. Deferred shares granted in previous years will be transferred partially in 25% every year for the next four years, starting from the first anniversary of the option to acquire. In 2025, there were no awards granted under this Program.

The employee share program is subject to internal controls in the Compensation and Benefits Unit.

As of 22 December 2017, the Bank implemented the employee remuneration Policy of Bank Handlowy w Warszawie S.A., replacing the prior policy for the remuneration of key persons in Bank Handlowy w Warszawie S.A. Since then, the aforementioned Policy has been subject to reviews and amendments. The last change was implemented by decision of the Bank's Supervisory Board on December 3, 2025.

According to the above-mentioned policy, the Management Board of the Bank and other managerial staff having a significant influence on the Bank's risk profile receive variable remuneration in relation to individual performance and the Bank's financial results.

Employees will acquire entitlements to the part of variable remuneration granted conditionally in 2025 to people covered by the Policy in tranches over the next 4 or 5 years for the Members of the Bank's Management Board. Payment is made after the end of the relevant Retention Period.

Under motivational program dedicated for employees not being Identified Staff, a portion of the variable remuneration granted conditionally will be paid out in tranches during 4 years after the grant date. In 2025, two employees were granted with awards under this program.

Variable Remuneration in form of financial instruments – Phantom shares and/or real shares of the Bank

Transaction as per IFRS	Transactions share-based payments settled in cash in accordance with IFRS 2
Financial instruments grant date	14 of January 2019 14 of January 2020 11 of January 2021 13 of January 2022 (in case employees excluding the members of the Management Board) 10 of February 2022 (in case of the members of the Management Board) 11 of January 2023 (in case employees excluding the members of the Management Board) 16 of February 2023 (in case of the members of the Management Board) 11 of January 2024 (in case employees excluding the members of the Management Board) 15 of February 2024 (in case of the members of the Management Board) 14 of January 2025

Variable Remuneration in form of financial instruments – Phantom shares and/or real shares of the Bank

Number Shares granted	The number of shares was set on grant date
Date of maturity	<ul style="list-style-type: none"> Financial instruments for the President of the Management Board financial instruments granted in 2019-2025 – at least 12, 24, 36, 48, 60, 72 months after grant date Financial instruments granted in 2020-2021 for other employees Including Members of the Management Board) – at least 6, 18, 30, 42 months after grant date Financial instruments for the Members of the Management Board financial instruments granted in 2022-2025 – at least 12, 24, 36, 48, 60, 72 months after grant date Financial instruments granted in 2022-2024 for other employees – at least 6, 18, 30, 42, 54 months after grant date
Vesting date	<ul style="list-style-type: none"> Financial instruments for the President of the Management Board <ul style="list-style-type: none"> in 2019 – 2025 – for short-term financial instruments at grant date, for long-term financial instruments at least 12, 24, 36, 48, 60 months after grant Financial instruments for the members of the Management Board excluding the President of the Management Board <ul style="list-style-type: none"> in 2020 –2021 – for short-term financial instruments at grant date, for long-term financial instruments at least 12, 24, 36 months after grant in 2022-2025 – for short-term financial instruments at grant date, for long-term financial instruments at least 12, 24, 36, 48, 60 months after grant Financial instruments granted for other employees <ul style="list-style-type: none"> in 2020-2021 – at least 6, 12, 24 and 36 months after grant date in 2022-2025 – for short-term financial instruments at grant date, for long-term financial instruments at least 12, 24, 36, 48 months after grant date
Terms and conditions for acquiring rights to the award	<p>Satisfying the conditions on the Bank's results, individual performance of the employee and employment in the Bank in</p> <ul style="list-style-type: none"> 2019: <ul style="list-style-type: none"> For the President of the Management Board in relation to the award from 2019-2024 2020: <ul style="list-style-type: none"> For the President of the Management Board in relation to the award from 2020-2025 For other employee in relation to the award from 2020-2023 2021: <ul style="list-style-type: none"> For the President of the Management Board in relation to the award from 2021-2026 For other employee in relation to the award from 2021-2024 2022: <ul style="list-style-type: none"> For the members of the Management Board (including the President of the Management Board) in relation to the award from 2022-2027 For other employee in relation to the award from 2022-2026 2023: <ul style="list-style-type: none"> For the members of the Management Board (including the President of the Management Board) in relation to the award from 2023-2028 For other employee in relation to the award from 2023-2027 2024:

