



Bank Polski

**Consolidated financial statements of the PKO Bank Polski
S.A. Group for the year ended
31 December 2025**

SELECTED FINANCIAL DATA DERIVED FROM THE CONSOLIDATED FINANCIAL STATEMENTS

SELECTED FINANCIAL DATA	PLN million			EUR million		
	2025	2024	Change % (A-B)/B	2025	2024	Change % (D-E)/E
	A	B	C	D	E	F
Net interest income	24,223	22,153	9.3%	5,717	5,147	11.1%
Net fee and commission income	5,243	5,120	2.4%	1,237	1,190	3.9%
Net expected credit losses and net impairment allowances on non-financial assets	(1,467)	(1,475)	(0.5%)	(346)	(343)	0.9%
Administrative expenses	(9,439)	(8,487)	11.2%	(2,228)	(1,972)	13.0%
Profit before tax	13,848	12,728	8.8%	3,268	2,957	10.5%
Net profit (including non-controlling shareholders)	10,682	9,304	14.8%	2,521	2,162	16.6%
Net profit attributable to the parent company	10,682	9,304	14.8%	2,521	2,162	16.6%
Earnings per share for the period - basic (in PLN/EUR)*	8.55	7.44	14.9%	2.02	1.73	16.8%
Net comprehensive income	12,983	10,381	25.1%	3,064	2,412	27.0%
Total net cash flows	(3,323)	(2,918)	13.9%	(784)	(678)	15.6%

SELECTED FINANCIAL DATA	PLN million			EUR million		
	31.12.2025	31.12.2024	Change % (A-B)/B	31.12.2025	31.12.2024	Change % (D-E)/E
	A	B	C	D	E	F
Total assets	583,079	525,225	11.0%	137,951	122,917	12.2%
Equity	58,503	52,370	11.7%	13,841	12,256	12.9%
Share capital	1,250	1,250	-	296	293	1.0%
Number of shares (in million)*	1,250	1,250	-	1,250	1,250	-
Book value per share (in PLN/EUR)*	46.8	41.90	11.7%	11.07	9.81	12.8%
Total capital ratio (%)**	17.10	19.04	(10.2%)	17.10	19.04	(10.2%)
Tier 1 capital**	45,623	45,089	1.2%	10,794	10,552	2.3%
Tier 2	4,499	3,039	48.0%	1,064	711	49.7%

* As there were no dilutive instruments, diluted earnings per share are equal to basic earnings per share.

** restated

SELECTED FINANCIAL STATEMENT ITEMS HAVE BEEN TRANSLATED INTO EUR AT THE FOLLOWING RATES	2025	2024
arithmetic mean of the NBP exchange rates at the end of a month (income statement, statement of comprehensive income and cash flow statement items)	4.2372	4.3042
	31.12.2025	31.12.2024
NBP mid exchange rates at the date indicated (statement of financial position items)	4.2267	4.2730

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CONSOLIDATED INCOME STATEMENT

INCOME STATEMENT	Note	2025	2024
Net interest income	15	24,223	22,153
Interest and similar income		33,275	32,139
of which calculated under the effective interest rate method		32,958	31,733
Interest expense		(9,052)	(9,986)
Net fee and commission income	16	5,243	5,120
Fee and commission income		7,069	6,787
Fee and commission expense		(1,826)	(1,667)
Net other income		877	1,463
Net income from insurance business, of which:	34	616	669
insurance revenue (net of reinsurance)		1,531	1,451
cost of insurance activities (net of reinsurance)		(764)	(629)
Dividend income		14	26
Gains/(losses) on financial transactions	17	242	262
Net foreign exchange gains/(losses)	18	267	209
Gains/(losses) on derecognition of financial instruments		51	124
including measured at amortized cost		9	46
Net other operating income and expense, of which:	19	(313)	173
other operating income		439	454
other operating expenses		(752)	(281)
Result on business activities		30,343	28,736
Net allowances for expected credit losses	20	(894)	(966)
Impairment of non-financial assets	21	(573)	(509)
Cost of legal risk of mortgage loans in convertible currencies	22	(4,365)	(4,899)
Administrative expenses	23	(9,439)	(8,487)
Tax on certain financial institutions	24	(1,349)	(1,270)
Share in profits and losses of associates and joint ventures	37	125	123
Profit before tax		13,848	12,728
Income tax expense	25	(3,166)	(3,424)
Net profit (including non-controlling shareholders)		10,682	9,304
Net profit attributable to equity holders of the parent company		10,682	9,304
Profit/(loss) per share: basic/diluted for the period (PLN)		8.55	7.44
Weighted average number of ordinary shares during the period (in million)*		1,250	1,250

* As there were no dilutive instruments, diluted earnings per share are equal to basic earnings per share.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

STATEMENT OF COMPREHENSIVE INCOME	Note	2025	2024
Net profit (including non-controlling shareholders)		10,682	9,304
Other comprehensive income		2,301	1,077
Items which may be reclassified to profit or loss		2,306	1,080
Cash flow hedges (net)	28	1,263	738
Gains/losses recognized in other comprehensive income during the period		426	(797)
Amounts transferred from other comprehensive income to the income statement		1,152	1,708
Deferred tax on cash flow hedges	25	(315)	(173)
Fair value of financial assets measured at fair value through other comprehensive income (net)		1,124	352
Remeasurement of fair value, gross		1,453	509
Gains /losses transferred to the profit or loss (on disposal)		(42)	(78)
Deferred tax on fair value of financial assets measured at fair value through other comprehensive income	25	(287)	(79)
Currency translation differences on foreign operations		(95)	(35)
Share in other comprehensive income of associates and joint ventures		14	23
Finance income and costs from insurance business, net	34	-	2
Finance income and costs from insurance business, gross		-	2
Deferred tax on finance income and costs from insurance business		-	-
Items which cannot be reclassified to profit or loss		(5)	(3)
Actuarial gains and losses (net)		(5)	(3)
Actuarial gains and losses (gross)	40	(12)	(3)
Deferred tax on actuarial gains and losses	25	7	-
Total net comprehensive income, of which attributable to:		12,983	10,381
equity holders of the parent entity		12,983	10,381
non-controlling interest		-	-

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31.12.2025	31.12.2024
ASSETS		583,079	525,225
Cash and balances with Central Bank	26	21,919	23,494
Amounts due from banks	27	4,477	5,089
Hedging derivatives	28	21	120
Other derivative instruments	28	2,415	1,999
Securities	29	241,484	210,531
Reverse repo transactions		2,010	892
Loans and advances to customers	30	293,411	266,158
Assets in respect of insurance activities	34	88	105
Property, plant and equipment under operating lease	65	3,102	2,653
Property, plant and equipment	36	3,429	3,320
Non-current assets held for sale		5	11
Intangible assets	35	4,184	4,153
Investments in associates and joint ventures	37	325	291
Current income tax receivable		12	6
Deferred tax assets	25	2,620	3,056
Other assets	38	3,577	3,347
LIABILITIES AND EQUITY		583,079	525,225
Liabilities		524,576	472,855
Amounts due to Central bank		10	11
Amounts due to banks	31	3,440	2,373
Hedging derivatives	28	122	285
Other derivative instruments	28	2,701	2,396
Reverse repo transactions		22	-
Amounts due to customers	32	460,722	419,778
Liabilities in respect of insurance activities	34	1,827	2,449
Loans and advances received	33	1,059	1,268
Liabilities in respect of debt securities in issue	33	29,580	23,457
Subordinated liabilities	33	6,309	4,291
Other liabilities	39	9,303	8,188
Current income tax liabilities		936	899
Deferred income tax liabilities	25	909	809
Provisions	40	7,636	6,651
EQUITY		58,503	52,370
Share capital		1,250	1,250
Reserves and accumulated other comprehensive income		35,361	30,503
Unappropriated profits		11,221	11,324
Net profit or loss for the year		10,682	9,304
Capital and reserves attributable to equity holders of the parent company		58,514	52,381
Non-controlling interests		(11)	(11)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2025	Share capital	Reserves and accumulated other comprehensive income					Unappropriated profits	Net profit or loss for the period	Total capital and reserves attributable to equity holders of the parent company	Total non-controlling interests	Total equity
		Reserves			Accumulated other comprehensive income	Reserves and accumulated other comprehensive income					
		Supplementary capital	General banking risk fund	Other reserves							
As at the beginning of the period	1,250	22,858	1,070	8,890	(2,315)	30,503	11,324	9,304	52,381	(11)	52,370
Transfer from retained earnings	-	-	-	-	-	-	9,304	(9,304)	-	-	-
Transfer between retained earnings and capitals, including reserve capital for the payment of dividends (including interim dividends)*	-	145	-	2,412	-	2,557	(2,557)	-	-	-	-
Dividend	-	-	-	-	-	-	(6,850)	-	(6,850)	-	(6,850)
Comprehensive income	-	-	-	-	2,301	2,301	-	10,682	12,983	-	12,983
As at the end of the period	1,250	23,003	1,070	11,302	(14)	35,361	11,221	10,682	58,514	(11)	58,503

* For information on the distribution of profit for 2024, see Note "[Dividends and profit appropriation](#)"

FOR THE YEAR ENDED 31 DECEMBER 2025	Accumulated other comprehensive income						
	Share in other comprehensive income of associates and joint ventures	Fair value of financial assets measured at fair value through other comprehensive income	Cash flow hedges	Finance income and costs from insurance business	Actuarial gains and losses	Currency translation differences on foreign operations	Total
As at the beginning of the period	(43)	(669)	(1,122)	1	(27)	(455)	(2,315)
Comprehensive income	14	1,124	1,263	-	(5)	(95)	2,301
As at the end of the period	(29)	455	141	1	(32)	(550)	(14)

FOR THE YEAR ENDED 31 DECEMBER 2024	Share capital	Reserves and accumulated other comprehensive income					Unappropriated profits	Net profit or loss for the period	Total capital and reserves attributable to equity holders of the parent company	Total non-controlling interests	Total equity
		Reserves			Accumulated other comprehensive income	Reserves and accumulated other comprehensive income					
		Supplementary capital	General banking risk fund	Other reserves							
As at the beginning of the period	1,250	22,860	1,070	7,138	(3,392)	27,676	10,810	5,502	45,238	(11)	45,227
Transfer from retained earnings	-	-	-	-	-	-	5,502	(5,502)	-	-	-
Transfer between retained earnings and equity, including reserve capital for the payment of dividends (including interim dividends)	-	(2)	-	1,752	-	1,750	(1,750)	-	-	-	-
Interim dividend	-	-	-	-	-	-	(3,238)	-	(3,238)	-	(3,238)
Comprehensive income	-	-	-	-	1,077	1,077	-	9,304	10,381	-	10,381
As at the end of the period	1,250	22,858	1,070	8,890	(2,315)	30,503	11,324	9,304	52,381	(11)	52,370

FOR THE YEAR ENDED 31 DECEMBER 2024	Accumulated other comprehensive income							Total
	Share in other comprehensive income of associates and joint ventures	Fair value of financial assets measured at fair value through other comprehensive income	Cash flow hedges	Finance income and costs from insurance business	Actuarial gains and losses	Currency translation differences on foreign operations		
As at the beginning of the period	(66)	(1,021)	(1,860)	(1)	(24)	(420)	(3,392)	
Comprehensive income	23	352	738	2	(3)	(35)	1,077	
As at the end of the period	(43)	(669)	(1,122)	1	(27)	(455)	(2,315)	

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	2025	2024
Cash flows from operating activities			
Profit before tax		13,848	12,728
Income tax paid		(3,186)	(2,854)
Total adjustments:		1,190	(15,772)
Depreciation and amortization	23, 16	1,641	1,532
(Gains)/losses on investing activities		(27)	(60)
Net interest income (from income statement)		(24,223)	(22,153)
Interest received	60	25,389	24,723
Interest paid	60	(7,814)	(10,614)
Dividends received		(14)	(15)
Change in:			
amounts due from banks		(1,414)	(1,045)
hedging derivatives		(62)	(135)
other derivative instruments		(111)	(960)
securities		(6,415)	(6,364)
loans and advances to customers		(29,366)	(19,679)
reverse repo transactions		(1,116)	(519)
assets in respect of insurance activities		17	(15)
property, plant and equipment under operating lease		(449)	(543)
non-current assets held for sale		7	7
other assets		(613)	(1,268)
accumulated allowances for expected credit losses		314	(1,134)
accumulated allowances on non-financial assets and other provisions		1,611	3,176
amounts due to the Central Bank		(1)	1
amounts due to banks		1,068	(778)
amounts due to customers		41,056	21,535
repo transactions		22	-
liabilities in respect of insurance activities		(622)	(466)
loan and advances received		(14)	(88)
liabilities in respect of debt securities in issue		150	59
subordinated liabilities		(1)	(2)
other liabilities		1,389	(1,073)
Other adjustments		788	106
Net cash from/used in operating activities		11,852	(5,898)

GENERAL INFORMATION ABOUT THE GROUP

1. ACTIVITIES OF THE GROUP

BASIC INFORMATION ON THE PARENT COMPANY:

Name of the reporting entity	Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna (PKO BANK POLSKI S.A. or THE BANK)
Country of registration	Poland
Registered office	Warsaw
Address of the registered office of the entity	On 27 June 2025, the address of the Bank with its registered office in Warsaw changed from: ul. Puławska 15, 02-515 Warsaw to: ul. Świętokrzyska 36, 00-116 Warsaw.
National Court Register	District Court for the Capital City of Warsaw in Warsaw, 12 th Commercial Division of the National Court Register Entry number 0000026438
Statistical ID No (REGON):	016298263
Core activities of the Bank and the Group:	Business activities of the Bank: A bank which services both Polish and foreign individuals, legal and other entities. Activities of the Group's subsidiaries: offering mortgage loans, providing specialized financial services related to leases, factoring, debt collection, investment funds, pension funds and insurance, as well as providing services related to car fleet management, transfer agent, technological solutions, IT outsourcing and business support provided to other entities, and real estate management.
Place of business:	Poland and abroad in the form of a branch in the Federal Republic of Germany, the Czech Republic, the Slovak Republic and Romania, in the form of a representative office in Sweden and Lithuania, as well as subsidiaries in Ukraine, Sweden and Ireland

KEY INFORMATION ON THE POWSZECHNA KASA OSZCZĘDNOŚCI BANK POLSKI SPÓŁKA AKCYJNA GROUP (THE GROUP)

No.	ENTITY NAME DIRECT SUBSIDIARIES	REGISTERED OFFICE	ACTIVITY	OWNERSHIP INTEREST (%)	
				31.12.2025	31.12.2024
1	PKO Bank Hipoteczny S.A.	Warsaw	banking activities	100	100
2	PKO Towarzystwo Funduszy Inwestycyjnych S.A.	Warsaw	investment fund management	100	100
3	PKO Leasing S.A.	Warsaw	leases and loans	100	100
4	PKO BP BANKOWY PTE S.A.	Warsaw	pension fund management	100	100
5	PKO BP Finat sp. z o.o.	Warsaw	services, including transfer agent services and outsourcing of IT specialists	100	100
6	PKO Życie Towarzystwo Ubezpieczeń S.A.	Warsaw	life insurance	100	100
7	PKO Towarzystwo Ubezpieczeń S.A.	Warsaw	other personal insurance and property insurance	100	100
8	PKO Finance AB	Sollentuna, Sweden	financial services	100	100
9	KREDOBANK S.A.	Lviv, Ukraine	banking activities	100	100
10	NEPTUN - fizan ¹	Warsaw	investing funds collected from fund participants	100	100
11	PKO VC - fizan ¹	Warsaw	investing funds collected from fund participants	100	100

¹ PKO Bank Polski S.A. holds investment certificates of the Fund; the percentage of the Fund's investment certificates held is presented in the item "Share in capital".

No.	ENTITY NAME	REGISTERED OFFICE	ACTIVITY	OWNERSHIP INTEREST (%) [*]	
				31.12.2025	31.12.2024
INDIRECT SUBSIDIARIES					
PKO Leasing S.A. GROUP					
1	PKO Agencja Ubezpieczeniowa sp. z o.o.	Warsaw	intermediation in concluding insurance agreements	100	100
	1.1 PKO Leasing Finanse sp. z o.o.	Warsaw	sale of post-lease assets	100	100
2	PKO Leasing Sverige AB	Stockholm, Sweden	leasing	100	100
3	Prime Car Management S.A.	Gdańsk	leasing, fleet management	100	100
	3.1 Futura Leasing S.A.	Gdańsk	sale of post-lease assets	100	100
	3.2 Masterlease sp. z o.o.	Gdańsk	leasing	100	100
	3.3 MasterRent24 sp. z o.o.	Gdańsk	short-term lease of cars	100	100
4	PKO Faktoring S.A.	Warsaw	factoring	100	100
5	Polish Lease Prime 1 DAC ¹	Dublin, Ireland	SPV established for securitization of lease receivables	-	-
PKO Życie Towarzystwo Ubezpieczeń S.A. GROUP					
	Ubezpieczeniowe Usługi Finansowe sp. z o.o. ⁴	Warsaw	services,	-	100
KREDOBANK S.A. GROUP					
6	"KREDOLEASING" sp. z o.o.	Lviv, Ukraine	leasing	100	100
NEPTUN - fizan					
7	Qualia sp. z o.o.	Warsaw	after-sale services in respect of developer products	100	100
	Sarnia Dolina sp. z o.o. w likwidacji (in liquidation) ⁴	Warsaw	development activities	-	100
8	Bankowe Towarzystwo Kapitałowe S.A.	Warsaw	services,	100	100
	8.1 "Inter-Risk Ukraina" spółka z dodatkową odpowiedzialnością ²	Kyiv, Ukraine	debt collection	99.90	99.90
	8.2 Finansowa Kompania „Prywatne Inwestycje” sp. z o.o. ³	Kyiv, Ukraine	financial services	95.4676	95.4676
	8.2.1 "Idea Kapital" sp. z o.o.	Lviv, Ukraine	services,	100	100
9	"Sopot Zdrój" sp. z o.o.	Sopot	property management	72.9769	72.9769
10	"Zarząd Majątkiem Górczewska" sp. z o.o.	Warsaw	property management	100	100
	Molina sp. z o.o. w likwidacji (in liquidation) ⁴	Warsaw	general partner in partnerships limited by shares of a fund	-	100
	Molina spółka z ograniczoną odpowiedzialnością w likwidacji 1 S.K.A. (in liquidation) ⁴	Warsaw	buying and selling real estate on own account, real estate management	-	100
	Molina spółka z ograniczoną odpowiedzialnością 4 S.K.A. w likwidacji (in liquidation) ⁴	Warsaw		-	100
	Molina spółka z ograniczoną odpowiedzialnością 6 S.K.A. w likwidacji (in liquidation) ⁴	Warsaw		-	100

^{*} share of direct parent in the entity's equity

¹ In accordance with IFRS 10, PKO Leasing S.A. exercises control over the company, although it does not have a capital share in it. The Company is placed in liquidation.

² Finansowa Kompania "Prywatne Inwestycje" sp. z o.o. is the second shareholder of the company.

³ "Inter-Risk Ukraina" – a company with additional liability – is the second shareholder of the company.

⁴ See Note "[Changes in the Group companies](#)".

No.	ENTITY NAME	REGISTERED OFFICE	ACTIVITY	OWNERSHIP INTEREST (%) [*]	
				31.12.2025	31.12.2024
Joint ventures of PKO Bank Polski S.A.					
1	Operator Chmury Krajowej sp. z o.o.	Warsaw	cloud computing services	50	50
2	Centrum Elektronicznych Usług Płatniczych eService sp. z o.o.	Warsaw	financial services support activities, including handling transactions concluded using payment instruments	34	34
	1 EVO Payments International s.r.o. ¹	Prague, the Czech Republic	financial services support activities	34	34
Joint venture NEPTUN - fizan					
	2 „Centrum Obsługi Biznesu” sp. z o.o.	Poznań	property management	41.45	41.45
Joint venture PKO VC - fizan					
	3 BSAfer sp. z o.o.	Stalowa Wola	managing marketing consents	35.06	35.06
Associates of PKO Bank Polski S.A.					
1	Bank Pocztowy S.A.	Bydgoszcz	banking activities	25.0001	25.0001
2	“Poznański Fundusz Poręczeń Kredytowych” sp. z o.o.	Poznań	guarantees	33.33	33.33
3	System Ochrony Banków Komercyjnych S.A.	Warsaw	manager of the security system referred to in Article 130e of the Banking Law	21.11	21.11

^{*}share in equity of the entity exercising joint control / having a significant impact / the direct parent.

¹ share in the entity's equity from the perspective of the parent company PKO Bank Polski S.A.

2. CHANGES IN THE GROUP COMPANIES

In 2025, the liquidation process was completed and the following companies were deleted from the National Court Register:

- 5 subsidiaries from the NEPTUN fizan portfolio: Molina spółka z ograniczoną odpowiedzialnością w likwidacji (in liquidation), Molina spółka z ograniczoną odpowiedzialnością w likwidacji 1 S.K.A. w likwidacji (in liquidation), Molina spółka z ograniczoną odpowiedzialnością 4 S.K.A. w likwidacji (in liquidation), Molina spółka z ograniczoną odpowiedzialnością 6 S.K.A. w likwidacji (in liquidation), Sarnia Dolina sp. z o.o. w likwidacji (in liquidation);
- subsidiary of PKO Życie Towarzystwo Ubezpieczeń S.A. - Ubezpieczeniowe Usługi Finansowe sp. z o.o. w likwidacji (in liquidation).

In 2025, the above companies ceased to be part of the Group.

3. INFORMATION ON MEMBERS OF THE SUPERVISORY BOARD AND MANAGEMENT BOARD

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

- Tomasz Siemiątkowski – Chair of the Supervisory Board,
- Katarzyna Zimnicka-Jankowska – Deputy Chair of the Supervisory Board,
- Marek Panfil – Secretary of the Supervisory Board
- Maciej Cieślukowski – Member of the Supervisory Board,
- Jerzy Kalinowski – Member of the Supervisory Board,
- Hanna Kuzińska – Member of the Supervisory Board,
- Małgorzata Prochwicz-O’Shaughnessy – Member of the Supervisory Board,
- Jerzy Śledziwski – Member of the Supervisory Board,
- Paweł Waniowski – Member of the Supervisory Board,
- Anna Zabłocka-Wiercińska – Member of the Supervisory Board.

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

- Szymon Midera – President of the Management Board,

- Krzysztof Dresler – Vice-President of the Management Board,
- Ludmiła Falak-Cyniak - Vice-President of the Management Board,
- Piotr Mazur - Vice-President of the Management Board,
- Tomasz Pol – Vice-President of the Management Board
- Marek Radzikowski - Vice-President of the Management Board,
- Michał Sobolewski – Vice-President of the Management Board
- Mariusz Zarzycki - Vice-President of the Management Board.

A detailed description of the composition, competencies and operating principles of the Management Board and the Supervisory Board of the Bank, including changes in their composition in 2025 – Note 11 “[CORPORATE GOVERNANCE](#)” of the “Directors’ Report of the PKO Bank Polski S.A. Group for 2025 prepared jointly with the Directors’ Report of PKO Bank Polski S.A. ([“DIRECTORS’ REPORT](#))”.

4. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Group ([FINANCIAL STATEMENTS](#)), subject to review by the Audit Committee, were approved for publication by the Management Board on 10 March 2026 and adopted by the Supervisory Board on 11 March 2026.

5. REPRESENTATION BY THE MANAGEMENT BOARD

The Management Board hereby represents that, to its best knowledge, the financial statements of the Group and the comparative data have been prepared in accordance with the applicable accounting policies and that they give a true, fair and clear view of the Group’s financial position and its financial result.

6. STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) endorsed by the European Union as at 31 December 2025, and in areas not regulated by the above standards, in accordance with the requirements of the Accounting Act of 29 September 1994 and the respective secondary legislation issued on its basis, as well as the requirements relating to issuers of securities admitted or sought to be admitted to trading on the official stock exchange market.

7. GOING CONCERN

The financial statements have been prepared on a going concern basis for a period of at least 12 months from the date of approval for publication by the Management Board, i.e. from 10 March 2026. As at the date of signing of these financial statements, the Management Board of the Bank did not identify any facts or circumstances which would indicate any threats to the Group’s ability to continue in operation as a going concern for at least 12 months after the publication as a result of intended or forced discontinuing or significantly curtailing the existing operations of the Group.

The Management Board has analysed the current economic and geopolitical situation as well as the risk associated with foreign currency mortgage loans and has concluded that these factors do not give rise to any material uncertainty regarding the Group’s ability to continue as a going concern.

External business conditions, including the macroeconomic environment, situation on the financial markets, situation of the Polish banking and non-banking sector, the regulatory and legal environment, as well as factors that will affect future financial results – Note 2 “[EXTERNAL BUSINESS CONDITIONS](#)” of the Directors’ Report.

Disclosures regarding the situation in Ukraine – Note “[Impact of the geopolitical situation in Ukraine on the PKO Bank Polski S.A. Group.](#)”, and the legal risk of mortgage loans in convertible currencies - Note “[Cost of legal risk of mortgage loans in convertible currencies](#)”.

8. THE BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group cover the year ended 31 December 2025 and contain comparative data for the year ended 31 December 2024 and as at 31 December 2024.

The financial data is presented in millions of Polish zlotys (PLN), unless otherwise indicated. Figures have been rounded to the nearest million Polish zloty and any differences from previously published figures may be due to rounding.

The annual separate financial statements of PKO Bank Polski S.A. for the year ended 31 December 2025 will be published and approved on the same date as these financial statements. The requirement for their preparation and publication arises from the provisions of law.

In the financial statements, the Group has applied a fair value basis in respect of financial assets and liabilities measured at fair value through profit or loss, including derivatives, and financial assets measured at fair value through other comprehensive income. The remaining financial assets are recognized by the Group at amortized cost less allowances for expected credit losses, and remaining financial liabilities at amortized cost. Non-current assets are measured at acquisition cost less accumulated depreciation and impairment losses. Non-current assets (or groups of such assets) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

While preparing the financial statements, the Group makes estimates and assumptions that affect the data in the financial statements and supplementary information. Estimates and assumptions concern assets, liabilities, income and expenses. They are based on historical data and other available factors considered appropriate in a given situation. Future expectations and available information are used to measure assets and liabilities that cannot be determined directly. The estimation takes into consideration the reasons and sources of the uncertainties anticipated at the end of the reporting period. Actual results may differ from estimates. Estimates and assumptions are reviewed on a regular basis, and changes in estimates are recognized in the period to which they relate.

SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies as well as estimates and judgements applied in the preparation of these financial statements are described in this chapter and in individual notes later in this document. These policies were applied consistently in all the presented years.

9. FUNCTIONAL CURRENCY, PRESENTATION CURRENCY AND FOREIGN CURRENCIES

The financial statements are presented in Polish zlotys, which are the functional currency and presentation currency of the Bank – the parent company and the majority of entities included in these statements. Items of the statement of financial position are translated into the presentation currency from the functional currency using the NBP mid-exchange rate at the end of the reporting period for entities conducting activities outside the territory of the Republic of Poland:

- Ukraine - Ukrainian hryvnia (UAH),
- Germany, Slovakia, Sweden and Ireland - euro (EUR),
- the Czech Republic - Czech koruna (CZK),
- Romania - Romanian leu (RON).

• TRANSACTIONS AND BALANCES IN FOREIGN CURRENCIES

Foreign currency transactions are translated into the functional currency at the exchange rate prevailing on the date of the transaction.

At the end of the reporting period, the Group translates:

- monetary items – at the closing exchange rate, i.e. the NBP mid-exchange rate as at the end of the period,
- non-monetary items carried at historical cost (e.g. property, plant and equipment, intangible assets) – at the NBP mid-exchange rate as at the transaction date,
- non-monetary items measured at fair value (e.g. equity instruments classified as financial assets) – at the NBP exchange rate as at the date of determining the fair value.

Foreign exchange gains and losses are recognized in the income statement under [net foreign exchange gains/\(losses\)](#).

	UAH/PLN		EUR/PLN		CZK/PLN		RON/PLN	
	2025	2024	2025	2024	2025	2024	2025	2024
Exchange rate prevailing on the last day of the period	0.0851	0.0976	4.2267	4.2730	0.1746	0.1699	0.8291	0.8589
Exchange rate representing the arithmetic mean of the exchange rates prevailing on the last day of each month of a given period	0.0900	0.0991	4.2372	4.3042	0.1719	0.1712	0.8397	0.8652
Highest exchange rate in the period	0.0973	0.1069	4.2778	4.3530	0.1754	0.1753	0.8594	0.8750
Lowest exchange rate in the period	0.0851	0.0926	4.1575	4.2678	0.1661	0.1688	0.8291	0.8576

10. BASIS OF CONSOLIDATION

10.1. SUBSIDIARIES

Subsidiaries are entities controlled by the Group (the parent company). This means that the Group:

- has power over these entities,
- bears the risks and has rights to their variable financial returns
- has the ability to affect its returns through this power.

PKO Leasing S.A. (PKOL, a subsidiary of the Group) controls Polish Lease Prime 1 DAC although it does not have a capital share in it. It is a special purpose vehicle (SPV) used for securitization of lease receivables (cars, trucks, equipment). The SPV meets the definition of a structured entity and is subject to consolidation.

The Group is not an investment entity.

10.2. CONSOLIDATION

All subsidiaries of the Group are consolidated using the full consolidation method.

The Group recognizes in other comprehensive income exchange differences arising from the translation into Polish zlotys of:

- the assets and liabilities of foreign entities at the closing exchange rate on the balance sheet date.
- income and expenses of foreign operations at an exchange rate approximating the exchange rates prevailing on the transaction dates (the arithmetic mean of the NBP mid-exchange rates at the end of each month is used).

The subsidiaries of the Group prepare their financial statements for the same period as the parent company. In order to avoid differences in the accounting policies applied by the Bank and its subsidiaries, the Group introduces consolidation adjustments.

10.3. ACQUISITION OF SUBSIDIARIES (BUSINESS COMBINATIONS)

The Group accounts for acquisitions of subsidiaries using the acquisition method.

10.4. ASSOCIATES AND JOINT VENTURES

The Group initially recognizes investments in associates and joint ventures at acquisition cost, and subsequently accounts for them using the equity method. At the end of each period, it assesses whether there is any evidence of impairment of these investments. If so, it determines the recoverable amount – this is the higher of two amounts:

- value in use (based on projected cash flows from the continued use of the assets using models dedicated individually to each entity, discounted using an individual rate based on the cost of capital),
- fair value less costs to sell (e.g. a current purchase offer or value estimated based on valuation techniques commonly used by market participants (including valuations prepared by a specialized external entity).

If the carrying amount of the investment is higher than its recoverable amount, the Group recognizes an impairment loss in the income statement under "Share in profits and losses of associates and joint ventures".

11. GENERAL SIGNIFICANT ACCOUNTING POLICIES FOR FINANCIAL INSTRUMENTS

11.1. RECOGNITION OF TRANSACTIONS IN THE STATEMENT OF FINANCIAL POSITION

Financial assets and financial liabilities are recognized in the statement of financial position when the Group becomes a party to the contractual provisions of the instrument:

- Financial assets purchased or sold in regular way transactions (with delivery within the time frame established by market regulations) - on the transaction settlement date,
- Loans and advances - when the funds are disbursed to the borrower,
- Derivative instruments - at fair value from the transaction date.

11.2. OFFSETTING FINANCIAL INSTRUMENTS

The Group offsets financial assets and financial liabilities and presents them in the statement of financial position on a net basis if:

- it has a legally enforceable right to offset,
- it intends either to settle them on a net basis, or to realize the asset and settle the liability simultaneously.

11.3. DERECOGNITION OF FINANCIAL INSTRUMENTS FROM THE STATEMENT OF FINANCIAL POSITION

The Group derecognizes financial assets from the statement of financial position when:

- the contractual rights to the cash flows from these assets expire,
- there are no reasonable expectations of recovering them in whole or in part,
- the asset is substantially modified,
- the asset has been transferred to another entity in a transaction in which substantially all the risks and rewards incident to ownership are transferred, or the Group has neither transferred nor retained substantially all the risks and rewards incident to ownership and has not retained control over the asset.

Assets are also derecognized when they have been invalidated by a final court judgment, forgiven, expired or are uncollectible.

Derecognition is performed against allowances for expected credit losses or gross carrying amount adjustments (e.g. in the case of legal risk relating to mortgage loans in foreign currencies). If no allowances or adjustments to the gross carrying amount for legal risk have been recognized or their amount is lower than the value of the financial asset, before its write-off, such allowance or adjustment is increased by the difference between the value of the asset and the amount of the allowance or adjustment recognized to date.

Financial liabilities are derecognized from the statement of financial position when they are extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or expires.

11.4. THE PRINCIPLES FOR CLASSIFICATION OF FINANCIAL INSTRUMENTS

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

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

The Group classifies financial liabilities into one of the following categories:

- measured at amortized cost,
- measured at fair value through profit or loss.

Classification of financial assets on the date of acquisition or origination depends on:

- the Group's **business model** adopted for managing a given group of assets
- **the characteristics of contractual cash flows** arising from a single asset or a group of assets.

BUSINESS MODEL

The business model is determined for groups of assets depending on the area of business in which they originated or were acquired. When determining it, the following is taken into account:

- business objectives and investment policies (how assets are managed and cash flows are generated),
- the method of evaluating and reporting portfolio performance,
- risk management and remuneration policies for the persons managing these portfolios,
- the volume, frequency, timing and reasons for sales of assets.

Upon initial recognition of financial assets, the Group assigns them to existing business models.

THE GROUP'S BUSINESS MODELS:

- **HELD TO COLLECT** – assets are held to collect contractual cash flows (typical of lending activities).

In the "held to collect" business model, the Group sets out the following criteria regarding acceptable sales of financial assets:

- insignificant sales (below 5% of the portfolio), even if frequent,
 - infrequent sales – an incidental number of sales transactions during the year, even despite a significant value,
 - sales close to maturity (a period not longer than 5% of the remaining time to maturity),
 - "incidental sales" in the event of an increase in risk, change in law or regulations - sales executed in order to maintain the assumed level of regulatory capital on the terms described in the management strategy for such portfolios.
- **HELD TO COLLECT AND SELL** – assets are held to collect cash flows, but may also be sold - frequently and in significant value transactions (typical of liquidity management).
 - **THE RESIDUAL MODEL** – other than the "held to collect" and "held to collect and sell" models, comprises portfolios held for sale and those where fair value is the key performance indicator.

Sales levels in the "held to collect and sell" model and in the "residual" model are higher than in the "held to collect" model.

ASSESSMENT OF THE CONTRACTUAL CASH FLOW CHARACTERISTICS

The assessment of the contractual cash flow characteristics involves conducting a **TEST OF CONTRACTUAL CASH FLOWS (THE SPPI TEST - SOLELY PAYMENTS OF PRINCIPAL AND INTEREST TEST)**. The test determines whether the cash flows from this asset are solely:

- payments of principal (the fair value of the financial asset upon initial recognition),
- interest (comprising consideration for the time value of money, credit risk, other basic lending risks and costs, as well as the profit margin).

The characteristics of cash flows do not affect the classification of the asset if:

- it has an insignificant effect on the cash flows (de minimis feature) - the Group verifies this by calculating the percentage change in cash flows in each reporting period and cumulatively over the life of the instrument,
- it is non-genuine - it affects the cash flows only upon the occurrence of events that are extremely rare, highly abnormal and very unlikely to occur.

The Group assesses the impact of contractual cash flow characteristics in each reporting period and cumulatively over the entire life of the instrument.

The SPPI test is performed for each asset in the "held to collect" and "held to collect and sell" models upon initial recognition (and following a substantial modification of the asset).

For assets associated with sustainable development (e.g. green loans with a reduced margin upon delivery of an energy certificate), the Group verifies:

- the impact of this feature on the cash flows in each reporting period and over the entire lending period,
- whether the impact is linked to credit risk.

If the change in margin depends on the level of credit risk (e.g. higher risk equals higher interest rate), the SPPI criteria are met.

The Group analyses the characteristics of financial assets that cause the SPPI test to fail, including:

- leverage in the calculation of the interest rate (a multiplier higher than 1),
- a creditor's right to participate in the profit (the cash flows are not solely payments of principal and interest),
- limitation of the debtor's liabilities (non-recourse assets),
- prepayment and extension options dependent on events unrelated to the contract or credit risk,
- covenants that result in a negative relationship between the loan margin and the level of credit risk,
- interest rates set unilaterally by the Group (so-called administered rates) if they are not close to the market floating rate.

If, on the basis of a qualitative assessment in the SPPI test, it cannot be determined whether the cash flows are solely payments of principal and interest, or in the case of a modification of the time value of money, the Group performs a benchmark test ([QUANTITATIVE ASSESSMENT](#)). It consists in comparing the non-discounted contractual cash flows with the non-discounted cash flows that would arise if the time value of money had not been modified (the reference level of cash flows). The modification of the time value of money mainly concerns situations involving:

- a mismatch between the frequency of interest rate updates and the interest rate tenor,
- interest rate updates based on averaged values,
- interest rate updates based on lagged values (e.g. rates from one month prior).

The SPPI test is not failed where the result of the benchmark test does not exceed the materiality thresholds of:

- 5% for the sum of non-discounted cash flows over the agreement horizon
- 5% for the sum of cash flows in the quarterly reporting periods.

11.5. MEASUREMENT CATEGORY OF FINANCIAL ASSETS AT AMORTIZED COST

Debt financial assets are measured at amortized cost if both of the following conditions are met:

- they are held in the "held to collect" business model,
- the contract provides for cash flows that are solely payments of principal and interest (the SPPI test passed).

Interest-bearing assets – [amounts due from banks](#), [loans and advances to customers](#), and [debt securities](#).

The carrying amount is determined using the effective interest rate used to calculate interest income generated by the asset in a given period, which includes commissions, transaction costs, premiums and discounts constituting its integral part (Note "[Interest income and expense](#)"). The carrying amount of the asset is then adjusted by the adjustment to the gross carrying amount related to the legal risk of foreign currency mortgage loans (Note "[Cost of legal risk of mortgage loans in convertible currencies](#)") and by allowances for expected credit losses (Note "[Net allowances for expected credit losses](#)").

If the schedule of future cash flows necessary to calculate the effective interest rate cannot be determined, the assets are measured at the amount due (including interest on receivables, taking into account allowances for expected credit losses).

Fees and commissions related to the origination or determining the financial characteristics of these assets are presented as [Other liabilities](#), amortized on a straight-line basis over the life of the asset and recognized in [commission income](#).

11.6. MEASUREMENT CATEGORY OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Debt financial assets are measured at fair value through other comprehensive income if both of the following conditions are met:

- they are held in the “held to collect and sell” business model,
- the contract provides for cash flows that are solely payments of principal and interest (the SPPI test passed).

This category includes debt securities.

Fair value measurement methods are described in Note “[Fair value hierarchy](#)”.

Changes in the fair value of these financial assets (until their derecognition or reclassification) are recognized in other comprehensive income, except for the following items recognized in the income statement:

- [interest income](#),
- [gains or losses on allowances for expected credit losses](#),
- [foreign exchange gains and losses](#).

Upon derecognition of the asset, cumulative gains or losses recognized in other comprehensive income are transferred to the financial profit or loss as a reclassification adjustment.

11.7. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

If financial assets do not meet the criteria for measurement at amortized cost or measurement at fair value through other comprehensive income, they are classified as measured at fair value through profit or loss (**FVPL**).

Presentation in the financial statements:

- Held for trading – assets:
 - acquired principally for the purpose of selling them in the near term,
 - part of a portfolio managed for short-term profit-taking,
 - derivatives (except for hedging instruments).
- Not held for trading FVPL - assets that failed the SPPI test or belong to the residual model,
- Designated to FVPL at initial recognition – FVPL measurement option.

This category includes [derivatives, loans and advances to customers](#) failing to meet the SPPI test criteria (mainly cash loans, credit cards and revolving loans, whose contractual provisions contain a multiplier in the interest rate formula), and [debt and equity securities](#).

Measurement and presentation:

Fair value measurement methods are described in Note “[Fair value hierarchy](#)”.

- Gains and losses on the sale and measurement of FVPL assets are recognized in the financial result under “[Gains/\(losses\) on financial transactions](#)”.
- Gains or losses on measurement constitute the difference between fair value and amortized cost,
- Similar income is recognized under “[Interest income and expense](#)”.

Details on the presentation of income and expenses relating to fair value hedges and cash flow hedges - Note “[Hedge accounting and other derivative instruments](#)”.

11.8. EQUITY INSTRUMENTS

Investments in equity instruments are measured at fair value through profit or loss.

11.9. RECLASSIFICATION OF FINANCIAL ASSETS

In 2025 and 2024, the Group did not change its business model or perform a reclassification of financial assets.

11.10. MODIFICATIONS - CHANGE IN CONTRACTUAL CASH FLOWS

If the cash flows from a financial asset are renegotiated or modified (e.g. by an annex to the agreement or pursuant to legal regulations), the Group assesses whether the modification is **substantial** or **non-substantial** by analyzing qualitative and quantitative criteria.

QUALITATIVE CRITERIA:

- currency conversion,
- change of debtor (other than caused by the debtor's death),
- addition or removal of a contractual feature in the agreement that breaches the SPPI test.

The occurrence of a qualitative criterion always constitutes a substantial modification.

QUANTITATIVE CRITERIA:

- 10% test - analysis of a change in contractual terms resulting in a difference between the value of future cash flows from the modified and the original asset discounted using the original effective interest rate,
- increase in a debtor's exposure by more than 10% (principal and off-balance sheet commitments granted),
- extension of the original lending period for:
 - cash loans and business loans by more than 1 year and by more than a twofold increase of the residual period, i.e. the remaining repayment period as at the modification date;
 - cash loans and business loans in debt collection by more than 1 year;
 - housing loans by more than 4 years.

A result of the quantitative criterion exceeding 10% or exceeding the assumed extension period constitutes a substantial modification.

Non-substantial modification – the Group does not derecognize the asset, recalculates the carrying amount and recognizes the modification gain/loss in the financial result (Net interest income). The adjustment is amortized over time in net interest income using the effective interest rate method (e.g. in respect of statutory credit holidays).

Substantial modification – the Group derecognizes the old asset, recognizes the new one at fair value and determines a new effective interest rate and recognizes the difference in gains or losses on derecognition of financial instruments. When the characteristics of the modified new asset (following the conclusion of an annex) comply with arm's length conditions, the carrying amount of this asset as at the balance sheet date constitutes its fair value.

11.11. MEASUREMENT OF PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS (POCI)

Purchased or originated credit impaired financial assets (POCI) include debt financial assets measured at amortized cost or at fair value through other comprehensive income. In the Group, POCI assets arise mainly as a result of a restructuring process, i.e. extension of the contract term or substantial modification of the contract terms, which results in the derecognition of the old asset and the recognition of a new, credit-impaired asset.

Measurement and recognition principles:

- They are initially recognized at a net amount (without an allowance for expected credit losses), corresponding to their fair value.
- Interest is calculated on the net amount using the credit-adjusted effective interest rate over the entire life of the asset.

- Changes in estimates of future recoveries are recognized as a gain or loss on allowances for expected credit losses.

11.12. MEASUREMENT OF FINANCIAL LIABILITIES

Liabilities in respect of a short position in securities and a portion of liabilities under insurance products are measured at fair value through profit or loss. Remaining financial liabilities are measured at amortized cost using the effective interest rate method. If the schedule of future cash flows cannot be determined, and therefore the effective interest rate cannot be determined, the liability is measured at the amount due.

11.13. REVERSE REPO TRANSACTIONS

Reverse repo transactions are measured at amortized cost. The difference between the purchase and repurchase (sale) price constitutes interest income and is settled over the period of the agreement using the effective interest rate.

12. ENVIRONMENTAL ISSUES

The direct impact of the Bank and the Group on the environment is insignificant. The indirect impact arises mainly from the financing provided to customers and the products offered. The Group limits its direct impact and adapts its lending policies for various sectors of the economy.

Detailed information on environmental actions can be found in Chapter 13 of the Directors' Report – “**Sustainability Report of the PKO Bank Polski S.A. Group for 2025**”. ESG risk is included in the risk management strategy (for details, see the report “Capital adequacy and other information subject to publication by the PKO Bank Polski S.A. Group”).

• SOURCES OF UNCERTAINTY OF ESTIMATES, SIGNIFICANT JUDGMENTS AND THE ABILITY TO CONTINUE AS A GOING CONCERN

The Group is exposed to climate risk, including:

- physical risk -e.g. more frequent and severe weather events
- transition risk - e.g. transition to a low-emission economy.

Climate risk may affect the estimates and judgments applied by the Group (e.g. in the calculation of allowances for expected credit losses and provisions in insurance business).

Climate issues do not pose a threat to the Group's ability to continue as a going concern for 12 months following the approval of the financial statements for publication.

• CLASSIFICATION AND MEASUREMENT OF FINANCIAL INSTRUMENTS AT FAIR VALUE

Climate risk may affect the expected cash flows from loans, and thus credit losses. Factors such as physical risk, transition risk and borrower characteristics may change cash flow projections and economic scenarios used to calculate allowances. The impact depends on:

- the scale and timing of climate threats,
- the impact on borrowers and the portfolio,
- the length of the lending period.

Currently, the Group:

- does not apply separate climate scenarios because the impact is currently limited (short loan periods, climate effects mainly in the medium and long term).
- monitors the pace of climate change and its impact on allowances.
- implements tools to assess the impact of extreme events on corporate, business and mortgage portfolios.
- pays special attention to GHG emission allowance prices, energy intensity of buildings and natural disasters.

In the lending process for corporate and business customers the Group:

- assesses the impact of ESG (environmental, social, governance) factors on creditworthiness,

- identifies leveraged transactions,
- classifies transactions into 4 categories - from a positive to a significantly negative impact on ESG,
- takes into account, inter alia, climate risks, the customer's impact on the climate, social and governance factors (see Note "[Credit risk management](#)").

The Group does not apply unobservable inputs relating to climate-related risk in fair value measurements of financial instruments classified at Level 3 of the fair value hierarchy:

- Debt securities – financing industries not exposed to significant climate risk (e.g. financial companies, insurance companies, real estate developers).
- Loans – mainly households, valuation using the discounted cash flow method with current margin.
- Shares and equities – no companies from high climate risk sectors.
- **NON-FINANCIAL ASSETS**

Climate factors do not affect the depreciation/amortization of property, plant and equipment and intangible assets, or the value of inventories (as at 31 December 2025 and 31 December 2024). There was no evidence of impairment of non-financial assets, nor was there any impact on their recoverable amount. A potentially significant impact may arise in the future in the event of a sudden transition of the economy to a low-emission one (e.g. change in the value of leased assets).

Inventories - No impact of climate factors on the carrying amount of inventories (2025 and 2024).

Taxes - No impact of climate on the realization of deferred tax assets (2025 and 2024).

Provisions and legal claims - As at 31 December 2025 and 31 December 2024, there are no proceedings concerning climate or environmental protection issues. In 2025–2024, there were no administrative proceedings related to violations of environmental protection regulations, nor any financial penalties.

- **INSURANCE ACTIVITIES**

Physical risk in insurance business

- The biggest threat: extreme weather events, especially floods.
- The impact of the risk is mitigated by: risk selection and the reinsurance programme.
- Insurance companies calculate the capital requirement for catastrophic risk and analyze stress scenarios for flood risk.

At present, insurance companies do not have environmental taxonomy for investment assets due to the fact that they do not offer new investment products.

For the insurance business (property insurance), climate risk is taken into account in the measurement of liabilities by including it in the measurement of the premium provision and claims provisions. The premium provision for flood risk as at 31 December 2025 was estimated at PLN 9 million (as at 31 December 2024: PLN 7 million), and claims provisions at PLN 2 million (as at 31 December 2024: PLN 15 million). The increase in the value of the premium provision is due to an increase in the volume of the housing insurance portfolio, whereas the decrease in the value of claims provisions is associated with the payment of claims for the last year's flood and the lack of catastrophic events in 2025.

For the insurance business (life insurance), the indicated risk is not material enough to enable the quantification of the measurement of liabilities – these are made on the basis of an assessment of the total probability of the occurrence of insured events.

13. CHANGES IN ACCOUNTING POLICIES APPLICABLE FROM 1 JANUARY 2025 AND EXPLANATION OF THE DIFFERENCES BETWEEN PREVIOUSLY PUBLISHED FINANCIAL STATEMENTS AND THESE FINANCIAL STATEMENTS

Apart from changes resulting from new standards applicable from 1 January 2025, the Group did not introduce any new accounting policies. The amendments had no material impact on the Group's financial statements.

