



Bank Polski

# Capital adequacy

and other information  
of the Powszechna Kasa Oszczędności  
Bank Polski Spółka Akcyjna Group  
subject to disclosure  
as at 31 December 2025





## INTRODUCTION

The report “*Capital Adequacy and Other Disclosures of the Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna Group as at 31 December 2025*” (hereinafter referred to as the “Report”) has been prepared in accordance with:

- Article 111a of the Act of 29 August 1997 – Banking Law (hereinafter referred to as the “Banking Law Act”),
- Article 99a(6) of the Act of 10 June 2016 on the Bank Guarantee Fund, the deposit guarantee scheme and resolution (hereinafter referred to as the “BGF Act”),
- Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms (hereinafter referred to as the “CRR Regulation” or “CRR”), taking into account amendments to the CRR Regulation (including Regulation (EU) 2024/1623 of the European Parliament and of the Council of 31 May 2024 amending Regulation (EU) No 575/2013 as regards requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor (hereinafter referred to as “CRR3 Regulation” or “CRR3”)),
- Commission Implementing Regulation (EU) 2024/3172 of 29 November 2024 laying down implementing technical standards for the application of Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to public disclosures by institutions referred to in Part Eight, Titles II and III of that Regulation (hereinafter referred to as “Regulation 2024/3172”), and repealing Commission Implementing Regulation (EU) 2021/637,
- Commission Implementing Regulation (EU) 2021/763 of 23 April 2021 laying down implementing technical standards for the application of Regulation (EU) No. 575/2013 of the European Parliament and of the Council and Directive 2014/59/EU of the European Parliament and of the Council with regard to supervisory reporting of the minimum requirement for own funds and eligible liabilities and the public disclosure of that requirement, as well as in accordance with the guidelines of the European Banking Authority (EBA) and the recommendations issued by the Polish Financial Supervision Authority (hereinafter referred to as the “KNF”), in particular:
  - Recommendation M concerning the management of operational risk,
  - Recommendation P concerning the management of banks’ liquidity risk,
  - Recommendation R concerning the classification of credit exposures, the estimation and recognition of expected credit losses, and credit risk management, and
  - Recommendation Z concerning principles of internal governance, as well as in accordance with the requirements set out in the following European Banking Authority guidelines,
- Guidelines EBA/GL/2020/12 amending Guidelines EBA/GL/2018/01 on uniform disclosures under Article 473a of Regulation (EU) No. 575/2013 (CRR) regarding the transitional arrangements for mitigating the impact of IFRS 9 on own funds, to ensure compliance with the targeted amendments to the CRR introduced in response to the COVID-19 pandemic,
- Guidelines EBA/GL/2017/06 on credit risk management practices and accounting for expected credit losses.



Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna (hereinafter referred to as “PKO Bank Polski S.A.” or the “Bank”), which meets the definition of a large institution within the meaning of Article 4(1)(146) of the CRR Regulation, in accordance with Article 13(1) and Article 433a of the CRR Regulation, discloses information on capital adequacy referred to in Part Eight of the CRR Regulation on an annual, semi-annual and quarterly basis in a separate document.

This Report has been prepared in accordance with the Bank’s internal regulations concerning the information policy principles of PKO Bank Polski S.A. in the area of capital adequacy and other disclosures (hereinafter: “Information Policy Principles”), which, pursuant to Article 434(1), are submitted to the EBA in electronic format and published on its website. The Report is also available on the Bank’s website ([www.pkobp.pl](http://www.pkobp.pl)).

In accordance with Commission Delegated Regulation (EU) No 183/2014, the capital adequacy calculation includes profit or loss adjustments related to credit risk that are recognised in Common Equity Tier 1 capital. Accordingly, the

Bank has taken into account specific credit risk adjustments as at 30 June 2025; the relevant adjustments have also been included at the level of the Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna Group.

Unless otherwise stated, the numerical data presented in the Report are expressed in PLN millions. Any differences in totals and shares result from rounding amounts to PLN millions and rounding percentage shares to one decimal place.

The Report has been prepared based on all available data as at 31 December 2025. The Report addresses the requirements of the regulations described above to the extent applicable to the Bank and the Bank’s Group. Where no reference is made to a specific article, this means that the relevant disclosure is not applicable. This Report has been subject to internal verification carried out by the Bank’s Internal Audit Department.



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## 1 INFORMATION ON THE BANK AND THE BANK'S GROUP

In accordance with the CRR Regulation, for the purposes of capital adequacy, prudential consolidation is applied which, unlike consolidation in accordance with International Financial Reporting Standards, includes only subsidiaries that meet the definition of an institution, financial institution or ancillary services undertaking.

In accordance with the CRR Regulation, the Group for prudential consolidation purposes comprises: PKO Bank Polski 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., PKO Bank Hipoteczny S.A., and the Bankowe Towarzystwo Kapitałowe S.A. Group.

Non-financial and insurance entities are excluded from prudential consolidation. Tables 1.1–1.3 present differences in the scope of consolidation of the Bank's Group for accounting and prudential purposes as at 31 December 2025.

The Bank's Group does not identify subsidiaries excluded from prudential consolidation for which own funds are lower than required. Furthermore, the Group does not apply the derogation referred to in Article 7 of the CRR nor the individual consolidation method specified in Article 9 of the CRR.

Table 1.1 Differences between accounting and regulatory scopes of consolidation and the mapping of financial statement categories with regulatory risk categories [Template EU LI1]

		31.12.2025						
		a	b	c	d	e	f	g
		Carrying values as reported in published financial statements	Carrying values under scope of prudential consolidation	Carrying values of items				Not subject to own funds requirements or subject to deduction from own funds
				Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitisation framework	Subject to the market risk framework	
<b>Breakdown by asset classes according to the balance sheet in the published financial statements</b>								
1	Cash and balances with the Central Bank	21 919	21 918	21 918	-	-	-	-
2	Amounts due from banks	4 477	4 369	4 369	-	-	-	-
3	Hedging derivatives	21	21	21	21	-	-	-
4	Other derivative instruments	2 415	2 415	2 415	2 415	-	2 254	-
5	Securities	241 484	238 939	236 947	15	-	1 992	-
6	Reverse repo transactions	2 010	2 010	2 010	-	-	-	-
7	Loans and advances to customers	293 411	293 220	293 106	-	1 279	-	11
8	Receivables in respect of insurance activities	88	-	-	-	-	-	-
9	Property, plant and equipment transferred under operating lease	3 102	3 102	3 102	-	-	-	-
10	Property, plant and equipment	3 429	3 260	3 260	-	-	-	-
11	Non-current assets held for sale	5	5	5	-	-	-	-
12	Intangible assets	4 184	3 920	3 920	-	-	-	2 525
13	Investments in associates and joint ventures	325	2 092	2 092	-	-	-	-
14	Current income tax receivables	12	5	5	-	-	-	-
15	Deferred income tax assets	2 620	1 843	1 843	-	-	-	-
16	Other assets	3 577	3 563	3 563	-	-	-	-
<b>TOTAL ASSETS</b>		<b>583 079</b>	<b>580 682</b>	<b>578 576</b>	<b>2 451</b>	<b>1 279</b>	<b>4 246</b>	<b>2 536</b>
<b>Breakdown by liability classes according to the balance sheet in the published financial statements</b>								
1	Amounts due to the Central Bank	10	10	-	-	-	-	10
2	Amounts due to banks	3 440	3 441	-	-	-	-	3 441
3	Hedging derivatives	122	123	-	123	-	-	-
4	Other derivative instruments	2 701	2 701	-	2 701	-	1 688	-
5	Amounts due to customers	22	22	-	-	-	-	22
6	Repo transactions	460 722	460 668	-	-	-	-	460 668
7	Liabilities in respect of insurance activities	1 827	-	-	-	-	-	-
8	Loans and advances received	1 059	1 059	-	-	-	-	1 059
9	Debt securities in issue	29 580	29 896	-	-	-	-	29 896
10	Subordinated liabilities	6 309	6 309	-	-	-	-	6 309
11	Other liabilities	9 303	9 275	-	-	-	-	9 275
12	Current income tax liabilities	936	924	-	-	-	-	924
13	Deferred income tax provision	909	43	-	-	-	-	43
14	Provisions	7 636	7 633	-	-	-	-	7 633
<b>TOTAL LIABILITIES</b>		<b>524 576</b>	<b>522 104</b>	<b>-</b>	<b>2 824</b>	<b>-</b>	<b>1 688</b>	<b>519 280</b>

The balance sheet values presented under the regulatory scope differ from those presented in the published financial statements for the year ended 31 December 2025 due to the application of different consolidation scopes.

Assets and liabilities subject to more than one type of risk referred to in Part Three of the CRR Regulation mainly include derivatives, which are subject to capital requirements for counterparty credit risk, CVA (for selected entities), and market risk in the case of the trading book.



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Table 1.1 Main sources of differences between regulatory exposure amounts and carrying values in financial statements [Template EU LI2]

		31.12.2025				
		a	b	c	d	e
		Items subject to				
		Total	Credit risk framework	Securitisation framework	CCR framework	Market risk framework
1	Assets carrying value amount under the scope of regulatory consolidation (as per template LI1)	578 146	578 577	1 279	2 451	4 246
2	Liabilities carrying value amount under the regulatory scope of consolidation (as per template LI1)	2 824	-	-	2 824	1 688
3	Total net amount under the regulatory scope of consolidation	575 322	578 577	1 279	- 373	2 558
4	Off-balance-sheet amounts	115 474	115 474	-	-	
5	Differences in valuations	6 068	-	-	429	
6	Differences due to different netting rules, other than those already included in row 2	11 920	4 046	-	7 874	
7	Differences due to consideration of provisions	841	840	0	-	
8	Differences due to the use of credit risk mitigation techniques (CRMs)	- 3 030	- 289	-	- 2 017	
9	Differences due to credit conversion factors	- 70 793	- 70 793	-	-	
10	Differences due to Securitisation with risk transfer	- 115	-	- 115	-	
11	Other differences	0	0	- 0	0	
12	<b>Exposure amounts considered for regulatory purposes</b>	<b>635 687</b>	<b>627 856</b>	<b>1 164</b>	<b>5 913</b>	<b>754</b>



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Table 1.3 Outline of the differences in the scopes of consolidation (entity by entity) [Template EU LI3]

31.12.2025								
No. <sup>1</sup>	a Name of the entity	b Method of accounting consolidation	c Method of prudential consolidation				g Deducted <sup>2</sup>	h Description of the entity
			Full consolidation	Proportional consolidation	Equity method	Neither consolidated nor deducted		
1	PKO Bank Polski S.A.			Parent company				Banking activities.
2	PKO Bank Hipoteczny S.A.	Full consolidation	X					Banking activities.
3	PKO Towarzystwo Funduszy Inwestycyjnych S.A.	Full consolidation	X					Creation and management of Open-end and Clodes-end Investment Funds and management of trading book.
4	PKO BP BANKOWY PTE S.A.	Full consolidation	X					Management of an open and voluntary pension fund.
5	PKO Leasing S.A.	Full consolidation	X					Leasing and provifing bank loans.
	PKO Agencja Ubezpieczeniowa sp. z o.o.	Full consolidation	X					Insurance brokerage.
	PKO Leasing Finanse sp. z o.o.	Full consolidation	X					Support services for the sale of post-leasing items.
	PKO Leasing Sverige AB	Full consolidation	X					Leasing.
	Prime Car Management S.A. <sup>3</sup>	Full consolidation	X					Leasing and fleet management services.
	Futura Leasing S.A.	Full consolidation	X					Selling post-Leasing items.
	Masterlease sp. z o.o. <sup>3</sup>	Full consolidation	X					Leasing.
	MasterRent24 sp. z o.o.	Full consolidation	X					Short-term rental of vehicles.
	Polish Lease Prime 1 DAC <sup>4</sup>	Full consolidation	X					A special-purpose vehicles set up for the purpose of leasing receivables.
	PKO Faktoring S.A.	Full consolidation	X					Factoring.
6	PKO BP Finat sp. z o.o.	Full consolidation	X					Service activities, including transfer agent services and outsourcing of IT specialists. On the basis of the KNF authorization - services as a national payment institution.
7	PKO Życie Towarzystwo Ubezpieczeń S.A.	Full consolidation			X		X	Life insurance.
8	PKO Towarzystwo Ubezpieczeń S.A.	Full consolidation			X		X	Other personal insurance and property insurance.
9	PKO Finance AB	Full consolidation	X					Financial services



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31.12.2025

No. <sup>1</sup>	a	b	31.12.2025				g	h
			c	d	e	f		
Name of the entity	Method of accounting consolidation	Full consolidation	Proportional consolidation	Equity method	Neither consolidated nor deducted	Deducted <sup>2</sup>	Description of the entity	
	„KREDOLEASING” sp. z o.o.	Full consolidation	X				Leasing.	
11	NEPTUN - fizan	Full consolidation		X			Placing funds collected from fund participants.	
	„Zarząd Majątkiem Górczewska” sp. z o.o.	Full consolidation		X			Real estate management.	
	Bankowe Towarzystwo Kapitałowe S.A.	Full consolidation	X				A general partner in limited joint-stock partnerships of the fund.	
	„Inter-Risk Ukraina” spółka z dodatkową odpowiedzialnością	Full consolidation	X				Debt collection activities.	
	Finansowa Kompania „Prywatne Inwestycje” sp. z o.o.	Full consolidation	X				Financial services	
	„Idea Kapitał” sp. z o.o.	Full consolidation	X				Law support for acquired monetary claims under credit agreements.	
	Qualia sp. z o.o.	Full consolidation		X			After-sales service for development products.	
	„Sopot Zdrój” sp. z o.o.	Full consolidation		X			Real estate management.	
12	PKO VC - fizan	Full consolidation		X			Investment of funds collected from fund participants.	

<sup>1</sup> “Numbered” entities other than PKO Bank Polski S.A. – entities directly controlled by PKO Bank Polski S.A.; other entities – indirectly controlled entities.

<sup>2</sup> Under “deducted”, the Bank’s equity exposures (other than entities subject to prudential consolidation) included in the calculation of deductions from the own funds of the Bank’s Group are presented. Given that the total exposures to Common Equity Tier 1 instruments of financial sector entities did not exceed the thresholds set out in the CRR Regulation, the Common Equity Tier 1 capital of the Bank’s Group under prudential consolidation as at 31 December 2025 was not reduced by the above exposures. In accordance with the requirements of the CRR Regulation, these exposures were included in risk-weighted assets with a 250% risk weight. The Bank’s Group also does not hold exposures that would result in deductions from Tier 2 capital.

<sup>3</sup> On 27 February 2026, an entry was made in the National Court Register regarding the merger of Masterlease sp. z o.o. with Prime Car Management S.A. The company name was changed from Prime Car Management S.A. to PKO Masterlease S.A.

<sup>4</sup> PKO Leasing S.A., in accordance with IFRS 10, exercises control over the above-mentioned entity despite not holding an equity interest in it.



## Capital Adequacy and other information to disclosures

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Table 1.4 Prudential Valuation Adjustments (PVA) [Template EU PV1]

		31.12.2025									
		a	b	c	d	e	EU e1	EU e2	f	g	h
Category level AVA		Risk category					Category level AVA - Valuation uncertainty		Total category level post-diversification		
		Equity	Interest Rates	Foreign exchange	Credit	Commodities	Unearned credit spreads AVA	Investment and funding costs AVA	Of which: Total core approach in the trading book		Of which: Total core approach in the banking book
1	Market price uncertainty	0	23	2	-	0	2	-	28	1	27
3	Close-out cost	0	14	1	-	0	3	-	18	0	18
4	Concentrated positions	44	63	-	-	-	-	-	107	11	95
5	Early termination	-	-	-	-	-	-	-	-	-	-
6	Model risk	-	-	1	-	-	1	2	4	1	3
7	Operational risk	0	4	0	-	0	-	-	4	0	4
10	Future administrative costs	0	2	0	-	0	-	-	3	0	3
<b>12</b>	<b>Total Additional Valuation Adjustments (AVAs)</b>								<b>163</b>	<b>14</b>	<b>149</b>



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In 2025, the following events took place within the structure of the Bank's Group. The following indirectly held subsidiaries ceased to be part of the PKO Bank Polski S.A. Group. In the period from November to December 2025, their liquidation processes were completed and they were removed from the National Court Register:

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

The parent entity of the Bank's Group is PKO Bank Polski S.A., whose share in the consolidated total assets amounts to 90%<sup>1</sup>.

PKO Bank Hipoteczny S.A. is a specialised bank operating under the Act of 29 August 1997 on covered bonds and mortgage banks. It specialises in granting residential mortgage loans to individual clients and also acquires receivables arising from such loans from PKO Bank Polski S.A. PKO Bank Hipoteczny S.A. issues covered bonds, which constitute one of the main sources of long-term funding for real estate-secured loans. The company operates in the territory of the Republic of Poland, while covered bonds are issued both in Poland and on the European market.

The PKO Leasing S.A. Group (i.e. PKO Leasing S.A. and its subsidiaries) primarily provides leasing, factoring, fleet management and vehicle rental services. The companies of the above-mentioned Group operate mainly in the Republic of Poland, as well as in Sweden (PKO Leasing Sverige AB) and Ireland (Polish Lease Prime 1 DAC).

KREDOBANK S.A. conducts banking activities in Ukraine and is subject to Ukrainian banking supervision. KREDOBANK S.A. is a universal bank serving clients mainly in western Ukraine and in Kyiv. As at the end of 2024, the company had its head office in Lviv and 64 branches, including 11 branches located in areas most affected by military operations. The company offers services including account maintenance, deposit taking, lending, sureties and guarantees, leasing, foreign exchange operations, and securities market operations. It grants loans primarily to corporate clients and small and medium-sized enterprises (SMEs), also under government programmes and in cooperation with foreign banks. Under martial law conditions, the priority of KREDOBANK S.A. is to ensure employee safety, maintain business continuity and provide ongoing customer service.

"KREDOLEASING" sp. z o.o. – a subsidiary of KREDOBANK S.A. with its registered office in Lviv – services a portfolio of leasing agreements without conducting active operational activities involving the conclusion of new contracts.

Other entities listed in Table 1.3 forming part of the Bank's Group (under prudential consolidation) operate mainly in the Republic of Poland and in Ukraine (Finansowa Kompania „Prywatne Inwestycje” sp. z o.o., Finansowa Kompania „Idea Kapital” sp. z o.o. and „Inter-Risk Ukraina” additional liability company), as well as in Sweden (PKO Finance AB).

Through its foreign branches, PKO Bank Polski S.A. also conducts operations in the Federal Republic of Germany (PKO Bank Polski S.A. Niederlassung Deutschland), the Czech Republic (PKO BP S.A., Czech Branch), the Slovak Republic (PKO BP S.A., pobočka zahraničnej banky), Romania (PKO Bank Polski S.A. Varşovia, Sucursala Bucureşti), and also maintains representative offices in Sweden and Lithuania.

Information on all subsidiaries of the Bank, including the Bank's shareholdings in the share capital of individual entities, is presented in the consolidated financial statements of the Bank's Group for the year ended 31 December 2025, published on 12 March 2026 (Note 1 "Group operations").

Within the Bank's Group, the following restrictions apply to early repayment of liabilities by subsidiaries and to the transfer of funds in the form of dividends<sup>2</sup>:

- 1) pursuant to a resolution of the National Bank of Ukraine, Ukrainian banks, including KREDOBANK S.A., due to the ongoing war, are not permitted to: make early repayments of deposits to related parties, pay dividends, or distribute capital in any form other than allocation of profits to increase share capital, create general reserves and bank funds within regulatory capital, or cover losses from previous years;
- 2) KREDOBANK S.A. is also subject to a dividend payment moratorium introduced by a resolution of the Extraordinary General Meeting of Shareholders in 2009.

At the same time, PKO Bank Polski S.A. and its subsidiaries, when making decisions regarding dividend payments or early repayment of liabilities, follow applicable laws (including those concerning the maintenance of own funds and capital adequacy ratios) and the recommendations of the Polish Financial Supervision Authority (KNF). Supervisory expectations regarding capital adequacy measures are described in more detail in Chapter 3 "Capital adequacy" of this Report.

<sup>1</sup> The share was calculated in relation to the consolidated total assets of entities included in prudential consolidation, before consolidation adjustments and eliminations, as at 31 December 2025.

<sup>2</sup> Other than the early redemption of bonds or covered bonds at the issuer's request prior to maturity.



## 2 MANAGEMENT SYSTEM

### 2.1 Risk management

Risk management is one of the most important internal processes both in PKO Bank Polski S.A., including the Bank's foreign branches, and in the other entities of the Bank's Group. Risk management is aimed at ensuring profitable business operations while maintaining control over the level of risk and keeping it within the risk appetite and limit system adopted by the Bank and the Bank's Group, in a changing macroeconomic and legal environment. The expected level of risk constitutes an important component of the planning process.

The objective of risk management, through striving to maintain the level of risk within the accepted risk tolerance, is to:

- 1) protect the value of shareholders' capital and safeguard customers' deposits, while supporting the Bank's Group in conducting efficient operations,
- 2) ensure the most comprehensive possible risk information for decision-making purposes,
- 3) improve processes and effectively embed risk management within the organisational culture of the Bank's Group.

Risk management in the Bank's Group is based in particular on the following principles:

- 1) the Bank's Group manages all identified types of risk,
- 2) the risk management process is commensurate with the scale of operations and the materiality, level or complexity of a given risk, and is continuously adapted to new risk factors and sources,
- 3) risk management methods (in particular models and their assumptions) as well as risk measurement or assessment systems are aligned with the level and complexity of risk, current and planned operations, and the environment, and are subject to periodic review or validation,
- 4) ESG risk management in the Bank is carried out within the framework of managing other types of risk; due to its nature, ESG risk is not treated as a separate risk category but as a cross-cutting factor affecting individual risk types in the Bank; ESG risk management takes into account both the impact of ESG factors on the Bank's operations, financial performance and development, and the Bank's impact on society and the environment – information on the ESG risk management approach is presented in Chapter 4,
- 5) the organisational independence of the risk management function from business activities is maintained,
- 6) risk management is integrated with planning and controlling systems,
- 7) the level of risk, including ESG risk, is continuously monitored and controlled,
- 8) the risk management process supports the implementation of the Bank's Strategy while ensuring consistency with the Risk Management Strategy, in particular with regard to the level of risk appetite.

Risk culture is described in the Bank's and the Bank's Group Risk Management Strategy, together with the types of risk managed by the Bank and the risk appetite (strategic risk tolerance limits). The Risk Management Strategy of the Bank and the Bank's Group, as well as internal procedures containing guidelines on handling breaches or exceedances of risk thresholds, are made available in the internal regulations database accessible to all employees and on the Bank's intranet pages dedicated to specific risk types. Additionally, information on amendments to these procedures is communicated through internal communications addressed cyclically to employees, and appropriate training is provided for risk types relevant to all employees.

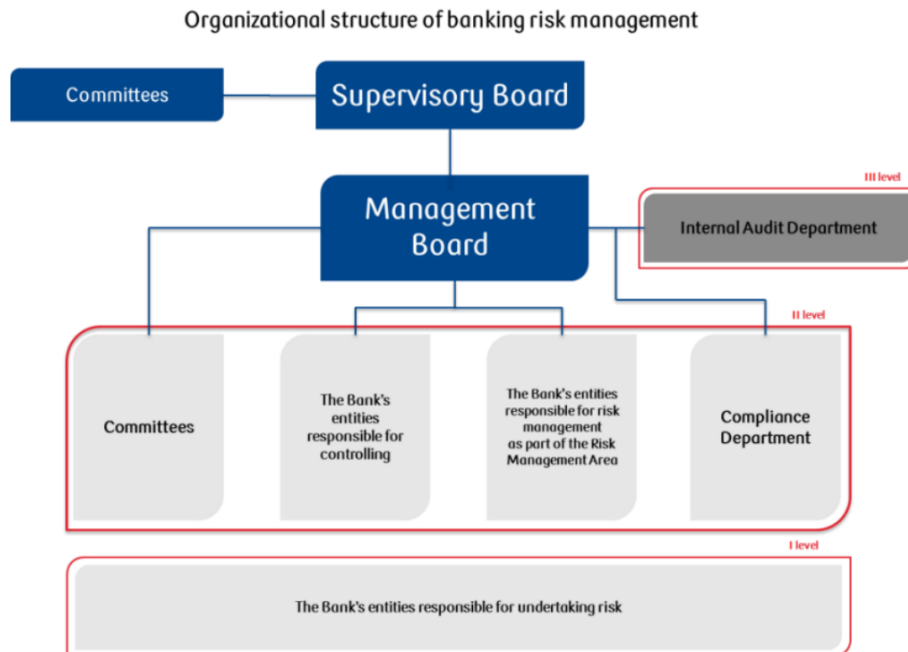
The risk management process in the Bank's Group comprises the following elements:

- 1) risk identification – involving the recognition of current and potential sources of risk and the assessment of the materiality of their potential impact on the Bank's and the Bank's Group's operations. As part of risk identification, those types of risk considered material to the Bank's and the Bank's Group's activities are determined. The assessment of risk materiality and the analysis of the impact of individual risk types on the Bank's and the Group's business operations are performed at least annually. In the event of new risk types, significant changes in the Bank's or the Group's strategy and plans, or changes in the external environment, the assessment may be performed more frequently. Materiality assessment involves determining the degree of occurrence of individual factors affecting a given type of risk and establishing whether the analysed risk type is material (i.e. has a significant impact on profitability and the capital required to cover it) or subject to monitoring. Within prudential consolidation, the following are considered material risks in the Bank's Group: credit risk, foreign currency mortgage loan risk for households, foreign exchange risk, interest rate risk, liquidity risk (including funding risk), operational risk, business risk, macroeconomic risk and model risk. For risk types identified as material, the method for estimating internal capital is defined in the next stage. For risk types classified as subject to monitoring, current values of materiality indicators are compared with their threshold levels on a semi-annual basis. Entities of the Bank's Group may identify other risks as material, taking into account the nature and scale of their operations and the markets in which they operate. For such risks, the Bank verifies their materiality at the Group level. The Group entities participate in the materiality assessment initiated by the parent entity and assessed at the Group level;
- 2) risk measurement and assessment – risk measurement involves determining quantitative measures appropriate to the type, materiality and data availability, while risk assessment consists in determining the level or range of risk using both quantitative and qualitative results. As part of risk measurement, stress tests and reverse stress tests are performed as elements of a reliable risk assessment. Stress tests are conducted to determine the expected impact of assumed events on the Bank's and the Group's results (e.g. profit or capital). Reverse stress tests are used to identify events that could lead to a predefined outcome (e.g. the need to activate the Recovery Plan). Additionally, comprehensive stress tests are carried out to analyse the impact of changes in the environment and the Bank's operations on the financial position of the Bank and the Group;
- 3) risk control – includes establishing risk control mechanisms tailored to the scale and complexity of the Bank's and the Group's operations, in particular in the form of strategic risk tolerance limits for individual risk types, which are monitored, and in case of breaches, management actions are undertaken;
- 4) risk forecasting and monitoring – involving forecasting future risk levels taking into account projected business development, internal and external events, and monitoring deviations from forecasts or reference points (e.g. limits, thresholds, plans, previous period measurements, recommendations and guidelines issued by external supervisory and control authorities). Risk forecasts are subject to verification (so-called backtesting). Risk monitoring is performed with a frequency appropriate to the materiality and volatility of a given risk type;
- 5) risk reporting – involving regular reporting to the Bank's governing bodies on the risk profile, results of risk identification, measurement or assessment, monitoring and forecasting, causes of changes in risk and potential threats, including breaches of strategic risk tolerance limits, actions taken and recommended measures. The scope, frequency and form of reporting are tailored to the management level of recipients and the nature of individual risk types. The Supervisory Board is immediately informed, in the event of potential liquidity issues, about the Bank's liquidity position, threats and

- remedial actions, as well as premises for activating capital contingency measures and the Recovery Plan of the Bank or the Group, and about significant events in the area of information technology or security incidents in the ICT environment;
- 6) management actions – involving, in particular, issuing internal regulations shaping the management of individual risk types, defining risk tolerance levels, setting limits and thresholds, issuing recommendations, making decisions, including the use of tools supporting risk management. The purpose of management actions is to shape the risk management process and the level of risk.

Risk management in the Bank is carried out at all levels of the Bank’s organisational structure.

Chart 2.1. Bank’s risk management organisation



The risk management process is supervised and assessed by the Supervisory Board, which regularly receives information on the risk profile of the Bank and the Bank’s Group, as well as on key actions undertaken in the area of risk management.

The Supervisory Board is supported, among others, by the following committees:

- 1) Nomination and Remuneration Committee (SBNRC),
- 2) Risk Committee (SBRC),
- 3) Audit Committee (SBAC).

The responsibilities of the Nomination and Remuneration Committee include issuing opinions on and ongoing monitoring of remuneration principles under the Remuneration Policy adopted in the Bank, as well as supporting the Bank’s governing bodies in shaping and implementing the Remuneration Policy. The “Remuneration Policy” should be understood as the principles governing remuneration in the Bank and the companies of the Bank’s Group, as set out in the Remuneration Policy for employees of the Bank and the PKO Bank Polski S.A. Group.

In 2025, 10 meetings of the Nomination and Remuneration Committee were held. The Committee is described in more detail in Chapter 5 “Remuneration Policy” of this Report.

The Risk Committee supports the Supervisory Board, inter alia, by issuing opinions on the overall current and future risk appetite of the Bank, taking into account the risk profile of the Bank’s Group entities, including in particular the strategic risk tolerance limits for individual risk types adopted by the Management Board. It also issues opinions on solutions for mitigating risks arising from the Bank’s activities, supports the Supervisory Board in overseeing the implementation by the Management Board of the risk management system in the Bank, assessing its adequacy and effectiveness, and supervising the implementation of the risk management strategy.

The Audit Committee supports the Supervisory Board in particular by monitoring the financial reporting process and sustainability reporting, as well as the performance of statutory audit activities, and by overseeing the independence of the statutory auditor and the audit firm. The Audit Committee also supports the Supervisory Board by monitoring the adequacy and effectiveness of the internal control system, including the control function, the compliance unit and the internal audit unit, as well as by monitoring the effectiveness of the risk management system, in particular through the analysis of information received from the Risk Committee.

In 2025, 10 meetings of the Risk Committee and 10 meetings of the Audit Committee were held.

Within the scope of risk management, the Management Board is responsible for strategic risk management, including overseeing and monitoring actions undertaken by the Bank in the area of risk management, as well as the size and profile of risks associated with the activities of the Bank’s Group entities. The Management Board makes key decisions affecting the Bank’s risk profile and adopts the Bank’s internal regulations concerning risk management.

In risk management, the Management Board is supported by the following committees operating within the Bank:

- 1) Risk Committee (RC),
- 2) Asset and Liability Management Committee (ALCO),
- 3) Credit Committee of the Bank (BCC),
- 4) Operational Risk Committee (ORC),
- 5) Sustainability Committee (SDC).



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The Risk Committee (RC) monitors the integrity, adequacy and effectiveness of the risk management system, capital adequacy and the implementation of risk management principles in line with the Bank's strategy, and analyses and evaluates the application of strategic risk tolerance limits defined in the Risk Management Strategy of PKO Bank Polski S.A. and the Bank's Group. The Committee supports the Management Board in the risk management process by formulating recommendations and issuing opinions on capital adequacy and the effectiveness of the risk control system.

In 2025, 9 meetings of the Risk Committee were held.

The Asset and Liability Management Committee manages the Bank's assets and liabilities by influencing the structure of the Bank's balance sheet and off-balance sheet items in a manner conducive to achieving an optimal financial result. The Committee supports the Management Board in activities related to shaping the balance sheet structure, managing capital adequacy, managing profitability taking into account the nature of operations and generated risk, managing financial risk (including market and liquidity risk), business risk, and credit risk (settlement and pre-settlement) related to wholesale market transactions.

In 2025, the Asset and Liability Management Committee made decisions in electronic mode and at 29 meetings.

The Credit Committee of the Bank issues opinions and makes credit decisions with respect to individual, materially significant credit exposures, or provides recommendations in this regard to the Management Board. It also issues recommendations and makes decisions regarding the management of non-performing exposures, decides on the approval of credit risk models and parameters and validation results of those models, and approves credit risk reports.

In 2025, the Credit Committee made decisions in electronic mode and at 76 meetings.

The Operational Risk Committee supports the Management Board in managing operational risk and, within its responsibilities and competencies, makes decisions and issues recommendations, guidelines and opinions concerning operational risk management. The Committee formulates opinions and recommendations regarding operational risk management in the entities of the Bank's Group, which are communicated as part of the Bank's ownership supervision over those entities.

In 2025, the Operational Risk Committee made decisions in electronic mode and at 14 meetings.

The Asset and Liability Management Committee, Credit Committee of the Bank, Operational Risk Committee, Risk Committee, Management Board, Risk Committee of the Supervisory Board, Audit Committee and the Supervisory Board receive periodic reports on individual risk types and capital adequacy.

The Sustainability Committee supports the Management Board in setting priorities, directions and objectives related to sustainable development and energy transition. It oversees the implementation of objectives and initiatives, as well as the development of the management system for sustainable development and energy transition within the Bank's Group. The Committee also supervises the implementation, updates and application of the Bank's internal regulations concerning sustainable financing, including the Green Bond Framework.

In 2025, 5 meetings of the Sustainability Committee were held.

The risk management system is implemented across three independent and mutually complementary levels:

- 1) first level – consists of organisational units responsible for product management, product sales and customer service, as well as other units performing operational tasks that generate risk, operating on the basis of internal regulations. This function is carried out in all units of PKO Bank Polski S.A. and in the entities of the Bank's Group. The Bank's units implement appropriate risk control mechanisms designed by units located at the second level, in particular limits, and ensure their observance through adequate control mechanisms. At the same time, the entities of the Bank's Group are subject to the principle of consistency and comparability of risk assessment and control within the Bank and across the Group, taking into account the nature of the entity's operations and the market in which it operates;
- 2) second level – includes the activities of the compliance function as well as the identification, measurement, assessment or control, monitoring and reporting of material risk types, as well as identified threats and irregularities. These tasks are performed by specialised organisational units operating on the basis of the Bank's internal regulations. The objective of these units is to ensure that activities carried out at the first level are properly designed within the Bank's internal regulations, effectively mitigate risk, and support risk measurement, assessment and analysis, as well as operational efficiency. The second level supports actions aimed at eliminating adverse deviations from the financial plan that affect the quantitative strategic risk tolerance limits. This function is performed in particular within the Risk Management Area, the Compliance Department, the Bank's controlling units and relevant committees;
- 3) third level – consists of internal audit, which performs independent audits of elements of the Bank's management system, including the risk management system and the internal control system. Internal audit operates independently from the first and second levels. This function is carried out in accordance with the Bank's internal regulations governing the operation of the internal control system.

The independence of the levels is ensured through organisational separation in the following areas:

- 1) the second-level function, in terms of designing system solutions, is independent from the first-level function,
- 2) the third-level function is independent from both the first and second levels,
- 3) the compliance risk management function reports to the President of the Management Board.

In 2025, the Bank's organisational units responsible for managing material risks and other risks identified in the Bank's operations, within their respective competencies, were located in particular within: the Banking Risk Division, the Corporate Receivables Department, the Restructuring and Recovery Centre, the Outsourcing and Receivables Sales Department and Segregated Receivables, the Retail and SME Credit Risk Division, and the Corporate Credit Risk Division – all supervised by the Vice-President of the Management Board responsible for the Risk Management Area – as well as within the Compliance Department supervised by the President of the Management Board.

The objective of the Banking Risk Division is to develop and implement system solutions for managing risks identified as material, as well as to manage capital adequacy and initiate and coordinate integration activities with respect to risk management within the Bank's Group.

Within risk management, the Banking Risk Division is responsible in particular for:

- 1) identifying risk factors and sources,
- 2) measuring, assessing, controlling, and periodically monitoring and reporting risk levels,
- 3) coordinating activities related to the Strategy,
- 4) measuring and assessing capital adequacy,
- 5) preparing recommendations for the Management Board or committees regarding acceptable risk levels,
- 6) developing and reviewing internal regulations of the Bank concerning risk management and capital adequacy,
- 7) developing IT systems and applications supporting risk management and capital adequacy,
- 8) coordinating the implementation of consistent risk management standards within the Bank's Group,



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## 9) validating models used for risk management<sup>3</sup>.

The Corporate Receivables Department is responsible in particular for:

- 1) managing acquired non-performing exposures, including actions aimed at restoring clients' creditworthiness to enable continued cooperation on market terms,
- 2) determining and implementing optimal recovery strategies,
- 3) diagnosing and monitoring clients' economic and financial condition and related risks,
- 4) identifying non-performing exposures for sale and seeking optimal sale opportunities,
- 5) taking over assets as part of debt recovery processes,
- 6) reviewing and classifying non-performing exposures and off-balance sheet commitments, and determining expected credit loss provisions.

The Restructuring and Recovery Centre is responsible in particular for:

- 1) managing acquired non-performing exposures, including effective recovery actions,
- 2) developing system solutions for the recovery of non-performing exposures,
- 3) taking over and managing assets acquired in debt recovery processes,
- 4) monitoring the Bank's activities with respect to managed non-performing exposures and providing information for management purposes,
- 5) conducting clarification actions and early monitoring of repayment delays.

The Outsourcing and Receivables Sales Department and Segregated Receivables is responsible in particular for:

- 1) participating in the identification of receivables eligible for sale or outsourcing,
- 2) preparing proposals regarding receivables sales and outsourcing and monitoring the execution of related agreements,
- 3) transferring selected non-performing exposures to outsourcing,
- 4) conducting the sale of selected non-performing exposures.

The Retail and SME Credit Risk Division is responsible in particular for:

- 1) designing and developing an effective system for assessing credit risk related to financing retail and SME clients, including internal regulations (policies and methodologies) and supporting tools,
- 2) assessing and taking credit risk within granted authorities, and monitoring credit risk of clients and transactions.

The Corporate Credit Risk Division is responsible in particular for:

- 1) designing and developing an effective system for assessing credit risk related to financing corporate clients, including internal regulations (policies, including sectoral policies) and methodologies and supporting tools,
- 2) assessing and taking credit risk within granted authorities, and monitoring credit risk of clients and transactions,
- 3) operational management of concentration risk of the Bank's exposures.

The Compliance Department, within risk management, is responsible in particular for:

- 1) managing compliance risk,
- 2) managing conduct risk,
- 3) managing reputational risk,
- 4) organising and monitoring the control function.

The Bank's units responsible for controlling and finance support, in particular, management actions regarding the level and structure of own funds, including the issuance of instruments classified as own funds, execution of securitisation transactions, preparation of long-term external funding plans, and ensuring a true and fair view of the financial position of the Bank and the Bank's Group in internal financial reporting, in particular through the development and monitoring of periodic financial targets and the financial plan.

The Internal Audit Department (DAW), within the scope of risk management, is responsible for conducting audit engagements, including the assessment of the adequacy and effectiveness of the risk management system, including risk control mechanisms.

The Bank exercises oversight over the operations of individual entities of the Bank's Group. As part of this oversight, the Bank supervises risk management systems and supports their development, and also takes into account the risk level of the activities of individual entities within the Group-level risk monitoring and reporting system.

The principles and methods for assessing individual types of risk in the entities of the Bank's Group are defined in internal regulations adopted by those entities. The entities of the Bank's Group develop and update internal regulations concerning the management of specific types of risk after obtaining the Bank's opinion, taking into account recommendations formulated by the Bank, and considering the provisions of the Risk Management Strategy of PKO Bank Polski S.A. and the Bank's Group. Internal regulations of the Bank's Group entities regarding risk management take into account:

- 1) the principle of consistency and comparability of risk assessment methods for individual risk types across the Bank and the Bank's Group entities,
- 2) the structure of the Bank's Group and interdependencies between its entities,
- 3) the nature and scale of operations of a given Group entity and the market in which it operates,
- 4) the types of risk managed in Group entities arising from the specific nature of their activities.

The Bank's units within the Banking Risk Division and the Compliance Department review the Risk Management Strategy of PKO Bank Polski S.A. and the Bank's Group, including in particular strategic risk tolerance limits, at least annually, in order to adapt them to current and forecast market conditions as well as the needs of the Bank and the Group. In justified cases resulting from significant changes in the macroeconomic environment or based on stress test results, the review may be conducted more frequently than once a year. Moreover, risk management methods and risk measurement or assessment systems are aligned with the scale and complexity of risk, the current and planned activities of the Bank and its environment, and are periodically reviewed and validated.

Supervision over risk management in the entities of the Bank's Group is carried out by the Bank's units within the Risk Management Area, the Compliance Department, or relevant committees operating within the Bank, in particular through involvement in issuing opinions on transactions of the Bank's Group entities, in accordance with separate internal regulations of the Bank. The list of key entities of the Bank's Group that have a significant impact on the Group's risk profile is determined by the Vice-President of the Management Board responsible for the Risk Management Area at least annually, based on

<sup>3</sup> The model validation function reports directly to the Vice-President of the Management Board responsible for the Risk Management Area.



recommendations of the relevant substantive unit within the Banking Risk Division. The Bank's units within the Risk Management Area and the Compliance Department define the approach to minimum quantitative strategic risk tolerance limits for risks specific to key entities of the Bank's Group, as well as the method of their reporting.

The priority of the Bank's Group is to maintain a strong capital position, including effective capital adequacy management, support for Polish businesses, customer satisfaction, innovation, technological and digital development, commitment to sustainable development, and counteracting cyber threats, while maintaining priorities related to operational efficiency, effective cost control, an adequate level of own funds, and an appropriate assessment and level of risk.

Transactions carried out in 2025 within the Bank's Group with related entities and related parties did not have a material impact on the Bank's risk profile.

## 2.2 Comprehensive stress tests and reverse stress tests

Comprehensive stress tests complement stress tests specific to individual risk types and take into account, on an aggregated basis, identified risks, in particular those considered material from the perspective of the Bank or the Bank's Group. They include an analysis of the impact of changes in the macroeconomic environment or in the functioning of the Bank's Group on its financial position, in particular: the income statement, the statement of financial position, own funds, capital adequacy (including own funds requirements), internal capital, capital adequacy measures, credit portfolio quality, liquidity measures, profitability measures and recovery plan indicators. Calculations are performed using the Bank's internal models, taking into account adopted macroeconomic assumptions. The data are analysed with a high level of granularity, including breakdowns by portfolios and product types.

Comprehensive stress tests include regular (cyclical) tests and supervisory tests. Cyclical tests are conducted annually, over a time horizon of at least two years, for the purposes of assessing the level of macroeconomic risk and updating the Recovery Plan. Stress scenarios used for assessing macroeconomic risk assume a shock deterioration in economic conditions compared to the baseline scenario. Stress scenarios for Recovery Plan purposes, defined in the guidelines of the European Banking Authority (EBA/GL/2014/06 of 18 July 2014), are used to estimate the impact of severe changes in the macroeconomic environment or in the functioning of the Bank and the Bank's Group under crisis conditions, as well as to assess the effectiveness of recovery measures.

Supervisory stress tests are carried out at the request of supervisory and control authorities, within a specified time horizon, based on macroeconomic and financial variables included in scenarios provided by those authorities.

Comprehensive stress tests jointly take into account the following risk types:

- 1) credit risk,
- 2) market risk,
- 3) liquidity risk,
- 4) operational risk,
- 5) business risk,
- 6) excessive leverage risk,
- 7) capital adequacy risk.

Reverse stress tests (RST) complement the results of comprehensive stress tests and are aimed at assessing the Bank's resilience to macroeconomic changes. Reverse stress tests conducted for the purpose of updating the Recovery Plan, covering macroeconomic risk, are performed in the form of sensitivity analysis and consist in formulating potential adverse scenarios related to the Bank's liquidity or capital adequacy, and then analysing the factors or conditions that would have to occur for such adverse scenarios to materialise.

The Bank participated in another edition of the European stress tests conducted in 2025 by the European Banking Authority, with the involvement of the Polish Financial Supervision Authority, the European Central Bank and the European Systemic Risk Board. The exercise covered 64 banks from 16 European Union countries and Norway, representing 75% of the EU and Norwegian banking sector assets. The 2025 stress tests did not include a pass/fail threshold; instead, they serve as an important input to the Supervisory Review and Evaluation Process (SREP). The results support competent authorities in assessing the Bank's ability to meet applicable prudential requirements under stress scenarios.

The Bank ranked among the most resilient institutions in Europe, confirming its high capital resilience to adverse macroeconomic developments. Capital ratios remained above regulatory minima throughout the projection horizon. According to the stress test results, the Bank's consolidated Common Equity Tier 1 (CET1) ratio would amount to 20.03% in 2027 under the baseline scenario and 16.40% under the adverse scenario, while the consolidated CET1 ratio as at the end of 2024 would amount to 16.19% under CRR3 (forming the basis for the projections) and 17.39% excluding the impact of CRR3 implementation. Without the application of transitional arrangements, the Bank's consolidated CET1 ratio as at the end of 2027 would amount to 19.95% under the baseline scenario and 16.32% under the adverse scenario, while as at the end of 2024 it would amount to 15.58% under CRR3 and 16.80% excluding CRR3-related changes.

## 2.3 Internal control system and risk management

An internal control system operates within PKO Bank Polski S.A., forming an integral part of the Bank's management system. The Management Board is responsible for designing, implementing and ensuring the effective operation of an adequate internal control system. The Supervisory Board oversees the implementation and functioning of this system and assesses its adequacy and effectiveness, including the adequacy and effectiveness of the control function, the compliance function and the internal audit function. The assessment of the internal control system is carried out based on defined criteria and taking into account information provided by the Management Board, the Audit Committee of the Supervisory Board, the compliance function and the internal audit function, as well as findings of the statutory auditor, results of supervisory activities of authorised institutions, and other information and documents relevant to the adequacy and effectiveness of the internal control system. The Supervisory Board is supported in this respect by the Audit Committee, which is responsible in particular for monitoring the effectiveness of the internal control system.

The objective of the internal control system is to ensure:

- 1) effectiveness and efficiency of the Bank's operations,
- 2) reliability of financial reporting,
- 3) compliance with risk management principles in the Bank,
- 4) compliance of the Bank's operations with generally applicable laws, internal regulations, supervisory recommendations and market standards adopted by the Bank.



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The internal control system is organised in the Bank across three independent levels:

- 1) first level – organisational units performing operational activities, in particular product sales and customer service, as well as other units performing operational tasks generating risk, operating on the basis of separate internal regulations of the Bank,
- 2) second level – includes the activities of:
  - the compliance function,
  - specialised organisational units responsible for identifying, measuring, controlling, monitoring and reporting individual risk types, as well as threats and irregularities, in order to ensure that activities at the first level are properly designed and that second-level structures effectively manage risk and support operational efficiency,
- 3) third level – the internal audit function, performing independent audits of elements of the Bank's management system, including the risk management system and the internal control system.