Variable Remuneration in form of financial instruments – Phantom shares and/or real shares of the Bank

- For the members of the Management Board (including the President of the Management Board) Senior Management from 2024-2029
- For other employee from 2024-2028
- 2025:
 - For the members of the Management Board (including the President of the Management Board) Senior Management from 2025-2030
 - For other employee from 2025-2029

Program settlement

In the case of the Bank's own shares, employees are presented with an offer to purchase the shares and if accepted, the transfer of the shares to brokerage accounts takes place immediately after the maturity date. In the case of phantom shares. At the settlement date the participants will get an amount of cash being the product held by a participant phantom shares and the arithmetic mean of the lowest and highest prices of shares of the Bank notified on WSE at the maturity date. Acquisition of rights to every tranche will be confirmed by a decision of the Supervisory Board of the Bank in relation to the member of the Management Board and by a decision of the Management Board in relation to other employees covered by the Policy. According to a decision of the above-mentioned Bank Management the amount of payment may be partially or fully reduced according to conditions given in the Policy. These terms and conditions relate to Bank's results, individual performance and employment status and will relate to the vesting period of each tranche.

Another component of Variable Remuneration granted until 2022 under the Policy is the Deferred Cash Award.

Variable Remuneration – Deferred Cash Award

Transaction as per IFRS

Other long-term employee benefits in accordance with IAS 19

Grant date of the Deferred Cash Award

14 of January 2019
 14 of January 2020
 11 of January 2021
 13 of January 2022 (in case employees excluding the Members of the Management Board)
 10 of February 2022 (in case of the members of the Management Board)

Granted amount

The amount was settled on the Deferred Cash Award grant date

Date of maturity

- Deferred Cash Award for the President of the Management Board in 2019-2021 – at least 18, 30, 42, 54, 66 months after grant date
- Deferred Cash Award granted in 2019-2021 for other employees – at least 18, 30, 42 months after grant date
- Deferred Cash Award for the members of the Management Board (including the President of the Management Board) in 2022 – at least 12, 24, 36, 48, 60 months after grant date
- Deferred Cash Award granted in 2022 for other employees – at least 12, 24, 36, 48 months after grant date

Vesting date

- Deferred Cash Award for the President of the Management Board in 2019-2021 – at least 12, 24, 36, 48, 60 months after grant date
- Deferred Cash Award granted in 2020-2021 for other employees – at least 12, 24 and 36 months after grant date
- Deferred Cash Award for the members of the Management Board (including the President of the Management Board) in 2022 – at least 12, 24, 36, 48, 60 months after grant date
- Deferred Cash Award granted in 2022 for other employees – at least 12, 24, 36, 48 months after grant date

Variable Remuneration – Deferred Cash Award

Terms and conditions for acquiring rights to the award	<p>Satisfying the conditions on the Bank's results, individual performance of the employee and employment in the Bank</p> <ul style="list-style-type: none"> • 2019: <ul style="list-style-type: none"> ○ For the President of the Management Board in relation to the award from 2019-2024 • 2020: <ul style="list-style-type: none"> ○ For the President of the Management Board in relation to the award from 2020-2025 ○ For other employees in relation to the award from 2020-2023 • 2021: <ul style="list-style-type: none"> ○ For the President of the Management Board in relation to the award from 2021-2026 ○ For other employees in relation to the award from 2021-2024 • 2022: <ul style="list-style-type: none"> ○ For the members of the Management Board (including the President of the Management Board) in relation to the award from 2022-2027 ○ For other employees in relation to the award from 2022-2026
Program settlement	<p>At the settlement date the participants will get an amount of Deferred Cash Award increased by the amount of interest for the period of deferral and retention until the date of the pay-out. The amount of interest was set up in January 2019, 2020, 2021 and 2022 by the resolution of the Supervisory Board of the Bank in relation to the member of the Management Board and by a decision of the Management Board in relation to other employees covered by the Policy. Acquisition of rights to every tranche will be confirmed by a decision of the Supervisory Board of the Bank in relation to the members of the Management Board and by a decision of the Management Board in relation to other employees covered by the Policy. According to a decision of the above-mentioned Bank Management the amount of payment may be partially or fully reduced according to conditions given in the Policy. These terms and conditions relate to Bank's results, individual performance and employment status and will relate to the vesting period of each tranche.</p>

Due to information shared by Citigroup on April 15, 2021, concerning amendment to strategy towards Consumer Bank ("GCB"), the Management Board of the Bank adopted the policy enabling to grant the award in order to recognize the effort of employees, whose support in strategy implementation towards the part of the Bank Handlowy w Warszawie S.A. (consumer banking segment) is crucial – Transaction Award Policy.