14. NEW STANDARDS AND INTERPRETATIONS, AND AMENDMENTS TO STANDARDS

- STANDARDS AND AMENDMENTS TO STANDARDS EFFECTIVE FROM 1 JANUARY 2025

STANDARD / AMENDMENT	DESCRIPTION OF STANDARD/AMENDMENTS	EFFECTIVE FROM / ENDORSED BY THE EU	EFFECT ON THE FINANCIAL STATEMENT.
Amendments to IAS 21	Clarification of principles for applying exchange rates in cases of lack of currency exchangeability and specification of disclosures.	01.01.2025 / 12.11.2024	no effect

- NEW STANDARDS AND AMENDMENTS TO STANDARDS THAT HAVE BEEN PUBLISHED AND ENDORSED BY THE EU

STANDARD / AMENDMENT	DESCRIPTION OF STANDARD/AMENDMENTS	EFFECTIVE DATE	EFFECT ON THE FINANCIAL STATEMENT.
Amendments to IFRS 9 and IFRS 7	The amendments relate to the derecognition of financial liabilities settled through an electronic payment system, clarify the rules for assessing the contractual cash flow characteristics of assets where the modification of cash flows does not result from a change in the basic risks associated with granting a loan but, for example, from ESG factors, and expand the applicable disclosures.	01.01.2026	No material effect
“Annual Improvements to IFRSs – Volume 11”	Harmonization and clarification of the provisions of selected standards (including IFRS 1, 7, 9, 10, IAS 7) by the International Accounting Standards Board.	01.01.2026	No material effect
Amendments to IFRS 9 and IFRS 7	The amendments relate to renewable energy supply agreements by specifying the conditions that must be met in order to classify such an agreement as for “own use” and to apply hedge accounting to such agreements as hedging instruments. They introduce new disclosures in this area.	01.01.2026	not applicable
IFRS 18 “Presentation and Disclosure in Financial Statements”	The standard replaces IAS 1 and introduces, inter alia, new categories in the income statement and requirements regarding Management Performance Measures (MPMs) and aggregation principles.	01.01.2027	under analysis

- NEW STANDARDS AND AMENDMENTS TO STANDARDS THAT HAVE BEEN PUBLISHED AND HAVE NOT BEEN ENDORSED BY THE EU

STANDARD / AMENDMENT	DESCRIPTION OF STANDARD/AMENDMENTS	EFFECTIVE DATE	EFFECT ON THE FINANCIAL STATEMENT.
IFRS 19 “Subsidiaries without Public Accountability: Disclosures” and amendments to IFRS 19	The Standard introduces reduced reporting and disclosure requirements for subsidiaries without public accountability in their separate financial statements. The amendments to IFRS 19 set out the disclosure requirements in the financial statements of these entities for new or amended Standards issued between February 2021 and May 2024.	01.01.2027	not applicable
Amendments to IAS 21	The standard clarifies the principles for preparing financial statements of entities in a presentation currency being the currency of a hyperinflationary economy, where the functional currency of that entity or its foreign operations is the currency of a non-hyperinflationary economy.	01.01.2027	no effect

SUPPLEMENTARY NOTES TO THE INCOME STATEMENT

15. INTEREST INCOME AND EXPENSE AND SIMILAR INCOME AND EXPENSE

SIGNIFICANT ACCOUNTING POLICIES

They comprise interest, premiums and discounts on:

- financial instruments measured at amortized cost,
- instruments measured at fair value through other comprehensive income,
- instruments measured at fair value through profit or loss and derivative hedging instruments (not measured at FV through P&L).

Interest, premiums and discounts are recognized in the income statement using the effective interest rate method – this rate exactly discounts estimated future cash flows through the expected life of the financial asset or liability to the gross carrying amount of a financial asset or to the amortized cost of a financial liability.

Interest income and expense also include fees and commissions constituting a part of the measurement of the instrument and amortized over time using the effective interest rate (e.g. remuneration of agents and intermediaries, employee bonuses for the sale of credit products).

Interest income and expense are calculated on the gross carrying amount of the instrument except for:

- POCI assets (interest on the net carrying amount using the credit-adjusted effective interest rate),
- assets that have become credit-impaired financial assets after acquisition (interest on the net carrying amount).

Interest income also includes:

- the effect of measurement of assets acquired in business combinations,
- the impact of the CJEU ruling (refund of commissions on early loan repayment),
- the effect of statutory credit holidays (Note “**LOANS AND ADVANCES TO CUSTOMERS**”),
- the impact of the amendment to the Mortgage Credit Act (refund of the cost associated with waiting for the mortgage to be registered in the mortgage register).

The net interest result on hedging instruments is presented under “Net interest income”:

- positive result → “Interest income”,
- negative result → “Interest expense”.

FINANCIAL INFORMATION:

INTEREST AND SIMILAR INCOME FROM:	2025	2024
Loans and other amounts due from banks and the Central Bank¹	1,240	1,481
Debt securities	9,945	8,495
measured at amortized cost	5,115	3,586
measured at fair value through other comprehensive income	4,794	4,876
measured at fair value through profit or loss	9	8
held for trading	27	25
Loans and advances to customers (except for finance lease receivables)²	20,481	20,557
measured at amortized cost	20,200	20,184
measured at fair value through profit or loss	281	373
Repo transactions	62	21
Finance lease receivables	1,547	1,585
Total	33,275	32,139
of which: interest income from impaired financial instruments	751	821
of which: non-substantial modification result	(63)	(250)
Interest income calculated using the effective interest rate method on financial instruments measured:		
at amortized cost	32,958	31,733
at fair value through other comprehensive income	28,164	26,857
at fair value through profit or loss	4,794	4,876
Income similar to interest income on instruments measured at fair value through profit or loss	317	406
Total	33,275	32,139

¹ In this item, the Group recognized in 2025 interest income on funds on the current account with the NBP in the amount of PLN 728 million (in 2024: PLN 760 million).

² This item includes the effect of statutory credit holidays recognized in 2024 in the amount of PLN 198 million (Note "[Loans and advances to customers](#)").

INTEREST EXPENSE	2025	2024
Derivative hedging instruments¹	(1,449)	(1,970)
amounts due to banks	(91)	(72)
Loans and advances received	(31)	(60)
Leases	(52)	(39)
amounts due to customers	(5,894)	(6,572)
repo transactions	(11)	(13)
Issues of securities	(1,189)	(1,032)
Subordinated liabilities	(335)	(228)
Total	(9,052)	(9,986)

¹ The decrease in interest expense related to derivative hedging instruments by PLN 521 million in 2025 concerns mainly IRS transactions.

16. FEE AND COMMISSION INCOME AND EXPENSES

SIGNIFICANT ACCOUNTING POLICIES:

Fee and commission income:

- directly related to the origination of financial assets (with a repayment schedule) - are recognized in the income statement as part of interest income,
- other - are recognized in accordance with the five stage model for recognizing revenue so that they reflect the transfer of goods or services to the customer.

Types of fee and commission income:

- one-off fees for activities not related to the origination of assets,
- fees amortized on a straight-line basis for the provision of services,
- fees on loans and advances without a set schedule (amortized on a straight-line basis).

Upon entering into a contract, the Group determines whether the performance obligation will be satisfied over time or at a point in time.

The item "Fee and commission income" also includes:

- result on operating leases, short-term rental and fleet management - see Note "[Leases](#)"
- exchange rate margin on foreign exchange transactions. The exchange rate margin in customer transactions is calculated as the difference between the exchange rate at which the foreign exchange transaction was executed (buy/sell rate from the bank's exchange rate table, negotiated rate, rate from the NBP's C table) and the averaged buy and sell rate for the current day from the Bank's exchange rate table, except for bureau de change transactions and spot foreign exchange transactions, for which the exchange rate margin is calculated as the difference between the exchange rate of closing the currency position and the transaction rate determined at the conclusion of the transaction.

FINANCIAL INFORMATION

FEE AND COMMISSION INCOME FROM:	2025	2024
Loans, insurance, operating leases and fleet management	1,309	1,295
lending	922	932
offering insurance products	108	104
operating leases and fleet management	279	259
Investment funds, pension funds and brokerage activities	1,098	992
servicing investment funds and OFE (including management fees)	662	502
brokerage activities	432	486
servicing and sale of investment and insurance products	4	4
Cards	2,287	2,213
Margins on foreign exchange transactions	925	855
Bank accounts and other	1,450	1,432
servicing bank accounts	1,031	1,009
cash operations	107	111
servicing foreign mass transactions	152	151
customer orders	51	53
fiduciary services	13	12
other	96	96
Total, of which:	7,069	6,787
in respect of income from financial instruments not measured at fair value through profit or loss	5,859	5,746

FIDUCIARY ACTIVITIES

The Bank is a participant of the National Depository for Securities (KDPW) and the Securities Register of the NBP. The Bank maintains securities accounts, handles transactions on the domestic and foreign markets, provides fiduciary services and acts as a depository for pension and investment funds. Assets held under these services do not meet the definition of the Bank's assets, therefore they are not recognized in the financial statements. Income from these services is recognized in the item "fiduciary services" under fee and commission income.

FEE AND COMMISSION EXPENSE FROM:	2025	2024
Loans and insurance	(116)	(116)
cost of construction project supervision and property appraisal	(55)	(47)
fees to Biuro Informacji Kredytowej	(30)	(28)
commissions paid to external entities for the sale of products	(19)	(21)
loan handling	(12)	(20)
Investment funds, pension funds and brokerage activities	(61)	(43)
Cards	(1,345)	(1,216)
Bank accounts and other	(304)	(292)
on account of guarantees received	(98)	(95)
clearing services	(67)	(77)
sending short text messages (SMS)	(58)	(55)
sale of bank products	(1)	(1)
servicing foreign mass transactions	(32)	(25)
commissions for operational services of banks	(21)	(16)
other	(27)	(23)
Total	(1,826)	(1,667)

NET INCOME ON OPERATING LEASES AND FLEET MANAGEMENT	2025	2024
Income on operating leases and fleet management	759	673
Costs of operating leases and fleet management	(77)	(73)
Depreciation of property, plant and equipment under operating leases	(403)	(341)
Net income on operating leases and fleet management	279	259

17. GAINS/(LOSSES) ON FINANCIAL TRANSACTIONS

SIGNIFICANT ACCOUNTING POLICIES:

Gains/(losses) on financial transactions include:

- gains and losses on the sale of financial instruments measured at fair value through profit or loss,
- the effect of their fair value measurement.

Interest income and expense as well as the amortization of premiums and discounts on these instruments are recognized in net interest income (see Note "[Interest income and expense](#)").

This item also includes:

- the ineffective portion of cash flow hedges in strategies involving IRS contracts,
- gains and losses on hedging instruments and hedged items under fair value hedges.

RELATED NOTES: [Hedge accounting and other derivative instruments](#), [Securities](#), [Loans and advances to customers](#).

FINANCIAL INFORMATION

GAINS/(LOSSES) ON FINANCIAL TRANSACTIONS	2025	2024
Financial instruments held for trading, of which:	155	201
Derivatives ¹	118	186
Equity instruments	22	2
Debt securities	16	14
Other	(1)	(1)
Financial instruments not held for trading, measured at fair value through profit or loss, of which:	86	56
Equity instruments	86	28
Debt securities	27	57
Loans and advances to customers	(27)	(29)
Hedge accounting	1	5
Total	242	262

¹Of which due to stock options and stock exchange indices PLN 56 million (in 2024 - PLN 78 million) and IRS: PLN 53 million (in 2024 - PLN 27 million).

18. NET FOREIGN EXCHANGE GAINS/ (LOSSES)

SIGNIFICANT ACCOUNTING POLICIES:

Net foreign exchange gains/(losses) comprise:

- foreign exchange gains and losses, both realized and unrealized, resulting from valuation of assets and liabilities denominated in foreign currencies,
- the fair value measurement of foreign currency derivatives (FX forward, FX swap, CIRS, and foreign exchange options),
- the ineffective portion of cash flow hedges in strategies involving CIRS contracts,
- remeasurement of allowances for expected credit losses in respect of foreign currency-denominated receivables (which are recorded in PLN), when the measurement of the underlying foreign currency-denominated assets changes.

19. OTHER OPERATING INCOME AND EXPENSES

SIGNIFICANT ACCOUNTING POLICIES:

Other operating income and expenses comprise income and expenses not directly related to the core activities of the Group.

The Group enters into purchase and sale transactions for **commodity forward** contracts for CO₂ emission allowances.

- The result from the measurement at fair value and the realization of these contracts is recognized in [gains/\(losses\) on financial transactions](#).
- These contracts are settled through physical delivery - the transfer of allowances in the EU Registry in exchange for payment.

Purchased CO₂ emission allowances, as a tradable commodity for resale, are treated as inventory and measured at fair value. The result of the valuation between the date of acquisition and the date of sale, as well as the result of their sale, is recognized in other operating income and expenses.

FINANCIAL INFORMATION

OTHER OPERATING INCOME	2025	2024
Revenue from the sale of products and services of Group companies	172	155
Gains on sale or scrapping of property, plant and equipment, property, plant and equipment leased out under operating lease, intangible assets and assets held for sale	47	75
Damages, compensation and penalties received	51	44
Reversal of provision recognized for legal claims excluding legal claims relating to repaid mortgage loans in convertible currencies (note "Provisions")	27	13
Income from sale of CO ₂ emission allowances	21	13
Income from discounts granted by supplier for IT software development	10	15
Revenue from the sale of coins for collectors' purposes	13	8
Income from early termination of contracts	15	18
Income from settlement of damages and expired contracts in operating leases	14	11
Ancillary income	6	4
Recovery of receivables expired, forgiven or written off	7	6
Reversal of provision for potential refunds of fees and commission to customers	1	-
Reversal of provision for future payments	3	3
Other	52	89
Total	439	454

OTHER OPERATING EXPENSES	2025	2024
Recognition of provision for consumer protection issues ¹	(408)	-
Cost of products and services sold of the Group Companies	(4)	-
Losses on sale or scrapping of property, plant and equipment, property, plant and equipment leased out under operating lease, intangible assets and assets held for sale	(20)	(15)
Donations made	(4)	(46)
Sundry expenses	(18)	(19)
Recognition of provision for potential refunds of fees and commission to customers	(16)	-
Recognition of provision for future payments	(4)	(4)
Recognition of provision for legal claims excluding legal claims relating to repaid mortgage loans in convertible currencies (note "Provisions")	(112)	(23)
Costs from sale of CO ₂ emission allowances	(11)	(22)
Costs of external services for the recovery	(35)	(34)
Remarketing costs	(33)	(24)
Other	(87)	(94)
Total	(752)	(281)

¹ See Note [Legal claims](#)

20. NET ALLOWANCES FOR EXPECTED CREDIT LOSSES

SIGNIFICANT ACCOUNTING POLICIES:

Allowances for expected credit losses are recognized in the following manner:

- **Financial assets measured at amortized cost** – the allowance reduces the gross carrying amount of the financial asset (adjusted, among others, for adjustments for legal risk of mortgage loans in convertible currencies, statutory credit holidays and for potential reimbursements to customers for the expected early repayment of consumer and mortgage loans); changes in the allowances amount are recognized in the income statement;
- **Off-balance sheet liabilities of a financial nature and financial guarantees** – the allowance is presented as a provision under liabilities; changes in the provisions amount are recognized in the income statement;

- **Debt financial instruments measured at fair value through other comprehensive income** - no allowance is recognized in the statement of financial position as the carrying amount of the asset corresponds to its fair value. However, the allowance is recognized and disclosed in the income statement.

ESTIMATES AND JUDGMENTS:

The Group reviews its loan portfolio for impairment at least quarterly. The methodology and assumptions used to estimate cash flows and their timing are reviewed on a regular basis.

- **MEASUREMENT AND ASSESSMENT OF CREDIT RISK: EXPECTED CREDIT LOSSES**

The Group applies the expected loss model to measure the impairment of financial assets not measured at fair value through profit or loss, comprising:

- debt instruments (loans, lease and factoring receivables, securities),
- other financial assets;
- off-balance sheet liabilities (financial and guarantee).

Impairment is estimated as 12-month or lifetime expected credit losses, depending on the increase in credit risk since initial recognition. Assets are allocated to three stages:

- **STAGE 1** - exposures in which the credit risk is not significantly higher than upon initial recognition and no evidence of impairment is found;
- **STAGE 2** - exposures in which the credit risk is significantly higher than upon initial recognition, but no evidence of impairment is found;
- **STAGE 3** - assets in respect of which evidence of impairment is recognized.
- **SIGNIFICANT INCREASE IN CREDIT RISK**

The Group determines the probability of default and its changes with respect to the level at initial recognition of the loan.

- **MORTGAGE EXPOSURES AND OTHER RETAIL EXPOSURES – QUANTITATIVE CRITERIA**

The Bank uses a model based on a marginal PD calculation, i.e. the probability of default in a given month, to assess a significant increase in credit risk for mortgage exposures and other retail exposures. This probability depends on the time that has passed from originating the exposure. This enables reflecting the differences in credit quality that are typical of exposures to natural persons over the lifetime of the exposure. The marginal PD curves were determined on the basis of historic data at the level of homogeneous portfolios, which are separated according to the type of product, the year of their origination, the loan currency and the credit quality at the time of origination. The marginal PD is attributed to individual exposures by scaling the curve at the level of the portfolio to the individual assessment of the exposure / customer using application models (using data from loan applications) and behavioural models. The Bank identifies the premise of a significant increase in credit risk for a given exposure by comparing individual PD curves over the exposure horizon as at the date of initial recognition and as at the reporting date. Only the parts of the original and current PD curves which correspond to the period from the reporting date to the date of maturity of the exposure are compared as at each reporting date. The comparison is based on the average probability of default over the life of the loan in the period under review adjusted for current and forecast macroeconomic indicators.

The result of this comparison, referred to as α statistics, is referred to the threshold value above which an increase in credit risk is considered significant. The threshold value is determined on the basis of the historical relationship between the values of the α statistics and the default arising. In this process the following probabilities are minimized:

- classification into a set of credit exposures with a significant increase in the level of credit risk (based on the α statistic), for which no event of default took place during the audited period (type I error)
- non-classification into the set of credit exposures with a significant increase in the level of credit risk (based on the statistics) for which an event of default occurred during the audited period (type II error).

According to data as at the end of 2025, an increase in the PD parameter of an at least 2.2-fold increase in the PD parameter compared to the value at the time of its recognition in the Bank's accounting records in respect of mortgage exposures and an at least 2.5-fold increase in respect of other retail exposures constitutes a premise of a significant deterioration in credit quality.

As regards credit exposures for which the current risk of default does not exceed the level provided for in the price of the loan, the results of the comparison of the probability of default curves as at the date of initial recognition and as at the reporting date do not signify a significant increase in credit risk.

In order to identify the remaining premises of a significant increase in credit risk, the Group uses all available qualitative and quantitative information listed in the section below. "Exposures to institutional customers"

- **EXPOSURES TO INSTITUTIONAL CUSTOMERS – QUANTITATIVE CRITERIA**

The Group assesses a significant increase in credit risk for institutional customers based on the model based on the Markov chains. Historical data is used to build matrices of probabilities of customers migrating between individual risk categories determined on the basis of the rating and scoring models. Migrations are analyzed within homogeneous portfolios, taking into account, inter alia, the assessment methodology and customer segment.

On the date of initial recognition of the exposure, the highest acceptable probability of default (PD) value is set for each risk category and portfolio, which, if exceeded, indicates a significant increase in risk. This value is the average PD for risk categories worse than the initial one, weighted by the probability of transition to those categories in the given time horizon.

As at the end of 2025, the minimum deterioration in the risk category constituting a premise of a significant increase in credit risk was:

Risk category	PD range	Minimum range of the risk category deterioration indicating a significant increase in credit risk ¹
A-B	0.0 – 0.90%	3 categories
C	0.90 – 1.78%	2 categories
D	1.78 – 3.55%	2 categories
E	3.55-7.07%	2 categories
F	7.07-14.07%	1 category
G	14.07-99.99%	not applicable ²

¹ average values (the ranges are determined separately for homogeneous groups of customers)

² deterioration of the risk category is a direct indication of impairment

The values are averaged and determined separately for homogeneous groups of customers.

- **QUALITATIVE CRITERIA**

Additional premises of a significant increase in credit risk include, inter alia:

- restructuring measures introducing forbearance for a debtor in financial difficulties, in the period in which this credit exposure is classified in the forbearance reporting category, unless it meets an impairment indicator,
- delays in repayment exceeding 30 days of a material amount (exceeding PLN 400 for retail exposures, PLN 2,000 for other exposures and >1% of the total exposure),
- early warning signals (e.g. changes in collateral, modifications of the terms of agreement, reduction of the exposure),
- significant increase in the LTV ratio,

- “quarantine” in Stage 2 after the impairment indicator has ceased to exist,
- filing for consumer bankruptcy by a joint borrower,
- transfer to restructuring and debt collection units,
- use of statutory support in mortgage loan repayment.

- **IMPAIRED LOANS AND DEFINITION OF DEFAULT**

The premises for the impairment of a credit exposure are in particular:

- delays in repayment of a material amount of principal, interest or fees exceeding 90 days (exceeding PLN 400 for retail exposures, PLN 2,000 for other exposures or >1% of the total exposure to the Group),
- a deterioration in the debtor’s financial position or a risk to the completion of the investment project, resulting in classification into a risk category suggesting a material risk of repayment (rating H),
- the conclusion of a restructuring agreement or the application of relief in repayment forced by financial difficulties (until the claim is recognized as remedied),
- filing a motion for bankruptcy, liquidation or the opening of enforcement proceedings against the debtor,
- declaration of consumer bankruptcy by a joint borrower,
- information on the death of all borrowers who are natural persons or entrepreneurs running a business in the form of a sole proprietorship or a civil partnership (except for continuation by a succession manager),
- other events indicating the inability to repay the liability in full.

In accordance with Regulation (EU) No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms (“CRR”), the Group defines a **STATE OF DEFAULT** if it assesses that the debtor is unable to repay the liability without resorting to exercising the collateral or if the exposure is materially overdue for more than 90 days. The premises of default are identical to the premises for impairment.

The process of assessing a significant increase in credit risk and calculating expected losses is conducted monthly at the level of individual exposures in a dedicated computing environment that allows for the allocation of results to the Group’s units.

The Group has separated a **PORTFOLIO OF FINANCIAL ASSETS WITH LOW CREDIT RISK**, comprising instruments for which the average long-term default rate does not exceed the PD specified by the rating agency for the worst investment grade. This portfolio includes, inter alia, exposures to banks, governments, local government units and housing cooperatives and communities.

- **CALCULATION OF THE EXPECTED CREDIT LOSS**

The model for the calculation of the expected credit loss is based on detailed segmentation of the credit portfolio according to product and customer characteristics, such as:

- type of credit product;
- currency of the product;
- year of granting;
- assessment of risk of the customer’s default;
- the customer’s business segment;
- method of assessing the customer risk.

The Group uses two methods of calculating the expected credit loss:

- **an individual basis** – for individual exposures,
- **a portfolio method** – for homogeneous portfolios.

THE INDIVIDUAL BASIS is used for exposures for which an impairment indicator has been identified and which are individually significant (i.e. the total balance sheet exposure in respect of principal and off-balance sheet liabilities of a financial or guarantee nature is equal to or higher than PLN 5,000,000). The expected credit loss is determined as the difference between:

- the gross carrying amount of the exposure (or the balance sheet equivalent for an off-balance sheet exposure), and
- the present value of expected future cash flows, taking into account possible scenarios of the performance of the contract and the management of the exposure, weighted by the probability of their occurrence.

THE PORTFOLIO METHOD is applied to exposures that do not meet the criteria for applying the individual basis.

The expected credit loss is determined as the product of risk parameters:

- **PD** – probability of default,
- **LGD** – loss given default,
- **EAD** – exposure at default.

Each parameter takes the form of a vector covering the estimation horizon (the number of months). For retail exposures without a repayment schedule, the horizon is determined based on behavioral data from historical observations. The expected loss (both over the entire period and over the 12-month horizon) is the sum of discounted losses from individual periods, using the effective interest rate. The EAD value is adjusted by future repayments, overpayments and underpayments.

In the calculation, **projections of macroeconomic conditions** are taken into account through the impact of scenarios on risk parameters. The methodology is based on the analysis of the dependence of parameters on macroeconomic indicators based on historical data. The Group applies three scenarios:

- **baseline** (75% probability),
- **and two alternative scenarios:** optimistic and pessimistic (probability of 5% and 20%).

Projections include, inter alia: GDP growth rate, unemployment rate, WIBOR 3M rate, CHF/PLN exchange rate, property price index, NBP reference rate.

The final expected loss is the weighted average of losses from individual scenarios. The scenarios used in the calculation are consistent with those used in credit risk budgeting processes.

The **baseline scenario** is based on macroeconomic projections prepared on the basis of quantitative models, with adjustments taking into account one-off events.

Alternative/extreme scenarios (optimistic and pessimistic) concern an internal shock – external variables (e.g. foreign interest rates) remain unchanged with respect to the baseline scenario. They are developed on the basis of statistical and econometric analyses, projecting paths of indicators, rather than specific events.

The probability of the baseline scenario is determined on the basis of the share of the GDP path between the optimistic and the pessimistic scenario. GDP growth is projected taking into account the potential growth rate of the economy that varies over time, calculated on the basis of quarterly data from the Central Statistical Office. After extreme GDP paths are determined, the values of the remaining macroeconomic variables are estimated (unemployment rate, property price index).

The **unemployment rate** is determined on the basis of the dependence on the difference between GDP growth and the potential growth rate, with adjustments taking into account structural changes in the economy, inter alia:

- ageing of the population (limiting the increase in unemployment in a downturn),
- proximity to full employment (limited space for a further decline),
- influx of migrants (partially included in statistics).

The **property price index** is projected based on GDP changes and supply-demand conditions, using NBP data and the Bank's analyses.

Deposit rates are based on assumptions regarding central bank interest rates.

The **CHF/PLN exchange rate** is determined as a cross rate of EUR/PLN and EUR/CHF, and its projections are based on macroeconomic analysis (current and historical), econometric methods, and technical analysis of financial markets.

The macroeconomic model takes into account current domestic and global events, including the macroeconomic situation and the tense geopolitical situation associated with Russia's invasion of Ukraine, affecting fuel prices and the condition of enterprises. Additional factors include:

- the impact of interest rates and inflation on the quality of the credit portfolio, and the increase in energy prices on the situation of companies based on historical dependencies,
- exchange rate volatility in the context of foreign currency housing loans.

Due to the influx of refugees following Russia's invasion of Ukraine and uncertainty as to its impact on the labor market, the model did not include a decrease in unemployment as a factor improving portfolio quality.

The macroeconomic approach describes the situation in the entire economy, therefore the Group conducted additional analyses of the credit and leasing portfolio to identify industries particularly affected by the current situation. Analyses by risk experts showed the highest risk in the following industries: construction, automotive, transport, renting of office and retail space, energy-intensive industries and photovoltaic farms. Exposures with the highest PD (rating D or worse) in these industries were marked with the premise of a "significant increase in credit risk" and subjected to higher allowances. In 2025, as a result of the above actions, the Group increased the allowances for expected credit losses by PLN 157 million (which accounts for approx. 12% of the value of allowances on the entire portfolio of business loans classified in Stage 2). In 2024, by PLN 85 million respectively (approx. 6% of allowances for the business portfolio in Stage 2).

- **LEASE PORTFOLIO**

Within the lease portfolio, the Group periodically monitors the portfolio for industries exposed to macroeconomic and environmental risks that may have a negative impact on the economic and financial condition and liquidity of customers. Depending on the results of the assessment of the impact of these conditions on the portfolio, the Group accounts for the risk increase through reclassification of exposures between buckets and add-ons to the PD and LGD parameters. A higher risk level is identified for the transport, agro, automotive, car rental and leasing, and photovoltaics industries. Additionally, the Group applies a conservative approach to sectors related to the following industries: steel and fertilizer, construction, hotel, finishing, furniture and paper.

Changes were made to the process regarding individual assessment. Individual assessment is performed for significant exposures exceeding PLN 3 million that meet the impairment indicators. In the case of customers whose exposures were classified into the group subject to individual estimation of expected credit losses, a two-scenario approach is applied, i.e. remaining in normal servicing with a probability (PPNO) or taking debt collection actions (sale of the leased asset).

In 2025, the Group applied more conservative exposure classification rules under early warning signals, which resulted in the reclassification of exposures from Stage 1 to Stage 2 in the amount of approx. PLN 440 million and recognition of additional allowances in the amount of approx. PLN 3.5 million. Additionally, PD, LGD and macro parameters were updated, which resulted in a decrease in allowances for expected credit losses, however, it was not directly related to the reclassification between stages. This is because a quarantine following Stage 2 is applied in the Group.

The table presents the adopted projections of key macroeconomic indicators together with the probabilities of realization.

scenario as at 31.12.2025	baseline			optimistic			pessimistic		
probability	75%			5%			20%		
	2026	2027	2028	2026	2027	2028	2026	2027	2028
GDP growth y/y	3.5	3.1	3.0	8.5	7.9	4.5	(1.5)	(0.6)	3.0
Unemployment rate	3.1	3.0	2.9	2.8	2.8	2.8	4.3	5.0	2.8
Property price index	101.7	104.3	107.2	105.5	115.7	120.4	93.0	89.1	90.3
WIBOR 3M (%)	3.6	3.6	3.3	4.9	5.3	4.5	2.5	1.8	2.7

scenario as at 31.12.2024	baseline			optimistic			pessimistic		
	75%			5%			20%		
probability	2025	2026	2027	2025	2026	2027	2025	2026	2027
GDP growth y/y	3.4	3.3	3.1	8.8	8.3	4.7	(1.9)	(1.8)	1.6
Unemployment rate	2.8	2.8	2.8	2.6	2.7	2.8	4.6	5.2	2.8
Property price index	100.2	102.6	105.7	107.3	118.5	124.0	93.5	88.5	89.8
WIBOR 3M (%)	5.5	4.3	3.8	6.5	5.9	4.9	4.4	2.7	2.7

The table below presents the estimated sensitivity of allowances for expected credit losses to changes in macroeconomic conditions. The values show how much the level of allowances for unimpaired exposures would change if the individual macroeconomic scenarios materialized. Improving macroeconomic conditions systematically reduce the sensitivity of allowances.

ESTIMATED CHANGE IN THE LEVEL OF ALLOWANCES FOR EXPECTED CREDIT LOSSES FOR NOT IMPAIRED EXPOSURES DUE TO THE MATERIALIZATION OF PARTICULAR MACROECONOMIC SCENARIOS	31.12.2025		31.12.2024	
	optimistic	pessimistic	optimistic	pessimistic
in PLN million	(576)	391	(967)	564

The table below presents the estimated sensitivity of allowances for expected credit losses in the event of scenarios assuming the deterioration or improvement of risk parameters.

ESTIMATED CHANGE IN EXPECTED CREDIT LOSSES RESULTING FROM MATERIALIZATION OF A SCENARIO OF THE RISK PARAMETERS, THE DETERIORATION OR IMPROVEMENT, OF WHICH: ¹	+10% scenario		(10%) scenario	
	31.12.2025		31.12.2024	
Risk parameter: changes in the present value of estimated cash flows for the Bank's portfolio of individually impaired loans and advances assessed on an individual basis				
Loans and advances to customers (Stage 3)	(180)	250	(223)	260
Risk parameter: changes in the probability of default (PD)				
Securities	7	(7)	11	(11)
Stage 1	6	(6)	9	(9)
Stage 2	1	(1)	2	(2)
Loans and advances to customers	257	(259)	258	(288)
Stage 1	160	(119)	129	(129)
Stage 2	97	(139)	129	(159)
Risk parameter: Changes in recovery rates				
Securities	(7)	7	(12)	12
Stage 1	(6)	6	(10)	10
Stage 2	(1)	1	(2)	2
Loans and advances to customers	(694)	697	(628)	630
Stage 1	(214)	215	(201)	201
Stage 2	(273)	272	(246)	247
Stage 3	(208)	210	(181)	182

¹ “()” decrease in write-downs, “+” increase in write-downs

RELATED NOTES: [Amounts due from banks](#), [Securities](#), [Loans and advances to customers](#), [Other assets](#), [Provisions](#), [Credit risk management](#), [Credit risk – financial information](#)

FINANCIAL INFORMATION

NET ALLOWANCES FOR EXPECTED CREDIT LOSSES	2025	2024
Amounts due from banks	1	7
Debt securities	42	(40)
measured at fair value through other comprehensive income	24	(20)
measured at amortized cost	18	(20)
Loans and advances to customers (measured at amortized cost)	(938)	(1,052)
real estate loans	141	46
business loans	(431)	(466)
consumer loans	(572)	(505)
factoring receivables	(3)	(8)
finance lease receivables	(73)	(119)
Other financial assets	(2)	2
Provisions for financial liabilities and guarantees granted	3	117
Total	(894)	(966)

21. IMPAIRMENT OF NON-FINANCIAL ASSETS

ESTIMATES AND JUDGMENTS:

At the end of each reporting period the Group assesses whether there are any indications of impairment of any non-financial assets, including non-current assets, right-of-use assets and cash-generating units.

The Group determines the recoverable amount in the case of:

- intangible assets not subject to amortization, assets not yet brought into use, and goodwill – annually,
- other non-financial assets - if such indications occur.

The recoverable amount is the higher of the following two amounts:

- fair value less costs to sell,
- value in use of the asset or cash-generating unit.

If the amount recognized in the statement of financial position exceeds the recoverable amount, the Group recognizes an impairment loss in the income statement.

Estimating the recoverable amount requires making assumptions regarding, among others, projected future cash flows from further use or sale of assets.

RELATED NOTES: [Intangible assets](#), [Property, plant and equipment](#), [Investments in associates and joint ventures](#), [Other assets](#), [Leases](#)

FINANCIAL INFORMATION

NET IMPAIRMENT OF NON-FINANCIAL ASSETS	2025	2024
Property, plant and equipment under operating lease	-	(7)
Property, plant and equipment	(27)	(18)
Assets held for sale	(1)	(1)
Intangible assets	(119)	-
Investments in associates and joint ventures	(64)	(74)
Other non-financial assets, including inventories ¹	(362)	(409)
Total	(573)	(509)

¹ In 2025, the Group recognized an impairment loss on other non-financial assets of PLN 284 million relating to receivables from customers for whom the loan agreements have been legally declared invalid in respect of the principal originally disbursed to these customers (in 2024: PLN 326 million). This item also includes, among other things, allowances for customer-related costs of PLN 35 million (in 2024 - PLN 33 million) and allowances for shortages and damages and other receivables of PLN 17 million (in 2024 - PLN 17 million).

CHANGE IN ACCUMULATED IMPAIRMENT LOSSES ON NON-FINANCIAL ASSETS 2025	Opening balance	Impairment of non-financial assets	Other	Closing balance
Property, plant and equipment under operating lease	(10)	-	-	(10)
Property, plant and equipment	(140)	(27)	13	(154)
Assets held for sale	(1)	(1)	2	-
Intangible assets	(383)	(119)	-	(502)
Investments in associates and joint ventures	(349)	(64)	(1)	(414)
Other non-financial assets, including inventories	(703)	(362)	(62)	(1,127)
Total	(1,586)	(573)	(48)	(2,207)
2024				
Property, plant and equipment under operating lease	(3)	(7)	-	(10)
Property, plant and equipment	(135)	(18)	13	(140)
Assets held for sale	-	(1)	-	(1)
Intangible assets	(383)	-	-	(383)
Investments in associates and joint ventures	(275)	(74)	-	(349)
Other non-financial assets, including inventories	(358)	(409)	64	(703)
Total	(1,154)	(509)	77	(1,586)

22. COST OF THE LEGAL RISK OF MORTGAGE LOANS IN CONVERTIBLE CURRENCIES

SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES AND JUDGMENTS:

The Group, in connection with the current legal disputes regarding foreign currency loans, identifies a risk that the planned cash flows from the portfolio of mortgage loans denominated in or indexed to foreign currencies may not be fully recovered or a liability resulting in an outflow of funds may arise. As a result, the Group revises cash flow estimates and reduces the gross carrying amount of these loans in accordance with IFRS 9 (paragraph B5.4.6) and recognizes provisions for legal risk in accordance with IAS 37.

The cost of legal risk was determined on the basis of a number of assumptions which have a significant effect on the amount recognized in the financial statements. The Group recognizes the effect of legal risk as a decrease in the gross carrying amount of mortgage loans in foreign currencies for legal claims and settlements relating to active loans as at the balance sheet date. If the estimated loss exceeds the gross value of the loan, as well as for repaid loans, statutory interest and legal costs, the Group recognizes provisions ("[Provisions for legal claims against the bank relating to mortgage loans in convertible currencies](#)") in accordance with IAS 37, reflecting the most appropriate estimate of the outflow of funds as at the balance sheet date.

The costs of legal risk were estimated using a statistical method as the sum of the products of:

- the probability of invalidation and the amount of loss if the Bank loses, taking into account the current and expected number of court cases over the lifetime horizon, and
- the probability of reaching a settlement and the amount of loss from the settlement.

The loss model takes into account the case law of the CJEU and national courts (Note "[LEGAL CLAIMS](#)"). The Group estimates the probabilities of adverse outcomes for the actual and potential claims, and takes into account, inter alia, the duration of legal proceedings and high litigation costs. It also takes into account the impact of the tax preferences of customers arising from the Regulation of the Minister of Finance of 11 March 2022 (as amended).

Given the significant uncertainty as to the assumptions made, the methodology of estimating losses is subject to periodic review. The uncertainty relates to the number of future lawsuits, court decisions, the number of settlements and changes in judicial decisions, interest rates and the PLN/CHF and PLN/EUR exchange rates. The judgment of the CJEU of 15 June 2023 (Case C-520/21) indicated that a bank cannot demand compensation from a consumer that goes beyond the reimbursement of the principal and statutory interest. At the same time, the provisions do not preclude consumers' claims against banks, provided that the objectives of Directive 93/13 and the principle of proportionality are respected. In the Group's opinion, on the grounds of national legislation, customers do not have additional claims, because they did not provide financial services to the Group, and the loan funds were used to meet their housing needs.

The Group monitors the model's adequacy on a quarterly basis, comparing actual data with calculations and updating assumptions based on new data. The model is adapted to the current settlement offer. As at 31 December 2025, the Group updated the probabilities of signing a settlement and filing a lawsuit.

The Group monitors the inflow of lawsuits relating to repaid loans, modeling the expected loss and offering a settlement in each case. The expected levels of conversion from a lawsuit to a settlement are included in the loss calculation and adjusted to the current situation.

ANALYSIS OF THE MODEL'S SENSITIVITY TO CHANGES IN KEY PARAMETERS	Increase/decrease of the cost of legal risk of mortgage loans in convertible currencies	
	31.12.2025	31.12.2024
1 p.p. increase in the probability of the Bank winning in court (at the cost of a 1 p.p. decrease in the probability of invalidation)	(95)	(105)
1 p.p. decrease in the number of settlements	16	9
1 p.p. increase in the number of lawsuits for the active portfolio (at the cost of inactive customers)	48	41
1 p.p. increase in the lawsuit to settlement conversion ratio	(38)	(31)
1 p.p. increase in the number of lawsuits for the repaid portfolio	72	54
extension of the period for accrual of statutory interest by 90 days	206	199

RELATED NOTES: [Net impairment of non-financial assets](#), [Loans and advances to customers](#), [Other assets](#), [Other liabilities](#), [Provisions](#), [Legal claims](#).

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IMPACT OF LEGAL RISK OF MORTGAGE LOANS IN CONVERTIBLE CURRENCIES	Gross carrying amount of loans before the cost of legal risk	Accumulated cost of legal risk	Gross carrying amount of loans including the cost of legal risk
31.12.2025			
Loans and advances to customers/adjustment reducing the carrying amount of loans, of which:	7,281	5,742	1,539
- related to the portfolio of mortgage loans in CHF	5,967	4,941	1,026
- related to the portfolio of mortgage loans in EUR	1,295	801	494
Provisions		6,258	
- for settlements and judgments of loans in CHF		5,627	
- for settlements and judgments of loans in EUR		631	
Total		12,000	
31.12.2024			
Loans and advances to customers/adjustment reducing the carrying amount of loans, of which:	11,455	7,666	3,789
- related to the portfolio of mortgage loans in CHF	9,862	7,666	2,196
- related to the portfolio of mortgage loans in EUR	1,567	-	1,567
Provisions		5,733	
- for settlements and judgments of loans in CHF		5,521	
- for settlements and judgments of loans in EUR		212	
Total		13,399	

CHANGE IN THE ACCUMULATED COST OF LEGAL RISK OF MORTGAGE LOANS IN CONVERTIBLE CURRENCIES DURING THE PERIOD	2025	2024
Carrying amount at the beginning of the period	(13,399)	(11,307)
cost of legal risk of mortgage loans in convertible currencies (income statement) ¹	(4,365)	(4,899)
offset of settlements and judgments for the period against accumulated losses ²	6,127	3,096
reevaluation of loss for the period and other changes ³	(363)	(289)
Carrying amount at the end of the period	(12,000)	(13,399)

¹ The amount of these costs is mainly due to updates of the legal risk assessment model parameters, which relate to the forecast of the number of court cases, an increase in the expected costs of the settlement program, and an update of the estimated costs related to statutory interest accrued during the dispute with the customer.

² The item includes the effects of final judgments invalidating loan agreements, which for 2025 amount to PLN 3,363 million (in 2024: PLN 1,125 million), and concluded settlements, which for 2025 amount to PLN 2,764 million (in 2024: PLN 1,971 million).

³ Reevaluation of the loss in respect of the legal risk is associated with the effect of changes in foreign exchange rates on the part of the loss which is recognized in the convertible currency as adjustment to the gross carrying amount of loans.

Information on the number of mediation applications and the number of concluded settlements – Note 8.1.1 “**FOREIGN CURRENCY MORTGAGE LOANS SETTLEMENT PROGRAMME**” of the Directors' Report.

23. ADMINISTRATIVE EXPENSES

SIGNIFICANT ACCOUNTING POLICIES:

EMPLOYEE BENEFITS

Employee benefits include costs of wages and salaries and social security, including provisions for retirement and disability benefits (described in Note “[Provisions](#)”). They also include costs of the employee pension plan (defined contribution plan) and the variable remuneration components program for persons in managerial positions. A portion of this program is recognized as a liability in respect of share-based payments settled in cash, in accordance with IFRS 2 (described in detail in Note “[Benefits for the PKO Bank Polski S.A. key management.](#)”).

The Group also recognizes provisions for future liabilities in respect of compensation and severance payments for employees with whom the employment agreement has been terminated for reasons not related to the employees. Furthermore, it recognizes accruals relating to costs of the current period that will be incurred in the future, including bonuses and accrued holiday entitlements, taking into account all outstanding holiday days.

OVERHEADS - include expenses related to the maintenance of fixed assets, IT and telecommunications services, administrative activities, promotion and advertising, property protection, training, as well as court and stamp duties, and costs of mediation at the PFSA.

Lease payments under short-term and low-value leases are recognized in the income statement on a straight-line basis over the lease term.

DEPRECIATION AND AMORTIZATION

Depreciation of property, plant and equipment, intangible assets and investment properties begins on the first day of the month following the month in which the asset is placed in service, except for right-of-use assets, for which depreciation begins in the month of their initial recognition. Amortization and depreciation ends no later than at the time of:

- equalizing the amortization and depreciation charges with the initial value,
- the end of the lease term,
- scrapping, sale or finding it to be missing,
- determining that the expected residual value exceeds the net carrying amount, taking into account the residual value (the net amount that can be obtained at the end of the useful life, less costs to sell).

Depreciation costs of non-current assets under operating leases are recognized in fee and commission income in the line “operating leases and fleet management” as part of the net income on operating leases and fleet management.

For non-financial non-current assets, the residual value is assumed to be zero, unless there is a third-party obligation to buy them back or an active market that allows determining their value at the end of the useful life. Land is not depreciable.

COSTS OF REGULATORY CHARGES – include fees resulting from regulations governing the Group's activities, which, in accordance with IFRIC 21, are recognized in the income statement at the time of the obligating event. These fees are paid to institutions such as the PFSA, the Bank Guarantee Fund (BGF) or the Borrowers' Support Fund (BSF). This item also includes other taxes other than income tax and the tax on certain financial institutions (presented in a separate item). The cost structure includes:

- **CONTRIBUTIONS AND PAYMENTS TO THE BGF** – quarterly contributions to the banks' guarantee fund and annual contributions to the banks' mandatory restructuring fund (which are not tax-deductible).
- **FEES TO THE PFSA** – annual fees to cover the costs of banking supervision and capital market supervision (which are tax-deductible).
- **OTHER TAXES AND FEES** – including flat-rate income tax, property tax, payments to the State Fund for Rehabilitation of Disabled Persons, motor vehicle tax, excise duty, contribution to finance the activities of the Financial Ombudsman, municipal and administrative fees.

ESTIMATES AND JUDGMENTS:

In estimating the useful life, the Group considers the following factors:

- expected physical wear and tear determined on the basis of the average periods of use recorded to date, the rate of wear and tear and intensity of use, etc.,
- technical or market obsolescence;
- legal and other limitations of the asset's use;
- expected usage of the asset;
- climate factors which may shorten the useful life (e.g. ageing, legal limitations or unavailability of assets).

If the period of use of an asset results from a contract, the contractual period is assumed, unless the estimated useful life is shorter, in which case the shorter period is applied. At least once a year, the Group verifies the adopted depreciation and amortization method and useful lives and revises them if necessary.

Depreciation and amortization periods in the Group:

Fixed assets	Useful lives
Buildings, premises, cooperative rights to premises (including investment real estate)	from 25 to 60 years
Leasehold improvements (buildings, premises)	from 1 to 11 years (or the lease term, if shorter)
Machines, technical devices, tools and instruments	from 2 to 15 years
Computer units	from 2 to 10 years
Vehicles	from 3 to 5 years
Intangible assets	Useful lives
Software	from 1 to 25 years
Other intangible assets	from 2 to 20 years

CHANGE IN THE USEFUL LIVES OF DEPRECIATED ASSETS CLASSIFIED AS LAND AND BUILDINGS	2025		2024	
	+10 years scenario	scenario -10 years	+10 years scenario	-10 years scenario
Depreciation costs	(47)	213	(26)	145

RELATED NOTES: [Intangible assets](#), [Property, plant and equipment](#); [Provisions](#); [Benefits for the PKO Bank Polski S.A. key management](#)., [Leases](#).

FINANCIAL INFORMATION

ADMINISTRATIVE EXPENSES	2025	2024
Employee benefits	(5,316)	(4,744)
Wages and salaries, including:	(4,377)	(3,920)
costs of contributions to the employee pension plan	(113)	(101)
Social security, of which:	(756)	(660)
contributions for disability and retirement benefits	(707)	(553)
Other employee benefits	(183)	(164)
Overheads, of which:	(2,172)	(2,130)
Rent	(125)	(111)
IT	(581)	(462)
Depreciation and amortization	(1,238)	(1,191)
property, plant and equipment, of which:	(547)	(546)
IT	(125)	(131)
right-of-use assets	(255)	(264)
intangible assets, of which:	(691)	(645)
IT	(687)	(640)
Costs of regulatory charges	(713)	(422)
Contributions and payments to the Bank Guarantee Fund	(536)	(272)
to the Resolution Fund	(322)	(272)
to the Bank Guarantee Fund	(214)	-
Fees to PFSA	(78)	(64)
Other taxes and fees	(99)	(86)
Total	(9,439)	(8,487)

24. TAX ON CERTAIN FINANCIAL INSTITUTIONS

The tax on certain financial institutions is 0.0366% per month. The tax base for banks is the surplus of total assets exceeding PLN 4 billion, and for insurance companies - PLN 2 billion. This base may be reduced in accordance with the provisions of the Act of 15 January 2016 on the tax on certain financial institutions. The tax paid is not tax-deductible for corporate income tax purposes.

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TAX ON CERTAIN FINANCIAL INSTITUTIONS	2025	2024
PKO Bank Polski S.A.	(1,294)	(1,212)
PKO Bank Hipoteczny S.A.	(49)	(51)
PKO Życie Towarzystwo Ubezpieczeń S.A.	(3)	(3)
PKO Towarzystwo Ubezpieczeń S.A.	(3)	(4)
Total	(1,349)	(1,270)

25. INCOME TAX EXPENSE

SIGNIFICANT ACCOUNTING POLICIES:

Corporate income tax is recognized as **current tax** and **deferred tax**.

- **Current tax** is recognized in the income statement.
- **Deferred tax**, depending on the source of temporary differences, is recognized in the income statement or in other comprehensive income.