The independence of the above levels is ensured through organisational separation:

- 1) of the second level from the first level in terms of designing system solutions,
- 2) of the third level from both the first and second levels.

Within the internal control system, the Bank distinguishes:

- 1) the control function,
- 2) the compliance unit – the Compliance Department,
- 3) the internal audit unit – the Internal Audit Department.

The control function ensures adherence to control mechanisms, in particular those relating to risk management in the Bank, and covers all organisational units and positions responsible for tasks assigned to this function.

The control function comprises:

- 1) control mechanisms,
- 2) independent monitoring of compliance with control mechanisms,
- 3) reporting within the control function.

The Bank identifies, and the Management Board approves, material processes that are significant for achieving the objectives of the internal control system and the Bank's business objectives, and ensures periodic reviews of processes operating within the Bank in terms of their materiality.

Control mechanisms are embedded in the Bank's processes and supporting systems or applications. These mechanisms are tailored to the objectives of the internal control system, the complexity of processes, the risk of irregularities, and the nature of the Bank's operations, taking into account available resources. They are subject to independent monitoring at all levels of the internal control system.

Independent monitoring of compliance with control mechanisms is performed as:

- 1) horizontal monitoring – carried out by a Bank unit within itself or in another unit at the same level,
- 2) vertical monitoring – carried out by second-level units with respect to first-level units.

Bank units are responsible for performing activities related to horizontal or vertical monitoring within the scope of their responsibilities. Independent monitoring includes ongoing verification or testing of control mechanisms.

The compliance function is an organisationally separate and independent unit playing a key role in ensuring compliance through the control function and managing compliance risk, understood as the risk of legal sanctions, financial losses or reputational damage resulting from non-compliance by the Bank, its employees or entities acting on its behalf with applicable laws, internal regulations and market standards adopted by the Bank.

The objective of the compliance function is to shape solutions ensuring compliance, including managing compliance risk through its identification, assessment, control, monitoring and reporting within the Bank. Compliance-related objectives are implemented through actions undertaken by all organisational units of the Bank.

Internal audit constitutes an independent and objective assurance and advisory activity, involving a systematic and structured evaluation of individual areas of the Bank's operations and indicating directions for actions aimed at improving the quality and effectiveness of the Bank's functioning.

The objective of the internal audit function is to:

- 1) within assurance activities – assess the adequacy and effectiveness of the risk management system and the internal control system at the first and second levels of the internal control system, including the adequacy and effectiveness of selected risk control mechanisms and control mechanisms subject to audit,
- 2) within advisory activities – add value and improve processes within PKO Bank Polski S.A..

The Bank has mechanisms in place to ensure the independence of the compliance function and the internal audit function, including:

- 1) approval by the Management Board and the Supervisory Board of the Audit Charter and the principles of ensuring compliance and managing compliance risk,
- 2) reporting of the compliance function to the President of the Management Board,
- 3) functional reporting of the internal audit function to the Audit Committee of the Supervisory Board and administrative reporting to the President of the Management Board,
- 4) exclusion of the internal audit function, as the third level, from independent monitoring by organisational units of the Bank operating at the second level of the internal control system,
- 5) ensuring direct access of the heads of these units to members of the Management Board and the Supervisory Board,
- 6) participation of the heads of these units in meetings of the Management Board,
- 7) participation of the heads of these units in meetings of the Supervisory Board and relevant committees when matters related to the internal control system or risk management are discussed,
- 8) appointment and dismissal of the heads of the internal audit function and the compliance function subject to prior approval of the Supervisory Board,
- 9) approval of the remuneration of the head of the internal audit function by the Supervisory Board or its relevant committee,



- 10) approval of the remuneration (including bonuses) of the head of the compliance function by the Audit Committee of the Supervisory Board, taking into account the principle that such remuneration should not deviate from that of other key function holders in the Bank and should not be directly linked to the Bank's financial performance,
- 11) notification of the Polish Financial Supervision Authority of changes in the positions of the heads of these units, including the reasons for such changes,
- 12) ensuring that employees of these units have access to all necessary information (including confidential and sensitive information), premises and IT systems (without the ability to interfere with system resources), as well as communication with Bank employees, to the extent necessary for the performance of their duties,
- 13) exclusion of employees of these units from performing ongoing business tasks,
- 14) implementation of remuneration control mechanisms ensuring independence and objectivity, and enabling the employment of suitably qualified and experienced staff,
- 15) protection of employees of these units against unjustified termination of employment,
- 16) organisational separation of these units and prohibition of assigning them duties other than those specified,
- 17) provision of adequate financial resources to ensure effective performance of their tasks and continuous professional development of employees.

Information on irregularities, assessment results and other significant issues identified by individual elements of the internal control system is presented in periodic reports addressed to the Risk Committee, the Management Board, the Audit Committee of the Supervisory Board, the Risk Committee of the Supervisory Board, or the Supervisory Board.

On its website, the Bank publishes a description of the internal control system, including in particular: the objectives of the internal control system; the roles of the Management Board, the Supervisory Board and the Audit Committee; the three independent levels of the internal control system; and its individual components, i.e. the control function, the compliance function and the internal audit function.

Internal control systems also operate within the entities of the Bank's Group, tailored to the specific nature of their activities. These entities establish and implement internal regulations defining, in particular, tasks related to control activities within the internal control system and the allocation of responsibilities. The functioning of internal control systems in these entities depends on their size and scope of operations. In most entities, dedicated organisational units or positions perform these functions, reporting directly to the Management Board or Supervisory Board of the respective entity. In justified cases, due to the nature and organisational structure of the entity (e.g. small entities with limited scope of activity), control activities are performed by management without formal separation of the internal control function.

The Bank also takes into account the role of the Bank's Group entities in identifying material processes, particularly in terms of their impact on achieving the objectives of the Bank's internal control system.

## 2.4 Assessment of members of the Management Board and the Supervisory Board; information on recruitment policy and fit and proper assessment

Members of the Management Board and the Supervisory Board are subject to fit and proper assessment in accordance with the regulations applicable in PKO Bank Polski S.A., i.e.:

- 1) the Policy on the suitability of members of the Management Board and key function holders in the Bank, as well as suitability assessment in the Bank's Group entities (together with implementing rules concerning the assessment of candidates for members of the Management Board and ongoing monitoring of their suitability),
- 2) the Policy on the suitability assessment of candidates for members of the Supervisory Board and members of the Supervisory Board.

The provisions of the above policies define the framework for selection, appointment and succession planning of members of the Management Board and the Supervisory Board, as well as the principles for conducting suitability assessments of these bodies. Based on these regulations, the Supervisory Board (with the participation of the Nomination and Remuneration Committee) makes decisions regarding the selection and suitability assessment of candidates for and members of the Management Board, while the General Meeting makes decisions regarding the selection and suitability assessment of candidates for and members of the Supervisory Board.

The suitability assessment of members of the Management Board is carried out by the Nomination and Remuneration Committee through the adoption of an assessment report, which is subsequently approved by the Supervisory Board. The report is based, inter alia, on information and documents provided by candidates or current members of the Management Board. The Committee may be supported in this process by the Bank's HR unit, external advisors or other information sources. The report is submitted for approval to the Supervisory Board, which informs the Polish Financial Supervision Authority of the results where required by applicable regulations or supervisory guidelines.

Verification of the suitability of Management Board members and candidates is performed both on an individual and collective basis. The assessment is conducted as an initial assessment within the appointment process and a periodic assessment conducted annually for current members. Additional assessments may be conducted in justified cases, in particular where circumstances arise that may affect previous individual or collective suitability assessments.

The General Meeting performs individual suitability assessments of candidates and members of the Supervisory Board, as well as a collective assessment of the entire Supervisory Board, each time a new member is appointed and annually as part of periodic assessments. Additional assessments may also be conducted in justified cases affecting the requirements applicable to the Supervisory Board or its members, initiated by the Bank.

Suitability assessments take into account criteria arising from guidelines issued by national or European supervisory authorities and requirements set out in generally applicable laws, focusing in particular on qualifications understood as knowledge, experience and skills relevant to the position, as well as – respectively – supervisory competencies (Supervisory Board), management competencies (Management Board), understanding of the Group's structure and potential conflicts of interest, and reputation, understood as sufficiently good repute.

Additionally, the assessment considers integrity and ethical conduct, the ability to exercise independent judgement, and the capacity to devote sufficient time to perform duties, including constraints related to holding other positions and the ability to fulfil responsibilities during periods of increased activity (e.g. restructuring, transfers, acquisitions, mergers or crisis situations).

The collective suitability assessment focuses on ensuring an appropriate combined level of knowledge, skills and experience in relation to the nature and scope of the Bank's activities and its key risks, as well as the ability of the Management Board as a whole to manage the Bank and of the Supervisory Board as a whole to exercise effective oversight.



The selection of Supervisory Board members also takes into account the requirement to maintain an appropriate number of independent members meeting the independence criteria for audit committee members, as defined in applicable legislation.

In selecting members of the Management Board and the Supervisory Board, the Bank applies diversity and succession planning principles to ensure continuity of decision-making and an appropriate mix of competencies, knowledge and skills. These principles support the ability of members—individually and collectively—to deliver high-quality, independent judgments and decisions across all areas of the Bank's operations.

The Supervisory Board and the General Meeting, taking into account suitability assessment results, aim to achieve gender balance in these bodies, including at least a minimum representation of the underrepresented gender at a level as close as possible to 33%, or jointly across both bodies as required by applicable laws. The target level of gender diversity should be achieved in accordance with legal requirements, no later than upon appointment of new terms of office after 31 December 2025. Diversity objectives (including gender and age) are applied provided they do not adversely affect the functioning or suitability of these bodies. More information on diversity is provided in The PKO Bank Polski S.A. Group Directors' Report for 2025 prepared jointly with the PKO Bank Polski S.A. Directors' Report (11. Corporate Governance, item 11.2.10 Policy for ensuring diversity in the composition of the Bank's Management Board and Supervisory Board).

During the term of office of members of the Management Board and the Supervisory Board, according to the Article 395(2)(3) of the Commercial Companies Code (K.S.H.), the Annual General Meeting grants discharge from duties (absolutorium) annually to each member individually. Granting discharge constitutes a positive assessment of performance, regardless of approval of the Management Board's report on operations, while refusal constitutes a negative assessment.

In December 2025, the Nomination and Remuneration Committee conducted periodic individual and collective suitability assessments of the Management Board. The Committee confirmed both individual and collective suitability, and these assessments were approved by the Supervisory Board.

As at 31 December 2025, the Management Board consisted of 8 members, all of whom met the requirements set out in Article 22aa of the Polish Banking Law.

Members of the Management Board in total, <sup>6</sup>4 positions on supervisory bodies of other entities within the Bank's Group, associates or companies with direct shareholdings of the Bank. The number of positions held complied with the requirements of Article 22aa(3-5) of the Banking Law.

The General Meeting, following suitability assessments conducted in June and August 2025, confirmed the individual suitability of each member of the Supervisory Board and the collective suitability of the entire body (taking into account changes in its composition in August 2025).

As at 31 December 2025, the Supervisory Board consisted of 10 members, all of whom met the requirements of Article 22aa of the Banking Law. In January 2026, an additional member was appointed, whose suitability was also confirmed by the General Meeting.

As at 31 December 2025, members of the Supervisory Board held, in total, <sup>6</sup>5 positions on supervisory bodies of other entities. The number of positions held complied with the requirements of Article 22aa(3-5) of the Banking Law.

## 2.5 Credit risk, including counterparty credit risk

### 2.5.1 Introduction

Credit risk is understood as the risk of incurring a loss as a result of a customer's failure to meet its obligations towards the Bank's Group, or the risk of a decrease in the economic value of the Group's receivables due to a deterioration in the customer's ability to service its obligations.

The objective of credit risk management is to limit losses on the loan portfolio and changes in the economic value of exposures in the wholesale market, minimise the level of impaired credit exposures to an acceptable level while maintaining the expected level of profitability and value of the loan portfolio, through the appropriate shaping of on-balance sheet and off-balance sheet positions.

The Bank and its subsidiaries forming part of the Bank's Group, including PKO Bank Polski S.A., follow in particular the following principles of credit risk management:

- 1) a credit transaction requires a comprehensive credit risk assessment, reflected in an internal rating or scoring assessment,
- 2) credit risk measurement for credit transactions is performed both at the stage of considering the application and on a regular basis as part of monitoring, taking into account changing external conditions and changes in borrowers' financial standing,
- 3) credit risk assessment of exposures material in terms of risk level or value is performed by credit risk assessment units independent of business units,
- 4) the terms of a credit transaction offered to a customer depend on the level of credit risk generated by that transaction,
- 5) credit decisions may be taken only by authorised persons,
- 6) credit risk is diversified in particular by geography, sectors, products and customers,
- 7) depending on the level of credit risk, appropriate collateral is required to minimise potential future losses.

Within the Bank's Group, foreign currency mortgage loans to households are identified as a specific component of credit risk. This risk is understood as the risk of incurring a loss due to a customer's failure to meet obligations arising from such loans and is considered material by the Bank.

### 2.5.2 Risk identification

Credit risk identification involves recognising current and potential sources and drivers of credit risk in the current and planned lending activities of the Bank's Group.

As part of this process, factors significantly affecting the level of credit risk are identified and their potential impact on the Group's operations is assessed.

<sup>4</sup> Where multiple positions are held on supervisory boards of entities within the same capital group, such positions are counted as a single position, in accordance with Article 22aa(3)(4) of the Polish Banking Law; this information does not apply to positions held in entities that do not conduct business activity or that carry out non-commercial activities;

<sup>5</sup> Where multiple positions are held on management boards or supervisory boards of entities within the same capital group, such positions are counted as a single position, in accordance with Article 22aa(3)(4) of the Polish Banking Law; this does not apply to positions held in entities that do not conduct business activity or that carry out non-commercial activities;



Credit risk identification covers both existing and newly designed credit products offered to customers of the Bank's Group, as well as the processes supporting these products, including the use of IT tools and databases.

### 2.5.3 Measurement, estimation and assessment of credit risk

Measurement, estimation and assessment of credit risk are carried out at the level of the customer, individual credit transactions, and the overall credit portfolios of the Bank's Group. As part of credit risk measurement or estimation, stress tests are conducted for both foreign currency and PLN-denominated credit exposures. The assumptions used for these stress tests ensure a reliable measurement and estimation of credit risk across the Group.

Portfolio credit risk measurement, estimation and assessment involve periodic evaluation of risk taking into account the entire credit exposure base, as well as various portfolio segments, such as customer groups, product groups and homogeneous portfolios sharing similar risk characteristics.

### 2.5.4 Methods of credit risk measurement

Various metrics are used to measure and assess portfolio credit risk, in particular:

- 1) Probability of Default (PD),
- 2) Loss Given Default (LGD),
- 3) Credit Conversion Factor (CCF),
- 4) Expected Loss (EL),
- 5) Credit Value at Risk (CVaR),
- 6) share and structure of impaired credit exposures,
- 7) coverage ratio of impaired loans (Coverage Ratio),
- 8) cost of credit risk,
- 9) stress testing.

PKO Bank Polski S.A. continuously improves the scope of applied credit risk parameters, taking into account the Internal Ratings-Based (IRB) approach, and expands the use of risk measures to ensure comprehensive coverage of the Bank's credit portfolio under this method.

The results of portfolio credit risk measurement are taken into account in particular when determining the profitability and pricing terms of new or modified credit products, setting optimal threshold levels determining the availability of financing for customers by the Bank, calculating expected credit loss provisions, and establishing remuneration (incentive) policies.

The credit risk assessment process in the Bank's Group takes into account the requirements of the Polish Financial Supervision Authority set out in the KNF Recommendations. The Bank conducts analyses and stress tests, taking into account in particular KNF Recommendations S, T, C and R. The Bank establishes limits which serve as an internal tool defining its risk appetite for credit risk and concentration risk. These limits support the management of these risks. Stress tests and analyses focus on the impact of potential changes in the macroeconomic environment on the quality of the Bank's Group credit portfolio, and their results are presented in reports to the Bank's governing bodies. This information enables the identification of risks and the implementation of actions to mitigate the adverse effects of unfavourable market conditions on the Group's performance.

### 2.5.5 Rating and scoring methods

The assessment of risk for individual credit transactions in PKO Bank Polski S.A. is carried out using scoring and rating methods, which are developed, maintained and supervised by the Risk Management Area. These methods are supported by specialised IT applications. The assessment process is defined in the Bank's internal regulations, aimed at ensuring a consistent and objective credit risk assessment within the lending process.

The credit risk assessment process in the Bank takes into account the KNF requirements set out in Recommendation S (regarding good practices in managing mortgage-secured credit exposures) and Recommendation T (regarding good practices in managing retail credit exposures).

The Bank assesses the credit risk of retail customers in two dimensions: quantitative creditworthiness assessment, based on the analysis of the customer's financial situation, qualitative creditworthiness assessment, including scoring evaluation and analysis of the customer's credit history using internal and external databases.

Credit risk assessment for institutional clients is carried out in two dimensions: the client and the transaction. The measures used include the client's creditworthiness (rating or scoring assessment) and the transaction assessment, i.e. the ability to repay the obligation in the specified amount and within the agreed timeframes. Rating and scoring models for institutional clients are developed using the Bank's internal data, ensuring alignment with the risk profile of its clients. These models are based on statistical analysis of the relationship between default events and the assigned risk score. The risk assessment depends on the size of the enterprise and the sector in which it operates. Additionally, the Bank applies a dedicated assessment model for borrowers financed under specialised lending structures, enabling an appropriate evaluation of large-scale projects, such as real estate financing (e.g. office, retail and warehouse space) and infrastructure projects (e.g. telecommunications, industrial or public utility infrastructure). Scoring models are also applied to SME clients in the case of less complex credit transactions.

Risk assessment models are monitored at least quarterly in accordance with the Bank's internal regulations on periodic verification of credit risk models, and are subject to regular independent validation carried out by the Validation Department.

Information derived from rating and scoring assessments is widely used in the Bank for credit risk management, within the credit decision-making authority framework, and in credit risk measurement and reporting systems.

### 2.5.6 Credit risk control

Credit risk control consists in defining tools for diagnosing the level of credit risk and applying credit risk control mechanisms to limit that risk, as well as ensuring compliance with control mechanisms within credit risk management, both in credit processes and at the portfolio level.

To manage credit risk, PKO Bank Polski S.A. and the Bank's Group apply in particular the following tools and control mechanisms:

- 1) strategic risk tolerance limits for credit risk and concentration risk,



- 2) internal limits for credit risk or concentration risk:
  - limits defining the level of tolerance for portfolio credit risk and concentration risk,
  - sectoral limits,
  - decision-making authority limits,
- 3) verification of the quality of credit processes,
- 4) branch rating,
- 5) threshold values triggering the involvement of risk analysts in credit risk assessment.

Within the Bank and the Bank's Group, internal tolerance limits for portfolio credit risk are established, in particular with respect to:

- 1) industry segments,
- 2) exposures arising from mortgage-secured credit exposures and retail credit exposures,
- 3) credit portfolio quality,
- 4) portfolio structure by product/segment/currency/distribution channels,
- 5) maximum and individual ratios of expenses related to servicing credit and financial liabilities to the income of retail clients,
- 6) the maturity of credit transactions,
- 7) exposures arising from leveraged transactions.

The Bank controls the level of credit exposure to the Bank's clients or groups of connected clients within the meaning of the CRR by setting maximum levels of authority for making credit decisions concerning credit transactions, including changes to their terms, as well as maximum competence limits for those levels, as specified in the Bank's internal regulations on the allocation of credit decision-making competences. As part of monitoring competence limits, the Bank verifies in particular the quality of the credit portfolio of decision-makers or the units in which they operate, the level of credit competences of authorised persons, and the validity of the credit competence certificates granted to those persons.

The Bank and the entities of the Bank's Group monitor and control the utilisation of strategic credit risk tolerance limits and internal limits on a monthly and quarterly basis. The results of monitoring are presented, respectively, in monthly information for members of the Risk Committee and in quarterly or monthly credit risk reports of PKO Bank Polski S.A. In the event that the level of utilisation of a strategic limit exceeds the defined threshold, actions are initiated to prevent exceeding the established level.

## 2.5.7 Forecasting and monitoring of credit risk

Forecasting of credit risk and concentration risk involves estimating the future level of credit risk and concentration risk, taking into account the projected development of lending activities as well as external and internal events. Monitoring of credit risk consists in tracking deviations of actual outcomes from forecasts or reference points (e.g. limits, threshold values, plans, previous period measurements, recommendations and guidelines issued by external supervisory and control authorities), as well as conducting stress tests (both specific and comprehensive).

Risk level forecasts are subject to verification (backtesting).

Credit risk monitoring is performed both at the level of individual credit transactions and at the portfolio level.

Monitoring of credit risk at the level of individual credit transactions is governed in particular by the Bank's internal regulations concerning:

- 1) assessment of the Bank's credit risk related to financing clients,
- 2) methodologies or approaches for client assessment,
- 3) identification of groups of connected entities,
- 4) assessment of collateral and control of real estate and investments,
- 5) creation of expected credit loss provisions,
- 6) the Early Warning System (EWS),
- 7) operational activities within the credit process.

In order to shorten response times to identified warning signals indicating an increase in credit risk, PKO Bank Polski S.A. uses an IT-based Early Warning System (EWS) application and develops automated behavioural assessment models.

## 2.5.8 Concentration risk

The objective of concentration risk management is to ensure a safe structure of the credit portfolio by limiting risks arising from excessive concentrations of exposures that may generate losses significant enough to threaten the financial condition of the Bank's Group, its ability to conduct core operations, or cause a material change in the Group's risk profile.

The Bank's Group identifies concentration both at the portfolio level and at the individual (entity) level.

The Bank's Group monitors concentration risk of exposures in relation to:

- 1) exposures to individual clients and groups of connected clients, including large exposures,
- 2) exposures to groups of clients or credit portfolios exposed to a single risk factor.

Concentration risk related to exposures to individual clients and groups of connected clients is monitored in accordance with the CRR, which applies to the Bank's Group. The Group does not assume exposures to a client or a group of connected clients whose value, after taking into account credit risk mitigation effects in accordance with Articles 399–403 of the CRR, exceeds 25% of consolidated Tier 1 capital.

In the process of monitoring concentration risk at the individual level, the Bank takes into account:

- 1) daily monitoring of large exposure concentration levels within the meaning of Article 392 of the CRR,
- 2) monthly control of limits arising from Article 395(1) of the CRR and Article 79a(4) of the Polish Banking Law,
- 3) monthly or quarterly control of internal limits for individual concentration risk,
- 4) identification of warning signals and initiation of actions to prevent limit breaches,
- 5) conducting stress tests for concentration risk (including scenarios forming input to comprehensive stress tests, enabling assessment of the combined impact of correlated risk factors such as credit, interest rate, foreign exchange, operational and liquidity risks on the level of expected credit loss of the Bank).



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In addition, the Bank's Group analyses concentration risk with respect to:

- 1) geographical regions,
- 2) currencies,
- 3) industries,
- 4) mortgage-secured credit exposures,
- 5) the largest entities or groups of connected clients.

Table 2.2. Group credit portfolio currency structure (balance and off-balance)

Currency	PLN	EUR	USD	UAH	CHF	GBP	Other currency
Currency exposure	85,35%	12,22%	1,41%	0,31%	0,26%	0,04%	0,41%

The largest share of the Bank's Group foreign currency exposure consists of EUR exposures, which relate to the Bank's loan portfolio. As at the end of 2025, the share of these loans in the foreign currency portfolio amounted to 83.45%, representing an increase of 3.91 percentage points compared to the end of 2024.

The next largest group of foreign currency loans are USD-denominated loans, which accounted for 9.62% of the Bank's Group foreign currency portfolio as at the end of 2025, representing a decrease of 2.89 percentage points compared to the end of 2024.

Table 2.3 Exposure to the 10 largest clients\*

No.	31.12.2025		31.12.2024	
	Value	Own funds percentage	Value	Own funds percentage
1	3 151	6,9	5 675	12,8
2	3 026	6,6	3 151	7,1
3	2 760	6,1	2 436	5,5
4	2 727	6,0	2 422	5,5
5	2 500	5,5	2 395	5,4
6	2 374	5,2	2 213	5,0
7	2 020	4,4	2 129	4,8
8	2 006	4,4	1 782	4,0
9	1 775	3,9	1 501	3,4
10	1 688	3,7	1 427	3,2
<b>Total</b>	<b>24 026</b>	<b>52,7</b>	<b>25 131</b>	<b>56,8</b>

\* Total exposure (on-balance sheet and off-balance sheet) to clients other than central banks, other banks or central governments, after taking into account the effect of credit risk mitigation in accordance with Articles 399-403 of Regulation (EU) No 575/2013 (without deduction of provisions)

As at 31 December 2025 and 31 December 2024, concentration limits were not exceeded. The largest exposure of the Bank's Group as at 31 December 2025 to a single entity amounted to 6.9% of consolidated Tier 1 capital.

Table 2.4 Exposures towards the 5 largest groups of related customers\*

No.	31.12.2025		31.12.2024	
	Value	Own funds percentage	Value	Own funds percentage
1	5 089	11,2	5 698	12,9
2	4 410	9,7	3 447	7,8
3	3 741	8,2	3 235	7,3
4	3 688	8,1	3 151	7,1
5	3 151	6,9	2 786	6,3
<b>Total</b>	<b>20 078</b>	<b>44,0</b>	<b>18 317</b>	<b>41,4</b>

\* Total exposure (on-balance sheet and off-balance sheet) to groups of connected clients other than central banks, other banks or central governments, after taking into account the effect of credit risk mitigation in accordance with Articles 399-403 of Regulation (EU) No 575/2013 (without deduction of provisions). Exposure to groups controlled by the State Treasury does not include exposure to the State Treasury itself

As at 31 December 2025, the highest concentration of the Bank's Group exposure to a group of connected clients amounted to 11.2% of consolidated Tier 1 capital.



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Table 2.5 Maturity of exposures [Template EU CR1-A]

		31.12.2025					
		a	b	c	d	e	f
		Net exposure value					
		On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
1	Loans and advances	-	69 505	98 763	125 087	5 167	298 521
2	Debt securities	-	42 294	143 035	52 942	-	238 271
<b>3</b>	<b>Total</b>	<b>-</b>	<b>111 799</b>	<b>241 798</b>	<b>178 029</b>	<b>5 167</b>	<b>536 792</b>

## 2.5.9 Impairment of credit exposures

In the area of impairment, the Bank's Group applies IFRS 9, which is based on the concept of expected credit losses. The impairment model applies to financial assets that are not measured at fair value through profit or loss, including:

- 1) debt financial instruments, including credit exposures and securities,
- 2) lease receivables,
- 3) off-balance sheet financial and guarantee commitments.

In accordance with IFRS 9, expected credit losses are not recognised for equity investments.

Impairment of credit exposures is measured as either 12-month or lifetime expected credit losses. The measurement horizon depends on whether there has been a significant increase in credit risk since initial recognition. Based on this criterion, financial assets are allocated to three stages:

- 1) Stage 1 - assets for which credit risk has not significantly increased since initial recognition and no impairment trigger is identified,
- 2) Stage 2 - assets for which credit risk has significantly increased since initial recognition, but no impairment trigger is identified,
- 3) Stage 3 - assets for which an impairment trigger has been identified.

Additionally, assets that are originated or purchased with credit impairment (POCI) are distinguished.

To assess a significant increase in credit risk for mortgage exposures and other retail exposures, the Bank's Group applies a model based on the calculation of marginal PD (probability of default), i.e. the probability of default in a given month from the moment the exposure is originated. The Bank identifies a significant increase in risk for a given exposure based on a comparison of lifetime PD curves at initial recognition and at the reporting date.

For institutional clients, the Bank's Group applies a model based on Markov chains. The calculation of the maximum acceptable deterioration in credit quality over time, which is not identified as a significant increase in credit risk, is based on probabilities of default estimated from migrations of clients between rating and scoring classes.

To identify other indicators of a significant increase in credit risk, all available qualitative and quantitative information is used, including:

- 1) classification of an exposure as POCI without an impairment trigger,
- 2) restructuring measures introducing concessions to the debtor due to financial difficulties (forbearance), during the period of classification as a forborne exposure, provided no impairment trigger is identified,
- 3) delays in the repayment of a materially significant amount of principal, interest or fees for more than 30 consecutive calendar days (except for specific exposures such as interbank deposits, debt securities held by the Group, underwriting of debt securities, securities purchased with a repurchase agreement, or "old portfolio" mortgage loans, where such delays constitute an impairment trigger),
- 4) a significant increase in the probability of default compared to that at initial recognition,
- 5) inclusion of an exposure or client on a Watch List within a given client segment,
- 6) identified early warning signals within the monitoring process indicating a significant increase in credit risk,
- 7) a significant increase in the loan-to-value (LTV) ratio (for retail mortgage loans),
- 8) an analyst's assessment within an individualised analysis process.

Indicators of default and impairment of credit exposures include, in particular:

- 1) delays in repayment of a materially significant amount of principal, interest or fees for more than 90 consecutive calendar days,
- 2) deterioration in the debtor's economic and financial situation during the loan period or risk to the implementation of a financed investment project, reflected in classification to a rating or risk class indicating a significant threat to repayment,
- 3) conclusion of a restructuring agreement or granting concessions due to economic or legal circumstances arising from the client's financial difficulties (until the exposure is considered cured),
- 4) filing for bankruptcy, liquidation or initiation of enforcement proceedings against the debtor,
- 5) declaration of consumer bankruptcy by any of the co-borrowers,
- 6) information on the death of all borrowers who are natural persons or sole traders (except where the business is continued by a succession manager).

Forbearance and impairment are recognised where contractual terms are modified in agreement with the debtor or issuer due to financial difficulties (i.e. restructuring measures involving concessions that would not otherwise be granted). The purpose of forbearance is to restore the debtor's ability to meet obligations towards the Bank's Group and to maximise recovery from non-performing exposures while minimising associated costs.

Changes to repayment terms under forbearance may include:

- 1) rescheduling of overdue debt into instalments,
- 2) changes in repayment structure (annuity or decreasing instalments),
- 3) extension of the loan maturity,
- 4) changes in interest rates,
- 5) changes in margins,
- 6) debt reduction.

Granting forbearance measures that qualify as impairment triggers results in the recognition of a default event and classification of the exposure as non-performing. Reclassification out of the non-performing portfolio (i.e. cessation of recognising forbearance as an impairment trigger) occurs after 12 months



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from the last forbearance measure, or—if a grace period is granted—after 12 months from the end of that period, provided that all arrears are settled, at least 6 instalments under the contractual schedule have been paid, and the client's financial condition does not pose a risk to fulfilling the restructured agreement (except where debt reduction exceeds 1%).

Exposures subject to forced restructuring cease to meet the criteria for forbore exposures no earlier than 24 months after the cessation of recognition of forbearance as an impairment trigger, provided that the client has paid at least 12 instalments in full and has no overdue amounts exceeding 30 days at the end of that period.

Information on forbearance at the level of the Bank's Group is presented in the consolidated financial statements of the PKO Bank Polski S.A. Group for the year ended 31 December 2025 (Note 52).

Under the portfolio approach, expected loss is determined as the product of credit risk parameters: probability of default (PD), loss given default (LGD), and exposure at default (EAD), with each of these parameters represented as a vector over the number of months covering the loss estimation horizon. For exposures classified as Stage 1, the Bank applies a maximum 12-month expected loss horizon. For exposures classified as Stage 2 and Stage 3, expected loss is estimated over the lifetime of the exposure or until its renewal. For retail exposures without a defined repayment schedule, the Bank determines this horizon based on behavioural data derived from historical observations.

Expected loss, both over the lifetime and over a 12-month horizon, is calculated as the sum of expected losses in individual periods discounted using the effective interest rate. To determine the value of the exposure at default for a given period, the Bank adjusts the EAD parameter for future repayments under the schedule, as well as potential prepayments and underpayments.

The calculation of expected credit losses incorporates forward-looking macroeconomic estimates. At the portfolio level, the impact of macroeconomic scenarios is reflected in the values of individual risk parameters. The methodology for calculating these parameters includes analysing their dependence on macroeconomic conditions based on historical data. Three macroeconomic scenarios are used for expected loss calculation: a baseline scenario and two alternative scenarios based on the Bank's internal forecasts. The forecasted indicators include GDP growth, unemployment rate, WIBOR 3M rate, CHF/PLN exchange rate, real estate price index, and the NBP reference rate. The final expected loss is calculated as a probability-weighted average of expected losses under each scenario. The Bank's Group ensures consistency between macroeconomic scenarios used for risk parameter estimation and those used in credit risk budgeting processes.

Where an impairment trigger is identified for individually significant exposures, expected credit loss is determined using an individual approach, as the difference between the gross carrying amount (or, for off-balance sheet exposures, the balance sheet equivalent) and the present value of expected future cash flows, taking into account possible scenarios regarding contract performance and exposure management, weighted by their probability. The probability of these scenarios is determined based on the current and forecast economic and financial situation of the client, assessment of compliance with contractual terms (especially timeliness of repayments), the stage of restructuring negotiations, and macroeconomic factors. The forecasted indicators include GDP growth, unemployment rate, WIBOR 3M rate, 3M rate, real estate price index and the NBP reference rate.

The individual approach is also applied to individually significant exposures without impairment triggers where the use of portfolio parameters would not be appropriate due to the specific characteristics of the case.

Both the process of assessing significant increases in credit risk and the calculation of expected loss are performed monthly at the level of individual exposures, using a computational environment that enables distribution of results across the Bank's Group.

As a rule, impairment triggers for credit exposures are consistent with default triggers.

Exposures are classified as past due where there is a delay in the repayment of principal, interest or fees exceeding thresholds used for recognising impairment.

With respect to specific credit risk adjustments, the Bank's Group uses impairment allowances recognised in Tier 1 capital in accordance with the CRR and its implementing regulations.

In 2025, the macroeconomic model incorporated factors reflecting current domestic and global developments, including the impact of high interest rates on borrowers' repayment capacity and geopolitical tensions related to Russia's invasion of Ukraine, affecting fuel prices and corporate conditions. Additional factors included:

- the impact of high interest rates on credit portfolio quality and rising energy prices on corporate performance, based on historical relationships,
- exchange rate volatility in the context of foreign currency mortgage loans due to the escalation of the war in Ukraine.

Due to the inflow of refugees following Russia's invasion of Ukraine and uncertainty regarding its impact on the labour market, the model did not include declining unemployment as a factor improving credit portfolio quality.

As the macroeconomic approach reflects the overall economy, the Bank conducted additional analyses of its loan and leasing portfolios to identify sectors particularly affected by the current situation. These expert analyses focused on factors not captured in the portfolio approach and enabled the identification of clients and sectors most impacted by current economic conditions, including construction, automotive, transport, office and retail leasing, energy-intensive industries, and photovoltaic farms. Exposures with the highest PD levels (rating D or worse) in these sectors were classified as having experienced a "significant increase in credit risk" and were subject to higher impairment allowances.

As a result of these measures, in 2025 the Bank increased expected credit loss allowances by PLN 157 million (approximately 12% of total allowances for the corporate loan portfolio classified as Stage 2).



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Table 2.6 Homogeneous exposure portfolio: Corporate portfolio

31.12.2025		a	b	c	d	e	f	g	h
Scale PD		Original gross carrying amount	Off-balance sheet exposures	EAD after credit risk mitigation and application of the credit conversion factor	Average PD in %	Number of exposures	Average LGD in %	Average maturity	Expected Credit Loss (ECL)
Stage 1	from 0,00 to <0,15%	2 086	1 567	3 029	0,55%	5 418	42,11%	4	7
	from 0,15% to <0,25%	3 111	2 317	3 998	0,36%	7 979	43,32%	6	10
	from 0,25% to <0,50%	7 047	6 969	9 869	0,43%	31 025	35,81%	3	27
	from 0,5% to <0,75%	6 943	12 746	11 114	0,78%	24 998	33,14%	4	29
	from 0,75% to <2,50%	32 292	27 171	43 018	1,78%	93 642	28,38%	5	194
	from 2,50% to <10,00%	31 379	17 786	39 160	4,36%	82 984	28,56%	5	370
	from 10,00% to <45,00%	2 230	351	2 367	9,36%	16 834	29,59%	4	57
	from 45,00% to <100,00%	-	-	-	-	-	-	-	-
Stage 2	from 0,00 to <0,15%	80	1	80	8,06%	1 437	28,34%	4	2
	from 0,15% to <0,25%	413	18	420	5,94%	1 443	26,58%	5	25
	from 0,25% to <0,50%	920	23	935	5,36%	9 955	26,47%	5	49
	from 0,5% to <0,75%	932	247	990	4,53%	9 564	32,93%	3	35
	from 0,75% to <2,50%	6 522	1 749	7 154	5,19%	44 488	28,04%	5	494
	from 2,50% to <10,00%	9 596	2 181	10 468	6,48%	78 387	28,82%	4	1 145
	from 10,00% to <45,00%	1 563	243	1 694	21,08%	10 588	32,13%	4	183
	from 45,00% to <100,00%	-	-	-	-	-	-	-	-

31.12.2025		a	b	c	d
Time in default		EAD after credit risk mitigation and application of the credit conversion factor	Number of exposures	Average LGD in %	Expected Credit Loss (ECL)
Stage 3	to 12 months	2 192	15 837	27,16%	587
	from 13 to 24 months	2 701	8 787	45,93%	1 439
	from 25 to 36 months	499	5 794	51,41%	208
	from 37 to 48 months	279	3 031	59,96%	126
	from 49 to 60 months	163	1 656	57,50%	59
	from 61 to 84 months	458	1 557	51,82%	166
	over 84 months	974	2 164	78,05%	506
	POCI	to 12 months	175	1 178	36,01%
from 13 to 24 months		350	910	17,82%	25
from 25 to 36 months		85	594	18,77%	1
from 37 to 48 months		37	284	68,18%	7
from 49 to 60 months		14	131	80,88%	4
from 61 to 84 months		96	40	4,46%	2
over 84 months		49	62	18,32%	3

Table 2.7 Homogeneous exposure portfolio: Retail portfolio

31.12.2025		a	b	c	d	e	f	g	h
Scale PD		Original gross carrying amount	Off-balance sheet exposures	EAD after credit risk mitigation and application of the credit conversion factor	Average PD in %	Number of exposures	Average LGD in %	Average maturity	Expected Credit Loss (ECL)
Stage 1	from 0,00 to <0,15%	2 163	2 157	2 927	0,11%	285 065	32,56%	9	3
	from 0,15% to <0,25%	1 675	1 521	2 320	0,22%	200 215	34,42%	7	4
	from 0,25% to <0,50%	4 522	1 524	5 282	0,35%	333 321	34,30%	6	15
	from 0,5% to <0,75%	4 337	647	4 706	0,54%	257 190	36,30%	6	21
	from 0,75% to <2,50%	16 288	1 246	17 047	1,27%	867 078	40,85%	6	196
	from 2,50% to <10,00%	9 991	300	10 200	3,71%	583 290	44,48%	6	315
	from 10,00% to <45,00%	807	16	818	9,03%	74 074	41,70%	6	48
	from 45,00% to <100,00%	-	-	-	-	-	-	-	-
Stage 2	from 0,00 to <0,15%	153	15	160	2,54%	4 098	30,27%	11	10
	from 0,15% to <0,25%	81	32	96	3,64%	5 068	35,70%	9	7
	from 0,25% to <0,50%	234	68	264	5,02%	17 229	38,90%	7	24
	from 0,5% to <0,75%	223	41	241	7,25%	17 768	41,54%	6	29
	from 0,75% to <2,50%	1 133	174	1 214	15,71%	85 978	45,03%	7	260
	from 2,50% to <10,00%	1 007	78	1 051	29,96%	76 986	47,16%	7	348
	from 10,00% to <45,00%	324	22	339	32,64%	34 154	45,54%	9	132
	from 45,00% to <100,00%	-	-	-	-	-	-	-	-



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31.12.2025	a	b	c	d	
Time in default	EAD after credit risk mitigation and application of the credit conversion factor	Number of exposures	Average LGD in %	Expected Credit Loss (ECL)	
Stage 3	to 12 months	1 259	87 667	54,33%	595
	from 13 to 24 months	520	37 169	66,70%	249
	from 25 to 36 months	306	21 302	70,14%	139
	from 37 to 48 months	190	11 450	73,88%	80
	from 49 to 60 months	141	6 261	89,06%	72
	from 61 to 84 months	114	6 037	100,00%	62
	over 84 months	122	19 782	100,00%	61
POCI	to 12 months	123	8 790	45,90%	- 31
	from 13 to 24 months	68	3 595	56,72%	- 9
	from 25 to 36 months	46	2 397	62,80%	- 5
	from 37 to 48 months	30	1 278	71,45%	- 2
	from 49 to 60 months	10	744	84,69%	1
	from 61 to 84 months	9	569	100,00%	3
	over 84 months	27	101	59,38%	6

Table 2.8 Homogeneous exposure portfolio: Mortgage portfolio

31.12.2025	a	b	c	d	e	f	g	h	
Scale PD	Original gross carrying amount	Off-balance sheet exposures	EAD after credit risk mitigation and application of the credit conversion factor	Average PD in %	Number of exposures	Average LGD in %	Average maturity	Expected Credit Loss (ECL)	
Stage 1	from 0,00 to <0,15%	76 901	4 990	81 891	0,06%	275 257	29,31%	23	30
	from 0,15% to <0,25%	9 876	282	10 158	0,11%	55 928	28,90%	21	6
	from 0,25% to <0,50%	7 115	73	7 188	0,12%	47 984	28,64%	18	5
	from 0,5% to <0,75%	3 145	94	3 239	0,13%	19 483	29,48%	17	3
	from 0,75% to <2,50%	5 027	1 069	5 752	0,45%	28 776	29,22%	15	7
	from 2,50% to <10,00%	2 300	1 109	3 117	1,67%	11 885	29,65%	11	10
	from 10,00% to <45,00%	-	-	-	0,00%	-	0,00%	-	-
Stage 2	from 45,00% to <100,00%	-	-	-	0,00%	-	0,00%	-	-
	from 0,00 to <0,15%	3 824	30	3 856	2,10%	16 060	28,63%	21	312
	from 0,15% to <0,25%	1 194	12	1 207	3,19%	7 596	29,20%	20	138
	from 0,25% to <0,50%	1 097	7	1 108	3,98%	8 244	29,65%	18	142
	from 0,5% to <0,75%	694	11	708	2,79%	6 534	29,50%	16	69
	from 0,75% to <2,50%	1 231	19	1 258	3,73%	7 836	30,29%	17	164
	from 2,50% to <10,00%	585	1	597	6,83%	4 202	32,02%	15	110
from 10,00% to <45,00%	-	-	-	-	-	-	-	-	
from 45,00% to <100,00%	-	-	-	-	-	-	-	-	

31.12.2025	a	b	c	d	
Time in default	EAD after credit risk mitigation and application of the credit conversion factor	Number of exposures	Average LGD in %	Expected Credit Loss (ECL)	
Stage 3	to 12 months	308	1 630	36,53%	93
	from 13 to 24 months	194	935	48,92%	70
	from 25 to 36 months	189	835	60,85%	75
	from 37 to 48 months	140	550	76,00%	59
	from 49 to 60 months	123	678	91,88%	58
	from 61 to 84 months	254	1 101	96,03%	115
	over 84 months	603	1 443	93,05%	217
POCI	to 12 months	65	328	34,97%	- 22
	from 13 to 24 months	10	49	57,86%	- 1
	from 25 to 36 months	5	31	64,47%	- 0
	from 37 to 48 months	11	33	81,60%	4
	from 49 to 60 months	6	32	95,91%	1
	from 61 to 84 months	3	20	99,00%	1
	over 84 months	61	58	100,00%	24





## 2.5.10 Credit risk reporting

Credit risk reporting includes regular information on the scale of exposure to the credit portfolio risk.

The Bank prepares monthly and quarterly credit risk reports. In addition to information relating to the Bank, the reports also include information on the level of credit risk of the Bank's Group entities in which a significant level of credit risk has been identified (including the KREDOBANK S.A. Group, the PKO Leasing S.A. Group and PKO Bank Hipoteczny S.A.). The scope of reporting reflects recommendations addressed to the Bank by supervisory authorities.

Moreover, the Bank prepares daily, weekly, monthly and quarterly reports on credit exposures arising from derivative transactions concluded with financial institutions and institutional non-financial counterparties. These reports include information on credit exposures arising from derivatives concluded with financial institutions and institutional non-financial counterparties, as well as information on limit utilisation. The main recipients of these reports are: the Credit Committee (CR), the Asset and Liability Management Committee (ALCO), the Risk Committee (RC), the Management Board and the Supervisory Board.

## 2.5.11 Credit risk management actions

The objective of management actions is to shape and optimise the credit risk management system and the level of credit risk within the Bank's Group.

Credit risk management actions include in particular:

- 1) issuing internal regulations governing the credit risk management system within the Bank and the Bank's Group,
- 2) issuing recommendations, guidelines, explanations and interpretations of internal regulations of the Bank and the Bank's Group,
- 3) taking decisions regarding the acceptable level of credit risk, including in particular credit decisions,
- 4) developing and enhancing tools and mechanisms for credit risk control enabling the maintenance of credit risk at levels acceptable to the Bank and the Bank's Group,
- 5) designing, implementing, monitoring and modifying control mechanisms within the credit risk management process,
- 6) developing and improving credit risk methods and models,
- 7) developing and enhancing IT tools used in credit risk management,
- 8) planning activities and issuing recommendations and guidelines.

## 2.5.12 Application of credit risk mitigation techniques

The main credit risk mitigation techniques include: appropriate assessment of the client and transaction risk, a system of limits (described in the sections above), and collateralisation of credit transactions.

Collateral policy plays a key role in determining the terms of credit transactions. The collateral policy implemented by the Bank and the Bank's Group aims to adequately secure the credit risk to which the Group is exposed, in particular through the establishment of highly liquid collateral. Collateral may be considered liquid if it can be disposed of without significant price reduction and within a timeframe that does not expose the Bank to changes in its value due to price volatility specific to that type of collateral. The Bank and the Bank's Group aim to diversify collateral (in terms of both forms and types). The Bank and the Group assess collateral in terms of its actual enforceability as a potential source of recovery.

The collateral policy of the Bank and the entities of the PKO Bank Polski S.A. Group defines the principles for establishing collateral as well as updating its value during the lending period.