In 2022 the Supervisory of the Bank Handlowy w Warszawie S.A. made a decision to amend the Transaction Award Policy by e.g., moving away from deferred cash award and introducing existing shares in capital of the Bank as new form of pay-out of the financial instruments. Awards for 2023 are granted based on new rules in 2023. Amended remuneration policies allow for 1:1 conversion of phantom shares granted before the adoption of amendments, provided that appropriate agreements are signed with employees concerned.

As of July 31, 2025, there was first vesting of Transaction Award.

Variable Remuneration in form of financial instruments – Phantom shares and/or real shares of the Bank – granted in years 2021–2022 under Transaction Award

Transaction as per IFRS	Transactions share-based payments settled in cash in accordance with IFRS 2
Phantom Shares grant date	<p>July 1, 2021, and December, 3 2021</p> <p>July 1, 2022, and November, 1 2022</p> <p>July 1, 2023</p> <p>July 1, 2024</p>
Number of Financial Instruments granted	The number of shares was set on grant date
Date of maturity	<ul style="list-style-type: none"> • For awards granted to Vice-President of Management Board responsible for the Retail area. in 2022– depending on the type of the award not sooner June 30, 2025, or the completion of Transaction if earlier and not sooner than 24, 36, 48, 60, 72 months after grant date.

Variable Remuneration in form of financial instruments – Phantom shares and/or real shares of the Bank – granted in years 2021-2022 under Transaction Award

Vesting date	<ul style="list-style-type: none"> For awards granted to Vice-President of Management Board responsible for the Retail area in 2021 and other employees, who have material impact on risk profile of the Bank – depending on the type of the award, (June 30 2025 or after completion of Transaction if earlier and not sooner than 18, 30, 42, 54 months after grant For awards granted to the Vice-President of the Management Board responsible for the Retail area in 2022– depending on the type of the award, and at least 12, 24, 36, 48, 60 months after grant For awards granted to responsible for the Retail area in 2021 and other employees, who have material impact on risk profile of the Bank – depending on the award, immediately after satisfying criteria (including these related to Transaction) and not sooner than 12, 24, 36, 48 months after grant
Terms and conditions for acquiring rights to the award	<p>The completion of Transaction until defined date and fulfillment of the criteria related to Bank's financial results, individual employees' performance and employment in the Bank:</p> <p>For 2021 - 2021-2025 For 2022</p> <ul style="list-style-type: none"> For the Vice-President of the Management Board responsible for the Retail area, in relation to the award from 2022-2027 For other employees in relation to the award from 2022-2026 <p>For 2023 – 2023-2027 For 2024 – 2024-2028</p> <p>In the case of the Bank's own shares, employees are presented with an offer to purchase the shares and if the offer is accepted, the shares are transferred to brokerage accounts immediately after the maturity date.</p>
Program settlement	<p>At the settlement date the participants will get an amount of cash being the product held by a participant phantom shares and the arithmetic means of the lowest and highest prices of shares of the Bank notified on WSE at the maturity date. Acquisition of rights to every tranche will be confirmed by a decision of the Supervisory Board of the Bank in relation to the Vice-President of the Management Board responsible for the Retail area and by a decision of the Management Board in relation to other employees covered by the Transaction Award Policy. According to a decision of the above-mentioned Bank Management the amount of payment may be partially or fully reduced according to conditions given in the Policy. These terms and conditions relate to Bank's results, individual performance and employment status and will relate to the vesting period of each tranche.</p>

Another component of Variable Remuneration granted according to the Transaction Award Policy is the Deferred Cash Award granted in 2021.