- **CURRENT TAX**

Current tax is calculated on the basis of gross profit adjusted for:

- non-taxable income and non-deductible costs,
- taxable income that is not accounting income,

- tax-deductible costs that are not accounting costs, in accordance with the applicable tax laws.

The main categories of non-deductible costs:

- the cost of legal risk of mortgage loans in convertible currencies except for the elements listed below,
- Tax on certain financial institutions
- contributions and payments to the BGF,
- tax on controlled foreign corporations CIT-CFC (according to Article 24a of the Corporate Income Tax Act, taxpayers with foreign subsidiaries are required to pay tax on the income of a controlled foreign corporation (CFC). The tax is due only on the income of foreign entities that have met the conditions for recognition as controlled foreign corporations in a given tax year. The tax rate is 19% of the tax base).

Pursuant to the Regulation of the Minister of Finance of 11 March 2022 on suspending the collection of income tax on certain types of income (revenue) related to a mortgage loan granted for residential purposes (as amended, hereinafter the "Regulation"), the Group benefits from the suspension of the collection of income tax on the cancelled principal of the loan under settlements concluded under the terms specified in this Regulation. As regards mortgage loans invalidated by court judgments, the Group settles them in accordance with the individual interpretation received and the judgment of the Voivodeship Administrative Court in Warsaw.

The correctness of income tax settlements may be audited within 5 years of the end of the year in which the deadline for submitting the tax return passed.

Group companies are CIT taxpayers and remit their liabilities to the competent tax offices within the statutory deadlines.

- **DEFERRED INCOME TAX**

Deferred tax is recognized as the product of the difference between the tax base of assets and liabilities and their carrying amount, and the tax rate.

Offsetting of assets and liabilities is possible only if:

- the Group has a legally enforceable right to set off current income tax assets against current income tax liabilities,
- the deferred tax relates to the same taxable entity and the same taxation authority.

As regards the cost of legal risk of mortgage loans in convertible currencies, the Group recognizes deferred income tax assets arising from:

- the suspension of tax collection in accordance with the Regulation,
- the right to adjust tax revenues in connection with judgments invalidating loan agreements.

In accordance with the Act of 6 November 2025 amending the Corporate Income Tax Act and certain other acts (an amendment introducing Articles 38aa-38ab to the CIT Act), in 2026 the Bank's taxable income will be taxed at a rate of 30%. The rate will be gradually reduced to 26% in 2027 and 23% from 2028.

Deferred tax assets and liabilities were measured at the tax rates that, in accordance with the above amendment, will apply when the asset is realized or the liability is settled (see the table "Net deferred tax liabilities and assets").

For some temporary differences, it is not possible to unambiguously determine the horizon of their realization, as this process remains dependent not only on decisions made by the Group, but also on external factors. In such cases, the remeasurement of the deferred tax asset required the application of judgment and was carried out taking into account the principle of prudent valuation.

The value of the deferred tax asset resulting from the above remeasurement carried out as at 31 December 2025 increased by PLN 234 million and had a positive impact on the Group's net financial result of PLN 275 million and a negative impact on other comprehensive income of PLN 41 million.

FINANCIAL INFORMATION:

- TAX EXPENSE

TAX EXPENSE	2025	2024
Income tax expense recognized in the income statement	(3,166)	(3,424)
Current income tax expense	(3,225)	(2,636)
Deferred income tax on temporary differences	59	(788)
Income tax expense recognized in other comprehensive income in respect of temporary differences	(595)	(252)
Total	(3,761)	(3,676)

- RECONCILIATION OF THE EFFECTIVE TAX RATE

RECONCILIATION OF THE EFFECTIVE TAX RATE	2025	2024
Profit or loss before tax	13,848	12,728
Tax at the statutory rate in force in Poland (19%)	(2,631)	(2,418)
Effect of different tax rates of foreign entities	(11)	(64)
Effect of permanent differences between profit before income tax and taxable income, including:	(799)	(942)
cost of the legal risk of mortgage loans in convertible currencies	(333)	(599)
tax on certain financial institutions	(256)	(241)
contributions and payments to the Bank Guarantee Fund	(101)	(52)
reserve for proceedings before the President of the UOKiK	(93)	-
tax on controlled foreign corporations CIT-CFC	-	(33)
non-deductible allowances for expected credit losses on credit exposures	(23)	(17)
dividend income	3	3
other permanent differences	4	(3)
Effect of changes in CIT rates	275	-
Income tax expense recognized in the income statement	(3,166)	(3,424)
Effective tax rate (%)	22.86	26.90

• DEFERRED TAX LIABILITIES AND ASSETS

DEFERRED TAX LIABILITIES AND ASSETS 2025	01.01.2025	Income statement	Other comprehensive income	31.12.2025
Interest accrued on receivables (loans)	371	231	-	602
Interest, discount/premium on securities	428	503	-	931
Valuation of securities	18	49	103	170
Valuation of derivative financial instruments	11	28	77	116
Difference between carrying amount and tax base of property, plant and equipment and intangible assets, including leases	463	113	-	576
Prepaid costs	6	-	-	6
Other taxable temporary differences	104	5	-	109
Deferred tax liabilities, gross	1,401	929	180	2,510
Interest accrued on liabilities	194	69	-	263
Valuation of derivative financial instruments	197	75	(237)	35
Valuation of securities	191	(4)	(185)	2
Provision for employee benefits	151	165	7	323
Allowances for expected credit losses	1,490	428	-	1,918
Fair value measurement of loans and initial loss on POCI exposures	182	25	-	207
Commissions to be settled in time using the straight-line valuation method and effective interest rate	443	(290)	-	153
Other deductible temporary differences	40	3	-	43
Provision for costs to be incurred	77	32	-	109
Impact of legal risk of mortgage loans in convertible currencies	283	370	-	653
Difference between carrying amount and tax base of property, plant and equipment and intangible assets, including leases	400	115	-	515
Deferred tax assets, gross	3,648	988	(415)	4,221
Total effect of temporary differences	2,247	59	(595)	1,711
Deferred income tax liabilities (presented in the statement of financial position)	809	(80)	180	909
Deferred tax assets (presented in the statement of financial position)	3,056	(21)	(415)	2,620

DEFERRED TAX LIABILITIES AND ASSETS 2024	01.01.2024	Income statement	Other comprehensive income	31.12.2024
Interest accrued on receivables (loans)	363	8	-	371
Interest, discount/premium on securities	230	198	-	428
Valuation of securities	18	4	(4)	18
Valuation of derivative financial instruments	14	(3)	-	11
Difference between carrying amount and tax base of property, plant and equipment and intangible assets, including leases	427	36	-	463
Taxable income on the reversal of IBNR allowance, which was previously tax deductible, on implementation of IFRS 9	13	(13)	-	-
Prepaid costs	5	1	-	6
Other taxable temporary differences	99	5	-	104
Deferred tax liabilities, gross	1,169	236	(4)	1,401
Interest accrued on liabilities	367	(173)	-	194
Valuation of derivative financial instruments	583	(213)	(173)	197
Valuation of securities	281	(6)	(84)	191
Provision for employee benefits	120	31	-	151
Allowances for expected credit losses	1,572	(82)	-	1,490
Fair value measurement of loans and initial loss on POCI exposures	190	(8)	-	182
Commissions to be settled in time using the straight-line valuation method and effective interest rate	691	(248)	-	443
Other deductible temporary differences	48	(8)	-	40
Provision for costs to be incurred	74	3	-	77
Impact of legal risk of mortgage loans in convertible currencies	109	174	-	283
Premium on securities	73	(73)	-	-
Difference between carrying amount and tax base of property, plant and equipment and intangible assets, including leases	349	51	-	400
Deferred tax assets, gross	4,457	(552)	(257)	3,648
Total effect of temporary differences	3,288	(788)	(253)	2,247
Deferred income tax liabilities (presented in the statement of financial position)	712	101	(4)	809
Deferred tax assets (presented in the statement of financial position)	4,000	(687)	(257)	3,056

As a result of analyses concerning the current results of the Group and estimated results for future reporting periods, the Group concluded that the deferred tax asset is fully realizable.

When calculating deferred tax assets, the Group takes into account the potential tax effect as regards future settlements and invalidations of mortgage loans. As at 31 December 2025, the Group recognized deferred tax assets as regards future settlements and invalidations of mortgage loans in the amount of PLN 653 million, and guided by the principle of prudent valuation, estimating the realization date of individual differences and taking into account current case law and the interpretation line of the tax authorities, the Bank did not recognize a deferred tax asset in the amount of PLN 492 million. Additionally, the Group did not recognize a deferred tax asset relating to planned adjustments and overpayment claims that are likely to be realized in subsequent years, but as at the balance sheet date there is no certainty as to the amounts or the calculation of the overpayment amount has not been finalized.

- TAX GROUP**

Pursuant to the agreement of 5 November 2024, PKO Bank Polski S.A., PKO Bank Hipoteczny S.A. and PKO Leasing S.A. extended for the years 2025 - 2027 the operation of the **Tax Group of Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna ("Tax Group")**, established under the agreement of 5 November 2018. The agreements were registered by the competent head of the tax office.

A tax group is a tax law institution provided for in the Corporate Income Tax Act. Its creation means that the income of the companies included in the group is consolidated for tax purposes and makes it possible to use solutions provided for such groups, including operational facilitations.

The Bank acts as the parent company. Current income tax settlements are presented broken down into receivables and liabilities of the Bank and subsidiaries belonging to the Tax Group.

- **GLOBAL MINIMUM TAX**

The global minimum tax legislation is effective in Poland from 1 January 2025. In jurisdictions where the Group operates, the rules have been in force since 1 January 2024, including:

- Germany, the Czech Republic, Romania, Sweden – global and domestic top-up tax,
- Slovakia – domestic top-up tax,
- Ukraine – no Pillar 2 implementation.

Between 2025 and 2026, the Group plans to use the temporary CbCR (Country by Country Reporting) safe harbour. The Group estimates that the implementation of the OECD Pillar 2 will not have a material impact on its financial position.

- **TAX POLICY**

The Bank has a **Tax Strategy for PKO Bank Polski S.A.** adopted by resolution of the Management Board No. 392/C/2021 of 5 October 2021 and approved by resolution of the Supervisory Board No. 154/2021 of 14 October 2021. The strategy was published on the Bank's website at: <https://www.pkobp.pl/o-banku/odpowiedzialna-dzialalnosc/strategia-podatkowa>.

In 2025, PGK PKO Banku Polskiego S.A. prepared the Information on the implemented tax strategy for 2024, which is published on the Bank's website at: <https://www.pkobp.pl/grupa-pko-banku-polskiego/pko-bank-polski/strategia-podatkowa/> or: <https://www.pkobp.pl/informacja-o-realizowanej-strategii-podatkowej/>. On 28 November 2025, the Bank informed the competent head of the tax office of the address of the website where the Information was published.

Corporate income tax in 2025 and 2024 by tax jurisdiction:

Corporate income tax	2025	2024
Capital Group	3,228	2,637
Poland	3,150	2,514
Germany	20	4
Czech Republic	9	10
Slovakia	2	-
Ukraine	47	109

The tax systems of the countries in which the Bank and Group companies operate are subject to frequent legislative changes, including in connection with actions aimed at tightening the tax system at the national and international levels. Some tax law provisions are ambiguous, which may lead to divergent interpretations by tax authorities and taxpayers. Disputes in this area are resolved exclusively by national or European courts.

It cannot be ruled out that tax authorities will adopt an interpretation different from that applied by the Bank or Group companies, which may have a material adverse effect on their operations and financial position, despite the actions taken to minimize this risk in accordance with the law.

In 2025, the standard corporate income tax rate in Ukraine was 18%, while for banks it was 25% (in 2024, banks' income was taxed at 50%). On 3 December 2025, the Law "On Amendments to the Tax Code of Ukraine" No. 4698 entered into force, pursuant to which in 2026 banks will be subject to a tax of 50% of the total profit generated in the tax year. Deferred tax assets/liabilities were determined taking into account the tax rate applicable in 2026.

SUPPLEMENTARY NOTES TO THE STATEMENT OF FINANCIAL POSITION – FINANCIAL INSTRUMENTS

26. CASH AND BALANCES WITH THE CENTRAL BANK

SIGNIFICANT ACCOUNTING POLICIES: [GENERAL ACCOUNTING POLICIES FOR FINANCIAL INSTRUMENTS](#).

FINANCIAL INFORMATION:

CASH AND BALANCES WITH THE CENTRAL BANK	31.12.2025	31.12.2024
Current account with the Central Bank	17,772	19,567
Cash	4,108	3,927
Other	39	-
Total	21,919	23,494

During the course of a working day, the Group may use funds accumulated on the mandatory reserve account for ongoing cash settlements on the basis of an instruction submitted to the NBP, provided that the average monthly balance on this account is maintained at the level specified in the mandatory reserve declaration. The value of the mandatory reserve as at 31 December 2025 was PLN 14,870 million (as at 31 December 2024: PLN 13,679 million).

27. AMOUNTS DUE FROM BANKS

SIGNIFICANT ACCOUNTING POLICIES: [GENERAL ACCOUNTING POLICIES FOR FINANCIAL INSTRUMENTS](#).

FINANCIAL INFORMATION

For information on credit risk exposures, see Note "[CREDIT RISK – FINANCIAL INFORMATION](#)".

AMOUNTS DUE FROM BANKS	31.12.2025	31.12.2024
Measured at amortized cost	4,478	5,091
Deposits with banks	1,357	2,674
Current accounts	793	1,210
Loans and advances granted, including NBU certificates of deposit	2,327	1,206
Cash in transit	1	1
Gross carrying amount	4,478	5,091
Allowances for expected credit losses	(1)	(2)
Net carrying amount	4,477	5,089

AMOUNTS DUE FROM BANKS BY MATURITY	31.12.2025	31.12.2024
up to 1 month	4,200	4,870
1 to 3 months	255	208
3 months to 1 year	21	10
above 5 years	1	1
Total	4,477	5,089

28. HEDGE ACCOUNTING AND OTHER DERIVATIVE INSTRUMENTS

SIGNIFICANT ACCOUNTING POLICIES:

The Group uses derivative financial instruments to manage risks related to the Group's operations. The most frequently used instruments are: IRS, CIRS, FX Swap, options, commodity swap, FRA, Forward and Futures. Derivative financial instruments are recognized at fair value from the transaction date.

A derivative instrument is presented as:

- “Derivative hedging instruments” – if it meets the hedge accounting criteria
- “Other derivative instruments” – if it does not meet these criteria.

The instrument is recognized as an asset if its fair value is positive, or as a liability if it is negative.

For instruments not designated for hedge accounting, changes in fair value and the result on settlement are recognized in gains/(losses) on financial transactions or in net foreign exchange gains/(losses) - depending on the type of instrument.

The Group applies hedge accounting to mitigate interest rate risk and foreign exchange risk. Cash flows related to the transactions performed and the fair value of assets and liabilities held are hedged. The Group decided to continue applying IAS 39 for hedge accounting and did not implement IFRS 9 in this area.

- **CASH FLOW HEDGES**

Changes in the fair value of a cash flow hedging instrument in the effective portion are recognized in other comprehensive income.

These amounts are transferred to the income statement in the periods in which the hedged planned transaction affects the result. Interest and foreign exchange differences are presented in “[Net interest income](#)” and “[Net foreign exchange gains/\(losses\)](#)”, respectively. The Group hedges both assets generating interest income and liabilities generating interest expense using IRS or CIRS transactions. The net interest result on hedging instruments is presented in the line “derivative hedging instruments” under “[Net interest income](#)”: a positive total result in “[Interest income](#)”, a negative one in “[Interest expense](#)”.

Hedge effectiveness is verified prospectively and retrospectively every month. The tests include the valuation of hedging transactions net of accrued interest and foreign exchange differences (for CIRS). The ineffective portion of gains or losses is recognized in the financial result: for CIRS – in “[Net foreign exchange gains/\(losses\)](#)”, and for IRS – in “[Gains/\(losses\) on financial transactions](#)”.

- **FAIR VALUE HEDGES**

Changes in the fair value of a hedging instrument designated as fair value hedge are recognized in “[Gains/\(losses\) on financial transactions](#)”, net of the interest component. The interest component is presented in the same line item as interest income/expense on the hedged item, i.e. in “[Net interest income](#)”.

The Group hedges both assets that generate interest income and liabilities that generate interest expense using IRS transactions. A change in the fair value adjustment to the hedged item is recognized in “[Gains/\(losses\) on financial transactions](#)”.

Hedge effectiveness is verified prospectively and retrospectively every month. The tests comprise the measurement of hedging transactions net of accrued interest.

The items “[Securities](#)”, “[Loans and advances to customers](#)” and “[Amounts due to customers](#)” include an adjustment for fair value hedge accounting for the respective hedged items.

ESTIMATES AND JUDGMENTS

The fair value of derivative instruments other than options is designated using the valuation models that base on discounted cash flows which may be obtained from a given instrument. The Group applies measurement techniques based on yield curves constructed on the basis of available market data (e.g. deposit rates on the interbank market, quotations of IRS transactions). Options are valued using option valuation models, using, where available, data derived from observable markets.

The fair value of derivative instruments accounts for credit risk adjustments:

- CVA (credit value adjustment) – counterparty risk
- DVA (debit value adjustment) – own risk.

The process of calculation of CVA and DVA adjustments includes:

- the selection of a method for determining the credit risk spread (e.g. a market price method based on the continuous price quotations of debt instruments issued by the counterparty, a method of spread implied from Credit Default Swap contracts),
- an estimation of the probability of default by the counterparty or the Group,
- determining the recovery rate,
- the calculation of CVA and DVA adjustments.

The Group makes simulations aimed at assessing the impact of the changes in the yield curves on the measurement of the instruments.

ESTIMATED CHANGE IN VALUATION OF HEDGING DERIVATIVES OTHER THAN OPTIONS FOLLOWING A PARALLEL SHIFT IN YIELD CURVES:	31.12.2025		31.12.2024	
	+50bp scenario	scenario -50bp	+50bp scenario	scenario -50bp
IRS	(442)	448	(601)	610
CIRS	(162)	165	(80)	81
other instruments	(1)	1	(2)	2
Total	(605)	614	(683)	693

ESTIMATED CHANGE IN VALUATION OF DERIVATIVES OTHER THAN OPTIONS FOLLOWING A PARALLEL SHIFT IN YIELD CURVES	31.12.2025		31.12.2024	
	+50bp scenario	scenario -50bp	+50bp scenario	scenario -50bp
IRS	(424)	431	(591)	599
CIRS	(195)	199	(80)	81
other instruments	1	(1)	(3)	3
Total	(618)	629	(674)	683

28.1. HEDGE ACCOUNTING – FINANCIAL INFORMATION

TYPES OF HEDGING STRATEGIES APPLIED BY THE GROUP

As at 31 December 2025, the Group had active relationships as part of:

- 4 strategies for hedging cash flow volatility;
- 4 strategies for hedging fair value volatility.

In 2025, the Group discontinued the following due to failure to meet the prospective effectiveness test:

- hedging strategy: “Hedges against fluctuations in cash flows from variable interest loans in convertible currencies, resulting from interest rate risk, using IRS transactions.”
- one relationship under the strategy “Hedges against fair value volatility of fixed-interest-rate loans in convertible currencies resulting from interest rate risk, using IRS transactions”.

The total impact on the result in 2025 of the discontinuation of the above strategy was approximately PLN 3.4 million.

No changes were made to other hedging strategies in 2025. In 2024, the Group discontinued 2 hedging strategies due to failure to meet the prospective effectiveness test and 2 hedging strategies as a result of the expiry of hedging relationships.

Summary of the types of strategies applied in the Group.

TYPE OF HEDGING STRATEGY	CASH FLOW HEDGES (STRATEGIES No: 9, 19)
RISK HEDGED	foreign exchange risk and interest rate risk
HEDGING INSTRUMENT	fixed - float CIRSS
HEDGED ITEM	<ul style="list-style-type: none"> the portfolio of floating interest loans in foreign currencies and fixed interest rate financial liability denominated in foreign currency
SOURCES OF HEDGE INEFFECTIVENESS	<ul style="list-style-type: none"> margin on the hedging instrument differences in discount on the hedged item and the hedging instrument CVA/DVA adjustment of the hedging instrument
THE PERIOD IN WHICH CASH FLOWS ARE EXPECTED TO OCCUR AND AFFECT THE FINANCIAL RESULTS: January 2026 – November 2031	
STRATEGY No	STRATEGY NAME
9	Hedges against fluctuations in cash flows on variable interest PLN loans, resulting from interest rate risk, and hedging against fluctuations in cash flows on a fixed-rate financial liability in a convertible currency resulting from foreign currency risk, using CIRS or CIRS-EP transactions.
19	Hedges against fluctuations in cash flows on variable interest PLN loans, resulting from interest rate risk, and hedging against fluctuations in cash flows on a fixed-rate financial liability in a convertible currency resulting from foreign currency risk, using CIRS transactions.
TYPE OF HEDGING STRATEGY	CASH FLOW HEDGES (STRATEGIES No: 2,3,4)
RISK HEDGED	interest rate risk
HEDGING INSTRUMENT	fixed - float IRSs
HEDGED ITEM	the portfolio of loans in PLN or foreign currencies indexed to a floating interest rate
SOURCES OF HEDGE INEFFECTIVENESS	<ul style="list-style-type: none"> change in market parameters between the moment of determining the terms and conditions relating to the hedged item and the moment of concluding the hedge differences in discount on the hedged item and the hedging instrument CVA/DVA adjustment of the hedging instrument
THE PERIOD IN WHICH CASH FLOWS ARE EXPECTED TO OCCUR AND AFFECT THE FINANCIAL RESULTS: January 2026 – June 2032	
STRATEGY No	STRATEGY NAME
2	Hedges against fluctuations in cash flows from variable interest loans in PLN, resulting from interest rate risk, using IRS transactions.
3	Hedges against fluctuations in cash flows from variable interest loans in convertible currencies, resulting from interest rate risk, using IRS transactions.
4	Hedges against fluctuations in cash flows from variable interest loans in convertible currencies, resulting from interest rate risk, using IRS transactions (inactive).
TYPE OF HEDGING STRATEGY	FAIR VALUE VOLATILITY HEDGES (STRATEGY No: 8, 10, 12, 17, 18)
RISK HEDGED	interest rate risk
HEDGING INSTRUMENT	fixed - float IRSs

HEDGED ITEM	<ul style="list-style-type: none"> interest rate risk component relating to a fixed interest rate loan or security in a foreign currency or in PLN, which corresponds to the market IRS rate interest rate risk component of a portfolio of financial liabilities replicated by a portfolio of fixed-rate instruments measured at amortised cost, corresponding to the market IRS rate
SOURCES OF HEDGE INEFFECTIVENESS	<ul style="list-style-type: none"> change in market parameters between the moment of determining the terms and conditions relating to the hedged item and the moment of concluding the hedge CVA/DVA adjustment of the hedging instrument difference between the present value of the floating leg of IRS and the present value of the nominal value of a security
STRATEGY NO	STRATEGY NAME
8	Hedges against fair value volatility of fixed-interest-rate loans in convertible currencies resulting from interest rate risk, using IRS transactions.
10	Hedges against fair value volatility of fixed-interest-rate security in convertible currencies measured at amortized cost, resulting from interest rate risk, using IRS transactions.
12	Hedges against fair value volatility of fixed-interest-rate FVOCI security in PLN resulting from interest rate risk, using IRS transactions.
17	Hedges against fluctuations in the fair value of a portfolio of financial liabilities in PLN measured at amortized cost, resulting from interest rate risk, using IRS transactions
18	Hedges against fluctuations in the fair value of a portfolio of financial liabilities in convertible currencies measured at amortized cost, resulting from interest rate risk, using IRS transactions.

• **CARRYING AMOUNT OF HEDGING INSTRUMENTS**

CARRYING AMOUNT OF HEDGING INSTRUMENTS	31.12.2025		31.12.2024	
	Assets	Liabilities	Assets	Liabilities
Cash flow hedges	1	122	100	285
interest rate risk - IRS PLN (strategy 2)	1	20	1	54
foreign exchange risk and interest rate risk - CIRS PLN/EUR (strategy 9, 19)	-	102	99	231
Fair value hedges of interest rate risk - IRS EUR (strategy 8, 10, 18)	20	-	20	--
Total	21	122	120	285

• **CASH FLOW HEDGES**

CHANGE IN OTHER COMPREHENSIVE INCOME RELATING TO CASH FLOW HEDGES	2025	2024
Accumulated other comprehensive income at the beginning of the period, net	(1,122)	(1,860)
Impact on other comprehensive income during the period, gross	1,578	911
Gains/losses recognized in other comprehensive income during the period	426	(797)
Amounts transferred from other comprehensive income to the income statement, of which:	1,152	1,708
- net interest income	1,484	1,938
- net foreign exchange gains/ (losses)	(332)	(230)
Tax effect	(315)	(173)
Accumulated other comprehensive income at the end of the period, net	141	(1,122)

INEFFECTIVE PORTION OF CASH FLOW HEDGES RECOGNIZED IN THE INCOME STATEMENTS, INCLUDING IN:	2025	2024
Net foreign exchange gains/(losses) - CIRS PLN/EUR (strategy 9, 19)	(4)	(3)
Gains/(losses) on financial transactions - IRS (strategy 2, 3, 4)	1	5

• FAIR VALUE HEDGES

INTEREST RATE RISK HEDGE	31.12.2025	31.12.2024
Fair value measurement of the hedging derivative instrument	623	488
Interest rate risk hedge - fixed - float IRSs	623	488
Fair value adjustment of the hedged instrument attributable to the hedged interest rate risk	(450)	(267)
Securities	(18)	(19)
Loans and advances to customers	-	(1)
Fair value adjustment recognised in other comprehensive income before designation for hedge accounting	(5)	(10)
Amounts due to customers	(427)	(237)

FAIR VALUE ADJUSTMENT OF THE HEDGED INSTRUMENT ATTRIBUTABLE TO THE HEDGED RISK BY TYPE OF HEDGING INSTRUMENT	31.12.2025	31.12.2024
IRS EUR (strategy 8,10,18)	(37)	(56)
IRS USD (strategy 18)	(2)	-
IRS PLN (strategy 12.17)	(411)	(211)
Total	(450)	(267)

• **NOMINAL VALUE OF HEDGING INSTRUMENTS BY MATURITY**

Strategy No	Hedging derivative	up to 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total	Change in the fair value since designation	Nominal-weighted average fixed interest rate/ Nominal-weighted average margin
31.12.2025									
Hedge type: Cash flow hedges; Hedged risk: interest rate risk									
2	PLN fixed - float IRSs	1,150	5,200	18,894	28,390	134	53,768	225	3.7743%
3	EUR fixed - float IRSs		634	1,416	1,802	3	3,855	7	2.1803%
Hedge type: Cash flow hedges; Hedged risk: foreign exchange and interest rate risks									
Float PLN/fixed EUR CIRs									
9, 19	float PLN	-	-	3,201	11,786	2,109	17,096	(216)	-
	fixed EUR	-	-	3,164	11,598	2,108	16,870		2.1153%
Hedge type: Fair value hedges; Hedged risk: interest rate risk									
17	PLN fixed - float IRSs	600	1,200	-	8,360	591	10,751	380	5.0849%
18	USD fixed - float IRSs	-	-	-	108	-	108	2	3.8830%
8,10,18	EUR fixed - float IRSs	85	169	758	1,441	203	2,656	34	2.5462%
31.12.2024									
Hedge type: Cash flow hedges; Hedged risk: interest rate risk									
2	PLN fixed - float IRSs	1,225	835	9,337	49,188	153	60,738	(1,442)	3.4333%
3.4	EUR fixed - float IRSs	-	855	2,457	3,896	4	7,212	(1)	2.2635%
Hedge type: Cash flow hedges; Hedged risk: foreign exchange and interest rate risks									
Float PLN/fixed EUR CIRs									
19	float PLN	-	2,595	-	7,522	-	10,117	(200)	-
	fixed EUR	-	2,350	-	7,458	-	9,808		2.1708%
Hedge type: Fair value hedges; Hedged risk: interest rate risk									
17	PLN fixed - float IRSs	600	1,200	-	4,910	1,341	8,051	185	5.9261%
18	USD fixed - float IRSs	-	-	123	123	-	246	-	4.1972%
8,10,18	EUR fixed - float IRSs	94	188	656	2,380	308	3,626	51	2.5184%

• FINANCIAL INFORMATION ON HEDGED ITEMS (IN ORIGINAL CURRENCIES)

HEDGED ITEM 31.12.2025	CARRYING AMOUNT OF THE HEDGED ITEM	ITEM OF THE STATEMENT OF FINANCIAL POSITION	CHANGE IN THE FAIR VALUE OF THE HEDGED ITEM*	STRATEGY NO
Cash flow hedges				
Loans in PLN	53,768	Loans and advances to customers	(208)	2
Loans in EUR	912	Loans and advances to customers	(1)	3
Loans in PLN	17,095	Loans and advances to customers		
Financial liability in EUR	3,991	Liabilities in respect of debt securities in issue	219	9, 19
Fair value hedges				
Loans in EUR	2	Loans and advances to customers	-	8
Security in EUR	30	Securities measured at amortized cost	(4)	10
Security in PLN	-	Securities measured at fair value through other comprehensive income	(5)	12
Portfolio of financial liabilities in PLN	10,751	Amounts due to customers	(407)	17
Portfolio of financial liabilities in EUR	596	Amounts due to customers	(4)	18
Portfolio of financial liabilities in USD	30	Amounts due to customers	-	18
31.12.2024				
Cash flow hedges				
Loans in PLN	60,737	Loans and advances to customers	1,457	2
Loans in EUR	1,688	Loans and advances to customers	1	3; 4
Loans in PLN	10,117	Loans and advances to customers		
Financial liability in USD	2,295	Amounts due to customers	203	19
Fair value volatility hedges				
Loans in EUR	9	Loans and advances to customers	-	8
Security in EUR	30	Securities measured at amortized cost	(4)	10
Security in PLN	-	Securities measured at fair value through other comprehensive income	(10)	12
Portfolio of financial liabilities in PLN	8,051	Amounts due to customers	(202)	17
Portfolio of financial liabilities in EUR	810	Amounts due to customers	(8)	18
Portfolio of financial liabilities in USD	60	Amounts due to customers	-	18

* in a cash flow hedge, the change in fair value of the hedged item reflects the change in value of the hedged item used as the basis for recognising hedge ineffectiveness for the period.

28.2. OTHER DERIVATIVE INSTRUMENTS – FINANCIAL INFORMATION

OTHER DERIVATIVE INSTRUMENTS - BY TYPE	31.12.2025		31.12.2024	
	Assets	Liabilities	Assets	Liabilities
IRS	351	669	144	466
CIRS	10	7	39	20
FX Swap	577	538	687	747
Options	324	584	357	573
Commodity swap ¹	132	124	93	84
FRA	-	-	26	23
Forward	494	282	374	233
Commodity Forward ²	527	496	279	250
Other	-	1	-	-
Total	2,415	2,701	1,999	2,396

¹ The item includes valuation of gas market participation contracts: assets of PLN 41 million (PLN 31 million as at 31 December 2024) – and liabilities of PLN 37 million (PLN 28 million as at 31 December 2024).

² The item includes valuation of contracts for CO₂ emission allowances.

	31.12.2025	31.12.2024
CVA and CDA adjustments	4	2

NOMINAL AMOUNTS OF UNDERLYING INSTRUMENTS (BUY AND SELL TOGETHER) – other derivative instruments

31.12.2025	up to 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	more than 5 years	Total
IRS	10,484	25,228	91,646	259,766	41,642	428,766
Purchase	5,242	12,614	45,823	129,883	20,821	214,383
Sale	5,242	12,614	45,823	129,883	20,821	214,383
CIRS	-	-	-	5,444	8	5,452
Purchase	-	-	-	2,723	4	2,727
Sale	-	-	-	2,721	4	2,725
FX Swap	47,027	15,152	13,346	19,905	-	95,430
Purchase of currencies	23,515	7,586	6,650	9,968	-	47,719
Sale of currencies	23,512	7,566	6,696	9,937	-	47,711
Options	18,718	19,890	39,256	28,662	436	106,962
Purchase	9,293	9,896	19,391	14,166	218	52,964
Sale	9,425	9,994	19,865	14,496	218	53,998
FRA	-	-	30,185	560	-	30,745
Purchase	-	-	16,026	220	-	16,246
Sale	-	-	14,159	340	-	14,499
Forward	7,784	11,702	22,660	9,068	-	51,214
Purchase of currencies	3,898	5,889	11,435	4,519	-	25,741
Sale of currencies	3,886	5,813	11,225	4,549	-	25,473
Other, including commodity swap, commodity forward and futures	854	2,234	4,591	1,086	128	8,893
Purchase	430	1,124	2,329	538	56	4,477
Sale	424	1,110	2,262	548	72	4,416

NOMINAL AMOUNTS OF UNDERLYING INSTRUMENTS (BUY AND SELL TOGETHER) – other derivative instruments						
31.12.2024	up to 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	more than 5 years	Total
IRS	8,224	7,888	63,872	257,970	36,724	374,678
Purchase	4,112	3,944	31,936	128,985	18,362	187,339
Sale	4,112	3,944	31,936	128,985	18,362	187,339
CIRS	550	74	496	7,547	10	8,677
Purchase	282	37	248	3,774	5	4,346
Sale	268	37	248	3,773	5	4,331
FX Swap	43,219	15,077	16,015	14,040	-	88,351
Purchase of currencies	21,557	7,541	7,989	7,042	-	44,129
Sale of currencies	21,662	7,536	8,026	6,998	-	44,222
Options	16,456	28,734	30,837	22,407	-	98,434
Purchase	8,188	14,255	15,157	11,012	-	48,612
Sale	8,268	14,479	15,680	11,395	-	49,822
FRA	-	-	32,850	5,399	-	38,249
Purchase	-	-	16,496	2,685	-	19,181
Sale	-	-	16,354	2,714	-	19,068
Forward	8,488	10,425	21,694	11,645	-	52,252
Purchase of currencies	4,246	5,248	10,930	5,870	-	26,294
Sale of currencies	4,242	5,177	10,764	5,775	-	25,958
Other, including commodity swap, commodity forward and futures	1,008	885	7,120	2,401	19	11,433
Purchase	508	448	3,564	1,182	10	5,712
Sale	500	437	3,556	1,219	9	5,721

29. SECURITIES

SIGNIFICANT ACCOUNTING POLICIES [“GENERAL SIGNIFICANT ACCOUNTING POLICIES FOR FINANCIAL INSTRUMENTS”](#).

FINANCIAL INFORMATION

For more information on credit risk exposures, see Note [“CREDIT RISK – FINANCIAL INFORMATION”](#).

SECURITIES 31.12.2025	held for trading	not held for trading, measured at fair value through profit or loss	measured at fair value through other comprehensive income	measured at amortized cost	Total
Debt securities	309	284	106,512	133,289	240,394
NBP money bills	-	-	11,992	-	11,992
treasury bonds (in PLN)	272	187	74,989	99,461	174,909
treasury bonds (in foreign currencies)	2	41	5,517	1,268	6,828
treasury bills	4	-	1,134	-	1,138
corporate bonds (in PLN) secured with the State Treasury guarantees	6	21	4,688	4,649	9,364
municipal bonds (in PLN)	7	-	4,768	12,214	16,989
corporate bonds (in PLN) ¹	18	35	1,266	4,672	5,991
corporate bonds (in foreign currencies) ²	-	-	2,158	11,025	13,183
Equity securities	42	1,066	-	-	1,108
Total (excluding adjustment relating to hedge accounting)	351	1,350	106,512	133,289	241,502
Adjustment relating to fair value hedge accounting (note “Hedge accounting and other derivative instruments”)	-	-	-	(18)	(18)
Total	351	1,350	106,512	133,271	241,484

¹ The item includes, among other items, bonds of international financial organizations of PLN 2,784 million.

² The item includes, among other items, bonds of international financial organizations of PLN 10,812 million.

SECURITIES 31.12.2024	held for trading	not held for trading, measured at fair value through profit or loss	measured at fair value through other comprehensive income	measured at amortized cost	Total
Debt securities	328	612	98,029	110,561	209,530
NBP money bills	-	-	7,996	-	7,996
treasury bonds (in PLN)	243	109	60,920	73,532	134,804
treasury bonds (in foreign currencies)	1	288	10,725	1,394	12,408
corporate bonds (in PLN) secured with the State Treasury guarantees	24	103	8,426	13,974	22,527
municipal bonds (in PLN)	9	-	5,221	10,399	15,629
corporate bonds (in PLN) ¹	51	112	1,903	3,994	6,060
corporate bonds (in foreign currencies) ²	-	-	2,838	7,268	10,106
Equity securities	36	984	-	-	1,020
Total (excluding adjustment relating to hedge accounting)	364	1,596	98,029	110,561	210,550
Adjustment relating to fair value hedge accounting (note " Hedge accounting and other derivative instruments ")	-	-	-	(19)	(19)
Total	364	1,596	98,029	110,542	210,531

¹ The item includes, among other items, bonds of international financial organizations of PLN 4,013 million

² The item includes, among other items, bonds of international financial organizations of PLN 7,599 million.

	31.12.2025	31.12.2024
allowance not reducing the fair value of securities measured at fair value through other comprehensive income	82	116

SECURITIES BY MATURITY (excluding adjustments relating to hedge accounting)	31.12.2025	31.12.2024
without a stated maturity – equity securities	1,108	1,020
up to 1 month	13,379	12,100
1 to 3 months	4,578	12,418
3 months to 1 year	24,509	27,739
1 to 5 years	144,639	105,482
above 5 years	53,289	51,791
Total	241,502	210,550

30. LOANS AND ADVANCES TO CUSTOMERS

SIGNIFICANT ACCOUNTING POLICIES: "[General significant accounting policies for financial instruments](#)".

The Group adjusts the gross carrying amount of housing loans measured at amortized cost by recognizing the effect of:

- legal risk related to potential litigation for the portfolio of mortgage loans in convertible currencies and existing legal claims related to loan exposures recognized as at the balance sheet date in the statement of financial position (see "[Cost of legal risk of mortgage loans in convertible currencies](#)")
- statutory credit holidays resulting from the amendment to the Act of 12 April 2024 on support for borrowers who have taken out a mortgage loan and are in a difficult financial situation and the Act on the crowdfunding of business ventures and on assistance for borrowers of 7 July 2022. The realized loss on statutory credit holidays, excluding the effect of the settlement to date, amounted to PLN 198 million.

The recognition of finance lease receivables is described in note "[Leases](#)".

ESTIMATES AND JUDGMENTS: [Net expected credit losses](#), [Cost of legal risk of mortgage loans in convertible currencies](#).

FINANCIAL INFORMATION

For information on credit risk exposures, see Note "[CREDIT RISK – FINANCIAL INFORMATION](#)".

LOANS AND ADVANCES TO CUSTOMERS	31.12.2025	31.12.2024
real estate	133,740	123,195
consumer	44,912	36,970
business	86,368	79,003
factoring receivables	6,753	6,534
finance lease receivables	21,638	20,457
Loans and advances to customers (excluding adjustment relating to hedge accounting)	293,411	266,159
Adjustment relating to fair value hedge accounting (note " Hedge accounting and other derivative instruments ")	-	(1)
Total	293,411	266,158

LOANS AND ADVANCES TO CUSTOMERS 31.12.2025	not held for trading, measured at fair value through profit or loss	measured at amortized cost	Total
retail and private banking	1,927	171,394	173,321
real estate	1	128,228	128,229
consumer	1,926	42,986	44,912
finance lease receivables	-	180	180
businesses	7	29,855	29,862
real estate	-	5,053	5,053
business	7	11,895	11,902
factoring receivables	-	111	111
finance lease receivables	-	12,796	12,796
corporate	-	90,228	90,228
real estate	-	458	458
business	-	74,466	74,466
factoring receivables	-	6,642	6,642
finance lease receivables	-	8,662	8,662
Loans and advances to customers (excluding adjustment relating to hedge accounting)	1,934	291,477	293,411
Total	1,934	291,477	293,411

LOANS AND ADVANCES TO CUSTOMERS 31.12.2024	not held for trading, measured at fair value through profit or loss	measured at amortized cost	Total
retail and private banking	2,097	153,064	155,161
real estate	1	118,077	118,078
consumer	2,096	34,874	36,970
finance lease receivables	-	113	113
companies and enterprises	59	28,207	28,266
real estate	-	5,005	5,005
business	59	10,769	10,828
factoring receivables	-	89	89
finance lease receivables	-	12,344	12,344
corporate	15	82,717	82,732
real estate	-	112	112
business	15	68,160	68,175
factoring receivables	-	6,445	6,445
finance lease receivables	-	8,000	8,000
Loans and advances to customers (excluding adjustment relating to hedge accounting)	2,171	263,988	266,159
Adjustment relating to fair value hedge accounting (note " Hedge accounting and other derivative instruments ")	-	(1)	(1)
Total	2,171	263,987	266,158

The Group analyses its portfolio of foreign currency mortgage loans to individuals in a specific manner. The risk of this portfolio is taken into consideration in the capital adequacy and equity management.

HOUSING LOANS AND ADVANCES TO INDIVIDUALS (RETAIL AND PRIVATE BANKING) BY CURRENCY	31.12.2025			31.12.2024		
	gross	impairment loss	net	gross	impairment loss	net
in local currency	128,326	(1,497)	126,829	116,069	(1,541)	114,528
PLN	128,229	(1,471)	126,758	115,927	(1,501)	114,426
UAH	97	(26)	71	142	(40)	102
in foreign currency	1,539	(139)	1,400	3,789	(239)	3,550
CHF	1,026	(100)	926	2,196	(154)	2,042
EUR	494	(36)	458	1,567	(80)	1,487
USD	16	(3)	13	22	(5)	17
OTHER	3	-	3	4	-	4
Total	129,865	(1,636)	128,229	119,858	(1,780)	118,078

LOANS AND ADVANCES TO CUSTOMERS BY MATURITY (excluding adjustments relating to fair value hedge accounting)	31.12.2025	31.12.2024
up to 1 month	14,673	14,105
1 to 3 months	11,941	13,340
3 months to 1 year	42,099	38,056
1 to 5 years	98,383	87,406
above 5 years	126,315	113,252
Total	293,411	266,159

31. AMOUNTS DUE TO BANKS

SIGNIFICANT ACCOUNTING POLICIES: [GENERAL ACCOUNTING POLICIES FOR FINANCIAL INSTRUMENTS.](#)

FINANCIAL INFORMATION

AMOUNTS DUE TO BANKS	31.12.2025	31.12.2024
Measured at fair value through profit or loss	28	4
Liabilities in respect of a short position in securities	28	4
Measured at amortized cost	3,412	2,369
Deposits from banks	1,364	597
Current accounts	2,035	1,758
Other monetary market deposits	13	14
Total	3,440	2,373

AMOUNTS DUE TO BANKS BY MATURITY	31.12.2025	31.12.2024
Measured at fair value through profit or loss up to 1 month	28	4
Measured at amortized cost	3,412	2,369
up to 1 month	3,381	2,369
3 months to 1 year	31	-
Total	3,440	2,373

32. AMOUNTS DUE TO CUSTOMERS

SIGNIFICANT ACCOUNTING POLICIES: [GENERAL ACCOUNTING POLICIES FOR FINANCIAL INSTRUMENTS.](#) Policies concerning "Liabilities in respect of insurance products" see Note "[Insurance business](#)".

FINANCIAL INFORMATION

AMOUNTS DUE TO CUSTOMERS 31.12.2025	Amounts due to households ¹	Amounts due to business entities	Amounts due to public sector	Total
Measured at fair value through profit or loss	224	43	40	307
Liabilities in respect of a short position in securities	1	43	40	84
Liabilities in respect of insurance products	223	-	-	223
Measured at amortized cost	346,066	90,948	22,974	459,988
Cash on current accounts and overnight deposits of which	251,685	70,062	20,866	342,613
savings accounts and other interest-bearing assets	66,841	21,054	14,526	102,421
Term deposits	93,602	20,223	2,037	115,862
Other liabilities	762	663	71	1,496
Liabilities in respect of insurance products	17	-	-	17
Amounts due to customers (excluding adjustment relating to hedge accounting)	346,290	90,991	23,014	460,295
Adjustment relating to fair value hedge accounting (note " Hedge accounting and other derivative instruments ")	427	-	-	427
Total	346,717	90,991	23,014	460,722

¹Households include private individuals, sole proprietors and individual farmers.

AMOUNTS DUE TO CUSTOMERS 31.12.2024	Amounts due to households ¹	Amounts due to business entities	Amounts due to public sector	Total
Measured at fair value through profit or loss	169	31	-	200
Liabilities in respect of a short position in securities	-	31	-	31
Liabilities in respect of insurance products	169	-	-	169
Measured at amortized cost	317,649	80,062	21,630	419,341
Cash on current accounts and overnight deposits of which	229,732	56,570	19,961	306,263
savings accounts and other interest-bearing assets	58,999	14,475	14,134	87,608
Term deposits	87,230	22,799	1,636	111,665
Other liabilities	668	693	33	1,394
Liabilities in respect of insurance products ¹	19	-	-	19
Amounts due to customers (excluding adjustment relating to hedge accounting)	317,818	80,093	21,630	419,541
Adjustment relating to fair value hedge accounting (note "Hedge accounting and other derivative instruments")	237	-	-	237
Total	318,055	80,093	21,630	419,778

¹Households include private individuals, sole proprietors and individual farmers.

AMOUNTS DUE TO CUSTOMERS BY MATURITY (excluding adjustment relating to hedge accounting)	31.12.2025	31.12.2024
Measured at fair value through profit or loss	307	200
up to 1 month	84	31
above 5 years	223	169
Measured at amortized cost	459,988	419,341
up to 1 month	383,284	347,182
1 to 3 months	41,892	35,432
3 months to 1 year	24,259	24,100
1 to 5 years	7,155	6,804
above 5 years	3,398	5,823
Total	460,295	419,541

AMOUNTS DUE TO CUSTOMERS BY SEGMENT	31.12.2025	31.12.2024
Amounts due to customers (excluding adjustment relating to hedge accounting)	460,295	419,541
retail and private banking	314,726	287,779
corporate	89,572	80,498
businesses	55,757	51,076
other liabilities (including liabilities in respect of insurance products)	240	188
Adjustment relating to fair value hedge accounting (note "Hedge accounting and other derivative instruments")	427	237
Total	460,722	419,778

33. FINANCING RECEIVED

SIGNIFICANT ACCOUNTING POLICIES: [GENERAL ACCOUNTING POLICIES FOR FINANCIAL INSTRUMENTS.](#)

FINANCIAL INFORMATION:

FINANCING RECEIVED	31.12.2025	31.12.2024
Loans and advances received from:	1,059	1,268
international financial organisations	1,051	1,258
other financial institutions	8	10
Liabilities in respect of debt securities in issue:	29,580	23,457
mortgage covered bonds issued by PKO Bank Hipoteczny S.A.	7,886	6,705
bonds issued by PKO Bank Hipoteczny S.A.	2,714	2,432
bonds issued by PKO Bank Polski S.A.	16,034	11,999
bonds issued by the PKO Leasing S.A. Group	2,946	2,321
Subordinated liabilities	6,309	4,291
Total	36,948	29,016

FINANCING RECEIVED (in original currency)	31.12.2025		31.12.2024	
	Taking up	Repayments	Taking up/Issues	Repayments
Loans and advances received	-	191	-	192
Liabilities in respect of debt securities in issue:				
mortgage covered bonds issued by PKO Bank Hipoteczny S.A. (PLN)	4,062	2,860	1,192	5,626
bonds issued by PKO Bank Hipoteczny S.A. (PLN)	4,996	4,862	5,156	4,650
bonds issued by PKO Bank Polski S.A.*:				
- in PLN	-	-	1,000	-
- in EUR	1,750	750	1,750	-
bonds issued by the PKO Leasing S.A. Group (PLN)	9,791	9,341	8,212	7,616
Subordinated liabilities (PLN)	2,000	-	1,500	-

*The bonds included in debt securities in issue are classified as eligible liabilities of the Bank within the meaning of Article 97a(1)(2) of the Act of 10 June 2016 on the Bank Guarantee Fund, the deposit guarantee scheme and resolution (MREL requirement).