The basis for assessing the value of real estate, tangible collateral or rights constituting collateral for receivables is market value. The market value of collateral is determined based on:

- 1) an internal valuation by the Bank,
- 2) a current valuation prepared by an independent appraiser – in the case of movable assets of significant value, the market value determined by the appraiser is subject to amortisation in accordance with assumptions adopted by the Bank, or
- 3) in the case of real estate, a valuation prepared by an independent appraiser and verified by specialised organisational units of the Bank.

Movable assets serving as collateral should be insured against risks typical for a given asset, and the Bank should be assigned the economic rights under the insurance policy.

The collateral assessment takes into account in particular:

- 1) the financial, economic or socio-financial standing of providers of personal collateral,
- 2) the condition and market value of tangible collateral and its susceptibility to depreciation over the period of collateralisation (including technological wear and tear),
- 3) the condition and market value of real estate and data relevant to the type of real estate enabling effective estimation and management of the risk associated with a given type of collateral portfolio,
- 4) potential economic benefits resulting from a given method of securing receivables, including in particular the possibility of reducing impairment allowances,
- 5) the method of establishing collateral, including the typical duration and complexity of formal procedures, as well as the necessary costs (maintenance and enforcement costs), taking into account internal regulations on collateral assessment,
- 6) the complexity, duration and economic and legal conditions of effective enforcement, including enforcement constraints and applicable rules for the distribution of proceeds from individual enforcement or bankruptcy proceedings, as well as the priority of claims.

The acceptance of specific types of collateral depends on the product and customer segment. Where it is not possible to immediately establish the target collateral, interim collateral in another form may be accepted until such collateral is effectively established (depending on the type and amount of the transaction).

For loans financing residential and commercial real estate, a mortgage on the property is mandatory collateral.

For consumer loans, personal collateral (civil surety, bill of exchange guarantee) is most commonly used, or collateral is established on a bank account, a vehicle or securities.



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Collateral for loans financing businesses and corporate clients may include, among others, business receivables, bank accounts, movable assets, real estate, securities, or guarantees (commonly used for companies).

When calculating the own funds requirement for credit risk, as at the end of 2025 the Bank's Group does not use credit derivatives as credit risk mitigation techniques in accordance with the CRR Regulation (Article 453(d)).

The main type of guarantor and thus the main source of concentration is the State Treasury, which accounts for more than 95% of all guarantees. The value of financial collateral is determined using the comprehensive method for financial collateral recognition referred to in Article 223 of the CRR. The principles for recognising guarantors and forms of collateral comply with Part Three, Title II, Chapter 4 of the CRR.

Table 2.9 CRM techniques overview [Template EU CR3]

		31.12.2025				
		Unsecured carrying amount	Secured carrying amount			
			Of which secured by collateral	Of which secured by financial guarantees		
		a		b	c	d
			e			
1	Loans and advances	131 884	185 528	185 403	125	-
2	Debt securities	238 271	-	-	-	-
3	<b>Total</b>	<b>370 156</b>	<b>185 528</b>	<b>185 403</b>	<b>125</b>	<b>-</b>
4	Of which non-performing exposures	2 766	3 145	3 116	29	-
EU-5	Of which defaulted	2 766	3 145			

## 2.5.13 Information on the use of the Standardised Approach

In the process of calculating own funds requirements, the Bank uses credit assessments assigned by the following External Credit Assessment Institutions (ECAIs):

1. Moody's Investors Service,
2. Standard & Poor's Ratings Services,
3. Fitch Ratings.

The Bank's Group does not use credit assessments from export credit agencies in the calculation of own funds requirements.

Credit assessments are used to determine risk weights for exposures to counterparties classified in the following categories:

- central governments or central banks,
- institutions,
- corporates,
- regional governments or local authorities.

The rules for the use of external ratings and the process of mapping issuer and issue ratings to items outside the trading book for the purposes of calculating own funds requirements are consistent with the provisions of the CRR Regulation, Part Three, Title II, Chapter 2, as well as with the regulation adopted pursuant to Article 136 of the CRR concerning the mapping of credit assessments of External Credit Assessment Institutions for credit risk purposes (EU) 2016/1799.



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Table 2.10 Standardized approach – Credit risk exposure and CRM effects [Template EU CR4]

Exposure classes		31.12.2025					
		Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
		On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet amount	RWEA	RWEA density (%)
		a	b	c	d	e	f
1	Central governments or central banks	221 071	0	235 784	102	6 515	2,8%
2	Non-central government public sector entities	22 331	6 194	22 470	2 989	5 651	22,2%
EU 2a	Regional governments or local authorities	21 710	2 590	22 047	1 549	4 719	20,0%
EU 2b	Public sector entities	620	3 605	423	1 440	932	50,0%
3	Multilateral development banks	13 595	-	13 595	-	-	-
EU 3a	International organisations	-	-	-	-	-	-
4	Institutions	4 129	1 627	4 129	780	2 859	58,2%
5	Covered bonds	-	-	-	-	-	-
6	Corporates	59 693	67 125	51 212	24 128	74 281	98,6%
6,1	Of which: Specialised Lending	5 641	6 954	5 592	836	7 425	115,5%
7	Subordinated debt exposures and equity	1 823	-	1 823	-	4 384	240,5%
EU 7a	Subordinated debt exposures	-	-	-	-	-	-
EU 7b	Equity	1 823	-	1 823	-	4 384	240,5%
8	Retail	83 277	24 947	79 112	11 035	61 917	68,7%
9	Secured by mortgages on immovable property and ADC exposures	144 082	15 090	141 708	5 129	71 684	48,8%
9,1	Secured by mortgages on residential immovable property - non IPRE	113 093	1 892	111 778	919	36 533	32,4%
9,2	Secured by mortgages on residential immovable property - IPRE	2 577	43	2 576	40	2 254	86,1%
9,3	Secured by mortgages on commercial immovable property - non IPRE	13 828	5 956	13 246	2 509	12 492	79,3%
9,4	Secured by mortgages on commercial immovable property - IPRE	9 311	1 632	9 105	613	11 329	116,6%
9,5	Acquisition, Development and Construction (ADC)	5 273	5 567	5 003	1 048	9 076	150,0%
10	Exposures in default	6 005	491	5 522	230	7 112	123,7%
EU 10a	Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
EU 10b	Collective investment undertakings (CIU)	452	-	452	-	610	135,1%
EU 10c	Other items	27 657	0	27 657	0	11 243	40,7%
<b>12</b>	<b>TOTAL</b>	<b>584 114</b>	<b>115 474</b>	<b>583 463</b>	<b>44 392</b>	<b>246 256</b>	<b>39,2%</b>



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Table 2.11 Standardized approach [Template EU CR5]

Exposure classes		31.12.2025												
		Risk weight												
		0%	2%	4%	10%	20%	30%	35%	40%	45%	50%	60%	70%	75%
		a	b	c	d	e	f	g	h	i	j	k	l	m
1	Central governments or central banks	231 234	-	1 534	-	243	-	-	-	-	-	-	-	-
2	Non-central government public sector entities	-	-	-	-	23 596	-	-	-	-	1 863	-	-	-
EU 2a	Regional governments or local authorities	-	-	-	-	23 596	-	-	-	-	-	-	-	-
EU 2b	Public sector entities	-	-	-	-	-	-	-	-	-	1 863	-	-	-
3	Multilateral development banks	13 595	-	-	-	-	-	-	-	-	-	-	-	-
EU 3a	International organisations	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Institutions	-	612	-	-	1 424	421	-	-	-	35	-	-	-
5	Covered bonds	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Corporates	-	-	-	-	51	-	-	-	-	815	-	-	1 995
6,1	Of which: Specialised Lending	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Subordinated debt exposures and equity	-	-	-	-	-	-	-	-	-	-	-	-	-
EU 7a	Subordinated debt exposures	-	-	-	-	-	-	-	-	-	-	-	-	-
EU 7b	Equity	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Retail exposures	-	-	-	-	-	-	-	-	2 545	-	-	-	87 318
9	Secured by mortgages on immovable property and ADC exposures	-	-	-	-	88 497	11	142	-	18	-	5 199	-	27 317
9.1	Secured by mortgages on residential immovable property - non IPRE	-	-	-	-	87 389	-	-	-	-	-	-	-	25 302
9.1.1	no loan splitting applied	-	-	-	-	-	-	-	-	-	-	-	-	8 761
9.1.2	loan splitting applied (secured)	-	-	-	-	87 389	-	-	-	-	-	-	-	-
9.1.3	loan splitting applied (unsecured)	-	-	-	-	-	-	-	-	-	-	-	-	16 541
9.2	Secured by mortgages on residential immovable property - IPRE	-	-	-	-	1 108	11	142	-	18	-	15	-	65
9.3	Secured by mortgages on commercial immovable property - non IPRE	-	-	-	-	-	-	-	-	-	-	5 184	-	1 950
9.3.1	no loan splitting applied	-	-	-	-	-	-	-	-	-	-	-	-	1 903
9.3.2	loan splitting applied (secured)	-	-	-	-	-	-	-	-	-	-	5 184	-	-
9.3.3	loan splitting applied (unsecured)	-	-	-	-	-	-	-	-	-	-	-	-	47
9.4	Secured by mortgages on commercial immovable property - IPRE	-	-	-	-	-	-	-	-	-	-	-	-	-
9.5	Acquisition, Development and Construction (ADC)	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Exposures in default	-	-	-	-	-	-	-	-	-	-	-	-	-
EU 10a	Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-	-
EU 10b	Collective investment undertakings (CIU)	-	-	-	-	-	-	-	-	-	-	-	-	-
EU 10c	Other items	13 532	-	-	-	3 603	-	-	-	-	-	-	-	-
<b>EU 11c</b>	<b>TOTAL</b>	<b>258 361</b>	<b>612</b>	<b>1 534</b>	<b>-</b>	<b>117 415</b>	<b>432</b>	<b>142</b>	<b>-</b>	<b>2 563</b>	<b>2 713</b>	<b>5 199</b>	<b>-</b>	<b>116 630</b>



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Exposure classes		31.12.2025												Total	Of which unrated
		Risk weight													
		80%	90%	100%	105%	110%	130%	150%	250%	370%	400%	1250%	Others		
		n	o	p	q	r	s	t	u	v	w	x	y	z	aa
1	Central governments or central banks	-	-	-	-	-	-	782	2 093	-	-	-	-	235 886	-
2	Non-central government public sector entities	-	-	-	-	-	-	-	-	-	-	-	-	25 459	19 962
EU 2a	Regional governments or local authorities	-	-	-	-	-	-	-	-	-	-	-	-	23 596	18 099
EU 2b	Public sector entities	-	-	-	-	-	-	-	-	-	-	-	-	1 863	1 863
3	Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	13 595	13 595
EU 3a	International organisations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Institutions	-	-	2 416	-	-	-	1	-	-	-	-	-	4 909	124
5	Covered bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Corporates	-	-	69 129	-	-	3 349	-	-	-	-	-	-	75 339	69 478
6.1	Of which: Specialised Lending	-	-	3 079	-	-	3 349	-	-	-	-	-	-	6 428	6 428
7	Subordinated debt exposures and equity	-	-	22	-	-	-	141	1 660	-	-	-	-	1 823	1 823
EU 7a	Subordinated debt exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EU 7b	Equity	-	-	22	-	-	-	141	1 660	-	-	-	-	1 823	1 823
8	Retail exposures	-	-	284	-	-	-	-	-	-	-	-	-	90 147	90 147
9	Secured by mortgages on immovable property and ADC exposures	-	1 445	8 627	2	1 543	-	12 309	-	-	-	-	1 728	146 837	146 837
9.1	Secured by mortgages on residential immovable property - non IPRE	-	-	6	-	-	-	-	-	-	-	-	-	112 697	112 697
9.1.1	no loan splitting applied	-	-	0	-	-	-	-	-	-	-	-	-	8 761	8 761
9.1.2	loan splitting applied (secured)	-	-	4	-	-	-	-	-	-	-	-	-	87 393	87 393
9.1.3	loan splitting applied (unsecured)	-	-	2	-	-	-	-	-	-	-	-	-	16 543	16 543
9.2	Secured by mortgages on residential immovable property - IPRE	-	-	-	2	-	-	1 255	-	-	-	-	0	2 617	2 617
9.3	Secured by mortgages on commercial immovable property - non IPRE	-	-	8 620	-	-	-	-	-	-	-	-	-	15 754	15 754
9.3.1	no loan splitting applied	-	-	6 574	-	-	-	-	-	-	-	-	-	8 477	8 477
9.3.2	loan splitting applied (secured)	-	-	-	-	-	-	-	-	-	-	-	-	5 184	5 184
9.3.3	loan splitting applied (unsecured)	-	-	2 046	-	-	-	-	-	-	-	-	-	2 094	2 094
9.4	Secured by mortgages on commercial immovable property - IPRE	-	1 445	-	-	1 543	-	5 003	-	-	-	-	1 728	9 719	9 719
9.5	Acquisition, Development and Construction (ADC)	-	-	-	-	-	-	6 050	-	-	-	-	-	6 050	6 050
10	Exposures in default	-	-	3 030	-	-	-	2 721	-	-	-	-	-	5 751	5 751
EU 10a	Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EU 10b	Collective investment undertakings (CIU)	-	-	346	-	-	-	-	106	-	-	-	-	452	452
EU 10c	Other items	-	-	10 522	-	-	-	-	-	-	-	-	-	27 657	27 657
EU 11c	<b>TOTAL</b>	-	1 445	94 376	2	1 543	3 349	15 954	3 859	-	-	-	1 728	627 856	375 826



The above table presents the total exposure amount of on-balance sheet and off-balance sheet items of the Bank's Group of PLN 627,856 million, representing the total exposure after deductions of specific credit risk adjustments and impairment allowances, and after the application of appropriate conversion factors for off-balance sheet exposures.

As at 31 December 2025, the Bank did not apply on- and off-balance sheet netting in accordance with Article 205 of the CRR Regulation; therefore, Article 453(a) of the CRR Regulation regarding disclosures of policies and procedures for on- and off-balance sheet netting, and the extent to which an institution makes use of such netting, does not apply.

As at 31 December 2025, for the purpose of determining the on-balance sheet equivalent of derivative transactions, the Bank applied the effects of netting agreements in accordance with Article 298 of the CRR Regulation. Such agreements are concluded primarily with institutional counterparties. They allow for the settlement, including in the event of insolvency of one of the parties, of all transactions covered by a given agreement through a single amount representing the sum of the market values of individual transactions. The netting agreements used meet the requirements of Articles 295–297 of the CRR Regulation.

## 2.5.14 Counterparty credit risk exposures

PKO Bank Polski S.A. operates in the wholesale market with financial institutions headquartered in 64 countries. Within established limits, the Bank may enter into transactions with 531 counterparties, including domestic and foreign banks, insurance companies, pension funds, investment funds and exchanges. The scope of transactions includes deposit and placement transactions, securities transactions, foreign exchange transactions and derivatives.

The Bank has access to two central counterparties (CCPs) – in one as an indirect participant and in the other as a direct participant – through which it clears interest rate derivatives concluded with selected domestic and foreign counterparties, as specified in the EMIR Regulation<sup>6</sup>. The Bank sets limits within which it manages exposures to central counterparties.

To mitigate credit risk arising from derivatives and securities transactions, the Bank enters into master agreements with counterparties (based on ZBP, ISDA and ICMA standards). These agreements enable the netting of mutual due receivables (reducing settlement risk) and not-yet-due obligations (reducing pre-settlement risk), as well as the application of close-out netting upon termination of the master agreement due to an event of default or other termination event affecting one or both parties.

Additionally, the Bank concludes collateral agreements with counterparties (CSA – Credit Support Annex based on ISDA standards or collateral agreements under ZBP standards), under which each party, upon meeting the conditions specified in the agreement, is obliged to provide appropriate collateral together with the right of set-off. An exception applies to derivative transactions concluded between entities of the Group: PKO Bank Polski S.A. and PKO Bank Hipoteczny S.A., which are exempt from collateral exchange requirements pursuant to Article 4(2) of the EMIR Regulation. Under CSA agreements, the Bank accepts or provides only cash collateral, thereby limiting exposure to risks of excessive positive or negative correlation with the exposure or the financial condition of the counterparty.

In connection with the obligation to exchange initial margin (IM) for non-centrally cleared derivatives, the Bank has agreed with domestic and foreign counterparties (subject to this requirement) on approaches to meet EMIR requirements. With some counterparties, the Bank applies a threshold-based approach, under which IM is not exchanged up to a specified threshold; with others, the Bank enters into IM agreements based on ISDA standards. The Bank uses the services of a single custodian for the safekeeping and settlement of assets posted as IM.

For credit transactions with financial institutions headquartered outside the Republic of Poland, the Bank applies Loan Market Association (LMA) standard documentation.

Entering into a master agreement with a counterparty constitutes the basis for verifying the level of internal limits assigned to that counterparty, as well as the maturity of the Bank's exposures in term financial transactions or securities repurchase agreements.

The Bank continuously monitors the financial standing of counterparties and sets limits appropriate to the level of risk incurred for both pre-settlement and settlement exposures to individual counterparties. The Bank establishes credit limits and settlement limits. The credit limit defines the maximum exposure of the Bank to a given counterparty or country arising from wholesale market operations. The settlement limit defines the maximum acceptable level of inflows from a single counterparty or country on a given day.

In accordance with the methodology applied by the Bank, the level of limits for financial institutions depends, among others, on the counterparty's rating and the level of own funds of both the Bank and the counterparty, and in the case of non-financial institutions, also on a treasury questionnaire determining the client's demand for hedging transactions. The expected result of transactions is also taken into account when setting limits.

The Bank manages credit valuation adjustment (CVA) risk as part of its overall credit risk management framework. The assessment of counterparty credit risk forms the basis for estimating CVA and DVA adjustments.

The level of internal capital for counterparty default risk for exposures to financial institutions, countries or central banks is determined based on on-balance sheet transactions and the on-balance sheet equivalent of off-balance sheet transactions. Depending on the rating, exposures are assigned to credit quality steps and appropriate risk weights are applied based on internal methods. Monitoring and reporting of internal capital levels for counterparty risk constitute one of the elements of managing this risk.

As at 31 December 2025, the Bank had concluded CSA agreements with counterparties in which the level of collateral is linked to the Bank's rating. A downgrade of the Bank's rating below the level specified in a given agreement affects the calculation—based on the methodology set out in that agreement—of the amount of collateral posted by the Bank on a daily basis or requires the Bank to post additional initial collateral. As at the reporting date, the outflow related to posting additional collateral in the event of a three-notch downgrade of the Bank's rating would amount to approximately PLN 105 million.

The gross positive fair value of derivatives concluded with financial institutions as at 31 December 2025 amounted to PLN 1,698 million. This value was calculated as the sum of positive market values for all outstanding transactions. The net credit exposure after taking into account netting for counterparties with master agreements amounted to PLN 860 million (excluding centrally cleared transactions). Netting benefits amounted to PLN 466 million. The value of collateral received from counterparties under CSA and ZBP collateral agreements amounted to PLN 851 million.

As at 31 December 2025, the Bank included credit valuation adjustments (CVA) in the valuation of derivative financial instruments. In this adjustment, the Bank incorporated the market value of credit risk from the Bank's perspective. All exposures were subject to analysis. In particular, the adjustment takes

<sup>6</sup> EMIR (European Market Infrastructure Regulation) – Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories, which entered into force on 16 August 2012.



into account the risk of default by counterparties, based, inter alia, on an analysis of the financial and economic condition of the entities, the probability of settlement of individual contracts, as well as the recoverable value from collateral.

Financial institutions with which the Bank enters into interbank market transactions have a diversified range of external ratings between AAA and B (Table 2.10).

Table 2.12 Quality of exposures to financial institutions\*

Rating	PKO Bank Polski SA	
	31.12.2025	31.12.2024
AAA	39,0%	33,2%
AA	1,1%	3,1%
A	58,4%	62,0%
BBB	0,6%	0,7%
BB	0,0%	0,0%
B	0,0%	0,0%
No rating	0,9%	1,0%
<b>Total</b>	<b>100%</b>	<b>100%</b>

\* Exposure represents the sum of the Bank's exposures in the non-wholesale and wholesale markets, including nominal exposures from placements, NOSTRO and LORO accounts, and securities, as well as the sum of valuations of derivative instruments, taking into account netting for counterparties with whom master netting agreements are in place. Exposures from derivative instruments presented in this table do not include collateral posted by counterparties that reduces these exposures.

The above breakdown is based on external ratings assigned by Moody's, Standard & Poor's Ratings Services and Fitch, mapped onto a uniform rating scale.

The value of counterparty credit risk exposure is calculated using the Standardised Approach in accordance with Part Three, Title II, Chapter 6, Section 3 of the CRR Regulation. To determine the current replacement cost of all contracts with a positive value, the Bank assigns to such contracts their current market value.

As at the end of 2025, neither the Bank nor the Bank's Group held credit derivatives used for the purpose of reducing capital requirements; therefore, template EU CCR6 is not presented.

The table below presents the methods used to calculate own funds requirements for counterparty credit risk (excluding exposures to central counterparties).



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Table 2.13 Analysis of CCR exposure by approach [Template EU CCR1]

		31.12.2025							
		a	b	c	d	e	f	g	h
		Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWEA
EU1	EU - Original Exposure Method (for derivatives)	-	-		1,4	-	-	-	-
EU2	EU - Simplified SA-CCR (for derivatives)	-	-		1,4	-	-	-	-
1	SA-CCR (for derivatives)	975	3 131		1,4	7 094	5 749	5 571	3 565
2	IMM (for derivatives and SFTs)			-	-	-	-	-	-
2a	Of which securities financing transactions netting sets			-		-	-	-	-
2b	Of which derivatives and long settlement transactions netting sets			-		-	-	-	-
2c	Of which from contractual cross-product netting sets			-		-	-	-	-
3	Financial collateral simple method (for SFTs)					-	-	-	-
4	Financial collateral comprehensive method (for SFTs)					1 995	15	15	8
5	VaR for SFTs					-	-	-	-
<b>6</b>	<b>Total</b>					<b>9 089</b>	<b>5 764</b>	<b>5 586</b>	<b>3 572</b>

The table below presents counterparty credit risk exposures by exposure class and risk weights applied for the calculation of own funds requirements for counterparty credit risk under the Standardised Approach.

Table 2.14 Standardized approach – CCR exposures by regulatory exposure class and risk weights [Template EU CCR3]

		31.12.2025											
		Risk weight											
Exposure classes		a	b	c	d	e	f	g	h	i	j	k	l
		0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Other	Total exposure value
1	Central governments or central banks	-	-	2	-	-	-	-	-	-	-	-	2
2	Regional government or local authorities	-	-	-	-	-	-	-	-	-	-	-	-
3	Public sector entities	-	-	-	-	0	0	-	-	-	-	-	0
4	Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
5	International organisations	-	-	-	-	-	-	-	-	-	-	-	-
6	Institutions	-	327	-	-	57	529	-	-	-	12	2 347	3 272
7	Corporates	-	-	-	-	-	1	-	423	2 131	-	-	2 555
8	Retail	-	-	-	-	-	-	-	-	1	-	-	1
9	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-
10	Other items	-	-	-	-	-	-	-	-	-	82	-	82
<b>11</b>	<b>Total exposure value</b>	-	<b>327</b>	<b>2</b>	-	<b>57</b>	<b>530</b>	-	<b>423</b>	<b>2 133</b>	<b>95</b>	<b>2 347</b>	<b>5 913</b>



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Table 2.15 Composition of collateral for CCR exposures [Template EU CCR5]

Collateral type		31.12.2025							
		Collateral used in derivative transactions				Collateral used in SFTs			
		Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received		Fair value of posted collateral	
		Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated
1	Cash - domestic currency	1 138	17	218	81	-	-	-	-
2	Cash - other currencies	111	734	-	192	-	-	-	-
3	Domestic sovereign debt	-	-	-	-	-	-	-	-
4	Other sovereign debt	-	-	-	-	-	-	-	-
5	Government agency debt	-	-	-	-	-	-	-	-
6	Corporate bonds	-	-	-	-	-	-	-	-
7	Equity securities	-	-	-	-	-	-	-	-
8	Other collateral	-	-	-	-	-	-	-	-
<b>9</b>	<b>Total</b>	<b>1 249</b>	<b>751</b>	<b>218</b>	<b>273</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



The table below presents the breakdown of exposures to central counterparties used for the calculation of own funds requirements for counterparty credit risk.

Table 2.16 Exposures of central counterparties (CCPs) [Template EU CCR8]

		31.12.2025	
		a	b
		Exposure value	RWEA
<b>1</b>	<b>Exposures to QCCPs (total)</b>		<b>9</b>
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	327	7
3	(i) OTC derivatives	311	6
4	(ii) Exchange-traded derivatives	16	0
5	(iii) SFTs	-	-
6	(iv) Netting sets where cross-product netting has been approved	-	-
7	Segregated initial margin	218	
8	Non-segregated initial margin	-	-
9	Prefunded default fund contributions	109	3
10	Unfunded default fund contributions	-	-
11	Exposures to non-QCCPs (total)		-
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	-
13	(i) OTC derivatives	-	-
14	(ii) Exchange-traded derivatives	-	-
15	(iii) SFTs	-	-
16	(iv) Netting sets where cross-product netting has been approved	-	-
17	Segregated initial margin	-	
18	Non-segregated initial margin	-	-
19	Prefunded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

## 2.5.15 Non-performing and forborne exposures

The gross NPL ratio<sup>7</sup> of the Bank's Group amounts to 3.34% as at 31 December 2025. Consequently, the following tables are not presented: EU CR2a, EU CQ2, EU CQ6, EU CQ8, EU CQ4.

The tables below present quantitative information on non-performing and forborne exposures.

<sup>7</sup> The NPL ratio is the ratio of the gross carrying amount of loans and advances subject to Article 47a(3) of Regulation (EU) No 575/2013 to the total gross carrying amount of loans and advances subject to Article 47a(1) of Regulation (EU) No 575/2013.



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Table 2.17 Credit quality of performing and non-performing exposures by past due days [Template EU CQ3]

		31.12.2025											
		a	b	c	d	e	f	g	h	i	j	k	l
		Gross carrying amount/nominal amount											
		Performing exposures			Non-performing exposures								
		Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted	
005	Cash balances at central banks and other demand deposits	18 891	1 371	17 520	-	-	-	-	-	-	-	-	-
010	Loans and advances	297 156	296 194	962	10 938	5 646	673	956	1 292	1 176	370	826	10 770
020	Central banks	2 114	2 114	-	-	-	-	-	-	-	-	-	-
030	General governments	7 389	7 389	-	41	41	0	-	-	-	-	-	41
040	Credit institutions	2 534	2 534	-	-	-	-	-	-	-	-	-	-
050	Other financial corporations	5 104	5 102	1	18	8	2	1	2	3	0	1	17
060	Non-financial corporations	96 645	96 190	455	6 499	4 515	295	329	592	280	164	324	6 364
070	Of which SMEs	44 859	44 641	218	2 556	1 358	172	196	240	250	137	203	2 512
080	Households	183 370	182 865	505	4 382	1 083	377	625	698	893	206	501	4 348
090	Debt securities	238 337	238 337	-	8	8	-	-	-	-	0	-	8
100	Central banks	11 992	11 992	-	-	-	-	-	-	-	-	-	-
110	General governments	198 421	198 421	-	-	-	-	-	-	-	-	-	-
120	Credit institutions	7 783	7 783	-	-	-	-	-	-	-	-	-	-
130	Other financial corporations	15 219	15 219	-	-	-	-	-	-	-	-	-	-
140	Non-financial corporations	4 922	4 922	-	8	8	-	-	-	-	0	-	8
150	Off-balance-sheet exposures	109 473			677								573
160	Central banks	-			-								-
170	General governments	8 975			3								2
180	Credit institutions	2 175			-								-
190	Other financial corporations	1 921			0								0
200	Non-financial corporations	75 752			648								546
210	Households	20 649			27								25
220	<b>Total</b>	<b>663 856</b>	<b>535 902</b>	<b>18 481</b>	<b>11 624</b>	<b>5 654</b>	<b>673</b>	<b>956</b>	<b>1 292</b>	<b>1 176</b>	<b>370</b>	<b>826</b>	<b>11 352</b>



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Table 2.18 Performing and non-performing exposures related provisions [Template EU CR1]

		31.12.2025														
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions							Collaterals and financial guarantees received	
		Performing exposures		Non-performing exposures		Performing exposures - Accumulated impairment and provisions			Non-performing exposures - Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				Accumulated partial write-off	On performing exposures	On non-performing exposures	
		of which: stage 1	of which: stage 2	of which: stage 1	of which: stage 2	of which: stage 1	of which: stage 2	of which: stage 2	of which: stage 3							
005	Cash balances at central banks and other demand deposits	18 891	18 891	-	-	-	-	- 0	- 0	-	-	-	-	-	-	-
010	Loans and advances	297 156	262 244	32 933	10 938	43	10 295	- 4 538	- 1 228	- 3 440	- 5 035	- 11	- 5 015	- 2 186	182 382	3 145
020	Central banks	2 114	2 114	-	-	-	-	-	-	-	-	-	-	-	-	-
030	General governments	7 389	6 960	429	41	-	41	- 60	- 24	- 37	- 2	-	- 2	- 1	1 471	34
040	Credit institutions	2 534	2 534	-	-	-	-	- 1	- 1	-	-	-	-	-	-	-
050	Other financial corporations	5 104	4 942	162	18	-	17	- 38	- 22	- 16	- 10	-	- 10	- 4	2 334	5
060	Non-financial corporations	96 645	78 073	18 522	6 499	16	6 129	- 1 938	- 475	- 1 490	- 2 608	- 3	- 2 587	- 678	54 033	2 364
070	Of which: SMEs	44 859	33 888	10 962	2 556	12	2 402	- 1 161	- 232	- 937	- 1 096	- 2	- 1 088	- 430	35 898	1 233
080	Households	183 370	167 622	13 821	4 382	28	4 108	- 2 501	- 706	- 1 897	- 2 415	- 8	- 2 417	- 1 503	124 544	743
090	Debt Securities	238 337	237 474	786	8	-	8	- 74	- 58	- 16	-	-	-	- 5	-	-
100	Central banks	11 992	11 992	-	-	-	-	-	-	-	-	-	-	-	-	-
110	General governments	198 421	197 895	484	-	-	-	- 52	- 42	- 9	-	-	-	-	-	-
120	Credit institutions	7 783	7 783	-	-	-	-	- 0	- 0	-	-	-	-	-	-	-
130	Other financial corporations	15 219	15 219	-	-	-	-	- 5	- 5	-	-	-	-	-	-	-
140	Non-financial corporations	4 922	4 585	303	8	-	8	- 16	- 9	- 7	-	-	-	- 5	-	-
150	Off-balance sheet exposures	109 473	102 796	6 378	677	2	598	512	173	338	116	0	115	-	-	-
160	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
170	General governments	8 975	8 756	219	3	-	2	22	12	10	0	-	0	-	-	-
180	Credit institutions	2 175	2 175	-	-	-	-	0	0	-	-	-	-	-	-	-
190	Other financial corporations	1 921	1 902	19	0	-	0	3	2	1	0	-	0	-	-	-
200	Non-financial corporations	75 752	71 185	4 272	648	0	572	366	125	241	106	0	106	-	-	-
210	Households	20 649	18 778	1 868	27	1	24	121	34	86	9	0	9	-	-	-
220	Total	663 856	621 406	40 098	11 624	45	10 901	- 5 123	- 1 459	- 3 794	- 5 151	- 11	- 5 130	- 2 190	182 382	3 145



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Table 2.19 Transactions subject to own funds requirements for CVA risk [Template EU CR2]

		31.12.2025
		a
		Gross carrying amount
010	Initial stock of non-performing loans and advances	10 615
020	Inflows to non-performing portfolios	3 539
030	Outflows from non-performing portfolios	- 3 259
040	Outflows due to write-offs	- 789
050	Outflow due to other situations	- 2 470
060	Final stock of non-performing loans and advances	10 894

Table 2.20 Credit quality of forborne exposures [Template EU CQ1]

		31.12.2025								
		a	b	c	d	e		f	g	h
		Gross carrying amount/ Nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collaterals received and financial guarantees received on forborne exposures		
		Performing forborne	Non-performing forborne		On performing forborne exposures	On non-performing forborne exposures	Of which: Collateral and financial guarantees received on non-performing exposures with forbearance measures			
			Of which defaulted	Of which impaired			g	h	i	
005	Cash balances at central banks and other demand deposits	-	-	-	-	-	-	-	-	-
010	Loans and advances	695	3 330	3 284	3 288	29	- 1 278	1 450	-	1 050
020	Central banks	-	-	-	-	-	-	-	-	-
030	General governments	-	-	-	-	-	-	-	-	-
040	Credit institutions	-	-	-	-	-	-	-	-	-
050	Other financial corporations	2	0	0	0	- 0	- 0	1	-	0
060	Non-financial corporations	195	2 919	2 908	2 908	8	- 1 140	1 057	-	921
070	Households	498	410	376	379	21	- 138	391	-	129
080	Debt Securities	-	8	8	8	-	-	-	-	-
090	Loan commitments given	46	206	205	205	1	54	-	-	-
100	<b>Total</b>	<b>741</b>	<b>3 544</b>	<b>3 498</b>	<b>3 501</b>	<b>28</b>	<b>- 1 332</b>	<b>1 450</b>	<b>-</b>	<b>1 050</b>



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Table 2.21 Credit quality of loans and advances to non-financial corporations by industry [Template EU CQ5]

		31.12.2025					
		a	b	c	d	e	f
		Gross carrying amount			of which: loans and advances subject to impairment	Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
		of which: non-performing					
				of which: defaulted			
10	Agriculture, forestry and fishing	2 289	101	95	2 289	- 114	-
20	Mining and quarrying	707	311	311	707	- 22	-
30	Manufacturing	27 274	2 929	2 865	27 272	- 1 909	- 2
40	Electricity, gas, steam and air conditioning supply	6 798	11	11	6 798	- 255	-
50	Water supply	1 298	34	25	1 298	- 39	-
60	Construction	4 813	441	435	4 813	- 332	-
70	Wholesale and retail trade	19 059	687	647	19 059	- 577	-
80	Transport and storage	7 865	1 142	1 137	7 865	- 552	-
90	Accommodation and food service activities	1 895	318	318	1 895	- 96	-
100	Information and communication	5 771	28	28	5 771	- 36	-
110	Financial and insurance activities	646	2	0	646	- 3	-
120	Real estate activities	10 215	205	204	10 215	- 322	-
130	Professional, scientific and technical activities	4 001	83	82	4 001	- 77	-
140	Administrative and support service activities	6 606	77	77	6 606	- 78	-
150	Public administration and defense, compulsory social security	22	-	-	22	- 0	-
160	Education	394	23	23	394	- 15	-
170	Human health services and social work activities	1 632	22	21	1 632	- 31	-
180	Arts, entertainment and recreation	635	20	20	635	- 34	-
190	Other services	1 223	65	65	1 223	- 51	-
<b>200</b>	<b>Total</b>	<b>103 144</b>	<b>6 499</b>	<b>6 364</b>	<b>103 141</b>	<b>- 4 543</b>	<b>- 2</b>



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Table 2.22 Collateral obtained by taking possession and execution processes [Template EU CQ7]

		31.12.2025	
		a	b
		Collateral obtained by taking possession accumulated	
		Value at initial recognition	Accumulated negative changes
10	Property Plant and Equipment (PP&E)	-	-
20	Other than Property Plant and Equipment	44	- 34
30	Residential immovable property	27	- 26
40	Commercial Immovable property	17	- 8
50	Movable property (auto, shipping, etc.)	1	-
60	Equity and debt instruments	-	-
70	Other	-	-
<b>80</b>	<b>Total</b>	<b>44</b>	<b>- 34</b>

## 2.5.16 Exposure to crypto-assets

As at 31 December 2025, the Bank's Group did not have any exposures to crypto-assets.

## 2.5.17 Securitisation exposures and related activities

The Bank's Group holds only retained positions from synthetic securitisation transactions for which it acts as the originator. In 2025, the Bank's Group executed its first synthetic securitisation transaction on a corporate loan portfolio with a total nominal value of PLN 1,892.3 million as at 28 February 2025.

The purpose of the transactions carried out is to transfer a significant portion of the credit risk of the selected securitised portfolio to an investor. The risk transfer of the securitised portfolio is achieved through a credit protection instrument in the form of a financial guarantee secured by a deposit placed with the Bank.

The transaction meets the requirements set out in the CRR Regulation regarding significant risk transfer and has been structured to meet the STS (Simple, Transparent and Standardised) criteria in accordance with Regulation (EU) 2017/2402, as amended by Regulation (EU) 2021/557.

Synthetic securitisation transactions are used by the Bank as a tool supporting strategic capital management.

The Bank's Group applies the SEC-SA method to calculate risk-weighted assets for retained positions, taking into account the STS status, and deducts from own funds the value of the first loss tranche, including adjustments for specific credit risk related to the underlying securitised exposures, in accordance with the requirements of the CRR Regulation.

The existing transaction did not require the establishment of a special purpose entity.

The Bank has not provided support within the meaning of Part Three, Title II, Chapter 5, Article 449(e) of the CRR.

In the case of synthetic securitisations, the assets of the protected portfolio remain on the balance sheet.

The Bank's Group does not hold securitisation positions in the trading book and therefore does not present template EU SEC2. None of the entities within the Bank's Group acts as an investor in securitisation transactions; therefore, the Bank's Group does not present template EU SEC4.



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Table 2.23 Securitisation exposures in the non-trading book [Template EU SEC1]

		31.12.2025															
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	
		Institution acts as originator						Institution acts as sponsor				Institution acts as investor					
		Traditional			Synthetic			Traditional				Traditional					
		STS		Non-STS	of which SRT		Sub-total	STS		Non-STS	Synthetic	Sub-total	STS		Non-STS	Synthetic	Sub-total
		of which SRT		of which SRT													
1	Total exposures	-	-	-	-	1 164	1 164	1 164	-	-	-	-	-	-	-	-	-
2	Retail (total)	-	-	-	-	1 164	1 164	1 164	-	-	-	-	-	-	-	-	-
3	residential mortgage	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	credit card	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	other retail exposures	-	-	-	-	1 164	1 164	1 164	-	-	-	-	-	-	-	-	-
6	re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Wholesale (total)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	loans to corporates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	commercial mortgage	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	lease and receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	other wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Table 2.24 Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as originator or sponsor [Template EU SEC3]

		31.12.2025																
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	EU-p	EU-q
		Exposure values (by RW bands/deductions)				Exposure values (by regulatory approach)				RWEA (by regulatory approach)				Capital charge after cap				
		≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW/deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/deductions
1	Total exposures	1 164	-	-	-	-	-	-	1 164	-	-	-	115	-	-	-	-	-
2	Traditional transactions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Retail underlying	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Of which STS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Of which STS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Synthetic transactions	1 164	-	-	-	-	-	-	1 164	-	-	-	115	-	-	-	-	-
10	Securitisation	1 164	-	-	-	-	-	-	1 164	-	-	-	115	-	-	-	-	-
11	Retail underlying	1 164	-	-	-	-	-	-	1 164	-	-	-	115	-	-	-	-	-
12	Wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-



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Table 2.25 Exposures securitised by the institution - Exposures in default and specific credit risk adjustments [Template EU SEC5]

	31.12.2025	
	a	b
	c	
	Exposures securitised by the institution - Institution acts as originator or as sponsor	
	Total outstanding nominal amount	Total amount of specific credit risk adjustments made during the period
	Of which exposures in default	
1 Total exposures	1 291	4
2 Retail (total)	1 291	4
3 residential mortgage	-	-
4 credit card	-	-
5 other retail exposures	1 291	4
6 re-securitisation	-	-
7 Wholesale (total)	-	-
8 loans to corporates	-	-
9 commercial mortgage	-	-
10 lease and receivables	-	-
11 other wholesale	-	-
12 re-securitisation	-	-

## 2.5.18 Equity exposures not included in the trading book

PKO Bank Polski S.A. and its subsidiaries included in prudential consolidation hold equity exposures in other entities classified to the non-trading book<sup>8</sup>.

Exposures in the non-trading book as at 31 December 2025, depending on the type of involvement and the purpose of acquisition, are divided into the following groups:

- 1) exposures to subsidiaries not included in prudential consolidation – this group includes entities that complement the Bank's core offering in the field of insurance services, as well as closed-end investment funds established to support entities (including start-ups) offering technological innovations primarily for the financial sector and to optimise management and sales activities related to supervised asset portfolios,
- 2) exposures to associates and joint ventures – investments in companies providing financial and technological services; this group includes, among others, System Ochrony Banków Komercyjnych S.A., which manages the institutional protection scheme referred to in Chapter 10a of the Banking Law Act, and Centrum Elektronicznych Usług Płatniczych eService sp. z o.o., with which PKO Bank Polski S.A. jointly offers comprehensive services related to POS terminal deployment and settlement of transactions executed using payment instruments,
- 3) other exposures, including:
  - investments of the Bank in entities providing financial services or contributing to the development of financial markets, including entities creating financial market infrastructure,
  - investments of the Bank and its subsidiaries included in prudential consolidation, mostly held for sale; this group includes, among others, shares and interests acquired in the course of restructuring credit receivables, including assets repossessed as collateral.

Table 2.26 Equity exposures – non-trading book

	31.12.2025		31.12.2024	
	Carrying amount	Fair value*	Carrying amount	Fair value*
Investments valued under the equity method (equity investments in subsidiaries not subject to prudential consolidation, joint ventures and associated entities)	2 092	2 092	1 894	1 894
Shares in other entities, this includes also equity investments in entities revealed as fixed assets items for sale	179	179	155	155
Equity securities	156	156	171	171
Shares in entities listed on regulated market	20	20	21	21
Shares in entities not listed on regulated market**	136	136	150	150
<b>Total</b>	<b>2 427</b>	<b>2 427</b>	<b>2 220</b>	<b>2 220</b>

\* Estimated fair value, including for shares admitted to trading on a regulated market – market value.

\*\* This item also includes shares of public companies not admitted to trading on a regulated market.

Equity exposures presented in the above table are subject to periodic valuation.

Investments in subsidiaries not included in prudential consolidation, joint ventures and associates are initially recognised by the Group at cost and subsequently accounted for using the equity method. At each reporting date, the Group assesses whether there are indications of impairment of such investments. Where such indications exist, the Group estimates the recoverable amount, i.e. the value in use or the fair value less costs to sell, whichever is higher.

The value in use is determined based on the present value of estimated future cash flows expected from continued use of these assets, using models tailored individually to each entity. These cash flows are discounted using a discount rate based on the cost of equity estimated individually for each

<sup>8</sup> This information relates to equity exposures in the form of shares, interests, units in investment funds and investment certificates. The Bank classifies to the non-trading book, under prudential consolidation, subsidiaries not included in prudential consolidation, associates, joint ventures, and the above-mentioned equity and other securities constituting financial assets not held for trading.



investment. The fair value of an investment is based on a current purchase offer or estimated using valuation techniques commonly applied by market participants (including valuations prepared by specialised external entities).

If the carrying amount of an asset exceeds its recoverable amount, the Group recognises an impairment loss in the profit and loss account.

Shares and interests in other entities are measured at fair value determined either based on market prices for entities with an active market or using internal valuation models for entities without an active market. Changes in fair value are recognised in the profit and loss account.

Units and investment certificates of investment funds are measured at fair value with changes recognised in the profit and loss account.

The fair value of equity exposures determined using internal valuation models is described in the financial statements of the Bank and the Bank's Group for 2025 (Note 44 Fair value hierarchy).

In 2025, the Bank's Group (under prudential consolidation) realised a cumulative gross profit on the sale of securities classified as equity exposures in the non-trading book (calculated as the difference between the selling price and acquisition cost) of PLN 8.6 million. The total amount of unrealised gross gains from the revaluation of equity exposures in the non-trading book as at the end of 2025 amounted to PLN 1,116.9 million.

In 2025, PKO Bank Polski S.A. received gross dividends from shares and interests classified as equity exposures in the non-trading book in the total amount of PLN 129.6 million.

The objective of the Bank's investment activity is to generate income while maintaining an acceptable level of risk. The Bank manages investment risk in line with its risk appetite, measures the risk of individual investments and sets investment limits. The Investment Strategy constitutes part of the Risk Management Strategy of PKO Bank Polski S.A. and the PKO Bank Polski S.A. Group and is implemented through the Investment Policy. The above regulations define the objective and principles of the Bank's involvement in individual equity investments. At least once a year, the Bank reviews the adopted Investment Policy in terms of its application, effectiveness in achieving investment objectives, correctness of operations and reliability of reported information.

Additionally, in order to limit earnings volatility related to preferred VISA C series shares held by the Bank, the Bank uses Total Return Swap derivatives.

## 2.6 Interest rate risk

### 2.6.1 Introduction

Interest rate risk is the risk of incurring losses on on-balance sheet and off-balance sheet positions of the Bank's Group that are sensitive to changes in interest rates, resulting from movements in market interest rates.

Within the Bank's Group, a distinction is made between portfolios from the perspective of interest rate risk management:

- non-trading book – includes on-balance sheet and off-balance sheet positions not classified to the trading book, in particular positions arising from the Bank's core business activities, transactions concluded for investment and liquidity purposes, and related hedging transactions,
- trading book – includes transactions performed on financial instruments as part of proprietary trading and client-driven activities.

The Bank actively manages interest rate risk arising from positions in both the trading book and the non-trading book.

The objective of interest rate risk management is to limit potential losses resulting from changes in market interest rates to an acceptable level by appropriately shaping the structure of on-balance sheet and off-balance sheet positions.

The interest rate risk management process is overseen by the Supervisory Board, which approves the Risk Management Strategy, accepts the level of risk tolerance (expressed in the form of strategic risk tolerance limits), and assesses the risk management process, including approving reports confirming the alignment between the interest rate risk profile and the risk tolerance defined at the level of the Bank and the Bank's Group. The Supervisory Board regularly receives information on the risk profile of the Bank and the Bank's Group, as well as on key actions taken in the area of interest rate risk management.

The Management Board is responsible for managing the Bank's interest rate risk, including ensuring that the Bank's internal regulations are consistent with the Risk Management Strategy, as well as supervising and monitoring activities undertaken by the Bank in the area of interest rate risk management. The Management Board adopts internal regulations governing interest rate risk management.

Interest rate risk management is supported by the Asset and Liability Management Committee (ALCO), which, among other things, issues recommendations and guidelines regarding the structure of on-balance sheet and off-balance sheet positions, the level of risk generated, and the management of financial risks, including interest rate risk in the non-trading book (non-trading book).

### 2.6.2 Identification of interest rate risk

The identification of interest rate risk involves identifying its current and potential sources and assessing the significance of its potential impact on the activities of the Bank and the Bank's Group.

The process and organisation of interest rate risk management within the Bank's Group are consistent with the principles described in section 2.1.