Variable Remuneration – Deferred Cash Award

Transaction as per IFRS	Other long-term employee benefits in accordance with IAS 19
Grant date of the Deferred Cash Award	July 1, 2021, and December, 3 2021
Granted amount	The amount was settled on the Deferred Cash Award grant date
Date of maturity	<ul style="list-style-type: none"> depending on the type of the award, immediately after criteria fulfillment (including these related to Transaction) or not sooner than 6 months after completion of Transaction and not sooner than 18, 30, 42, 54 months after grant date
Vesting date	<ul style="list-style-type: none"> depending on the award, immediately after satisfying the criteria (including these related to Transaction) or not sooner than 6 months after completion of Transaction and not sooner than 12, 24, 36, 48 months after grant date
Terms and conditions for acquiring rights to the award	<ul style="list-style-type: none"> The completion of Transaction until defined date and fulfillment of the criteria related to Bank's financial results, individual employees' performance and employment in the Bank: <ul style="list-style-type: none"> 2021-2025
Program settlement	<p>At the settlement date the participants will get an amount of Deferred Cash Award. Acquisition of rights to every tranche will be confirmed by a decision of the Management Board in relation to other employees covered by the Transaction Award Policy. According to a decision of the above-mentioned Bank Management the amount of payment may be partially or fully reduced according to conditions given in the Policy. These terms and conditions</p>

Variable Remuneration – Deferred Cash Award

relate to Bank's results, individual performance and employment status and will relate to the vesting period of each tranche.

Assumptions of valuation of the employee equity benefit schemes

The fair value of particular awards and the assumptions used in their measurement is shown below:

CAP Program	Grant date	Exercise price/stock price at grant date [USD]	Number of eligible employees	Number of options/shares
1	10.02.2022	66.53	1	94
Phantom Shares Program	Grant Date	Exercise price/stock price at grant date [PLN]	Number of eligible employees	Number of options/shares
1	01.07.2021	47.85	2	3,099
2	13.01.2022	61.96	2	918
3	10.02.2022	65.86	5	9,008
	01.07.2022	61.56	8	45,653
Financial Instruments Program	Grant Date	Exercise price/stock price at grant date [PLN]	Number of eligible employees	Number of options/shares
1	14.01.2020	101.00	1	2,683
2	11.01.2021	101.00	1	8,610
3	01.07.2021	99.00-109.40	2	8,326
4	13.01.2022	92.30-113.60	15	7,177
5	10.02.2022	99.00-105.80	2	11,534
6	01.07.2022	100.40	1	3,808
7	01.11.2022	100.40	2	7,388
8	11.01.2023	100.40	27	47,357
9	16.02.2023	100.40	6	56,262
10	11.01.2024	100.40	27	66,729
11	15.02.2024	104.84	7	61,114
12	01.05.2024	112.40	1	939
13	14.01.2025	90.50	37	235,162

CAP Program	Phantom Shares Program / Financial Instruments Program	
	<p>From 2020: 40% on the grant date and 20% each for the next three years, 40% on the grant date and 12% each for the next 5 years, or 60% on the grant date and 13.33% each for the next 3 years; 60% on the grant date and 8% each for the next 5 years. For a transactional award, no earlier than June 30, 2025, or prior to the closing of the transaction within 4 consecutive years.</p> <p>From 2022*: 40% on the grant date and 15% each over the next four years, 40% on the grant date and 12% each over the next 5 years, or 60% on the grant date and 10% each over the next 4 years, 60% on the grant date and 8% each over the next 5 years. For a transactional award, no earlier than June 30, 2025, or prior to the closing of the transaction within the next 5 years.</p>	
Vesting period (years)	25% after each additional year	
Average expected duration of the instrument	Vesting date	Vesting date
Likelihood of premature termination of employment (annual turnover rate of awarded employees)	0,00%	8.45%
	112.80 (USD)	102.60/96.71 (PLN)

CAP Program	Phantom Shares Program / Financial Instruments Program
Weighted average fair value of one instrument as at the balance sheet date	
<i>*From 2023, prizes are awarded in the form of financial instruments</i>	

As of 31 December 2025, the value of the equity component resulting from the equity-settled program (Equity awards program) unpaid mounted to PLN 68,476thousand (December 31, 2024: PLN 58,472 thousand) and the costs recognized in this respect in 2025 amounted to PLN 20,923thousand (December 31, 2024: PLN 23,790 thousand. On 31 December 2025, the book value of liabilities from the phantom share and CAP programs amounted to PLN 6,246thousand (31 December 2024: PLN 5,013 thousand). The costs recognized in this respect in 2025 amounted to PLN 1,763thousand (in 2024: PLN 199 thousand including the costs of CAP programs).