Type of interest rate	Notional amount	Currency	Period	Carrying amount	
				31.12.2025	31.12.2024
Fixed 5.625%	750	EUR	01.02.2023 - 01.02.2026	-	3,369
6M WIBOR +1.59%	1,000	PLN	28.02.2024 - 28.02.2029	1,021	1,025
Fixed 4.5%	500	EUR	27.03.2024 - 27.03.2028	2,181	2,201
Fixed 4.5%	500	EUR	18.06.2024 - 18.06.2029	2,155	2,175
Fixed 3.875%	750	EUR	12.09.2024 - 12.09.2026	3,202	3,229
Fixed 3.375%	750	EUR	16.01.2025 - 16.06.2028	3,221	-
Fixed 3.625%	500	EUR	30.06.2025 - 30.06.2031	2,144	-
Fixed 3.625%	500	EUR	20.11.2025 - 20.11.2031	2,110	-
Bonds issued by PKO Bank Polski S.A.				16,034	11,999

For details of the issues (new, repaid) carried out by the Group, see section 1.3 "MAIN EVENTS AND FINANCIAL RESULTS IN 2025" of the Directors' Report.

• SUBORDINATED LIABILITIES

Type of interest rate	Notional amount	Currency	Period	Carrying amount	
				31.12.2025	31.12.2024
6M WIBOR +1.55%	1,700	PLN	28.08.2017 - 28.08.2027	1,737	1,743
6M WIBOR +1.50%	1,000	PLN	05.03.2018 - 06.03.2028	1,020	1,024
6M WIBOR +2.20%	1,500	PLN	16.10.2024 - 16.10.2034	1,519	1,524
6M WIBOR +1.75%	2,000	PLN	24.09.2025 - 24.09.2035	2,033	-
Total subordinated bonds				6,309	4,291

The bonds were designated for increasing the Group's supplementary funds (Tier 2) upon the approval of the PFSA.

LOANS AND ADVANCES RECEIVED BY MATURITY	31.12.2025	31.12.2024
up to 1 month	31	341
1 to 3 months	211	-
3 months to 1 year	587	176
1 to 5 years	230	751
Total	1,059	1,268

LIABILITIES IN RESPECT OF DEBT SECURITIES IN ISSUE BY MATURITY	31.12.2025	31.12.2024
up to 1 month	1,482	1,685
1 to 3 months	2,929	1,412
3 months to 1 year	6,210	4,554
1 to 5 years	14,705	15,806
above 5 years	4,254	-
Total	29,580	23,457

PROJECTIONS OF THE DEVELOPMENT OF THE GROUP'S FINANCIAL LIABILITIES 31.12.2025 (non-auditable data)	Projected value	Actual performance	Difference between projection and performance	percentage of total liabilities on the balance sheet* (projection)	percentage of total liabilities on the balance sheet* (performance)
Liabilities in respect of loans and advances	1,595	1,059	(34%)	0.31%	0.21%
Liabilities in respect of debt securities in issue (including subordinated liabilities)	36,607	35,889	(2%)	7.07%	7.05%
Leases	1,095	1,143	4%	0.21%	0.22%
Value of financial liabilities	505,178	508,806	1%	97.62%	96.99%

* Total liabilities of the balance sheet is understood as the sum of liabilities excluding equity.

The difference between the published projections of the development of financial liabilities in respect of loans and advances at the end of 2025 for the Group and the actual performance was 34%. The lower level of financial liabilities was due to the resignation from contracting a loan from the Council of Europe Development Bank (CEB) planned for 2025 due to unfavorable pricing conditions.

OTHER SUPPLEMENTARY NOTES TO THE STATEMENT OF FINANCIAL POSITION AND CONTINGENT LIABILITIES

34. INSURANCE BUSINESS

SIGNIFICANT ACCOUNTING POLICIES:

- **IDENTIFICATION AND AGGREGATION OF INSURANCE CONTRACTS**

The Group identifies insurance contracts within the scope of IFRS 17 by verifying whether the entity accepts a significant insurance risk from the policyholder and undertakes to compensate the policyholder for an adverse effect defined as an uncertain future insurable event.

All insurance products offered by the Group's companies have been classified as insurance contracts and fall within the scope of IFRS 17, with the exception of a portion of policies with UFK (unit-linked insurance) contracts, which are classified as investment agreements and measured in accordance with IFRS 9. The Group recognizes and measures performance guarantees in accordance with IFRS 9.

The division of the portfolio into groups of insurance contracts takes into account:

- Portfolio - based on risk characteristics and portfolio management processes.
- Profitability:
 - for life insurance - assessment at the level of a single contract,
 - for non-life insurance - all contracts are treated as profitable, unless there are facts or circumstances that indicate that they are not profitable (profitability is assessed at the level of the IFRS 17 portfolio, with the possibility of moving the assessment to the level of quarterly or annual cohorts).
- Cohorts - the Group applies quarterly cohorts for life insurance, non-life insurance and reinsurance; it does not apply the exemption from reporting under the requirement for annual cohorts.

The aggregation ensures that profits are recognized in proportion to the services provided, and losses are recognized immediately when a contract gives rise to a burden. It is not allowed to offset gains and losses between groups of contracts, even within a single portfolio. Grouping occurs upon initial recognition and is not reassessed unless:

- the obligation under the contract expires or is discharged or cancelled,
- the terms of the contract are modified (e.g. by agreement of the parties, a change in regulations), resulting in derecognition of the original contract and recognition of a new one.

CONTRACT BOUNDARIES - The Group's contract boundary approach is largely consistent with the principles used for measurement under Solvency II. The exception are unit-linked products, where the guidelines derived from the "KNF Office's Position on the Contract Boundary for the Purpose of Determining Insurance or Reinsurance Liabilities" are used for Solvency II measurement. In contrast, for the needs of IFRS 17, in unit-linked products with regular premiums, the future premium is modelled in accordance with the policyholder's liabilities specified in the general terms and conditions of insurance and in the policy.

VALUATION METHODS - The Group applies **GMM – general measurement model** as the basic measurement model, in which the value of the insurance liability is the sum of:

- the discounted value of the best estimate of future cash flows
- risk adjustment for non-financial risk, RA,
- contractual service margin (CSM).

For direct profit-sharing contracts, the Group uses the **VFA - Variable Fee Approach**, where the measurement of liabilities is similar to the GMM approach with the difference that changes in the CSM also include the impact of economic factors, not just insurance factors.

BEST ESTIMATE OF FUTURE CASH FLOWS - The estimate is updated upon each calculation, taking into account available historical data and expert assessments. Assumptions (e.g. loss ratios, mortality rates, lapse rates) are determined on the basis of an analysis of historical data and expected changes in the future (e.g. tariff modification, economic situation). The Group does not have products with discretionary profit-sharing.

DISCOUNTING - The Group uses discount rate curves determined under the bottom-up approach, based on smooth risk-free rate curves. Base curves are set based on rates published by EIOPA (European Insurance and Occupational Pensions Authority). As part of the simplification, no illiquidity premium is applied.

ADJUSTMENT FOR NON-FINANCIAL RISK (RA) - The Group includes an adjustment for non-financial risks in the measurement of insurance contracts. Due to the different risk characteristics for the portfolio of life and non-life insurance and for liabilities in respect of claims and remaining coverage, the adjustment is estimated independently for these portfolios and liabilities. At the entity level, the RA adjustment is the sum of adjustments determined for groups of contracts or business lines (**bottom-up** approach), taking into account diversification when assessing materiality. For reinsurance contracts, the adjustment is determined both gross and net of reinsurance, and the amount of risk transferred to the reinsurer is the difference between these values. Changes in the RA adjustment are recognized in their entirety in the net income from insurance business, without disaggregation into an insurance service component and an insurance finance component.

CONTRACTUAL SERVICE MARGIN (CSM) The contractual service margin is part of the liabilities (or assets) under insurance and reinsurance contracts. It reflects the outstanding profit for a group of contracts and is released in subsequent periods as income in the income statement.

The pattern of coverage units provided was established on the basis of:

- sums insured - for life insurance,
- premiums earned (pro rata) - for non-life insurance.

At the end of the reporting period, the value of the CSM for a group of contracts (without participation features) = the initial value adjusted for: new contracts added to the group, interest accreted at the rates from initial recognition, changes in cash flows relating to future services (except for situations causing a loss or allocated to the loss component), foreign exchange differences, the amount of insurance revenue allocated to services provided in the current period.

Changes in expected cash flows relating to a past or current service do not modify the CSM – they are recognized immediately in the income statement.

INSURANCE FINANCE INCOME AND EXPENSES - The Group exercised the option to disaggregate the finance income and costs of its insurance operations into the portions recognized in the income statement and in other comprehensive income for all IFRS 17 portfolios, except for contract portfolios with direct profit sharing. In the unit-linked insurance portfolio there is an investment component that cannot be distinguished. It is excluded from insurance revenue and insurance service expenses and determined as the hypothetical surrender value (including the value of the life benefit) specified in the terms of the contract.

OUTWARD REINSURANCE CONTRACTS - The Group values all outward reinsurance contracts using the general GMM model, analogously to the insurance portfolio. Key difference: the inability to recognize a loss component, while a negative contractual service margin is allowed.

NET INCOME FROM INSURANCE BUSINESS

- **INSURANCE REVENUE** includes only gross business and consists of:
 - amortization of the contractual service margin,
 - adjustment for non-financial risk (additional security add-on),
 - anticipated claims and costs (the portion of the premium allocated to the payment of claims and benefits and costs),
 - acquisition costs (the portion of the premium allocated to acquisition costs),
 - other, e.g. experience-related adjustments (discrepancies between the expected premium and the premium actually earned).
- **COSTS OF INSURANCE ACTIVITIES** include only gross business and consist of:
 - incurred claims and costs incurred during the period (claims are reported regardless of whether they have been paid or remain in the loss reserve).

- incurred acquisition costs corresponding to the costs of obtaining insurance contracts; their impact on the result is included in the amortization of the contractual service margin.
- changes related to future service – losses recognized as a one-off in the income statement when a group of contracts is onerous (e.g. expected premiums < expected claims); gains are deferred through the amortization of the contractual service margin.
- changes related to past service (result on the loss reserve) – the difference between the estimate of the loss reserve at the beginning of the period and its realization in a given period.
- **INVESTMENT COMPONENTS EXCLUDED FROM INSURANCE REVENUE AND INSURANCE SERVICE EXPENSES (NET OF REINSURANCE)** - includes changes resulting from the discounting of reserves and, in the case of contracts with direct participation features, the net investment income on the underlying assets.
- **NET INCOME FROM REINSURANCE BUSINESS** – reflects the net income from outward reinsurance
- **CHANGE IN FAIR VALUE OF UNDERLYING ASSETS FOR CONTRACTS WITH DIRECT PARTICIPATION FEATURES** – includes the result on units in investment funds and investment certificates related to contracts with direct participation features.

FINANCIAL INFORMATION:

NET INCOME FROM INSURANCE BUSINESS AND FINANCE INCOME AND COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME FROM INSURANCE BUSINESS	2025	2024
Insurance revenue	1,531	1,451
Change in liability for remaining coverage (LRC)	1,450	1,390
The amount of the contractual service margin recognised in profit or loss because of the transfer of insurance contract services in the period (amortisation of contractual margin)	673	726
Change in risk adjustment for non-financial risk	61	56
Anticipated claims and other insurance service costs during the period	721	611
other amounts, for example, experience adjustments for premium receipts other than those that relate to future service	(5)	(3)
Allocation of the portion of the premiums that relate to the recovery of insurance acquisition cash flows	81	61
Costs of insurance activities	(764)	(629)
Incurred claims (excluding investment components) and other incurred insurance service expenses	(700)	(576)
Amortisation of insurance acquisition cash flows	(82)	(61)
Changes that relate to future service, i.e. losses on onerous groups of contracts and reversals of such losses	(7)	(14)
Changes that relate to past service, i.e. changes in fulfilment cash flows relating to the liability for incurred claims	25	22
Investment components excluded from insurance revenue and insurance service expenses	(184)	(147)
Insurance finance income and expenses recognised in the income statement	(184)	(147)
Change in fair value of underlying items for contracts with direct participation features	(102)	(31)
Interest accrued (discount)	(82)	(116)
Net income from reinsurance business, of which:	(69)	(37)
Interest accrued	3	3
Change in fair value of underlying assets for contracts with direct profit sharing	102	31
Net income from insurance business (Income statement)	616	669
Finance income and costs from insurance business recognized in other comprehensive income¹	-	2
Changes in the period recognised in the income statement and in other comprehensive income	616	671

¹ Finance income and expenses recognised in other comprehensive income reflect the impact of changes in interest rates and other financial assumptions

CHANGE IN LIABILITIES IN RESPECT OF INSURANCE ACTIVITIES IN 2025	Liability for remaining coverage (LRC)		Liability for incurred claims (LIC)	Total
	excluding the loss component	loss component		
Opening balance, net - 1 January 2025	2,194	20	235	2,449
Insurance revenue	(1,531)	-	-	(1,531)
Costs of insurance activities	82	(7)	689	764
incurred claims and other incurred insurance service expenses	-	(14)	714	700
amortisation of insurance acquisition cash flows	82	-	-	82
losses on onerous groups of contracts and reversals of such losses	-	7	-	7
changes in fulfilment cash flows relating to the liability for incurred claims	-	-	(25)	(25)
Investment components excluded from insurance revenue and insurance service expenses	101	2	81	184
Net income from insurance business (Income statement)	(1,348)	(5)	770	(583)
Insurance finance income or expenses recognised in other comprehensive income (gross)	(1)	-	2	1
Changes in the period recognized in the income statement and in other comprehensive income, total	(1,349)	(5)	772	(582)
premiums received for insurance contracts issued	755	-	-	755
incurred claims paid and other insurance service expenses paid for insurance contracts issued	-	-	(722)	(722)
insurance acquisition cash flows	(73)	-	-	(73)
Total cash flows	682	-	(722)	(40)
Closing balance, net - 31 December 2025	1,527	15	285	1,827

CHANGE IN ASSETS IN RESPECT OF INSURANCE ACTIVITIES (REINSURANCE) IN 2025	Assets on account of reinsurance (for remaining coverage, LRC)		Assets for losses incurred (LIC)	Total
	excluding the loss component	loss component		
Opening balance, net - 1 January 2025	59	-	46	105
Allocation of reinsurance premiums paid	(159)	-	-	(159)
Amounts recoverable from reinsurers	1	-	85	86
Investment components excluded from insurance revenue and insurance service expenses	3	-	1	4
Net income from insurance business (Income statement)	(155)	-	86	(69)
Insurance finance income or expenses recognised in other comprehensive income (gross)	1	-	-	1
Changes in the period recognized in the income statement and in other comprehensive income, total	(154)	-	86	(68)
premiums received for reinsurance contracts held	134	-	-	134
amounts received	-	-	(83)	(83)
Total cash flows	134	-	(83)	51
Closing balance, net - 31 December 2025	39	-	49	88

CHANGE IN LIABILITIES IN RESPECT OF INSURANCE ACTIVITIES IN 2024	Liability for remaining coverage (LRC)		Liability for incurred claims (LIC)	Total
	excluding the loss component	loss component		
Opening balance, net - 1 January 2024	2,706	19	190	2,915
Insurance revenue	(1,451)	-	-	(1,451)
Costs of insurance activities	60	-	569	629
incurred claims and other incurred insurance service expenses	-	(15)	591	576
amortisation of insurance acquisition cash flows	61	-	-	61
losses on onerous groups of contracts and reversals of such losses	(1)	15	-	14
changes in fulfilment cash flows relating to the liability for incurred claims	-	-	(22)	(22)
Investment components excluded from insurance revenue and insurance service expenses	48	1	98	147
Net income from insurance business (Income statement)	(1,343)	1	667	(675)
Insurance finance income or expenses recognised in other comprehensive income (gross)	(2)	-	-	(2)
Changes in the period recognized in the income statement and in other comprehensive income, total	(1,345)	1	667	(677)
premiums received for insurance contracts issued	917	-	-	917
incurred claims paid and other insurance service expenses paid for insurance contracts issued	-	-	(622)	(622)
insurance acquisition cash flows	(84)	-	-	(84)
Total cash flows	833	-	(622)	211
Closing balance, net - 31 December 2024	2,194	20	235	2,449

CHANGE IN ASSETS IN RESPECT OF INSURANCE ACTIVITIES (REINSURANCE) IN 2024	Assets on account of reinsurance (for remaining coverage, LRC)		Assets for losses incurred (LIC)	Total
	excluding the loss component	loss component		
Opening balance, net - 1 January 2024	59	-	31	90
Allocation of reinsurance premiums paid	(133)	-	-	(133)
Amounts recoverable from reinsurers	1	-	92	93
Investment components excluded from insurance revenue and insurance service expenses	3	-	-	3
Net income from insurance business (Income statement)	(129)	-	92	(37)
Changes in the period recognized in the income statement and in other comprehensive income, total	(129)	-	92	(37)
premiums received for reinsurance contracts held	129	-	-	129
amounts received	-	-	(77)	(77)
Total cash flows	129	-	(77)	52
Closing balance, net - 31 December 2024	59	-	46	105

CHANGE IN LIABILITIES IN RESPECT OF INSURANCE ACTIVITIES IN 2025	Estimates of present value of future cash flows	Non-financial risk adjustment	Contract margin	Total
Opening balance, net - 1 January 2025	1,551	87	811	2,449
Changes that relate to current service	(18)	(46)	(687)	(751)
change in contractual service margin	-	-	(673)	(673)
change in risk adjustment for non-financial risk	-	(61)	-	(61)
experience adjustments	(18)	15	(14)	(17)
Changes that relate to future service	(696)	75	630	9
changes in estimates that adjust the contractual service margin	206	(13)	(193)	-
losses on onerous groups of contracts and reversals of such losses	(1)	(1)	-	(2)
the effects of contracts initially recognised in the period	(901)	89	823	11
Changes that relate to past service, i.e. changes in fulfilment cash flows relating to incurred claims	(13)	(12)	-	(25)
Insurance finance income and expenses recognised in the income statement	125	-	59	184
Net income from insurance business (Income statement)	(602)	17	2	(583)
Insurance finance income or expenses recognised in other comprehensive income (gross)	1	-	-	1
Changes in the period recognized in the income statement and in other comprehensive income, total	(601)	17	2	(582)
Cash flows	(40)	-	-	(40)
Closing balance, net - 31 December 2025	910	104	813	1,827

CHANGE IN LIABILITIES IN RESPECT OF INSURANCE ACTIVITIES (NET OF REINSURANCE) DURING THE 12 MONTHS ENDED 31 DECEMBER 2024	Estimates of present value of future cash flows	Non-financial risk adjustment	Contract margin	Total
Opening balance, net - 1 January 2024	1,678	81	1,156	2,915
Changes that relate to current service	136	(44)	(906)	(814)
change in contractual service margin	-	-	(725)	(725)
change in risk adjustment for non-financial risk	-	(56)	-	(56)
experience adjustments	136	12	(181)	(33)
Changes that relate to future service	(528)	56	486	14
changes in estimates that adjust the contractual service margin	260	(4)	(256)	-
losses on onerous groups of contracts and reversals of such losses	-	1	-	1
the effects of contracts initially recognised in the period	(788)	59	742	13
Changes that relate to past service, i.e. changes in fulfilment cash flows relating to incurred claims	(16)	(6)	-	(22)
Insurance finance income and expenses recognised in the income statement	72	-	75	147
Net income from insurance business (Income statement)	(336)	6	(345)	(675)
Insurance finance income or expenses recognised in other comprehensive income (gross)	(2)	-	-	(2)
Changes in the period recognized in the income statement and in other comprehensive income, total	(338)	6	(345)	(677)
Cash flows	211	-	-	211
Closing balance, net - 31 December 2024	1,551	87	811	2,449

CONTRACT MARGIN TO BE RECOGNISED IN THE INCOME STATEMENT	<1 year	1-2 years	2-3 years	3-4 years	4-5 years	5-10 years	above 10 years	Total
31.12.2025								
Insurance contracts	426	170	109	67	25	8	8	813
Reinsurance contracts	20	5	4	2	1	2	-	34
31.12.2024								
Insurance contracts	196	330	146	85	37	11	6	811
Reinsurance contracts	6	12	4	3	2	1	1	29

35. INTANGIBLE ASSETS

SIGNIFICANT ACCOUNTING POLICIES:

SOFTWARE - Acquired software licenses are recognized in the amount of costs of purchase and preparation for use, less accumulated amortization and impairment losses.

The Group uses cloud-based software. The Group assesses whether it has real control over the asset, including:

- the right to take ownership of the software without incurring significant costs,
- the ability to use it independently without loss of usefulness,
- the possibility of running it on own hardware or with another supplier.

Based on these criteria, a portion of the software is classified as intangible assets, and a part as a service (costs recognized in operating expenses).

GOODWILL - Goodwill arising on the acquisition of subsidiaries is presented under "[Intangible assets](#)", and that arising on the acquisition of associates and joint ventures - under "[Investments in associates and joint ventures](#)". The impairment test is carried out at least once a year.

OTHER INTANGIBLE ASSETS - are recognized at the cost of purchase or manufacture, less accumulated amortization and impairment losses.

DEVELOPMENT COSTS - are classified as intangible assets if the following conditions are met: the possibility and intention to complete and use the asset, the availability of technical and financial resources, and the ability to reliably measure the expenditure incurred during development. The Group recognizes the value of in-house development work if it can be used in the Group's operations.

RELATED NOTES:

- Useful lives - note "[Administrative expenses](#)";
- Impairment losses - note "[Net impairment losses on non-financial assets](#)"

FINANCIAL INFORMATION

INTANGIBLE ASSETS 2025	Software	Goodwill	Future profit on concluded insurance contracts	Customer relations	Other, including capital expenditure	of which: software	Total
Gross carrying amount at the beginning of the period	8,163	1,407	45	7	782	655	10,404
Purchase	56	-	-	-	814	814	870
Transfers from capital expenditure	811	-	-	-	(811)	(811)	-
Scrapping and sale	(31)	-	-	-	(1)	-	(32)
Other	(110)	-	-	-	86	85	(24)
Gross carrying amount at the end of the period	8,889	1,407	45	7	870	743	11,218
Accumulated amortization as at the beginning of the period	(5,720)	-	(45)	(7)	(96)	(1)	(5,868)
Amortization charge for the period	(687)	-	-	-	(4)	-	(691)
Scrapping and sale	33	-	-	-	1	-	34
Other	(8)	-	-	-	1	1	(7)
Accumulated amortization as at the end of the period	(6,382)	-	(45)	(7)	(98)	-	(6,532)
Impairment losses as at the beginning of the period	(19)	(354)	-	-	(10)	-	(383)
Recognized during the period	(104)	-	-	-	(15)	(15)	(119)
Other	(1)	-	-	-	(1)	-	(2)
Impairment losses as at the end of the period	(122)	(354)	-	-	(26)	(15)	(502)
Carrying amount as at the beginning of the period, net	2,424	1,053	-	-	676	654	4,153
Carrying amount as at the end of the period, net	2,385	1,053	-	-	746	728	4,184

INTANGIBLE ASSETS 2024	Software	Goodwill	Future profit on concluded insurance contracts	Customer relations	Other, including capital expenditure	of which: software	Total
Gross carrying amount at the beginning of the period	7,366	1,407	45	94	803	670	9,715
Purchase	59	-	-	-	767	766	826
Transfers from capital expenditure	830	-	-	-	(830)	(830)	-
Scrapping and sale	(114)	-	-	(86)	(10)	(1)	(210)
Other	22	-	-	(1)	52	50	73
Gross carrying amount at the end of the period	8,163	1,407	45	7	782	655	10,404
Accumulated amortization as at the beginning of the period	(5,179)	-	(45)	(92)	(99)	-	(5,415)
Amortization charge for the period	(640)	-	-	(1)	(4)	-	(645)
Scrapping and sale	111	-	-	86	8	-	205
Other	(12)	-	-	-	(1)	(1)	(13)
Accumulated amortization as at the end of the period	(5,720)	-	(45)	(7)	(96)	(1)	(5,868)
Impairment losses as at the beginning of the period	(18)	(354)	-	-	(10)	-	(382)
Other	(1)	-	-	-	-	-	(1)
Impairment losses as at the end of the period	(19)	(354)	-	-	(10)	-	(383)
Carrying amount as at the beginning of the period, net	2,169	1,053	-	2	694	670	3,918
Carrying amount as at the end of the period, net	2,424	1,053	-	-	676	654	4,153

Expenditure on the Integrated Information System (IIS) is a significant item of intangible assets for the Bank. Total capital expenditure incurred on the IIS in 2007–2025 amounted to PLN 1,417 million (of which PLN 1,345 million in 2007–2024). The net carrying amount of the IIS as at 31 December 2025 was PLN 464 million (PLN 657 million as at 31 December 2024). The expected useful life of the system is 25 years, and as at the end of 2025 its remaining useful life is 6 years.

- **GOODWILL**

Net goodwill	31.12.2025	31.12.2024
Nordea Bank Polska S.A.	747	747
PKO Życie Towarzystwo Ubezpieczeń S.A.	91	91
Raiffeisen - Leasing Polska SA and its subsidiaries (PKO Leasing S.A.)	57	57
PKO Towarzystwo Funduszy Inwestycyjnych S.A.	150	150
Assets taken over from CFP sp. z o.o.	8	8
Total	1,053	1,053

IMPAIRMENT TEST – METHOD

NORDEA BANK POLSKA S.A.

At the time of the acquisition, two cash-generating units ("CGUs") were distinguished to which the goodwill arising from the acquisition of Nordea Bank Polska S.A. was allocated – retail and corporate CGUs, corresponding to the operating segments.

The Bank recognized an impairment loss on the goodwill attributable to the corporate CGU of PLN 117 million on 30 June 2020.

Goodwill of Nordea Bank Polska S.A. of PLN 747 million belongs to the retail segment.

The impairment test is performed by comparing the carrying amount of the CGUs with their recoverable amount. The residual value of a retail CGU has been calculated by extrapolating the cash flow projections beyond the projection period using the growth rate adopted at a level of 2.5%. Cash flow projections used in the impairment test covered a period of 10 years and are based on the assumptions included in the financial plan of the Bank for 2026. A discount rate of 10.75%, taking into account the risk-free rate and risk premium, was used for the discounting of the future cash flows.

The impairment test of the goodwill arising from the acquisition of Nordea Bank Polska S.A. assigned to the retail CGU carried out as at 31 December 2025 did not indicate any impairment.

PKO TOWARZYSTWO FUNDUSZY INWESTYCYJNYCH S.A.

The test was carried out using the discounted dividend method, based on the three-year financial forecast prepared by the company, taking into account the residual value. No impairment of goodwill was identified.

PKO ŻYCIE TOWARZYSTWO UBEZPIECZEŃ S.A.

The test was based on the present value of expected cash flows for the Bank, taking into account the residual value. Cash flow projections covered 5 years and were based on the company's financial forecast. No impairment of goodwill was identified.

RAIFFEISEN - LEASING POLSKA S.A. AND ITS SUBSIDIARIES (PKO LEASING S.A.)

The goodwill from the acquisition was allocated to the separate portion of the assets of the PKO Leasing S.A. Group, comprising the assets of the acquired Raiffeisen-Leasing Polska S.A. Group. The test was carried out using the discounted dividend method, based on the five-year financial forecast prepared by the company, taking into account the residual value. No impairment of goodwill was identified.

Additional information on impairment tests. In the performed tests (except for Nordea Bank Polska S.A.), a discount rate of 11.6908% was used to discount future cash flows. This rate takes into account:

- the risk-free rate, equal to the yield of 10-year treasury bonds as at the date of valuation,

- the market risk premium,
- and the risk ratio determined for projects of PKO Bank Polski S.A.

The valuation methods and forecast periods were adapted to the specific features of activities of the assets or companies being valued.

36. PROPERTY, PLANT AND EQUIPMENT

SIGNIFICANT ACCOUNTING POLICIES:

PROPERTY, PLANT AND EQUIPMENT - are measured at the cost of purchase or manufacture, less accumulated depreciation and impairment losses. Property, plant and equipment comprises controlled fixed assets and capital expenditure for their construction. Fixed assets include items with a useful life of more than one year, which are used for own purposes or handed over to other entities for use under a lease agreement.

CAPITAL EXPENDITURE - The carrying amount of property, plant and equipment is increased by additional capital expenditure incurred during their use, provided that they satisfy the criteria for recognition as a fixed asset.

Right-of-use assets are presented in the same items in which the underlying assets would be presented, if they were owned by the Group (Note "[Leases](#)").

RELATED NOTES:

- Useful lives - note "[Administrative expenses](#)";
- Impairment losses - note "[Net impairment losses on non-financial assets](#)"

FINANCIAL INFORMATION

PROPERTY, PLANT AND EQUIPMENT 2025	Land and buildings	Machinery and equipment, including computer hardware	Fixed assets under construction	Other, including vehicles	Total
Gross carrying amount at the beginning of the period	4,761	1,942	322	1,037	8,062
Purchase, including modifications	234	25	417	38	714
Transfers from capital expenditure	216	147	(445)	82	-
Scrapping and sale	(33)	(96)	-	(71)	(200)
Other	(34)	(16)	(5)	(11)	(66)
Gross carrying amount at the end of the period	5,144	2,002	289	1,075	8,510
Accumulated depreciation as at the beginning of the period	(2,537)	(1,508)	-	(557)	(4,602)
Depreciation charge for the period	(327)	(152)	-	(68)	(547)
Scrapping and sale	28	95	-	62	185
Other	23	9	-	5	37
Accumulated depreciation as at the end of the period	(2,813)	(1,556)	-	(558)	(4,927)
Impairment losses as at the beginning of the period	(135)	(5)	-	-	(140)
Recognized during the period	(28)	-	-	-	(28)
Reversed during the period	1	-	-	-	1
Other	13	-	-	-	13
Impairment losses as at the end of the period	(149)	(5)	-	-	(154)
Carrying amount as at the beginning of the period, net	2,089	429	322	480	3,320
Carrying amount as at the end of the period, net	2,182	441	289	517	3,429

PROPERTY, PLANT AND EQUIPMENT 2024	Land and buildings	Machinery and equipment, including computer hardware	Fixed assets under construction	Other, including vehicles	Total
Gross carrying amount at the beginning of the period	4,486	1,908	285	958	7,637
Purchase, including modifications	318	15	340	68	741
Transfers from capital expenditure	55	147	(296)	94	-
Scrapping and sale	(35)	(116)	-	(60)	(211)
Other	(63)	(12)	(7)	(23)	(105)
Gross carrying amount at the end of the period	4,761	1,942	322	1,037	8,062
Accumulated depreciation as at the beginning of the period	(2,271)	(1,474)	-	(554)	(4,299)
Depreciation charge for the period	(328)	(158)	-	(60)	(546)
Scrapping and sale	25	115	-	50	190
Other	37	9	-	7	53
Accumulated depreciation as at the end of the period	(2,537)	(1,508)	-	(557)	(4,602)
Impairment losses as at the beginning of the period	(127)	(4)	(3)	(1)	(135)
Recognized during the period	(17)	(1)	-	-	(18)
Other	9	-	3	1	13
Impairment losses as at the end of the period	(135)	(5)	-	-	(140)
Carrying amount as at the beginning of the period, net	2,088	430	282	403	3,203
Carrying amount as at the end of the period, net	2,089	429	322	480	3,320

37. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

37.1. JOINT VENTURES

FINANCIAL INFORMATION

JOINT VENTURES	31.12.2025	31.12.2024
"Centrum Obsługi Biznesu" sp. z o.o.	-	-
Acquisition price	17	17
Change in net investment	(17)	(17)
Centrum Elektronicznych Usług Płatniczych eService sp. z o.o. Group	316	287
Value of shares as at the date of obtaining joint control	197	197
Change in net investment	119	154
Dividend	(41)	(64)
Operator Chmury Krajowej sp. z o.o.	9	4
Value of shares as at the date of obtaining joint control	61	61
Change in net investment	(52)	(57)
BSafer sp. z o.o.	-	-
Acquisition price	1	1
Impairment loss	(1)	(1)
Total	325	291

CHANGE IN INVESTMENTS IN JOINT VENTURES	2025	2024
Investments in joint ventures as at the beginning of the period	291	284
Share in profits and losses	74	72
Dividend	(41)	(64)
Other	1	(1)
Investments in joint ventures as at the end of the period	325	291

SELECTED INFORMATION ON JOINT VENTURES

Data source: financial statements of the entities. In the case of companies which have subsidiaries, the presented data is derived from the consolidated financial statements of these companies. The data for 2024 is derived from audited financial statements.

Centrum Elektronicznych Usług Płatniczych eService sp. z o.o. (in accordance with IFRS)	31.12.2025	31.12.2024
Current assets	571	488
Non-current assets	139	159
Current liabilities	240	257
Non-current liabilities	17	21
	2025	2024
Revenue	673	673
Profit/(loss) for the period	204	216
Other comprehensive income	4	2
Total comprehensive income	208	218
Dividends received from the company	41	64

"Centrum Obsługi Biznesu" sp. z o.o. (in accordance with Polish Accounting Standards)	31.12.2025	31.12.2024
Current assets	10	12
Non-current assets	68	70
Current liabilities	30	33
Non-current liabilities	52	53
	2025	2024
Revenue	38	37
Profit/(loss) for the period	1	(1)

Operator Chmury Krajowej sp. z o.o. (in accordance with Polish Accounting Standards)	31.12.2025	31.12.2024
Current assets	243	190
Non-current assets	77	103
Current liabilities	217	192
Non-current liabilities	69	76
	2025	2024
Revenue	599	474
Profit/(loss) for the period	10	1

In 2025 and 2024, the Group did not recognize any additional impairment losses on goodwill and investments in joint ventures.

37.2. ASSOCIATES

FINANCIAL INFORMATION

ASSOCIATES	31.12.2025	31.12.2024
Bank Pocztowy S.A.	-	-
Acquisition price	184	184
Change in net investment	222	157
Impairment loss	(406)	(341)
"Poznański Fundusz Poręczeń Kredytowych" sp. z o.o.	-	-
Acquisition price	2	2
Change in net investment	6	6
Impairment loss	(8)	(8)
Total	-	-

CHANGE IN INVESTMENTS IN ASSOCIATES	2025	2024
Share in profits and losses	50	51
Net impairment loss	(64)	(74)
Share in the change in other comprehensive income	14	23
Value of investments in associates at the end of the period	-	-

As at 31 December 2025 and 2024, the parent entity did not have any share in contingent liabilities of associates acquired together with another investor.

SELECTED INFORMATION ON ASSOCIATES

Source data: financial statements. In the case of companies which have subsidiaries, the presented data is derived from the consolidated financial statements of these companies. The data for 2024 is derived from audited financial statements.

Bank Pocztowy S.A. (figures as published by the company in accordance with IFRS)	31.12.2025	31.12.2024
Total assets	11,399	10,028
Total liabilities	10,089	8,982
	2025	2024
Revenue	718	679
Profit/(loss) for the period	206	181
Other comprehensive income	59	48
Total comprehensive income	265	230

"Poznański Fundusz Poręczeń Kredytowych" sp. z o.o. (in accordance with Polish Accounting Standards)	31.12.2025	31.12.2024
Current assets	17	25
Non-current assets	15	10
Current liabilities	4	5
Non-current liabilities	4	7
	2025	2024
Revenue	3	4
Profit/(loss) for the period	1	2

38. OTHER ASSETS

SIGNIFICANT ACCOUNTING POLICIES: [GENERAL ACCOUNTING POLICIES FOR FINANCIAL INSTRUMENTS](#)

OTHER FINANCIAL ASSETS - are measured at amounts due, comprising also potential interest, taking into consideration allowances for expected credit losses. **OTHER NON-FINANCIAL ASSETS** - are measured in accordance with the policies applicable to specific categories of assets recognized in this item. **INVENTORIES** - are measured at the lower of cost and net realizable value.

FINANCIAL INFORMATION

Information on other financial assets in terms of credit risk exposure - note „[CREDIT RISK – FINANCIAL INFORMATION](#)”.

OTHER ASSETS	31.12.2025	31.12.2024
Other financial assets	2,107	2,482
Settlements in respect of card transactions	1,372	1,533
Settlement of financial instruments	51	178
Receivables in respect of cash settlements	368	395
Receivables and settlements in respect of trading in securities	13	9
Sale of foreign currencies	-	93
Trade receivables	242	238
Other	61	36
Other non-financial assets	1,470	865
Inventories	212	214
Assets for sale	208	165
Prepayments and deferred costs	160	166
VAT receivable	60	41
Receivables from customers for whom the mortgage loan agreements in convertible currencies have been legally declared invalid in respect of the principal originally disbursed to these customers	672	129
Other	158	150
Total	3,577	3,347

OTHER FINANCIAL ASSETS	31.12.2025	31.12.2024
current	2,105	2,482
long-term	2	-
Total	2,107	2,482

OTHER NON-FINANCIAL ASSETS	31.12.2025	31.12.2024
Gross carrying amount	2,597	1,568
Odписy ¹	(1,127)	(703)
Net carrying amount	1,470	865

¹ In 2025, the Group recognized impairment losses on other non-financial assets of PLN 284 million (in 2024: PLN 326 million) relating to receivables from customers for whom the mortgage loan agreements in convertible currencies have been legally declared invalid in respect of the principal originally disbursed to these customers (see Note "[Net impairment of non-financial assets](#)").

39. OTHER LIABILITIES

SIGNIFICANT ACCOUNTING POLICIES: [GENERAL SIGNIFICANT ACCOUNTING POLICIES FOR FINANCIAL INSTRUMENTS](#)

OTHER FINANCIAL LIABILITIES - are measured at amounts due which cover potential interest. Provisions for future payments are determined at a reliably estimated amount necessary to meet the present obligation as at the end of the reporting period.

OTHER NON-FINANCIAL LIABILITIES are measured in accordance with the measurement policies applicable to particular categories of liabilities recognized in this item. The provision for accrued holiday entitlements is recognized at the amount of expected outflows of funds, excluding discounting, based on the outstanding holiday days to be utilized by the Group's employees and the average monthly salary (Note "[Administrative expenses](#)").

FINANCIAL INFORMATION

OTHER LIABILITIES	31.12.2025	31.12.2024
Other financial liabilities	4,213	4,227
Costs to be paid	367	411
Interbank settlements	535	520
Liabilities arising from investing activities and internal operations	272	249
Amounts due to suppliers	290	310
Liabilities and settlements in respect of trading in securities	532	506
Settlement of financial instruments	15	22
Liabilities in respect of foreign exchange activities	743	746
Liabilities in respect of payment cards	297	305
Lease liabilities	1,143	1,145
Other	19	13
Other non-financial liabilities	5,090	3,961
Deferred income	679	701
Liability in respect of tax on certain financial institutions	120	111
Liabilities in respect of a contribution to the BGF maintained in the form of payment obligations*	1,089	929
to the Resolution Fund	639	543
to the Bank Guarantee Fund	450	386
Liabilities under the public law	718	596
Commitments relating to the reimbursement of principal and interest instalments paid by customers on invalidated mortgage loan agreements in convertible currencies	931	396
Provision for accrued holiday entitlements	172	146
Provision for other employee benefits	862	585
Other	519	497
Total	9,303	8,188

*Note "[Assets pledged to secure liabilities and financial assets transferred](#)".

OTHER FINANCIAL LIABILITIES (Carrying amount)	31.12.2025	31.12.2024
current	3,326	3,333
long-term	887	894
Total	4,213	4,227

40. PROVISIONS

SIGNIFICANT ACCOUNTING POLICIES:

- PROVISIONS FOR FINANCIAL LIABILITIES AND GUARANTEES GRANTED

The provision is established at the amount of expected credit losses (Note "[Net allowances for expected credit losses](#)").

In the portfolio analysis, portfolio parameters estimated using statistical methods are used, based on historical data for exposures with the same characteristics. These parameters define:

- the probability of evidence of impairment,
- the average utilization of an off-balance sheet liability,

- and the expected loss in the event of impairment in subsequent months from the reporting date to the calculation horizon.

For individually significant exposures, the provision is determined on an individual basis - as the difference between the expected amount of the balance sheet credit exposure which will arise from the granted off-balance sheet liability at the time of impairment, and the present value of expected future cash flows from this exposure.

- **PROVISIONS FOR LEGAL CLAIMS, EXCLUDING LEGAL CLAIMS RELATING TO MORTGAGE LOANS IN CONVERTIBLE CURRENCIES**

Provisions include legal claims with counterparties, customers and external institutions (e.g. UOKiK), which are created based on an evaluation of the probability of a court case being lost by the Group and the expected amount of payment (legal claims Note "[Legal claims](#)"). Provisions are recognized in the amount of expected outflow of economic benefits.

- **PROVISIONS FOR POTENTIAL LEGAL CLAIMS AGAINST THE BANK RELATING TO MORTGAGE LOANS IN CONVERTIBLE CURRENCIES**
- Note "[Cost of legal risk of mortgage loans in convertible currencies](#)".
- **PROVISION FOR RETIREMENT BENEFITS AND OTHER DEFINED POST-EMPLOYMENT BENEFITS**

The provision for retirement and disability benefits resulting from the Labor Code is recognized individually for each employee on the basis of an actuarial valuation. The basis for determining the value of provisions are the Group's internal regulations. The Group recognizes these provisions in accordance with IAS 19 as a defined benefit plan.

Valuation of provisions is performed using actuarial techniques and assumptions. It takes into account all severance payments that may be paid in the future, based on a list of employees containing the data necessary for the calculation (length of service, age, gender). The provisions correspond to discounted future payments, taking into account staff turnover.

Actuarial gains and losses are recognised in full in other comprehensive income. The Group recognizes employment costs and net interest on the defined benefit obligation in the income statement.

- **PROVISIONS FOR CONSUMER PROTECTION ISSUES** - Note "[Legal claims](#) (section: Proceedings before the President of the Office of Competition and Consumer Protection)".
- **OTHER PROVISIONS**

They mainly include a provision for the refund of commission to customers for early repayment of the loan in full, donations to the PKO Bank Polski S.A. Foundation, for potential claims related to the sale of receivables (Note "[Information on the sale of impaired loan portfolios](#)"), and for employee disputed claims.

Provisions for future payments are measured at reliably estimated amounts necessary to meet the present obligation as at the end of the reporting period. Other provisions are recognized in the income statement.

ESTIMATES AND JUDGMENTS CONCERNING THE PROVISION FOR RETIREMENT BENEFITS AND OTHER DEFINED POST-EMPLOYMENT BENEFITS:

The Group updated its estimates of provisions using calculations performed by an external actuary.

COMPONENTS AFFECTING THE PROVISION AMOUNT (%)	31.12.2025	31.12.2024
financial discount rate adopted	5.15	5.85
weighted average ratio of employee mobility	8.66	8.94
average remaining period of service in years	7.52	7.51
10-year average assumed annual increase in the basis calculation of retirement benefits	2.67	2.69

The impact of the increase/decrease in the financial discount rate and of the planned increases of 1 p.p. in the provision base on the decrease/increase in the value of the provision is presented in the table below:

ESTIMATED CHANGE IN PROVISION for retirement benefits and other defined post-employment benefits	31.12.2025		31.12.2024	
	+1pp scenario	-1pp scenario	+1pp scenario	-1pp scenario
Discount rate	(5)	6	(4)	5
Planned increases in base amounts	8	(6)	6	(5)

FINANCIAL INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2025	Provisions for financial liabilities and guarantees ¹	Provisions for legal claims, excluding legal claims relating to mortgage loans in convertible currencies	Provisions for legal claims against the bank relating to mortgage loans in convertible currencies ^{2,3}	Provisions for retirement benefits and other defined post-employment benefits	Restructuring	Provisions for consumer protection issues	Other provisions, including provisions for employee disputed claims	Total
As at the beginning of the period	633	119	5,733	79	23	-	64	6,651
Increases, including increases of existing provisions	34	112	3,037	27	-	408	21	3,639
Utilized amounts	-	(8)	(2,510)	(5)	(6)	-	(52)	(2,581)
Unused provisions reversed during the period	(37)	(27)	-	-	-	-	(4)	(68)
Other changes and reclassifications	(2)	(1)	(2)	-	-	-	-	(5)
As at the end of the period	628	195	6,258	101	17	408	29	7,636
Short-term provisions	489	19	2,053	17	17	197	-	2,792
Long-term provisions	139	176	4,205	84	-	211	29	4,844
FOR THE YEAR ENDED 31 DECEMBER 2024								
As at the beginning of the period	751	114	3,001	72	29	-	60	4,027
Increases, including increases of existing provisions	26	23	4,266	12	-	-	52	4,379
Utilized amounts	-	(5)	(956)	(4)	(6)	-	(42)	(1,013)
Unused provisions reversed during the period	(143)	(13)	-	(1)	-	-	(5)	(162)
Other changes and reclassifications	(1)	-	(578)	-	-	-	(1)	(580)
As at the end of the period	633	119	5,733	79	23	-	64	6,651
Short-term provisions	479	6	1,870	15	23	-	46	2,439
Long-term provisions	154	113	3,863	64	-	-	18	4,212

¹ See note "Credit risk – financial information".

² See note "Cost of legal risk of mortgage loans in convertible currencies".

³ The value of PLN 578 million in 2024 in the line "other changes and reclassifications" in the column "Provisions for legal claims against the Bank relating to mortgage loans in convertible currencies" relates to the reclassification (allocation) of the provision for legal risk of mortgage loans to loans and advances to customers (retail and private banking real estate loans) as a deduction from their gross carrying amount.

Provisions for disability and retirement benefits(actuarial provision)	2025	2024
Provision at the beginning of the period	75	69
Current service cost	3	3
Interest expense	4	3
Actuarial (gains) and losses recognized in other comprehensive income	12	3
Benefits paid	(4)	(3)
Provision at the end of the period (net)	90	75

Provisions for death-in-service benefits (actuarial provision)	2025	2024
Provision at the beginning of the period	-	-
Past service cost	5	-
Provision at the end of the period (net)	5	-

Breakdown of actuarial gains and losses (actuarial provision)	Total amount of provisions	
	2025	2024
Change in financial assumptions	5	(6)
Change in demographic assumptions	3	1
Other changes	4	8
Total actuarial (gains) and losses	12	3

41. CONTINGENT LIABILITIES AND OFF-BALANCE SHEET LIABILITIES RECEIVED AND GRANTED

SIGNIFICANT ACCOUNTING POLICIES:

For the principles of recognizing provisions for off-balance sheet commitments granted, see the Note "[Provisions](#)".

Upon initial recognition financial guarantee agreements are stated at fair value. In subsequent periods, financial guarantees are measured at the higher of the following two amounts:

- allowances for expected credit losses; or
- the amount of commission recognized initially, less accumulated amortization in accordance with IFRS 15.

FINANCIAL INFORMATION

- **CONTRACTUAL COMMITMENTS**

VALUE OF CONTRACTUAL COMMITMENTS CONCERNING	31.12.2025	31.12.2024
intangible assets	38	66
property, plant and equipment	106	131
Total	144	197

• FINANCIAL LIABILITIES AND GUARANTEES GRANTED

FINANCIAL AND GUARANTEE COMMITMENTS GRANTED 31.12.2025	Notional amount	Provisions per IFRS 9	Value less provisions
Credit lines and limits	93,089	(574)	92,515
real estate	8,283	(17)	8,266
business	64,085	(451)	63,634
consumer	13,016	(98)	12,918
in respect of factoring	7,028	-	7,028
in respect of finance leases	677	(8)	669
Other	3,587	-	3,587
Total financial commitments granted, including:	96,676	(574)	96,102
irrevocable commitments granted	38,082	(294)	37,788
Guarantees and sureties granted			
guarantees in domestic and foreign trading	11,854	(50)	11,804
to financial entities	3,404	(2)	3,402
to non-financial entities	8,366	(48)	8,318
to state budget entities	84	-	84
domestic municipal bonds (state budget entities)	80	-	80
letters of credit	1,479	(4)	1,475
to financial entities	54	-	54
to non-financial entities	1,425	(4)	1,421
payment guarantees to financial entities	61	-	61
Total guarantees and sureties granted, including:	13,474	(54)	13,420
irrevocable commitments granted	10,768	(49)	10,719
performance guarantee	4,526	(27)	4,499
Total financial and guarantee commitments granted	110,150	(628)	109,522

FINANCIAL AND GUARANTEE COMMITMENTS GRANTED 31.12.2024	Notional amount	Provisions per IFRS 9	Value less provisions
Credit lines and limits	87,106	(553)	86,553
real estate	6,816	(30)	6,786
business	62,638	(409)	62,229
consumer	11,792	(114)	11,678
in respect of factoring	5,116	-	5,116
in respect of finance leases	744	-	744
Other	3,940	-	3,940
Total financial commitments granted, including:	91,046	(553)	90,493
irrevocable commitments granted	34,498	(306)	34,192
Guarantees and sureties granted			
guarantees in domestic and foreign trading	10,390	(77)	10,313
to financial entities	2,543	(1)	2,542
to non-financial entities	7,817	(76)	7,741
to state budget entities	30	-	30
domestic municipal bonds (state budget entities)	138	-	138
letters of credit	1,488	(3)	1,485
to financial entities	31	-	31
to non-financial entities	1,457	(3)	1,454
payment guarantees to financial entities	82	-	82
Total guarantees and sureties granted, including:	12,098	(80)	12,018
irrevocable commitments granted	9,372	(75)	9,297
performance guarantee	3,788	(46)	3,742
Total financial and guarantee commitments granted	103,144	(633)	102,511

Additionally, as at 31 December 2025, the Group also had commitments granted in respect of binding offers amounting to PLN 5,903 million, relating mainly to the financing of business loans, mortgage loans and loans to individuals, as well as organizing bond issues for local government units.