### 2.6.3 Monitoring of interest rate risk

Interest rate risk at the Bank is monitored on a daily basis, while at the level of the Bank's Group it is monitored on a monthly basis. In 2025, interest rate risk in the Bank's Group was mainly driven by mismatches in the repricing dates of assets and liabilities.

### 2.6.4 Non-trading book

The Risk Management Strategy of PKO Bank Polski S.A. and the PKO Bank Polski S.A. Group defines the acceptable level of interest rate risk both at the Bank and the Bank's Group level, as well as the principles for managing interest rate risk within the Group. Additionally, the Strategy for managing interest rate risk in the non-trading book at PKO Bank Polski S.A. defines the approach to managing interest rate risk in this portfolio.



The allocation of transactions to business models under IFRS 9 is defined in the Bank's Investment Policy for financial instruments. The classification between the trading book and the non-trading book is carried out in accordance with the requirements and provisions of the CRR Regulation.

The Bank supervises the functioning of interest rate risk management in individual subsidiaries of the Bank's Group. As part of this supervision, the Bank influences the methods of managing interest rate risk in those entities and supports their development. The Bank also takes into account the level of interest rate risk in the activities of individual entities within the Group-wide monitoring and reporting system for interest rate risk.

Interest rate risk generated in the Bank's core business is transferred through the funds transfer pricing (FTP) system in order to enable its centralised management. The Bank's business model assumes active management of interest rate risk through appropriate shaping of the product offering and the use of available financial instruments, within the limits and thresholds for interest rate risk adopted by the Bank.

In order to control and limit interest rate risk in the non-trading book, the Bank's Group uses limits and thresholds and undertakes risk-mitigating transactions based on information on the level of risk (using measures such as net interest income sensitivity, economic value sensitivity, shock analyses and repricing gap) as well as planned business development. To hedge the level of future cash flows and fair value volatility resulting from interest rate risk, hedging strategies approved by the Management Board are applied using IRS/CIRS transactions.

The main types of interest rate risk identified by the Bank's Group are:

- a) repricing risk,
- b) yield curve risk,
- c) basis risk,
- d) customer option risk, and
- e) credit spread risk arising from non-trading book activities (CSRBB).

Customer option risk is incorporated through the estimation of loan prepayment rates and deposit early withdrawal/renewal behaviour, aimed at aligning the contractual maturities of loan and deposit products with behavioural modelling.

The Bank also analyses the impact of differing behaviour of interest rate indices (basis risk) on interest rate risk measures and, based on recent analyses, considers this impact to be immaterial.

Credit spread risk in the non-trading book (CSRBB) is monitored for products where risk arising from changes in instrument spreads (assuming unchanged credit quality) has been identified. CSRBB is measured using economic value sensitivity and net interest income sensitivity measures.

The primary measures used to assess interest rate risk in the non-trading book within the Group include:

- Economic value of equity (EVE) sensitivity, which reflects the net present value of on-balance sheet and off-balance sheet instruments resulting from a parallel shift in yield curves over the remaining maturity of interest rate-sensitive instruments or changes in credit spreads, i.e. until all positions mature. The Bank calculates EVE sensitivity on a daily basis. In calculating this measure, the Bank applies assumptions defined in the EBA Guidelines (EBA/GL/2022/14); however, for internal scenarios no lower bound on interest rates is assumed. Such a constraint applies only to EBA scenarios, the results of which are presented in Table EU IRRBB1.
- Net interest income (NII) sensitivity to a sudden shift in the yield curve, which determines the potential financial effect expressed as the estimated change in net interest income over a given time horizon. This change results from mismatches in repricing dates of assets, liabilities and off-balance sheet items granted and received (in particular derivatives) sensitive to interest rate changes or credit spread changes (for positions where CSRBB is identified). The Bank calculates NII sensitivity on a daily basis. The assumptions are consistent with those used for EVE, with the additional assumption of no flexibility in retail current accounts and no possibility of negative interest rates on retail deposits.
- IR VaR, which determines the potential loss that may occur under normal market conditions over a specified time horizon and confidence level, resulting from changes in interest rate curves (including non-parallel shifts and correlations between rate volatilities across yield curve tenors). For market risk management purposes, VaR is calculated at a 99% confidence level and a 10-day holding period. Interest rate risk management uses, among others, VaR calculated for individual instruments, portfolios and business lines. The Bank calculates VaR on a daily basis.
- Shock analyses (stress tests and crash tests) used to estimate potential losses arising from the maintained balance sheet structure and off-balance sheet positions under non-standard market conditions not captured by statistical measures. Additionally, the Bank performs reverse stress tests for interest rate risk to identify risk factors or combinations thereof that would result in a specified loss level. Results are calculated daily (monthly for reverse stress tests).
- Repricing gap, which represents the difference between the value of assets and liabilities as well as off-balance sheet positions repricing within specific time buckets (horizons). The Bank calculates the repricing gap on a daily basis.

The following scenarios are applied in the Bank to estimate EVE sensitivity:

- hypothetical stress tests – assuming arbitrary interest rate changes, including parallel shifts of yield curves in individual currencies by +/-50 bps, +/-100 bps, +/-200 bps, values exceeding 200 bps, and non-parallel yield curve deformations,
- historical stress tests – based on historical interest rate movements, including the largest historical change, yield curve deformations taking into account portfolio positions, and the largest historical non-parallel shifts for securities and their hedging derivatives,
- crash tests – where interest rate changes are based on historical behaviour to maximise potential losses,
- reverse stress tests – aimed at identifying scenarios involving:
  - shifts in yield curves/interest rate changes,
  - changes in the average repricing term of retail current accounts,
  - levels of loan prepayments,that result in a specified impact on EVE and NII sensitivity and consequently on the Bank's financial result,
- Supervisory tests based on regulatory technical standards defining supervisory shock scenarios, presented in Table EU IRRBB1.

Scenarios used for NII sensitivity include interest rate shocks of +/-25 bps, +/-100 bps, +/-200 bps and +/-400 bps. NII sensitivity is calculated over 1-year, 2-year and 3-year horizons.

Taking into account the objective of interest rate risk management, the Bank's Group limits both NII sensitivity and EVE sensitivity to acceptable levels defined through strategic risk tolerance limits (risk appetite). To hedge interest rate risk in the non-trading book, the Bank regularly prepares forecasts of the balance sheet and risk measures, taking into account changes in the market and regulatory environment as well as business development. As part of this process, IRS/CIRS hedging transactions are planned in accordance with strategies approved by the Management Board to hedge future cash flows or fair value changes, considering the risk appetite and potential impact on income lines. The financial effects of hedging transactions depend on the shape of the yield curve and therefore on the interest rates at which IRS/CIRS transactions are executed.



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The sensitivity of net interest income in the non-trading book of the Bank's Group to a 200 bps parallel shift in the yield curve over a one-year horizon across all currencies is presented in the table below:

Table 2.27 Net interest income sensitivity in the non-trading book of the Bank's Group

MEASURE NAME	31.12.2025	31.12.2024
Sensitivity of interest income (PLN million)	- 1 715	- 1 439

Economic value sensitivity reflects the change in the fair value of positions in the portfolio resulting from a parallel shift of yield curves by 200 bps upward or downward (whichever scenario is more adverse).

The table below presents the economic value sensitivity measure (stress test) of the non-trading book of the Bank's Group across all currencies as at 31 December 2025 and as at 31 December 2024:

Table 2.28 Economic value sensitivity of the non-trading book of the Bank's Group

MEASURE NAME	31.12.2025	31.12.2024
Sensitivity of economic value (in PLN million)	- 3 528	- 3 257

Table 2.29 Interest rate risks of non-trading book activities [Template EU IRRBB1]

Supervisory shock scenarios <sup>1</sup>	31.12.2025	31.12.2024	31.12.2025	31.12.2024
	Changes of the economic value of equity		Changes of the net interest income	
Parallel up	- 4 629	- 4 180	- 31	- 167
Parallel down	2 550	2 310	- 1 917	- 1 588
Steeper	1 484	1 571		
Flattener	- 3 726	- 3 932		
Short rates up	- 5 133	- 5 114		
Short rates down <sup>1</sup>	2 626	2 708		

<sup>1</sup> Stress test results are presented only for currencies whose share in on-balance sheet assets or liabilities exceeds 5%. Stress tests are presented in accordance with the EBA Guidelines on IRRBB and Commission Delegated Regulation (EU) 2024/856 of 1 December 2023 laying down regulatory technical standards specifying supervisory stress test scenarios.

The main purpose of estimating shock changes in economic value sensitivity and net interest income is to assess the potential impact of changes in interest rates on the Bank's capital and net interest income. The results of these scenarios indicate that the Bank's net interest income is sensitive to a decline in interest rates, while the economic value of equity would decrease in the event of an assumed increase in interest rates.

As at the end of 2025, for the purpose of modelling average repricing maturities of deposits with no defined maturity, the Bank applied an internal methodology for determining interest rate and liquidity profiles, based on the aggregation of products with similar characteristics meeting specified criteria. For liabilities, the structure of cash flows within individual profiles assumed a division into a non-stable and a stable component.

To estimate the level of early loan repayments, as at the end of 2025 the Bank used a behavioural model determining loan prepayment balances, aimed at reflecting more realistic maturities.

At the end of 2025, the Bank's Group recorded higher net interest income sensitivity and economic value sensitivity compared to the end of 2024. The increase in net interest income sensitivity results from an imbalance between changes in interest income and interest expenses following a shock interest rate change in the supervisory scenario of declining interest rates, due to shortening maturities of assets (more positions falling within the stress-test horizon) and limited ability to reduce interest rates on deposit products in the given shock scenario, in the context of declining market interest rates.

The higher economic value sensitivity results primarily from the need to hedge net interest income sensitivity (in the declining interest rate scenario), due to the level of utilisation of the supervisory limit for net interest income sensitivity relative to Tier 1 capital. To this end, in 2025 the Bank continued to purchase fixed-rate government bonds, entered into IRS transactions to hedge net interest income sensitivity, and increased the share of fixed-rate and periodically fixed-rate loans in the retail loan portfolio.

Table 2.30 Average and longest repricing maturity assigned to non-maturity deposits

Product	31.12.2025	
	Average maturity (in years)	Maximum maturity (in years)
Current accounts of retail customers	3,76	10
Saving accounts of retail customers	1,13	10
SME current accounts	1,46	5
Current accounts of corporate clients	0,78	5
Current accounts of government clients	0,59	5

## 2.6.5 Trading book

In order to monitor interest rate risk in the trading book, the Bank applies the Value at Risk (VaR) measure.

The IR VaR in the Bank's trading book is presented in the table below:



Table 2.31 VaR measure in the Bank's trading book

Measure name	31.12.2025	31.12.2024
10-day VaR with a 99% confidence level (PLN million) <sup>1</sup>		
Average value	5	7
Maximum value	12	15
Value at the end of the year	5	5

<sup>1</sup> Due to the nature of the activities of the Group's entities, the Value at Risk measure is presented for the Bank's trading book only.

## 2.6.6 Interest rate risk reporting

The Bank prepares interest rate risk reports on a daily, weekly, monthly and quarterly basis, with monthly and quarterly reports also covering the Bank's Group. The reports include information on exposure to interest rate risk and on the utilisation of limits for this risk. The measurement of the Bank's exposure to interest rate risk is performed daily, and the scope of reports is tailored to their frequency and recipients. The main recipients of the reports are: the Asset and Liability Management Committee (ALCO), the Risk Committee (RC), the Management Board, the Supervisory Board Risk Committee and the Supervisory Board.

## 2.6.7 Interest rate risk management actions

The main tools for managing interest rate risk in the Bank's Group include:

- 1) procedures for managing interest rate risk,
- 2) limits and thresholds for interest rate risk,
- 3) determination of characteristics and the level of exposure of individual products to interest rate risk,
- 4) specification of permissible types of interest rate-based transactions.

Within the Bank's Group, limits and thresholds for interest rate risk have been established, including for net interest income sensitivity, economic value sensitivity, as well as loss limits and limits for instruments sensitive to changes in interest rates.

Methods of managing interest rate risk in subsidiaries of the Bank's Group are defined in internal regulations adopted by those entities for which interest rate risk is material. These regulations are developed after consultation with the Bank and taking into account recommendations issued by the Bank.

The acceptable level of risk, both at the level of the Bank and the Bank's Group, is defined within the Risk Management Strategy of PKO Bank Polski S.A. and the PKO Bank Polski S.A. Group.

At least once a year, the Bank conducts a review of the risk management process in order to verify the consistency of interest rate risk management with the management of other risks, regulatory requirements, and the degree of alignment with the scale and complexity of the interest rate risk to which the Bank is exposed. This ensures the continued effectiveness of hedging instruments and risk mitigation measures. Additionally, the effectiveness of the risk management process is continuously monitored through the reporting described in this section.

The Bank operates a Validation Department responsible for the periodic validation of models, in order to provide an independent assessment of the extent to which the models meet business needs.

## 2.7 Foreign exchange risk

### 2.7.1 Introduction

Foreign exchange risk is the risk of incurring losses due to changes in exchange rates, arising from holding open positions.

The objective of foreign exchange risk management is to limit potential losses resulting from exchange rate movements to an acceptable level by appropriately shaping the currency structure of on-balance sheet and off-balance sheet positions. The acceptable level of risk, both for the Bank and the Bank's Group, is defined within the Risk Management Strategy adopted by the Management Board and approved by the Supervisory Board of PKO Bank Polski S.A. and the PKO Bank Polski S.A. Group.

The general framework for risk management, including foreign exchange risk, is described in section 2.1 of this Report. In accordance with the foreign exchange risk management principles in force at the Bank, introduced by the Management Board, the foreign exchange position generated by banking activities (e.g. repayment of FX loans in PLN, loan conversion) is transferred daily to the Treasury Department. This means that the Bank's FX position at the end of the day may consist only of the open position generated on that day in banking activities and a limited FX position arising from trading activities, which results in the Bank's exposure to foreign exchange risk being moderate, i.e. the lowest according to the risk assessment scale applied by the Bank.

### 2.7.2 Identification, measurement and assessment of foreign exchange risk

The identification of foreign exchange risk consists in identifying its current and potential sources and assessing the significance of its potential impact on the activities of the Bank and the Bank's Group.

The process and organisation of foreign exchange risk management within the Bank's Group are consistent with the principles described in section 2.1 of this Report.

The foreign exchange risk management process is overseen by the Supervisory Board, which regularly receives information on the risk profile of the Bank and the Bank's Group, as well as on key actions taken in managing this risk. The Supervisory Board also approves reports confirming the alignment between the foreign exchange risk profile and the risk tolerance defined at the level of the Bank and the Bank's Group. The Management Board is responsible for managing the Bank's foreign exchange risk, including supervising and monitoring activities undertaken in this area. The Management Board adopts internal regulations governing foreign exchange risk management.



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The Risk Management Strategy of PKO Bank Polski S.A. and the PKO Bank Polski S.A. Group defines the acceptable level of foreign exchange risk both at the Bank and the Group level and sets out the principles for managing foreign exchange risk within the Group.

The Bank supervises foreign exchange risk management in individual subsidiaries of the Bank's Group. As part of this supervision, the Bank influences the methods used and supports their development. The Bank also takes into account the level of foreign exchange risk in individual entities within the Group-wide monitoring and reporting system.

To determine the level of foreign exchange risk, the Bank uses the Value at Risk (VaR) model and shock analyses.

Shock analyses (stress tests and crash tests) for foreign exchange risk are used to estimate potential losses from FX positions under extraordinary market conditions not captured by standard statistical measures. Additionally, the Bank performs reverse stress tests for foreign exchange risk.

The Bank conducts stress tests, crash tests and reverse stress tests using the following FX scenarios:

- 1) hypothetical scenarios – assuming hypothetical appreciation or depreciation of exchange rates (10% for stress tests and 30% for crash tests),
- 2) historical scenarios – based on observed historical exchange rate movements,
- 3) reverse stress tests – identifying exchange rate changes that would result in losses at a specified level of the Bank's own funds.

## 2.7.3 Foreign exchange risk control

The main tools for controlling foreign exchange risk, both at the level of the Bank and the Bank's Group, are strategic risk tolerance limits and limits and thresholds introduced by the Asset and Liability Management Committee (ALCO), defining the acceptable exposure of individual portfolios to foreign exchange risk.

Within the Bank's Group, limits and thresholds for foreign exchange risk have been established, including for FX positions, Value at Risk calculated over a 10-day horizon, and losses on the foreign exchange market.

## 2.7.4 Monitoring of foreign exchange risk

In 2025, the foreign exchange risk of the Bank's Group remained at a moderate level, i.e. the lowest according to the risk assessment scale applied by the Bank, as the Bank, as a rule, follows a policy of limiting positions in the most significant currencies, i.e. EUR, USD, CHF and GBP.

VaR and stress test analysis of the Bank's and the Bank's Group's financial assets (aggregated across all currencies) exposed to foreign exchange risk as at 31 December 2025 and as at 31 December 2024 were as follows:

Table 2.32 Sensitivity of financial assets exposed to foreign exchange risk

Measure name <sup>1</sup>	31.12.2025	31.12.2024
10-day VaR with a 99% confidence level (PLN million) <sup>2</sup>	17	3
Change in CHF/PLN exchange rate by 10% (stress-test) <sup>3</sup>	- 15	- 12
Change in EUR/PLN exchange rate by 10% (stress-test) <sup>3</sup>	- 52	48
Change in all foreign exchange rates against PLN by 10% (stress test)	- 47	69

<sup>1</sup> Positions do not include structural positions in UAH (PLN 715.3 million), for which the Bank obtained approval from the Polish Financial Supervision Authority (KNF) to exclude them from the calculation of FX positions, as they do not affect the Bank's financial result.

<sup>2</sup> Due to the nature of the activities of the Group's entities, the Value at Risk measure is presented for the Bank.

<sup>3</sup> Stress test scenarios assume appreciation or depreciation of PLN against individual foreign currencies, depending on which change generates the greater loss.

Similarly to interest rate risk, taking into account the nature of operations of other entities of the Bank's Group generating significant foreign exchange risk and the specific characteristics of the markets in which they operate, the Bank does not calculate a consolidated VaR sensitivity measure. These entities use their own risk measures to manage foreign exchange risk. The 10-day VaR measure is applied by KREDOBANK S.A.; its value as at 31 December 2025 amounted to PLN 0.1 million and as at 31 December 2024 to PLN 0.3 million.

## 2.7.5 Foreign exchange risk reporting

The Bank prepares foreign exchange risk reports on a daily, weekly, monthly and quarterly basis, with monthly and quarterly reports also covering the Bank's Group. The reports include information on exposure to foreign exchange risk and on the utilisation of limits for this risk. The main recipients of the reports are: the Asset and Liability Management Committee (ALCO), the Risk Committee (RC), the Management Board, the Supervisory Board Risk Committee and the Supervisory Board.

## 2.7.6 Foreign exchange risk management actions

The main tools for managing foreign exchange risk in the Bank's Group include:

- 1) procedures for managing foreign exchange risk,
- 2) limits and thresholds for foreign exchange risk,
- 3) specification of permissible types of foreign exchange transactions and the exchange rates applied in such transactions.

Methods of managing foreign exchange risk in subsidiaries of the Bank's Group are defined in internal regulations adopted by those entities for which foreign exchange risk is material. These regulations are developed after consultation with the Bank and taking into account recommendations issued by the Bank.

The acceptable level of foreign exchange risk, both at the level of the Bank and the Bank's Group, is defined within the Risk Management Strategy of PKO Bank Polski S.A. and the PKO Bank Polski S.A. Group.

At least once a year, the Bank conducts a review of the risk management process to verify the consistency of foreign exchange risk management with the management of other risks, regulatory requirements, and the degree of alignment with the scale and complexity of the foreign exchange risk to which the



Bank is exposed. This ensures the continued effectiveness of hedging instruments and risk mitigation measures. Additionally, the effectiveness of the risk management process is continuously monitored through the reporting described in section 2.7.5 of this Report.

## 2.8 Liquidity risk, including financing risk

### 2.8.1 Introduction

Liquidity risk is the risk of the inability to settle liabilities as they become due because of the absence of liquid assets. Lack of liquidity may arise from inappropriate structure of the statement of financial position, misfit of cash flows, not received payments from counterparties, sudden withdrawal of cash by customers or other market events.

The objective of liquidity risk management is to ensure, through appropriate structuring of the balance sheet and off-balance sheet liabilities, the availability of sufficient financial resources to meet current and future (including potential) obligations, taking into account the nature of the Bank's activities and potential needs arising from changes in the market environment.

As part of liquidity risk management, the Bank also manages:

- 1) financing risk which takes into account the risk of losing the existing sources of financing and inability to renew the required means of financing or the loss of access to new sources of financing,
- 2) product liquidity risk, for the estimation of which the cost of sale of liquid securities is assessed, which is then used in the main liquidity risk measures, stress testing and within the internal transfer pricing system in the Bank.

The process and organisation of liquidity risk management within the Bank's Group are consistent with the principles described in section 2.1 of this Report.

The liquidity risk management process is overseen by the Supervisory Board, which regularly receives information on the risk profile of the Bank and the Bank's Group, as well as on key actions taken in this area. The Supervisory Board also approves reports confirming the alignment between the liquidity risk profile and the risk tolerance defined at the level of the Bank and the Bank's Group. The Management Board is responsible for managing liquidity risk, including supervising and monitoring relevant activities. The Management Board adopts internal regulations governing liquidity risk management.

As part of liquidity risk management, the Bank develops multi-level contingency plans to maintain liquidity. These include Liquidity Contingency Plans, which define a multi-dimensional course of action in the event of adverse developments triggering recovery actions (including the possibility of obtaining financial support from the National Bank of Poland under available refinancing facilities). The scope and mode of actions are controlled by the relevant Crisis Management Team, whose objective is to restore liquidity above the thresholds defined by the Bank. The process is supervised by designated members of the Management Board, and from the moment the Liquidity Contingency Plans are activated, the Supervisory Board and the Polish Financial Supervision Authority are informed. These procedures are subject to regular review in terms of effectiveness and feasibility.

The Risk Management Strategy of PKO Bank Polski S.A. and the PKO Bank Polski S.A. Group defines the acceptable level of liquidity risk both at the Bank and the Group level and sets out the principles for managing liquidity risk within the Group.

The Bank supervises liquidity risk management in individual subsidiaries of the Bank's Group. As part of this supervision, the Bank influences the methods applied and supports their development. The Bank also takes into account the level of liquidity risk in individual entities within the Group-wide monitoring and reporting system.

Treasury functions and liquidity risk management are separated within the Bank between the Corporate and Investment Banking Division and the Risk Management Division, while in subsidiaries they are centralised. Internal liquidity transfers within the Group are limited to reported financing needs and granted limits. The Bank also sells selected portions of its mortgage loan portfolio to PKO Bank Hipoteczny S.A., which issues long-term covered bonds in PLN and EUR secured by these receivables.

The Bank's Group has various long-term sources of external financing which include loans obtained from international financial institutions, bond issuances under the PKO Bank Polski S.A. Domestic Bond Issuance Programme and the Euro Medium Term Notes (EMTN) programme on international markets, as well as covered bond issuances by PKO Bank Hipoteczny S.A.

### 2.8.2 Identification, measurement and assessment of liquidity risk

The identification of liquidity risk consists in identifying its current and potential sources and assessing the significance of its potential impact on the activities of the Bank and the Bank's Group.

The basis of the Bank's Group liquidity policy is to maintain an adequate level of liquidity surplus as well as supervisory and internal liquidity and financing risk measures, through increasing the portfolio of liquid securities and stable sources of financing (in particular a stable deposit base). As part of liquidity risk management, money market instruments are also used, including open market operations of the National Bank of Poland.

Within the Bank's Group, the following liquidity risk measures are applied, among others:

- 1) contractual liquidity gap – a statement of all balance sheet items according to their contractual maturities and due dates,
- 2) behavioural (adjusted) liquidity gap – a statement of balance sheet categories according to their adjusted maturities or due dates,
- 3) Liquidity Coverage Ratio (LCR) – a measure determining the relationship between high-quality liquid assets and net outflows over a 30-day stress period (European supervisory measure),
- 4) Net Stable Funding Ratio (NSFR) – a measure determining the relationship between available stable funding and required stable funding (European supervisory measure),
- 5) liquidity surplus – a measure determining the Bank's ability to maintain liquidity on each day over a period referred to as the "survival horizon", under stress conditions reflecting scenarios of varying severity and probability,
- 6) liquidity reserve – the difference between the most liquid assets and expected and potential liabilities falling due in a given period,
- 7) stable financing to non-liquid assets ratio – the relationship of a stable deposit base, own funds and stable market sources of financing to loans, non-current assets and non-liquid securities,
- 8) concentration of long-term market sources of financing – the relationship of long-term sources of financing, grouped collectively according to a defined maturity, to a deposit base and all long-term sources of financing,
- 9) stability measures of deposit and loan portfolios,



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- 10) early warning indicators – monitored to detect early adverse developments that may negatively affect the Bank's liquidity position or the financial sector (breaches trigger liquidity contingency plans),
- 11) liquidity stress tests.

The primary objective of liquidity stress testing is to identify and determine factors posing the greatest threat to the Bank's liquidity and to assess their potential impact should they materialise.

The Bank applies the following types of scenarios in liquidity risk measurement:

- 1) survival horizon scenario under stress conditions,
- 2) scenarios of mass withdrawal of deposits by non-financial customers,
- 3) sensitivity scenarios for inflows and outflows to changes in market conditions,
- 4) scenarios of the impact of extreme market conditions on expected losses in the mortgage loan portfolio,
- 5) scenarios of projected liquidity risk under shock conditions,
- 6) scenarios related to additional collateral requirements for derivative transactions in the event of a downgrade of the Bank's credit rating,
- 7) intraday liquidity stress tests,
- 8) reverse stress tests.

The results of stress tests are used in particular for:

- 1) monitoring the Bank's exposure to liquidity risk under stress conditions,
- 2) setting limits and thresholds for liquidity risk measures,
- 3) ensuring maintenance of liquidity surplus on each day within the "survival horizon",
- 4) financial planning processes,
- 5) identifying triggers for activating liquidity contingency plans,
- 6) determining thresholds triggering the Recovery Plan.

## 2.8.3 Liquidity risk control

Liquidity risk control includes the establishment of strategic liquidity risk tolerance limits, as well as limits and thresholds tailored to the scale and complexity of the Bank and the Bank's Group, defining acceptable exposure to short-, medium- and long-term liquidity risk.

## 2.8.4 Monitoring of liquidity risk

The adjusted liquidity gaps presented below include a statement of maturing assets and due liabilities and have additionally been adjusted for selected on-balance sheet and off-balance sheet items to provide an accurate representation of the liquidity position of the Bank and the Bank's Group entities.

The most significant adjustments relate to:

- 1) deposit core (excluding interbank market) and their maturities – customer deposits (current accounts, savings accounts and term deposits) have been allocated to appropriate time buckets taking into account their stability (maintenance of a stable balance level or renewal after maturity),
- 2) overdrafts and credit cards and their maturities – expected cash flows related to repayments of overdrafts and credit card exposures as well as utilisation of off-balance sheet commitments related to these products have been allocated to appropriate time buckets, taking into account repayment behaviour and renewability,
- 3) instalment loans – expected cash flows from loan prepayments have been allocated to appropriate time buckets,
- 4) liquid securities and their maturities – expected cash flows have been allocated to appropriate time buckets in line with their potential realisation horizon (pledge or sale),
- 5) collateral transactions related to CSA agreements – expected inflows or outflows have been allocated to appropriate time buckets in line with the estimated value of placements to be posted by the Bank or collateral receivable by the Bank,
- 6) market sources of financing – expected cash flows have been allocated to appropriate time buckets in line with the planned rollover of maturing market sources of financing,
- 7) granted and received off-balance sheet commitments – expected cash flows have been allocated to appropriate time buckets in line with the estimated timing and utilisation of off-balance sheet commitments (in particular committed credit lines).

The tables below present data on the period gap and cumulative period gap of the Bank and the Bank's Group entities as at 31 December 2025 and as at 31 December 2024.

Table 2.33 Adjusted liquidity gap\* – on-balance sheet and off-balance sheet assets and liabilities

31.12.2025	a'vista	0-1 month	1-3 months	3-6 months	6-12 months	1-2 years	2-5 years	over 5 years
<b>PKO Bank Polski SA</b>								
Periodic gap	19 397	154 108	- 16 770	- 1 454	- 7 374	14 298	33 026	- 195 231
Cummulative gap	19 397	173 505	156 735	155 281	147 907	162 205	195 231	-
<b>Bank subsidiaries</b>								
Periodic gap	1 124	6 528	- 13	- 6 241	- 285	4 181	1 651	- 6 945
Cumulative gap	1 124	7 651	7 639	1 398	1 113	5 294	6 945	-
<b>Total - Periodic gap</b>	<b>20 521</b>	<b>160 636</b>	<b>- 16 783</b>	<b>- 7 695</b>	<b>- 7 659</b>	<b>18 479</b>	<b>34 677</b>	<b>- 202 176</b>
<b>Total - Cumulative gap</b>	<b>20 521</b>	<b>181 156</b>	<b>164 374</b>	<b>156 679</b>	<b>149 020</b>	<b>167 499</b>	<b>202 176</b>	<b>-</b>

\* Calculated as the sum of the adjusted liquidity gap of PKO Bank Polski S.A., PKO Bank Hipoteczny S.A., PKO Leasing S.A., PKO Życie Towarzystwo Ubezpieczeń S.A. and KREDOBANK, and the contractual liquidity gap of the remaining entities of the Bank's Group.

Across all time buckets, the adjusted cumulative liquidity gap of the Bank's Group remained positive, indicating a cumulative surplus of maturing assets over due liabilities.



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The table below presents the Bank's liquidity surplus as at 31 December 2025 and as at 31 December 2024.

Table 2.34 Liquidity surplus of the Bank

SENSITIVITY MEASURE	31.12.2025	31.12.2024
Liquidity surplus in 30-day horizon	50 206	41 906

The Bank maintains a high and safe level of unencumbered high-quality liquid assets, which serve as a buffer in the event of liquidity stress scenarios (liquidity surplus). Easily marketable assets include: cash (net of minimum balances held in ATMs and branches), balances on nostro accounts (excluding the average level of required reserves), interbank placements with other banks, and liquid securities.

Table 2.35 Components of the Bank's liquidity surplus relating to liquid assets

CATEGORY	31.12.2025	31.12.2024
Cash	3 833	3 379
Nostro accounts and deposits	3 832	1 045
Treasury bills and bonds	174 343	125 805
Monetary bills	11 992	7 996
Other liquid securities	23 717	29 607

The table below presents supervisory liquidity measures of the Bank's Group as at 31 December 2025 and as at 31 December 2024.

Table 2.36 Supervisory liquidity measures

Measure	31.12.2025	31.12.2024
LCR	271,8%	245,1%
NSFR	158,7%	156,1%

In the period from 31 December 2024 to 31 December 2025, the values of supervisory metrics remained above regulatory limits.

The structure of the Bank's funding sources is described in the Bank's annual financial statements for the year ended 31 December 2025 (Note 56 Liquidity risk management). The Bank applies a strategy based on using the stable portion of the deposit base as the primary source of funding in all currencies. A significant share of funding for the Bank and the Bank's Group (particularly in foreign currencies) is also provided by bond issuances denominated in EUR and PLN and covered bonds denominated in EUR and PLN. Excess funding raised in a given currency (through securities issuance) is used to manage the Bank's foreign currency liquidity needs using derivative transactions (primarily CIRS and FX swaps).

Table 2.37 Quantitative information on the liquidity coverage ratio [Template EU LIQ1]

EU 1a	Quarter ending on	Total unweighted value (avg)				Total weighted value (avg)			
		31.12.2025	30.09.2025	30.06.2025	31.03.2025	31.12.2025	30.09.2025	30.06.2025	31.03.2025
EU 1b	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
<b>HIGH-QUALITY LIQUID ASSETS</b>									
1	Total high-quality liquid assets (HQLA)					186 959	179 406	173 779	170 048
<b>CASH - OUTFLOWS</b>									
2	Retail deposits and deposits from small business customers, of which:	314 281	309 136	304 287	301 315	22 788	22 636	22 489	22 493
3	Stable deposits	234 348	228 843	223 634	219 466	11 717	11 442	11 182	10 973
4	Less stable deposits	79 908	80 266	80 626	81 821	11 045	11 167	11 280	11 493
5	Unsecured wholesale funding	121 779	117 636	114 109	110 372	42 612	41 216	40 171	38 628
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	33 001	31 651	30 554	30 144	7 881	7 552	7 285	7 188
7	Non-operational deposits (all counterparties)	87 017	84 181	81 585	78 481	32 971	31 860	30 918	29 691
8	Unsecured debt	1 761	1 804	1 969	1 748	1 761	1 804	1 969	1 748
9	Secured wholesale funding	0	0	0	-	-	-	-	-
10	Additional requirements	93 793	93 396	92 756	93 017	12 762	13 400	14 011	14 927
11	Outflows related to derivative exposures and other collateral requirements	2 768	2 853	2 999	3 326	2 768	2 853	2 999	3 326
12	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
13	Credit and liquidity facilities	91 025	90 544	89 757	89 690	9 994	10 547	11 012	11 600
14	Other contractual funding obligations	4 535	4 389	3 304	3 114	3 363	3 308	2 296	2 107
15	Other contingent funding obligations	8 060	7 746	7 511	7 334	3 129	3 023	2 923	2 857
16	<b>TOTAL CASH OUTFLOWS</b>					<b>84 654</b>	<b>83 582</b>	<b>81 889</b>	<b>81 012</b>
<b>CASH-INFLOWS</b>									
17	Secured lending (e.g. reverse repos)	549	354	411	560	38	25	29	32
18	Inflows from fully performing exposures	12 423	13 018	13 449	12 943	10 382	11 032	11 576	11 132
19	Other cash inflows	1 255	1 297	1 421	1 657	1 255	1 297	1 421	1 657
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					-	-	-	-
EU-19b	(Excess inflows from a related specialised credit institution)					-	-	-	-
20	<b>TOTAL CASH INFLOWS</b>	<b>14 228</b>	<b>14 669</b>	<b>15 280</b>	<b>15 160</b>	<b>11 676</b>	<b>12 354</b>	<b>13 026</b>	<b>12 821</b>
EU-20a	Fully exempt inflows	-	-	-	-	-	-	-	-
EU-20b	Inflows subject to 90% cap	-	-	-	-	-	-	-	-
EU-20c	Inflows subject to 75% cap	14 228	14 669	15 280	15 160	11 676	12 354	13 026	12 821
<b>TOTAL ADJUSTED VALUE</b>									
EU-21	<b>LIQUIDITY BUFFER</b>					<b>186 959</b>	<b>179 406</b>	<b>173 779</b>	<b>170 048</b>
22	<b>TOTAL NET CASH OUTFLOWS</b>					<b>72 979</b>	<b>71 228</b>	<b>68 864</b>	<b>68 190</b>
23	<b>LIQUIDITY COVERAGE RATIO</b>					<b>256,4%</b>	<b>252,2%</b>	<b>252,6%</b>	<b>249,6%</b>



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The liquidity coverage ratio is calculated individually by each entity of the Bank's Group subject to the requirement, as well as on a consolidated basis.

As at 31 December 2025, the LCR remained significantly above the regulatory limit as well as internal limits and thresholds. Compared to 31 December 2024, the ratio increased by approximately 26.7 percentage points, mainly due to an increase in retail deposits of approximately PLN 22.5 billion, corporate deposits of approximately PLN 18.3 billion, issuance of the Bank's own bonds in EUR and PLN in amounts of approximately EUR 1.75 billion and PLN 2.0 billion, respectively, and issuance of covered bonds by PKO BH in EUR and PLN in amounts of approximately EUR 500 million and PLN 2.0 billion, respectively, with a simultaneous increase in gross loans of approximately PLN 27.8 billion. Liquid assets of the Bank's Group increased during this period by approximately PLN 37.9 billion.

As at the end of December 2025, outflows related to derivative instruments calculated in accordance with the CRR amounted to approximately PLN 0.9 billion, while the impact of adverse market conditions on derivatives, financing transactions and other agreements accounted for approximately 0.2% of total unweighted outflows included in the LCR.

As at the end of December 2025, the Bank's Group had two currencies for which the ratio of liabilities in a given currency to total liabilities across all currencies was at least 5%: PLN and EUR. The Bank's Group maintained an LCR above 100% both on an aggregate basis and for PLN.

Table 2.38 Net Stable Funding Ratio [Template EU LIQ2]

		31.12.2025				
		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
<b>Available stable funding (ASF) Items</b>						
1	Capital items and instruments	48 706	-	-	4 499	53 204
2	Own funds	48 706	-	-	4 499	53 204
3	Other capital instruments		-	-	-	-
4	Retail deposits		328 063	-	-	307 535
5	Stable deposits		245 574	-	-	233 295
6	Less stable deposits		82 489	-	-	74 240
7	Wholesale funding:		142 637	1 315	23 896	90 092
8	Operational deposits		45 423	-	-	22 712
9	Other wholesale funding		97 213	1 315	23 896	67 380
10	Interdependent liabilities		-	-	-	-
11	Other liabilities:	-	5 770	1 119	19 557	20 117
12	NSFR derivative liabilities	-				
13	All other liabilities and capital instruments not included in the above categories		5 770	1 119	19 557	20 117
14	Total available stable funding (ASF)					470 948
<b>Required stable funding (RSF) Items</b>						
15	Total high-quality liquid assets (HQLA)					3 297
EU-15a	Assets encumbered for more than 12m in cover pool		164	138	6 703	5 953
16	Deposits held at other financial institutions for operational purposes		-	-	-	-
17	Performing loans and securities:		24 425	16 969	265 837	261 841
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		-	-	-	-
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		1 853	3	3	189
20	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		18 605	11 181	120 049	135 336
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		479	375	12 771	11 834
22	Performing residential mortgages, of which:		3 771	4 083	124 519	104 114
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		1 875	1 560	78 498	59 467
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		197	1 701	21 267	22 202
25	Interdependent assets		-	-	-	-
26	Other assets:		20 123	403	14 685	19 393
27	Physical traded commodities				-	-
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		-	-	1 014	862
29	NSFR derivative assets		-			-
30	NSFR derivative liabilities before deduction of variation margin posted		2 292			115
31	All other assets not included in the above categories		17 830	403	13 671	18 417
32	Off-balance sheet items		22 742	24 156	63 449	6 255
33	<b>Total RSF</b>					296 740
34	<b>Net Stable Funding Ratio (%)</b>					158,7%



## 2.8.5 Liquidity risk reporting

The Bank prepares liquidity risk reports on a daily, weekly, monthly and quarterly basis, with monthly and quarterly reports also covering the Bank's Group. The reports include information on exposure to liquidity risk and on the utilisation of limits for this risk. The main recipients of the reports are: the Asset and Liability Management Committee (ALCO), the Risk Committee (RC), the Management Board, the Supervisory Board Risk Committee and the Supervisory Board.

## 2.8.6 Liquidity risk management actions

The main tools for managing liquidity risk in the Bank's Group include:

- 1) procedures for liquidity risk management, in particular liquidity contingency plans,
- 2) limits and thresholds restricting liquidity risk,
- 3) deposit, placement and derivative transactions, including structural FX transactions, as well as purchases and sales of securities,
- 4) transactions ensuring long-term funding of lending activities.

Methods of managing liquidity risk in subsidiaries of the Bank's Group are defined in internal regulations adopted by those entities for which liquidity risk is material. These regulations are developed after consultation with the Bank and taking into account recommendations issued by the Bank.

The acceptable level of liquidity risk, both at the level of the Bank and the Bank's Group, is defined within the Risk Management Strategy of PKO Bank Polski S.A. and the PKO Bank Polski S.A. Group.

At least once a year, the Bank conducts a review of the risk management process (taking into account ILAAP guidelines) in order to verify whether the liquidity risk management process is appropriate to the scale and complexity of liquidity risk to which the Bank is exposed and consistent with the management of other risks and regulatory requirements. This ensures the continued effectiveness of hedging instruments and risk mitigation measures. Additionally, the effectiveness of the risk management process is continuously monitored through the reporting described in section 2.8.5 of this Report.

## 2.9 Operational risk

### 2.9.1 Introduction

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people, systems or external events. Operational risk includes – but is not limited to – legal risk (the risk of loss resulting from lack of knowledge, misunderstanding or non-application of legal regulations, inability to enforce contractual provisions, adverse interpretations or rulings of courts or public administration authorities) and ICT-related risk to the extent that it relates to operational risk; operational risk does not include reputational risk or business risk.

In accordance with the Operational Risk Management Strategy, the objective of operational risk management is to ensure operational and cost efficiency as well as the security of business operations by limiting the occurrence of operational events and their adverse effects.

Operational risk management in the Bank and at the level of the Bank's Group is carried out in accordance with best banking practices and applicable legal regulations.

Entities within the Bank's Group manage operational risk in a manner consistent with the principles applied in the Bank, taking into account the scope and nature of relationships within the Group as well as the specific characteristics and scale of operations of individual entities.

The operational risk profile defines the scale and structure of exposure to operational risk, i.e. the degree of exposure. It is determined, among other things, based on information on operational events (including their frequency and severity) and data derived from operational risk management tools.

The operational risk management process is implemented at the level of the entire Bank as well as within individual areas of the operational risk management system. Internal regulations clearly define the organisation, division of responsibilities and tasks in the area of operational risk management.

Day-to-day operational risk management is performed by each employee of the Bank's Group within the scope of their duties and consists in preventing the occurrence of operational events arising in the course of product and service delivery, process execution and application use, as well as responding to operational events that occur. Response includes:

- 1) identification of events and analysis of their root causes,
- 2) determination of the consequences of operational events,
- 3) recording data on operational events and their effects,
- 4) monitoring information on operational events and their effects,
- 5) mitigation of the adverse effects of operational events,
- 6) implementation of remedial and preventive actions.

Systemic operational risk management consists in developing solutions aimed at controlling the level of operational risk and enabling the achievement of the Bank's objectives. The main areas of systemic operational risk management include:

- 1) security and cybersecurity,
- 2) IT,
- 3) settlements,
- 4) human resources,
- 5) business operations,
- 6) administration,
- 7) legal,
- 8) support (in particular insurance management, outsourcing, development and implementation of an internal operational risk measurement model, and systems for identification, assessment, monitoring and limiting operational risk, etc.).

The Supervisory Board, as part of operational risk management:



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- 1) approves strategic operational risk tolerance limits for the Bank and the Bank's Group,
- 2) approves the Operational Risk Management Strategy,
- 3) assesses the operational risk management process, in particular on the basis of periodic operational risk reports including the annual assessment of adequacy and effectiveness of the operational risk management system within the overall risk management framework, as well as information on the implementation of the Operational Risk Management Strategy and conclusions from stress tests, and, if necessary, commissions a review of the operational risk management process.

The Management Board, as part of operational risk management:

- 1) establishes the operational risk management process, in particular by:
  - a. adopting principles of operational risk management,
  - b. adopting strategic operational risk tolerance limits for the Bank and the Bank's Group,
  - c. shaping the operational risk management strategy,
  - d. receiving reports and information on operational risk,
  - e. adopting other resolutions related to operational risk management,
  - f. submitting to the Supervisory Board information on significant events (operational events and security incidents) in the areas of information technology and IT security environment,
- 2) ensures the functioning of the operational risk management system within the Bank's overall risk management framework, monitors and evaluates its effectiveness and reports to the Supervisory Board in this regard.

## 2.9.2 Identification, measurement and assessment of operational risk

For the purposes of operational risk management, the Bank collects internal and external data on operational events, as well as their causes and effects, data on business environment factors, results of operational risk self-assessment, and data on operational risk indicators.

Operational risk self-assessment includes the identification and assessment of operational risk for the Bank's products, services, processes and applications, as well as organisational changes, and is performed on a regular basis and prior to the introduction or modification of products, services, processes and applications. It is carried out using collected data on operational events and information obtained during measurement, monitoring, cooperation with entities of the Bank's Group and operational risk reporting, including internal audits and security audits.

In 2025, the operational risk profile of the Bank's Group was primarily driven by PKO Bank Polski S.A. and the PKO Leasing S.A. Group.

The measurement of operational risk in the Bank is aimed at determining the scale of threats related to operational risk using defined risk measures. Operational risk measurement includes:

- 1) calculation of operational risk indicators: KRI (Key Risk Indicators) and RI (Risk Indicators),
- 2) calculation of the own funds requirement for operational risk in accordance with the CRR3 approach at the level of the Bank and the Bank's Group,
- 3) stress testing,
- 4) calculation of internal capital for the Bank's Group.

In 2025, the Bank changed its approach to calculating the capital requirement for operational risk from the internal AMA (Advanced Measurement Approach) method to a method based on selected items of the Profit and Loss Account and the Balance Sheet, in accordance with the CRR3 Regulation.

Table 2.39 Business indicator, components and subcomponents (PLN million) [Template EU OR2]

31.12.2025		T	T-1	T-2	Average value	Disclosure on the BI
		a	b	c	d	a
1	<b>Interest, lease and dividend component (ILDC)</b>				11 746	
EU 1	<b>ILDC related to the individual institution/consolidated Group (excluding entities considered by Article 314(3))</b>				11 746	
1a	Interest and lease income	32 862	32 057	32 134	32 351	
1b	Interest and lease expense	10 278	10 883	13 666	11 609	
1c	Total assets/Asset component	569 875	511 960	482 326	521 387	
1d	Dividend income/ dividend component	14	15	14	14	
2	<b>Services component (SC)</b>				10 283	
2a	Fee and commission income	7 143	6 820	6 351	6 771	
2b	Fee and commission expense	1 764	1 600	1 607	1 657	
2c	Other operating income	237	227	167	210	
2d	Other operating expense	3 504	3 996	3 035	3 512	
3	<b>Financial component (FC)</b>				966	
3a	Net profit or loss applicable to trading book (TB)	40	424	- 751	405	
3b	Net profit or loss applicable to banking book (BB)	476	164	1 042	561	
EU 3c	Approach followed to determine the TB/BB boundary (PBA or accounting approach)				rachunkowe	
4	<b>Business Indicator (BI)</b>				22 994	
5	<b>Business indicator component (BIC)</b>				3 321	
6a	BI gross of excluded divested activities					22 994
6b	Reduction in BI due to excluded divested activities					-
EU 6c	Impact in BI of mergers/acquisitions					-



Table 2.40 Operational risk own funds requirements and risk exposure amounts (PLN million) [Template EU OR3]

31.12.2025		a
1	Business Indicator Component (BIC)	3 321
EU 1	Alternative Standardised Approach (ASA) Own Funds Requirements (OROF) under Article 314(4)	-
3	Minimum Required Operational Risk Own Funds Requirements (OROF)	3 321
4	Operational Risk Exposure Amounts (REA)	41 508

## 2.9.3 Operational risk control

The objective of operational risk control is to maintain the level of operational risk of the Bank and the Bank's Group at a defined level.