46. Benchmark reform

In recent years, we have observed efforts in developed foreign markets to introduce alternatives to existing benchmarks such as the IBOR (Interbank Offered Rate), which also includes the WIBOR index. In Poland, work has also begun on benchmark reform, including the introduction of a new interest rate benchmark that would ultimately replace the WIBOR benchmark. In 2022, the National Working Group for Benchmark Reform (NGR) was established in Poland. The NGR includes representatives of the Minister of Finance, the National Bank of Poland, the Polish Financial Supervision Authority, the Bank Guarantee Fund, the Warsaw Stock Exchange, the National Depository for Securities, and BPW Benchmark, as well as commercial banks, cooperative banks, investment fund companies, insurance companies, and industry organizations representing financial market entities. The NGR's work is overseen and coordinated by a Steering Committee, which includes representatives from the Ministry of Finance, the Polish Financial Supervision Authority, GPW Benchmark, the Bank Guarantee Fund, BondSpot, and the Polish Bank Association.

The NGR's work is conducted based on a Road Map defining the timeline and scope of detailed actions necessary to implement the reform. According to the roadmap, the reform, which involves the introduction of a new interest rate benchmark to replace the WIBOR benchmark, is expected to be completed by the end of 2027. The ongoing reform also applies to the WIBID benchmark. As part of the ongoing work, the WIRON (Warsaw Interest Rate Overnight) benchmark was initially selected as an alternative to WIBOR. However, in 2024, following additional verification and public consultations, the NGR Steering Committee selected an index from the WIRF family, technically named WIRF- (based on deposits from unsecured credit institutions and financial institutions), as the target alternative index. The NGR Steering Committee chose the official name POLSTR (Polish Short-Term Rate). Detailed information on the NGR work and the NGR Steering Committee's decisions is published by the Polish Financial Supervision Authority on its official website under the "benchmarks" tab.

Since the first days of the reform, the Bank has actively participated in all NGR work. To prepare the Bank for the efficient and safe implementation of the new benchmark and the planned conversion, it has also been conducting a key internal project, in which all members of the Bank's Management Board, the Bank's senior management, and representatives of the Bank's organizational units relevant to the project's smooth implementation are actively involved.

47. Subsequent events

On February 27, 2026, the Bank received a letter from the Polish Financial Supervision Authority (KNF) regarding an individual dividend recommendation for the Bank. The KNF confirmed that the Bank meets the requirements for a dividend payment of up to 75% of the 2025 profit, with the maximum payout not exceeding the annual profit less the profit generated in 2025, which has already been included in the Bank's equity. At the same time, the KNF recommends that the Bank mitigate the risks inherent in its operations by refraining from taking other actions, particularly those outside the scope of current business and operational activities, that could result in a reduction of equity, without prior consultation with the supervisory authority. This includes potential dividend payments from retained earnings from previous years and share buybacks or repurchases.

On March 2, 2026, the Bank received the decision of the Polish Financial Supervision Authority dated February 27, 2026, in which the Authority granted the Bank permission to begin purchasing its own shares in 2026 for the purpose of offering them to eligible employees under the incentive program. Under this permission, issued for the period until February 27, 2027, the Bank may purchase a maximum of 285,000 own shares, and the total price of the repurchased shares may not exceed PLN 30,000,000. After December 31, 2025, no other material events occurred that were not included in these financial statements and that could significantly affect the Bank's results.

Signatures of Management Board Members

16.03.2026 Date	Elżbieta Światopełk- Czetwertyńska Name	President of the Management Board Position/function
16.03.2026 Date	Maciej Kropidłowski Name	Vice-President of the Management Board Position/function
16.03.2026 Date	Barbara Sobala Name	Vice-President of the Management Board Position/function
16.03.2026 Date	Andrzej Wilk Name	Vice-President of the Management Board Position/function
16.03.2026 Date	Patrycjusz Wójcik Name	Vice-President of the Management Board Position/function
16.03.2026 Date	Tomasz Diurzyński Name	Member of the Management Board Position/function
16.03.2026 Date	Sebastian Perczak Name	Member of the Management Board Position/function