For more information on credit risk exposures, see Note "[CREDIT RISK – FINANCIAL INFORMATION](#)".

• **NOMINAL VALUE OF COMMITMENTS GRANTED BY MATURITY**

COMMITMENTS GRANTED BY MATURITY AS AT 31.12.2025	up to 1 month (inclusive)	1 to 3 months (inclusive)	3 months to 1 year (inclusive)	1 year to 5 years inclusive	more than 5 years	Total
financial	8,752	4,803	38,620	24,285	20,216	96,676
guarantees and sureties	517	1,199	4,932	5,321	1,505	13,474
Total	9,269	6,002	43,552	29,606	21,721	110,150
31.12.2024						
financial	18,078	5,711	30,553	24,802	11,902	91,046
guarantees and sureties	848	1,086	3,498	5,079	1,587	12,098
Total	18,926	6,797	34,051	29,881	13,489	103,144

- **OFF-BALANCE SHEET LIABILITIES RECEIVED**

OFF-BALANCE SHEET LIABILITIES RECEIVED BY NOMINAL VALUE	31.12.2025	31.12.2024
Financial	253	106
Guarantees	20,385	20,616
Total	20,638	20,722

- **SYNTHETIC SECURITIZATION TRANSACTION**

On 12 May 2025, the Group concluded a package of agreements with a private investor, Christofferson, Robb & Company, acting through one of its investment vehicles, concerning a synthetic securitization transaction carried out on a portfolio of corporate loans with a nominal value of PLN 1,892 million (as at 28 February 2025). The Transaction was the first operation of this kind in the Bank's history. As part of the concluded transaction, the Group transferred a significant portion of the credit risk from the selected portfolio subject to securitization to the investor without the need to sell it. The selected portfolio of corporate loans covered by the securitization remains in the Group's statement of financial position.

The transfer of the risk of the securitized portfolio is carried out through a credit protection instrument in the form of a financial guarantee secured by a deposit placed with the Group. The transaction meets the requirements for significant risk transfer specified in the CRR Regulation and has been structured as meeting the STS criteria (simple, transparent, and standardized securitization) in accordance with Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017.

- **GUARANTEE AGREEMENT**

On 30 January 2025, the Group concluded an annex to the guarantee agreement with a counterparty, providing unfunded credit protection as regards a portfolio of selected corporate credit receivables of the Group, in accordance with the CRR ("Guarantee"). Following the execution of this annex, the terms and conditions of the Guarantee changed to the effect that the total value of the Bank's debt portfolio covered by the Guarantee was PLN 16,886 million, and the portfolio consisted of the bond portfolio of PLN 2,365 million ("Portfolio A") and the portfolio of other receivables of PLN 14,521 million ("Portfolio B"). The coverage ratio is 100% for Portfolio A and 80% for Portfolio B, with the total maximum amount of the Guarantee remaining unchanged at PLN 13,982 million.

42. LEGAL CLAIMS

The total value of court proceedings in which the Group companies act as:	31.12.2025	31.12.2024
defendant	13,856	15,587
plaintiff	6,391	7,313

- **MATERIAL LITIGATION CONCERNING CREDIT PRODUCTS OFFERED BY THE GROUP**

As at 31 December 2025, the Group participates in court proceedings related to three main categories of credit products: mortgage loans in convertible currencies (mainly CHF), mortgage loans bearing interest at a floating rate (WIBOR), and consumer loans subject to the so-called free credit sanction.

1) MORTGAGE LOANS IN CONVERTIBLE CURRENCIES

As at 31 December 2025, 31,997 court proceedings were pending against the Bank with a total value in dispute of PLN 13,343 million (as at 31 December 2024: 36,004 proceedings amounting to PLN 14,764 million).

The subject matter of the claims are mainly demands for declaration of invalidity of agreements or for repayment of performance rendered by customers in execution of allegedly invalid agreements. Customers allege abusive provisions and/or that the agreements are contrary to the law. None of the clauses used by the Bank in the agreements was entered in the register of prohibited contractual clauses. In the Bank's assessment, the number of proceedings is strongly influenced by marketing campaigns of law firms, which encourage borrowers to file lawsuits.

The Group monitors on an ongoing basis the case law of national and EU courts in foreign currency loan cases.

By 31 December 2025, 15,542 final rulings were issued in the Bank's cases, the vast majority of which were favourable to borrowers.

On 25 April 2024, in case ref. III CZP 25/22, the Supreme Court, sitting as the full Civil Chamber, issued a resolution which has the force of law. In this resolution, the Supreme Court held, inter alia, that after finding the exchange rate clause to be abusive, it cannot be replaced by another mechanism, and consequently the agreement is not binding in its entirety. It was also indicated that the parties have independent claims for the repayment of wrongful performance, and the limitation period of the Bank's claim for repayment of the disbursed principal begins to run, in principle, from the day the agreement was challenged by the customer. However, the parties to the agreement are not entitled to interest until there is a delay in the repayment of the performance, nor to other consideration for the use of the capital.

The Bank files lawsuits for the repayment of disbursed capital (restitution lawsuits). As at 31 December 2025, 19 599 such cases were pending in which the Group was a claimant, for a total amount of PLN 6,022 million (as at 31 December 2024: PLN 5 693 million). Additionally, restitution claims are raised as alternative claims in other cases, including debt collection proceedings.

On 19 June 2025, in case C-396/24, the CJEU issued a judgment in which it held, inter alia, that Article 7(1) of Directive 93/13 precludes national regulations which allow the seller or supplier to demand reimbursement of the entire nominal amount of the loan, irrespective of the repayments made by the consumer.

In July 2025, the Regional Court in Warsaw referred a request for a preliminary ruling to the CJEU concerning, inter alia, whether the provisions of the above-mentioned Directive preclude the application, in the settlement between the parties to an invalid loan agreement, of an arrangement under which the consumer's claim for reimbursement of payments made in performance of such an agreement is ex officio set off by the court against the bank's claim for reimbursement of the loan capital disbursed, with the result that, in the view of the court, the consumer's claim on this basis arises only when the sum of his payments exceeds the amount of the loan capital disbursed (C-510/25). The Bank submitted a written position on this matter.

On 27 November 2025, in case C-746/24, the CJEU ruled that Article 6(1) and Article 7(1) of Council Directive 93/13 preclude national legislation allowing a consumer – acting as a defendant who has lost a case in an action for the return of borrowed capital, brought by a seller or supplier following the invalidation of a credit agreement due to the unfair nature of its terms – to be charged with the costs of proceedings, including court fees, which, due to the differentiation introduced by that legislation when calculating the amount of those fees depending on whether the claimant has the status of a consumer, significantly exceed the costs that consumer would have had to bear if he or she had lost the case in an action brought by him or her.

On 11 December 2025, in case C-767/24, the CJEU ruled that Article 7(1) of Directive 93/13, in connection with the invalidity of a credit agreement as a result of the elimination of prohibited contractual provisions from it, must be interpreted as meaning that it precludes national case-law according to which the submission by a consumer of a declaration of set-off of his or her claim against the bank's claim entails an implicit waiver of the statute of limitations objection regarding the bank's claim.

In 2024, the Regional Court in Warsaw referred a preliminary ruling question to the CJEU (ref. C-753/24) concerning the compatibility with EU law of national provisions allowing for the grant of a time-barred claim by the Bank if equity considerations so require. The question concerns the interpretation of Article 7(1) of Directive 93/13 and the principles of effectiveness, proportionality, legal certainty and access to justice. The Bank and other parties, including the European Commission and the Republic of Poland, submitted written observations.

In 2025, the Regional Court in Warsaw in the Bank's cases referred further questions for a preliminary ruling as to whether the set-off of mutual claims made by a consumer may deprive him or her of the right to default interest on his or her claim extinguished by the set-off.

On 22 January 2026, in case C-902/24, the CJEU indicated that a seller or supplier may effect an alternative set-off, i.e. in the event that the agreement is declared invalid, however, the seller's or supplier's claim for the return of capital becomes due only after the dispute over the validity of the agreement has ended.

In the Bank's assessment, both the CJEU case law and the practice of applying the Supreme Court resolution will be of material significance for the further course of proceedings concerning foreign currency loans.

2) MORTGAGE LOANS BEARING INTEREST AT A FLOATING RATE

As at 31 December 2025, 737 court proceedings were pending against the Group (as at 31 December 2024: 347), in which customers challenge the floating interest rate structure and the rules for setting the WIBOR benchmark rate. The total value of the subject matter of litigation in these cases was PLN 172 million (as at 31 December 2024: PLN 81 million). The Group has not established a provision for the above proceedings, assessing the claims as unfounded.

In cases brought by clients against the Bank, Regional Courts referred requests for a preliminary ruling to the CJEU concerning the possibility of examining contractual clauses relating to:

- 1) On 31 May 2024, the Regional Court in Częstochowa (Case C-471/24) – interest rates based on the WIBOR index in light of the provisions of Council Directive 93/13/EEC, in particular:
 - whether examination of these clauses as potentially unfair is possible,
 - whether these clauses may be regarded as non-transparent or as causing a contractual imbalance to the detriment of the consumer,
 - and whether it is possible to maintain the contract in force with an interest rate based solely on the bank's margin (i.e. with a fixed interest rate), in the event of elimination of the WIBOR index.

The preliminary ruling request has been served on the Bank, which submitted a written position on the case. The hearing took place on 11 June 2025, and on 11 September 2025 the Opinion of the Advocate General of the CJEU was delivered. On 12 February 2026, the CJEU ruled that a variable interest rate clause based on a benchmark index, such as WIBOR, may be examined in the light of Directive 93/13/EEC, provided that national courts are not entitled to examine the methodology for determining the WIBOR index, as it results from the EU BMR Regulation. Furthermore, the transparency requirement provided for in the Directive does not impose an obligation on the bank to provide the consumer with detailed information on the methodology of the benchmark index, and any failure by the bank to provide information on the specific features of the benchmark index, including the lack of transactionality or the provision of input data by the bank, does not mean that the clause is abusive. The CJEU also indicated that if the abusiveness of a clause is to be assessed, the contractual interest rate should be compared, inter alia, with the statutory interest rate and the interest rate on loans commonly applied on the market.

- 2) On 30 June 2025, the Regional Court of Warsaw-Praga in Warsaw (ref. C-586/25):
 - whether a claim seeking to deprive an enforceable title of enforceability constituted by a final order for payment may be granted where the basis for the consumer's claim is the allegation that the credit agreement contains unfair terms, although the defendants – despite having been served with a copy of the order for payment – failed to lodge objections to that order within the statutory time limit;
 - whether a contractual term (in an agreement concluded before the entry into force of the BMR) introducing a variable interest rate clause can be regarded as drafted in plain and intelligible language where:
 - the bank informed the borrower that the interest rate consists of a margin and a reference index;
 - the bank did not inform the borrower how and by whom the reference index is determined, nor how it fluctuated in previous years;
 - the agreement in the scope of the benchmark index refers to an external information service to which the consumer is not guaranteed access throughout the entire lending period and the period after the expiry of the agreement, when he or she may invoke the rights resulting from the inclusion of unfair terms in it.
 - whether, in a consumer credit agreement, a term providing that the factor influencing changes in the interest rate is the WIBOR reference index – which, on the date the credit agreement was concluded by the parties, was not regulated by binding statutory provisions but was determined by a third party not subject to institutional supervision, and the lending bank had an indirect influence on the level of that index – causes a significant imbalance in the parties' rights and obligations to the detriment of the consumer;
 - whether, if the term determining a variable interest rate is found to be unfair due to its reference to the WIBOR reference index, the parties may remain bound by the credit agreement on the assumption that it is a fixed-rate loan at the level of the bank's fixed margin specified in the agreement, or whether the

consequence of the consumer not being bound by the unfair term determining the variable interest rate is that the agreement must be declared null and void *ex tunc*.

Case C-586/25 has been joined for joint examination with case C-630/25. The request for a preliminary ruling has been served on the Bank, which submitted a written position on the joined cases.

3) On 25 September 2025, the Regional Court in Warsaw (ref. C-630/25) - of an agreement concluded before 1 January 2018 relating to:

- Directive 93/13 imposes on a bank an obligation to inform the consumer of:
 - a) the entity which develops the reference index forming the basis of the loan interest rate;
 - b) the detailed rules governing the determination of that reference index underlying the loan interest rate, including, in particular, providing the consumer with the text of the rulebook containing those rules and informing the consumer that the index is calculated on the basis of declarations by a group of banks rather than actual market transactions;
- under Directive 93/13, whether a contractual term determining the loan interest rate which uses a reference index may be regarded as unfair where that index:
 - a) is calculated on the basis of declarations by a group of banks rather than actual market transactions;
 - b) is not defined in national or EU law but in the internal rulebook of an association established by banks or bank employees, and no State authority supervises the manner in which that index is developed;
 - c) does not reflect the actual costs of financing the loan.

Case C-586/25 has been joined for joint examination with case C-630/25. The request for a preliminary ruling has been served on the Bank, which submitted a written position on the joined cases.

3) LITIGATION AGAINST THE BANK CONCERNING THE FREE CREDIT SANCTION

As at 31 December 2025, there were 6,677 court proceedings pending against the Group relating to the free credit sanction, with a total value in dispute of PLN 180 million (as at 31 December 2024: 4,214 proceedings with a value of PLN 100 million). These proceedings are initiated by customers or entities that have acquired receivables from customers and relate to the provisions of cash loan agreements. The Group disputes the validity of the claims raised in these cases, and the case law to date is largely in favour of the Group. The Group had not set up a provision for these proceedings.

By order of 25 January 2024, the District Court for Warsaw-Śródmieście addressed preliminary ruling questions to the CJEU concerning, *inter alia*:

- the possibility of assignment of consumer rights to a third party who is not a consumer,
- the court's obligation to examine of its own motion unfair terms in claim assignment agreements.

The proceedings were pending under case number C-80/24. The Bank submitted a written position. On 30 April 2025, the Advocate General's opinion was delivered. The judgment was delivered on 9 October 2025.

By order of 19 July 2024, the Regional Court in Poznań referred legal issues to the Supreme Court (ref. III CZP 15/25) concerning, *inter alia*:

- the scope of the court's obligation in examining the free credit sanction,
- the time limit for the expiry of the right to submit a statement regarding the sanction,
- the grounds for applying the free credit sanction,
- the principles of charging interest on non-interest costs of the loan,
- the effects of incorrect calculation of the annual percentage rate.

On 30 July 2025, a session of the Supreme Court was held, at which an order was issued to suspend the case until the resolution of cases pending before the CJEU (concerning other banks: C-566/24 of 21 August 2024, C-744/24 of 24 October 2024, and concerning the Bank described below - C-831/24).

By order of 19 November 2024, the District Court in Białystok referred preliminary ruling questions to the CJEU concerning the obligations of the national court when examining claims relating to the free credit sanction, including:

- the scope of examining infringements of legal provisions,
- requirements concerning the early repayment procedure,
- the effects of the absence of a complete description of this procedure.

The proceedings are pending under case number C-831/24. The Bank submitted its written position in April 2025.

By order of 28 March 2025, the Regional Court in Opole (ref. C-429/25) addressed a question to the CJEU regarding the interpretation of provisions on sanctions for breaching the information obligation in consumer credit agreements. The preliminary ruling request has been served on the Bank. The Bank submitted its written observations within the prescribed deadline.

By order of 22 May 2025, the District Court for Kraków-Nowa Huta in Kraków (ref. C-473/25) referred questions for a preliminary ruling to the CJEU concerning the obligations of a national court when hearing claims arising from the free credit sanction, including:

- the conformity of the Consumer Credit Act with the Directive on credit agreements for consumers;
- whether the nature of the infringement is relevant when applying the free credit sanction;
- the principles of charging interest on non-interest costs of the loan,
- the manner in which the total amount of loan is defined in the agreement.

The preliminary ruling request has been served on the Bank. The Bank submitted its written observations within the prescribed deadline.

In a case (concerning another bank, ref. No C-472/23) the CJEU issued a ruling on 13 February 2025, stating that:

- the specification of an overstated APRC in a credit agreement, as a consequence of certain terms of that agreement being found to be unfair, does not in itself constitute an infringement of the obligation to provide information,
 - the indication in a credit agreement of circumstances justifying an increase in charges, where a reasonably observant and circumspect consumer is not in a position to ascertain whether they have arisen and their effect, constitutes an infringement of the obligation to provide information, where it calls into question the possibility for the consumer to assess the extent of his or her liability,
 - In the event of an infringement of the obligation to provide information, the bank may be deprived of its right to interest and charges, where that infringement affects the consumer's ability to assess the extent of his or her liability, with the verification falling within the competence of the national court.
- PROCEEDINGS BEFORE THE PRESIDENT OF THE OFFICE OF COMPETITION AND CONSUMER PROTECTION (UOKiK)**

1) PROCEEDINGS RELATING TO MODIFICATION CLAUSES

The proceedings were initiated on 12 March 2019 and concern provisions of the template agreement enabling the Bank to unilaterally amend the terms and conditions of the agreement, including fees and commission. In the opinion of the President of UOKiK, these clauses give the Bank unlimited freedom in shaping the content of the agreement, which may violate good practice and be a gross violation of consumers' interests. In its response of 31 May 2019, the Bank challenged the validity of the allegations, indicating that the provisions are precisely defined and clearly specify the conditions for their application. In the course of the proceedings, UOKiK issued summonses to provide additional information, including by orders of 7 June 2022 and 19 April 2024. The Bank provided responses respectively on: 11 July and 30 September 2022 and 24 May and 27 June 2024. On 1 September 2025, the Bank submitted to the UOKiK information on the amount of turnover achieved in 2024. By a summons dated 11 February 2026, the Bank was obliged to provide further information in connection with the proceedings. The current deadline for the conclusion of the proceedings, as indicated by the UOKiK, is 30 June 2026. In 2025, the Group recognised a provision for these proceedings in the amount of PLN 211 million.

2) PROCEEDINGS IN RESPECT OF UNAUTHORISED TRANSACTIONS

The proceedings were initiated on 2 February 2024 and concern two main practices of the Bank which, in the opinion of UOKiK, may violate the collective interests of consumers:

- informing consumers, in responses to reports of unauthorised transactions, about establishing their responsibility for unauthorised transactions solely on the basis of a correct authentication process, without specifying concrete evidence of gross negligence or intentional action, which may breach Article 45(2) of the Act on payment services,
- withdrawing the conditional refund in the case of negative investigation of the complaint, which – according to UOKiK – may be inconsistent with Article 46(1) of the same Act.

In a letter of 27 March 2024, the Bank challenged the allegations, claiming that they were unfounded, and on 26 June 2024 declared its willingness to engage in discussions with UOKiK in order to find a solution that takes into account the interests of both parties. In a letter to UOKiK of 9 May 2025, the Bank presented proposals for commitments, and on 28 May 2025 a meeting with UOKiK took place at which these were discussed. The Bank provided further information in letters dated 11 June 2025, and 10 July 2025. On 29 July 2025, the Bank received a proposal for a Uniform Commitment Statement, to which it responded on 1 September 2025. On 7 October 2025, a meeting was held between the banks and the Polish Bank Association (ZBP) and the Office of Competition and UOKiK concerning the UOKiK's proposal. On 29 October 2025, workshops were held to discuss the Uniform wording of the commitment, which were attended by the banks subject to the proceedings and the UOKiK. On 16 December 2025, the Bank sent a letter to the UOKiK supplementing the commitment proposal. On 15 January 2026, the UOKiK sent the Bank a supplement to the template of the uniform wording of the commitment, and on 4 February 2026, the Bank received another request from the UOKiK, to which it replied on 18 February 2026. The current deadline for the conclusion of the proceedings, as indicated by the UOKiK, is 30 September 2026. In 2025, the Group recognised a provision for these proceedings in the amount of PLN 197 million.

3) PROCEEDINGS RELATING TO INTEREST RATE VARIATION CLAUSES

The proceedings were initiated by a decision of 5 April 2024 and relate to clauses contained in contractual templates which allow the Bank to change the interest rate on the revolving limit based on changes in the basic NBP interest rates or WIBOR benchmark rates (1M, 3M, 6M, 9M, 12M). UOKiK challenged:

- the possibility of changing the interest rate in the event of a change in rates by at least 0.25 percentage points (for NBP rates) or 0.10 percentage points (for WIBOR), to an extent reaching even three times these changes,
- the possibility of making a change to the interest rate within six months of the occurrence of the grounds for the change.

In its response of 29 May 2024, the Bank deemed the allegations unfounded. On 25 April 2025, the Bank provided additional information concerning turnover and the number of active contracts containing the challenged provisions as well as information about refraining from submitting commitments. On 27 May 2025, UOKiK requested the provision of further information, which was provided by the Bank on 9 June 2025. On 27 October 2025, the UOKiK requested the Bank to provide further explanations in the case, which were submitted on 4 November 2025. On 7 November 2025, the UOKiK notified the Bank of the conclusion of the evidentiary proceedings. The Bank responded to this notice on 19 November 2025. On 8 and 22 December 2025, the UOKiK requested the Bank to provide further information, which was provided on 19 and 31 December 2025, respectively. On 2 January 2026, the UOKiK notified the Bank of the conclusion of the evidentiary proceedings. On 23 January 2026, the UOKiK issued a decision in which it declared the provisions of the template agreements applied by the Bank as inadmissible and prohibited their use. In addition, the President of UOKiK:

- ordered the Bank to inform all consumers being parties to annexes to agreements concluded on the basis of template agreements whose provisions were declared inadmissible and about the consequences of this declaration – within one month from the effective date of the decision,
- imposed an obligation to publish an appropriate declaration on the Bank's website for a period of four months, no later than within one month from the effective date of the decision, and on the account maintained by the Bank on the Instagram social networking site in the specified period and frequency,
- imposed a fine on the Bank of PLN 79.3 million, payable to the Financial Education Fund.

The decision is not final. On 20 February 2026, the Bank filed an appeal against the decision. The Group recognized a provision for the proceedings relating to interest rate variation clauses in the amount of PLN 79.3 million.

- **PROCEEDINGS BEFORE THE COURT OF COMPETITION AND CONSUMER PROTECTION**

- 1) **PROCEEDINGS ON SPREAD CLAUSES**

The proceedings were initiated by the Bank's appeal (submitted on 13 November 2020) against the decision of the President of UOKiK dated 16 October 2020. In the said decision, the President of UOKiK declared the provisions contained in the template agreement "Annex to the housing loan/mortgage loan agreement" in the section "Appendix to the annex 'Rules for determining foreign exchange spreads at PKO BP S.A.'" as inadmissible provisions and prohibited their further use. In addition, the President of UOKiK:

- obliged the Bank to inform all consumers being parties to the indicated annexes about the decision to declare their provisions inadmissible and the consequences of this decision - within three months from the effective date of the decision
- imposed the obligation to publish an appropriate declaration on the Bank's website for a period of four months, no later than within one month from the effective date of the decision;
- imposed a fine on the Bank of PLN 40.7 million, payable to the Financial Education Fund.

In its appeal against the decision, the Bank requested that it be annulled or amended, challenging the validity of declaring the indicated contractual provisions as inadmissible, the legality and proportionality of the interference of the President of the UOKiK in the Bank's pricing policy, as well as the abnormally high - in the Bank's opinion - penalty amount. The President of UOKiK sustained its position in response to the appeal. In a judgment of 10 October 2023, the Court of Competition and Consumer Protection (SOKiK) overturned the decision of the President of UOKiK in its entirety. However, as a result of appeals filed by the President of UOKiK and the public prosecutor, the Court of Appeal in Warsaw, in a judgment of 5 July 2024, amended the judgment of SOKiK and dismissed the Bank's appeal. Following the judgment of 10 October 2023, the Bank filed a request for a statement of reasons, a request to suspend enforcement of the judgment and decision, and then - on 4 November 2024 - filed a cassation complaint. By order of 12 July 2024, the Court of Appeal halted enforcement of the appealed judgment and the decision of the President of UOKiK pending completion of the proceedings before the Supreme Court. On 11 December 2024, the UOKiK's response to the cassation complaint was received. On 14 February 2025, the Supreme Court notified the composition of the adjudicating panel and assigned a case reference number. The Group recognizes a provision for these proceedings of PLN 41 million (no changes compared to 31 December 2024).

- 2) **PROCEEDINGS RELATED TO RESTRICTIVE PRACTICES ON THE MARKET OF PAYMENTS WITH PAYMENT CARDS IN POLAND**

The Bank is a party to proceedings initiated by the President of UOKiK on the basis of a decision dated 23 April 2001 upon the request of the Polish Trade and Distribution Organization - Employers Association (Polska Organizacja Handlu i Dystrybucji - Związek Pracodawców) against operators of the Visa and Europay payment systems and banks issuing Visa and Europay/ Eurocard/ Mastercard banking cards. The proceedings concern the suspicion of applying practices limiting competition on the market of card payments in Poland, in particular through joint determination of interchange fees and limiting access to the market for external entities. By decision of 29 December 2006, the President of UOKiK found that these practices restrict competition and imposed a fine of PLN 16.6 million on the Bank. Following the Bank's appeal, the Court for Competition and Consumer Protection (SOKiK) in a judgment of 21 November 2013 reduced the fine to PLN 10.4 million. As a result of appeals by the parties, the Court of Appeal in Warsaw in a judgment of 6 October 2015 reinstated the original fine of PLN 16.6 million and PLN 4.8 million against Nordea Bank Polska S.A., of which the Bank is the legal successor. The fine was paid by the Bank in October 2015, but after the judgment was annulled by the Supreme Court (judgment of 25 October 2017) and the case was submitted for re-examination, it was reimbursed to the Bank on 21 March 2018. In subsequent proceedings, on 23 November 2020, the Court of Appeal in Warsaw revoked the judgment of the Warsaw District Court of 2013 and submitted it for re-examination. The case is currently proceeding again at first instance before the Warsaw District Court. The Group maintains a provision for these proceedings of PLN 21 million (no changes compared to 31 December 2024).

- **PROCEEDINGS BEFORE THE POLISH FINANCIAL SUPERVISION AUTHORITY**

- 1) The PFSA is conducting proceedings against the Bank, operating through an organizationally separate unit - the Brokerage Office, regarding the imposition of an administrative penalty in connection with suspected violations of the Act on counteracting money laundering and terrorist financing ("AML").

The Bank provided explanations concerning, inter alia, benefits or avoided losses resulting from violations, potential losses of third parties and possible penalties imposed under the AML Act. The PFSA also informed the Bank about forwarding a letter to the GIFI requesting information on the Bank's AML violations to date. The deadline for the conclusion of the administrative proceedings was planned for 30 September 2025. On 24 October 2025, at the request of the PFSA, the Bank indicated an address for electronic service. The planned date of completion of the proceedings is 3 March 2026. On 9 January 2026, the PFSA modified the subject matter of the proceedings and on 4 February 2026 informed that it intended to conclude the proceedings, pointing to the possibility for the Bank to provide additional comments on the evidence and materials collected in these proceedings. The Group replied on 12 February 2026. The Group has not recognized a provision for this.

- 2) The PFSA is conducting administrative proceedings against the Bank regarding the imposition of sanctions pursuant to Article 3c of the Act on financial market supervision. The proceedings concern a suspected breach by the Bank of the provisions of Regulation (EU) No 1286/2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs), in particular Article 5(1) and Article 14 in conjunction with Article 4(1), (3), (4) and (5).

On 20 June 2025, the PFSA informed about the extension of the subject matter of the administrative proceedings by changing the audited period covered by the proceedings, i.e. changing the previous period from 15 May 2024 to 10 October 2024 to a new period from 1 January 2018 to 27 June 2024, and about the change of the legal basis for the suspected breach indicated in this notice from Article 14 of the PRIIPs to Article 13(1) of the PRIIPs. On 13 February 2026, the PFSA informed about the change in the scope of the proceedings and the extension of the proceedings until April 2026. The Group has not recognized a provision for this.

- 3) The PFSA is conducting administrative proceedings against the Bank pursuant to Article 138(7a) of the Banking Law Act regarding the imposition of a financial penalty in connection with suspected violations by the Bank of the provisions on structured deposits set out in the Banking Law Act and in the Regulation of the Minister of Finance of 21 January 2019 on the provision of services by banks as regards structured deposits. The proceedings are pending. The Group had not set up a provision for these proceedings.
- 4) The PFSA is conducting administrative proceedings against the Bank for the imposition of an administrative penalty on the Bank in connection with a suspected failure by the Bank to comply with obligations arising from the Act on counteracting money laundering and terrorist financing. The conclusion of the proceedings is planned for 6 March 2026. The Group has not recognized a provision for this.
- 5) The PFSA is conducting administrative proceedings against PKO TFI S.A. (hereinafter: the Company) regarding the imposition of an administrative penalty under the Act on counteracting money laundering and terrorist financing. The proceedings concern suspected violations of obligations regarding: a) improper identification and verification of the customer when establishing economic relations via remote channels; b) failure to obtain data on the customer's country of birth; c) failure to identify Ultimate Beneficial Owner data and failure to update information on economic relations; d) failure to apply enhanced financial security measures in cases of increased risk and in situations specified in Articles 44 and 46 of the Act; e) failure to implement all required elements in the internal AML procedure. The Company responded to the PFSA's request on 20 April 2023. By notice dated 19 December 2025, the PFSA informed about the extension of the proceedings until 27 February 2026. The Group recognized a provision for these proceedings of PLN 2 million (no changes compared to 31 December 2024).
- 6) The PFSA is conducting administrative proceedings against PKO TFI S.A. regarding the imposition of a financial penalty on the Company under Article 228(2)(1) in conjunction with Article 228(1)(2) of the Act on Investment Funds and Management of Alternative Investment Funds (hereinafter the IFA). The proceedings concern the suspicion that 23 sub-funds of PKO Parasolowy - fio, FWP PKP - sfio, PKO Emerytura - sfio, PKO Zabezpieczenia - sfio did not submit the semi-annual financial statements of the fund and semi-annual combined financial statements with separated sub-funds and separate financial statements of sub-funds for the first half of 2023. On 1 October 2025, the Company, in a letter to the PFSA, expressed its willingness to conclude a settlement and requested a waiver of the penalty, justifying it with the minor significance of the breach. In 2025, the Group recognized a provision for these proceedings in the amount of PLN 250 thousand.

- **OTHER PROCEEDINGS**

- 1) **PROCEEDINGS BEFORE THE GENERAL INSPECTOR OF FINANCIAL INFORMATION (GIFI)**

The GIFI is conducting administrative proceedings against the Bank for the imposition of an administrative penalty for failure to comply with its obligations under the Act of 1 March 2018 on the prevention of money laundering and terrorist financing (AML). The failure to comply with obligations was identified by the PFSA during an inspection conducted at the Bank from 22 December 2022 to 9 March 2023, covering: (a) the period from 13 July 2018 to 22 December 2022 with regard to the implementation of the obligation specified in Article 72 of the AML Act, (b) the period from 20 July 2021 to 22 December 2022 with regard to the implementation of the other obligations specified in the AML Act. The Bank responded to the GIFI's letter, also requesting to refrain from imposing an administrative penalty due to the corrective actions taken. On 26 November 2025 and 28 January 2026, the Bank received requests from the GIFI to provide explanations in the matter. The Bank responded to the requests on 10 December 2025 and 4 February 2026, respectively. On 18 February 2026, the GIFI requested the Bank to answer questions in the matter. The deadline for the conclusion of the proceedings was extended until 31 March 2026. In 2025, the Group recognized a provision for these proceedings in the amount of PLN 15 million.

- 2) **PROCEEDINGS BEFORE THE HEAD OF THE CUSTOMS AND TAX OFFICE**

The Head of the Mazovian Customs and Tax Office in Warsaw (hereinafter, the "Head") initiated proceedings to impose a financial penalty on the Bank in connection with the violation of Article 1(1) in connection with Article 2(1) of the Act on special solutions in the field of counteracting aggression in Ukraine and Article 1(1) of Council Regulation No 765/2006 of 18 May 2006 concerning restrictive measures in view of the situation in Belarus and Belarus' participation in Russia's aggression against Ukraine. Due to the explanations submitted to the Head, the Bank requested that no administrative penalty be imposed. The Group has not recognised a provision for these proceedings. By a decision dated 14 November 2025, the imposition of a financial penalty was waived.

- 3) **CLAIMS FOR DAMAGES IN RESPECT OF THE INTERCHANGE FEE**

The Bank was served eight summons to participate, as an outside intervener on the defendant's side, in cases relating to the interchange fees. Other banks are defendants in the case and, in some cases, also card organizations. At present, the total value of the claims amounts to PLN 830 million and concerns damages for excessive interchange fees resulting from practices that restrict competition, as well as capitalised statutory interest for delay.

The Bank joined these proceedings as an outside intervener. Since these proceedings are not pending against the Bank, their value was not included in the total value of the cases against the Bank. If the courts find the claims justified, the defendants may claim recourse in separate court proceedings from other banks including from the Bank.

As at 31 December 2025, five of these proceedings resulted in final judgments in favour of the defendants dismissing the plaintiffs' claims (including a partial judgment). A cassation appeal was filed in one case. In the remaining proceedings, non-final judgments were issued dismissing the plaintiffs' claims. In all cases, the objection of the statute of limitations was upheld.

43. EQUITY AND SHAREHOLDING STRUCTURE OF THE BANK

SIGNIFICANT ACCOUNTING POLICIES:

Equity constitutes capital and reserves created in accordance with the legal regulations. The classification to particular components results from the Polish Commercial Companies Code, the Banking Law and the requirements of IAS 1.

Equity components of the subsidiaries (other than share capital), in proportion to the parent's interest in the subsidiary, are added to respective equity components of the parent. The Group's equity includes only those parts of the equity of the subsidiaries which arose after the date of acquisition of shares by the parent. In accordance with the legislation in force in Poland, only the equity of the parent company and the equity of specific subsidiaries, determined on the basis of separate financial statements, are distributable.

Selected equity components:

- **Share capital** is the capital of the parent, stated at the nominal value in accordance with the Articles of Association and entry in the Register of Businesses.

- **Supplementary capital** is created according to the Articles of Association of the companies, from annual write-downs from net profit, made until this capital reaches at least one third of the share capital. It is intended to cover balance sheet losses or for other purposes, including increasing the share capital.
- **General banking risk fund** is created from net profit in accordance with the Banking Law, and it is to cover unidentified risks of the Bank's operations.
- **Other reserves** are created from the appropriation of net profit, intended to cover any potential balance-sheet losses or for other purposes, including the payment of dividends, interim dividends or the purchase of own shares for cancellation.

FINANCIAL INFORMATION

• SHAREHOLDING STRUCTURE OF THE BANK

According to the information available as at 31 December 2025, the Bank's shareholding structure is as follows:

ENTITY NAME	number of shares	% of votes	Nominal value of 1 share	Ownership interest (%)
As at 31 December 2025				
State Treasury	367,918,980	29.43%	PLN 1	29.43%
Nationale Nederlanden Otwarty Fundusz Emerytalny ¹	91,532,147	7.32%	PLN 1	7.32%
Allianz Polska Otwarty Fundusz Emerytalny ¹	75,052,392	6.01%	PLN 1	6.01%
Other shareholders ²	715,496,481	57.24%	PLN 1	57.24%
Total	1,250,000,000	100%	---	100%
As at 31 December 2024				
State Treasury	367,918,980	29.43%	PLN 1	29.43%
Nationale Nederlanden Otwarty Fundusz Emerytalny ¹	98,669,361	7.89%	PLN 1	7.89%
Allianz Polska Otwarty Fundusz Emerytalny ¹	83,713,383	6.70%	PLN 1	6.70%
Other shareholders ²	699,698,276	55.98%	PLN 1	55.98%
Total	1,250,000,000	100%	---	100%

¹ Calculation of shareholdings as at the end of the year published by PTE in bi-annual and annual information about the structure of fund assets and quotation from Bloomberg.

² Including Bank Gospodarstwa Krajowego, which as at 31 December 2025 and 31 December 2024 held 24,487,297 shares carrying 1.96% of the votes at the GSM.

All shares of the Bank carry the same rights and obligations. No shares are preference shares – one share carries one vote. The Bank's Articles of Association limit the voting rights of shareholders holding more than 10% of the total number of votes at the General Shareholders' Meeting, prohibiting them from exercising more than 10% of the votes. The restriction does not apply to:

- the State Treasury and BGK (shareholders holding >10% of the votes on the date of introducing the limitation),
- A-series registered shares (the State Treasury),
- shareholders acting jointly with the above based on an agreement.

The limitation expires when the share of the State Treasury in the share capital drops below 5%. In accordance with § 6 (2) of the Articles of Association, the conversion of A-series registered shares into bearer shares or their transfer requires the approval of the Council of Ministers. After obtaining the approval, the restrictions expire to the extent covered by the approval. Pursuant to Article 13(1)(26) of the Act on the rules for managing the State property, the shares of PKO Bank Polski S.A. owned by the State Treasury may not be sold (excluding statutory exceptions).

The Bank's shares are listed on the Warsaw Stock Exchange.

• **STRUCTURE OF PKO BANK POLSKI S.A.'S SHARE CAPITAL:**

Series	Type of shares	Number of shares	Nominal value of 1 share	Nominal value of the series in PLN
A Series	ordinary registered shares	312,500,000	PLN 1	312,500,000
A Series	ordinary bearer shares	197,500,000	PLN 1	197,500,000
B Series	ordinary bearer shares	105,000,000	PLN 1	105,000,000
C Series	ordinary bearer shares	385,000,000	PLN 1	385,000,000
D Series	ordinary bearer shares	250,000,000	PLN 1	250,000,000
Total	- - -	1,250,000,000	- - -	1,250,000,000

The amount of the Bank's share capital did not change in 2025 and 2024. The issued shares of the Bank carry no preference and are fully paid-up.

FAIR VALUE OF FINANCIAL INSTRUMENTS

44. FAIR VALUE HIERARCHY

SIGNIFICANT ACCOUNTING POLICIES:

Depending on the classification of financial assets and liabilities to a specific level of the hierarchy, different methods of fair value measurement are used.

• **LEVEL 1: PRICES QUOTED ON ACTIVE MARKETS**

In Level 1, the Group classifies financial instruments for which there is an active market and for which the fair value is determined with reference to market prices:

- debt securities valued at prices from the "Treasury Bonds Fixing" organized by the NBP, quotations from the BondSpot platform, or valuations published by Bloomberg and LSEG (if they relate directly to the specific security),
- debt and equity securities traded on regulated markets, including in the Biuro Maklerskie PKO BP portfolio,
- derivative instruments, which are traded on a regulated market.

• **LEVEL 2: VALUATION TECHNIQUES BASED ON OBSERVABLE MARKET DATA**

In Level 2, the Group classifies financial instruments for which there is no active market but for which there are observable inputs:

FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE	VALUATION METHOD (TECHNIQUE)	OBSERVABLE INPUTS
CIRS, IRS, FRA	Discounted cash flow valuation model	Yield curves built on market data: money market rates, FRA, IRS, OIS, basis swap
FX FORWARDS AND FX SWAPS	Discounted cash flow valuation model	Yield curves built on market data: exchange rates, swap points, basis swaps
CURRENCY OPTIONS	Valuation models specific for particular type of a foreign exchange option.	Yield curves built on market data: exchange rates, swap points, basis swaps; volatility surfaces for relevant currency pairs
INTEREST RATE OPTIONS	Valuation model for the respective interest rate option type	Yield curves built on market data: money market rates, FRA, IRS, OIS, basis swap, caplet/floorlet volatility surfaces for relevant tenors

EQUITY OPTIONS	Valuation model for the respective equity option type	Yield curves built on market data: money market rates, FRA, IRS, OIS, basis swap; volatility surfaces determined using a local volatility model based on prices and volatilities of the relevant underlying instruments
COMMODITY SWAPS, COMMODITY FORWARDS	Discounted cash flow valuation model	Yield curves built on market data: money market rates, FRA, IRS, OIS, basis swap; forward curves for relevant commodities constructed based on futures prices and forward exchange rates (i.e. determined based on exchange rates, swap points)
COMMODITY OPTIONS	Valuation model for the respective commodity option type	Yield curves built on market data: money market rates, IRS; volatility surfaces for relevant commodities
EQUITY SWAPS	Discounted cash flow valuation model	Yield curves built on market data: money market rates, FRA, IRS, OIS, basis swap; forward curves for relevant underlying instruments based on futures prices
MUNICIPAL BONDS (IN PLN) CORPORATE BONDS	Yield curve and risk margin model.	Yield curves are built based on market rates, money market data, IRS transactions market.
	Valuations published by informational services such as Bloomberg and the London Securities Exchange Group (if they are determined based on data related to comparable assets or liabilities).	Data concerning comparable assets or liabilities (which are not liquid quotes directly observable for the specific security), including: yields on government bonds, yields on comparable non-government bonds, money market rates, and interest rate swap rates.
NBP MONEY BILLS	Yield curve method	Yield curves built on money market and OIS transaction market data.
TREASURY BILLS IN PLN	Yield curve method	Yield curves built on money market and OIS transaction market data.
LIABILITIES IN RESPECT OF INSURANCE PRODUCTS MEASURED AT FAIR VALUE	The value of the liabilities is equal to the number of units accumulated in the individual insurance capital fund balance on the reporting date multiplied by the fund unit price on the valuation date	Number of fund units, unit price

- **LEVEL 3: OTHER VALUATION TECHNIQUES**

Level 3 includes financial assets and liabilities measured based on models in which the inputs are not observable on the market. Here, the Bank classifies instruments measured using internal valuation models.

FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE	VALUATION METHOD (TECHNIQUE)	UNOBSERVABLE INPUT
LOANS AND ADVANCES TO CUSTOMERS	Discounted cash flow method.	Effective margin on loans.
C-SERIES PREFERENCE SHARES OF VISA INC.	Estimation of the fair value based on the current market value of the listed ordinary shares of Visa Inc., including a discount which takes into account the limited liquidity of C-series shares and the terms and conditions of conversion of C-series shares into ordinary shares.	Discount taking into account the limited liquidity of C-series shares and the terms of converting the C-series shares into ordinary shares.

CORPORATE BONDS	Yield curve and risk margin model. Yield curves are built based on market rates, money market data and IRS transactions market data.	Credit spread (credit margins determined on the basis of initial margins modified by credit indices quotes ascribed to issuers based on their ratings and business sectors).
SHARES IN BIURO INFORMACJI KREDYTOWEJ S.A., SHARES IN KRAJOWA IZBA ROZLICZENIOWA S.A., SHARES IN POLSKI STANDARD PŁATNOŚCI SP. Z O.O.	Estimation of the fair value based on the present value of projected results of the company	Projected results of the company. Discount rate.
SHARES IN SOCIETY FOR WORLDWIDE INTERBANK FINANCIAL TELECOMMUNICATION	Market value of the shares estimated by the company.	Market value estimated by the company. Discount rate.

FINANCIAL INFORMATION

ASSETS MEASURED AT FAIR VALUE 31.12.2025	Carrying amount	Level 1	Level 2	Level 3
Hedging derivatives	21	-	21	-
Other derivative instruments	2,415	1	2,414	-
Securities	108,213	83,784	23,916	513
held for trading	351	347	4	-
debt securities	309	305	4	-
equity securities	42	42	-	-
not held for trading, measured at fair value through profit or loss	1,350	834	174	342
debt securities	284	228	56	-
equity securities	1,066	606	118	342
measured at fair value through other comprehensive income (debt securities)	106,512	82,603	23,738	171
Loans and advances to customers (not held for trading, measured at fair value through profit or loss)	1,934	-	-	1,934
Total financial assets measured at fair value	112,583	83,785	26 351	2,447

LIABILITIES MEASURED AT FAIR VALUE 31.12.2025	Carrying amount	Level 1	Level 2	Level 3
Hedging derivatives	122	-	122	-
Other derivative instruments	2,701	-	2,701	-
Liabilities in respect of a short position in securities	112	112	-	-
Liabilities in respect of insurance products	223	-	223	-
Total financial liabilities measured at fair value	3,158	112	3,046	-

ASSETS MEASURED AT FAIR VALUE 31.12.2024	Carrying amount	Level 1	Level 2	Level 3
Hedging derivatives	120	-	120	-
Other derivative instruments	1,999	1	1,998	-
Securities	99,989	75,773	23,547	669
held for trading	364	364	-	-
debt securities	328	328	-	-
equity securities	36	36	-	-
not held for trading, measured at fair value through profit or loss	1,596	944	225	427
debt securities	612	398	114	100
equity securities	984	546	111	327
measured at fair value through other comprehensive income (debt securities)	98,029	74,465	23,322	242
Loans and advances to customers (not held for trading, measured at fair value through profit or loss)	2,171	-	-	2,171
Total financial assets measured at fair value	104,279	75,774	25,665	2,840

LIABILITIES MEASURED AT FAIR VALUE 31.12.2024	Carrying amount	Level 1	Level 2	Level 3
Hedging derivatives	285	-	285	-
Other derivative instruments	2,396	1	2,395	-
Liabilities in respect of a short position in securities	35	35	-	-
Liabilities in respect of insurance products	169	-	169	-
Total financial liabilities measured at fair value	2,885	36	2,849	-

IMPACT OF ESTIMATES ON FAIR VALUE MEASUREMENT OF LEVEL 3 FINANCIAL INSTRUMENTS	31.12.2025		31.12.2024	
	Fair value in		Fair value in	
	positive scenario	negative scenario	positive scenario	negative scenario
Shares in Visa Inc. ¹	21	20	56	52
Other equity investments ²	307	278	262	237
Corporate bonds ³	171	171	339	338
Loans and advances to customers ⁴	2,031	1,837	2,280	2,062

¹ scenario assuming a discount rate in respect of the future conditions of converting C-series shares to ordinary shares at a level of 0%/100% respectively

² scenario assuming a change in the company's valuation of +/- 5%

³ scenario assuming a change in the credit spread of +/- 10%

⁴ scenario assuming a change in the company's value of +/- 0.5p.p.

RECONCILIATION OF CHANGES DURING THE REPORTING PERIOD TO FAIR VALUE OF FINANCIAL INSTRUMENTS AT LEVEL 3	2025	2024
Opening balance at the beginning of the period	2,840	3,533
Acquisition of equity instruments	-	1
Redemption of corporate bonds	(169)	(36)
Sale of corporate bonds	(1)	-
Granting and increase in exposure to loans and advances to customers	517	524
Repayment of loans and advances to customers	(718)	(975)
Derecognition of loans and advances to customers	(1)	(209)
Write-off of loans and advances to customers	(75)	(253)
Net gain/(loss) on financial instruments measured at fair value through profit or loss	20	51
Change in the valuation recognized in OCI	(1)	2
Other, including exchange difference ¹	35	202
Closing balance	2,447	2,840

¹ The item "Other, including exchange difference" includes a decrease due to conversion of Visa Inc. series C shares into Visa series A Preferred shares (PLN 26 million in 2025 and PLN 43 million in 2024)

45. FINANCIAL ASSETS AND FINANCIAL LIABILITIES NOT PRESENTED AT FAIR VALUE IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The Group holds financial instruments which are not presented at fair value in the statement of financial position. For many of them, market values are unavailable, hence valuation techniques based on models are used. The models include simplifications and are sensitive to the assumptions made. For instruments for which no material differences between their carrying amount and fair value are expected (e.g. short-term, highly correlated with market parameters), it has been assumed that the carrying amount is close to the fair value.