Operational risk control includes the establishment of risk control mechanisms tailored to the scale and complexity of the Bank and the Bank's Group, in the form of operational risk limits, in particular strategic operational risk tolerance limits, loss limits and operational risk indicators, together with threshold and critical values.

Strategic operational risk tolerance limits are defined by the Management Board and approved by the Supervisory Board. Additionally, the Management Board determines utilisation levels of strategic operational risk tolerance limits for the Bank and the Bank's Group, the breach of which constitutes a trigger for management actions aimed at reducing operational risk.

The Bank operates a system of loss limits assigned to individual units or functional divisions responsible for managing operational risk within specific areas of systemic operational risk management. The purpose of this system is to define the maximum acceptable level of operational risk for individual units or divisions, ensuring that strategic operational risk tolerance limits are not exceeded.

## 2.9.4 Monitoring of operational risk

The purpose of monitoring operational risk is to observe deviations from defined benchmarks (in particular limits, thresholds, previous period measurements, recommendations and guidelines) in order to identify areas requiring management actions.

The Bank regularly monitors in particular:

- 1) the level of utilisation of strategic operational risk tolerance limits for the Bank and the Bank's Group, as well as operational risk loss limits for the Bank,
- 2) operational events and their effects,
- 3) results of operational risk self-assessment,
- 4) own funds requirement for operational risk in accordance with the CRR3 approach at the level of the Bank and the Bank's Group,
- 5) results of stress tests, including reverse stress tests,
- 6) values of operational risk indicators in relation to threshold and critical values,
- 7) the level of risk for the Bank and the Bank's Group, including areas and tools of operational risk management such as self-assessment, operational risk indicators and loss limits,
- 8) effectiveness and timeliness of management actions aimed at reducing or transferring operational risk,
- 9) management actions related to elevated or high levels of operational risk and their effectiveness in reducing the level of operational risk.

## 2.9.5 Operational risk reporting

Operational risk information is reported to senior management, the Operational Risk Committee (ORC), the Risk Committee (RC), the Management Board and the Supervisory Board on a monthly and quarterly basis. The scope of information is tailored to the responsibilities of individual recipients.

Recipients of monthly reports include the Operational Risk Committee (ORC), senior management and Bank units responsible for systemic operational risk management. Monthly information includes in particular:

- 1) the number and impact of operational events,
- 2) the structure of operational events,
- 3) values of selected operational risk indicators,
- 4) the level of operational risk in relation to strategic operational risk tolerance limits, loss limits and operational risk self-assessments.

Recipients of quarterly reports include the Operational Risk Committee (ORC), the Risk Committee (RC), the Management Board and the Supervisory Board. Quarterly reports include in particular information on:

- 1) the operational risk profile of the Bank,
- 2) the level of operational risk for the Bank, including areas and tools such as self-assessment, operational risk indicators and loss limits,
- 3) results of operational risk measurement and monitoring,
- 4) actions taken to mitigate operational risk and an assessment of their effectiveness in reducing the level of operational risk.

## 2.9.6 Operational risk management actions

Management actions are undertaken in the following cases:

- 1) on the initiative of the Operational Risk Committee (ORC) or the Management Board,
- 2) on the initiative of Bank units managing operational risk,
- 3) when operational risk exceeds levels defined by the Management Board or the Operational Risk Committee (ORC).



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In particular, when operational risk reaches an elevated or high level, the Bank applies the following approaches and instruments:

- 1) risk reduction – mitigating the impact of risk factors or their materialisation through the introduction or strengthening of operational risk management tools such as:
  - control mechanisms (e.g. authorisation, ongoing verification, segregation of duties),
  - human resource management tools (staff selection, training, incentive systems),
  - setting or reviewing threshold and critical values of operational risk indicators,
  - setting or reviewing operational risk limits,
  - contingency plans,
- 2) risk transfer – transferring responsibility for covering potential losses to an external entity:
  - insurance,
  - outsourcing,
- 3) risk avoidance – discontinuing activities generating risk or eliminating the probability of a risk factor occurring.

## 2.9.7 Losses incurred and management actions mitigating operational risk

In 2025, operational risk events were identified in the Bank (excluding losses related to the lending process), resulting in losses presented in Table 2.41, amounting to a total net value of PLN 248.62 million (PLN 278.54 million gross).

The most significant operational events in 2025 were identified in the category:

Clients, products and business practices – relating to provisions created for consumer protection issues and provisions created for an administrative penalty imposed by the General Inspector of Financial Information (GIIF) in connection with breaches of AML/CFT regulations.

Table 2.41 Losses\* from identified events

PKO BANK POLSKI SA		31.12.2025	
General category	Specific category	Gross losses**	Net losses***
Internal frauds	Non-legitimated activities	0,00	-
	Thefts and frauds	0,18	0,00
Regulations of employment and work safety	Labour issues	1,24	0,07
Client, products and operational practises	Customer service, disclosure of information about clients, responsibilities to clients	0,13	-
	Products malfunctions	196,93	196,89
	Customer classification and exposures	15,00	15,00
Disruption of bank operations and system failures	Systems	1,00	0,93
Making transactions, providing and managing operational processes	Recording in the system, making, calculating and servicing transactions	0,19	0,13
	Inflow and registering clients	0,02	0,02
	Managing client's bank accounts	24,20	1,23
	Sellers and suppliers	0,02	0,02
Losses related to fixed assets	Natural disasters and other events	1,43	0,17
External frauds	Thefts and frauds	38,20	34,16
<b>Total</b>		<b>278,54</b>	<b>248,62</b>

\* Losses do not include operational risk losses related to credit risk, which are treated as credit risk losses for the purposes of calculating minimum own funds requirements.

\*\* Gross losses as at 31 December 2025 include, in accordance with KNF Recommendation M, both realised losses (e.g. provisions, write-offs, costs) and unrealised losses (potential losses); they do not include direct recoveries or recoveries from risk transfer mechanisms.

\*\*\* Net losses as at 31 December 2025 include realised losses (e.g. provisions, write-offs, costs) and also include recoveries.



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Table 2.42 – Operational risk losses [template EU OR1]

31.12.2025	T	T-1	T-2	T-3	T-4	T-5	T-6	T-7	T-8	T-9	Ten-year average	
	a	b	c	d	e	f	g	h	i	j	k	
<b>Using €20,000 threshold</b>												
1	Total amount of operational risk losses net of recoveries (no exclusions)	3 699	4 262	2 547	491	229	476	42	55	17	9	1 183
2	Total number of operational risk losses	50	38	43	34	39	37	32	45	20	33	37
3	Total amount of excluded operational risk losses	-	-	-	-	-	-	-	-	-	-	-
4	Total number of excluded operational risk events	-	-	-	-	-	-	-	-	-	-	-
5	Total amount of operational risk losses net of recoveries and net of excluded losses	3 699	4 262	2 547	491	229	476	42	55	17	9	1 183
<b>Using €100,000 threshold</b>												
6	Total amount of operational risk losses net of recoveries (no exclusions)	3 691	4 255	2 541	487	222	471	37	47	16	7	1 178
7	Total number of operational risk losses	5	5	9	9	8	10	3	9	8	15	8
8	Total amount of excluded operational risk losses	-	-	-	-	-	-	-	-	-	-	-
9	Total number of excluded operational risk events	-	-	-	-	-	-	-	-	-	-	-
10	Total amount of operational risk losses net of recoveries and net of excluded losses	3 691	4 255	2 541	487	222	471	37	47	16	7	1 178

The above table presents losses and recoveries realised over the last ten years.

The scale of the amounts mainly results from provisions recognised in individual years in connection with legal risk related to foreign currency mortgage loans.

In order to mitigate operational risk losses, the Bank undertakes management actions of both an ad hoc and systemic nature. Ad hoc actions include direct responses to identified sources of risk, elimination of reversible irregularities and recovery of lost funds. Systemic actions include, among others, strengthening IT system security, improving transaction authorisation methods, developing processes for identifying and blocking transfers to accounts identified as fraudulent, enhancing the anti-fraud system, developing and optimising the anti-money laundering and counter-terrorist financing (AML/CFT) framework, improving processes, optimising internal controls, training, and risk transfer (insurance, outsourcing).

In order to actively combat phishing websites impersonating the Bank's services, identify intentions and capabilities of cybercriminals (including tactics, techniques and procedures), track the development of malware targeting the Bank's customers, enhance mechanisms for detecting infected customer devices, and improve rules and expand the scope of monitoring electronic transactions, the Bank continuously enhances the security of its IT systems, in particular those used by customers.

A specialised CERT unit operating within the Bank implements the strategy for ensuring the security of IT services provided by the Bank. CERT PKO BP is a member of the international forum of incident response teams – FIRST – and participates in the European task force TERENA TF-CSIRT and the Trusted Introducer organisation. The CERT PKO BP team operates 24/7/365 and actively combats online threats, in particular those related to online and mobile banking. Additionally, since 2021, a CyberSecurity Operations Center (SOC) has been operating, responsible for monitoring and responding to incidents across the Bank's Group. In 2025, CERT PKO BP reported and blocked, in cooperation with CSIRT KNF, CERT Polska and CERT Orange, 1,102 fraudulent websites. The main targets of these attacks were electronic services and the Bank's customers. The Bank also operates, among others, an internal Red Team unit, which simulates controlled attacks to identify vulnerabilities before they can be exploited by attackers.

The Bank educates its employees in the area of IT environment security and the protection of information processed within this environment. It provides e-learning training on cybersecurity, enabling employees to gain knowledge of potential threats. The Bank defines security requirements for IT service providers regarding information protection, access to buildings and premises, and the protection of the Bank's IT systems.

The Bank operates an anti-fraud system designed for comprehensive detection of fraud attempts affecting both the Bank and its customers. Anti-fraud analytics are based on decision engines operating in near real time (NRT) for credit processes and in real time for transactional processes in electronic banking, mobile banking and card transactions. Fraud detection algorithms use advanced statistical methods for detecting rare events and anomalies across key areas such as current accounts, deposit and credit products in branches and agencies, as well as remote channels and transactional flows. Anti-fraud models analyse both unauthorised employee activities and detect accounts potentially used for fraudulent transfers.

In terms of physical security of facilities and assets, as well as the protection of processed information, technical safeguards and remote protection are applied, including monitoring of alarm signals with ensured intervention response. Additionally, permanent on-site security is applied in selected branches and critical facilities.

Technical safeguards and physical security also support the protection of the Bank's IT infrastructure and information, including banking secrecy and personal data, ensuring a level of protection compliant with legal requirements, adequate to operational risk assessment and cost-efficient. IT system security is ensured through physical safeguards and restricted access to key infrastructure components, as well as through continuously enhanced alarm systems, access control, CCTV and fire protection systems.

Other actions undertaken in 2025 in the area of security aimed at reducing operational risk and losses include, among others:

- 1) enhancement of systems for detecting incidents, anomalies and advanced malware,
- 2) increasing the level of monitoring of the Bank's IT systems,
- 3) implementation of active anti-DDoS protection measures safeguarding the organisation against volumetric attacks on electronic banking,
- 4) active identification and remediation of vulnerabilities and execution of penetration testing,
- 5) continuation of training for branch and agency staff regarding procedures in security threat situations (so-called anti-robbery training),
- 6) implementation of measures aimed at reducing the risk of unauthorised transactions.



## 2.10 Business risk

### 2.10.1 Introduction

Business (strategic) risk is the risk of failing to achieve the assumed financial objectives, including incurring losses, resulting from adverse changes in the business environment, unfavourable decisions, improper implementation of decisions taken, or failure to take appropriate actions in response to changes in the business environment.

The objective of business risk management is to maintain at an acceptable level the potential negative financial consequences arising from adverse changes in the business environment, unfavourable decisions, improper implementation of decisions taken, or failure to take appropriate actions in response to such changes.

### 2.10.2 Identification, measurement and assessment of business risk

The identification of business risk consists in recognising and defining both current and potential factors arising from the current and planned activities of the Bank's Group that may significantly affect its financial position, as well as the level of revenues and costs. Identification is performed through qualitative assessment of business risk and through identification and analysis of factors that have caused significant deviations of actual revenues and costs from their forecasted values.

The measurement of business risk aims to determine the scale of threats associated with business risk using defined risk measures. It includes:

- 1) calculation of internal capital,
- 2) stress testing,
- 3) reverse stress testing,
- 4) utilisation of the strategic risk tolerance limit.

The assessment of business risk is performed on a quarterly basis, based on:

- 1) the level of calculated strategic risk tolerance limits,
- 2) qualitative assessment of business risk,
- 3) an indicator based on deviations of actual revenues and costs from forecasts and the level of internal capital.

### 2.10.3 Business risk control

The objective of business risk control is to maintain the level of business risk of the Bank's Group at an acceptable level.

Business risk control includes the establishment and periodic review of risk control mechanisms in the form of business risk tolerance limits, together with threshold and critical values, appropriate to the scale and complexity of the Bank's Group's activities.

### 2.10.4 Monitoring of business risk

The purpose of monitoring business risk is to identify areas requiring management actions. The following are monitored in particular: strategic business risk tolerance limits,

- 1) results of stress tests (scenarios include: increase in costs without a corresponding increase in revenues, failure to achieve forecasted results, accumulation of losses, increase in the scale of losses),
- 2) results of reverse stress tests,
- 3) level of internal capital,
- 4) deviations of actual business risk from forecasts,
- 5) results of qualitative business risk assessment.

### 2.10.5 Business risk reporting

Business risk reporting for the Bank's Group is carried out on a quarterly basis. The recipients of business risk reports are: the Asset and Liability Management Committee (ALCO), the Risk Committee (RC), the Management Board and the Supervisory Board.

The reports include, among others: results of business risk measurement (in particular internal capital), utilisation of the strategic business risk tolerance limit, results of qualitative business risk assessment, forecasts of internal capital for business risk coverage, back-testing of forecasts, monitoring of the level of revenues and costs of the Bank, results of stress tests and reverse stress tests, results of the annual assessment of adequacy and effectiveness of risk management (including the review of the business risk management process), and information on business risk in entities of the Bank's Group (in particular internal capital and utilisation of strategic risk tolerance limits).

### 2.10.6 Business risk management actions

Management actions include in particular:

- 1) verification and update of quarterly financial forecasts, including actions aimed at reducing business risk,
- 2) monitoring the utilisation of the strategic business risk tolerance limit.



## 2.11 Model risk

### 2.11.1 Introduction

Model risk is the risk of incurring losses as a result of making incorrect business decisions based on models in use. Within the Bank's Group, model risk is managed both at the level of individual entities (model owners) and at the level of the Bank as the parent entity.

The objective of model risk management is to reduce the risk of losses resulting from incorrect business decisions based on models through a properly defined and implemented model management process.

All material models in the Bank and models of the Bank's Group entities that are material for the Group are subject to an independent validation process performed by the validation unit of PKO Bank Polski S.A.

### 2.11.2 Identification, measurement and assessment of model risk

Model risk identification consists in particular of:

- 1) collecting information on models in use as well as those planned for implementation,
- 2) periodic assessment of model materiality.

The assessment of model risk aims to determine the scale of threats associated with model risk. It enables the determination of the risk profile and the identification of models that generate the highest risk, exposing the Bank's Group to potential losses. The assessment is performed both at the level of individual models and on an aggregated basis at the level of individual entities of the Bank's Group.

### 2.11.3 Model risk control

The objective of model risk control is to maintain the aggregated level of model risk at a level acceptable to the Bank's Group.

Model risk control consists in defining mechanisms used to assess the level of model risk and tools for mitigating it. The tools used to assess model risk include, in particular, the strategic model risk tolerance limit and model risk thresholds.

### 2.11.4 Monitoring and reporting of model risk

The purpose of monitoring model risk is to identify areas requiring management actions. Monitoring of model risk includes:

- 1) updating the level of model risk,
- 2) assessing the utilisation of the strategic model risk tolerance limit and model risk thresholds,
- 3) verifying the implementation status and assessing the effectiveness of actions taken to mitigate model risk.

The results of monitoring are periodically presented in reports addressed to the Risk Committee (RC), the Management Board and the Supervisory Board, and include a comprehensive assessment of model risk, in particular:

- 1) information on the utilisation of the strategic model risk tolerance limit,
- 2) information on the level of model risk (both individual and consolidated),
- 3) the model risk map,
- 4) assessment of the effectiveness of recommendations aimed at reducing model risk,
- 5) potential proposals for new management actions to mitigate model risk.

### 2.11.5 Model risk management actions

The objective of management actions is to shape the model risk management process and the level of model risk by defining acceptable risk levels and making decisions regarding the use of tools supporting model risk management.

## 2.12 Macroeconomic risk

### 2.12.1 Introduction

Macroeconomic risk is the risk of deterioration of the financial position of the Bank's Group resulting from adverse changes in macroeconomic conditions. Within macroeconomic risk, geopolitical risk is distinguished, related to macroeconomic effects reflecting negative impacts of the geopolitical environment on the economy and financial markets.

The objective of macroeconomic risk management is to identify macroeconomic factors that have a significant impact on the activities of the Bank's Group and to take actions aimed at limiting the adverse impact of potential changes in the macroeconomic environment on its financial position.

### 2.12.2 Identification, measurement and assessment of macroeconomic risk

The identification of macroeconomic risk consists in defining scenarios of potential macroeconomic changes and identifying risk factors that have the greatest impact on the financial position of the Bank's Group.

Macroeconomic risk arises from the interaction of factors dependent on the Bank's Group (in particular the balance sheet structure and response plans prepared for stress scenarios) and factors independent of its activities (macroeconomic factors). The Bank's Group identifies factors affecting the level of macroeconomic risk during comprehensive stress testing.



The measurement of macroeconomic risk aims to determine the scale of threats associated with macroeconomic risk and includes:

- 1) determining, within comprehensive stress tests, the financial result (based on scenarios such as: systemic scenario – assuming escalation of geopolitical tensions globally, leading to the return of trade and transport barriers, increases in commodity prices and higher risk aversion negatively affecting domestic asset valuations, combined scenario – additionally assuming a strong and sudden outflow of deposits from the banking sector), together with its components and risk measures,
- 2) conducting reverse stress tests,
- 3) calculating internal capital.

The assessment of macroeconomic risk is performed annually based on the results of cyclical comprehensive stress tests. The level of macroeconomic risk is classified as moderate, elevated or high.

### 2.12.3 Macroeconomic risk control

The objective of macroeconomic risk control is to limit the adverse impact of potential changes in macroeconomic conditions on the financial position of the Bank's Group.

Macroeconomic risk control consists in defining an acceptable level of macroeconomic risk, adjusted to the scale of the Bank's Group's activities, and its impact on operations and financial condition.

An acceptable level of macroeconomic risk means a situation where the results of comprehensive stress tests do not indicate the need to take remedial actions, or where the required remedial actions are sufficient to improve the financial position of the Bank's Group.

### 2.12.4 Monitoring of macroeconomic risk

Monitoring of macroeconomic risk consists in analysing the macroeconomic environment, macroeconomic factors to which the Bank's Group is exposed, the level of macroeconomic risk and the results of comprehensive stress tests.

### 2.12.5 Reporting of macroeconomic risk

Macroeconomic risk is reported on a quarterly basis in the form of a report submitted to the Asset and Liability Management Committee (ALCO), the Risk Committee (RC), the Management Board, the Supervisory Board Risk Committee and the Supervisory Board.

The report includes in particular:

- 1) results of macroeconomic risk measurement, including internal capital,
- 2) the level of macroeconomic risk,
- 3) results of comprehensive stress tests,
- 4) results of reverse stress tests.

### 2.12.6 Macroeconomic risk management actions

Management actions include in particular:

- 1) defining acceptable levels of risk,
- 2) taking actions aimed at reducing the level of risk in the event of elevated or high macroeconomic risk.

## 2.13 Encumbered and unencumbered assets

An asset is considered encumbered if it has been pledged or is subject to any arrangement to secure or enhance the credit quality of an on-balance-sheet or off-balance-sheet transaction, from which it cannot be freely withdrawn (e.g. for use as collateral for funding purposes).

The Group does not apply differences in approach between the scope of regulatory consolidation used for asset encumbrance disclosures and the scope applied for liquidity requirements on a consolidated basis, in accordance with the definition set out in Part Two, Title I, Chapter 2 of the CRR.

The Group does not apply differences in approach between, on the one hand, pledged and transferred assets in accordance with applicable accounting standards and their treatment by the institution and, on the other hand, encumbered assets and the treatment of transactions.

Exposure values used for disclosure purposes are based on average amounts calculated from quarter-end data over the last twelve months.

Based on average values for the four quarters of 2025, the Bank's Group held encumbered assets arising from:

- 1) repurchase transactions (repo),
- 2) Polish Treasury bonds included in the cover register of covered bonds, in accordance with Article 18(3a) of the Act on Covered Bonds and Mortgage Banks,
- 3) own issued covered bonds and secured bonds.

Repo and sell-buy-back transactions are conditional transactions resulting in the encumbrance of assets transferred to counterparties as collateral for financing. These transactions are standard instruments used by the Bank within its business model for liquidity management in financial markets and for servicing the transactional needs of financial institution counterparties.

Collateral transferred due to mark-to-market valuations of derivative transactions constitutes a standard mechanism for securing the Bank's credit exposure arising from collateral agreements and, as such, forms part of the Bank's business model related to trading activity in financial markets. Additional information is provided in Note 57 to the consolidated financial statements of the PKO Bank Polski S.A. Group for the year ended 31 December 2025.

Furthermore, the Bank's Group had issued debt securities in the form of mortgage covered bonds issued by PKO Bank Hipoteczny S.A., whose primary collateral consists of mortgage loans, with an average amount (based on the last four quarters) of PLN 15,201 million.



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Information on overcollateralisation, in particular with respect to secured liabilities, and its impact on asset encumbrance levels is presented in Note 57 (Assets pledged as collateral and transferred financial assets) to the consolidated financial statements of the PKO Bank Polski S.A. Group for the year ended 31 December 2025.

All encumbered assets, collateral and off-balance-sheet items are denominated in PLN.

A general description of certain items recognised as carrying amounts of unencumbered assets, which the Group would not consider readily available for encumbrance in the normal course of business, is included in the relevant notes to the consolidated financial statements of the PKO Bank Polski S.A. Group for the year ended 31 December 2025.

The underlying assets for mortgage covered bonds and bonds issued by PKO Bank Hipoteczny S.A. are mortgage loans denominated in PLN.

The carrying amount of selected financial liabilities mainly comprises: deposits related to repurchase agreements, issued debt securities, obligations related to the deposit guarantee scheme.

The tables below present information on encumbered and unencumbered assets of the Bank's Group.

Table 2.43 Encumbered and unencumbered assets [Template EU AE1]

		31.12.2025							
		Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
		of which notionally eligible EHQLA and		of which notionally eligible EHQLA and		of which EHQLA and HQLA		of which EHQLA and HQLA	
		010	030	040	050	060	080	090	100
010	Assets of the reporting institution	19 062	3 838			532 404	184 704		
030	Equity instruments	-	-	-	-	396	-	396	-
040	Debt securities	3 854	3 838	400	400	219 097	184 704	99 751	84 164
050	of which: covered bonds	-	-	-	-	-	-	-	-
060	of which: securitisations	-	-	-	-	-	-	-	-
070	of which: issued by general governments	3 796	3 780	400	400	180 339	166 772	81 982	77 639
080	of which: issued by financial corporations	58	58	-	-	26 649	17 747	9 325	6 341
090	of which: issued by non-financial corporations	-	-	-	-	4 366	184	701	184
120	Other assets	15 208	-			312 910	0		

Table 2.44 Collateral received and own debt securities issued [Template EU AE2]

		31.12.2025			
		Fair value of encumbered collateral received or own debt securities issued		Unencumbered Fair value of collateral received or own debt securities issued available for encumbrance	
		of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA and HQLA	
		010	030	040	060
130	Collateral received by the reporting institution	-	-	-	-
140	Loans on demand	-	-	-	-
150	Equity instruments	-	-	-	-
160	Debt securities	-	-	-	-
170	of which: covered bonds	-	-	-	-
180	of which: securitisations	-	-	-	-
190	of which: issued by general governments	-	-	-	-
200	of which: issued by financial corporations	-	-	-	-
210	of which: issued by non-financial corporations	-	-	-	-
220	Loans and advances other than loans on demand	-	-	-	-
230	Other collateral received	-	-	-	-
240	Own debt securities issued other than own covered bonds or securitisations	-	-	-	-
241	Own covered bonds and asset-backed securities issued and not yet pledged			-	-
250	<b>TOTAL ASSETS, COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED</b>	<b>19 062</b>	<b>3 838</b>		

Table 2.45 Sources of encumbrance [Template EU AE3]

		31.12.2025	
		Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and securitisations encumbered
		010	030
010	Carrying amount of selected financial liabilities	8 351	17 755





## 2.14 Risk management in PKO Bank Hipoteczny S.A.

In PKO Bank Hipoteczny S.A., a risk management system is in place that is consistent with the system applied within the Bank's Group.

The specialised nature of a mortgage bank means that:

- 1) credit risk management mainly concerns competencies in the mortgage loan segment, the assessment of retail clients' creditworthiness and the assessment of the mortgage lending value of real estate (MLV),
- 2) the main source of funding is the issuance of long-term covered bonds; competencies in liquidity management are therefore concentrated in the area of issuing instruments on the domestic and international covered debt markets.

PKO Bank Hipoteczny S.A. builds its mortgage loan portfolio through agency sales and by acquiring receivables from the parent entity. The mortgage loan portfolio constitutes the cover pool for covered bond issuance.

The mortgage lending value (MLV) is a value determined by PKO Bank Hipoteczny S.A. which, in the Bank's assessment, reflects the level of risk associated with the property as collateral for granted loans. It is used to determine the amount up to which a loan secured by a mortgage on a given property may be granted or to decide whether a receivable secured on a given property may be acquired by the Bank.

PKO Bank Hipoteczny S.A. determines the MLV based on an expert valuation prepared with due diligence and prudence, taking into account only those characteristics of the property and construction inputs that are of a lasting nature and that, under the assumption of rational use, can be achieved by any property owner.

The expert valuation, prepared as at a specific date, documents the assumptions and parameters adopted for the analysis, the process of determining the MLV and the resulting proposed MLV. The valuation includes analyses and forecasts of parameters specific to the property that affect credit risk assessment, as well as general factors such as population trends, unemployment rates and local spatial development plans.

A mortgage covered bond is a registered or bearer debt security issued by mortgage banks, backed by a pool of mortgage-secured receivables. Covered bonds are typically issued with longer maturities and therefore constitute a source of long-term funding for the Bank's Group.

The business model of PKO Bank Hipoteczny S.A. assumes a high share of covered bonds in the funding structure. Covered bonds are a stable source of funding; however, their bullet repayment structure means that, at maturity, there is typically a need to refinance through new issuances or alternative funding sources.

In the liquidity management process, PKO Bank Hipoteczny S.A. places particular emphasis on matching cash flow maturities and ensuring the ability to refinance funding at the maturity dates of significant liabilities (covered bond redemptions).

The risk management system and quantitative disclosures are presented in the financial statements of PKO Bank Hipoteczny S.A. for the year ended 31 December 2025 and in the Management Board's Report on the activities of PKO Bank Hipoteczny S.A. for the year ended 31 December 2025.



## 3 CAPITAL ADEQUACY

Capital adequacy is a process aimed at ensuring that the level of risk undertaken by the Bank and the Bank's Group in connection with the development of business activities can be covered by the capital held, taking into account the defined risk tolerance level and time horizon.

The capital adequacy management process includes, in particular, compliance with applicable supervisory and regulatory requirements, as well as adherence to the risk tolerance level defined within the Bank and the Bank's Group, and the capital planning process, including the policy regarding sources of capital acquisition.

The main regulations governing the capital adequacy assessment process are:

- 1) the Banking Law Act,
- 2) the CRR Regulation,
- 3) the Act on macroprudential supervision,
- 4) the Regulation of the Minister of Finance, Funds and Regional Policy of 8 June 2021 on the risk management system, internal control system and remuneration policy, as amended,
- 5) the Regulation of the Minister of Finance, Funds and Regional Policy of 27 July 2021 on the detailed method of estimating internal capital and conducting reviews of strategies and procedures for estimating and maintaining internal capital,
- 6) the Act on the Bank Guarantee Fund (BFG).

The objective of capital adequacy management is to maintain own funds at a level adequate to the scale and risk profile of the Bank's and the Bank's Group's activities on a continuous basis.

Capital adequacy management of the Bank's Group includes:

- 1) defining and implementing capital targets set by the Bank,
- 2) identifying and monitoring material types of risk,
- 3) measuring or estimating internal capital required to cover individual risk types and total internal capital,
- 4) setting threshold levels for capital adequacy measures,
- 5) forecasting, monitoring and reporting the level and structure of own funds,
- 6) managing the balance sheet structure to optimise the quality of own funds held by the Bank,
- 7) capital contingency actions,
- 8) stress testing,
- 9) forecasting own funds requirements and internal capital,
- 10) assessing the profitability of individual business areas and customer segments.

Capital adequacy measures include:

- 1) Total Capital Ratio (TCR),
- 2) Tier 1 capital ratio (T1),
- 3) Common Equity Tier 1 ratio (CET1),
- 4) the ratio of own funds to internal capital,
- 5) the leverage ratio,
- 6) MREL - TREA ratio,
- 7) subordinated MREL - TREA ratio,
- 8) MREL- TEM ratio,
- 9) subordinated MREL - TEM ratio.

The purpose of monitoring capital adequacy measures is to assess compliance with supervisory requirements and to identify situations requiring the activation of capital contingency actions or a capital conservation plan.

In accordance with Article 92 of the CRR Regulation, the minimum capital ratios to be maintained by the Bank's Group are:

- 1) Total Capital Ratio (TCR) – 8.0%,
- 2) Tier 1 capital ratio (T1) – 6.0%,
- 3) Common Equity Tier 1 ratio (CET1) – 4.5%.

In accordance with the CRR Regulation and the Act on macroprudential supervision, the Bank's Group is required to maintain the combined buffer requirement, which is the sum of applicable capital buffers. Detailed information on capital buffers is presented in Section 3.1 of this Report.



# Capital Adequacy and other information to disclosures

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Table 3.1 Key metrics [Template EU KM1]

	a	b	c	d	e
	31.12.2025	30.09.2025	30.06.2025	31.03.2025	31.12.2024
<b>Available own funds (amounts)</b>					
1 Common Equity Tier 1 (CET1) capital	45 623	45 726	44 546	43 433	44 256
2 Tier 1 capital	45 623	45 726	44 546	43 433	44 256
3 Total capital	50 122	50 361	47 317	46 338	47 294
<b>Risk-weighted exposure amounts</b>					
4 Total risk exposure amount	293 034	280 615	273 455	269 278	254 518
4a Total risk exposure pre-floor	293 034	280 615	273 455	0	
<b>Capital ratios (as a percentage of risk-weighted exposure amount)</b>					
5 Common Equity Tier 1 ratio (%)	15,57%	16,29%	16,29%	16,13%	17,39%
5b Common Equity Tier 1 ratio considering unfloored TREA (%)	0	0	0	0	
6 Tier 1 ratio (%)	15,57%	16,29%	16,29%	16,13%	17,39%
6b Tier 1 ratio considering unfloored TREA (%)	0,00%	16,29%	16,29%	16,13%	
7 Total capital ratio (%)	17,10%	17,95%	17,30%	17,21%	18,58%
7b Total capital ratio considering unfloored TREA (%)	0,00%	17,95%	17,30%	17,21%	
<b>Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)</b>					
EU 7d Additional own funds requirements to address risks other than the risk of excessive leverage (%)	0,00%	0,00%	0,00%	0,00%	0,00%
EU 7e of which: to be made up of CET1 capital (percentage points)	0,00%	0,00%	0,00%	0,00%	0,00%
EU 7f of which: to be made up of Tier 1 capital (percentage points)	0,00%	0,00%	0,00%	0,00%	0,00%
EU 7g Total SREP own funds requirements (%)	8,00%	8,00%	8,00%	8,00%	8,00%
<b>Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)</b>					
8 Capital conservation buffer (%)	2,50%	2,50%	2,50%	2,50%	2,50%
EU 8a Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0,00%	0,00%	0,00%	0,00%	0,00%
9 Institution specific countercyclical capital buffer (%)	1,00%	0,99%	0,05%	0,05%	0,05%
EU 9a Systemic risk buffer (%)	0,00%	0,00%	0,00%	0,00%	0,00%
10 Global Systemically Important Institution buffer (%)	0,00%	0,00%	0,00%	0,00%	0,00%
EU 10a Other Systemically Important Institution buffer (%)	2,00%	2,00%	2,00%	2,00%	2,00%
11 Combined buffer requirement (%)	5,50%	5,49%	4,55%	4,55%	4,55%
EU 11a Overall capital requirements (%)	13,50%	13,49%	12,55%	12,55%	12,55%
12 CET1 available after meeting the total SREP own funds requirements (%)	9,10%	9,95%	9,30%	9,21%	10,58%
<b>Leverage ratio</b>					
13 Total exposure measure	639 924	613 745	604 120	590 720	569 033
14 Leverage ratio (%)	7,13%	7,45%	7,37%	7,35%	7,78%
<b>Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)</b>					
EU 14a Additional own funds requirements to address the risk of excessive leverage (%)	0,00%	0,00%	0,00%	0,00%	0,00%
EU 14b of which: to be made up of CET1 capital (percentage points)	0,00%	0,00%	0,00%	0,00%	0,00%
EU 14c Total SREP leverage ratio requirements (%)	3,00%	3,00%	3,00%	3,00%	3,00%
<b>Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)</b>					
EU 14d Leverage ratio buffer requirement (%)	0,00%	0,00%	0,00%	0,00%	0,00%
EU 14e Overall leverage ratio requirement (%)	3,00%	3,00%	3,00%	3,00%	3,00%
<b>Liquidity Coverage Ratio</b>					
15 Total high-quality liquid assets (HQLA) (Weighted value - average)	186 959	179 406	173 779	170 048	165 252
EU 16a Cash outflows - Total weighted value	84 654	83 582	81 889	81 012	79 871
EU 16b Cash inflows - Total weighted value	11 676	12 354	13 026	12 821	13 001
16 Total net cash outflows (adjusted value)	72 979	71 228	68 864	68 190	66 870
17 Liquidity coverage ratio (%)	256,4%	252,2%	252,6%	249,6%	247,3%
<b>Net Stable Funding Ratio</b>					
18 Total available stable funding	470 948	454 474	439 914	425 491	429 210
19 Total required stable funding	296 740	291 428	284 040	275 770	275 010
20 NSFR ratio (%)	158,7%	155,9%	154,9%	154,3%	156,1%

In 2025, capital adequacy measures remained above both internal and external limits.



## 3.1 Own funds

Own funds for the purposes of capital adequacy are calculated in accordance with the provisions of the Banking Law Act, Part Two of the CRR Regulation and implementing acts to the CRR Regulation.

The own funds of the Bank's Group consist of Common Equity Tier 1 capital and Tier II capital. The Bank's Group does not identify any Additional Tier 1 capital instruments.

The Common Equity Tier 1 capital (CET1) includes:

- 1) share capital, presented in accordance with the Articles of Association and the commercial register, at nominal value,
- 2) supplementary capital, created from annual allocations from net profit and intended to cover balance sheet losses that may arise in connection with the Group's activities,
- 3) reserve capital, created independently of supplementary capital from annual allocations from net profit in the amount approved by the General Meeting (hereinafter "GM") and intended solely to cover potential balance sheet losses,
- 4) other accumulated comprehensive income (excluding gains and losses related to cash flow hedges),
- 5) general banking risk fund, created from allocations from net profit in the amount approved by the GM and intended to cover unidentified risks inherent in banking activities,
- 6) retained earnings (undistributed profits from previous years),
- 7) net profit under approval and profit for the current reporting period, calculated in accordance with applicable accounting standards, reduced by any foreseeable charges and dividends, in amounts not exceeding those verified by the statutory auditor; inclusion of profit in own funds requires approval by the GM or, prior to such approval, consent of the Polish Financial Supervision Authority (KNF). Upon meeting these formal requirements, the Bank makes retrospective adjustments to own funds<sup>9</sup>.

CET1 capital is reduced by:

- 1) losses for the current financial year,
- 2) intangible assets measured at carrying amount, reduced by the amount of related deferred tax liabilities; the deducted amount includes goodwill recognised in the valuation of significant investments of the Group; prudently valued software assets are excluded from deduction<sup>10</sup>,
- 3) additional value adjustments of assets measured at fair value resulting from prudent valuation requirements,
- 4) additional fair value adjustments of derivative instruments reflecting the Bank's own credit risk,
- 5) deferred tax assets relying on future profitability and not arising from temporary differences,
- 6) deferred tax assets relying on future profitability and arising from temporary differences exceeding 10% of the Group's CET1 capital (calculated without deductions for equity exposures and deferred tax assets)<sup>11</sup>,
- 7) direct and indirect equity exposures to financial sector entities, where the Bank's Group does not have a significant investment, in the form of shares, holdings or other CET1 or Tier II instruments of those entities, if their total exceeds 10% of the Group's CET1 capital (calculated without deductions for equity exposures and deferred tax assets),
- 8) direct and indirect equity exposures to financial sector entities, where the Bank's Group has a significant investment, in the form of shares, holdings or other CET1 instruments of those entities, exceeding 10% of the Group's CET1 capital (calculated without deductions for equity exposures and deferred tax assets),
- 9) the amount by which the sum of:
  - deferred tax assets that rely on future profitability and arise from temporary differences, up to 10% of the Common Equity Tier 1 capital of the Bank's Group (calculated without taking into account deductions for equity exposures and deferred tax assets), and
  - direct and indirect equity exposures to financial sector entities, where the Bank's Group has a significant investment in those entities, in the form of shares, holdings or other Common Equity Tier 1 instruments of those entities, up to 10% of the Common Equity Tier 1 capital of the Bank's Group (calculated without taking into account deductions for equity exposures and deferred tax assets),exceeds 17.65% of the Common Equity Tier 1 capital of the Bank's Group (calculated after applying all deductions referred to in points 1-6 and including the full amount of the items referred to in point 9(a)-(b), without applying the 17.65% threshold). The amount below the threshold (17.65%) is included in risk-weighted assets.
- 10) the applicable amount of insufficient coverage for non-performing exposures, calculated in accordance with Article 47c of the CRR, excluding exposures originated before 26 April 2019 unless their terms were modified in a way that increases the Bank's exposure,
- 11) securitisation positions – as an alternative to applying a 1,250% risk weight, exposures held by the Group (junior tranche, net of specific credit risk adjustments) are deducted from own funds.

Tier II capital includes, subject to approval by the KNF, subordinated liabilities, understood as liabilities arising from funds received by the Bank under terms specified in a KNF decision, meeting the conditions set out in Article 63 of the CRR, and not held by the Bank, its subsidiaries or entities in which the Bank holds at least 20% of voting rights or capital.

Subordinated liabilities are included in Tier II capital at full value if their residual maturity exceeds five years. During the last five years before maturity, the recognised amount is amortised proportionally based on the remaining maturity of the instrument.

Tier II capital is reduced by:

- 1) direct and indirect investments in financial sector entities in the form of Tier II instruments of those entities, where the institution has a significant investment,
- 2) direct and indirect investments in financial sector entities where no significant investment exists, in the form of shares or Tier II instruments, if their total exceeds 10% of the Bank's CET1 capital.

If the deductions referred to above would reduce Tier II capital below zero, the excess is deducted from CET1 capital.

<sup>9</sup> The European Banking Authority (EBA) published, in May 2020, within the framework of the Single Rulebook Q&A, its position regarding the timing of recognition of annual and interim profits in capital adequacy data (Q&A 2018\_3822 and Q&A 2018\_4085). According to this position, from the moment when the Bank or the Bank's Group formally meets the criteria allowing it to include profit for a given period in Tier 1 capital, such profit is deemed to be included with retrospective effect (i.e. as of the date to which the profit relates, rather than the date on which the criteria are met), and an adjustment to own funds should be made as of the date to which the profit relates.

<sup>10</sup> With regard to software, the amount to be deducted from own funds is determined based on the accumulated prudential amortisation of software assets, calculated from the date when the software assets are available for use and start being amortised for accounting purposes. The remaining amount of software is included in risk-weighted assets with a 100% risk weight.

<sup>11</sup> The Group makes use of the option set out in the guidelines of the European Banking Authority within the Single Rulebook Q&A (Q&A No. 2015\_1887). In accordance with the EBA's response, deferred tax assets related to gains or losses on cash flow hedges (which are not included in own funds pursuant to Article 33 of the CRR) do not need to be included in deferred tax assets that are subject to deduction from own funds under Articles 36 and 48 of the CRR.



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Table 3.2 presents information on the nature and amounts of individual own funds items used to calculate the Total Capital Ratio as at 31 December 2025. Rows are omitted only where the value is zero.

Table 3.2 Composition of regulatory own funds [Template EU CC1]

		31.12.2025	
		(a)	(b)
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation *
<b>Common Equity Tier 1 (CET1) capital: instruments and reserves</b>			
1	Capital instruments and the related share premium accounts	1 250	note 43.
	of which: Type 1 - ordinary registered shares	313	note 43.
	of which: Type 2 - ordinary bearer shares	938	-
	of which: type 3	-	
2	Retained earnings	11 764	
3	Accumulated other comprehensive income (and other reserves)	33 827	
EU-3a	Funds for general banking risk	1 070	
4	Amount of qualifying items referred to in Article 484 (3) and the related share premium accounts subject to phase out from CET1	-	
5	Minority interests (amount allowed in consolidated CET1)	-	
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	1 158	
<b>6</b>	<b>Common Equity Tier 1 (CET1) capital before regulatory adjustments</b>	<b>49 069</b>	<b>0</b>
<b>Common Equity Tier 1 (CET1) capital: regulatory adjustments</b>			
7	Additional value adjustments (negative amount)	- 163	
8	Intangible assets (net of related tax liability) (negative amount)	- 2 525	
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	-	
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	- 139	
12	Negative amounts resulting from the calculation of expected loss amounts	-	
13	Any increase in equity that results from securitised assets (negative amount)	-	
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-	
15	Defined-benefit pension fund assets (negative amount)	-	
16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	-	
17	Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
EU-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	- 11	
EU-20b	of which: qualifying holdings outside the financial sector (negative amount)	-	
EU-20c	of which: securitisation positions (negative amount)	- 11	note 59.
EU-20d	of which: free deliveries (negative amount)	-	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	-	
22	Amount exceeding the 17,65% threshold (negative amount)	-	
23	of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	-	
25	of which: deferred tax assets arising from temporary differences	-	
EU-25a	Losses for the current financial year (negative amount)	-	
EU-25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)	-	
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)	-	
27a	Other regulatory adjustments (including IFRS 9 transitional adjustments when relevant)	- 607	
<b>28</b>	<b>Total regulatory adjustments to Common Equity Tier 1 (CET1)</b>	<b>- 3 446</b>	
<b>29</b>	<b>Common Equity Tier 1 (CET1) capital</b>	<b>45 623</b>	



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Additional Tier 1 (AT1) capital: instruments			
30	Capital instruments and the related share premium accounts	-	
31	of which: classified as equity under applicable accounting standards	-	
32	of which: classified as liabilities under applicable accounting standards	-	
33	Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1 as described in Article 486(3) of CRR	-	
EU-33a	Amount of qualifying items referred to in Article 494a(1) subject to phase out from AT1	-	
EU-33b	Amount of qualifying items referred to in Article 494b(1) subject to phase out from AT1	-	
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	-	
35	of which: instruments issued by subsidiaries subject to phase out	-	
<b>36</b>	<b>Additional Tier 1 (AT1) capital before regulatory adjustments</b>	-	
Additional Tier 1 (AT1) capital: regulatory adjustments			
37	Direct and indirect holdings by an institution of own AT1 instruments (negative amount)	-	
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)	-	
42a	Other regulatory adjustments to AT1 capital	-	
<b>43</b>	<b>Total regulatory adjustments to Additional Tier 1 (AT1) capital</b>	-	
<b>44</b>	<b>Additional Tier 1 (AT1) capital</b>	-	
<b>45</b>	<b>Tier 1 capital (T1 = Common Equity Tier 1 (CET1) capital and Additional Tier 1 (AT1) capital)</b>	45 623	note 59.
Tier 2 (T2) capital: instruments			
46	Capital instruments and the related share premium accounts	4 499	
47	Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase out from T2 as described in Article 486 (4) CRR	-	
EU-47a	Amount of qualifying items referred to in Article 494a (2) subject to phase out from T2	-	
EU-47b	Amount of qualifying items referred to in Article 494b (2) subject to phase out from T2	-	
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	-	
49	of which: instruments issued by subsidiaries subject to phase out	-	
50	Credit risk adjustments	-	
<b>51</b>	<b>Tier 2 (T2) capital before regulatory adjustments</b>	4 499	
Tier 2 (T2) capital: regulatory adjustments			
52	Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)	-	
53	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
54	Direct and indirect holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
55	Direct and indirect holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	
EU-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)	-	
56b	Other regulatory adjustments to T2 capital	-	
<b>57</b>	<b>Total regulatory adjustments to Tier 2 (T2) capital</b>	-	
<b>58</b>	<b>Tier 2 (T2) capital</b>	4 499	note 59.
<b>59</b>	<b>Total capital (TC = T1 + T2)</b>	50 122	note 59.
<b>60</b>	<b>Total risk exposure amount</b>	293 034	
Capital ratios and buffers			
61	Common Equity Tier 1	15,57%	
62	Tier 1	15,57%	note 59.
63	Total capital	17,10%	note 59.
64	Institution CET1 overall capital requirements	10,00%	
65	of which: capital conservation buffer requirement	2,50%	
66	of which: countercyclical buffer requirement	1,00%	
67	of which: systemic risk buffer requirement	0,00%	
EU-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	2,00%	
EU-67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage	0,00%	
<b>68</b>	<b>Common Equity Tier 1 available to meet buffer (as a percentage of risk exposure amount)</b>	9,10%	



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Amounts below the thresholds for deduction (before risk weighting)		
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	64
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)	1 712
75	Deferred tax assets arising from temporary differences (amount below 17.65% threshold, net of related tax liability where the conditions in Article 38 (3) are met)	2 155
Applicable caps on the inclusion of provisions in Tier 2		
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	-
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	-
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	-
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	-
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)		
80	Current cap on CET1 instruments subject to phase out arrangements	-
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-
82	Current cap on AT1 instruments subject to phase out arrangements	-
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-
84	Current cap on T2 instruments subject to phase out arrangements	-
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-

\* Column (b) presents references to notes in the consolidated financial statements of the PKO Bank Polski S.A. Group as at 31 December 2025.