ITEM	MAJOR METHODS AND ASSUMPTIONS USED WHEN ESTIMATING FAIR VALUES OF FINANCIAL INSTRUMENTS NOT MEASURED AT FAIR VALUE
AMOUNTS DUE FROM AND TO BANKS	<ul style="list-style-type: none"> interbank placements and deposits – cash flows discounted using the current interbank market rates, interbank deposits and placements with maturities of up to 7 days or with variable interest, loans or advances granted and received on the interbank market with variable interest (with interest rate changes occurring every 3 months or less) – fair value equals the carrying amount.
SECURITIES	<ul style="list-style-type: none"> treasury bonds – market quotations; corporate bonds secured with the State Treasury guarantees – discounted cash flows using yield curves, Bloomberg (BVAL - Bloomberg Valuation Service) and Refinitiv Eikon valuation corporate and municipal bonds – discounted cash flow method, using yield curves and credit margins.
LOANS AND ADVANCES TO CUSTOMERS	<ul style="list-style-type: none"> loans and advances to customers (excluding finance lease receivables) not impaired – discounted cash flows using current interest rates and credit risk margins as well as adjusted maturities derived from the agreements. The current level of margins was determined for transactions concluded in the last 6 months preceding the balance sheet date involving instruments with a similar credit risk profile. The current margin for loans in PLN adjusted for the cost of foreign currency acquisition in basis-swap transactions was applied to loans in foreign currencies. finance lease receivables – a model based on the contractual present value of future cash flows discounted using current interest rates taking into account the credit risk margin. Margins were taken into account while maintaining the division into main product groups, i.e. finance lease and loan receivables with a floating interest rate, finance lease and loan receivables with a fixed interest rate, finance lease receivables in respect of real estate. a part of the housing loan portfolio (the “old” housing loan portfolio), loans and advances with no specific repayment schedule, loans due as at the moment of valuation, factoring receivables, impaired loans – fair values are equal to their carrying amounts.
AMOUNTS DUE TO CUSTOMERS	<ul style="list-style-type: none"> liabilities with fixed maturities: the model of expected cash flows discounted using current interest rates appropriate for the individual deposit products. The fair value is calculated for each deposit and liability, and then the fair values for the entire deposit portfolio are grouped by product type and by customer segment. liabilities with no specific repayment schedule, other specific products for which no active market exists – fair values are equal to their carrying amounts.
LIABILITIES IN RESPECT OF DEBT SECURITIES IN ISSUE	<p>PKO Bank Polski S.A. and PKO Bank Hipoteczny S.A. – the model of expected cash flows discounted using the current interbank market rates or market quotations.</p> <p>PKO Leasing S.A. – the model of expected cash flows discounted using current rates of market quotations.</p>
SUBORDINATED LIABILITIES	The model of expected cash flows discounted based on yield curves

In the case of cash in hand and balances at the Central Bank, liabilities to the Central Bank, and other financial assets and liabilities, the Group assumes that the fair value is equal to their carrying amount.

31.12.2025	carrying amount	fair value			Total fair value
		Level 1	Level 2	Level 3	
Cash and balances with Central Bank	21,919	4,108	17,811	-	21,919
Amounts due from banks	4,477	-	4,477	-	4,477
Securities (excluding adjustments relating to fair value hedge accounting)	133,289	112,820	19,089	2,702	134,611
treasury bonds (in PLN)	99,461	100,630	-	-	100,630
treasury bonds (in foreign currencies)	1,268	1,270	-	-	1,270
corporate bonds (in PLN) secured with the State Treasury guarantees	4,649	-	4,549	-	4,549
municipal bonds (in PLN)	12,214	-	12,375	-	12,375
corporate bonds (in PLN)	4,672	834	1,184	2,702	4,720
corporate bonds (in foreign currencies)	11,025	10,086	981	-	11,067
Reverse repo transactions	2,010	-	2,010	-	2,010
Loans and advances to customers (excluding adjustment relating to fair value hedge accounting)	291,477	-	-	293,915	293,915
real estate loans	133,739	-	-	132,233	132,233
business loans	86,361	-	-	88,748	88,748
consumer loans	42,986	-	-	44,425	44,425
factoring receivables	6,753	-	-	6,753	6,753
finance lease receivables	21,638	-	-	21,756	21,756
Other financial assets	2,107	-	-	2,107	2,107
Amounts due to Central bank	10	-	10	-	10
Amounts due to banks	3,412	-	3,413	-	3,413
Reverse repo transactions	22	-	22	-	22
Amounts due to customers (excluding adjustment relating to fair value hedge accounting)	459,988	-	-	459,765	459,765
amounts due to households	346,066	-	-	345,844	345,844
amounts due to business entities	90,948	-	-	90,947	90,947
amounts due to public sector	22,974	-	-	22,974	22,974
Loans and advances received	1,059	-	-	1,059	1,059
Liabilities in respect of debt securities in issue	29,580	-	26,943	2,946	29,889
Subordinated liabilities	6,309	-	6,408	-	6,408
Other financial liabilities	4,213	-	-	4,213	4,213

31.12.2024	carrying amount	fair value			Total fair value
		Level 1	Level 2	Level 3	
Cash and balances with Central Bank	23,494	3,927	19,567	-	23,494
Amounts due from banks	5,089	-	5,089	-	5,089
Securities (excluding adjustments relating to fair value hedge accounting)	110,561	74,557	29,113	3,938	107,608
treasury bonds (in PLN)	73,532	71,021	-	-	71,021
treasury bonds (in foreign currencies)	1,394	1,391	-	-	1,391
corporate bonds (in PLN) secured with the State Treasury guarantees	13,974	2,145	11,461	-	13,606
municipal bonds (in PLN)	10,399	-	10,432	-	10,432
corporate bonds (in PLN)	3,994	-	-	3,938	3,938
corporate bonds (in foreign currencies)	7,268	-	7,220	-	7,220
Reverse repo transactions	892	-	892	-	892
Loans and advances to customers (excluding adjustment relating to fair value hedge accounting)	263,988	-	-	265,521	265,521
real estate loans	123,194	-	-	121,376	121,376
business loans	78,929	-	-	80,615	80,615
consumer loans	34,874	-	-	36,503	36,503
factoring receivables	6,534	-	-	6,534	6,534
finance lease receivables	20,457	-	-	20,493	20,493
Other financial assets	2,482	-	-	2,482	2,482
Amounts due to Central bank	11	-	11	-	11
Amounts due to banks	2,373	-	2,373	-	2,373
Amounts due to customers (excluding adjustment relating to fair value hedge accounting)	419,341	-	-	419,898	419,898
amounts due to households	317,649	-	-	318,176	318,176
amounts due to business entities	80,062	-	-	80,092	80,092
amounts due to public sector	21,630	-	-	21,630	21,630
Loans and advances received	1,268	-	-	1,268	1,268
Liabilities in respect of debt securities in issue	23,457	-	21,340	2,321	23,661
Subordinated liabilities	4,291	-	4,335	-	4,335
Other financial liabilities	4,227	-	-	4,227	4,227

RISK MANAGEMENT WITHIN THE GROUP

46. RISK MANAGEMENT IN THE GROUP

Risk management is a key process at the Bank and the Group companies. Its objective is to ensure the profitability of business activities while controlling the level of risk within the system of limits and risk tolerances adjusted to the changing macroeconomic environment. The level of risk is a significant element of the planning process.

The Group identifies and analyzes risks affecting its operations. All risks are managed, and the risks material from the perspective of profitability and capital are:

- credit risk
- legal risk of foreign currency mortgage loans for households,
- currency risk,
- interest rate risk
- liquidity risk (including financing risk),
- operating risk, business risk, risk of macroeconomic changes and model risk.

The assessment of the materiality of risks is carried out at least annually.

Objectives of risk management:

- protect shareholder value;
- protect customer deposits;
- support the Group in conducting efficient operations.

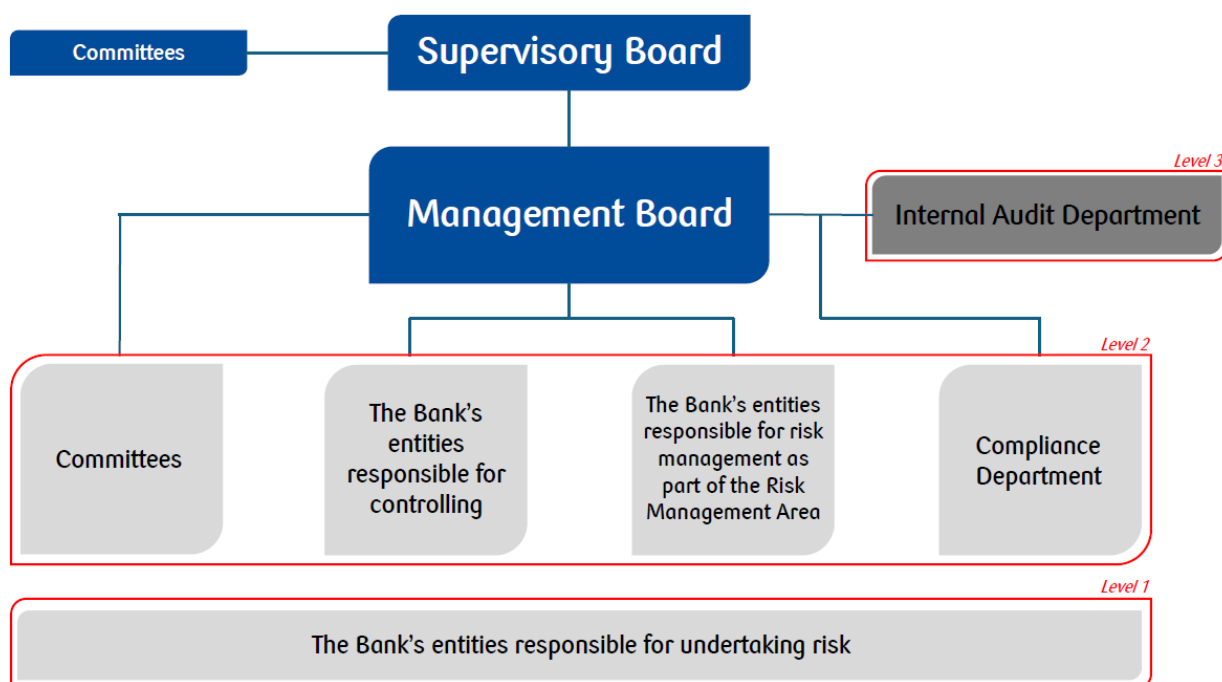
Principles of Risk Management

- cover all identified types of risk,
- are adjusted to the scale of operations and the complexity of risks,
- methods and models are periodically verified and validated,
- the risk management area is independent of business activities,
- integration with planning and controlling systems,
- ongoing monitoring and control of risk,
- compliance with the Bank's strategy and the risk management strategy.

Elements of the process:

- risk identification,
- risk measurement and assessment,
- risk control,
- risk forecasting and monitoring,
- risk reporting,
- management actions: The Bank supervises the functioning of individual entities in the Group.

The organization of risk management in the Bank is presented in the diagram below:



The risk management process is carried out at three independent but complementary levels:

A detailed description of the policies for managing significant types of risk and the specific actions taken by the Group in risk management in 2025 is provided in the report [CAPITAL ADEQUACY AND OTHER INFORMATION OF THE Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna Group Subject to Disclosure as at 31 December 2025](#) and [IN THE Directors' Report](#).

47. CREDIT RISK MANAGEMENT

Credit risk means the possibility of incurring a loss as a result of a customer's default on its liabilities towards the Group or a decrease in the value of receivables as a result of a deterioration in a customer's ability to service their debt.

Objective of credit risk management - Mitigating losses on the loan portfolio and minimizing the risk of impairment of exposures, while maintaining the expected profitability and value of the portfolio.

Management in the Group entities - Companies with a significant level of credit risk (the KREDOBANK SA Group, the PKO Leasing SA Group, PKO Bank Hipoteczny SA, Finansowa Kompania "Prywatne Inwestycje" sp. z o.o.) apply methods consistent with those of PKO Bank Polski SA, taking into account the specific nature of their activities. Changes to the solutions are agreed with the risk units in the Bank. The companies cyclically measure credit risk and report the results to the Bank.

Organizational structures - In the Bank and the Group companies, there are risk units responsible for:

- developing methodologies for credit risk assessment and recognition of provisions and allowances;
- control over and monitoring of credit risk in the lending process;
- the quality of restructuring and debt collection.

Decision-making limits - depending on the amount of exposure, the transaction value and the lending period. The process is supported by credit committees for transactions with an increased level of risk.

Description of performing the estimates of expected credit losses - note "[Net allowances for expected credit losses](#)".

- [MEASUREMENT AND ASSESSMENT OF CREDIT RISK: CREDIT RISK MEASUREMENT AND ASSESSMENT METHODS](#)

The Group applies various methods for assessing credit risk and the profitability of portfolios, including:

- probability of default (PD);
- loss given default (LGD);
- credit conversion factor (CCF);
- expected credit loss (ECL);
- credit value at risk (CVaR);
- the share and structure of impaired credit exposures;
- coverage ratio of impaired loans;
- cost of credit risk;
- stress testing.

The Group develops the scope of the measures applied, taking into account the requirements of the IRB method, and extends their application to the entire loan portfolio. Portfolio methods allow, among other things, to:

- reflect the risk in the price of products,
- determine the conditions of financing,
- recognition of allowances for expected credit losses;

The Group performs analyses and stress-tests relating to the impact of macroeconomic changes on the quality of the portfolio, and reports the results to the Bank's governing bodies. This information supports the identification of risks and actions mitigating the effects of unfavorable market conditions.

The credit risk assessment process takes into account the requirements of the PFSA as laid down in the PFSA Recommendations.

- **MEASUREMENT AND ASSESSMENT OF CREDIT RISK: RATING AND SCORING METHODS**

The Group assesses the risk of individual credit transactions using scoring and rating methods, supported by dedicated IT applications. The assessment rules are defined by internal regulations, ensuring a uniform and objective risk assessment.

Retail customers - the creditworthiness assessment is performed in two dimensions:

- quantitative - an analysis of the financial position,
- qualitative - a scoring assessment and credit history from internal and external databases.

Institutional customers

- SMEs (simple transactions) - the scoring method (borrowing capacity and creditworthiness).
- Other cases - the rating method, covering the assessment of the customer (rating) and the transaction (ability to repay).

Rating models are developed based on internal data, taking into account financial ratios, qualitative and behavioral factors. For specialized financing, models dedicated to large projects (real estate, infrastructure) are used.

The models are integrated with IT tools and are subject to periodic reviews. The process takes into account the PFSA requirements (Recommendations S, T and W).

ESG and levered transactions - in the process of assessing corporate customers, the Group analyzes the impact of ESG (environmental, social, governance) factors on the creditworthiness and classifies transactions in terms of their impact on ESG (from positive to materially negative). It takes into account, inter alia, climate risk, factors related to human capital, health and safety, and organizational culture ("[Environmental issues](#)").

Rating and scoring assessments are used in risk management, the decision-making authorization system, determining the conditions for activating risk services, and in credit risk measurement and reporting.

- **MEASUREMENT AND ASSESSMENT OF CREDIT RISK: CREDIT RISK FORECASTING AND MONITORING**

The Group prepares forecasts of the credit risk level and monitors deviations from the assumptions (e.g. limits, thresholds, plans, supervisory recommendations). It regularly performs stress tests (specific and comprehensive) and verifies forecasts (backtesting).

Scope of monitoring:

- the level of individual customers, groups of related customers, transactions and their collateral,
- portfolio level.

Transactions are monitored in accordance with internal regulations concerning:

- credit risk assessment and customer assessment methodologies,
- identification of groups of related customers,
- evaluation of collateral and inspection of investments,
- recognition of allowances for expected credit losses;
- Early Warning System (SWO);
- operating procedures.

Early Warning System - The Group uses the EWS in order to respond quickly to signals of an increase in risk.

Portfolio monitoring - comprises supervision of the risk level based on measurement tools, analysis of risk sources and effects of management actions, and recommending corrective measures in the event of an increased risk.

- **USE OF CREDIT RISK MITIGATION TECHNIQUES - COLLATERAL**

The collateral policy in the Bank and the Group companies is aimed at appropriately mitigating credit risk by establishing the most liquid collateral, i.e. collateral that can be sold quickly without a significant loss in value.

The Group strives to diversify the forms and objects of collateral and evaluates their actual usefulness as a source of satisfying claims. The assessment takes into account, among other things:

- the financial position of entities providing personal guarantees,

- the condition and market value of tangible collateral and its vulnerability to depreciation,
- economic benefits (e.g. the possibility of reducing allowances for credit losses),
- the method of establishing collateral, the time and costs of its maintenance and enforcement,
- the complexity and effectiveness of realizing the collateral in the context of legal restrictions,
- the risk level of the customer or transaction.

Examples of collateral used:

- Housing and commercial loans – a mortgage on the financed property (temporary collateral is possible until it is established).
- Consumer loans – personal guarantees, collateral on an account, car or securities.
- Loans for SMEs and corporations – collateral on receivables, accounts, movables, real estate, securities.
- Leases – the asset leased is treated as collateral for the transaction.

The collateral policy is defined in the internal regulations of the Group companies. In the period ended 31 December 2025 and 2024, the Group did not change its collateral policy.

Collateral is taken into account when estimating the expected credit loss for individually significant exposures. In the case of impaired exposures, future collateral recoveries are estimated individually, taking into account the probability of implementing the debt recovery scenario. The value of collateral recoveries estimated under the debt recovery scenario for individually significant exposures amounted to PLN 1,538 million (2024: PLN 1,422 million). Collateral includes, among other things: mortgages, registered pledges, transfer of ownership, restrictions on an account, insurance of the exposure, as well as guarantees and sureties. The Group does not have any exposures for which, due to the value of the collateral, it has not recognized an allowance for expected credit losses.

48. CREDIT RISK – FINANCIAL INFORMATION

48.1. FINANCIAL ASSETS BY STAGE

- **AMOUNTS DUE FROM BANKS** – As at 31 December 2025 and 31 December 2024 all amounts due from banks were classified as Stage 1.
- **SECURITIES (EXCLUDING ADJUSTMENTS RELATING TO FAIR VALUE HEDGE ACCOUNTING)**

SECURITIES 31.12.2025	Stage 1	Stage 2	Stage 3	Total
measured at fair value through other comprehensive income				
Gross/net carrying amount – fair value	106,451	53	8	106,512
Measured at amortized cost				
Gross carrying amount	132,628	734	-	133,362
Allowances for expected credit losses	(57)	(16)	-	(73)
Net carrying amount	132,571	718	-	133,289
Total securities				
Gross carrying amount	239,079	787	8	239,874
Allowances for expected credit losses	(57)	(16)	-	(73)
Net carrying amount	239,022	771	8	239,801

31.12.2024				
measured at fair value through other comprehensive income				
Gross/net carrying amount – fair value	97,612	407	10	98,029
Measured at amortized cost				
Gross carrying amount	109,417	1,236	-	110,653
Allowances for expected credit losses	(66)	(26)	-	(92)
Net carrying amount	109,351	1,210	-	110,561
Total securities				
Gross carrying amount	207,029	1,643	10	208,682
Allowances for expected credit losses	(66)	(26)	-	(92)
Net carrying amount	206,963	1,617	10	208,590

• LOANS AND ADVANCES TO CUSTOMERS (EXCLUDING ADJUSTMENT RELATING TO FAIR VALUE HEDGE ACCOUNTING)

LOANS AND ADVANCES TO CUSTOMERS MEASURED AT AMORTIZED COST 31.12.2025	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount	257,200	33,021	10,177	644	301,042
real estate loans	124,723	9,384	1,226	72	135,405
business loans	71,071	13,972	5,289	467	90,799
consumer loans	39,894	3,381	2,166	104	45,545
factoring receivables	6,630	47	117	-	6,794
finance lease receivables	14,882	6,237	1,379	1	22,499
Allowances for expected credit losses	(1,226)	(3,452)	(5,011)	124	(9,565)
real estate loans	(63)	(954)	(660)	11	(1,666)
business loans	(435)	(1,445)	(2,567)	9	(4,438)
consumer loans	(588)	(816)	(1,259)	104	(2,559)
factoring receivables	-	-	(41)	-	(41)
finance lease receivables	(140)	(237)	(484)	-	(861)
Net carrying amount	255,974	29,569	5,166	768	291,477
real estate loans	124,660	8,430	566	83	133,739
business loans	70,636	12,527	2,722	476	86,361
consumer loans	39,306	2,565	907	208	42,986
factoring receivables	6,630	47	76	-	6,753
finance lease receivables	14,742	6,000	895	1	21,638

The decrease in the gross value of corporate loans and the nominal value of credit facility lines recognized in Stage 2, with a similar level of impairment allowances, resulted from the migration of items between individual stages (migration from Stage 2 to other stages) with the simultaneous recognition of additional allowances for expected credit losses for exposures to customers from increased risk industries, which were in Stage 2 as at 31 December 2025.

LOANS AND ADVANCES TO CUSTOMERS MEASURED AT AMORTIZED COST 31.12.2024	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount	223,999	38,734	9,860	580	273,173
real estate loans	113,771	9,782	1,393	75	125,021
business loans	58,832	18,889	4,969	405	83,095
consumer loans	31,793	3,389	1,915	99	37,196
factoring receivables	6,376	84	113	-	6,573
finance lease receivables	13,227	6,590	1,470	1	21,288
Allowances for expected credit losses	(1,173)	(3,398)	(4,705)	91	(9,185)
real estate loans	(71)	(974)	(795)	13	(1,827)
business loans	(489)	(1,453)	(2,204)	(20)	(4,166)
consumer loans	(505)	(742)	(1,173)	98	(2,322)
factoring receivables	(1)	-	(38)	-	(39)
finance lease receivables	(107)	(229)	(495)	-	(831)
Net carrying amount	222,826	35,336	5,155	671	263,988
real estate loans	113,700	8,808	598	88	123,194
business loans	58,343	17,436	2,765	385	78,929
consumer loans	31,288	2,647	742	197	34,874
factoring receivables	6,375	84	75	-	6,534
finance lease receivables	13,120	6,361	975	1	20,457

• OTHER FINANCIAL ASSETS

OTHER FINANCIAL ASSETS 31.12.2025	Stage 1	Stage 3	Total
Gross carrying amount	2,106	89	2,195
Allowances for expected credit losses	-	(88)	(88)
Net carrying amount	2,106	1	2,107
31.12.2024			
Gross carrying amount	2,481	130	2,611
Allowances for expected credit losses	-	(129)	(129)
Net carrying amount	2,481	1	2,482

• FINANCIAL LIABILITIES AND GUARANTEES GRANTED

FINANCIAL AND GUARANTEE COMMITMENTS GRANTED 31.12.2025	STAGE 1		STAGE 2		STAGE 3		POCI		Total nominal amount	Total provisions per IFRS 9	Total net amount
	Notional amount	Provision	Notional amount	Provision	Notional amount	Provision	Notional amount	Provision			
Credit lines and limits	86,898	(165)	5,677	(309)	509	(100)	5	-	93,089	(574)	92,515
real estate	8,199	(9)	83	(7)	1	(1)	-	-	8,283	(17)	8,266
business	59,711	(128)	3,915	(231)	458	(92)	1	-	64,085	(451)	63,634
consumer	11,329	(20)	1,664	(71)	19	(7)	4	-	13,016	(98)	12,918
in respect of factoring	6,982	-	15	-	31	-	-	-	7,028	-	7,028
in respect of finance leases	677	(8)	-	-	-	-	-	-	677	(8)	669
Other	3,587	-	-	-	-	-	-	-	3,587	-	3,587
Total financial commitments granted, including:	90,485	(165)	5,677	(309)	509	(100)	5	-	96,676	(574)	96,102
irrevocable commitments granted	34,452	(81)	3,544	(192)	83	(21)	3	-	38,082	(294)	37,788
Guarantees and sureties granted											
Total guarantees and sureties granted, including:	12,380	(8)	702	(30)	89	(16)	303	-	13,474	(54)	13,420
irrevocable commitments granted	9,742	(7)	637	(27)	86	(15)	303	-	10,768	(49)	10,719
performance guarantee	4,063	(3)	329	(19)	20	(5)	114	-	4,526	(27)	4,499
Total	102,865	(173)	6,379	(339)	598	(116)	308	-	110,150	(628)	109,522
31.12.2024											
Credit lines and limits	76,584	(165)	10,206	(328)	312	(60)	4	-	87,106	(553)	86,553
real estate	6,670	(18)	142	(10)	4	(2)	-	-	6,816	(30)	6,786
business	53,839	(123)	8,546	(234)	253	(52)	-	-	62,638	(409)	62,229
consumer	10,274	(24)	1,498	(84)	16	(6)	4	-	11,792	(114)	11,678
in respect of factoring	5,057	-	20	-	39	-	-	-	5,116	-	5,116
in respect of finance leases	744	-	-	-	-	-	-	-	744	-	744
Other	3,940	-	-	-	-	-	-	-	3,940	-	3,940
Total financial commitments granted, including:	80,524	(165)	10,206	(328)	312	(60)	4	-	91,046	(553)	90,493
irrevocable commitments granted	28,998	(92)	5,407	(199)	91	(15)	2	-	34,498	(306)	34,192
Guarantees and sureties granted											
Total guarantees and sureties granted, including:	10,254	(10)	1,406	(39)	101	(30)	337	(1)	12,098	(80)	12,018
irrevocable commitments granted	7,592	(8)	1,345	(38)	98	(28)	337	(1)	9,372	(75)	9,297
performance guarantee	2,900	(4)	740	(28)	28	(13)	120	(1)	3,788	(46)	3,742
Total	90,778	(175)	11,612	(367)	413	(90)	341	(1)	103,144	(633)	102,511

48.2. CHANGE IN THE GROSS CARRYING AMOUNT

• SECURITIES

“Other changes” comprise the effect of foreign exchange rate changes, interest, measurement, discount, premium.

SECURITIES MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - CHANGE IN THE GROSS CARRYING AMOUNT DURING THE PERIOD (excluding adjustment relating to fair value hedge accounting) 2025	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount at the beginning of the period	97,612	407	10	98,029
Transfer from stage 2 and 3 to stage 1	312	(311)	(1)	-
Transfer from stage 1 and 3 to stage 2	(38)	38	-	-
Granting or purchase of financial instruments	321,590	1	-	321,591
Non-substantial modifications	(51)	1	-	(50)
Derecognition, including sale	(318,003)	(74)	(1)	(318,078)
Other changes	5,029	(9)	-	5,020
Gross carrying amount at the end of the period	106,451	53	8	106,512
2024				
Gross carrying amount at the beginning of the period	107,649	393	12	108,054
Transfer from stage 2 and 3 to stage 1	15	(15)	-	-
Transfer from stage 1 and 3 to stage 2	(64)	64	-	-
Granting or purchase of financial instruments	716,723	5	-	716,728
Non-substantial modifications	4	-	-	4
Derecognition, including sale	(731,830)	(27)	(2)	(731,859)
Other changes	5,115	(13)	-	5,102
Gross carrying amount at the end of the period	97,612	407	10	98,029

SECURITIES MEASURED AT AMORTISED COST - CHANGE IN THE GROSS CARRYING AMOUNT DURING THE PERIOD (excluding adjustment relating to fair value hedge accounting) 2025	Stage 1	Stage 2	Total
Gross carrying amount at the beginning of the period	109,417	1,236	110,653
Transfer from stage 2 to stage 1	762	(762)	-
Transfer from stage 1 to stage 2	(246)	246	-
Granting or purchase of financial instruments	47,203	34	47,237
Non-substantial modifications	(22)	-	(22)
Derecognition, including sale	(29,054)	(58)	(29,112)
Other changes	4,568	38	4,606
Gross carrying amount at the end of the period	132,628	734	133,362
2024			
Gross carrying amount at the beginning of the period	86,900	399	87,299
Transfer from stage 2 to stage 1	236	(236)	-
Transfer from stage 1 to stage 2	(872)	872	-
Granting or purchase of financial instruments	38,906	225	39,131
Non-substantial modifications	(1)	-	(1)
Derecognition, including redemption at maturity	(19,254)	(99)	(19,353)
Other changes	3,502	75	3,577
Gross carrying amount at the end of the period	109,417	1,236	110,653

• **LOANS AND ADVANCES TO CUSTOMERS MEASURED AT AMORTIZED COST**

Changes in the gross carrying amount are presented as at the end of the reporting period. The item "Other changes" comprises the effect of foreign exchange differences, interest and the cost of legal risk associated with mortgage loans in convertible currencies, and in 2024, transfers from Stages 1, 2 and 3 to POCI.

REAL ESTATE LOANS - CHANGE IN THE GROSS CARRYING AMOUNT DURING THE PERIOD 2025	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount at the beginning of the period	113,771	9,782	1,393	75	125,021
Transfer from stage 2 and 3 to stage 1	4,090	(3,984)	(106)	-	-
Transfer from stage 1 and 3 to stage 2	(5,214)	5,361	(147)	-	-
Transfer from stage 1 and 2 to stage 3	(50)	(219)	269	-	-
Transfer from Stage 1, 2 and 3 to POCI	(1)	(15)	(19)	35	-
Granting or purchase of financial instruments	24,778	244	9	25	25,056
Utilization of limit or disbursement of tranches	6,172	166	107	4	6,449
Repayments	(18,251)	(1,866)	(164)	(22)	(20,303)
Changes due to legal risk costs	1,924	-	-	-	1,924
Non-substantial modifications	14	-	(1)	-	13
Derecognition, including sale	(2,134)	(65)	(5)	(33)	(2,237)
Write-off	-	1	(90)	-	(89)
Other changes	(376)	(21)	(20)	(12)	(429)
Gross carrying amount at the end of the period	124,723	9,384	1,226	72	135,405
2024					
Gross carrying amount at the beginning of the period	99,844	13,351	1,605	84	114,884
Transfer from stage 2 and 3 to stage 1	4,706	(4,683)	(23)	-	-
Transfer from stage 1 and 3 to stage 2	(4,090)	4,307	(217)	-	-
Transfer from stage 1 and 2 to stage 3	(67)	(251)	318	-	-
Granting or purchase of financial instruments	16,599	427	8	37	17,071
Utilization of limit or disbursement of tranches	8,354	483	201	5	9,043
Repayments	(12,980)	(2,071)	(154)	(26)	(15,231)
Changes due to legal risk costs	1,640	-	-	-	1,640
Non-substantial modifications	236	2	1	-	239
Derecognition, including sale	(564)	(32)	(18)	(45)	(659)
Write-off	-	-	(199)	(5)	(204)
Other changes	1,093	(1,751)	(129)	25	(762)
Gross carrying amount at the end of the period	113,771	9,782	1,393	75	125,021

CORPORATE LOANS – CHANGE IN GROSS CARRYING AMOUNT DURING THE PERIOD 2025	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount at the beginning of the period	58,832	18,889	4,969	405	83,095
Transfer from stage 2 and 3 to stage 1	7,805	(7,709)	(96)	-	-
Transfer from stage 1 and 3 to stage 2	(4,023)	4,077	(54)	-	-
Transfer from stage 1 and 2 to stage 3	(395)	(1,076)	1,471	-	-
Transfer from Stage 1, 2 and 3 to POCI	(3)	(9)	(111)	123	-
Granting or purchase of financial instruments	28,045	1,754	392	163	30,354
Utilization of limit or disbursement of tranches	10,166	1,495	285	33	11,979
Repayments	(28,416)	(2,619)	(1,030)	(75)	(32,140)
Non-substantial modifications	154	(414)	(18)	-	(278)
Derecognition, including sale	(1,503)	(358)	(31)	(177)	(2,069)
Write-off	-	-	(414)	(4)	(418)
Other changes	409	(58)	(74)	(1)	276
Gross carrying amount at the end of the period	71,071	13,972	5,289	467	90,799

2024					
Gross carrying amount at the beginning of the period	59,458	17,651	3,512	158	80,779
Transfer from stage 2 and 3 to stage 1	2,814	(2,790)	(24)	-	-
Transfer from stage 1 and 3 to stage 2	(7,623)	7,999	(376)	-	-
Transfer from stage 1 and 2 to stage 3	(340)	(2,515)	2,855	-	-
Granting or purchase of financial instruments	16,864	2,525	331	353	20,073
Utilization of limit or disbursement of tranches	13,618	3,073	848	10	17,549
Repayments	(26,338)	(3,564)	(1,123)	(60)	(31,085)
Non-substantial modifications	132	(326)	(39)	-	(233)
Derecognition, including sale	(2,196)	(494)	(69)	(167)	(2,926)
Write-off	-	-	(743)	(3)	(746)
Other changes	2,443	(2,670)	(203)	114	(316)
Gross carrying amount at the end of the period	58,832	18,889	4,969	405	83,095

CONSUMER LOANS – CHANGE IN GROSS CARRYING AMOUNT DURING THE PERIOD	Stage 1	Stage 2	Stage 3	POCI	Total
2025					
Gross carrying amount at the beginning of the period	31,793	3,389	1,915	99	37,196
Transfer from stage 2 and 3 to stage 1	1,628	(1,519)	(109)	-	-
Transfer from stage 1 and 3 to stage 2	(1,470)	1,543	(73)	-	-
Transfer from stage 1 and 2 to stage 3	(544)	(511)	1,055	-	-
Transfer from Stage 1, 2 and 3 to POCI	(13)	(21)	(73)	107	-
Granting or purchase of financial instruments	30,121	1,000	211	51	31,383
Utilization of limit or disbursement of tranches	1,012	126	301	7	1,446
Repayments	(22,372)	(524)	(276)	(48)	(23,220)
Non-substantial modifications	(11)	(1)	(1)	-	(13)
Derecognition, including sale	(86)	(68)	(13)	(107)	(274)
Write-off	(6)	-	(762)	(3)	(771)
Other changes	(158)	(33)	(9)	(2)	(202)
Gross carrying amount at the end of the period	39,894	3,381	2,166	104	45,545

2024					
Gross carrying amount at the beginning of the period	26,079	3,570	2,379	79	32,107
Transfer from stage 2 and 3 to stage 1	960	(927)	(33)	-	-
Transfer from stage 1 and 3 to stage 2	(1,640)	1,724	(84)	-	-
Transfer from stage 1 and 2 to stage 3	(386)	(419)	805	-	-
Granting or purchase of financial instruments	19,546	491	206	63	20,306
Utilization of limit or disbursement of tranches	1,429	182	330	7	1,948
Repayments	(14,584)	(561)	(292)	(39)	(15,476)
Non-substantial modifications	(10)	(2)	(2)	-	(14)
Derecognition, including sale	-	(35)	(695)	(125)	(855)
Write-off	-	-	(661)	(14)	(675)
Other changes	399	(634)	(38)	128	(145)
Gross carrying amount at the end of the period	31,793	3,389	1,915	99	37,196

FINANCE LEASE RECEIVABLES - CHANGE IN THE GROSS CARRYING AMOUNT DURING THE PERIOD 2025	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount at the beginning of the period	13,227	6,590	1,470	1	21,288
Transfer from stage 2 and 3 to stage 1	921	(898)	(23)	-	-
Transfer from stage 1 and 3 to stage 2	(3,363)	3,484	(121)	-	-
Transfer from stage 1 and 2 to stage 3	(177)	(399)	576	-	-
Granting or purchase of financial instruments	7,849	974	87	-	8,910
Utilization of limit or disbursement of tranches	95	17	47	-	159
Repayments	(3,404)	(2,483)	(465)	-	(6,352)
Non-substantial modifications	(256)	(1,001)	(154)	-	(1,411)
Derecognition, including sale	(12)	(48)	(6)	-	(66)
Write-off	(7)	-	(36)	-	(43)
Other changes	9	1	4	-	14
Gross carrying amount at the end of the period	14,882	6,237	1,379	1	22,499
2024					
Gross carrying amount at the beginning of the period	12,887	5,993	1,045	3	19,928
Transfer from stage 2 and 3 to stage 1	706	(684)	(22)	-	-
Transfer from stage 1 and 3 to stage 2	(3,636)	3,733	(97)	-	-
Transfer from stage 1 and 2 to stage 3	(591)	(524)	1,115	-	-
Granting or purchase of financial instruments	7,178	1,295	129	-	8,602
Utilization of limit or disbursement of tranches	94	5	48	-	147
Repayments	(3,186)	(2,130)	(377)	(2)	(5,695)
Non-substantial modifications	(222)	(1,046)	(236)	-	(1,504)
Derecognition, including sale	(9)	(57)	(8)	-	(74)
Write-off	-	-	(127)	-	(127)
Other changes	6	5	-	-	11
Gross carrying amount at the end of the period	13,227	6,590	1,470	1	21,288

FACTORING RECEIVABLES - CHANGE IN THE GROSS CARRYING AMOUNT DURING THE PERIOD 2025	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount at the beginning of the period	6,376	84	113	6,573
Transfer from stage 2 and 3 to stage 1	34	(13)	(21)	-
Transfer from stage 1 and 3 to stage 2	(24)	24	-	-
Transfer from stage 1 and 2 to stage 3	(42)	(10)	52	-
Granting or purchase of financial instruments	776	-	-	776
Utilization of limit or disbursement of tranches	(65)	3	19	43
Repayments	(372)	(41)	(45)	458
Other changes	(53)	-	(1)	54
Gross carrying amount at the end of the period	6,630	47	117	6,794
2024				
Gross carrying amount at the beginning of the period	5,303	25	88	5,416
Transfer from stage 2 and 3 to stage 1	4	(3)	(1)	-
Transfer from stage 1 and 3 to stage 2	(84)	84	-	-
Transfer from stage 1 and 2 to stage 3	(44)	(1)	45	-
Granting or purchase of financial instruments	901	-	-	901
Utilization of limit or disbursement of tranches	831	53	14	898
Repayments	(537)	(74)	(33)	(644)
Other changes	2	-	-	2
Gross carrying amount at the end of the period	6,376	84	113	6,573

- OTHER FINANCIAL ASSETS:

OTHER FINANCIAL ASSETS - CHANGE IN THE GROSS CARRYING AMOUNT DURING THE PERIOD 2025	Stage 1	Stage 3	Total
Gross carrying amount at the beginning of the period	2,481	130	2,611
Granting or purchase of financial assets	2,315	-	2,315
Utilization of limit or disbursement of tranches	12	-	12
Repayments	(2,687)	-	(2,687)
Write-off	-	(48)	(48)
Other changes	(15)	7	(8)
Gross carrying amount at the end of the period	2,106	89	2,195
2024			
Gross carrying amount at the beginning of the period	1,469	141	1,610
Granting or purchase of financial assets	2,318	62	2,380
Utilization of limit or disbursement of tranches	14	-	14
Repayments	(1,334)	(63)	(1,397)
Write-off	-	(9)	(9)
Other changes	14	(1)	13
Gross carrying amount at the end of the period	2,481	130	2,611

48.3. CHANGES IN ALLOWANCES FOR EXPECTED CREDIT LOSSES

The line "Net allowances for expected credit losses" includes the following items:

- "Increase due to recognition and purchase",
- "Changes in credit risk (net)", which includes the effect on the allowance amount of an increase or decrease in the amount of financial assets due to accrued and paid interest income, the effect of the passage of time on expected credit losses, changes in estimates due to an update or review of risk parameters, and changes in forecasted macroeconomic data,
- "Decrease due to derecognition",
- "Changes due to modification without derecognition (net)".

Items of transfers between Stages 1, 2 and 3 are presented in the amount of allowances for expected credit losses at the end of the reporting period in correspondence with the item "Changes in credit risk (net)". In 2024, items of transfers between Stages 1, 2 and 3 were presented in the amount of allowances for expected credit losses at the end of the reporting period in correspondence with the item "Change in credit risk - transfers".

The item "Other adjustments" includes the effect of foreign exchange differences and, in the case of financial assets measured at fair value through other comprehensive income, the effect of measurement at fair value.

- SECURITIES

SECURITIES MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - CHANGES IN ALLOWANCES FOR EXPECTED CREDIT LOSSES IN THE PERIOD 2025	Stage 1	Stage 2	Total
As at the beginning of the period	-	-	-
Transfer from stage 2 to stage 1	(4)	4	-
Increase due to recognition and purchase	(41)	-	(41)
Changes in credit risk (net)	53	1	54
Derecognition, including sale	10	1	11
Other adjustments	(18)	(6)	(24)
As at the end of the period	-	-	-

2024			
As at the beginning of the period	-	-	-
Transfer from stage 1 to stage 2	1	(1)	-
Change in credit risk – transfers	(1)	1	-
Increase due to recognition and purchase	(85)	-	(85)
Changes in credit risk (net)	54	7	61
Decrease due to derecognition	4	-	4
Write-off	27	(7)	20
As at the end of the period	-	-	-

SECURITIES MEASURED AT AMORTISED COST – CHANGES IN ALLOWANCES FOR EXPECTED CREDIT LOSSES DURING THE PERIOD 2025	Stage 1	Stage 2	Total
As at the beginning of the period	(66)	(26)	(92)
Transfer from stage 2 to stage 1	(10)	10	-
Transfer from stage 1 to stage 2	1	(1)	-
Increase due to recognition and purchase	(31)	-	(31)
Changes in credit risk (net)	47	1	48
Changes due to modification without derecognition (net)	1	-	1
Other adjustments	1	-	1
As at the end of the period	(57)	(16)	(73)

2024			
As at the beginning of the period	(54)	(18)	(72)
Transfer from stage 2 to stage 1	(1)	1	-
Transfer from stage 1 to stage 2	16	(16)	-
Change in credit risk – transfers	(15)	15	-
Increase due to recognition and purchase	(21)	(3)	(24)
Changes in credit risk (net)	8	(5)	3
Other adjustments	1	-	1
As at the end of the period	(66)	(26)	(92)

• LOANS AND ADVANCES TO CUSTOMERS MEASURED AT AMORTIZED COST

REAL ESTATE LOANS – CHANGES IN ALLOWANCES FOR EXPECTED CREDIT LOSSES DURING THE PERIOD 2025	Stage 1	Stage 2	Stage 3	POCI	Total
As at the beginning of the period	(71)	(974)	(795)	13	(1,827)
Transfer from stage 2 and 3 to stage 1	(222)	175	47	-	-
Transfer from stage 1 and 3 to stage 2	44	(96)	52	-	-
Transfer from stage 1 and 2 to stage 3	3	86	(89)	-	-
Transfer from Stage 1, 2 and 3 to POCI	-	3	10	(13)	-
Increase due to recognition and purchase	(19)	(3)	(1)	(11)	(34)
Changes in credit risk (net)	198	(178)	99	12	131
Decrease due to derecognition	12	8	7	11	38
Changes due to modification without derecognition (net)	-	-	2	-	2
Write-off	-	(1)	90	-	89
Other adjustments	(8)	26	(82)	(1)	(65)
As at the end of the period	(63)	(954)	(660)	11	(1,666)

As at the beginning of the period	(95)	(1,135)	(1,135)	(5)	(2,370)
Transfer from stage 2 and 3 to stage 1	(8)	8	-	-	-
Transfer from stage 1 and 3 to stage 2	281	(307)	26	-	-
Transfer from stage 1 and 2 to stage 3	23	114	(137)	-	-
Change in credit risk - transfers	(296)	185	111	-	-
Increase due to recognition and purchase	(41)	(4)	-	(29)	(74)
Changes in credit risk (net)	(25)	(67)	126	4	38
Decrease due to derecognition	45	7	7	25	84
Changes due to modification without derecognition (net)	1	(2)	1	-	-
Write-off	-	-	199	5	204
Other adjustments	44	227	7	13	291
As at the end of the period	(71)	(974)	(795)	13	(1,827)

CORPORATE LOANS - CHANGES IN ALLOWANCES FOR EXPECTED CREDIT LOSSES DURING THE PERIOD 2025	Stage 1	Stage 2	Stage 3	POCI	Total
As at the beginning of the period	(489)	(1,453)	(2,204)	(20)	(4,166)
Transfer from stage 2 and 3 to stage 1	(363)	311	52	-	-
Transfer from stage 1 and 3 to stage 2	55	(75)	20	-	-
Transfer from stage 1 and 2 to stage 3	11	85	(96)	-	-
Transfer from Stage 1, 2 and 3 to POCI	-	1	44	(45)	-
Increase due to recognition and purchase	(307)	(118)	(127)	(106)	(658)
Changes in credit risk (net)	681	(260)	(400)	47	68
Decrease due to derecognition	26	41	37	50	154
Changes due to modification without derecognition (net)	(2)	10	(2)	-	6
Write-off	-	-	414	4	418
Other adjustments	(47)	13	(305)	79	(260)
As at the end of the period	(435)	(1,445)	(2,567)	9	(4,438)

2024					
As at the beginning of the period	(450)	(1,739)	(2,157)	1	(4,345)
Transfer from stage 2 and 3 to stage 1	(38)	36	2	-	-
Transfer from stage 1 and 3 to stage 2	280	(290)	10	-	-
Transfer from stage 1 and 2 to stage 3	119	730	(849)	-	-
Change in credit risk - transfers	(361)	(476)	837	-	-
Increase due to recognition and purchase	(233)	(149)	(99)	(218)	(699)
Changes in credit risk (net)	214	372	(558)	(29)	(1)
Decrease due to derecognition	34	77	22	44	177
Changes due to modification without derecognition (net)	(3)	2	59	-	58
Write-off	-	-	742	3	745
Other adjustments	(51)	(16)	(213)	179	(101)
As at the end of the period	(489)	(1,453)	(2,204)	(20)	(4,166)

CONSUMER LOANS - CHANGES IN ALLOWANCES FOR EXPECTED CREDIT LOSSES DURING THE PERIOD 2025	Stage 1	Stage 2	Stage 3	POCI	Total
As at the beginning of the period	(505)	(742)	(1,173)	98	(2,322)
Transfer from stage 2 and 3 to stage 1	(296)	254	42	-	-
Transfer from stage 1 and 3 to stage 2	40	(60)	20	-	-
Transfer from stage 1 and 2 to stage 3	25	192	(217)	-	-
Transfer from Stage 1, 2 and 3 to POCI	1	8	40	(49)	
Increase due to recognition and purchase	(327)	(28)	(61)	(74)	(490)
Changes in credit risk (net)	467	(447)	(209)	34	(155)
Decrease due to derecognition	-	11	4	51	66
Changes due to modification without derecognition (net)	(1)	(4)	(1)	-	(6)
Update of the applied estimation method (net)	3	-	4	5	12
Write-off	6	(1)	762	3	770
Other adjustments	(1)	1	(470)	36	(434)
As at the end of the period	(588)	(816)	(1,259)	104	(2,559)
2024					
As at the beginning of the period	(443)	(752)	(1,493)	55	(2,633)
Transfer from stage 2 and 3 to stage 1	(16)	16	-	-	-
Transfer from stage 1 and 3 to stage 2	343	(355)	12	-	-
Transfer from stage 1 and 2 to stage 3	214	210	(424)	-	-
Change in credit risk - transfers	(541)	129	412	-	-
Increase due to recognition and purchase	(260)	(18)	(98)	(93)	(469)
Changes in credit risk (net)	195	20	(354)	4	(135)
Decrease due to derecognition	1	12	5	61	79
Changes due to modification without derecognition (net)	2	-	(1)	21	22
Write-off	-	-	661	14	675
Other adjustments	-	(4)	107	36	139
As at the end of the period	(505)	(742)	(1,173)	98	(2,322)

FINANCE LEASE RECEIVABLES - CHANGES IN ALLOWANCES FOR EXPECTED CREDIT LOSSES DURING THE PERIOD 2025	Stage 1	Stage 2	Stage 3	Total
As at the beginning of the period	(107)	(229)	(495)	(831)
Transfer from stage 2 and 3 to stage 1	(30)	23	7	-
Transfer from stage 1 and 3 to stage 2	30	(65)	35	-
Transfer from stage 1 and 2 to stage 3	2	42	(44)	-
Increase due to recognition and purchase	(88)	(86)	(73)	(247)
Changes in credit risk (net)	27	(14)	(113)	(100)
Decrease due to derecognition	26	91	157	274
Write-off	-	-	44	44
Other adjustments	-	1	(2)	(1)
As at the end of the period	(140)	(237)	(484)	(861)

2024	Stage 1	Stage 2	Stage 3	POCI	Total
As at the beginning of the period	(83)	(237)	(508)	(1)	(829)
Transfer from stage 2 and 3 to stage 1	(30)	24	6	-	-
Transfer from stage 1 and 3 to stage 2	25	(51)	26	-	-
Transfer from stage 1 and 2 to stage 3	6	64	(70)	-	-
Change in credit risk - transfers	(1)	(37)	38	-	-
Increase due to recognition and purchase	(71)	(81)	(77)	-	(229)
Changes in credit risk (net)	26	(29)	(122)	-	(125)
Decrease due to derecognition	20	81	132	1	234
Write-off	-	-	122	-	122
Other adjustments	1	37	(42)	-	(4)
As at the end of the period	(107)	(229)	(495)	-	(831)

FACTORING RECEIVABLES - CHANGES IN ALLOWANCES FOR EXPECTED CREDIT LOSSES DURING THE PERIOD 2025	Stage 1	Stage 3	Total
As at the beginning of the period	(1)	(38)	(39)
Transfer from stage 1 to stage 3	13	(13)	-
Changes in credit risk (net)	(12)	8	(4)
Decrease due to derecognition	-	1	1
Other adjustments	-	1	1
As at the end of the period	-	(41)	(41)
2024			
As at the beginning of the period	(1)	(29)	(30)
Transfer from stage 1 to stage 3	6	(6)	-
Change in credit risk - transfers	(6)	6	-
Increase due to recognition and purchase	(1)	-	(1)
Changes in credit risk (net) ¹	(4)	(3)	(7)
Other adjustments	5	(6)	(1)
As at the end of the period	(1)	(38)	(39)

• **OTHER FINANCIAL ASSETS:**

OTHER FINANCIAL ASSETS - CHANGES IN ALLOWANCES FOR EXPECTED CREDIT LOSSES IN THE PERIOD - Stage 3	2025	2024
As at the beginning of the period	(129)	(136)
Changes in credit risk (net)	(4)	2
Write-off	48	9
Other adjustments	(3)	(4)
As at the end of the period	(88)	(129)

48.4. OTHER DISCLOSURES

For financial instruments measured at fair value through profit or loss, i.e., derivative instruments, securities, and loans and advances granted to customers, the maximum exposure to credit risk is equal to their carrying amount presented in the statement of financial position.