As at 31 December 2025, in accordance with Article 48 of the CRR, equity exposures to financial sector entities and deferred tax assets did not exceed 10% of CET1 capital at the consolidated level and therefore were not deducted from own funds and were included in risk-weighted assets.

As at 31 December 2025, own funds included the Group's current profit for the first half of 2025 (prudential consolidation), reduced by foreseeable charges (PLN 1,158 million), for which the Group obtained the required approval from the KNF.

Table 3.3 presents the reconciliation of items from the statement of financial position used to calculate own funds with regulatory own funds as at 31 December 2025.



Table 3.3 Reconciliation of regulatory own funds to balance sheet in the audited financial statements [Template EU CC2]

	31.12.2025		
	a)	b)	c)
	Balance sheet as in published financial statements As at period end	Under regulatory scope of consolidation As at period end	Reference*
<b>ASSETS - Breakdown by asset classes according to the balance sheet in the published financial statements</b>			
Cash and balances with the Central Bank	21 919	21 918	note 26.
Amounts due from banks	4 477	4 369	note 27.
Hedging derivatives	21	21	note 28.
Other derivative instruments	2 415	2 415	note 28.
Securities	241 484	238 939	note 29.
Reverse repo transactions	2 010	2 010	
Loans and advances to customers	293 411	293 220	note 30.
Receivables in respect of insurance activities	88	-	note 34.
Property, plant and equipment transferred under operating lease	3 102	3 102	note 65.
Property, plant and equipment	3 429	3 260	note 36.
Non-current assets held for sale	5	5	
Intangible assets	4 184	3 920	note 35.
Investments in associates and joint ventures	325	2 092	note 37.
Current income tax receivables	12	5	
Deferred income tax assets	2 620	1 843	note 25.
Other assets	3 577	3 563	note 38.
<b>TOTAL ASSETS</b>	<b>583 079</b>	<b>580 682</b>	
<b>LIABILITIES - Breakdown by liability classes according to the balance sheet in the published financial statements</b>			
Amounts due to the Central Bank	10	10	
Amounts due to banks	3 440	3 441	note 31.
Hedging derivatives	122	123	note 28.
Other derivative instruments	2 701	2 701	note 28.
Amounts due to customers	22	22	
Repo transactions	460 722	460 668	note 32.
Liabilities in respect of insurance activities	1 827	-	note 34.
Loans and advances received	1 059	1 059	note 33.
Debt securities in issue	29 580	29 896	note 33.
Subordinated liabilities	6 309	6 309	note 33.
Other liabilities	9 303	9 275	note 39.
Current income tax liabilities	936	924	
Deferred income tax provision	909	43	note 25.
Provisions	7 636	7 633	note 40.
<b>TOTAL LIABILITIES</b>	<b>524 576</b>	<b>522 104</b>	
<b>EQUITY</b>			
Share capital	1 250	1 250	
Other capital and reserves	35 361	34 897	
Retained earnings	11 221	11 764	
Net profit or loss for the year	10 682	10 667	
Capital and reserves attributable to equity holders of the parent	58 514	58 578	
Non-controlling interests	- 11	- 0	
<b>TOTAL EQUITY</b>	<b>58 503</b>	<b>58 578</b>	

\* Column (c) presents references to notes in the consolidated financial statements of the PKO Bank Polski S.A. Group as at 31 December 2025.

A description of the main features of instruments issued by the Bank and included in CET1 capital and Tier II capital is presented in Table 3.4 (amounts are presented in PLN). Rows are omitted only where they are not applicable to the Bank's Group



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Table 3.4 Main features of regulatory own funds instruments and eligible liabilities instruments [Template EU CCA] (in PLN)

		31.12.2025				
		Name I	Name II	Name III	Name IV	Name V
1	Issuer	PKO BP	PKO BP	PKO BP	PKO BP	PKO BP
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	PLPKO0000024	PLPKO0000016	PLPKO0000016	PLPKO0000016	PLPKO0000016
2a	Public or private placement	-	-	-	-	-
3	Governing law(s) of the instrument	Polish law	Polish law	Polish law	Polish law	Polish law
3a	Contractual recognition of write down and conversion powers of resolution authorities	-	-	-	-	-
	Regulatory treatment	312 500 000	197 500 000	105 000 000	385 000 000	250 000 000
4	Current treatment taking into account, where applicable, transitional CRR rules	Tier 1	Tier 1	Tier 1	Tier 1	Tier 1
5	Post-transitional CRR rules	Tier 1	Tier 1	Tier 1	Tier 1	Tier 1
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	solo/consolidated	solo/consolidated	solo/consolidated	solo/consolidated	solo/consolidated
7	Instrument type (types to be specified by each jurisdiction)	common stock	common stock	common stock	common stock	common stock
8	Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date)	312 500 000	197 500 000	105 000 000	385 000 000	250 000 000
9	Nominal amount of instrument	1 PLN	1 PLN	1 PLN	1 PLN	1 PLN
EU-9a	Issue price	20,50 PLN	20,50 PLN	20,50 PLN	20,50 PLN	20,50 PLN
EU-9b	Redemption price	-	-	-	-	-
10	Accounting classification	share capital	share capital	share capital	share capital	share capital
11	Original date of issuance	-	-	-	-	-
12	Perpetual or dated	perpetual	perpetual	perpetual	perpetual	perpetual
13	Original maturity date	without maturity	without maturity	without maturity	without maturity	without maturity
14	Issuer call subject to prior supervisory approval	-	-	-	-	-
15	Optional call date, contingent call dates and redemption amount	-	-	-	-	-
16	Subsequent call dates, if applicable	-	-	-	-	-
	Coupons / dividends	-	-	-	-	-
17	Fixed or floating dividend/coupon	variable dividend	variable dividend	variable dividend	variable dividend	variable dividend
18	Coupon rate and any related index	-	-	-	-	-
19	Existence of a dividend stopper	-	-	-	-	-
EU-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	-	-	-	-	-
EU-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	-	-	-	-	-
21	Existence of step up or other incentive to redeem	-	-	-	-	-
22	Noncumulative or cumulative	-	-	-	-	-
23	Convertible or non-convertible	-	-	-	-	-
24	If convertible, conversion trigger(s)	-	-	-	-	-
25	If convertible, fully or partially	-	-	-	-	-
26	If convertible, conversion rate	-	-	-	-	-
27	If convertible, mandatory or optional conversion	-	-	-	-	-
28	If convertible, specify instrument type convertible into	-	-	-	-	-
29	If convertible, specify issuer of instrument it converts into	-	-	-	-	-
30	Write-down features	no	no	no	no	no
31	If write-down, write-down trigger(s)	-	-	-	-	-
32	If write-down, full or partial	-	-	-	-	-
33	If write-down, permanent or temporary	-	-	-	-	-
34	If temporary write-down, description of write-up mechanism	-	-	-	-	-
34a	Type of subordination (only for eligible liabilities)	category 10	category 10	category 10	category 10	category 10
EU-34b	Ranking of the instrument in normal insolvency proceedings	-	-	-	-	-
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	-	-	-	-	-
36	Non-compliant transitioned features	no	no	no	no	no
37	If yes, specify non-compliant features	-	-	-	-	-
37a	Link to the full term and conditions of the instrument (signposting)	-	-	-	-	-



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		31.12.2025			
		Name VI	Name VII	Name VIII	Name IX
1	Issuer	PKO BP	PKO BP	PKO BP	PKO BP
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	PLPKO0000099	PLPKO0000107	PLO046700020	PLO046700038
2a	Public or private placement	private	private	private	private
3	Governing law(s) of the instrument	Polish law	Polish law	Polish law	Polish law
3a	Contractual recognition of write down and conversion powers of resolution authorities	-	-	-	-
	Regulatory treatment	563 253 012	435 686 918	1 500 000 000	2 000 000 000
4	Current treatment taking into account, where applicable, transitional CRR rules	Tier 2	Tier 2	Tier 2	Tier 2
5	Post-transitional CRR rules	Tier 2	Tier 2	Tier 2	Tier 2
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	solo/consolidated	solo/consolidated	solo/consolidated	solo/consolidated
7	Instrument type (types to be specified by each jurisdiction)	bonds	bonds	bonds	bonds
8	Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date)	1 700 000 000	1 000 000 000	1 500 000 000	2 000 000 000
9	Nominal amount of instrument	100 000 PLN	500 000 PLN	500 000 PLN	500 000 PLN
EU-9a	Issue price	100% nominal price	100% nominal price	100% nominal price	100% nominal price
EU-9b	Redemption price	-	-	-	-
10	Accounting classification	eligible liabilities	eligible liabilities	eligible liabilities	eligible liabilities
11	Original date of issuance	28.08.2017	05.03.2018	16.10.2024	24.09.2025
12	Perpetual or dated	dated	dated	dated	dated
13	Original maturity date	28.08.2027	06.03.2028	16.10.2034	24.09.2035
14	Issuer call subject to prior supervisory approval	yes	yes	yes	yes
15	Optional call date, contingent call dates and redemption amount	28.08.2022	06.03.2023	16.10.2029 16.10.2030 16.10.2031	24.09.2030 24.09.2031 24.09.2032
16	Subsequent call dates, if applicable	-	-	18.10.2032 17.10.2033	26.09.2033 25.09.2034
	Coupons / dividends	-	-	-	-
17	Fixed or floating dividend/coupon	floating coupon	floating coupon	floating coupon	floating coupon
18	Coupon rate and any related index	Wibor 6m + margin (155 bps)	Wibor 6m + margin (150 bps)	Wibor 6m + margin (220 bps)	Wibor 6m + margin (175 bps)
19	Existence of a dividend stopper	-	-	-	-
EU-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	-	-	-	-
EU-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	-	-	-	-
21	Existence of step up or other incentive to redeem	-	-	-	-
22	Noncumulative or cumulative	-	-	-	-
23	Convertible or non-convertible	non-convertible	non-convertible	non-convertible	non-convertible
24	If convertible, conversion trigger(s)	-	-	-	-
25	If convertible, fully or partially	-	-	-	-
26	If convertible, conversion rate	-	-	-	-
27	If convertible, mandatory or optional conversion	-	-	-	-
28	If convertible, specify instrument type convertible into	-	-	-	-
29	If convertible, specify issuer of instrument it converts into	-	-	-	-
30	Write-down features	no	no	no	no
31	If write-down, write-down trigger(s)	-	-	-	-
32	If write-down, full or partial	-	-	-	-
33	If write-down, permanent or temporary	-	-	-	-
34	If temporary write-down, description of write-up mechanism	-	-	-	-
34a	Type of subordination (only for eligible liabilities)	category 8	category 8	category 8	category 8
EU-34b	Ranking of the instrument in normal insolvency proceedings	-	-	-	-
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	-	-	-	-
36	Non-compliant transitioned features	no	no	no	no
37	If yes, specify non-compliant features	-	-	-	-
37a	Link to the full term and conditions of the instrument (signposting)	<a href="https://www.pkobp.pl/en/investor-relations/issuance/issue-of-pko-bank-subordinated-bonds-op0827">https://www.pkobp.pl/en/investor-relations/issuance/issue-of-pko-bank-subordinated-bonds-op0827</a>	<a href="https://www.pkobp.pl/en/investor-relations/issuance/issue-of-pko-bank-subordinated-bonds-op0328">https://www.pkobp.pl/en/investor-relations/issuance/issue-of-pko-bank-subordinated-bonds-op0328</a>	<a href="https://www.pkobp.pl/en/investor-relations/issuance/issue-of-pko-bank-programme-of-issue-of-pko-bank-polski">https://www.pkobp.pl/en/investor-relations/issuance/issue-of-pko-bank-programme-of-issue-of-pko-bank-polski</a>	<a href="https://www.pkobp.pl/en/investor-relations/issuance/issue-of-pko-bank-programme-of-issue-of-pko-bank-polski">https://www.pkobp.pl/en/investor-relations/issuance/issue-of-pko-bank-programme-of-issue-of-pko-bank-polski</a>

As at 31 December 2025, for instruments VI and VII, their full nominal amount was recognised as eligible liabilities. At the same time, the amounts recognised in regulatory own funds differed from the nominal amount of the issued instruments and amounted to 563,253,012 for instrument VI and 435,686,918 for instrument VII, respectively.



## 3.2 Own funds requirements and risk-weighted exposure amounts

The Bank's Group calculates own funds requirements, in accordance with the CRR, for the following types of risk:

- 1) credit risk – using the Standardised Approach (in accordance with CRR, Part Three, Title II, Chapter 2),
- 2) operational risk – using the Standardised Approach (in accordance with CRR3),
  - market risk (in accordance with CRR, Part Three, Title IV, Chapters 2–4):
  - foreign exchange risk – calculated using the basic method,
  - commodities risk – calculated using the simplified method,
  - equity instruments risk – calculated using the simplified method,
  - specific risk of debt instruments – calculated using the basic method,
  - general risk of debt instruments – calculated using the duration-based approach,
  - other risks, other than delta risk (non-delta risk) – calculated using the scenario approach for options for which the Bank applies its own valuation models, and the delta-plus method for other options.
- 3) other risks:
  - settlement risk and delivery risk – calculated in accordance with CRR, Part Three, Title V,
  - counterparty credit risk, including exposures to central counterparties – calculated using the Standardised Approach set out in CRR, Part Three, Title II, Chapter 6,
  - credit valuation adjustment (CVA) risk – calculated in accordance with CRR, Part Three, Title VI,
  - breaches of large exposures limits – calculated in accordance with CRR, Part Four.

The total own funds requirement of the Bank's Group is the sum of the above-mentioned own funds requirements for individual types of risk.

When calculating the own funds requirement for counterparty credit risk, the Bank applies contractual netting in accordance with CRR (Articles 295–298).

Information on the own funds requirements of the Bank's Group is presented in the table below.

Table 3.5 Overview of total risk exposure amounts [Template EU OV1]

	Total risk exposure amounts (TREA)		Total own funds requirements
	a	b	c
	31.12.2025	30.09.2025	31.12.2025
1 Credit risk (excluding CCR)	246 256	238 450	19 700
2 Of which the standardised approach	246 256	238 450	19 700
3 Of which the Foundation IRB (F-IRB) approach	-	-	-
4 Of which slotting approach	-	-	-
EU 4a Of which equities under the simple risk weighted approach	-	-	-
5 Of which the Advanced IRB (A-IRB) approach	-	-	-
6 Counterparty credit risk - CCR	3 581	3 634	287
7 Of which the standardised approach	3 565	3 625	285
8 Of which internal model method (IMM)	-	-	-
EU 8a Of which exposures to a CCP	9	-	1
9 Of which other CCR	8	9	1
10 Credit valuation adjustments risk - CVA risk	819	768	66
EU 10a Of which the standardised approach (SA)	-	-	-
EU 10b Of which the basic approach (F-BA and R-BA)	819	768	66
EU 10c Of which the simplified approach	-	-	-
15 Settlement risk	-	-	-
16 Securitisation exposures in the non-trading book (after the cap)	258	128	21
17 Of which SEC-IRBA approach	-	-	-
18 Of which SEC-ERBA (including IAA)	-	-	-
19 Of which SEC-SA approach	115	128	9
EU 19a Of which 1250% / deduction	-	-	-
20 Position, foreign exchange and commodities risks (Market risk)	754	964	60
21 Of which the Alternative standardised approach (A-SA)	-	-	-
EU 21a Of which the Simplified standardised approach (S-SA)	754	964	60
22 Of which Alternative Internal Model Approach (A-IMA)	-	-	-
EU 22a Large exposures	-	-	-
23 Reclassifications between the trading and non-trading books	-	-	-
24 Operational risk	41 508	36 671	3 321
EU 24a Exposures to crypto-assets	-	-	-
25 Amounts below the thresholds for deduction (subject to 250% risk weight)	9 667	7 778	773
26 Output floor applied (%)	-	-	-
27 Floor adjustment (before application of transitional cap)	-	-	-
28 Floor adjustment (after application of transitional cap)	-	-	-
<b>29 Total</b>	<b>293 177</b>	<b>280 615</b>	<b>23 454</b>



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The Bank's Group includes insurance companies PKO Życie Towarzystwo Ubezpieczeń S.A. and PKO Towarzystwo Ubezpieczeń S.A., which are excluded from prudential consolidation as financial entities subject to separate supervision by the Polish Financial Supervision Authority (KNF), including the assessment of compliance with capital requirements for insurance undertakings.

As at 31 December 2025, the Group included its holdings in insurance undertakings in the calculation of deductions from own funds in accordance with the CRR. All equity exposures to financial sector entities up to the thresholds specified in Article 48 of the CRR are included in risk-weighted assets with a 250% risk weight.

The largest share in the own funds requirement for market risk in the Bank's Group in 2025 related to the capital requirement for interest rate risk (specific and general risk - 92.18%) (Table 3.6).

Table 3.6 The Bank's Group's Market risk under the standardised approach [Template EU MR1

		31.12.2025
		a
Outright products		RWEAs
1	Interest rate risk (general and specific)	695
2	Equity risk (general and specific)	12
3	Foreign exchange risk	-
4	Commodity risk	-
Options		
5	Simplified approach	-
6	Delta-plus approach	28
7	Scenario approach	19
8	Securitisation (specific risk)	-
<b>9</b>	<b>Total</b>	<b>754</b>

At the end of 2025, the Bank's Group did not hold an open position in commodities price risk, and the foreign exchange position did not exceed the threshold of 2% of own funds; therefore, the own funds requirements in this respect amounted to zero.

As the Bank's Group does not use internal models for the calculation of own funds requirements for market risk, Article 455 of the CRR "Use of internal models for market risk" does not apply.

## 3.3 Capital buffers

In accordance with the CRR and the Act on macroprudential supervision, financial institutions are required to maintain a combined buffer requirement above the minimum levels specified in the CRR for:

- 1) the total capital ratio (TCR),
- 2) the Tier 1 capital ratio (T1),
- 3) the Common Equity Tier 1 capital ratio (CET1).

The combined buffer requirement is the sum of all applicable buffers, i.e. the capital conservation buffer, the countercyclical buffer, the systemic risk buffer and the buffer for institutions identified as systemically important. These buffers must be met with Common Equity Tier 1 capital.

The capital conservation buffer applies to all banks.

The countercyclical buffer is imposed to limit systemic risk arising from the credit cycle. It is introduced by the competent minister responsible for financial institutions during periods of excessive credit growth and released when credit growth slows down. As at 31 December 2025, the countercyclical buffer rate for credit exposures in Poland was 1%.

Additionally, the Bank's Group calculates an institution-specific countercyclical buffer, taking into account the value of all credit exposures in other countries and the applicable countercyclical buffer rates for those countries. According to the state as at 31 December 2025, the institution-specific countercyclical buffer for the Bank's Group amounted to 1%. Table 3.9 presents information on the geographical distribution of relevant credit exposures and the amount of the institution-specific countercyclical buffer of the Bank's Group.



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Table 3.7 Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer [Template EU CCyB1]

31.12.2025													
Breakdown by country:	a	b	c	d	e	f	g	h	i	j	k	l	m
	General credit exposures		Relevant credit exposures - Market risk		Securitisation exposures Exposure value for non-trading book	Total exposure value	Own fund requirements			Total	Risk-weighted exposure amounts	Own fund requirements weights (%)	Countercyclical buffer rate (%)
	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models			Relevant credit risk exposures - Credit risk	Relevant credit exposures - Market risk	Relevant credit exposures - Securitisation positions in the non-trading book				
Poland	428 219	0	421	0	0	428 640	17 548	13	0	17 561	219 510	93,82%	1,00%
Germany	2 554	-	-	-	-	2 554	202	-	-	202	2 520	1,08%	0,75%
Czech Republic	1 825	-	-	-	-	1 825	146	-	-	146	1 825	0,78%	1,25%
Ukraine	1 730	-	-	-	-	1 730	100	-	-	100	1 251	0,53%	0,00%
Dutch	1 658	-	-	-	-	1 658	132	-	-	132	1 649	0,70%	2,00%
France	785	-	-	-	-	785	63	-	-	63	784	0,34%	1,00%
Luxembourg	714	-	4	-	-	718	57	0	-	57	718	0,31%	0,50%
Malta	652	-	-	-	-	652	52	-	-	52	656	0,28%	0,00%
Austria	600	-	-	-	-	600	46	-	-	46	576	0,25%	0,00%
Ireland	561	-	-	-	-	561	45	-	-	45	560	0,24%	1,50%
South Korea	560	-	-	-	-	560	45	-	-	45	560	0,24%	1,00%
Romania	559	-	-	-	-	559	45	-	-	45	559	0,24%	1,00%
Great Britain	511	-	-	-	-	511	39	-	-	39	486	0,21%	2,00%
Cyprus	466	-	-	-	-	466	37	-	-	37	466	0,20%	1,00%
Switzerland	408	-	-	-	-	408	32	-	-	32	404	0,17%	0,00%
Norway	293	-	-	-	-	293	23	-	-	23	291	0,12%	2,50%
Denmark	227	-	-	-	-	227	20	-	-	20	250	0,11%	2,50%
Slovakia	211	-	-	-	-	211	17	-	-	17	210	0,09%	1,50%
Hungary	184	-	-	-	-	184	15	-	-	15	184	0,08%	1,00%
Spain	182	-	-	-	-	182	15	-	-	15	182	0,08%	0,50%
Bahamas	121	-	-	-	-	121	14	-	-	14	181	0,08%	0,00%
United States of America	84	-	-	-	-	84	4	-	-	4	44	0,02%	0,00%
Italy	43	-	-	-	-	43	3	-	-	3	43	0,02%	0,00%
Japan	36	-	-	-	-	36	1	-	-	1	18	0,01%	0,00%
Sweden	17	-	-	-	-	17	1	-	-	1	16	0,01%	2,00%
Finland	13	-	-	-	-	13	1	-	-	1	13	0,01%	0,00%
Croatia	7	-	-	-	-	7	1	-	-	1	7	0,00%	1,50%
Slovenia	3	-	-	-	-	3	0	-	-	0	3	0,00%	1,00%
Estonia	2	-	-	-	-	2	0	-	-	0	2	0,00%	1,50%
Belgium	2	-	-	-	-	2	0	-	-	0	1	0,00%	1,00%
Belarus	1	-	-	-	-	1	0	-	-	0	2	0,00%	0,00%
United Arab Emirates	1	-	-	-	-	1	0	-	-	0	0	0,00%	0,00%
Georgia	1	-	-	-	-	1	0	-	-	0	1	0,00%	1,00%
Colombia	1	-	-	-	-	1	0	-	-	0	0	0,00%	0,00%
Australia	0	-	-	-	-	0	0	-	-	0	0	0,00%	1,00%
Other	3	-	-	-	-	3	0	-	-	0	3	0,00%	-
	443 235	0	425	0	0	443 659	18 704	14	0	18 718	233 975	-	-



Table 3.8 Amount of institution-specific countercyclical capital buffer [Template EU CCyB2]

	31.12.2025
	a
1 Total risk exposure amount	293 034
2 Institution specific countercyclical capital buffer rate	1,00%
3 Institution specific countercyclical capital buffer requirement	2 924

The other systemically important institution buffer (O-SII buffer) is an additional requirement for institutions that may generate systemic risk. The Bank was identified as an other systemically important institution based on a decision of the Polish Financial Supervision Authority (KNF) dated 10 October 2016.

In accordance with the KNF decision of 16 December 2022, the Bank is required to maintain an O-SII buffer at a level equivalent to 2.00% of the total risk exposure amount, calculated in accordance with Article 92(3) of the CRR. The buffer must be maintained both on an individual and consolidated basis.

Accordingly, as at 31 December 2025, the capital ratios should not be lower than:

- 1) TCR – 13.5% for the Bank and for the Bank's Group,
- 2) T1 – 11.5% for the Bank and for the Bank's Group,
- 3) CET1 – 10% for the Bank and for the Bank's Group.

By letter dated 25 November 2025, the KNF informed that no additional capital guidance (P2G) was set to absorb potential losses resulting from stressed conditions, both on an individual and consolidated basis.

### 3.4 Minimum requirement for own funds and eligible liabilities (MREL)

In accordance with Article 99a(6) of the Act on the Bank Guarantee Fund (BFG), the Bank is required to publicly disclose information on own funds and eligible liabilities, their components, including maturity profile and ranking in insolvency, as well as the level of the minimum requirement for own funds and eligible liabilities (MREL) determined by the Bank Guarantee Fund.

Pursuant to Article 97(4) of the BFG Act, the Bank Guarantee Fund exempted PKO Bank Hipoteczny S.A. from the obligation to maintain MREL. As a result, TREA and TEM of PKO Bank Hipoteczny S.A. are excluded from consolidation for MREL purposes. Additionally, the BFG indicated that Kredobank S.A. is not part of the resolution group and should also be excluded from consolidation for MREL purposes. The exclusion does not apply to TREA for the purpose of calculating the Common Equity Tier 1 capital used to meet the combined buffer requirement.

The MREL TREA requirement for the Bank was set on a consolidated basis at 15.36% of TREA (total risk exposure amount). Additionally, as at 31 December 2025, the combined buffer requirement amounted to 5.50% for the Bank's Group, and the CET1 capital used to meet this requirement cannot be used to meet the MREL TREA requirement.

The MREL TEM requirement for the Bank on a consolidated basis was set at 5.91% of TEM (total exposure measure).

As the Bank's resolution group exceeded EUR 100 billion in total assets, it was classified as a "Top Tier Bank", meeting the condition set out in Article 97h(1) of the BFG Act. Consequently, the Bank is required to meet the subordinated MREL requirement applicable to Top Tier Banks from 1 January 2027.

The MREL TREA requirement for the Bank on a consolidated basis should be met with own funds and eligible liabilities meeting the subordination requirement at a level of 13.91% of TREA from 1 January 2027. Until that date, the Bank is required to maintain own funds and eligible liabilities meeting the subordination requirement at a level not lower than 13.53% of TREA.

The MREL TEM requirement for the Bank on a consolidated basis should be met with own funds and eligible liabilities meeting the subordination requirement at a level of 5.91% of TEM from 1 January 2027. Until that date, the Bank is required to maintain own funds and eligible liabilities meeting the subordination requirement at a level not lower than 5.50% of TEM.

The tables presented correspond to the templates set out in Commission Implementing Regulation (EU) 2021/763 of 23 April 2021 laying down implementing technical standards for the application of Regulation (EU) No 575/2013 and Directive 2014/59/EU with regard to supervisory reporting and public disclosure of MREL (as amended). The scope of disclosures reflects the fact that the Bank is a resolution entity, but is neither a global systemically important institution (G-SII) nor part of such an institution.



Table 3.9 Key metrics – MREL [Template EU KM2]

		a
		Minimum requirement for own funds and eligible liabilities (MREL)
Own funds and eligible liabilities, ratios and components		31.12.2025
1	Own funds and eligible liabilities	67 252
EU-1a	Of which own funds and subordinated liabilities	64 082
2	Total risk exposure amount of the resolution group (TREA)	287 590
3	Own funds and eligible liabilities as a percentage of TREA (row1/row2)	23,38%
EU-3a	Of which own funds and subordinated liabilities	22,28%
4	Total exposure measure of the resolution group	624 923
5	Own funds and eligible liabilities as percentage of the total exposure measure	10,76%
EU-5a	Of which own funds or subordinated liabilities	10,25%
<b>Minimum requirement for own funds and eligible liabilities (MREL)</b>		
EU-7	MREL requirement expressed as percentage of the total risk exposure amount	15,36%
EU-8	Of which to be met with own funds or subordinated liabilities	13,53%
EU-9	MREL requirement expressed as percentage of the total exposure measure	5,91%
EU-10	Of which to be met with own funds or subordinated liabilities	5,50%

Columns and rows relating exclusively to G-SIIs subject to TLAC requirements have been omitted.

As at 31 December 2025, the Bank's Group reported a surplus of own funds and eligible liabilities of PLN 6,968 million above the level resulting from the MREL TREA requirement plus the combined buffer requirement. The surplus above the subordinated MREL TREA requirement plus the combined buffer requirement amounted to PLN 9,060 million. The surplus above the MREL TEM requirement amounted to PLN 30,319 million, including PLN 29,712 million above the subordinated MREL TEM requirement.



Table 3.10 Components – MREL [Template EU TLAC1]

		31.12.2025 a
		Minimum requirement for own funds and eligible liabilities (MREL)
<b>Own funds and eligible liabilities and adjustments</b>		
1	Common Equity Tier 1 capital (CET1)	45 259
2	Additional Tier 1 capital (AT1)	-
6	Tier 2 capital (T2)	4 499
11	Own funds for the purpose of Articles 92a CRR and 45 BRRD	49 758
<b>Own funds and eligible liabilities: Non-regulatory capital elements</b>		
12	Eligible liabilities instruments issued directly by the resolution entity that are subordinated to excluded liabilities (not grandfathered)	12 623
EU-12a	Eligible liabilities instruments issued by other entities within the resolution group that are subordinated to excluded liabilities (not grandfathered)	-
EU-12b	Eligible liabilities instruments that are subordinated to excluded liabilities, issued prior to 27 June 2019 (subordinated grandfathered)	-
EU-12c	Tier 2 instruments with a residual maturity of at least one year to the extent they do not qualify as Tier 2 items	1 701
13	Eligible liabilities that are not subordinated to excluded liabilities (not grandfathered pre cap)	3 170
EU-13a	Eligible liabilities that are not subordinated to excluded liabilities issued prior to 27 June 2019 (pre-cap)	-
14	Amount of non subordinated instruments eligible, where applicable after application of Article 72b (3) CRR	3 170
17	Eligible liabilities items before adjustments	17 495
EU-17a	Of which subordinated	14 324
<b>Own funds and eligible liabilities: Adjustments to non-regulatory capital elements</b>		
18	Own funds and eligible liabilities items before adjustments	67 252
22	Own funds and eligible liabilities after adjustments	67 252
EU-22a	Of which own funds and subordinated	64 082
<b>Risk-weighted exposure amount and leverage exposure measure of the resolution group</b>		
23	Total risk exposure amount	287 590
24	Total exposure measure	624 923
<b>Ratio of own funds and eligible liabilities</b>		
25	Own funds and eligible liabilities (as a percentage of total risk exposure amount)	23,38%
EU-25a	Of which own funds and subordinated	22,28%
26	Own funds and eligible liabilities (as a percentage of total exposure measure)	10,76%
EU-26a	Of which own funds and subordinated	10,25%
27	CET1 (as a percentage of TREA) available after meeting the resolution group's requirements	8,02%

Columns and rows relating exclusively to G-SIIs subject to TLAC or empty in the EU have been omitted.

The Bank meets MREL requirements primarily with Common Equity Tier 1 capital. Additionally, subordinated liabilities included in Tier II capital, the amortised portion of subordinated liabilities pursuant to Article 64 of the CRR, as well as eligible liabilities arising from the issuance of senior non-preferred notes and senior preferred notes are used.

Table 3.11 Creditor ranking – resolution entity [Template EU TLAC3b]

	31.12.2025	insolvency ranking				sum of 1-9
		1 (most junior)	3	5	9	
1	Description of insolvency rank (free text)	The Bank's own funds referred to in Art. 26 of the CRR Regulation (Tier 1 capital)	Liabilities included in the Bank's own funds referred to in Art. 62 of the CRR Regulation (Tier II capital)	Subordinated liabilities not included in the Bank's own funds, referred to in Art. 64 of the CRR Regulation	Other liabilities	
5	Subset of row 4 that are own funds and liabilities potentially eligible for meeting [choose as appropriate: TLAC/ MREL]	43 598	6 200	12 623	3 170	65 592
6	o/w residual maturity $\geq$ 1 year < 2 years	-	1 700	3 170	-	4 870
7	o/w residual maturity $\geq$ 2 year < 5 years	-	1 000	9 453	3 170	13 623
8	o/w residual maturity $\geq$ 5 years < 10 years	-	3 500	-	-	3 500
9	o/w residual maturity $\geq$ 10 years, but excluding perpetual securities	-	-	-	-	-
10	o/w perpetual securities	43 598	-	-	-	43 598



Rows that are empty in the EU and columns not containing MREL-eligible instruments have been omitted.

The table below presents the classification of creditor hierarchy in insolvency proceedings in accordance with the Bankruptcy Law (Journal of Laws of 2003 No. 60, item 535, as amended), with highlighted categories (in bold) in which the Bank reported own funds and eligible liabilities meeting the MREL requirement.

Table 3.12 Classification of creditor hierarchy in insolvency proceedings

Ranking level	Category name	Description	Legal basis
1 (lowest)	<b>Category 10</b>	<b>Claims arising from liabilities classified as the Bank's own funds, as referred to in Article 26 of the CRR, together with interest and enforcement costs.</b> Where the instruments to which the claims referred to in Category 10 relate are only partially recognised as items of the Bank's own funds, claims arising from the entire instrument are treated as claims arising from the category to which that instrument has been assigned.	<b>Article 440(2)(10) and Article 440(2b) of the Bankruptcy Law</b>
2	Category 9	Claims arising from liabilities classified as the Bank's own funds, as referred to in Article 51 of the CRR, together with interest and enforcement costs. Where the instruments to which the claims referred to in Category 9 relate are only partially recognised as items of the Bank's own funds, claims arising from the entire instrument are treated as claims arising from the category to which that instrument has been assigned.	Article 440(2)(9) and Article 440(2b) of the Bankruptcy Law
3	<b>Category 8</b>	<b>Claims arising from liabilities classified as the Bank's own funds, as referred to in Article 62 of the CRR, together with interest and enforcement costs.</b> Where the instruments to which the claims referred to in Category 8 relate are only partially recognised as items of the Bank's own funds, claims arising from the entire instrument are treated as claims arising from the category to which that instrument has been assigned.	Article 440(2)(8) and Article 440(2b) of the Bankruptcy Law
4	Category 7	Claims arising from subordinated liabilities not included in the Bank's own funds, together with interest and enforcement costs.	Article 440(2)(7) of the Bankruptcy Law
5	<b>Category 6</b>	<b>Claims arising from bonds or other debt instruments that exhibit the characteristics of transferable claims, or from instruments producing legal effects equivalent to debt instruments, together with interest and enforcement costs, excluding claims from Category 9, provided that all of the following conditions are met:</b> a) the original contractual maturity of the claim is at least one year, b) the agreement or accompanying documentation and information relating to the issuance of debt instruments or instruments producing equivalent legal effects, and, where applicable, also the prospectus, clearly and comprehensibly specify the ranking category of the claim, c) the claims do not arise from: – derivative instruments, in particular those linked to assets, rights, liabilities, indices or other benchmarks, or exhibiting characteristics of derivative financial instruments, – structured financial products referred to in Article 2(1)(28) of Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012 (OJ EU L 173, 12.06.2014, p. 84, as amended), d) the nominal value of a single bond or debt instrument is not lower than PLN 400,000 or the equivalent amount in another currency, determined using the average exchange rate published by Narodowy Bank Polski on the date of the issuer's decision to issue.	Article 440(2)(6) of the Bankruptcy Law
6	Category 5	Claims of partners or shareholders arising from a loan or other legal act with similar effects, in particular the supply of goods with deferred payment terms, made to the bankrupt entity being a capital company within 5 years prior to the declaration of bankruptcy, together with interest, if they are not satisfied in lower-ranking categories.	Article 440(2)(5) of the Bankruptcy Law
7	Category 4b	Claims of the managing entity of an institutional protection scheme referred to in Article 130e(1) of the Banking Law Act of 29 August 1997, and of the managing entity referred to in Article 22d(1)(2) of the Act of 7 December 2000 on the functioning of cooperative banks, their associations and affiliating banks, together with interest and enforcement costs.	Article 440(2)(4)(b) of the Bankruptcy Law
8	Category 4a	Interest on claims included in Category 3d, as well as judicial fines, administrative pecuniary penalties, and claims arising from donations and legacies.	Article 440(2)(4)(a) of the Bankruptcy Law
9	<b>Category 3d</b>	<b>Other claims, if they are not satisfied in other categories, in particular taxes and other public levies, as well as other claims arising from social security contributions.</b>	Article 440(2)(3)(d) of the Bankruptcy Law



10	Category 3c	Interest on claims included in Categories referred to in Category 1 and 2, and Category 3a and 3b.	Article 440(2)(3)(c) of the Bankruptcy Law
11	Category 3b	Other claims arising from bank account agreements.	Article 440(2)(3)(b) of the Bankruptcy Law
12	Category 3a	Other claims relating to funds covered by guarantee protection other than guaranteed deposits within the meaning of Article 2(65) of the BFG Act.	Article 440(2)(3)(a) of the Bankruptcy Law
13	Category 2	Claims of natural persons, micro-enterprises, small and medium-sized enterprises relating to funds covered by guarantee protection other than guaranteed deposits within the meaning of Article 2(65) of the BFG Act.	Article 440(2)(2) of the Bankruptcy Law
14	Category 1	Claims referred to in Article 39(1) of the BFG Act, together with interest and enforcement costs, including claims arising before the declaration of bankruptcy from employment relationships, excluding claims for remuneration of the bankrupt's representative or persons performing management or supervisory functions, claims of farmers under agreements for the supply of products from their own agricultural holdings, alimony claims, and annuities for damages due to illness, incapacity for work, disability or death, and annuities replacing rights under life annuity agreements, due for the last three years before the declaration of bankruptcy, as well as claims arising from social security contributions within the meaning of the Act of 13 October 1998 on the social security system.	Article 440(2)(1) of the Bankruptcy Law

## 3.5 Impact of transitional arrangements on capital adequacy

The PKO Bank Polski Group applies, in the calculation of own funds, the temporary treatment of unrealised gains and losses on securities measured at fair value through other comprehensive income (in accordance with Article 468 of the CRR) and, until the end of 2024, applied a transitional adjustment to mitigate the impact of the implementation of IFRS 9 on own funds, in accordance with Article 473a of the CRR.

### 3.5.1 Transitional adjustment to mitigate the impact of IFRS 9 on own funds

Until 31 December 2024, the Bank's Group applied a transitional adjustment mitigating the impact of IFRS 9 on own funds and capital adequacy ratios (resulting from Regulation (EU) 2020/873 of the European Parliament and of the Council of 24 June 2020 amending Regulations (EU) No 575/2013 and (EU) 2019/876 with regard to certain adjustments in response to the COVID-19 pandemic). This provision allowed for mitigating the impact on Tier 1 capital of impairment allowances created from 1 January 2020.

In accordance with Article 473a(7a) of the CRR, a 100% risk weight was assigned to the amount of the adjustment mitigating the impact of IFRS 9 on own funds, and the resulting value was added to the total exposure measure.

### 3.5.2 Temporary treatment of unrealised gains and losses on securities measured at fair value through other comprehensive income

In accordance with Article 468 of the CRR (as amended by the above-mentioned Regulation 2020/873), from July 2024 the Group applies a temporary treatment of unrealised gains and losses measured at fair value through other comprehensive income.

This approach allows for excluding from the calculation of the Bank's Common Equity Tier 1 capital a portion of unrealised gains and losses accumulated since 31 December 2019, recognised in the balance sheet under "changes in the fair value of debt instruments measured at fair value through other comprehensive income", corresponding to exposures to central governments, regional governments or local authorities, and public sector entities, excluding those financial assets that are impaired due to credit risk.



# Capital Adequacy and other information to disclosures

as at 31 December 2025

Bank Polski

Table 3.13 Comparison of institutions' own funds, capital ratios and leverage ratio with and without the application of IFRS 9 transitional arrangements or analogous expected credit losses and with and without the application of the temporary treatment under Article 468 of the CRR [template IFRS 9]

	31.12.2025	30.09.2025	30.06.2025	31.03.2025	31.12.2024
<b>Available capital (amounts)</b>					
1 Common Equity Tier 1 capital (CET1)	45 623	45 726	44 546	43 433	44 255
2 Common Equity Tier 1 (CET1) capital if the IFRS 9 transitional arrangements or similar expected credit losses were not applied	45 623	45 726	44 546	43 433	43 445
2a Common Equity Tier 1 capital (CET1) if the provisional treatment of unrealized gains and losses measured at fair value through other comprehensive according to Article 468 of the CRR	46 001	45 700	44 192	42 803	43 434
3 Tier 1 capital (T1)	45 623	45 726	44 546	43 433	44 255
4 Tier 1 capital if the IFRS 9 transitional arrangements or similar expected credit losses were not applied	45 623	45 726	44 546	43 433	43 445
4a Tier 1 capital if the provisional treatment of unrealized gains and losses measured at fair value through other comprehensive income according to Article 468 of the CRR	46 001	45 700	44 192	42 803	43 434
5 Total capital	50 122	50 361	47 317	46 338	47 294
6 Total capital, if the IFRS 9 transitional or similar expected loan losses were not applied	50 122	50 361	47 317	46 338	46 484
6a Total capital, if the provisional treatment of unrealized gains and losses measured at fair value through other comprehensive income according to Article 468 of the CRR	50 500	50 335	46 963	45 708	46 473
<b>RWAs (amounts)</b>					
7 Total RWAs	293 034	280 615	273 455	269 278	254 517
8 Total RWAs if the IFRS 9 transitional or similar expected credit losses were not applied	293 034	280 615	273 455	269 278	253 715
<b>Capital ratios</b>					
9 Common Equity Tier 1 capital (as a percentage of the risk exposure amount)	15,57%	16,29%	16,29%	16,13%	17,39%
10 Common Equity Tier 1 capital (as a percentage of the risk exposure amount) if the IFRS 9 transitional arrangements or similar expected credit losses were not applied	15,57%	16,29%	16,29%	16,13%	17,12%
10a Common Equity Tier 1 capital (as a percentage of the risk exposure amount) if the provisional treatment of unrealized gains and losses measured at fair value through other comprehensive income, according to Art. 468 of the CRR	15,70%	16,28%	16,16%	15,89%	17,06%
11 Tier 1 capital (as a percentage of the risk exposure amount)	15,57%	16,29%	16,29%	16,13%	17,39%
12 Tier 1 capital (as a percentage of the risk exposure amount) if the IFRS 9 transitional arrangements or similar expected credit losses were not applied	15,57%	16,29%	16,29%	16,13%	17,12%
12a Tier 1 capital (as a percentage of the risk exposure amount) if there was no provisional treatment of unrealized gains and losses measured at fair value through other comprehensive income, according to Article 468 of the CRR	15,70%	16,28%	16,16%	15,89%	17,06%
13 Total capital (as a percentage of the risk exposure amount)	17,10%	17,95%	17,30%	17,21%	18,58%
14 Total capital (as a percentage of the risk exposure amount) if the IFRS 9 transitional or similar expected credit losses were not applied	17,10%	17,95%	17,30%	17,21%	18,32%
14a Total capital (as a percentage of the risk exposure amount), if there was no provisional treatment of unrealized gains and losses measured at fair value through other comprehensive income, according to Article 468 of the CRR	17,23%	17,94%	17,17%	16,97%	18,26%
<b>Leverage ratio</b>					
15 The leverage ratio total exposure measure	639 924	613 745	604 120	590 720	569 033
16 Leverage ratio	7,13%	7,45%	7,37%	7,35%	7,78%
17 The leverage ratio if the IFRS 9 transitional arrangements or similar expected credit losses were not applied	7,13%	7,45%	7,37%	7,35%	7,65%
17a The leverage ratio if the provisional treatment of unrealized gains and losses measured at fair value through other comprehensive income, according to Article 468 of the CRR	7,19%	7,45%	7,32%	7,25%	7,63%

The above table presents a comparison of the institution's own funds, capital ratios and leverage ratio with and without the application of IFRS 9 transitional arrangements or analogous expected credit losses, and with and without the temporary treatment under Article 468 of the CRR for the Group.

If, as at 31 December 2025, the temporary treatment of unrealised gains and losses measured at fair value through other comprehensive income under Article 468 of the CRR had not been applied, the Bank's Tier 1 capital would have amounted to PLN 43,901 million, total capital to PLN 48,400 million, the Tier 1 capital ratio would have been 17.18%, the total capital ratio 18.94%, and the leverage ratio 7.55%.

## 3.6 Internal capital (Pillar II)

In 2025, the Bank's Group determined internal capital in accordance with:

- 1) the CRR Regulation,
- 2) the Banking Law Act,
- 3) the Regulation of the Minister of Finance, Funds and Regional Policy of 27 July 2021 on the detailed method of estimating internal capital and the bank's review of strategies and procedures for estimating and maintaining internal capital,
- 4) the Macroprudential Supervision Act,

as well as internal regulations of the Bank and the Bank's Group.

Internal capital is the amount of capital necessary to cover all identified, material types of risk present in the Bank's and the Bank's Group's activities, as well as changes in the economic environment, taking into account the expected level of risk.

The purpose of estimating internal capital is to maintain own funds at a level resulting from the Strategy, ensuring the safety of operations while taking into account changes in the risk profile and scale of operations, as well as adverse stress conditions, and to enable more effective management of the Bank and the Bank's Group aimed at improving profitability and return on invested capital.



For each risk deemed material, the Bank's Group develops and applies appropriate methods of assessment and measurement. The Bank periodically monitors the materiality of individual types of risk relating to the Bank's and the Bank's Group's activities. Internal capital for covering individual types of risk is determined in accordance with methods specified in internal regulations.

The total internal capital of the Bank's Group constitutes the sum of internal capital required to cover all material types of risk to which the Bank and the Bank's Group are exposed, including entities subject to prudential consolidation (assuming no correlation between individual risks).

Internal capital to cover credit risk of default is determined as the value of the own funds requirement for credit risk estimated using IRB methods, the standardised approach for calculating the capital requirement for credit risk, as specified in the CRR, and internal methods. Internal capital for central counterparty (CCP) credit risk is estimated in accordance with the CRR approach for calculating the capital requirement for exposures to qualifying central counterparties, including the preferential risk weight.

In the case of non-standard exposures to credit risk of financial institutions and countries requiring internal capital estimation, solutions described in the CRR are applied. Internal capital for credit risk of default is determined for exposures subject to credit risk, including both on-balance-sheet and off-balance-sheet items. Entities within the Bank's Group for which credit risk is material determine internal capital based on the value of the own funds requirement for credit risk. The total internal capital for credit risk of default is the sum of internal capital determined for separated exposure portfolios and Group entities.

Internal capital for foreign currency mortgage loan risk is estimated based on the value of projected losses resulting from court disputes with customers, reduced by losses from disputes and settlements already recognised in the Bank's results.

Internal capital for market risk includes internal capital for interest rate risk in the non-trading book, interest rate risk in the trading book, and foreign exchange risk.

For interest rate risk in the non-trading book, internal capital is calculated using measures of net interest income sensitivity, economic value sensitivity measures, results of stress tests for credit spread risk in the non-trading book (CSRBB), and results of a shock scenario of prepayments of mortgage loans based on periodically fixed interest rates over a one-year horizon (customer option risk).

For interest rate risk in the trading book, internal capital is calculated using the Value-at-Risk method, including stress test results.

For foreign exchange risk, internal capital is calculated using the Value-at-Risk method, including stress test results and the open currency position.

Internal capital for interest rate risk and foreign exchange risk of the Bank's Group is calculated in a manner similar to that used for the Bank, taking into account the specific nature of the entities for which internal capital is calculated.

Internal capital for liquidity risk includes the estimated total cost of rapidly liquidating the securities portfolio to cover stress-test outflows, the cost of obtaining additional funding to finance liquid assets up to the required level, and the cost related to planned issuance of traditional bonds instead of green bonds. The total internal capital for liquidity risk of the Bank's Group is the sum of the Bank's internal capital and that of Group entities for which liquidity risk is material. Internal capital for Group entities is calculated similarly to the Bank, taking into account their specific characteristics.

Internal capital for operational risk of the Bank is determined using calculations of the business indicator, taking into account the impact of operational risk events to ensure sensitivity to the operational risk profile.

Internal capital for business risk of the Bank is determined based on historical analysis of variability of deviations of realised net business income from forecast values, in line with the Earnings at Risk concept, and scenario analysis results.

Internal capital for business risk of Group entities is determined for those entities that have assessed business risk as material. Internal capital for business risk of the Bank's Group is the sum of the Bank's internal capital and that of Group entities.

Internal capital for macroeconomic risk is determined by the Bank and Group entities for which such risk is material, based on results of comprehensive stress tests. Internal capital equals the arithmetic mean of total own funds requirements under shock scenarios that reduce the total capital ratio (TCR) below the baseline scenario level, calculated over four consecutive quarters.

Internal capital for model risk of the Bank and Group entities is determined based on an indicator reflecting the level of model risk.

Capital adequacy from the internal capital perspective is assessed in relation to own funds. The current own funds of the Bank and the Bank's Group cover these requirements with a significant safety margin.

## 3.7 Leverage ratio

The Bank's Group calculates the leverage ratio as one of the capital adequacy measures.

The objective of managing the risk of excessive leverage is to ensure an appropriate relationship between the amount of Tier 1 capital and the total of on-balance-sheet assets and off-balance-sheet exposures of the Bank and the Bank's Group. The method of managing excessive leverage risk is defined in the Bank's internal regulations. The Banking Risk Division (Capital Adequacy Department) and the Accounting and Reporting Department are responsible for assessing excessive leverage risk.

Identification of excessive leverage risk involves recognising current and potential sources and drivers of risk and determining its potential impact on the Bank's and the Bank's Group's operations. For the purposes of measuring excessive leverage risk, the leverage ratio is calculated as Tier 1 capital divided by the total exposure measure and expressed as a percentage.

As at 31 December 2025, the leverage ratio was calculated with reference to the transitional definition of Tier 1 capital (within the meaning of transitional arrangements concerning the temporary treatment of unrealised gains and losses on securities measured at fair value through other comprehensive income in accordance with Article 468 of the CRR). The Bank's Group also discloses (in section 3.5 of this report) the leverage ratio as if IFRS 9 transitional arrangements were not applied.

To maintain the leverage ratio at an acceptable level, a strategic risk tolerance limit and a threshold value are established, which are regularly monitored and reviewed at least once a year. The level of excessive leverage risk is defined as: low – when the leverage ratio is equal to or higher than the threshold value, elevated – when the leverage ratio is below the threshold but equal to or higher than the strategic risk tolerance limit, high – when the leverage ratio is below the strategic risk tolerance limit.



The leverage ratio is regularly calculated and reported. In the event of elevated or high excessive leverage risk, proposals for management actions are prepared, taking into account the current macroeconomic situation, costs associated with proposed actions, and their impact on the level of excessive leverage risk.

The leverage ratio is forecast as part of the financial planning process and takes into account planned changes in the Bank's and the Bank's Group's operations, as well as the impact of the asset structure on its level. The Bank has a list of potential tools to be used if there is a need to increase Tier 1 capital or adjust the structure of on-balance-sheet and off-balance-sheet exposures (the denominator of the leverage ratio).

In 2025, the leverage ratio remained above internal and external limits, as well as above the minimum levels recommended by the Polish Financial Supervision Authority.

Table 3.14 Summary reconciliation of accounting assets and leverage ratio exposures [Template EU LR1 – LRSum]

		31.12.2025
		a
		Applicable amount
1	Total assets as per published financial statements	580 491
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	191
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	-
4	(Adjustment for temporary exemption of exposures to central bank (if applicable))	-
5	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio total exposure measure in accordance with point (i) of Article 429a(1) CRR)	-
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	-
7	Adjustment for eligible cash pooling transactions	-
8	Adjustments for derivative financial instruments	3 797
9	Adjustment for securities financing transactions (SFTs)	-
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	46 165
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	-
EU-11a	(Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with point (c) of Article 429a(1) CRR)	-
EU-11b	(Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with point (j) of Article 429a(1) CRR)	-
12	Other adjustments	9 280
<b>13</b>	<b>Leverage ratio total exposure measure</b>	<b>639 924</b>



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Table 3.15 Leverage ratio. Leverage ratio common disclosure under the CRR [Template EU LR2 - LRCom]

		CRR leverage ratio exposures	
		31.12.2025	30.06.2025
<b>On-balance sheet exposures (excluding derivatives and SFTs)</b>			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	585 656	551 223
2	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	-	-
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	- 132	- 126
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	-	-
5	(General credit risk adjustments to on-balance sheet items)	-	-
6	(Asset amounts deducted in determining Tier 1 capital)	- 2 737	- 2 833
7	Total on-balance sheet exposures (excluding derivatives and SFTs)	582 787	548 264
<b>Derivative exposures</b>			
8	Replacement cost associated with SA-CCR derivatives transactions (ie net of eligible cash variation margin)	3 220	2 454
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach	-	-
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	5 741	5 846
EU-9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach	-	-
EU-9b	Exposure determined under Original Exposure Method	-	-
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	-	-
EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)	-	-
EU-10b	(Exempted CCP leg of client-cleared trade exposures) (Original Exposure Method)	-	-
11	Adjusted effective notional amount of written credit derivatives	-	-
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-
13	Total derivatives exposures	8 962	8 300
<b>Securities financing transaction (SFT) exposures</b>			
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	2 011	84
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	- 1	- 0
16	Counterparty credit risk exposure for SFT assets	1	0
EU-16a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 CRR	-	-
17	Agent transaction exposures	-	-
EU-17a	(Exempted CCP leg of client-cleared SFT exposure)	-	-
18	Total securities financing transaction exposures	2 011	84
<b>Other off-balance sheet exposures</b>			
19	Off-balance sheet exposures at gross notional amount	115 989	103 948
20	Off-balance sheet exposures at gross notional amount	- 69 824	- 56 476
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)	-	-
22	Off-balance sheet exposures	46 165	47 472
<b>Excluded exposures</b>			
EU-22k	Total exempted exposures)	-	-
<b>Capital and total exposure measure</b>			
23	Tier 1 capital	45 623	44 547
24	Total exposure measure	639 924	604 120



		CRR leverage ratio exposures	
		31.12.2025	30.06.2025
<b>Leverage ratio</b>			
25	Leverage ratio (%)	7,13%	7,37%
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	7,13%	7,37%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	7,13%	7,37%
26	Regulatory minimum leverage ratio requirement (%)	3,00%	3,00%
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)	Not applicable	Not applicable
EU-26b	of which: to be made up of CET1 capital	Not applicable	Not applicable
27	Leverage ratio buffer requirement (%)	Not applicable	Not applicable
EU-27a	Overall leverage ratio requirement (%)	3,00%	3,00%
<b>Choice on transitional arrangements and relevant exposures</b>			
EU-27b	Choice on transitional arrangements for the definition of the capital measure	Transitional	Transitional
<b>Disclosure of mean values</b>			
28	Mean value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	3 068	1 482
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	2 010	84
30	Total exposure measure (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	640 982	605 518
30a	Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	640 982	605 518
31	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	7,12%	7,36%
31a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	7,12%	7,36%

Table 3.16 Split-up of on balance sheet exposures\* (excluding derivatives, SFTs and exempted exposures) [Template EU LR3 – LRSpl]

		31.12.2025
		a
		CRR leverage ratio exposures
EU-1	<b>Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:</b>	<b>585 656</b>
EU-2	Trading book exposures	1 541
EU-3	Banking book exposures, of which:	584 114
EU-4	Covered bonds	-
EU-5	Exposures treated as sovereigns	234 665
EU-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	22 331
EU-7	Institutions	4 129
EU-8	Secured by mortgages of immovable properties	144 082
EU-9	Retail exposures	83 277
EU-10	Corporate	59 693
EU-11	Exposures in default	6 005
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	29 932

\* On-balance-sheet exposures for the calculation of the leverage ratio within the meaning of the CRR (excluding derivatives and securities financing transactions)

In 2025, strategic decisions had an indirect impact on the level of the leverage ratio.

Factors affecting the leverage ratio:

- 1) increase in exposures resulting from:
  - growth in loans and advances granted to customers,
  - changes in the value of government bonds,
- 2) changes in the level of own funds resulting from the inclusion of the Group's profit for the first half of 2025 and the application of transitional arrangements regarding unrealised gains and losses measured at fair value through other comprehensive income.



## 3.8 Retrospective inclusion of profit for 2024 and for the first half of 2025

In accordance with Article 26(2) of the CRR, institutions may include current period profits or annual profits in Common Equity Tier 1 capital after the Bank's Group has taken a formal decision confirming the final financial result of the Bank's Group for a given year or, prior to such a decision, after obtaining prior permission from the competent authority.

The European Banking Authority (EBA) published in May 2020, within the single rulebook Q&A, a position regarding the timing of recognition of annual and interim profits in capital adequacy data (Q&A 2018\_3822 and Q&A 2018\_4085). According to this position, once the Bank's Group formally meets the criteria allowing profit for a given period to be included in Tier 1 capital, that profit should be recognised retrospectively (i.e. at the profit date rather than the date when the criteria are met), and own funds should be adjusted as at the date to which the profit relates.

Accordingly, the transformed data below present values of own funds, capital requirements and capital ratios for the periods ending 31 December 2024, 31 March 2025 and 30 June 2025.

In the restated data as at 31 December 2024 and 31 March 2025, own funds include the amount of the Bank's Group profit for 2024 (reduced by expected dividends) of PLN 2,300 million (in accordance with Resolution No. 7/2025 of the Ordinary General Meeting of PKO Bank Polski S.A. of 13 June 2025 regarding the distribution of profit for 2024, dividend per share, dividend date and payment date, under which 74.87% of profit for 2024 was distributed to shareholders and PLN 2,300 million was retained in reserve capital for future dividend payments). Part of this amount (PLN 1,299 million) had already been included in the data published as at 31 December 2024.

Following the Bank's Group obtaining approval to include part of the profit for the first half of 2025 in own funds (after deduction of expected charges), the amount of PLN 1,158 million was retrospectively included in own funds as at 30 June 2025, after obtaining the relevant approval from the supervisory authority.

Due to the change in the date of inclusion of profit in own funds, minor changes occurred in the amount of insufficient coverage of non-performing exposures (NPEs) in those periods. Thresholds under Article 48 of the CRR also changed, but this did not result in deductions from own funds in those periods.

As a result of applying the above EBA guidance, as at 31 December 2024, 31 March 2025 and 30 June 2025, the Bank's Group's own funds increased by PLN 834 million at the end of December, PLN 1,006 million at the end of March and PLN 1,170 million at the end of June, respectively. At the same time, the capital requirement for credit risk decreased by PLN 139 million at the end of December, PLN 151 million at the end of March and PLN 89 million at the end of June.

Consequently, the total capital ratio increased by 0.46 p.p. at the end of December, 0.50 p.p. at the end of March and 0.50 p.p. at the end of June.



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Table 3.17 Comparison of the institution's own funds and capital ratio and leverage ratio with and without the application of IFRS 9 transitional arrangements or expected credit loss, as well as with and without provisional treatment under Article 468 of CRR [Template IFRS 9] after retroactive accounting of profit

	31.12.2025	30.09.2025	30.06.2025*	31.12.2024*
<b>Available capital (amounts)</b>				
1 Common Equity Tier 1 capital (CET1)	45 623	45 726	45 716	45 089
2 Common Equity Tier 1 (CET1) capital if the IFRS 9 transitional arrangements or similar expected credit losses were not applied	45 623	45 726	45 716	44 451
2a Common Equity Tier 1 capital (CET1) if the provisional treatment of unrealized gains and losses measured at fair value through other comprehensive according to Article 468 of the CRR	46 001	45 700	45 362	44 268
3 Tier 1 capital (T1)	45 623	45 726	45 716	45 089
4 Tier 1 capital if the IFRS 9 transitional arrangements or similar expected credit losses were not applied	45 623	45 726	45 716	44 451
4a Tier 1 capital if the provisional treatment of unrealized gains and losses measured at fair value through other comprehensive income according to Article 468 of the CRR	46 001	45 700	45 362	44 268
5 Total capital	50 122	50 361	48 487	48 128
6 Total capital, if the IFRS 9 transitional or similar expected loan losses were not applied	50 122	50 361	48 487	47 490
6a Total capital, if the provisional treatment of unrealized gains and losses measured at fair value through other comprehensive income according to Article 468 of the CRR	50 500	50 335	48 133	47 307
<b>RWAs (amounts)</b>				
7 Total RWAs	293 034	280 615	272 338	252 780
8 Total RWAs if the IFRS 9 transitional or similar expected credit losses were not applied	293 034	280 615	272 338	252 150
<b>Capital ratios</b>				
9 Common Equity Tier 1 capital (as a percentage of the risk exposure amount)	15,57%	16,29%	16,79%	17,84%
10 Common Equity Tier 1 capital (as a percentage of the risk exposure amount) if the IFRS 9 transitional arrangements or similar expected credit losses were not applied	15,57%	16,29%	16,79%	17,63%
10a Common Equity Tier 1 capital (as a percentage of the risk exposure amount) if the provisional treatment of unrealized gains and losses measured at fair value through other comprehensive income, according to Art. 468 of the CRR	15,70%	16,28%	16,66%	17,51%
11 Tier 1 capital (as a percentage of the risk exposure amount)	15,57%	16,29%	16,79%	17,84%
12 Tier 1 capital (as a percentage of the risk exposure amount) if the IFRS 9 transitional arrangements or similar expected credit losses were not applied	15,57%	16,29%	16,79%	17,63%
12a Tier 1 capital (as a percentage of the risk exposure amount) if there was no provisional treatment of unrealized gains and losses measured at fair value through other comprehensive income, according to Article 468 of the CRR	15,70%	16,28%	16,66%	17,51%
13 Total capital (as a percentage of the risk exposure amount)	17,10%	17,95%	17,80%	19,04%
14 Total capital (as a percentage of the risk exposure amount) if the IFRS 9 transitional or similar expected credit losses were not applied	17,10%	17,95%	17,80%	18,83%
14a Total capital (as a percentage of the risk exposure amount), if there was no provisional treatment of unrealized gains and losses measured at fair value through other comprehensive income, according to Article 468 of the CRR	17,23%	17,94%	17,67%	18,71%
<b>Leverage ratio</b>				
15 The leverage ratio total exposure measure	639 924	613 745	604 120	569 033
16 Leverage ratio	7,13%	7,45%	7,57%	7,92%
17 The leverage ratio if the IFRS 9 transitional arrangements or similar expected credit losses were not applied	7,13%	7,45%	7,57%	7,82%
17a The leverage ratio if the provisional treatment of unrealized gains and losses measured at fair value through other comprehensive income, according to Article 468 of the CRR	7,19%	7,45%	7,51%	7,78%

\* Restated data refers to data after retrospective inclusion of profit



## 4 DISCLOSURE OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE RISKS (ESG RISKS)

The obligation to disclose information on environmental, social and governance (ESG) risk is imposed on the PKO Bank Polski Group by Article 449a of the CRR. In accordance with the consultation document EBA/CP/2025/07 of 22 May 2025 “Draft Implementing Technical Standards amending Commission Implementing Regulation (EU) 2024/3172, as regards the disclosures on ESG risks, equity exposures and the aggregate exposure to shadow banking entities”, the PKO Bank Polski Group, as a large listed institution subject to Article 449a of the CRR, during the transitional period until 31 December 2026, discloses information in accordance with Commission Implementing Regulation (EU) 2024/3172, excluding templates presenting the GAR ratio, BTAR ratio and climate mitigation actions based on standards other than EU standards (templates 6–10), in line with the position of the Polish Financial Supervision Authority regarding prudential requirements for credit institutions.

### 4.1 Prudential disclosures on ESG risks

#### 4.1.1 Qualitative information on environmental risk

##### Business strategy and processes

In October 2024, the Management Board of the Bank adopted the Growth and Development Strategy for 2025–2027, defining seven main pillars guiding the objectives of the Bank’s Group. One of them is becoming “Number 1” in financing the energy transition, aiming to achieve over 20% share in bank financing and focusing on the following activities:

- 1) financing low-emission energy;
- 2) financing low-emission buildings;
- 3) financing the purchase and leasing of zero-emission vehicles.

In the Strategy, the Bank declared:

- 1) over 20% share in financing Poland’s energy transition,
- 2) achieving net-zero by 2050 in line with the Paris Agreement<sup>12</sup>:
  - reducing own emissions through infrastructure modernisation and investments in energy-efficient building technologies (Scope 1);
  - using at least 90% renewable electricity (Scope 2);
  - covering more than 50% of the loan portfolio with a transition plan by the end of 2027 (Scope 3).

The Bank has been reporting climate disclosures in the global CDP system for several years<sup>13</sup>. In the CDP 2025 Climate Disclosure request, similarly to 2024, the Bank maintained a score of “C”. The CDP rating scale ranges from “A” (highest) to “D-” (lowest).

The product offering of the Bank’s Group is continuously adapted to changing customer needs and expanded with proprietary solutions and those developed in cooperation with other institutions, e.g. green guarantees from KUKE<sup>14</sup>, to support the competitiveness of Polish enterprises amid rising energy prices and evolving business and regulatory requirements. These activities aim to redirect capital towards activities significantly contributing to the objectives of the European Green Deal<sup>15</sup>, such as climate neutrality, zero pollution, biodiversity protection, transition to a circular economy and sustainable use of water and marine resources.

In October 2024, the Bank introduced a Sustainability-Linked Loan (SLL) product in the corporate segment, developed based on the Sustainability Linked Loan Principles (SLLP) prepared by the Loan Market Association<sup>16</sup>. In October 2025, the Bank introduced the ProEnergy loan, where the margin level is linked to improvements in energy transition indicators of enterprises. Work is ongoing on further products supporting sustainable finance for both corporate and SME clients.

In the first half of 2025, the Bank established cooperation with the Employers of Poland association, which, in cooperation with the European Investment Bank, obtained access to the ELENA grant (European Local Energy Assistance). Bank clients may receive refinancing of 90% of technical documentation costs (e.g. energy audits) for investments delivering at least a 30% reduction in primary energy consumption.

In August 2024, the Bank’s Group adopted the Green Bond Framework based on the Green Bond Principles (2021). Under this framework, in September 2024, the Bank issued its first green bonds with a total nominal value of EUR 750 million. In June and November 2025, the Bank issued additional green bonds with a nominal value of EUR 500 million each. The proceeds will be used to finance/refinance mortgage loans meeting the framework criteria. PKO Bank Hipoteczny S.A. plans to issue green covered bonds under this framework.

In February 2025, the Bank adopted the “Transformation Plan of the PKO Bank Polski Group” (Transformation Plan), which includes medium-term decarbonisation targets and actions covering both the Bank’s own operations (Scope 1 and 2) and financed emissions (Scope 3 – loan portfolio, sectors: power generation and residential real estate).

<sup>12</sup> Paris Agreement – an agreement concluded in 2015 at the 21st United Nations Climate Change Conference, whose main objective is to limit global warming to well below 2°C and to pursue efforts to limit it to 1.5°C compared to pre-industrial levels.

<sup>13</sup> CDP – a global non-profit organization that has been operating for 25 years, running a worldwide environmental disclosure system for investors, companies, cities, states, and regions.

<sup>14</sup> Korporacja Ubezpieczeń Kredytów Eksportowych S.A. (KUKE S.A.) – an entity providing export credit insurance ensuring security in trade on higher-risk markets, backed by guarantees of the State Treasury.

<sup>15</sup> European Green Deal – a set of policy initiatives by the European Commission aimed primarily at achieving climate neutrality in Europe by 2050.

<sup>16</sup> Loan Market Association (LMA) – an international association focused on improving liquidity, efficiency, and transparency in syndicated loans across Europe, the Middle East, and Africa, both in primary and secondary markets. The association seeks to achieve its objectives by establishing widely accepted market practices, thereby promoting the syndicated loan market



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SECTOR NAME	SCOPE OF SECTOR EMISSIONS	EMISSION INTENSITY IN THE BASE YEAR – 2023	TARGET FOR REDUCTION OF EMISSION INTENSITY BY 2030	% SHARE IN THE PORTFOLIO (2023)	DEFINED DECARBONISATION PATHWAY FOR THE SECTOR
Electricity and heat generation and supply*	Scope 1	349 kg CO <sub>2</sub> e/MWh	Achieving a 47% reduction in emission intensity (2023–2030)	1,98%	International Energy Agency 1.5°C
Residential real estate (mortgages)	Scope 1 and 2	58.8 kg CO <sub>2</sub> e/m <sup>2</sup>	Achieving a 31% reduction in emission intensity (2023–2030)	39%	By 2030, alignment with CRREM <sup>17</sup> 2°C; ultimately CRREM 1.5°C

\* The emission intensity indicator is calculated with reference to credit exposures in the electricity and heat generation and supply sector within the Bank's Group (the Bank's portfolio, PKO Leasing S.A., PKO Faktoring S.A., Kredobank S.A.).

In the second half of 2025, the Bank prepared an extension of the Transformation Plan. The extension covered additional areas of activity – the portfolio of PKO Leasing S.A. (including Prime Car Management S.A.) and the commercial real estate sector. The document was adopted by the Management Board of the Bank on 10 February 2026.

SECTOR NAME	SCOPE OF SECTOR EMISSIONS	EMISSION INTENSITY IN THE BASE YEAR – 2024	TARGET FOR REDUCTION OF EMISSION INTENSITY BY 2030	% SHARE IN THE PORTFOLIO (2024)	DEFINED DECARBONISATION PATHWAY FOR THE SECTOR
Leasing and loans for financing vehicles, machinery and equipment (PKO Leasing S.A. portfolio)*	Scope 1 and 2	120 t CO <sub>2</sub> e / PLN million 3% low-emission** financing in new sales	Achieving a 13% reduction in emission intensity (2024–2030) Increasing the share of low-emission financing in new sales to 27%	8.8%	Aligned with the emission reduction pathway for transport under the National Energy and Climate Plan until 2030 (WAM scenario)
Commercial real estate*	Scope 1 and 2	91 kg CO <sub>2</sub> e/m <sup>2</sup>	Achieving a 19% reduction in emission intensity (2024–2030)	1.8%	By 2030 – CRREM 2°C; ultimately CRREM 1.5°C

\* includes the portfolio of PKO Leasing S.A. (including Prime Car Management S.A.), excluding the part financing the electricity and heat generation sector and commercial real estate, due to their inclusion in other parts of the Transformation Plan for the respective sectors

\*\* low-emission financing is understood as financing of vehicles as well as machinery and equipment powered by electricity or hydrogen

\*\*\* includes all credit exposures in the commercial real estate sector within the Bank's Group (the Bank's portfolio and PKO Leasing S.A.)

By the end of 2027, the Bank planned to cover more than 50% of the Bank's Group loan portfolio with the Transformation Plan. This target was achieved earlier due to the extension of the Transformation Plan. Detailed information on the Transformation Plan is available in the Sustainability Report, which forms part of the Management Report of the PKO Bank Polski Group.

In the first half of 2025, the Bank made available to its clients the Energiatransformacji.pl platform in response to client needs for support in energy transition and ESG. The platform offers tools supporting clients in their energy transition processes (carbon footprint calculators, subsidy search engine) as well as an educational base on ESG sustainability.

In addition, the Bank offers consulting and engineering support in selecting appropriate financing for investment projects related to the energy transition, tailored to individual client needs. A dedicated team supports the Bank's business units by analysing client applications for energy transition financing. The team assesses whether the planned energy model is efficient, in particular whether energy production is aligned with consumption and storage capabilities. Furthermore, the team monitors, in cooperation with business units, the solutions applied by clients in the field of energy transition and proposes actions to improve their efficiency.

One of the tools for managing environmental risk within credit risk for counterparties from selected industries/sectors are sectoral policies. In the corporate client segment, the Bank has the following policies: Renewable Energy Sources (RES), High-Emission Energy Sector, Chemicals–Oil–Gas, Income-generating Real Estate, Construction Contractors, Automotive Parts Manufacturers & Car Dealers, Public Healthcare, Trade, Local Government Units (LGUs), and Agriculture and Food Industry. The assumptions of these policies are described in the Sustainability Report, which forms part of the Management Report of the PKO Bank Polski Group. In 2025, the Bank updated the following sectoral policies: Automotive Parts Manufacturers & Car Dealers, Income-generating Real Estate, RES, Agriculture and Food Industry, and LGUs. The Bank systematically, as well as when necessary, reviews additional sectoral policies. In addition to the above policies, the Bank continuously monitors changes and trends across industries/sectors, publishes internal materials (e.g. sector leaflets describing current market trends) and organises sector meetings. These activities aim to gradually reshape the loan portfolio structure by actively supporting high-emission entities in their transition and emission reduction, as well as developing a loan portfolio supporting sustainable development, including alignment with the EU Taxonomy<sup>18</sup>.

## Governance

The Management Board of the Bank defines the risk framework, oversees the implementation of objectives, strategies and policies, and sets the rules for managing them in the context of environmental risk management. Organisational units are responsible for coordinating and managing ESG risk and its impact on the Bank's risk profile in line with their competencies.

<sup>17</sup> CRREM (Carbon Risk Real Estate Monitor) – a global standard used to align the real estate sector with climate goals and to manage transition risk.

<sup>18</sup> EU Taxonomy Regulation (EU) 2020/852 – a regulation of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, amending Regulation (EU) 2019/2088.



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Committees operating within the Bank take into account analyses and opinions regarding ESG-related activities within their scope of responsibilities when making decisions.

The Sustainability Committee supports the Management Board in setting priorities, directions and objectives in sustainable development and energy transition, and supervises the Transformation Plan, development of policies, systems and solutions supporting financing, as well as the Green Bond Framework. The Committee also oversees significant impacts, risks and opportunities related to sustainability in the short-, medium- and long-term. It acts as a platform for dialogue and monitors the implementation of the Bank's Group objectives and initiatives, co-shaping policies, solutions and the management system in these areas. The Committee is chaired by the Vice-President of the Management Board responsible for Finance and Accounting, with the Vice-President responsible for Administration acting as deputy chair.

The Operational Risk Committee supports the Management Board in managing operational risk and, within its scope, makes decisions, issues recommendations, guidelines and opinions, including those related to ESG risk—particularly when operational risk arises from environmental ESG factors. Since the reporting period for Q4 2023, the Bank has included ESG risk factors in internal operational risk reports.

The Credit Risk Committee supports the Management Board in managing credit risk and, within its scope, makes decisions, issues recommendations, guidelines and opinions, including in the ESG area. In particular, it supports the decarbonisation of the loan portfolio by analysing and reviewing strategies for reducing exposure to high-emission assets.

The ESG Sustainability Department is responsible for coordinating activities ensuring the implementation of ESG-related strategic objectives of the Bank and its Group.

The Credit Risk Department is responsible for managing ESG risk in the loan portfolio, including calculating portfolio emissions and monitoring decarbonisation pathways. It develops tools and solutions supporting ESG risk management, including data acquisition and implementation of regulatory requirements (e.g. EU Taxonomy, Pillar III disclosures). It also monitors strategic credit risk limits and climate-related limits, including internal portfolio limits, particularly those related to climate risk. Furthermore, it coordinates the implementation of consistent risk management standards across the Group regarding the impact of climate factors on various risk types, especially at the portfolio level.

The ESG Public Programmes Department supports the development of the Bank's offering for SME and corporate clients in products and services linked to public and EU programmes, including those supporting ESG and climate transition.

Other units involved in ESG risk management include those responsible for strategic planning, sustainability disclosures, legal services and compliance.

The Bank implements a comprehensive ESG risk management approach, integrating it into planning, implementation and monitoring processes. This includes approving relevant plans, supervising their execution and taking corrective actions in case of significant deviations from targets. Within the Group Strategy and the Transformation Plan, detailed sales plans supporting climate and sustainability objectives have been developed.

In the second half of 2025, the Bank prepared the "Transition Plan of the PKO Bank Polski Group" within the meaning of the EBA Guidelines EBA/GL/2025/01 of 8 January 2025 on ESG risk management. The document was adopted by the Management Board on 11 January 2026.

The Bank's Group manages ESG risk, including climate risk, across three independent and complementary levels:

- 1) the first level consists of business units identifying ESG risks at an early stage, assessing ESG risk during client onboarding and periodic reviews, and engaging in ESG dialogue with clients. They also assess ESG risk related to transactions, evaluate mitigation measures applied by clients, and develop and implement ESG risk-reducing products;
- 2) the second level consists primarily of risk management units responsible for independent expert assessment, considering credit policy assumptions regarding ESG risk. These units also develop ESG risk identification and assessment tools, enhance climate stress testing processes and integrate them with other regulatory processes such as ICAAP<sup>19</sup>;
- 3) the third level consists of internal audit, which performs independent assessments of the Bank's management system, including ESG risk management. Internal audit plans include ESG-related reviews, such as verification of compliance with ESG regulations. Findings and their materiality, as well as monitoring of corrective actions, are reported to the Management Board and Supervisory Board.

Environmental risk is continuously monitored and reported in:

- 1) the Sustainability Report (annually),
- 2) this Report (semi-annually),
- 3) the Internal Capital Adequacy Assessment and Capital Management Review Report (annually),
- 4) the Credit Risk Report (quarterly),
- 5) materials and documents prepared for the Sustainability Committee.

The "Remuneration Policy for Employees of the Bank and the Bank's Group" ensures consistency of the remuneration system, including alignment with ESG risk strategy. Variable remuneration of Management Board members depends on achieving ESG-related strategic objectives. Supervisory Board members receive fixed remuneration only. They assess the effectiveness of the Management Board in achieving ESG objectives, indirectly linking them to ESG governance. The remuneration policy requires that management objectives include consideration of social responsibility and environmental protection. In 2025, variable remuneration of Management Board members depended, among others, on achieving strategic initiatives related to financing Poland's energy transition, including low-emission energy development.

## Risk management

The Bank manages ESG risk within the framework of managing other types of risk, as due to the nature of ESG risk, it is not a separate risk category but a cross-cutting risk that may influence the materialisation of individual risk types in the Bank, in particular credit risk.

Definitions of ESG are included in the "Risk Management Strategy of PKO Bank Polski S.A. and the PKO Bank Polski Group". These are:

- 1) ESG factors – environmental, social and governance factors that may have a positive or negative impact on clients and counterparties or on the Bank's balance sheet items; ESG factors with a negative impact are referred to as ESG risk factors,
- 2) ESG risk – the risk of negative financial consequences for the Bank resulting from the current or future impact of ESG risk factors on clients and counterparties or on the Bank's balance sheet items.

<sup>19</sup> ICAAP (Internal Capital Adequacy Assessment Process) – a process for assessing internal capital and managing capital, aimed at developing risk measurement and determining internal capital.



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The Bank verifies and assesses financial, capital and strategic plans in terms of the level of risk generated and their alignment with sustainable development (taking into account ESG risks in the short-, medium- and long-term perspective).

In December 2024, the Bank introduced a regulation concerning the assessment of compliance with minimum safeguards and the implementation of due diligence mechanisms regarding the negative impact of activities on human rights by the Bank's clients and counterparties. The assessment of minimum safeguards is linked to the evaluation of areas such as anti-corruption, taxation, fair competition, science, technology and innovation, as well as human rights and labour rights. The method of assessing compliance with minimum safeguards is reviewed at least annually for compliance with applicable law.

In the process of assessing the loan portfolio, the Bank adopts the definition of environmental (including climate) physical risk and transition risk in accordance with the CRR Regulation.

The Bank implements mechanisms reflecting the principle of "double materiality" by considering:

- 1) the impact of ESG factors on the Bank's operations, financial performance and development,
- 2) the impact of the Bank's activities on society and the environment.

The Bank applies classification rules for the loan portfolio for ESG risk management and reporting purposes, which define, in particular, criteria for identifying and classifying exposures financing environmental, social and governance activities. The Bank distinguishes four classes of ESG exposures:

- 1) exposures supporting sustainable development – light green exposures (included, among others, in BTAR calculation), related to financing:
  - a) environmental objectives;
  - b) transition towards a climate-neutral and sustainable economy – exposures supporting environmental objectives referred to in Article 9 of the EU Taxonomy Regulation (EU) 2020/852;
  - c) sustainable development (including sustainable economic transition) – exposures meeting market standards for sustainable finance;
  - d) transactions supporting sustainable development co-financed by public funds and by national and supranational institutions;
  - e) social objectives – financing activities with a positive impact on society and communities;
- 2) environmentally sustainable exposures (taxonomy-aligned) – dark green exposures (included in GAR calculation), related to financing economic activities that meet the conditions set out in Article 3 of the EU Taxonomy Regulation (EU) 2020/852, i.e.:
  - a) making a substantial contribution to at least one of the six environmental objectives;
  - b) doing no significant harm to any of the other environmental objectives (DNSH principle);
  - c) compliance with minimum safeguards;
  - d) meeting technical screening criteria specified in delegated acts issued by the European Commission;
- 3) environmentally neutral exposures – white exposures, related to financing activities for which no environmental objective can be assigned and which are not classified as sustainable, taxonomy-aligned or environmentally harmful exposures;
- 4) exposures with a negative environmental impact – brown exposures, related to financing activities contributing to significant greenhouse gas emissions, pollution of air, water and soil, deforestation, waste generation, biodiversity loss or excessive use of natural resources.

The Bank assesses the impact of environmental, social and governance factors on the client's creditworthiness in the credit process for corporate clients and SME clients assessed using rating methods. The Bank also evaluates the ESG impact of credit transactions and classifies them into the above ESG classes.

Within the credit process, the Bank assesses both the impact of a given credit transaction on ESG issues, and how ESG factors affect the transaction itself. In assessing ESG factors, the Bank considers, among others, climate change risk and its impact on the client's business, the client's potential impact on climate change, human capital factors, health and safety aspects, and governance-related factors (including organisational culture and internal oversight).

For local government units and related credit transactions, the Bank assumes a neutral ESG impact unless specific information is available about the client or transaction—in such cases, the assessment reflects that information.

ESG risk assessment in the credit process is also carried out through the application of sectoral credit policies described in the Sustainability Report.

In the second half of 2025, the Bank developed guidelines for financing corporate energy transition projects aimed at improving energy efficiency and renewable energy generation (RES). The document was adopted by the Bank's Credit Committee on 10 February 2026. The guidelines include:

- best practices for financing energy transition investments;
- types of financed investments;
- recommended legal collateral structures;
- required documentation for investment implementation.

As a signatory to international agreements concerning, among others, environmental issues, Poland incorporates their provisions into national legislation. Consequently, the Bank's Group, operating under national law, complies with these international agreements to the extent applicable to its activities.

The sector in which the Bank's Group operates does not have a significant direct impact on climate. Its impact is primarily indirect, through financing provided to clients. Therefore, the Bank conducts numerous projects and analyses at both client and portfolio levels aimed at developing solutions and tools supporting ESG risk management.

The Bank analyses exposures in the loan portfolio that are sensitive to:

1. the impact of chronic and acute physical events related to climate change, by sector and geographical location of the client's activity or the location of collateral in the form of real estate;
2. transition risk related to the shift towards a low-carbon and climate-resilient economy, by sectors that significantly contribute to climate change in terms of, among others, the volume of financed greenhouse gas emissions, energy efficiency of collateral, or indicators of alignment with decarbonisation pathways.

Based on the conducted "double materiality" analysis, biodiversity and ecosystem-related risks were assessed as immaterial. At the same time, the Bank recognises the growing importance of this topic and will consider developing solutions in this area in the future.

The Bank incorporates climate risk into the assessment of credit collateral for corporate clients, in particular by analysing environmental risk arising from the use of real estate, the impact of environmental factors on its value, including physical risk and transition risk related to energy transformation. The Bank also analyses exposures in the loan portfolio secured by developed real estate, based on the EP indicator<sup>20</sup>. In the valuation process of collateral for corporate clients, the Bank considers the impact of ESG factors on property value. Banking regulations require that valuation reports be accompanied by certificates confirming compliance with environmental standards for the given property, in particular energy performance certificates. If a property

<sup>20</sup> The EP indicator determines the annual demand for non-renewable primary energy required for heating, ventilation, cooling, and domestic hot water preparation, and in the case of public buildings, collective residential buildings, industrial, agricultural and warehouse buildings, also for lighting.



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generates above-average risk, particularly environmental risk, it may only serve as supplementary collateral. Detailed information on the results of these analyses is presented later in the report.

To verify the submitted documentation, the Bank retrieves data from the Central Register of Energy Performance of Buildings and records it in its internal database CBN (Central Real Estate Database). This data is used in the property assessment process for all types of developed real estate and premises. At the same time, the Bank continues to develop its approach to assessing ESG aspects in the analysis of collateral in the form of commercial real estate for retail and SME clients. Internal regulations regarding the collateral assessment process have been further specified, particularly with respect to the requirement to consider ESG factors. The Bank has also updated guidelines for property valuers, expanding and refining the way ESG-related aspects are included in valuation reports.

An element of environmental risk management is the strategic ESG risk tolerance limit. Since 2025, the Bank has changed the definition of the indicator to ensure consistency with Pillar III disclosures. The measure of tolerance is the ratio of loans granted to clients from the Energy and Fossil Fuel Combustion sectors to the Bank's total balance sheet value.

Previously, high-emission entities were identified using expert judgment. The change in methodology resulted in an increase in the indicator compared to the end of 2024. As at 31 December 2025, the share of loans to clients from these sectors amounted to 0.54% for the Bank and 0.64% for the Bank's Group, compared to a tolerance limit of  $\leq 1.6\%$  applicable to both (in 2024, this indicator was 0.13%). The limit is monitored quarterly and reported to the Management Board.

One of the analytical tools used to assess the resilience of the loan portfolio to environmental risks within climate risk management is climate stress testing. The Bank has developed its own climate stress testing methodology based on standards defined by the European Central Bank (ECB report on climate stress tests, July 2022), climate scenarios of the Network for Greening the Financial System<sup>21</sup> and recognised publications on the materialisation of climate risk from the perspective of credit losses.

This methodology allows for incorporating a wide range of climate factors, provided they can be quantified from the perspective of clients' financial statements or variables used in credit risk models.

In accordance with regulatory requirements, in December 2024 the Bank conducted a dedicated climate stress test for the corporate loan portfolio. The analysis covered the impact of physical risks (droughts and floods) and transition risks (policy and legal - changes in greenhouse gas emission allowance prices; technological - costs of transitioning to low-carbon technologies) on client ratings in both short- and long-term horizons, as well as on probability of default (PD) and expected credit loss (ECL).

Scenarios were analysed across three time horizons (up to 1 year, up to 3 years, up to 30 years), enabling a detailed assessment of both short- and long-term risks. The Bank is currently analysing the possibility of further developing and adapting its methodology to future regulatory requirements.

In 2025, the Bank incorporated short-term climate scenarios into the corporate client rating process for both physical risk (floods) and transition risk (increase in GHG emission prices and related transition costs). For each type of risk, a rating is determined based on adjusted financial statements and PD parameters.

These ratings provide important support in assessing the impact of ESG factors on a client's creditworthiness. By directly adjusting rating assessments used in internal capital calculations, the Bank gradually builds a buffer for unexpected losses resulting from ESG risk materialisation, particularly environmental risk. This mechanism enables earlier incorporation of ESG factors into capital requirements and strengthens the institution's resilience to future climate-related events and the transition to a low-carbon economy.

The Bank continues to disclose the carbon footprint of its loan portfolio (Scope 3, categories 13 and 15 from the Group's perspective, in accordance with the Greenhouse Gas Protocol). A key step in this process was the Bank joining in December 2023 the Partnership for Carbon Accounting Financials, which developed a global standard for measuring and reporting greenhouse gas emissions in the financial sector.

The PCAF methodology allows for estimating emissions associated with, among others, corporate loans, securities, mortgages and car loans. The results of emission calculations are presented in, among others, Template 1 "Banking book - Indicators of potential climate change transition risk: credit quality of exposures by sector, emissions and residual maturity" and in the Sustainability Report.

The Bank uses emission calculations to define decarbonisation pathways for its loan portfolio within the Transformation Plan and to estimate transaction-level risk using climate stress tests.

The Bank uses taxonomy questionnaires, which are key for assessing compliance with the technical screening criteria of the EU Taxonomy Regulation (EU) 2020/852 for dedicated financing. These questionnaires enable the Bank to obtain information from clients on whether financed investments or activities meet minimum requirements to be classified as environmentally sustainable.

The data obtained through taxonomy questionnaires, together with KPIs<sup>22</sup> derived from clients' sustainability reports<sup>23</sup> (for those required to report under the EU Taxonomy), form the basis for calculating the Green Asset Ratio (GAR)<sup>24</sup> and the Banking book Taxonomy Alignment Ratio (BTAR)<sup>25</sup>. The Bank is working on identifying (flagging) credit exposures that are taxonomy-eligible, taxonomy-aligned, or related to enabling or transitional activities, as well as specialised financing. At the same time, the Bank is adapting its IT infrastructure and tools to enable the collection, analysis, processing and aggregation of increasing volumes of ESG-related data. This is a response to the growing scope of regulatory reporting requirements.

Managing ESG risk requires systemic and sectoral solutions. A key challenge is the availability of data necessary for ESG risk assessment. The Bank continuously analyses opportunities to obtain such data for both risk management and prudential reporting purposes.

<sup>21</sup> The Network for Greening the Financial System is a network of central banks and supervisory authorities that voluntarily exchange experiences and best practices to develop environmental and climate risk management in the financial sector and to support the transition towards a sustainable economy.

<sup>22</sup> KPI Turnover (Key Performance Indicator Turnover) is a key performance indicator that determines what percentage of a company's turnover is taxonomy-aligned, while KPI CapEx (Key Performance Indicator CapEx) indicates what percentage of a company's capital expenditures is taxonomy-aligned.

<sup>23</sup> The preparation of sustainability reports by non-financial and financial undertakings results from disclosure obligations set out in Articles 19a or 29a of Directive 2013/34/EU of 26 June 2013 on annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC and repealing Directives 78/660/EEC and 83/349/EEC, as amended.

<sup>24</sup> GAR (Green Asset Ratio) is a key performance indicator for credit institutions that reflects the extent to which financed activities are taxonomy-aligned. The indicator is presented later in the report in Template 6 - Overview of key performance indicators for taxonomy-aligned exposures.

<sup>25</sup> BTAR (Banking book Taxonomy Alignment Ratio) is an indicator of the alignment of the non-trading book with the taxonomy, presented later in the report in Template 9 - Mitigating actions: Non-trading book taxonomy alignment ratio.



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The Bank is developing its Credit Risk Engine (SRK) and internal SRK-ESG database, expanding them with new data sources that support GAR calculation, financed emissions calculations, and climate risk assessment.

For the purposes of ESG risk management, the Bank uses the following key external data sources:

- Notoria Online ESG Module – a database containing information derived from Polish companies' sustainability reporting obligations, including key performance indicators (KPIs) for taxonomy-eligible and taxonomy-aligned activities, as well as data on actual greenhouse gas emissions of the Bank's Group clients;
- EMIS analytical platform – a database enabling the identification of subsidiaries within corporate groups of the Bank's clients;
- INSTRAT (ESG.INSTRAT.pl) – a platform developed by the Instrat Foundation, providing a database of entities required to report sustainability information;
- Central Register of Energy Performance of Buildings – a database maintained by the Ministry of Development and Technology, containing information from energy performance certificates of buildings in Poland; this data is used, among others, for calculating financed emissions of the Bank's Group's commercial and residential real estate portfolios;
- Klimada 2.0 – a portal of the Institute of Environmental Protection – National Research Institute, containing climate models used to assess the impact of physical risks (e.g. drought, water scarcity, flooding, floods, hurricanes) on the loan portfolio exposures of the Bank's Group, based on the location of the client or collateral;
- Partnership for Carbon Accounting Financials database – a dataset of greenhouse gas emission factors used to estimate financed emissions of the Bank's Group portfolio;
- KOBiZE (National Centre for Emissions Management) – a public database collecting and monitoring emissions data, including greenhouse gas emissions from stationary installations and fuel combustion in mobile sources; this data is used, among others, to calculate Scope 1 emissions for part of the Bank's Group clients.

As part of the ESG Risk Working Group operating under the Sustainable Investment Forum Poland (POLSIF), banks in the Polish banking sector developed ESG questionnaires:

- 1) CSRD questionnaire (Corporate Sustainability Reporting Directive) addressed to clients required to report sustainability information;
- 2) VSME questionnaire (Voluntary Sustainability Reporting Standard for non-listed SMEs) addressed to small and medium-sized non-listed clients as a voluntary standard.

Biuro Informacji Kredytowej S.A.<sup>26</sup> plans to implement the above ESG questionnaires on its ESG Platform, which will constitute a new source of sustainability data for the Bank. The launch of the application is planned for Q1 2026. The Bank's Group continuously monitors risks arising from changes in ESG-related regulations applicable to the financial sector. New external regulations shaping climate policy may increase legal risk related to environmental risk in the future. The Bank also participates in the work of the Związek Banków Polskich and ESG working groups within interbank cooperation, focusing on interpreting ESG regulations and developing systemic solutions to ensure transparent and comparable ESG disclosures across the financial market.

The Bank conducts an assessment of the materiality of traditional banking risks, identifying key risks subject to monitoring. ESG factors, particularly climate risk factors, are incorporated into risk cards where their potential materialisation is observed, including credit risk, market risk (interest rate risk, FX risk), liquidity (including funding) risk, operational risk, reputational risk, compliance risk, conduct risk.

Based on the adopted methodology for identifying and monitoring material risks, ESG factors were assessed as generating material losses primarily in credit risk.