FINANCIAL ASSETS SUBJECT TO MODIFICATION	2025		2024	
	Stage 2	Stage 3	Stage 2	Stage 3
Financial assets subject to modification during the period:				
valuation amount at amortized cost before modification	699	576	778	507
gain (loss) on modification	10	-	10	(1)
Financial assets subject to modification since initial recognition:	31.12.2025		31.12.2024	
gross carrying amount of financial assets subject to modification for which expected losses were calculated over the lifetime and which are classified as Stage 1 after modification	357		267	

The table below presents the outstanding amounts of financial assets to be repaid, which were written down during the reporting period and which are still subject to debt recovery activities.

RECEIVABLES WRITTEN OFF	2025		2024	
	Partly	Entirely	Partly	Entirely
Loans and advances to customers	116	204	147	1,645
real estate loans	12	5	21	128
business loans	24	107	41	850
consumer loans	80	48	85	545
finance lease receivables	-	44	-	122
Other financial assets	-	-	-	1
Total	116	204	147	1,646

The Group adopted the following criteria for writing off receivables:

- the receivable has fully matured and is the consequence of a loan, advance, contractual overdraft, guarantee, surety, or bond;
- in accordance with IFRS, the allowance for expected credit losses covers 100% of the gross carrying amount of the asset, or exceeds 90% of this amount and:
 - debt recovery actions taken did not lead to the recovery of the receivable, and the assessment of the probability of recovery (taking into account the findings of the bailiff or the receiver, transferability of collateral, level of satisfaction, mortgage position) indicates that the entire receivable cannot be recovered, or
 - in the last 12 months, repayments did not cover currently accrued interest.
- PAST DUE FINANCIAL ASSETS SUBJECT TO IMPAIRMENT OR IMPAIRED**

PAST DUE FINANCIAL ASSETS SUBJECT TO IMPAIRMENT OR IMPAIRED (net) – loans and advances to customers	up to 30 days	30 to 90 days	over 90 days	TOTAL
31.12.2025				
Stage 1	3,054	209	-	3,263
Stage 2	2,408	396	112	2,916
Stage 3	562	371	1,964	2,897
Total	6,024	976	2,076	9,076
31.12.2024				
Stage 1	3,714	174	-	3,888
Stage 2	2,551	421	140	3,112
Stage 3	438	562	1,536	2,536
Total	6,703	1,157	1,676	9,536

To specify whether a loan is overdue, the Group applies the following minimum thresholds:

- PLN 400 – for retail exposures,

- PLN 2,000 – for other credit exposures, and
- 1% – as regards the debtor’s entire credit exposure in the balance sheet of the Bank and other entities of the Group.
- **QUALITY OF THE PORTFOLIO COVERED BY THE RATING MODEL FOR LOANS AND ADVANCES TO CUSTOMERS (GROSS CARRYING AMOUNT)**

CREDIT RISK EXPOSURES BY PD PARAMETER 31.12.2025	Stage 1	Stage 2	Stage 3	POCI	Total
REAL ESTATE LOANS	124,723	9,384	1,226	72	135,405
0.00 - 0.02%	14,389	76	-	-	14,465
0.02 - 0.07%	68,489	528	-	2	69,019
0.07 - 0.11%	16,344	212	-	1	16,557
0.11 - 0.18%	10,689	327	-	2	11,018
0.18 - 0.45%	7,218	2,046	-	5	9,269
0.45 - 1.78%	1,930	3,581	-	6	5,517
1.78 - 99.99%	505	2,587	-	6	3,098
100%	-	-	1,226	50	1,276
no internal rating	5,159	27	-	-	5,186
CORPORATE LOANS, FACTORING RECEIVABLES, FINANCE LEASE RECEIVABLES	92,583	20,256	6,785	468	120,092
0.00 - 0.45%	7,744	9	-	-	7,753
0.45 - 0.90%	9,286	69	-	-	9,355
0.90 - 1.78%	17,471	640	-	3	18,114
1.78 - 3.55%	30,492	5,592	-	1	36,085
3.55 - 7.07%	15,403	6,426	-	45	21,874
7.07 - 14.07%	9,584	4,787	-	-	14,371
14.07 - 99.99%	379	2,675	-	5	3,059
100%	125	2	6,766	413	7,306
no internal rating	2,099	56	19	1	2,175
CONSUMER LOANS	39,894	3,381	2,166	104	45,545
0.00 - 0.45%	12,633	96	-	2	12,731
0.45 - 0.90%	6,947	130	-	2	7,079
0.90 - 1.78%	7,039	262	-	3	7,304
1.78 - 3.55%	5,805	441	-	4	6,250
3.55 - 7.07%	3,269	506	-	3	3,778
7.07 - 14.07%	1,232	467	-	4	1,703
14.07 - 99.99%	329	1,212	-	6	1,547
100%	-	-	2,166	78	2,244
no internal rating	2,640	267	-	2	2,909
Total	257,200	33,021	10,177	644	301,042

CREDIT RISK EXPOSURES BY PD PARAMETER 31.12.2024	Stage 1	Stage 2	Stage 3	POCI	Total
REAL ESTATE LOANS	113,771	9,782	1,393	75	125,021
0.00 - 0.02%	13,012	129	-	-	13,141
0.02 - 0.07%	62,394	549	-	3	62,946
0.07 - 0.11%	14,777	223	-	2	15,002
0.11 - 0.18%	9,461	521	-	1	9,983
0.18 - 0.45%	6,976	2,267	-	3	9,246
0.45 - 1.78%	2,379	3,270	-	7	5,656
1.78 - 99.99%	231	2,797	-	8	3,036
100%	-	-	1,393	51	1,444
no internal rating	4,541	26	-	-	4,567
CORPORATE LOANS, FACTORING RECEIVABLES, FINANCE LEASE RECEIVABLES	78,435	25,563	6,552	406	110,956
0.00 - 0.45%	10,402	345	-	-	10,747
0.45 - 0.90%	6,888	342	-	-	7,230
0.90 - 1.78%	16,313	2,707	22	-	19,042
1.78 - 3.55%	27,073	6,407	-	1	33,481
3.55 - 7.07%	10,922	6,860	-	5	17,787
7.07 - 14.07%	5,881	6,441	-	4	12,326
14.07 - 99.99%	374	2,436	-	4	2,814
100%	-	-	6,530	391	6,921
no internal rating	582	25	-	1	608
CONSUMER LOANS	31,793	3,389	1,915	99	37,196
0.00 - 0.45%	10,685	134	-	1	10,820
0.45 - 0.90%	5,655	140	-	1	5,796
0.90 - 1.78%	5,434	313	-	3	5,750
1.78 - 3.55%	4,184	528	-	2	4,714
3.55 - 7.07%	2,341	581	-	2	2,924
7.07 - 14.07%	914	508	-	3	1,425
14.07 - 99.99%	220	1,126	-	4	1,350
100%	-	-	1,915	80	1,995
no internal rating	2,360	59	-	3	2,422
Total	223,999	38,734	9,860	580	273,173

• QUALITY OF THE PORTFOLIO COVERED BY THE RATING MODEL FOR OFF-BALANCE SHEET LIABILITIES (NOMINAL VALUE)

CREDIT RISK EXPOSURES BY PD PARAMETER 31.12.2025	Stage 1	Stage 2	Stage 3	POCI	Total
0.00 - 0.45%	22,549	68	-	1	22,618
0.45 - 0.90%	18,504	325	-	2	18,831
0.90 - 1.78%	16,875	636	-	1	17,512
1.78 - 3.55%	19,827	1,785	-	-	21,612
3.55 - 7.07%	10,101	1,130	-	-	11,231
7.07 - 14.07%	3,741	823	-	294	4,858
14.07 - 99.99%	114	364	-	-	478
100%	123	-	549	10	682
no internal rating	11,031	1,248	49	-	12,328
Total	102,865	6,379	598	308	110,150

31.12.2024					
0.00 - 0.45%	32,713	206	-	1	32,920
0.45 - 0.90%	13,721	587	-	1	14,309
0.90 - 1.78%	14,497	2,019	30	-	16,546
1.78 - 3.55%	14,379	2,498	-	-	16,877
3.55 - 7.07%	5,148	2,728	-	-	7,876
7.07 - 14.07%	2,028	2,170	-	338	4,536
14.07 - 99.99%	51	172	-	-	223
100%	-	-	383	1	384
no internal rating	8,241	1,232	-	-	9,473
Total	90,778	11,612	413	341	103,144

• QUALITY OF THE PORTFOLIO COVERED BY THE RATING MODEL FOR AMOUNTS DUE FROM BANKS (GROSS CARRYING AMOUNT)

CREDIT RISK EXPOSURES BY PD PARAMETER – Stage 1 (EXTERNAL RATINGS)	31.12.2025	31.12.2024
AA	368	1,188
A	1,640	2,271
BBB	69	136
BB	4	1
B	-	1
CCC	9	3
CC	2,388	1,491
Total	4,478	5,091

• **QUALITY OF THE PORTFOLIO COVERED BY THE RATING MODEL FOR DEBT SECURITIES (GROSS CARRYING AMOUNT)**

CREDIT RISK EXPOSURES BY PD PARAMETER 31.12.2025	Stage 1	Stage 2	Stage 3	Total
EXTERNAL RATINGS				
AAA	13,710	-	-	13,710
AA	3,143	-	-	3,143
A	200,852	34	-	200,886
BBB	2,783	-	-	2,783
BB	653	208	-	861
CCC	697	4	-	701
INTERNAL RATINGS				
0.00-0.45%	8,302	-	-	8,302
0.45-0.90%	6,626	220	-	6,846
0.90-1.78%	305	257	-	562
1.78-3.55%	1,885	60	-	1,945
7.07-14.07%	80	4	-	84
100%	-	-	8	8
no internal rating	43	-	-	43
Total	239,079	787	8	239,874
31.12.2024				
EXTERNAL RATINGS				
AAA	11,658	-	-	11,658
AA	9,108	-	-	9,108
A	163,985	-	-	163,985
BBB	1,994	-	-	1,994
BB	560	485	-	1,045
INTERNAL RATINGS				
0.00-0.45%	6,873	-	-	6,873
0.45-0.90%	6,200	791	-	6,991
0.90-1.78%	89	82	-	171
1.78-3.55%	1,844	66	-	1,910
3.55-7.07%	3	-	-	3
7.07-14.07%	19	1	-	20
100%	-	-	10	10
no internal rating	4,696	218	-	4,914
Total	207,029	1,643	10	208,682

49. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Group offsets and presents financial assets and liabilities in the statement of financial position on a net basis if it has a legally enforceable right to set off the amounts and intends either to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Most often, positive and negative fair values of interest rate derivative instruments are offset against margin deposits (Variation Margin) where the counterparty is a clearing house (CCP) or a clearing broker.

The Group enters into ISDA (International Swaps and Derivatives Association Master Agreements) and GMRA (Global Master Repurchase Agreement) agreements, which make it possible to offset assets and liabilities (close-out netting) in the event of a breach of the agreement. These agreements mitigate settlement and pre-settlement risks, but they do not meet the requirements of IAS 32 because the set-off is conditional and depends on the occurrence of a specific event.

Exposures arising from derivatives are further secured by margin deposits provided by counterparties as part of CSAs (Credit Support Annex).

OFFSETTING ASSETS - Hedging and other derivative instruments	31.12.2025	31.12.2024
Recognized financial assets, gross	6,681	6,180
Financial liabilities subject to offsetting, gross	(4,245)	(4,061)
Financial assets recognized in the statement of financial position, net	2,436	2,119
Amounts subject to enforceable framework agreement or similar agreement concerning offsetting, including related to:	1,146	881
(i) recognized financial instruments which do not meet the offsetting criteria	330	447
(ii) financial collateral (including cash)	816	434
Net amount	1,290	1,238

OFFSETTING LIABILITIES - Hedging and other derivative instruments	31.12.2025	31.12.2024
Recognized financial liabilities, gross	5,819	7,019
Financial assets subject to offsetting, gross	(2,996)	(4,338)
Financial liabilities recognized in the statement of financial position, net	2,823	2,681
Amounts subject to enforceable framework agreement or similar agreement concerning offsetting, including related to:	579	743
(i) recognized financial instruments which do not meet the offsetting criteria	330	447
(ii) financial collateral (including cash)	249	296
Net amount	2,244	1,938

50. MANAGING CREDIT CONCENTRATION RISK IN THE GROUP

Credit concentration risk is the risk arising from a large exposure to individual customers or related groups whose repayment capacity depends on a common risk factor. The Group analyzes concentration, inter alia, as regards the largest customers and related groups, industries, regions, currencies and exposures secured with a mortgage.

The objective of managing this risk is to maintain a safe structure of the portfolio by mitigating excessive concentrations that may generate material losses.

The measurement consists of examining the actual aggregate exposure to a customer or a group of related customers and the actual aggregate exposure in individual groups of loan portfolios, in accordance with the definition of exposure in the CRR (comprising assets, off-balance sheet items and indirect exposures).

The identification of concentration risk involves recognizing the factors affecting the emergence or change in the amount of the Group's exposure. In this process, the Group identifies a group of related customers constituting a single risk for the Group) and determines the total exposure to each group of customers, and applies exemptions from the concentration limit and risk mitigation techniques consistent with the CRR.

The tolerance level for concentration risk is determined by external limits and the Bank's internal limits (strategic limits and other limits defining the risk appetite). To measure the concentration of exposures, the Group uses, among other things, the concentration ratio resulting from Art. 395(1) of the CRR and Art. 79a of the Banking Law, the Gini coefficient and the Lorenz curve. The Bank forecasts changes in the level of concentration risk as part of its analyses and reviews of internal limits and the concentration risk management policy and in the process of stress testing concentration risk.

Concentration risk is an element of comprehensive stress tests which enables the evaluation of the forecast effect of correlated credit, interest rate, currency, operating and liquidity risks and concentration risk on the expected credit loss of the Bank.

The monitoring of the Group's exposure concentration takes place in the financing decision-making process and systemically, among other things, through daily control of limits, identification of large exposures, and monthly/quarterly control of internal limits and early warning indicators.

- CONCENTRATION BY THE LARGEST ENTITIES (CUSTOMERS)**

The Group monitors the risk of concentration towards individual customers and related groups in accordance with the CRR. It does not allow exposures exceeding 25% of the consolidated Tier 1 capital of the Group after taking into account risk mitigation techniques (Arts. 399–403 of the CRR).

As at 31 December 2025 and 31 December 2024, the concentration limits were not exceeded. The largest exposure to a single entity (excluding governments and banks) accounted for 6.91% of Tier 1 capital in 2025 and 32.12% in 2024, respectively.

The total exposure to the five largest customers (excluding governments and banks) comprises the sum of gross balance sheet exposures from loans, advances, debt securities, purchased debt claims, off-balance sheet exposures, derivative transactions (according to Art. 274(2) of the CRR) and shares – details are presented in the table below.

31.12.2025				31.12.2024			
No.	The Group's exposure	Share of the portfolio	Concentration ratio ¹	No.	The Group's exposure	Share of the portfolio	Concentration ratio ¹
1	3,151	0.68%	6.91%	1 ²	14,215	3.27%	32.12%
2	3,106	0.68%	6.81%	2 ²	5,675	1.31%	12.82%
3	2,760	0.60%	6.05%	3 ²	3,151	0.73%	7.12%
4	2,727	0.59%	5.98%	4 ²	2,755	0.63%	6.22%
5	2,662	0.58%	5.84%	5	2,497	0.58%	5.64%
Total	14,406	3.13%	31.59%	Total	28,293	6.52%	63.92%

¹ The Bank Group's exposure to the Bank Group's Tier 1 capital ratio

² Exposure exempt from the exposure concentration limit under the CRR

- CONCENTRATION BY THE LARGEST GROUPS OF RELATED CUSTOMERS**

The Group's largest exposure to a single group of related customers was 1.17% of the financial instrument portfolio as at 31 December 2025 (3.57% in 2024). Excluding exposures to governments and banks and without the effect of credit risk mitigation, the largest concentration towards a group of related customers was 11.79% of Tier 1 capital in 2025 (34.99% in 2024). The total exposure to the five largest groups of related customers comprises the sum of gross balance sheet exposures (loans, advances, debt securities, purchased debt claims), off-balance sheet exposures, derivative transactions (according to Art. 274(2) of the CRR) and shares – details are presented in the table below.

31.12.2025				31.12.2024			
No.	The Group's exposure	Share of the portfolio	Concentration ratio ¹	No.	The Group's exposure	Share of the portfolio	Concentration ratio ¹
1	5,377	1.17%	11.79%	1 ²	15,485	3.57%	34.99%
2	4,450	0.97%	9.75%	2 ²	5,698	1.31%	12.87%
3	3,813	0.83%	8.36%	3	4,285	0.99%	9.68%
4	3,727	0.81%	8.17%	4	3,472	0.80%	7.84%
5	3,450	0.75%	7.56%	5	3,455	0.80%	7.81%
Total	20,817	4.53%	45.63%	Total	32,395	7.47%	73.19%

¹ The Bank Group's exposure to the Bank Group's Tier 1 capital ratio

² Exposure exempt from the exposure concentration limit under the CRR

- CONCENTRATION BY INDUSTRY**

The Group's portfolio of corporate exposures is diversified across industry sectors. The table below presents the structure of the gross loan and securities portfolio to corporate entities by industry section.

SECTION SYMBOL	SECTION NAME	31.12.2025		31.12.2024	
		EXPOSURE	Share of the portfolio	EXPOSURE	Share of the portfolio
L	Financial and insurance activities	22.84	3.53	22.91	1.70
C	Industrial processing	15.07	10.02	15.16	10.11
M	Real estate administration	7.57	9.04	7.12	9.73
G	Wholesale and retail trade, repair of motor vehicles	9.96	17.07	9.29	19.81
P	Public administration and national defense, compulsory social security	15.06	3.15	16.25	1.49
Other exposures		29.50	57.19	29.27	57.16
Total		100.00	100.00	100.00	100.00

• **CONCENTRATION BY GEOGRAPHICAL REGIONS**

The Group's loan portfolio is diversified in terms of geographical concentration. The geographical structure of the gross loan portfolio is identified depending on the Bank's customer area:

CONCENTRATION OF CREDIT RISK BY GEOGRAPHICAL REGION FOR RETAIL CUSTOMERS	31.12.2025	31.12.2024
Warsaw region	20.34	16.77
Katowice region	10.58	10.90
Poznań region	10.25	10.30
Wrocław region	10.10	10.81
Gdańsk region	9.71	10.20
Kraków region	8.62	8.62
Łódź region	8.02	8.57
Szczecin region	7.78	8.07
Lublin region	7.30	7.34
Białystok region	6.21	6.51
Head Office	0.31	0.60
Other	0.10	0.51
Foreign countries	0.68	0.80
Total	100.00	100.00

CONCENTRATION OF CREDIT RISK BY GEOGRAPHICAL REGION FOR INSTITUTIONAL CUSTOMERS	31.12.2025	31.12.2024
Head Office	4.06	3.70
central macroregion	44.80	45.02
northern macroregion	7.86	8.02
western macroregion	10.42	10.89
southern macroregion	9.48	10.08
south-eastern macroregion	9.80	9.92
north-eastern macroregion	3.91	3.91
south-western macroregion	6.98	6.38
Foreign countries	2.69	2.08
Total	100.00	100.00

• **CONCENTRATION OF CREDIT RISK BY CURRENCY**

CONCENTRATION OF CREDIT RISK BY CURRENCY	31.12.2025	31.12.2024
PLN	86.95	86.66
Foreign currencies, of which:	13.05	13.34
CHF	0.32	0.72
EUR	11.65	11.37
USD	0.54	0.83
UAH	0.32	0.34
GBP	0.01	0.02
Other	0.21	0.06
Total	100.00	100.00

• **OTHER TYPES OF CONCENTRATION**

The Group analyses the structure of its housing loan portfolio by LTV levels.

THE GROUP'S HOUSING LOAN PORTFOLIO STRUCTURE BY LTV	31.12.2025	31.12.2024
0% - 40%	44.64	49.32
41% - 60%	22.61	24.52
61% - 80%	23.41	17.74
81% - 90%	6.23	6.52
91% - 100%	2.91	1.71
over 100%	0.20	0.19
Total	100.00	100.00

AVERAGE LTV FOR:	31.12.2025	31.12.2024
- portfolio of housing loans in CHF	43.55	40.94
- portfolio of housing loans	47.50	44.71

51. EXPOSURE TO THE COUNTERPARTY CREDIT RISK

CONCENTRATION OF CREDIT RISK – INTERBANK MARKET AND NON-WHOLESALE MARKET – EXPOSURE*										
Counterparty	Country	Rating	Interbank market – wholesale			Non-wholesale market			Total	
			Deposits (nominal value)	Derivatives (market value, excluding collateral if positive)	Securities (nominal value)	Nominal balance sheet exposure	Nominal off-balance sheet exposure	Cash on NOSTRO accounts		
31.12.2025										
Counterparty 1	Luxembourg	AAA	-	-	13,700	-	-	-	-	13,700
Counterparty 2	Poland	A	74	-	7,767	-	-	-	-	7,841
Counterparty 3	Belgium	A	286	(5)	-	-	-	124	-	410
Counterparty 4	Germany	A	-	201	-	-	-	4	-	205
Counterparty 5	Germany	A	-	154	-	-	-	-	-	154
Counterparty 6	Poland	A	-	-	-	150	-	-	-	150
Counterparty 7	France	A	-	119	-	-	-	-	-	119
Counterparty 8	France	A	-	98	-	-	-	-	-	98
Counterparty 9	Switzerland	AA	91	-	-	-	-	2	-	93
Counterparty 10	France	A	-	91	-	-	-	-	-	91
31.12.2024										
Counterparty 1	Luxembourg	AAA	-	-	11,799	-	-	-	-	11,799
Counterparty 2	Poland	A	55	18	9,693	-	-	-	-	9,766
Counterparty 3	Belgium	A	427	(9)	-	-	-	218	-	645
Counterparty 97	Switzerland	AA	598	-	-	-	-	-	-	598
Counterparty 98	Switzerland	AA	299	-	-	-	-	-	-	299
Counterparty 15	Germany	AA	-	128	-	-	32	4	-	164
Counterparty 10	France	A	-	161	-	-	-	-	-	161
Counterparty 6	Poland	A	-	6	-	150	-	-	-	156
Counterparty 5	Germany	A	60	81	-	-	-	4	-	145
Counterparty 19	United States of America	AA	-	-	-	-	15	93	-	108

* Excluding exposures to the State Treasury and the National Bank of Poland

The Group mitigates credit risk by concluding framework agreements with counterparties (PBA, ISDA, ICMA), which enable offsetting of liabilities and the use of the close-out netting mechanism in the event of termination of the agreement. In addition, collateral agreements (CSA – Credit Support Annex) are applied, imposing the obligation to establish collateral upon meeting specific conditions. Exceptions are transactions between the Group entities (PKO Bank Polski S.A. and PKO Bank Hipoteczny S.A.), which are exempted from the EMIR requirements regarding the exchange of collateral.

The Group clears interest rate derivative transactions through two clearing houses (CCP) in accordance with EMIR. For transactions not cleared at a CCP, the Bank concludes agreements on initial margins (IM) based on the ISDA standard. Deposits are placed with a depository in the form of accepted securities or cash after the IM threshold is exceeded, and until then the level of the IM requirement is monitored.

52. FORBEARANCE PRACTICES

The Group treats as forbearance actions agreed with a debtor in a difficult financial situation, consisting in changing the terms of the agreement in order to restore repayment capacity and maximize recoveries while minimizing costs. They may include, among other things: dividing the debt into instalments, changing the repayment schedule, extending the lending period, changing the interest rate or margin, as well as reducing the debt.

Exposures subject to forbearance are classified into the portfolio of impaired exposures. Return to the performing portfolio takes place not earlier than after 12 months of timely repayment of arrears and at least 6 instalments, provided that there are no threats in the Group's assessment.

The forbearance status expires 24 months after inclusion in the performing portfolio if the customer has no overdue debt >30 days and has repaid at least 12 full instalments. Throughout the period of the status, the impairment allowance corresponds to the expected loss over the lifetime of the exposure.

Non-performing exposures are those which are past due by >90 days and their value exceeds 20% of all exposures to the debtor.

31.12.2025	Instruments with modified terms and conditions	Refinancing	Total, gross	Allowances for expected credit losses	Total, net
Performing exposures					
Loans and advances to customers	694	2	696	29	725
Non-performing exposures					
Securities	8	-	8	-	8
Loans and advances to customers	3,311	17	3,328	(1,276)	2,052
TOTAL EXPOSURES SUBJECT TO FORBEARANCE	4,013	19	4,032	(1,247)	2,785
31.12.2024					
Performing exposures					
Securities	100	-	100	-	100
Loans and advances to customers	1,106	2	1,108	(11)	1,097
Non-performing exposures					
Securities	10	-	10	-	10
Loans and advances to customers	3,342	21	3,363	(950)	2,413
TOTAL EXPOSURES SUBJECT TO FORBEARANCE	4,558	23	4,581	(961)	3,620
LOANS AND ADVANCES TO CUSTOMERS SUBJECT TO FORBEARANCE			2025	2024	
Recognized interest income on forborne loans and advances to customers			319	384	

53. INFORMATION ON PACKAGE SALE OF RECEIVABLES

In 2025, the Group effected package sales of about 48 thousand receivables (balance sheet and off-balance sheet) from retail and business customers amounting to a total of PLN 2,072 million (in 2024: 75 thousand receivables for PLN 1,790 million). As at 31 December 2025, the value of the provisions for potential claims on the sale of receivables

amounted to PLN 6 million (as at 31 December 2024: PLN 5 million). As a result of the sale, all risks and rewards were transferred, hence the Group derecognized these assets.

54. INTEREST RATE RISK MANAGEMENT

Interest rate risk is a risk of losses being incurred on the balance sheet and off-balance sheet items sensitive to interest rate fluctuations. The Group mitigates it by appropriately structuring its assets and liabilities and applying limits and thresholds tailored to the scale of operations.

The following are used to measure the risk:

- sensitivity of interest income,
- sensitivity of economic value,
- VaR,
- stress tests and repricing gap analysis.

The Group monitors the level of risk and the utilization of strategic and internal limits.

As at 31 December 2025 and 31 December 2024, the exposure to interest rate risk remained within the adopted limits; the main source of risk was the PLN interest rate, and the impact of the subsidiaries was immaterial.

Interest rate risk is generated primarily in the banking book (items from core activities), while in the trading book it is kept at a limited level. In order to mitigate it, the Group, in particular, uses limits, performs sensitivity analyses and concludes hedging transactions (IRS/CIRS) as part of the approved hedge accounting strategies ("[Hedge accounting and other derivative instruments](#)").

- **SENSITIVITY OF INTEREST INCOME**

This measure determines the potential impact of an abrupt shift in the yield curve on interest income in a specific time horizon. The result arises mainly from the mismatch between repricing dates of assets, liabilities and off-balance sheet liabilities (including derivative instruments) sensitive to interest rate fluctuations.

Sensitivity of interest income in the banking book of the Group to the shift in the yield curve of 200 bp down in a one-year horizon for all currencies is shown in the table below:

NAME OF THE MEASURE	31.12.2025	31.12.2024
Sensitivity of interest income (PLN million)	(1,721)	(1,445)

- **SENSITIVITY OF ECONOMIC VALUE**

This measure reflects the fair value change of the portfolio arising from the parallel shift of the yield curves by 200 bp up or down (the more unfavorable scenario is taken into account). The table below presents the stress test results for the banking book of the Group in all currencies as at 31 December 2025 and 31 December 2024.

NAME OF THE MEASURE	31.12.2025	31.12.2024
Sensitivity of economic value (PLN million)	(3,607)	(3,322)

The Group monitors interest rate risk in the trading book by applying, in particular, the VaR measure.

- **VALUE AT RISK**

IR VaR determines a potential loss under normal market conditions in a specific time horizon and with an assumed level of probability, resulting from changes in interest rate curves. The table below presents the IR VaR for the Bank's trading book.

NAME OF THE MEASURE IR VaR for a 10-day time horizon at a confidence level of 99% (PLN million):	31.12.2025	31.12.2024
Average value	5	7
Maximum value	12	15
Value at the end of the period	5	5

55. CURRENCY RISK MANAGEMENT

Currency risk is the risk of loss resulting from changes in foreign exchange rates, generated by maintaining open currency positions. The Group mitigates it by appropriately structuring the currency structure of assets and liabilities and applying limits and thresholds tailored to the scale of operations.

The following measures are used for risk measurement: value at risk (VaR) and stress tests. Control includes setting strategic tolerance limits and monitoring the level of risk, utilization of limits and thresholds. The Group has set limits for, among other things, currency positions, VaR for a 10-day time horizon and potential loss on the currency market.

• SENSITIVITY MEASURES

FX VaR determines a potential loss under normal market conditions in a specific horizon and with an assumed level of probability, resulting from changes in foreign exchange rates. Stress tests are used to estimate losses in the event of abrupt changes on the currency market which are not included in the standard statistical measures.

NAME OF SENSITIVITY MEASURE	31.12.2025	31.12.2024
VaR for a 10-day time horizon at a confidence level of 99% (in PLN million) ¹ jointly for all currencies	17	3

¹ Taking into account the nature of the operation of the other Group companies which generate material currency risk and the specific characteristics of the market in which they operate, the Parent Company does not determine the consolidated VaR sensitivity measure. Such companies use their own risk measures to manage their interest rate risk. KREDOBANK SA applies the 10-day VaR which amounted to PLN 0.1 million as at 31 December 2025 and to PLN 0.3 million as at 31 December 2024.

• FOREIGN CURRENCY POSITION

FOREIGN CURRENCY POSITION ¹	31.12.2025	31.12.2024
EUR	(624)	(92)
CHF	(154)	(122)
Other (Global, Net)	(48)	5

¹ The positions do not include structural positions in UAH (PLN 715.3 million), for which the Bank obtained approval from the PFSA to exclude them from the calculation of the currency positions,

Currency positions (in addition to volatility of foreign exchange rates) are a key factor determining the level of currency risk to which the Group is exposed. Their level is affected by the concluded on-balance sheet and off-balance sheet currency transactions, with the exception of the structural position in UAH and EUR excluded from the calculation of the currency positions with the approval of the PFSA.

• FINANCIAL ASSETS AND LIABILITIES BY CURRENCY

Financial assets BY CURRENCY	Currency translated to PLN						
	PLN	CHF	EUR	USD	UAH	Other	Total
31.12.2025							
Cash and balances with Central Bank	20,858	24	570	235	49	183	21,919
Amounts due from banks	466	104	1,061	253	2,400	193	4,477
Hedging derivatives	2	-	19	-	-	-	21
Other derivative instruments	2,238	-	140	37	-	-	2,415
Securities	221,393	-	12,117	7,273	701	-	241,484
Reverse repo transactions	701	-	1,309	-	-	-	2,010
Loans and advances to customers	256,918	1,024	32,754	948	965	802	293,411
Other financial assets	2,007	1	59	23	1	16	2,107
Total financial assets	504,583	1,153	48,029	8,769	4,116	1,194	567,844

31.12.2024	PLN	CHF	EUR	USD	UAH	Other	Total
Cash and balances with Central Bank	22,434	20	561	238	51	190	23,494
Amounts due from banks	576	12	2,524	319	1,502	156	5,089
Hedging derivatives	99	-	20	1	-	-	120
Other derivative instruments	1,787	-	171	41	-	-	1,999
Securities	187,901	-	10,280	11,090	1,260	-	210,531
Reverse repo transactions	892	-	-	-	-	-	892
Loans and advances to customers	232,814	2,153	28,616	1,404	922	249	266,158
Other financial assets	2,230	2	165	35	2	48	2,482
Total financial assets	448,733	2,187	42,337	13,128	3,737	643	510,765

Financial liabilities and off-balance sheet liabilities BY CURRENCY	Currency translated to PLN						
	PLN	CHF	EUR	USD	UAH	Other	Total
31.12.2025							
Amounts due to Central bank	10	-	-	-	-	-	10
Amounts due to banks	2,141	14	1,044	174	-	67	3,440
Hedging derivatives	122	-	-	-	-	-	122
Other derivative instruments	2,338	-	304	59	-	-	2,701
Reverse repo transactions	22	-	-	-	-	-	22
Amounts due to customers	397,395	1,463	39,554	15,085	3,400	3,825	460,722
Loans and advances received	-	-	1,051	-	8	-	1,059
Liabilities in respect of debt securities in issue	12,434	-	17,146	-	-	-	29,580
Subordinated liabilities	6,309	-	-	-	-	-	6,309
Other financial liabilities	2,823	5	1,112	218	16	39	4,213
Provisions for financial liabilities and guarantees granted	533	5	76	5	7	2	628
Total financial liabilities	424,127	1,487	60,287	15,541	3,431	3,933	508,806
Financial liabilities and guarantees granted	86,926	49	16,012	5,557	339	1,267	110,150

31.12.2024	PLN	CHF	EUR	USD	UAH	Other	Total
Amounts due to Central bank	11	-	-	-	-	-	11
Amounts due to banks	1,193	58	878	103	-	141	2,373
Hedging derivatives	285	-	-	-	-	-	285
Other derivative instruments	2,100	-	244	52	-	-	2,396
Amounts due to customers	358,590	1,332	37,969	15,031	3,073	3,783	419,778
Loans and advances received	144	-	1,114	-	10	-	1,268
Liabilities in respect of debt securities in issue	10,323	-	13,134	-	-	-	23,457
Subordinated liabilities	4,291	-	-	-	-	-	4,291
Other financial liabilities	2,740	2	1,170	202	20	93	4,227
Provisions for financial liabilities and guarantees granted	529	8	78	5	9	4	633
Total financial liabilities	380,206	1,400	54,587	15,393	3,112	4,021	458,719
Financial liabilities and guarantees granted	84,502	75	11,586	5,882	322	777	103,144

56. LIQUIDITY RISK MANAGEMENT

Liquidity risk is the risk of the inability to settle liabilities as they become due because of a shortage of liquid assets, resulting, among other things, from a mismatch of cash flows, withdrawal of funds by customers or loss of sources of financing. The Group also manages financing risk, which includes the inability to renew or obtain funds.

The risk is mitigated by appropriately structuring assets and liabilities and maintaining stable sources of financing.

The following are used for measurement, among other things:

- contractual and adjusted liquidity gap;
- liquidity surplus;
- liquidity coverage ratio (LCR);
- net stable funding ratio (NSFR);
- liquidity reserve;
- the ratio of stable funds to illiquid assets;
- measures of stability of the deposit and loan portfolios;
- liquidity stress tests.

The control covers strategic and internal limits, monitoring of supervisory standards, concentration of sources of financing and early warning indicators. The Group prepares liquidity forecasts which take into account stress-test scenarios.

The main tools are: procedures and contingency plans, short-term, medium-term and long-term limits, deposit and investment transactions, transactions in securities and derivative instruments, and transactions ensuring long-term financing. The policy is based on maintaining a liquidity surplus, a stable deposit base and liquid securities, using money market instruments, including NBP open market operations.

• ADJUSTED LIQUIDITY GAP

It is a statement of balance sheet and off-balance sheet items by their adjusted maturities. The presented liquidity gaps comprise the sum of the adjusted liquidity gaps of the Bank (taking into account, among other things, the core deposits, overdrafts, credit cards and liquid securities), PKO Bank Hipoteczny SA, PKO Leasing SA, KREDOBANK SA, PKO Życie Towarzystwo Ubezpieczeń SA and the contractual liquidity gap of the other Group companies.

	on demand	0 – 1 month	1 – 3 months	3 – 6 months	6 – 12 months	12 – 24 months	24 – 60 months	more than 60 months
31.12.2025								
Adjusted periodic gap	20,521	160,635	(16,782)	(7,695)	(7,659)	18,479	34,677	(202,176)
Adjusted cumulative periodic gap	20,521	181,156	164,374	156,679	149,020	167,499	202,176	-
31.12.2024								
Adjusted periodic gap	19,635	130,621	(12,768)	(4,643)	(15,566)	21,456	30,748	(169,483)
Adjusted cumulative periodic gap	19,635	150,256	137,488	132,845	117,279	138,735	169,483	-

In all time horizons, the liquidity gap was positive, which means a surplus of assets receivable over liabilities payable.

• SUPERVISORY LIQUIDITY MEASURES

The Group regularly calculates and monitors the ratios specified by the EU provisions:

- LCR (Liquidity Coverage Ratio) - the ratio of high-quality liquid assets to net outflows in the 30-day horizon in stress conditions,
- NSFR (Net Stable Funding Ratio) - the ratio of items providing stable funding to items requiring stable funding.

SUPERVISORY LIQUIDITY MEASURES	31.12.2025	31.12.2024
NSFR - net stable funding ratio	158.7%	156.1%
LCR - liquidity coverage ratio	271.8%	245.1%

The values of the supervisory measures ratios remained above the supervisory limits.

- CORE DEPOSIT BASE**

As at 31 December 2025, the core deposit base constituted approx. 94.3% of all deposits placed with the Bank (excluding the interbank market), which represents a decrease of around 0.1 p.p. compared with the end of 2024.

- STRUCTURE OF THE SOURCES OF FINANCING**

Structure of the sources of financing	31.12.2025	31.12.2024
Total deposits (excluding interbank market)	84,79%	85.21%
Interbank market deposits	0,72%	0.47%
Equity	8,80%	9.20%
Market financing	5,69%	5.12%
Total	100.00%	100.00%

- CONTRACTUAL CASH FLOWS FROM THE FINANCIAL LIABILITIES, EXCLUDING DERIVATIVE FINANCIAL INSTRUMENTS**

The amounts comprise non-discounted future cash flows in respect of principal and interest in accordance with the agreement, up to the maturity date of the liability. The earliest possible settlement deadline was assumed, and in the case of liabilities repaid in instalments – each instalment was allocated to the earliest period in which the obligation to pay may arise. For liabilities with variable instalment amounts, the terms binding as at the reporting date were applied.

31.12.2025	Up to 1 month (inclusive)	1 to 3 months (inclusive)	More than 3 months up to 1 year (inclusive)	More than 1 year up to 5 years (inclusive)	More than 5 years	Contractual amount	Carrying amount
Amounts due to Central bank	10	-	-	-	-	10	10
Amounts due to banks	3,411	-	31	-	-	3,442	3,440
Reverse repo transactions	22	-	-	-	-	22	22
Amounts due to customers	383,857	42,129	24,664	8,813	3,721	463,184	460,722
Loans and advances received	31	213	603	243	-	1,090	1,059
Liabilities in respect of debt securities in issue	1,542	3,067	6,943	16,302	4,380	32,234	29,580
Subordinated liabilities	-	85	302	3,847	4,532	8,766	6,309
Lease liabilities	27	52	201	657	239	1,176	1,143
Other financial liabilities	3,072	-	-	-	-	3,072	3,070
Total	391,972	45,546	32,744	29,862	12,872	512,996	505,355
Off-balance sheet liabilities:							
financing granted	8,752	4,803	38,620	24,285	20,216	96,676	-
guarantees granted	13,474	-	-	-	-	13,474	-

31.12.2024							
Amounts due to Central bank	11	-	-	-	-	11	11
Amounts due to banks	2,375	-	-	-	-	2,375	2,373
Amounts due to customers	347,658	35,432	24,859	8,764	6,529	423,242	419,778
Loans and advances received	341	-	176	751	-	1,268	1,268
Liabilities in respect of debt securities in issue	1,705	1,739	4,768	16,528	-	24,740	23,457
Subordinated liabilities	-	100	217	5,057	-	5,374	4,291
Lease liabilities	25	47	190	625	308	1,195	1,145
Other financial liabilities	3,082	-	-	-	-	3,082	3,082
Total	355,197	37,318	30,210	31,725	6,837	461,287	455,405
Off-balance sheet liabilities:							
financing granted	18,078	5,711	30,553	24,802	11,902	91,046	-
guarantees granted	12,098	-	-	-	-	12,098	-

- **CONTRACTUAL CASH FLOWS FROM LIABILITIES IN RESPECT OF DERIVATIVE FINANCIAL INSTRUMENTS FOR WHICH THE VALUATION AS AT THE BALANCE SHEET DATE WAS NEGATIVE (A LIABILITY) AND WHICH ARE SETTLED ON A GROSS BASIS**

	Up to 1 month (inclusive)	1 to 3 months (inclusive)	More than 3 months up to 1 year (inclusive)	More than 1 year up to 5 years (inclusive)	More than 5 years	Contractual amount
31.12.2025						
outflows (principal and interest)	(15,072)	(5,814)	(10,181)	(19,317)	(2,200)	(52,584)
inflows (principal and interest)	14,909	5,546	9,639	18,250	2,149	50,493
31.12.2024						
outflows (principal and interest)	(12,195)	(8,032)	(7,690)	(6,338)	(1)	(34,256)
inflows (principal and interest)	11,923	5,706	7,292	6,308	-	31,229

- **CONTRACTUAL CASH FLOWS FROM LIABILITIES IN RESPECT OF DERIVATIVE FINANCIAL INSTRUMENTS FOR WHICH THE VALUATION AS AT THE BALANCE SHEET DATE WAS NEGATIVE (A LIABILITY) AND WHICH ARE SETTLED ON A GROSS BASIS**

	Up to 1 month (inclusive)	1 to 3 months (inclusive)	More than 3 months up to 1 year (inclusive)	More than 1 year up to 5 years (inclusive)	More than 5 years	Contractual amount
31.12.2025						
IRS	(3)	(75)	(362)	(39)	(90)	(569)
other derivatives: options, FRA, NDF	(144)	(342)	(869)	(723)	(1)	(2,079)
31.12.2024						
IRS	(16)	(21)	(169)	59	(6)	(153)
other derivatives: options, FRA, NDF	(147)	(205)	(952)	(709)	-	(2,013)

- **OTHER INFORMATION - FINANCIAL LIABILITIES, INCLUDING PAST DUE LIABILITIES**

FINANCIAL LIABILITIES	31.12.2025	31.12.2024
Financial liabilities, including:	508,806	458,719
Past due	7	3

57. ASSETS PLEDGED AS COLLATERAL FOR LIABILITIES AND TRANSFERRED FINANCIAL ASSETS

- **COLLATERAL FOR MORTGAGE COVERED BONDS OF PKO BANK HIPOTECZNY S.A.**

The basis for the issue of mortgage covered bonds are loans secured by the highest priority mortgage. Additionally, funds invested in the following may be used:

- securities issued or guaranteed by the NBP, the ECB, governments and central banks of the EU member states and the OECD (excluding countries that are restructuring or have restructured their foreign debt in the past 5 years),

- the National Bank of Poland,
- cash.

The collateral register also includes CIRS and FX-Forward transactions (hedging the currency and interest rate risk of covered bonds in EUR) and IRS transactions (hedging the interest rate risk of fixed-rate covered bonds in PLN).

ASSETS PLEDGED AS COLLATERAL FOR LIABILITIES – ASSETS PLEDGED AS COLLATERAL FOR MORTGAGE COVERED BONDS	31.12.2025	31.12.2024
nominal value of loans	15,004	15,292
nominal value of the overcollateralization in the form of securities issued by the State Treasury, denominated in PLN	-	80

- **SECURITY FOR LOANS RECEIVED**

The loan received to support the financing of investment projects in Ukraine was secured by Ukrainian treasury bonds in the amount of PLN 10 million as at 31 December 2025 and PLN 15 million as at 31 December 2024.

- **COLLATERAL FOR LIABILITIES IN RESPECT OF DERIVATIVE INSTRUMENTS**

ASSETS PLEDGED AS COLLATERAL FOR LIABILITIES in respect of derivative instruments	31.12.2025	31.12.2024	31.12.2025	31.12.2024
	Derivative instruments (Initial Margin agreement)		Derivative instruments (other agreements)	
Carrying amount of the collateral	1,544	2,018	492	113
Nominal value of the collateral	1,564	2,051	504	123
Type of collateral	Securities measured at fair value through other comprehensive income			
Carrying amount of liabilities secured	160	1,846	492	113

- **FUNDS SECURING LIABILITIES IN RESPECT OF CONTRIBUTIONS TO THE BANK GUARANTEE FUND (BGF)**

ASSETS PLEDGED AS COLLATERAL FOR LIABILITIES - Funds securing liabilities in respect of contributions to the Bank Guarantee Fund (BGF)	31.12.2025	31.12.2024
Value of the contribution made in the form of payables	1,089	928
Nominal value of the assets in which funds corresponding to payables were invested	1,435	1,211
Type of collateral*	treasury bonds	treasury bonds
Maturity of collateral	2026-2031	2026-2031
Carrying amount of the collateral	1,395	1,146

* Securities measured at fair value through other comprehensive income.

Since 2017, the value of contributions made in the form of payment commitments has not exceeded 30% of the contributions to the deposit guarantee fund or the resolution fund. These liabilities are secured by treasury bonds pledged for the benefit of the BGF in an amount which ensures that the ratio of the collateral value to the amount of liabilities is maintained at a level of at least 110%.

- **LEGAL LIMITATIONS RELATING TO THE GROUP'S TITLE**

In 2025 and 2024, there were no intangible assets or property, plant and equipment to which the Group's legal title was restricted or which were pledged as collateral for liabilities.

58. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS IN THE GROUP'S INSURANCE BUSINESS

The Group applies risk management programs including asset-liability matching (ALM) processes, hedging programs (mainly using derivative instruments) and insurance programs (quota share, excess of loss, stop loss reinsurance). The programs operate in all countries in which the Group is present and form an integral part of the risk management framework. In insurance companies, the objective of managing risk within the accepted tolerance level is:

- ensuring the financial stability and liquidity;

- protect shareholder value;
- the provision of benefits and claims to customers,
- support of the company's effective business.

- **INSURANCE RISK**

The Group manages insurance risk by providing appropriate information about the risk and applying methods that mitigate its impact on the financial result. The portfolio comprises Category I (life insurance) and Category II (personal and non-life insurance) agreements. The key risks are:

- mortality risk;
- risk of loss (natural catastrophes, traffic events, financial risks),
- lapse, cost and inflation risk.

An unfavorable materialization of risks may reduce the financial result, which is why the following are applied, among other things:

- risk diversification (by product and geography),
- prudent risk selection,
- profitability monitoring and dynamic tariff management,
- outward and non-proportional reinsurance (mitigation of concentration risk, e.g. catastrophes, pandemics).

Discrepancies between projections and actual cash flows are natural, therefore the Group uses statistical methods and up-to-date data to minimize deviations and ensure the adequacy of reserves.

- **FINANCIAL RISK IN THE INSURANCE BUSINESS**

Liquidity risk - relates to the inability to settle liabilities in a timely manner, mainly due to insufficient liquidity of assets. It is mitigated by maintaining a buffer of liquid funds, planning needs and matching the investment structure with the maturity of liabilities.

Credit risk - includes the risk of reinsurer bankruptcy and non-payment of premiums by policyholders. Mitigation: diversification of reinsurers, selection of entities with high credit ratings, termination of the agreement in the event of non-payment. No significant concentration risk.

Currency risk - insignificant due to settlements mainly in PLN; exposure relates to motor and travel claims outside Poland. Additionally mitigated by reinsurance.

Interest rate risk - insignificant, as benefit payouts are independent of interest rates. Changes in rates affect the measurement of assets and liabilities, but the effect does not impact the financial result thanks to presentation in other comprehensive income.

Share price risk - insignificant, because liabilities dependent on the measurement of the investment portfolio are fully secured with appropriate assets.

- **CAPITAL REQUIREMENTS OF INSURANCE COMPANIES**

The management boards of the Group's insurance companies monitor capital requirements and are subject to direct supervision by local regulatory authorities. In accordance with the Solvency II regime, the companies must maintain excess own funds over the Solvency Capital Requirement (SCR), which ensures their ability to meet their obligations over the next 12 months at a 99.5% confidence level.

A breach of the SCR requirement results in supervisory intervention and corrective actions. The PFSA monitors capital adequacy through solvency ratios and cyclical reporting. The Group's insurance companies comply with all regulatory requirements, including capital requirements.

INSURANCE AND FINANCIAL RISKS IN INSURANCE BUSINESS - FINANCIAL INFORMATION

Maturity analysis for portfolios of insurance contracts (liabilities) and portfolios of reinsurance contracts held (assets)	< 1 year	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	Total
2025	1,113	274	132	85	54	257	1,915
Insurance contracts	1,058	257	125	81	53	253	1,827
Reinsurance contracts	55	17	7	4	1	4	88
2024	1,480	530	173	84	53	234	2,554
Insurance Contracts	1,405	515	166	80	51	232	2,449
Reinsurance contracts	75	15	7	4	2	2	105

CAPITAL MANAGEMENT AT THE GROUP

59. CAPITAL ADEQUACY

Capital adequacy means the Group's ability to cover the risk associated with its business activities with its capital, whose level and structure are compliant with supervisory requirements, risk tolerance and the adopted time horizon.

Adequacy management comprises compliance with regulations, capital planning, determining capital targets, measuring internal capital, setting thresholds, monitoring own funds, balance sheet management, stress tests, and emergency measures.

Capital adequacy measures include:

- total capital ratio (TCR);
- the ratio of own funds to internal capital;
- Tier 1 core capital ratio (CET1);
- Tier 1 capital ratio (T1);
- leverage ratio;
- MREL ratio - TREA;
- MREL ratio - TEM.

The objective of monitoring is to assess compliance with supervisory standards and to identify situations requiring corrective actions.

The Group's capital adequacy management is described in detail in the ["REPORT ON CAPITAL ADEQUACY AND OTHER INFORMATION SUBJECT TO PUBLICATION BY THE PKO BANK POLSKI S.A. GROUP"](#).

Minimum levels of the capital ratios maintained by the Group in accordance with Article 92 of the CRR are as follows:		
total capital ratio (TCR)		8%
Tier 1 capital ratio (T1)		6%
Tier 1 core capital ratio (CET1)		4.5%
Obligation to maintain a combined buffer above the minimum amounts specified in Art. 92 of the CRR, representing the sum of the applicable buffers	31.12.2025	31.12.2024
Total:	5.5%	4.55%
conservation buffer	2.5%	2.5%
Countercyclical buffer	1%	0.05%
due to identifying the Bank as another systemically important institution ("O-SII") ¹	2%	2%
Combined minimum capital adequacy ratio together with the combined buffer requirement	13.5%	12.55%

¹ The buffer represents a share of total risk exposure amount calculated in accordance with the CRR. On 11 December 2024, an announcement was published by the PFSA on the review of the adequacy of the Other Systemically Important Institution (O-SII) buffer ratio, according to which the O-SII buffer amount for individual banks was maintained at the level resulting from the previous review conducted in 2023.

Capital adequacy	31.12.2025	31.12.2024 (restated)	31.12.2024 (published)
Equity	58,503	52,370	52,370
capital: share capital, supplementary capital, other reserves, and general risk reserve	36,625	34,068	34,068
retained earnings	11,221	11,324	11,324
net profit or loss for the year	10,682	9,304	9,304
other comprehensive income and non-controlling interests	(25)	(2,326)	(2,326)
Exclusions from equity:	10,732	8,072	8,072
deconsolidation - adjustments due to prudential consolidation	(75)	(89)	(89)
net profit or loss for the period (prudential consolidation)	10,667	9,285	9,285
cash flow hedges	140	(1,124)	(1,124)
Other own fund reductions:	2,928	2,968	2,973
goodwill	961	961	961
other intangible assets	1,564	1,657	1,657
securitization items	11	-	-
additional asset adjustments (AVA, DVA, NPE, exceedance of the thresholds set out in Article 48 CRR) ¹	392	350	355
Provisional treatment of unrealized gains and losses on securities measured at fair value through OCI according to Art. 468 of the CRR	(378)	821	821
Temporary reversal of IFRS 9 impact²	-	638	810
Current period profit/loss, included by permission from the PFSA/after approval of profit distribution by AGM³	1,158	2,300	1,299
Tier 1	45,623	45,089	44,255
Tier 2 capital (subordinated debt)	4,499	3,039	3,039
Own funds	50,122	48,128	47,294
Requirements for own funds	23,443	20,223	20,362
Credit risk ⁴	19,996	17,403	17,542
Operational risk ⁵	3,321	2,672	2,672
Market risk	60	115	115
Credit valuation adjustment risk	66	33	33
Total capital ratio	17.10	19.04	18.58
Tier 1 capital ratio	15.57	17.84	17.39

¹ AVA - additional valuation adjustment, DVA - debt valuation adjustment, NPE - non-performing exposures adjustment.

² The temporary reversal of the IFRS 9 impact on own funds was applicable until the end of 2024.

³ The amount of PLN 1,299 million relates to the portion of the profit for 2024 included in own funds with the approval of the PFSA, and the amount of PLN 2,300 million relates to the amount of the profit for 2024 following approval of the profit distribution by the AGM. In line with the European Banking Authority's (EBA) guidance on when to recognise annual and interim profits in capital adequacy data, from the point at which the institution formally meets the criteria to include the profit for the period in Tier 1 capital, it is considered that the profit should be included on a retrospective date (the date of the profit rather than the date the criterion is met) and an adjustment to own funds should be made to the date to which the profit relates. Consequently, the value of the credit risk requirement has also been recalculated, as the date on which the profit is included in own funds is also the date on which the specific credit risk adjustments (SCRA) included in the requirement are calculated. The date on which the profit is included also necessitates a recalculation of the NPE adjustment and a transitional reversal of the effect of IFRS9. The amount of PLN 1,158 million relates to the portion of the profit for 2025 included in own funds with the approval of the PFSA.

⁴ In 2025, the requirement for own funds in respect of credit risk increased, which was driven mainly by the growth in the Group's loan portfolio.

⁵ In 2025, the capital requirement related to operational risk increased due to the new CRR3 regulations. The Bank discontinued the use of the AMA approach, which had allowed it to take into account its individual risk profile.

For the purposes of capital adequacy, the Group uses prudential consolidation in accordance with the CRR Regulation, covering only entities meeting the definition of an institution, financial institution or ancillary services enterprise. Entities with assets and off-balance sheet items of less than EUR 10 million may be excluded (Art. 19(1) of the CRR). The remaining entities are measured using the equity method.

Prudential consolidation includes, among others: PKO Bank Polski S.A., PKO Bank Hipoteczny S.A., the PKO Leasing S.A. Group, PKO BP BANKOWY PTE S.A., PKO Towarzystwo Funduszy Inwestycyjnych S.A., the KREDOBANK S.A. Group, PKO Finance AB, PKO BP Finat sp. z o.o., the Bankowe Towarzystwo Kapitałowe S.A. Group. Non-financial and insurance entities are excluded.

The minimum requirement for own funds and eligible liabilities (MREL) in % determined by the BGF	31.12.2025	31.12.2024 restated	31.12.2024 published
MREL (TREA) ratio	17.78%	20.05%	19.56%
MREL (TREA) ratio without restrictions ¹	23.38%	24.74%	24.25%
MREL (TREA) – subordinated	16.68%	18.74%	18.26%
subordinated MREL (TREA) ratio (without restrictions) ¹	22.28%	23.43%	22.95%
MREL (TEM)	10.76%	10.97%	10.80%
MREL (TEM) subordinated	10.25%	10.39%	10.23%
Minimum MREL level	31.12.2025	31.12.2024 restated	31.12.2024 published
MREL (TREA)	15.36%	15.36%	15.36%
MREL (TREA) – subordinated	13.53%	13.90%	13.90%
MREL (TEM)	5.91%	5.91%	5.91%
MREL (TEM) – subordinated	5.50%	5.62%	5.62%

¹ without deduction of Common Equity Tier 1 instruments held by the entity to meet the combined buffer requirement

For the purpose of calculating the ratios, MREL prudential consolidation is applied, which covers exclusively entities meeting the definition of an institution, financial institution or ancillary services enterprise, excluding PKO Bank Hipoteczny S.A. (included only for the calculation of MREL own funds) and the KREDOBANK S.A. Group.

The capital adequacy measures of the Group in 2025 and 2024 remained at a safe level, well above the supervisory requirements. The minimum capital requirements were satisfied over the entire period.

Details regarding internal capital (Pillar II), disclosures (Pillar III) and publication rules are provided in the "PKO Bank Polski S.A. Information Policy" available on the Bank's website (www.pkobp.pl).

60. DIVIDENDS AND DISTRIBUTION OF RETAINED EARNINGS

In accordance with the decision of 13 June 2025 of the Annual General Meeting on distribution of profit for 2024:

- PLN 6,850 million was allocated for distribution among shareholders (the gross dividend per share was PLN 5.48 and was paid on 14 August 2025)
- PLN 2,300 million was transferred to the reserve capital for the payment of dividend, including interim dividend in accordance with § 30 of the Bank's Articles of Association.

The AGM passed a resolution to leave the Bank's retained earnings undistributed.

The dividend policy and the PFSA's recommendations regarding the distribution of dividends in 2026 are described in detail in note 7.3 "DIVIDEND AND PROFIT DISTRIBUTION" of the Directors' Report.

OTHER NOTES

61. SEGMENT REPORTING

SIGNIFICANT ACCOUNTING POLICIES:

The segment note is based on the internal reporting system, i.e. information provided to the Bank's Management Board in order to assess performance and allocate resources. The principles for identifying income, expenses, assets and liabilities are consistent with the accounting policies described in the financial statements. The presented amounts relate to operating assets and liabilities of the segments and items allocated on a reasonable basis, including one-off events (e.g. impairment losses, cost of legal risk of the foreign currency loan portfolio).

Tax items (income tax, deferred tax assets and liabilities) are recognized at the Group level as unallocated assets and liabilities. Transactions between segments are settled on an arm's length basis, applying market rates and liquidity margins.

The division into segments is consistent with the sales management model and includes three main reporting segments, reflecting the organizational structure of the Group.

<p>RETAIL SEGMENT</p>	<p>The segment offers a full range of services to individuals as part of retail, private and mortgage banking, and to legal entities as part of corporate banking.</p> <p>The products and services offered include, among other things: current accounts, savings accounts, term deposits, private banking services, investment and insurance products, investment funds, credit and debit cards, electronic and mobile banking services. With regard to financing, this segment offers consumer loans, mortgage loans, including those offered by PKO Bank Hipoteczny S.A., as well as Corporate loans for businesses, developers, cooperatives and property managers, and leases and factoring offered by the PKO Leasing S.A. Group.</p> <p>The results of the segment also include the results of: PKO TFI S.A., PKO BP BANKOWY PTE S.A., PKO Życie Towarzystwo Ubezpieczeń S.A. and PKO Towarzystwo Ubezpieczeń S.A.</p>
<p>CORPORATE AND INVESTMENT SEGMENT</p>	<p>The segment comprises transactions with corporate customers, state budget entities, enterprises (currently small corporate customers) and financial institutions.</p> <p>Products and services offered: maintaining current accounts and term deposits, cash management and trade finance services, currency and derivative products, corporate loans, as well as leases and factoring offered by the PKO Leasing S.A. Group. It also includes agreements for financing large projects concluded independently or in a consortium in the form of loans and issues of non-treasury securities. The segment carries out its own activities related to liquidity, currency and derivative risk management and brokerage activities. The results of the segment also include the results of the KREDOBANK S.A. Group.</p>
<p>TRANSFER CENTER AND OTHER</p>	<p>The segment comprises the result on internal settlements related to funds transfer pricing, the result on the Group's investment portfolio of debt securities, the result on long-term sources of financing and the result on positions classified for hedge accounting, as well as the results not allocated to any other segment. Internal funds transfer is based on arm's length transfer pricing. Long-term external financing includes issuing securities, including mortgage covered bonds, subordinated liabilities and loans received from financial institutions.</p> <p>This segment includes the results of PKO Finance AB, companies conducting technological services, real estate development and real estate management activities as well as funds investing money collected from investment fund participants.</p>

FINANCIAL INFORMATION

Income statement by segment	Continuing operations			
	Retail segment	Corporate and investment segment	Transfer center and other	Total operations of the Group
2025				
Net interest income	18,215	7,081	(1,073)	24,223
Net fee and commission income	3,976	1,363	(96)	5,243
Net other income	410	221	246	877
Net income from insurance business	603	13	-	616
Dividend income	-	-	14	14
Gains/(losses) on financial transactions	36	101	105	242
Net foreign exchange gains/(losses)	211	113	(57)	267
Gains/(losses) on derecognition of financial instruments	13	14	24	51
Net other operating income and expense	(463)	(10)	160	(313)
Income/(expenses) relating to internal customers	10	(10)	-	-
Result on business activities	22,601	8,665	(923)	30,343
Net allowances for expected credit losses	(510)	(384)	-	(894)
Impairment of non-financial assets	(313)	(5)	(255)	(573)
Cost of legal risk of mortgage loans in convertible currencies	(4,365)	-	-	(4,365)
Administrative expenses, of which:	(7,579)	(1,672)	(188)	(9,439)
Depreciation and amortization	(1,039)	(189)	(10)	(1,238)
net regulatory charges	(468)	(205)	(40)	(713)
Tax on certain financial institutions	(949)	(600)	200	(1,349)
Segment profit/(loss)	8,885	6,004	(1,166)	13,723
Share in profits and losses of associates and joint ventures				125
Profit before tax				13,848
Income tax expense (tax burden)				(3,166)
Net profit (including non-controlling shareholders)				10,682
Net profit attributable to equity holders of the parent company				10,682

Income statement by segment	Continuing operations			
	Retail segment	Corporate and investment segment	Transfer center and other	Total operations of the Group
2024				
Net interest income	16,812	6,756	(1,415)	22,153
Net fee and commission income	3,887	1,325	(92)	5,120
Net other income	1,031	307	125	1,463
Net income from insurance business	652	17	-	669
Dividend income	-	-	26	26
Gains/(losses) on financial transactions	51	170	41	262
Net foreign exchange gains/(losses)	210	92	(93)	209
Gains/(losses) on derecognition of financial instruments	56	45	23	124
Net other operating income and expense	47	(2)	128	173
Income/(expenses) relating to internal customers	15	(15)	-	-
Result on business activities	21,730	8,388	(1,382)	28,736
Net allowances for expected credit losses	(550)	(416)	-	(966)
Impairment of non-financial assets	(354)	(5)	(150)	(509)
Cost of legal risk of mortgage loans in convertible currencies	(4,899)	-	-	(4,899)
Administrative expenses, of which:	(6,864)	(1,476)	(147)	(8,487)
Depreciation and amortization	(1,004)	(175)	(12)	(1,191)
net regulatory charges	(223)	(188)	(11)	(422)
Tax on certain financial institutions	(848)	(513)	91	(1,270)
Segment profit/(loss)	8,215	5,978	(1,588)	12,605
Share in profits and losses of associates and joint ventures				123
Profit before tax				12,728
Income tax expense (tax burden)				(3,424)
Net profit (including non-controlling shareholders)				9,304
Net profit attributable to equity holders of the parent company				9,304

INTEREST AND SIMILAR INCOME BY SEGMENT ON:	2025			
	Retail segment	Corporate and investment segment	Transfer center and other	Total
Loans and other amounts due from banks and the Central Bank	11	501	728	1,240
Debt securities	139	4,421	5,385	9,945
Loans and advances to customers (excluding finance lease receivables)	15,447	5,034	-	20,481
repo transactions	-	62	-	62
Finance lease receivables	969	578	-	1,547
Total	16,566	10,596	6,113	33,275

INTEREST AND SIMILAR INCOME BY SEGMENT ON:	2024			
	Retail segment	Corporate and investment segment	Transfer center and other	Total
Loans and other amounts due from banks and the Central Bank	5	715	761	1,481
Debt securities	173	4,595	3,727	8,495
Loans and advances to customers (excluding finance lease receivables)	15,307	5,250	-	20,557
repo transactions	-	21	-	21
Finance lease receivables	1,002	583	-	1,585
Total	16,487	11,164	4,488	32,139

FEE AND COMMISSION INCOME BY SEGMENT ON:	2025			
	Retail segment	Corporate and investment segment	Transfer center and other	Total
Loans, insurance, operating leases and fleet management	746	553	10	1,309
Investment funds, pension funds and brokerage activities	944	154	-	1,098
Cards	2,238	49	-	2,287
Margins on foreign exchange transactions	646	279	-	925
Bank accounts and other	1,000	450	-	1,450
Total	5,574	1,485	10	7,069

FEE AND COMMISSION INCOME BY SEGMENT ON:	2024			
	Retail segment	Corporate and investment segment	Transfer center and other	Total
Loans, insurance, operating leases and fleet management	716	568	11	1,295
Investment funds, pension funds and brokerage activities	846	146	-	992
Cards	2,148	65	-	2,213
Margins on foreign exchange transactions	584	271	-	855
Bank accounts and other	1,023	409	-	1,432
Total	5,317	1,459	11	6,787

Assets and liabilities by segment	Retail segment	Corporate and investment segment	Transfer center and other	Total operations of the Group
31.12.2025				
Assets	220,322	203,021	156,779	580,122
Investments in associates and joint ventures				325
Unallocated assets				2,632
Total assets				583,079
Liabilities	381,240	102,656	38,835	522,731
Unallocated liabilities				1,845
Total liabilities				524,576

Assets and liabilities by segment	Retail segment	Corporate and investment segment	Transfer center and other	Total operations of the Group
31.12.2024				
Assets	199,746	191,439	130,687	521,872
Investments in associates and joint ventures				291
Unallocated assets				3,062
Total assets				525,225
Liabilities	347,061	90,882	33,204	471,147
Unallocated liabilities				1,708
Total liabilities				472,855

The Group also conducts activities in Ukraine. The assets and net profit of Ukrainian subsidiaries account for approximately 1% of the Group's assets and profit.

62. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

SIGNIFICANT ACCOUNTING POLICIES:

Cash and cash equivalents comprise cash in hand, cash on nostro accounts with the NBP, current amounts due from banks, excluding NBU deposit certificates, and other cash equivalents with maturities up to 3 months from the date of acquisition.

FINANCIAL INFORMATION

CASH AND CASH EQUIVALENTS	31.12.2025	31.12.2024
Cash, current account with the Central Bank	21,919	23,494
Current amounts due from banks	2,051	3,795
Restricted cash and cash equivalents*	1	5
Total	23,971	27,294

*cash paid in by participants in IKE, IKZE, PPE and PSO, which was not converted by the transfer agent into investment fund participation units at the end of the reporting period (item "Amounts due from banks").

INTEREST INCOME ON:	2025	2024
reported under operating activities	25,389	24,723
Loans and other amounts due from banks and balances with the Central Bank	1,521	2,198
Debt securities	48	48
Loans and advances to customers	22,179	20,852
Lease receivables	1,581	1,605
Reverse repo transactions	60	20
reported under investing activities	8,593	7,539
Debt securities measured at fair value through other comprehensive income	4,415	4,695
Debt securities measured at amortized cost	4,178	2,844
Total	33,982	32,262

INTEREST EXPENSES – PAID:	2025	2024
reported under operating activities	(7,814)	(10,614)
Amounts due to banks	(92)	(73)
Amounts due to customers	(6,006)	(7,525)
Leases	(52)	(37)
Hedging derivatives	(1,451)	(2,202)
Debt securities	(202)	(764)
Reverse repo transactions	(11)	(13)
reported under financing activities	(1,588)	(1,044)
Subordinated liabilities	(316)	(209)
Issues of securities	(1,236)	(835)
Loans and advances received	(36)	-
Total	(9,402)	(11,658)

• **RECONCILIATION OF ITEMS PRESENTED IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION WITH FINANCING ACTIVITIES IN THE CONSOLIDATED CASH FLOW STATEMENT**

2025	As at the beginning of the period	Financing activities:			Operating activities: (including: interest accrued, foreign exchange differences and other)	As at the end of the period
		Incurred	Repaid	Repayment of interest on financial liabilities		
Loans and advances received	1,268	-	(191)	(36)	18	1,059
Liabilities in respect of debt securities in issue	23,457	26,256	(20,236)	(1,236)	1,339	29,580
Subordinated liabilities - subordinated bonds	4,291	2,000	-	(316)	334	6,309
Lease liabilities	1,145	-	(279)	-	277	1,143
Total	30,161	28,256	(20,706)	(1,588)	1,968	38,091
2024						
Loans and advances received	1,489	-	(192)	-	(29)	1,268
Liabilities in respect of debt securities in issue	17,201	23,892	(17,892)	(835)	1,091	23,457
Subordinated liabilities - subordinated bonds	2,774	1,500	-	(209)	226	4,291
Lease liabilities	1,088	-	(286)	-	343	1,145
Total	22,552	25,392	(18,370)	(1,044)	1,631	30,161

OTHER INFLOWS FROM INVESTING ACTIVITIES INCLUDING DIVIDENDS	2025	2024
from financial assets held for trading	1	2
from financial instruments not held for trading, measured at fair value through profit or loss	12	13
Sale of shares in VISA and BOŚ reported under investing activities (other inflows from investing activities)	36	48
Total	49	63

63. TRANSACTIONS WITH THE STATE TREASURY AND RELATED ENTITIES

• **TRANSACTIONS WITH THE STATE TREASURY**

The State Treasury holds a 29.43% interest in the Bank's share capital.

Pursuant to the Act of 30 November 1995 on the state support in repayment of certain housing loans, reimbursement of guarantee bonuses paid, and amendments to certain Acts, PKO Bank Polski S.A. receives payments from the State budget as the repurchase of interest receivable on housing loans.

TRANSACTIONS WITH THE STATE TREASURY	2025	2024
Income recognized on an accruals basis	65	64
Income recognized on a cash basis	3	7
Income from temporary redemption by the State Treasury of interest on housing loans in the "old portfolio"	62	57

Biuro Maklerskie PKO BP plays the role of an agent for the issue of retail Treasury bonds under the agreement signed with the Ministry of Finance on 11 February 2003. Under this agreement, Biuro Maklerskie PKO BP receives a fee for providing the services of an agent for the issue of bonds - in 2025 in the amount of PLN 257 million, and in 2024 in the amount of PLN 332 million.

- SIGNIFICANT TRANSACTIONS WITH THE STATE TREASURY'S RELATED ENTITIES**

The table presents the Group's exposure and liabilities to 10 entities related to the State Treasury with the highest total exposure.

SIGNIFICANT TRANSACTIONS WITH THE STATE TREASURY'S RELATED ENTITIES*	BALANCE SHEET EXPOSURE, INCLUDING EXPOSURE TO LOANS AND DEBT INSTRUMENTS		OFF-BALANCE SHEET EXPOSURE		LIABILITIES IN RESPECT OF DEPOSITS	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024	31.12.2025	31.12.2024
Counterparty 1	-	-	3,150	3,150	2,106	2,735
Counterparty 2	469	517	2,290	1,920	366	357
Counterparty 3	603	226	2,503	2,968	1	1
Counterparty 4	556	871	2,112	1,884	126	95
Counterparty 5	-	-	1,502	1,501	868	365
Counterparty 6	689	823	1,493	1,465	1	-
Counterparty 7	1,571	1,627	204	163	69	197
Counterparty 8	120	229	1,522	2,471	141	180
Counterparty 9	1,716	13,677	31	31	28	532
Counterparty 10	907	1,006	531	419	-	-

* The presented amounts relate to the parent company of the Group.

	2025	2024
Interest and commission income	379	506
Interest and commission expense	95	82

As at 31 December 2025, the allowance for expected credit losses for the above exposures amounted to PLN 790 million (as at 31 December 2024 it amounted to PLN 574 million).

In the opinion of the Group, transactions with entities related to the State Treasury are concluded on an arm's-length basis.

- RELATED-ENTITY TRANSACTIONS – CAPITAL LINKS**

The transactions were concluded on an arm's-length basis. Repayment terms are within a range of from one month to fifteen years.

Associates and joint ventures	Receivables	of which loans	Liabilities	Off-balance sheet liabilities granted
31.12.2025	144	33	340	133
31.12.2024	147	85	195	446

Associates and joint ventures	Total income	of which interest and commission income	Total expense	of which interest and commission expense
2025	977	935	203	175
2024	965	900	245	191

- RELATED-PARTY TRANSACTIONS – PERSONAL LINKS**

As at 31 December 2025 and 31 December 2024, seven entities remained related to the Group through the key management personnel or their close family members. In 2025-2024, no transactions were conducted between the Group and those entities.

64. BENEFITS FOR THE PKO BANK POLSKI S.A. KEY MANAGEMENT

SIGNIFICANT ACCOUNTING POLICIES:

The members of the Management Board and Supervisory Board of the Bank are considered to be the Bank's key management personnel.

Short-term employee benefits include the basic salary and the non-deferred part of the variable remuneration component paid in cash, and long-term benefits include the deferred part of the variable remuneration component paid in cash. Share-based payments settled in cash include non-deferred and deferred variable remuneration components granted in the form of phantom shares, converted into cash after an additional period of retention, in accordance with the principles described below.

- **VARIABLE REMUNERATION COMPONENTS OF KEY MANAGEMENT PERSONNEL IN THE BANK'S GROUP**

Variable remuneration components are granted at the Bank in two parts:

- **non-deferred** – in the first year after the appraisal period,
- **deferred** – for the next five years.

Both parts are divided into a cash form (45%) and an instrument (55%) – phantom shares, which are converted into cash after a retention period. The conversion is carried out according to the median of the daily average prices of the Bank's shares (Volume Weighted Average Price) for the first quarter of the relevant year, based on data from Thomson Reuters or Bloomberg.

The deferred remuneration may be reduced in the event of a deterioration in the financial performance of the Bank, a loss or other negative factors revealed after the appraisal period.

Variable remuneration components also apply in selected Group companies, including PKO Bank Hipoteczny S.A., PKO BP BANKOWY PTE S.A., PKO TFI S.A., PKO Leasing S.A., Prime Car Management S.A., PKO Towarzystwo Ubezpieczeń S.A., PKO Życie Towarzystwo Ubezpieczeń S.A., KREDOBANK S.A. and PKO Faktoring S.A. In some companies, the policies also cover employees in managerial positions having a significant impact on the risk profile of the company or the managed funds.

For a more extensive description, see chapter “BENEFITS FOR MANAGERS AND SUPERVISORS” of the Directors' Report.

FINANCIAL INFORMATION

COST OF REMUNERATION OF THE BANK'S MANAGEMENT AND SUPERVISORY BOARDS (in PLN thousand)	2025	2024
Management Board of the Bank		
Short-term employee benefits	15,769	12,550
Long-term employee benefits	2,255	2,488
Share-based payments settled in cash ¹	6,891	9,736
Benefits to the Bank's Management Board members who ceased to perform their functions before the reporting date	-	5,155
Total	24,915	29,929
Supervisory Board of the Bank - Short-term employee benefits	2,003	1,990
Total	2,003	1,990

¹ The item “Share-based payments settled in cash” includes both the cost of provisions for variable remuneration components in the form of an instrument for the current period, as well as the effect of revaluation of provisions for variable remuneration components in the form of an instrument for previous years based on the current price of the Bank's shares.

COSTS OF REMUNERATION OF THE SUBSIDIARIES' MANAGEMENT AND SUPERVISORY BOARDS (in PLN thousand)	2025	2024
Management Boards of the Companies		
Short-term employee benefits	26,865	27,335
Long-term employee benefits	5,714	4,528
Financial instruments-based payments settled in cash	9,480	6,905
Benefits to members of the Companies' Management Boards who ceased to perform their functions before the reporting date	1,609	9,248
Total	43,668	48,016
Supervisory Boards of the Companies - Short-term employee benefits	2,546	2,085
Total	2,546	2,085

LOANS AND ADVANCES GRANTED BY THE BANK TO THE MEMBERS OF THE MANAGEMENT AND SUPERVISORY BOARDS AS AT THE REPORTING DATES (in PLN thousand)	31.12.2025	31.12.2024
Management Board of the Bank	325	332
Total	325	332

In accordance with the Banking Law, credit transactions (loans, cash advances, guarantees, sureties) with members of the Management Board, the Supervisory Board, persons holding managerial positions and entities related to them are carried out based on the Regulations adopted by the Supervisory Board. The Regulations specify the rules and decision-making levels, including the requirement for a transaction with a member of the Management Board or the Supervisory Board to be approved by both these bodies.

Members of the Management Board and the Supervisory Board use loan products on standard terms and conditions, without preferential interest rates. The interest rates and repayment terms are consistent with arm's-length conditions.

The Bank provides the key management personnel, members of the Supervisory Board and their families with standard financial services (accounts, deposits, loans) on an arm's-length basis.

In 2025, members of the Management Board and the Supervisory Board in office as at 31 December received remuneration from related entities in the amount of PLN 255 thousand (in 2024 – PLN 53 thousand).

- VARIABLE REMUNERATION COMPONENTS**

The provision for variable remuneration components is presented under other liabilities in the item "provision for other employee benefits."

PROVISION FOR VARIABLE REMUNERATION COMPONENTS	31.12.2025 (for 2021-2025)	31.12.2024 (for 2020-2024)
Management Board (including members of the Bank's Management Board who ceased to perform their functions before the reporting date)	48	40
Other Risk Takers (persons holding managerial positions other than members of the Bank's Management Board)	136	104
Group companies	50	45
Total provision	234	189
REMUNERATION PAID DURING THE YEAR	2025 (for 2020-2024)	2024 (for 2019-2023)
- granted in cash	26	30
Management Board (including members of the Bank's Management Board who ceased to perform their functions before the reporting date)	2	1
Other Risk Takers (persons holding managerial positions other than members of the Bank's Management Board)	13	14
Group companies	11	15
- granted in the form of an instrument	24	34
Management Board (including members of the Bank's Management Board who ceased to perform their functions before the reporting date)	2	3
Other Risk Takers (persons holding managerial positions other than members of the Bank's Management Board)	16	25
Group companies	6	6
Total remuneration paid	50	64

65. LEASES

SIGNIFICANT ACCOUNTING POLICIES:

65.1. LEASES - LESSOR

The Group, as a lessor, concludes agreements relating to vehicles, buildings, including office space, and machinery and equipment, conducting lease activities through the entities from the PKO Leasing S.A. Group.

Income from operating lease agreements, in which substantially all the risks and rewards of owning the assets are not transferred, is recognized on a straight-line basis. Property, plant and equipment under operating leases are presented in the statement of financial position in accordance with the accounting policies for non-current assets.

Net income from operating leases is presented in the note "[Fee and commission income](#)" (line "operating leases and fleet management") and comprises lease payments, short-term rentals and net income on fleet management services. Expenses comprise, among other things, mechanical repairs, tires, fuel and replacement vehicles. Income is recognized together with the cost of depreciation of the leased assets.

Finance lease agreements are recognized as receivables at the present value of the lease payments plus the unguaranteed residual value. The payments are divided into interest income and repayment of receivables in a manner ensuring a constant interest rate. In the statement, finance lease agreements are presented in the note "[Loans and advances to customers](#)".

65.2. LEASES - LESSEE

The Group classifies agreements as a lease when it obtains the right to use an asset in return for consideration. The Group applies exceptions and does not recognize assets and liabilities for short-term leases (up to 12 months, without a purchase option) and low-value leases (asset value < PLN 20,000), excluding rental of space.

The lease liability is initially measured at the present value of the lease payments, taking into account fixed payments, index-dependent payments, residual guarantees expected, the exercise price of a purchase option (if the probability > 50%) and penalties for termination. The Group does not include variable lease payments depending on external factors.

After initial recognition, the liability is measured at amortized cost. Any remeasurements of the liability affect the value of the right of use. The excess of the remeasurement after the asset is reduced to zero is recognized as a profit or loss. Liabilities are presented in the note "[Other liabilities](#)", line "Lease liabilities".

Right-of-use assets are recognized in the note "[Property, plant and equipment](#)" and measured at cost comprising the initial amount of the liability, payments made before the commencement of the lease, less incentives, and direct costs. Subsequently, the assets are depreciated using the straight-line method and adjusted for impairment and modifications to the liability.

To discount the lease payments, the Group applies rates based on yield curves, reflecting the cost of financing in a given currency and the tenor of the agreement (1-99 years). The rates are updated quarterly and applied to the portfolio of car and real estate lease agreements, taking into account the collateral. The rates ensure that the present value of the lease payments and the unguaranteed residual value correspond to the fair value of the assets plus initial costs.

Payments for short-term and low-value leases are recognized as an expense on a straight-line basis over the lease term, and the differences are accounted for as prepayments or accruals ("[Administrative expenses](#)").

FINANCIAL INFORMATION

65.3. LESSEE

LESSEE - LEASE AMOUNTS RECOGNIZED IN THE INCOME STATEMENT	2025	2024
Costs related to short-term lease contracts	(17)	(17)
Costs related to lease contracts for low-value assets (other than short-term), non-deductible VAT expenses and service charges	(102)	(94)
Total	(119)	(111)

The interest expense on the lease liability is recognized under "[Interest expense](#)", line item "leases". Depreciation charge for right-of-use assets is recognized under "[Administrative expenses](#)", line item "Amortization and depreciation". A maturity analysis of lease liabilities separate from the maturity analyses of other financial liabilities is presented in note "[Contractual cash flows from the Group's financial liabilities, including derivative financial instruments](#)", Section "Contractual cash flows from the financial liabilities, excluding derivative financial instruments".

Land and buildings account for 97% of tangible right-of-use assets.

NON-CURRENT right-of-use assets	2025	2024
Gross carrying amount at the beginning of the period	2,413	2,115
Increases	230	315
Scrapping and sale	(14)	(18)
Other	7	1
Gross carrying amount at the end of the period	2,636	2,413
Accumulated amortization as at the beginning of the period	(1,305)	(1,053)
Amortization charge for the period	(255)	(264)
Scrapping and sale	10	(1)
Other	(2)	13
Accumulated amortization as at the end of the period	(1,552)	(1,305)
Impairment losses as at the beginning of the period	(4)	(4)
Reversed during the period	1	-
Impairment losses as at the end of the period	(4)	(4)
Carrying amount as at the beginning of the period, net	1,104	1,058
Carrying amount as at the end of the period, net	1,080	1,104

65.4. LESSOR – OPERATING LEASES

Vehicles account for 97% of property, plant and equipment under operating leases.

PROPERTY, PLANT AND EQUIPMENT UNDER OPERATING LEASES	2025	2024
Gross carrying amount at the beginning of the period	3,313	2,688
Increases	1,350	1,379
Scrapping and sale	(796)	(713)
Other	1	(41)
Gross carrying amount at the end of the period	3,868	3,313
Accumulated amortization as at the beginning of the period	(650)	(568)
Amortization charge for the period	(403)	(340)
Scrapping and sale	283	250
Other	14	8
Accumulated amortization as at the end of the period	(756)	(650)
Impairment losses as at the beginning of the period	(10)	(3)
Recognized during the period	-	(7)
Impairment losses as at the end of the period	(10)	(10)
Carrying amount as at the beginning of the period, net	2,653	2,117
Carrying amount as at the end of the period, net	3,102	2,653

TOTAL FUTURE LEASE PAYMENTS UNDER IRREVOCABLE OPERATING LEASES – LESSOR	31.12.2025	31.12.2024
For the period:		
up to 1 year	500	467
from 1 to 2 years	331	295
from 2 to 3 years	165	152
from 3 to 4 years	52	48
from 4 to 5 years	11	9
Total	1,059	971

The average period of an operating lease agreement is 38 months. The lessee bears service and insurance costs.

65.5. LESSOR – FINANCE LEASES

Information on credit risk exposure is provided in the note “[CREDIT RISK – FINANCIAL INFORMATION](#)”.

GROSS INVESTMENT IN THE LEASE AND MINIMUM LEASE PAYMENTS RECEIVABLE 31.12.2025	Gross investment in the lease	including:		Unrealized income	Net investment in the lease
		Non-discounted lease payments	Non-discounted not guaranteed residual values attributable to the lessor		
Lease receivables, gross:	24,973	24,790	182	(2,473)	22,499
up to 1 year	9,731	9,675	56	(1,160)	8,571
1 to 2 years	6,776	6,714	62	(702)	6,074
from 2 to 3 years	4,485	4,453	31	(365)	4,119
from 3 to 4 years	2,383	2,362	21	(160)	2,223
from 4 to 5 years	1,099	1,088	11	(55)	1,044
above 5 years	499	498	1	(31)	468
Allowances for expected credit losses	(861)	(861)	-	-	(861)
Total, net	24,112	23,929	182	(2,473)	21,638
31.12.2024					
Lease receivables, gross:	24,121	23,952	169	(2,833)	21,288
up to 1 year	9,398	9,344	54	(1,324)	8,074
1 to 2 years	6,568	6,511	57	(807)	5,761
from 2 to 3 years	4,340	4,309	31	(421)	3,919
from 3 to 4 years	2,335	2,319	16	(185)	2,150
from 4 to 5 years	1,028	1,018	10	(62)	966
above 5 years	452	451	1	(34)	418
Allowances for expected credit losses	(831)	(831)	-	-	(831)
Total, net	23,290	23,121	169	(2,833)	20,457

66. INFORMATION ON THE AUDIT FIRM AUTHORIZED TO AUDIT THE FINANCIAL STATEMENTS

On 15 December 2022, the Supervisory Board, pursuant to § 15 clause 1 point 2 of the Bank’s Articles of Association, selected KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k. (KPMG) as the audit firm to audit and review the financial statements of the Bank and of the Bank’s Group for the years 2024-2026. KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k. with its registered office in Warsaw, ul. Inflancka 4A, is entered in the list of audit firms kept by the Polish Agency for Audit Oversight under number 3546. On 14 February 2024, the Bank concluded an agreement with KPMG for the audit and review of the financial statements of the Bank and the Bank’s Group for the years 2024-2026.

Furthermore, on 15 December 2025, the Supervisory Board, pursuant to § 15 clause 1 point 2 of the Bank’s Articles of Association, selected KPMG as the audit firm to audit and review the financial statements of the Bank and of the Bank’s Group for the years 2027-2031.

TOTAL AMOUNT OF NET REMUNERATION DUE TO THE AUDIT FIRM AUDITING THE FINANCIAL STATEMENTS IN RESPECT OF: (in PLN thousand)	2025	2024
audit of financial statements of the Bank and consolidated financial statements of the Group	2,164	2,089
assurance services, including reviews of the financial statements	2,502	1,963
Total	4,666	4,052

67. IMPACT OF THE GEOPOLITICAL SITUATION IN UKRAINE ON THE PKO BANK POLSKI S.A. GROUP

The armed aggression of the Russian Federation against Ukraine continues to have a negative impact on the Ukrainian financial system and banking sector. At the same time, the gradual adaptation of enterprises and households to war conditions, the partial resolution of logistical problems, high crop yields and significant public spending on infrastructure reconstruction and defense have contributed to a revival of economic activity. As a result, economic growth continued in 2025.

In 2025, Ukraine's economy showed resilience to the effects of warfare, although the pace of GDP growth slowed compared to 2024. The National Bank of Ukraine (NBU) estimates that GDP grew by 1.9% compared to 2.9% in 2024. In the third quarter of 2025, growth accelerated to 2.1% y/y, supported mainly by higher public spending. Consumption remained a key driver of growth, supported by improved consumer sentiment and rising real wages. Barriers to growth included, among other things, Russian missile attacks leading to disruptions in energy supplies, and labor shortages resulting from military mobilization and emigration. At the same time, labor market indicators pointed to a partial reduction of this barrier in the second half of 2025.

The disinflation process proceeded faster than previously assumed by the NBU. CPI inflation decreased from 12.0% y/y in December 2024 to 8.0% y/y at the end of 2025. Its decline was driven by higher agricultural harvests, cheaper imports of industrial goods and lower services inflation resulting from the reduction of imbalances in the labor market. Since March 2025, the NBU has kept its key policy rate at 15.5% in an effort to stabilize inflation and ensure balance in the currency and financial markets.

Despite the ongoing armed conflict, KREDOBANK S.A.'s liquidity situation remained stable and safe. The Bank did not record any material declines in liquidity measures or deposit outflows, and its capital adequacy ratios as at 31 December 2025 remained significantly above the regulatory requirements.

Detailed information regarding the situation on the Ukrainian market is presented in note 2.5 "Ukrainian Market" of the Directors' Report.

As at 31 December 2025, the Group updated the analysis of the business loans portfolio of its Polish customers from the perspective of the customers' exposure to the adverse effects of the military conflict in Ukraine. If we adopt a threshold of at least 5% of the turnover generated from transactions with counterparties from Russia, Belarus or Ukraine, the risk-exposed portfolio amounts to PLN 2.9 billion (PLN 1.7 billion as at 31 December 2024). For the purpose of the measurement of credit exposures, the Group considered the information on the scale of the Polish customers' business relations with counterparties from Ukraine, Belarus and Russia, and performed an assessment of various scenarios of development of the macroeconomic situation.

The exposures of these customers were classified to Stage 2 and were subject to the valuation of expected credit losses throughout their lifetime. If the probability of a customer not repaying its loan liabilities was assessed as high, the exposures were reclassified to Stage 3. Retail exposures granted to Russian, Belarusian or Ukrainian nationals, which as at 31 December 2025 amounted to PLN 132 million (PLN 140 million as at 31 December 2024), were reclassified by the Group into Stage 2 and their credit risk was measured over the life of these loans

As at 31 December 2025, the allowance for expected credit losses for the above portfolios amounted to PLN 44 million (PLN 78 million as at 31 December 2024).

68. INTEREST RATE BENCHMARKS REFORM

The BMR Regulation (EU 2016/1011) is in force in the European Union, which regulates the development and use of benchmarks in financial instruments and contracts.

WIBOR benchmark reform

The Act of 7 July 2022 initiated the process of replacing WIBOR. The National Working Group on Benchmark Reform (NWG), with the participation of public institutions and the financial sector, coordinates the work under the supervision of the Steering Committee (SC).

- 2022 – selection of WIRON as an alternative benchmark, adoption of the Roadmap.
- 2023 – WIRON recognized as an interest rate benchmark.

- 2024 – the SC commenced a review of RFR-type benchmarks; following consultations, WIRF (based on unsecured deposits) was selected as the ultimate benchmark. The administrator will be GPW Benchmark S.A. The reform is scheduled to be completed by the end of 2027. WIRF will become a critical benchmark in financial contracts, instruments and funds.
- January 2025 – the SC decided to select the ultimate name POLSTR (Polish Short Term Rate) for the proposed index, as the ultimate interest rate benchmark to replace the WIBOR benchmark.
- March 2025 – the SC approved the updated Roadmap for the process of replacing the WIBOR and WIBID benchmarks. The reform is scheduled to be completed by the end of 2027.
- June 2025 – official determination of the POLSTR Interest Rate Index and indices from the POLSTR Compound Index Family commenced. The administrator of POLSTR is GPW Benchmark SA – an entity holding authorization from the Polish Financial Supervision Authority and entered in the register of benchmark administrators maintained by the European Securities and Markets Authority (ESMA).
- September 2025 – the SC announced that the first application of the POLSTR interest rate index in the domestic financial market took place on 1 September 2025. Therefore, POLSTR gained a status of a benchmark in accordance with the requirements of the EU Benchmark Regulation. The SC announced the adoption of recommendations for new banking, leasing and factoring products based on POLSTR. GPW Benchmark SA issued a statement on the discontinuation of the calculation of WIBID and WIBOR reference rates for selected fixing tenors.
- November 2025 – the Ministry of Finance carried out the first pilot issue of treasury bonds based on the POLSTR benchmark during a sales auction.
- December 2025 – the SC of the NWG adopted the Recommendation for the legacy portfolio in PLN in the business customer segment, specifying the rules for replacing references to the WIBOR/WIBID benchmarks with the POLSTR benchmark or benchmarks from the POLSTR Compound Index Family.

Adaptation of the Group

Changes resulting from the BMR Regulation affect contracts, instrument valuations and IT processes. Since the third quarter of 2020, the Group has been implementing an adjustment project comprising:

- contingency plans in contracts and regulations,
- adjustment of products, systems and hedge accounting,
- annexing contracts and implementing market standards,
- cooperation with the sector regarding the interpretation of regulations.

The project involves many Bank units and subsidiaries (PKO Bank Hipoteczny S.A., PKO Leasing S.A., PKO Faktoring S.A.). The Group monitors the risks, but at the current stage it is not possible to estimate the financial impact of the reform. The withdrawal of products based on WIBOR/WIBID and the introduction of products with the new benchmark will take place gradually.

Exposures with interest rate based on WIBOR – financial and off-balance sheet assets and liabilities	31.12.2025	31.12.2024
Amounts due from banks	1,604	3,115
Securities	24,208	21,489
Reverse repo transactions	565	589
Loans and advances to customers	208,087	210,516
Total assets	234,464	235,709
Reverse repo transactions	22	-
Amounts due to banks	4	-
Amounts due to customers	9,295	8,130
Subordinated liabilities	6,309	4,291
Liabilities in respect of debt securities in issue	11,616	8,551
Provisions for financial liabilities and guarantees granted	259	254
Total liabilities	27,505	21,226
Financial liabilities and guarantees granted	47,640	37,679
Hedging derivatives - nominal value	87,170	86,337

For new variable interest loans in foreign currencies, the Group applies risk-free rates (RFRs), e.g. SARON for CHF, SOFR for USD, SONIA for GBP. Interest is calculated on a daily basis or using compound interest rates “in advance” (based on historical rates) or “in arrears” (at the end of the interest period).

In financial market transactions, the Group applies the ISDA Protocol standard, executing and settling transactions using compound risk-free rates.

- **HEDGE ACCOUNTING**

The amendments to IFRS allow for the assumption that future cash flows – although subject to changes in the future as a result of the transition to alternative reference rates – are still highly probable and thus the existing hedging relationships can be maintained.

69. EVENTS THAT OCCURRED AFTER THE DATE ON WHICH THE FINANCIAL STATEMENTS ARE PREPARED

- On 20 January 2026, the Extraordinary General Shareholders' Meeting of the Bank, pursuant to Article 385 § 1 of the Commercial Companies Code, appointed Mr. Grzegorz Mazurek to the Supervisory Board.
- On 3 February 2026, the Bank adopted a resolution to increase the maximum amount of the Bank's own bond issuance programme on the domestic market from PLN 5 billion to PLN 9 billion or the equivalent of this amount in other currencies.
- On 27 February 2026, an entry was made in the National Court Register regarding the merger of Masterlease sp. z o.o. and Prime Car Management S.A. (subsidiaries of PKO Leasing S.A.). The company's name was changed from Prime Car Management S.A. to PKO Masterlease S.A.
- On 3 March 2026, the Bank received an individual recommendation from the Polish Financial Supervision Authority (KNF), in which the KNF confirmed that the Bank meets the requirements to pay a dividend of up to 75% of the profit for 2025, provided that the maximum payment amount does not exceed the annual profit reduced by the portion of the 2025 profit already included in own funds. The Bank included in own funds part of the net profit earned in the first half of 2025 in the amount of PLN 1,322,271,645 at the standalone level. At the same time, the KNF recommended that the Bank limit the risks arising in its operations by refraining—without prior consultation with the supervisory authority—from undertaking other actions, in particular those outside the scope of its ongoing business and operational activities, that could result in a reduction of own funds, including any potential dividend payments from undistributed profits from previous years as well as buybacks or redemptions of own shares.

SIGNATURES OF ALL MEMBERS OF THE BANK'S MANAGEMENT BOARD

Szymon Midera	President of the Management Board
Krzysztof Dresler	Vice-President of the Management Board
Ludmiła Falak-Cyniak	Vice-President of the Management Board
Piotr Mazur	Vice-President of the Management Board
Tomasz Pol	Vice-President of the Management Board
Marek Radzikowski	Vice-President of the Management Board
Michał Sobolewski	Vice-President of the Management Board
Mariusz Zarzycki	Vice-President of the Management Board

SIGNATURE OF A PERSON WHO IS RESPONSIBLE FOR MAINTAINING THE ACCOUNTING RECORDS

Danuta Szymańska Director of the accounting division

The original Polish document is signed with a qualified electronic signatures