The Bank is conducting advanced work on implementing solutions that will allow direct adjustments of client rating assessments used in internal capital calculations in response to potential ESG risk materialisation, particularly environmental risk. In the first stage, this solution has been developed for corporate clients and will be extended in 2026 to mortgage portfolios.

In the area of liquidity and funding risk, the Bank incorporates ESG risk by considering factors that directly or indirectly affect this risk. ESG aspects are reflected in liquidity risk measures and in the methodology for calculating internal capital, through the inclusion of additional costs arising from the inability to obtain sustainable financing (typically cheaper) in wholesale markets when refinancing or raising long-term funding. The impact of ESG risk on internal capital for liquidity risk is assessed as immaterial.

Indirectly, ESG risk is also reflected in stress-test deposit outflows, for example as a factor increasing transformation costs, leading to higher household energy expenses and consequently higher consumption-related outflows.

Within market risk, in the context of ESG factors, the Bank:

- 1) in the case of interest rate risk – performs, for a defined portfolio of bonds measured at fair value (both through profit or loss and through other comprehensive income), credit spread stress tests related to ESG factors for individual debt issuers;
- 2) in the case of foreign exchange risk – assesses, at least annually, the materiality of ESG risk factors by analysing FX exposures sensitive to ESG factors (in particular in the area of corporate governance);
- 3) in the case of financial institutions risk – takes ESG risk factors into account when determining internal credit ratings;

for derivatives risk, the Bank does not perform a separate direct assessment of ESG factors. ESG risk factors in this area are managed within other types of risk, primarily foreign exchange risk, interest rate risk, and credit risk of financial institutions.

Since the reporting period for Q4 2023, the Bank has included ESG risk factor data in internal operational risk reports. The Bank assumes that the environmental factor (E) occurs when:

- 1) the natural environment (including climate) affects the Bank, clients, or counterparties, e.g. due to:
  - physical risk events (storms, floods, fires, heatwaves),
  - long-term environmental changes (e.g. temperature shifts);
- 2) the Bank, clients or counterparties negatively impact the environment, including:
  - transition risk events (e.g. financing high-emission activities contrary to regulations or internal policies),
  - operational events causing environmental damage (e.g. pollution).

<sup>26</sup> Biuro Informacji Kredytowej S.A. – an institution established pursuant to Article 105(4) of the Banking Law, authorised by law to process data constituting banking secrecy for the purpose of supporting banks and credit unions (SKOKs) in assessing the creditworthiness of their clients.



The Bank monitors the impact of environmental risk (including physical and transition risk) on reputational risk, including greenwashing risk, by analysing publicly available information, especially media publications affecting its image.

The Bank also evaluates the impact of environmental factors on its operations and stakeholders (e.g. natural disasters, extreme weather, long-term climate changes), its own and stakeholders' impact on the environment, including pollution risk and financing activities harmful to the environment. The Bank has implemented anti-greenwashing principles aimed at identifying and mitigating greenwashing risk, which may materialise in compliance risk, reputational risk, operational (including legal) risk, as well as strategic and business risk. To identify reputational risk, the Bank collects information from internal units, including through periodic risk identification processes. Business units may also report identified risks, including ESG risks, on an ongoing basis. Compliance risk and conduct risk related to ESG are identified through the analysis of internal regulations, marketing materials, and monitoring of regulatory changes.

This includes adaptation to supervisory requirements and market standards, assessment of potential conflicts of interest, verification of regulations and marketing communications for greenwashing risk. These activities are conducted on an ongoing basis, with formal identification carried out at least annually. ESG risk is reported within compliance risk reporting when ESG-related factors are assessed as material.



Table 4.1 Mapping of ESG risks to traditional risks:

Type of banking risk	Impact of physical risk	Impact of transition risk
Credit risk	Physical risk, through transmission channels (increase in costs, decline in revenues, decrease in collateral value), may negatively affect borrowers and reduce their ability to service debt or lower the value of loan collateral.	EU or national regulations, technological changes, and shifts in market preferences may negatively affect the debt servicing capacity of entities operating in high-emission sectors, in particular: energy, fuel, transport and logistics.
Market risk (interest rate, foreign exchange risk)	Severe physical events may lead to changes in market expectations and may cause sudden revaluation, increased volatility, and losses in asset values in certain markets.	Transition risk factors may lead to sudden revaluation of securities and derivatives, for example in relation to products linked to sectors affected by stranded assets.
Liquidity risk (including financing risk)	Climate change, including natural disasters and extreme weather events, may result in a sudden increase in demand for liquidity.	Transition risk factors may impact the profitability of certain business lines and lead to the risk of reduced inflows from loan repayments by clients who fail to implement necessary solutions, or a decrease in the volume of funds deposited by such clients in the Bank; sudden revaluation of securities, e.g. due to stranded assets, may reduce the value of the Bank's high-quality liquid assets, thereby affecting liquidity buffers; a downgrade in the Bank's ESG rating may affect funding risk by making it more difficult to attract new investors and increasing the cost of funding.
Operational risk	Extreme/sudden environmental events, such as floods, fires, or long-term environmental changes (e.g. temperature shifts), may result in an inability or significant disruption in conducting operations, including at the Bank's branches.	An operational event related to the energy transition, such as financing mines/investments/companies that negatively impact the environment, where prohibited by law or the Bank's internal policies, may result in penalties for breaching guidelines or standards, as well as legal costs (including lawsuits from clients or market participants).
Reputational risk	It may result from the materialisation of the above types of risk and their impact on the negative perception of the Bank by customers, counterparties, investors, external supervisory and regulatory authorities, and the general public.	Continued financing of high-emission sectors, negatively perceived by supervisory authorities, stakeholders, market participants, and rating agencies, may adversely affect the Bank's image and consequently lead to loss of profits or a decline in market capitalisation.
Compliance risk and conduct risk	It may result from the materialisation of the above types of risk, including situations where the Bank is unable or significantly hindered in conducting its operations, leading, for example, to an inability to fulfil its obligations.	Failure by the Bank to adapt to changes in laws, supervisory expectations, and market standards, including in the area of greenwashing, may result in the materialisation of compliance risk and consequently lead to fines imposed by supervisory authorities or claims brought by clients in legal proceedings.

The Bank's Group companies take ESG factors into account in the materiality assessment of relevant types of banking risk at the entity level.



## 4.1.2 Qualitative information on social risk

### Business strategy and processes

In the Growth and Development Strategy for 2025–2027, the Bank defined its objectives in the area of social responsibility, focusing on the following areas:

- 1) reducing the gender pay gap between women and men to below 5% – achieving this goal will require systematic monitoring of remuneration and the implementation of system-wide solutions at all levels of the organization;
- 2) increasing the representation of the underrepresented gender in the Bank's governing bodies – striving to achieve at least a 33% share of the underrepresented gender in the Bank's governing bodies (Management Board and Supervisory Board). Moreover, with regard to senior management positions (B-1, B-2), the Bank plans for their share to reach at least 40%. In the long term, the Bank assumes gender balance in these positions;
- 3) educational initiatives – implementation of an ambitious goal to conduct 6,000 educational initiatives annually, aimed at building future competencies, including financial education, so that the Bank's activities have a positive impact on societal development, improvement of professional skills, and financial inclusion of various social groups.

The Bank plans that by 2027:

- 1) at least 33% of positions in the Bank's governing bodies will be held by women;
- 2) the share of women in senior management positions will be at least 40%;
- 3) the gender pay gap will be below 5%;
- 4) ESG objectives will be included in remuneration systems for the Management Board and MRT staff<sup>27</sup>;
- 5) more than 90% of employees will have completed mandatory ESG training.

Strategic indicators are subject to regular monitoring, and their implementation is presented annually in the Sustainability Report.

The Bank ensures effective anti-money laundering and counter-terrorist financing mechanisms by:

- 1) assigning personal responsibility for the AML/CFT process;
- 2) strengthening supervision over AML/CFT across entities of the Bank's Capital Group through the adoption of the "Strategy for Counteracting Money Laundering and Terrorist Financing in the Capital Group of PKO Bank Polski S.A." and the "Group Policy for Counteracting Money Laundering and Terrorist Financing in the Capital Group of PKO Bank Polski S.A.". These regulations are aligned with regulatory guidelines;
- 3) strengthening AML/CFT supervision within the Bank through the adoption of the "Strategy for Counteracting Money Laundering and Terrorist Financing in PKO Bank Polski S.A.";
- 4) ensuring compliance with legal regulations by updating internal regulations, implementing changes in banking systems, and preparing the Bank for the implementation of new AML/CFT regulations<sup>28</sup>.

In order to prevent money laundering and terrorist financing, as well as to minimize operational risk, the Bank applies specific restrictive measures (freezing assets, benefits derived from those assets, and limiting their availability). In the event of identifying a risk of money laundering or terrorist financing, at the request of the General Inspector of Financial Information or a prosecutor, as well as in cases where it is not possible to apply financial security measures, the Bank suspends transactions or blocks accounts in accordance with AML regulations. The Bank's Capital Group continuously monitors the geopolitical situation and implements appropriate regulations in response to sanctions imposed by regulators.

The Bank continuously develops IT systems in the area of AML/CFT in order to reduce the risks faced by the Bank's Capital Group.

The PKO Bank Polski Foundation carries out numerous own projects and provides financial and operational support to non-governmental organizations engaged in educational activities, support for local communities, seniors, equal opportunities, strengthening social resilience, and assistance to victims of the war in Ukraine. The Bank and the Foundation implement projects jointly or separately. The Foundation encourages employees of all companies within the Bank's Capital Group to engage in activities for local communities. In 2025, volunteer activities included, among others, support for flood victims and the All4Kids Charity Race, where more than 1,200 employees participated in a sports event supporting childcare institutions across the country.

In the first half of 2025, the Bank strengthened its corporate values and principles – #WeActTogether, #WeCreateChange, #WeDeliverResults – to continuously build workplace culture within the Bank and its Capital Group. In addition, the Bank adopted the "Policy on Diversity, Equal Treatment and Mutual Respect Policy in the Bank and the Bank's Capital Group", constituting a declaration of joint commitment to creating a workplace where everyone feels needed, heard, and treated equally.

The Bank continues to organize #RotundaRóżnorodności events, during which invited guests share their experience and knowledge on diversity. The #BankKobiet (#women's bank) initiative was also established, aimed at building an active and engaged community supporting each other in achieving professional goals. As part of this initiative, the first bank-wide mentoring program for female leaders was launched.

The Bank also continues the #JestemUSiebie initiative, which through various communication and educational activities helps build an inclusive work environment. Its main pillars are Diversity, Generations, and #PonownieUSiebie (#again at my place). Within these pillars, the Bank organizes webinars, workshops for employees and managers, and live events addressing topics related to leveraging diversity in building effective cooperation and communication. Video materials available to all employees provide knowledge on unconscious bias, generational potential, and neurodiversity. As part of the #PonownieUSiebie program, the Bank supports parents returning to work after parental leave. Additionally, welcome meetings and moderated online "Parents' coffee" sessions are organized, enabling parents to exchange experiences and coping strategies.

The Bank engaged in the #Proud to be a Working Mum campaign, aimed at changing the perception of working mothers as individuals who can combine professional and private life and inspire others. As part of this initiative, the Bank received the Proud Employer certificate. The Bank also joined the group of employers most advanced in diversity and inclusion management in Poland (DiversityINCheck, Responsible Business Forum).

In 2025, the Bank initiated educational activities focused on building and strengthening psychological safety within the organization. Members of the Management Board and Supervisory Board participated in workshops on diversity and inclusive leadership conducted by an independent expert.

<sup>27</sup> Employees classified as MRT (Material Risk Takers) are key staff of financial institutions. The detailed definition of MRT is specified in the Bank's and the Bank's Capital Group Remuneration Policy.

<sup>28</sup> AML (Anti-Money Laundering Procedure) and CFT (Countering the Financing of Terrorism)



Additionally, members of the Management Board participated in leadership development programs. These programs provided practical tools supporting the development of an organizational culture based on psychological safety, preventing exclusion, and fostering collaboration and innovation.

At the end of 2025, a grassroots employee initiative called #Neuroentuzjaści (#Neuroenthusiasts) was established, bringing together individuals engaged in promoting neurodiversity and supporting neurodivergent individuals within the Bank.

The Bank continues its cyclical survey #JakCiSięPracuje (#HowIsWorkForYou), aimed at measuring the Employee Positive Experience Index (IPOD), providing insight into employees' daily work experiences.

In the first half of 2025, the Bank continued systematic employee feedback research at various stages of interaction with the organization, including Candidate Experience surveys, onboarding surveys #PierwszyKrok (#first step), internship program evaluation, and exit interviews.

Additionally, the following programs operate within the Bank:

- 1) #NoweBrzmieniePrzywódstwa (#ANewSoundOfLeadership) – supporting leadership development through a range of development activities aligned with cultural transformation priorities;
- 2) #FokusNaCiebie (#FocusOnYou) – preventing burnout and supporting employee wellbeing;
- 3) #KreujemyJutro (#WeCreateTomorrow) – supporting the development of strategic competencies;
- 4) #CzasNaFeedback (#TimeForFeedback) – summarizing employee performance outcomes.

The Bank employs people from different generations; therefore, it adapts its training offer to be attractive to all employees. Available formats include traditional workshops, online sessions, and modern tools such as VR goggles and educational games.

In January 2025, for the sixth time, the Bank received the Top Employer certificate, confirming its position as one of the best employers in the country. The Bank facilitates employees' daily tasks through continuously improved internal tools such as the PKO application, eTeczka (online folder), and the "Dzień dobry HR" (hello HR) platform. Employees are also offered various benefits, including additional time off, social fund subsidies, and group insurance.

The Bank ensures the security of its branches and the highest standard of customer service by implementing security standards tailored to identified threats and risk levels. For this purpose, it uses modern systems and devices ensuring physical protection of customers and employees, as well as safeguarding cash, deposits, banking secrecy, and personal data. Security measures include:

- 1) security systems (alarm systems, CCTV, access control);
- 2) direct physical protection of selected facilities;
- 3) continuous monitoring of branch security.

## Governance

The Management Board's responsibility in the area of social risk concerns management and supervisory activities related to shaping internal regulations and the Bank's strategy, taking into account, among others, the following issues:

- 1) compliance with human rights and labour rights, defining appropriate attitudes and behaviours, preventing ethical violations, and preventing mobbing and discrimination;
- 2) cooperation with the Bank's counterparties in accordance with the principles of corporate social responsibility;
- 3) monitoring the implementation of adopted principles in the area of social risk management, including through established control and reporting mechanisms.

The Bank maintains a register of employee reports concerning violations of the "Policy on Diversity, Equal Treatment and Mutual Respect Policy in the Bank and the Bank's Capital Group", including violations of employee rights. Every six months, an extract from the register is submitted to the Director of the HR Division, the President of the Management Board, and relevant members of the Management Board and heads of functional divisions – with regard to complaints submitted by employees working in supervised units. These persons are entitled to access documentation related to the handling of reports.

Verification of compliance with ethical principles in the Bank, including monitoring risks related to violations, taking into account a comprehensive approach to:

- 1) ethics of Bank employees and other persons performing activities on behalf of the Bank;
- 2) ethics in relations with clients;
- 3) ethics in business activities;
- 4) ethics in the Bank's relations with its environment;

is subject to an annual assessment carried out by the Management Board. The Supervisory Board is informed of the results of this assessment at least once a year.

The assessment of the functioning of the remuneration policy in the Bank, in terms of its compliance with the "Corporate Governance Principles for Supervised Institutions" issued by the Polish Financial Supervision Authority and other regulatory requirements, is conducted annually as part of the Bank's corporate governance review. The report is approved by the Supervisory Board and then presented to the General Meeting of Shareholders.

The Bank operates an anonymous reporting system through which employees, contractors, and other authorized persons may report actions inconsistent with the law, internal regulations, or the Bank's ethical standards. Anonymous reports may be submitted electronically, by phone, by post, or via a dedicated, independent, and encrypted communication channel<sup>29</sup>. Individuals submitting anonymous reports are guaranteed full confidentiality of their data and the information provided. If the identity of the reporting person can be determined from the content of the report, such information is removed by the recipient before further actions are taken.

Employees submitting reports are protected, even if their allegations are not confirmed, in particular against retaliation, discrimination, or other forms of unfair treatment. In the event of experiencing any retaliation, support may be obtained from the President of the Management Board. Information on reported irregularities and the results of their verification is regularly reported to the Management Board and the Supervisory Board as part of quarterly compliance risk reports. Once a year, the Supervisory Board assesses the adequacy of the anonymous reporting system functioning in the Bank.

<sup>29</sup> <https://www.pkobp.pl/sygnanet/>.



The "Remuneration Policy of the Bank and the Bank's Capital Group" is in force within the Bank's Capital Group. It takes into account social risk and aims to ensure a coherent remuneration system, among others, by shaping remuneration levels based on market trends, job evaluation, ensuring gender neutrality, remuneration practices within the Group, and compliance with the strategy regarding environmental, social, and governance (ESG) risks.

The assessment of the achievement of ESG-related objectives is appropriately reflected in the evaluation of members of the Management Board and key managers for the purposes of determining variable remuneration.

In 2025, bonus scorecards of the Bank's Management Board members include a target related to positive employee experience. This metric covers three main areas: work environment, development opportunities, and direct supervisor. Additionally, selected members of the Management Board have a bonus target related to the assessment of progress toward achieving long-term strategic objectives and initiatives. This includes, among others, the strategic initiative "Sustainable Development", where one of the key indicators is the share of the underrepresented gender in senior management positions (B-1 and B-2).

## Risk management

As part of social risk management, the Bank applies guidelines adopted by national and European supervisory authorities, best practices of the Warsaw Stock Exchange<sup>30</sup> as well as recommended benchmarks and market standards. These include:

- 1) striving to achieve gender balance in the Bank's Management Board and Supervisory Board, and at least reaching a minimum share of the underrepresented gender at the level of 33%;
- 2) maintaining the share of the underrepresented gender in senior management positions at a level of at least 40% of the total number of managers.

In addition, the Bank continuously monitors the evolving regulatory environment in this area and updates its policies and other internal regulations accordingly.

Social risk issues are continuously monitored and reported, and internal reporting in this area is multi-dimensional. As part of social risk management in the aspect of equal pay for women and men, the Bank applies a method developed by the financial market to determine the ratio of the average remuneration of women to men, based on the weighted average of total remuneration paid in a given year.

The Bank continuously monitors the level of employees' base salaries to ensure compliance with:

- 1) generally applicable legal regulations determining the minimum wage, taking into account gender pay equality;
- 2) the Bank's internal regulations concerning non-discrimination and defining remuneration levels within the Bank.

In socially sensitive areas such as employment diversity, employee satisfaction resulting from implemented standards and working conditions, labour rights, and the prevention of mobbing and discrimination, the Bank continuously monitors employee satisfaction, staff turnover (including voluntary turnover), and the level of employment of women and men in key managerial positions.

On a cyclical basis, at least once a year, the Bank conducts remuneration reviews, taking into account job evaluation, and defines appropriate strategies in this area.

Social risk may materialize in particular in the form of:

- 1) operational risk, which takes into account the impact of socially harmful events, including unequal treatment of a group of employees or breaches of data protection or information obligations towards clients, which may result in financial losses for the Bank's Capital Group arising from lawsuits or penalties imposed by supervisory authorities;
- 2) reputational risk resulting from the Bank's failure to consider the social interest in its activities, particularly in cases of unethical conduct, non-compliance with generally applicable laws, supervisory recommendations, and best practices, which may relate to:
  - employees, for example violation of human rights and labour law, lack of transparency in internal and external communication regarding employee-related matters, including in external reporting;
  - clients, for example failure to ensure an adequate level of security, personal data protection, non-fulfilment of information obligations, involvement in socially controversial projects, or dissemination of statements that may constitute greenwashing and be misleading;
  - other stakeholders, for example inappropriate selection of partners through cooperation with entities that do not adhere to the highest ethical standards or have been found to significantly violate generally applicable laws, including in the ESG area.

Compliance risk and conduct risk in the ESG area are identified through the analysis of internal regulations, marketing materials, and monitoring of adaptation processes to changes in legal regulations. These activities also include compliance with supervisory requirements and market standards, assessment of potential conflicts of interest, and verification of regulations and marketing communications in terms of greenwashing. These activities are carried out on an ongoing basis, and risk identification takes place at least once a year. ESG risk is reported within compliance risk reporting if ESG factors are material.

As part of the credit risk assessment of corporate clients, the Bank evaluates social and labour-related issues as well as respect for human rights. Financial activities and projects undertaken by the client (counterparty) are treated as investments in human capital or communities. The assessment covers inequality risk, social cohesion and integration, and labour relations. At the loan granting and monitoring stage, factors related to the client's social policy are assessed on an expert basis and may affect the client's rating.

The Bank is working on improving methods and tools for assessing social ESG risk factors at the stages of loan granting and monitoring.

In the case of companies, the impact of socially harmful events occurring at the counterparty on its financial results and the way this risk is managed is assessed both at the credit granting and monitoring stages (applies to clients assessed using the rating method with exposure above PLN 1 million).

<sup>30</sup> „Best Practice for GPW Listed Companies 2021” – corporate governance principles for joint-stock companies that are issuers of shares, convertible bonds, or bonds with pre-emptive rights, which are admitted to trading on a regulated market operated by the GPW.



With regard to operational risk management, starting from the reporting period for Q4 2023, the Bank includes ESG risk factor data in its internal operational risk reports. The Bank assumes that the S factor (social) occurs when an operational event relates to the Bank's failure to take into account social interests in its activities, particularly in relation to employees, clients, and counterparties.

With regard to reputational risk management, the Bank takes into account the impact of ESG risk factors on reputational losses and, if they occur, collects data in the Reputational Events Database.

In the relationship between social risk and reputational risk, the Bank identifies and assesses situations in which information about potential violations of social norms within the Bank or its value chain may negatively affect the Bank's image in the eyes of clients, counterparties, investors, supervisory and control authorities, and the public.

Considering the key role of banks in financing the economy, the Bank continuously develops employee awareness in the area of sustainable development, conducts intensive educational activities, and builds both basic and expert-level competencies to support effective ESG transformation. As part of the #ESGo! initiative, in 2025 a live event on ecological technologies and energy was organized, and dedicated intranet resources include content on, among others, greenwashing, climate change, carbon footprint, and climate competitiveness of enterprises.

In 2025, 1,879 employees participated in ESG-related conferences, training sessions, and workshops, and 4,797 employees completed the e-learning course "ESG – sustainable development from the Bank's perspective". In total, 93% of employees have completed the training. A program called "ESG in practice" was also launched, aimed at developing competencies necessary to promote and implement ESG principles and support advisors and clients in energy transition. Some employees started or continued postgraduate studies in ESG across 9 different fields.

In the area of employee education and competency development, the Bank enabled employees to participate in a range of new development initiatives, including the live event #CzasNaRozwój (#Time for Development) (promotion of monthly development offerings), the "Impuls Rozwojowy" podcast, and access to the Application Zone (e.g. training in Excel, SQL, Python). A Foreign Languages Zone was also launched, offering self-study on a language platform, participation in English-speaking "Speaking Club" sessions, monthly language webinars, and recommended learning materials. Additionally, employees can participate in weekly online webinars under the "Knowledge in a Nutshell" program, where Bank employees share practical knowledge on personal development and sales.

Moreover, the Bank organized another edition of the #PerspekTYwy Internal Job Fair, supporting internal employee mobility. Employees had the opportunity to benefit from individual development consultations, meetings with recruiters, and participation in webinars.

In December 2024, the Bank introduced regulations concerning the assessment of compliance with minimum safeguards and the implementation of a due diligence mechanism to assess the negative impact of activities on human rights by clients and counterparties. The assessment of compliance with minimum safeguards is linked to the evaluation of areas such as anti-corruption, taxation, fair competition, science, technology and innovation, as well as human rights and labour rights. The method of assessing compliance with minimum safeguards is reviewed at least once a year for consistency with generally applicable law.

### 4.1.3 Qualitative information on governance risk

#### Governance

As part of the credit risk assessment of corporate clients, the Bank evaluates factors related to the client's corporate governance. The assessment includes, among others, the organizational structure and management, compliance of the risk management process, organizational culture and supervision, as well as transparency and management reporting.

The assessment of ESG risk factors related to corporate governance is based on expert judgment, conducted using information on the client's sustainability performance and publicly available data. This assessment may affect the client's rating.

The Bank is working on improving methods and tools for assessing governance risk factors at the stages of loan granting and monitoring, including exploring the use of external business intelligence agencies and databases, e.g. the Biuro Informacji Kredytowej S.A..

In the case of companies, the impact of corporate governance factors on financial performance and the management of governance-related risk is assessed at both the credit granting and monitoring stages (applies to clients assessed using the rating method with exposure above PLN 1 million).

In January 2025, the Bank implemented the "Code of Ethics for entities cooperating with PKO Bank Polski S.A. within the procurement process", which introduces detailed standards and principles for building business relationships between the Bank and Suppliers, Bidders, or Potential Bidders from Poland and abroad.

At the same time, the Bank is working on preparing and implementing the scope of a New Cooperation Model with Group companies in the area of procurement of goods and services. The model aims to ensure that procurement procedures of Group companies are aligned with the Bank's procurement policy and other documents, including the Code of Ethics.

The Bank's objective is to reach, by 2027, a level where 70% of all suppliers and partners declare compliance with the Code of Ethics. Since 2025, the Bank has been analyzing compliance with the Code of Ethics among new suppliers and maintains full control over achieving this target.

In procurement processes, in all tender procedures, the Bank evaluates how potential suppliers and partners manage environmental, social, and governance aspects. ESG criteria constitute mandatory evaluation criteria in tender procedures.

In the first half of 2025, the Bank selected a supplier of a new IT system supporting procurement processes and the supplier database. According to the adopted schedule, the implementation of the platform is planned for early 2026. The purpose of the new Procurement Platform is to optimize procurement processes and improve control over ESG requirements. All entities intending to establish business relations with the Bank must register in the supplier database on the Procurement Platform, which serves as a centralized source of information and enables supplier qualification and evaluation.



In June 2024, the Bank's procurement processes were positively verified by the world's largest procurement organization, Chartered Institute of Procurement and Supply, and the Bank once again received the Procurement Excellence certificate confirming the application of best market standards in procurement processes. The certificate is valid until 30 June 2026.

Since April 2025, an Anti-Corruption Policy has been in force in the Bank's Capital Group. Its objective is to ensure the highest standards of operations by applying the principle of zero tolerance for corruption, cronyism, and nepotism, and to support the objectives set out in the United Nations Convention against Corruption adopted on 31 October 2003.

## Risk management

As part of compliance risk and conduct risk management, each product, its related marketing communication, and the method of product distribution are assessed.

The Bank makes every effort to ensure that, among others:

- 1) products are appropriate to customer needs;
- 2) the manner and form of offering products are appropriate to their nature;
- 3) within the scope required by law and market practice, customers are provided—before entering into a contract and during its execution—with reliable, transparent, comprehensive, and truthful information about the product, eliminating potential greenwashing risk.

Managing compliance risk and conduct risk also includes conflict of interest management, aimed at limiting their negative impact on the Bank's operations and relationships with clients and other entities. The Bank avoids actions that may lead to conflicts of interest, including by establishing control mechanisms to eliminate and minimize such risks.

The Bank records cases of non-compliance, as well as their causes and effects. In addition, the Bank operates an anonymous whistleblowing system that protects reporting employees against retaliation, discrimination, or other forms of unfair treatment.

In the area of corporate governance, the Bank identifies and assesses ESG factors affecting its reputation. These include, among others, the Bank's management approach, business model, organizational culture, internal rules, transparency of information, ethics, remuneration policy, control system, risk management, and measures against corruption, fraud, money laundering, and terrorist financing.

The Bank requires its employees and entities acting on its behalf to adhere to ethical standards such as integrity, reliability, and professionalism, as defined in the "Code of Ethics of PKO Bank Polski S.A." and in the "Code of Banking Ethics" (Principles of Good Banking Practice) adopted by the Związek Banków Polskich.

In the first half of 2025, the Bank implemented a comprehensive update of procurement regulations, taking into account, among others, obligations related to the entry into force of the DORA regulation<sup>31</sup>, increasing the importance of ESG in procurement, and the impact of the supply chain on the environment and society.

Starting from the reporting period for Q4 2023, the Bank includes ESG risk factor data in its internal operational risk reports. The Bank assumes that the G factor (governance) occurs when an operational event results from improper management, e.g. of the business model, organizational culture, information policy, transparency, ethics, remuneration policy, internal control systems, risk management, anti-corruption, fraud prevention, and anti-money laundering measures, or from unethical business conduct.

To ensure the physical security of its facilities, as well as the protection of employees and customers, the Bank has implemented internal regulations concerning the protection of people and property, as well as technical security measures for its branches and agencies. These regulations define security standards, including protection against environmental risks and extraordinary events such as fires, floods, or other crisis situations.

## 4.2 Quantitative information on transition risk and physical risk related to climate change

Within the Bank's Capital Group, a disclosure policy has been developed for information on transition risk and physical risk related to climate change, in accordance with the applicable regulation on Implementing Technical Standards (ITS<sup>32</sup>). Limited availability of certain data, such as actual information on energy efficiency or precise geographic coordinates of a company's registered office, necessitates the use of expert estimates for some of the data disclosed in the templates below.

The Bank uses the Polish Classification of Activities (PKD 2007) to present quantitative data.

<sup>31</sup> Regulation (EU) 2022/2554 of the European Parliament and of the Council of 14 December 2022 on digital operational resilience for the financial sector, amending Regulations (EC) No 1060/2009, (EU) No 648/2012, (EU) No 600/2014, (EU) No 909/2014 and (EU) 2016/1011, the purpose of which is to enhance the digital operational resilience of financial entities and to regulate the provision of ICT (Information and Communications Technology) services in the financial market.

<sup>32</sup> Commission Implementing Regulation (EU) 2024/3172 of 29 November 2024, laying down implementing technical standards for the application of Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to public disclosures by institutions referred to in Part Eight, Titles II and III of that Regulation, and repealing Commission Implementing Regulation (EU) 2021/637.



# Capital Adequacy and other information to disclosures as at 31 December 2025

Table 4.2 Banking book- Indicators of potential climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity [Template 1]

Sector/subsector	Gross carrying amount (mln EUR)										Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions (mln EUR)		GHG financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tons of CO2 equivalent)		GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting	<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity
	Of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with points (d) to (g) of Article 12.1 and in accordance with Article 12.2 of Climate Benchmark Standards Regulation		Of which environmentally sustainable (CCM)		Of which stage 2 exposures		Of which non-performing exposures		Of which Stage 2 exposures		Of which Scope 3 financed emissions									
	a	b	c	d	e	f	g	h	i	j	k	l	m	n						
1 Exposures towards sectors that highly contribute to climate change*	24 782	1 205	102	4 214	1 613	- 1 161	- 364	- 680	19 351 196	13 275 348	18,28%	18 803	3 714	2 176	90	4				
2 A - Agriculture, forestry and fishing	618	-	-	178	29	- 34	- 12	- 16	865 299	284 455	4,50%	456	158	4	-	4				
3 B - Mining and quarrying	308	91	2	32	72	- 5	- 1	- 3	368 243	165 083	75,72%	157	148	3	-	4				
4 B.05 - Mining of coal and lignite	71	71	-	0	71	- 3	- 0	- 3	178 546	65 102	99,84%	71	-	-	-	3				
5 B.06 - Extraction of crude petroleum and natural gas	15	15	0	-	0	- 0	-	- 0	45 505	38 789	100,00%	15	-	-	-	-				
6 B.07 - Mining of metal ores	142	-	1	-	-	- 0	-	-	80 775	35 906	100,00%	0	142	-	-	6				
7 B.08 - Other mining and quarrying	75	-	-	31	1	- 2	- 1	- 0	54 291	21 904	6,14%	66	6	3	-	3				
8 B.09 - Mining support service activities	5	5	-	2	0	- 0	- 0	- 0	9 126	3 382	8,79%	5	0	-	-	2				
9 C - Manufacturing	7 397	237	29	1 100	719	- 473	- 97	- 346	9 582 599	7 842 193	27,11%	6 313	1 002	82	-	3				
10 C.10 - Manufacture of food products	1 416	-	-	142	30	- 37	- 13	- 18	1 909 904	1 689 259	17,75%	1 175	225	17	-	3				
11 C.11 - Manufacture of beverages	278	-	-	1	1	- 2	- 0	- 1	335 258	308 367	4,58%	274	4	-	-	2				
12 C.12 - Manufacture of tobacco products	3	-	-	0	-	- 0	- 0	-	2 899	2 684	0,72%	3	-	-	-	1				
13 C.13 - Manufacture of textiles	52	-	-	12	3	- 2	- 1	- 1	17 376	12 448	3,88%	48	2	1	-	2				
14 C.14 - Manufacture of wearing apparel	23	-	-	4	2	- 2	- 0	- 1	6 552	3 946	4,11%	20	2	0	-	3				
15 C.15 - Manufacture of leather and related products	8	-	-	1	1	- 1	- 0	- 1	1 914	955	2,32%	8	0	0	-	2				
16 C.16 - Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	274	-	-	87	31	- 20	- 9	- 10	171 292	79 363	24,79%	245	26	3	-	3				
17 C.17 - Manufacture of pulp, paper and paperboard	249	-	-	26	4	- 5	- 1	- 2	110 944	73 846	10,28%	152	91	6	-	4				
18 C.18 - Printing and service activities related to printing	103	-	-	9	5	- 4	- 0	- 3	38 576	27 011	4,28%	81	17	5	-	4				
19 C.19 - Manufacture of coke oven products	237	237	3	1	77	- 50	- 0	- 50	1 790 211	1 724 559	66,91%	131	105	-	-	5				
20 C.20 - Production of chemicals	890	-	1	29	376	- 184	- 4	- 178	1 941 935	1 217 598	67,29%	818	71	0	-	2				
21 C.21 - Manufacture of pharmaceutical preparations	95	-	-	2	0	- 0	- 0	- 0	18 450	11 022	77,21%	95	0	-	-	3				
22 C.22 - Manufacture of rubber products	629	-	2	161	7	- 22	- 16	- 4	445 890	320 271	20,00%	492	129	8	-	3				
23 C.23 - Manufacture of other non-metallic mineral products	286	-	0	91	14	- 16	- 9	- 6	168 173	99 408	16,18%	217	62	7	-	3				
24 C.24 - Manufacture of basic metals	205	-	3	16	16	- 12	- 3	- 8	230 418	185 777	55,93%	193	11	0	-	2				
25 C.25 - Manufacture of fabricated metal products, except machinery and equipment	917	-	4	142	54	- 41	- 11	- 26	997 325	841 925	26,02%	827	76	13	-	3				
26 C.26 - Manufacture of computer, electronic and optical products	44	-	3	3	0	- 0	- 0	- 0	28 171	23 749	33,18%	42	2	-	-	2				



Bank Polski

# Capital Adequacy and other information to disclosures as at 31 December 2025

31.12.2025		Gross carrying amount (mln EUR)					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions (mln EUR)			GHG financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tons of CO2 equivalent)		GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting					Average weighted maturity
Sector/subsector	Of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with points (d) to (g) of Article 12.1 and in accordance with Article 12.2 of Climate Benchmark Standards Regulation	Of which environmentally sustainable (CCM)	Of which stage 2 exposures	Of which non-performing exposures	Of which Stage 2 exposures	Of which non-performing exposures	Of which Stage 2 exposures	Of which non-performing exposures	Of which Stage 3 financed emissions	GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting		<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity	
																	a
27	C.27 - Manufacture of electrical equipment	323	-	-	160	2	- 15	- 14	- 0	775 926	760 139	17,63%	302	21	1	-	2
28	C.28 - Manufacture of machinery and equipment n.e.c.	345	-	12	58	16	- 12	- 3	- 8	137 583	115 904	18,94%	277	62	6	-	3
29	C.29 - Manufacture of motor vehicles, trailers and semi-trailers	297	-	3	61	23	- 23	- 5	- 16	171 661	147 747	28,60%	280	15	2	-	2
30	C.30 - Manufacture of other transport equipment	178	-	-	4	37	- 5	- 0	- 3	46 948	42 549	5,36%	172	5	1	-	3
31	C.31 - Manufacture of furniture	311	-	-	51	10	- 12	- 5	- 5	142 532	95 384	10,32%	267	39	5	-	3
32	C.32 - Other manufacturing	84	-	-	21	1	- 2	- 1	- 1	24 758	16 550	5,05%	68	14	2	-	3
33	C.33 - Repair and installation of machinery and equipment	150	-	-	19	8	- 6	- 1	- 4	67 903	41 732	10,78%	127	19	4	-	3
34	D - Electricity, gas, steam and air conditioning supply	1 757	371	45	447	3	- 64	- 56	- 2	1 273 877	618 089	20,13%	676	252	742	86	10
35	D35.1 - Electric power generation, transmission and distribution	1 677	365	45	429	3	- 62	- 55	- 2	1 128 342	546 471	19,42%	632	226	732	86	10
36	D35.11 - Production of electricity	1 590	365	34	428	3	- 62	- 54	- 2	918 572	483 848	17,36%	572	199	732	86	10
37	D35.2 - Manufacture of gas; distribution of gaseous fuels through mains	6	6	-	0	0	- 0	- 0	- 0	54 248	53 231	64,47%	6	0	-	-	1
38	D35.3 - Steam and air conditioning supply	74	-	-	17	0	- 2	- 2	- 0	91 287	18 387	32,51%	38	26	10	-	6
39	E - Water supply; sewerage, waste management and remediation activities	468	-	-	70	8	- 10	- 4	- 4	252 701	44 136	45,39%	250	38	180	-	8
40	F - Construction	1 689	-	3	323	140	- 112	- 24	- 78	953 540	684 409	11,69%	1 557	109	23	0	3
41	F.41 - Construction of buildings	788	-	3	100	66	- 52	- 8	- 40	386 781	315 319	18,05%	718	60	10	0	2
42	F.42 - Civil engineering	271	-	0	69	15	- 14	- 5	- 8	313 542	247 828	6,71%	247	22	1	-	3
43	F.43 - Specialised construction activities	631	-	-	155	59	- 46	- 12	- 30	253 217	121 262	5,89%	592	26	12	-	3
44	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	5 503	240	0	715	230	- 191	- 45	- 118	3 703 224	2 943 021	17,41%	4 639	808	56	-	3
45	H - Transportation and storage	3 329	267	23	812	297	- 160	- 66	- 69	2 084 924	595 389	13,31%	2 629	469	232	-	4
46	H.49 - Land transport and transport via pipelines	2 505	267	0	663	239	- 130	- 50	- 58	1 788 025	447 685	14,99%	2 074	304	128	-	4
47	H.50 - Water transport	166	-	-	88	42	- 13	- 12	- 1	24 619	13 915	0,39%	55	50	61	-	8
48	H.51 - Air transport	25	-	-	2	0	- 0	- 0	- 0	22 820	17 854	18,08%	12	13	1	-	4
49	H.52 - Warehousing and support activities for transportation	545	-	-	53	14	- 14	- 4	- 8	231 457	112 385	10,89%	425	78	42	-	4
50	H.53 - Postal and courier activities	88	-	23	6	3	- 2	- 0	- 1	18 003	3 550	3,62%	63	25	0	-	4
51	I - Accommodation and food service activities	526	-	-	71	58	- 30	- 4	- 23	82 660	38 599	3,51%	443	55	27	0	4
52	L - Real estate activities	3 188	-	0	466	56	- 83	- 54	- 20	184 130	59 974	2,53%	1 683	676	826	3	7
53	<b>Exposures towards sectors other than those that highly contribute to climate change*</b>	4 876	-	3	666	118	- 106	- 31	- 58				4 012	632	232	0	4
54	K - Financial and insurance activities	327	-	-	13	4	- 3	- 0	- 2				325	2	-	-	2
55	Exposures to other sectors (NACE codes J, M - U)	4 549	-	3	653	114	- 103	- 31	- 56				3 687	631	232	0	4
56	<b>TOTAL</b>	<b>29 658</b>	<b>1 205</b>	<b>105</b>	<b>4 880</b>	<b>1 731</b>	<b>- 1 267</b>	<b>- 395</b>	<b>- 738</b>	<b>19 351 196</b>	<b>13 275 348</b>	<b>18,28%</b>	<b>22 815</b>	<b>4 346</b>	<b>2 407</b>	<b>90</b>	<b>4</b>

\* In accordance with Commission Delegated Regulation (EU) 2020/1818 supplementing Regulation (EU) 2016/1011 as regards minimum standards for EU climate transition benchmarks and EU Paris-aligned benchmarks – the regulation on climate benchmark standards – Recital 6: sectors listed in Sections A–H and Section L of Annex I to Regulation (EC) No 1893/2006; exposures do not include municipal bonds, the local government sector or financial clients.



Template 1 discloses exposures that are more vulnerable to transition risk related to the shift towards a low-carbon and climate-resilient economy, towards non-financial corporations, broken down into sectors that significantly contribute to climate change (NACE codes: A, B, C, D, E, F, G, H, I, L) and exposures to non-financial corporations operating in sectors other than those that significantly contribute to climate change (NACE codes: K, J, M-U).

The benchmark administrator, GPW Benchmark S.A., has not provided a list of entities that significantly harm at least one environmental objective. According to the information contained in the Rules of the Stock Exchange Index Family, none of the stock exchange indices qualifies as an EU climate transition benchmark or an EU Paris-aligned benchmark. Therefore, the Bank does not identify exposures to such entities in this disclosure.

In column b, exposure is disclosed only to entities meeting the criteria set out in Article 12(1)(d)-(g) of Commission Delegated Regulation (EU) 2020/1818 of 17 July 2020 supplementing Regulation (EU) 2016/1011 as regards minimum standards for EU climate transition benchmarks and EU Paris-aligned benchmarks.

The identification of exposures to these entities was carried out based on an expert review of the portfolio of non-financial corporations, consisting in assigning clients to groups of companies operating in the fossil fuels, oil fuels, natural gas sectors, and electricity generation companies. Due to the current characteristics of the Polish energy sector, the Bank adopted a conservative assumption that electricity generation companies (excluding those producing energy exclusively from renewable energy sources) qualify as entities generating at least 50% of their revenues from high-emission electricity production (emission intensity above 100 gCO<sub>2</sub>/kWh).

This assumption is based on the emission intensity indicator for electricity generation from stationary installations, published in December 2025 by KOBiZE, according to which the average emission intensity for 2024 amounted to 717 gCO<sub>2</sub>/kWh (excluding greenhouse gases other than CO<sub>2</sub>).

In column c, exposure is disclosed to entities reporting in accordance with Directive 2013/34/EU<sup>33</sup>, whose economic activity is environmentally sustainable, i.e. taxonomy-aligned and contributing to Environmental Objective 1 – climate change mitigation (CCM).

The scope of financed greenhouse gas emissions calculations includes exposures of the Bank and its subsidiaries: PKO Leasing S.A. (including Prime Car Management S.A.), PKO Faktoring S.A., within the following asset classes:

- 1) corporate loans (PCAF class: Business loans and unlisted equity);
- 2) listed equity and corporate bonds (PCAF class: Listed equity and corporate bonds);
- 3) project finance (PCAF class: Project finance);
- 4) vehicle financing (including leasing and rental) (PCAF class: Motor vehicle loans);
- 5) commercial real estate loans (PCAF class: Commercial Real Estate).

Calculations for individual asset classes were performed in accordance with the global greenhouse gas accounting and reporting standard for the financial industry, developed by Partnership for Carbon Accounting Financials.

In the area of vehicle leasing, the PCAF methodology was applied, adapted to the requirements of the GHG Protocol, under which the leasing company is responsible for operational emissions of leased assets.

In the case of Prime Car Management S.A., the Guidelines for calculating the carbon footprint for leasing companies, developed by the Związek Polskiego Leasingu and based on the GHG Protocol, PCAF standards, and the Global Logistics Emissions Council guidelines (GLEC)<sup>34</sup>, were also applied.

For the purpose of calculating financed emissions, the Bank's Capital Group used both internal and external data sources. External data sources included, among others:

- 1) actual emissions data of clients obtained from the Notoria database or directly from companies' non-financial reports;
- 2) actual emissions data from stationary fuel combustion installations and fuel consumption in internal combustion engines from the National database of greenhouse gas emissions and other substances, used for Scope 1 financed emissions calculations;
- 3) data from the Central Register of Energy Performance of Buildings maintained by the Ministry of Development and Technology, used for calculating financed emissions related to commercial real estate loans;
- 4) emission factors from the PCAF online emission factor database, used for corporate loans, listed equity and corporate bonds, project finance, and vehicle financing;
- 5) emission factors from the European building emission factors database maintained by PCAF, used for commercial real estate financing;
- 6) emission factor data from Eurotax, data from the Central Register of Vehicles and Drivers (CEPIK), the National Inventory Report, and information on fuel consumption and CO<sub>2</sub> emissions in passenger cars published by the Ministry of Infrastructure under the Regulation of the Prime Minister of 29 April 2004, used for calculating financed emissions of Prime Car Management S.A.

Within the calculation of financed emissions, the Bank's Capital Group based its estimates on:

- 1) reported emissions (information on emissions of the client, the financed entity, or the parent company of the group to which it belongs);

<sup>33</sup> Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC, as amended.

<sup>34</sup> Global Logistics Emissions Council (GLEC) – a platform for measuring greenhouse gas emissions across different modes of transport.



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- 2) emissions estimated based on physical activity data of the client or the invested entity, including: energy consumption, production levels, and information from energy performance certificates (actual or estimated) of financed properties;
- 3) emissions estimated based on economic activity data of the client or the invested entity, including, among others, revenue information obtained by the Bank from clients' financial statements;
  - and, in accordance with the methodology of Partnership for Carbon Accounting Financials, calculated for each asset class an attribution factor, indicating what portion of the client's emissions is assigned to the Bank's Capital Group depending on the share of financing provided.

Compared to the previous reporting period, exposures to sectors significantly contributing to climate change increased, which was related to the overall growth of the Bank's Capital Group portfolio. At the same time, their financed emissions remained at a level similar to the previous reporting period. As a result, a decrease in the emission intensity of the analyzed portfolio was observed, primarily due to a significant increase in the nominal financing of renewable energy projects. This effect was partially offset by increased exposure in the following sectors: crude oil and natural gas extraction, metal ore mining, and the production of coke products.

The Bank also recorded an increase in the share of Scope 3 financed emissions of clients in total financed emissions, resulting from improved availability of actual market data.

Table 4.3 Banking book - Indicators of potential climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral [Template 2]

31.12.2025	Total gross carrying amount amount (mln EUR)															
	Level of energy efficiency (EP score in kWh/m <sup>2</sup> of collateral)						Level of energy efficiency (EPC label of collateral)							Without EPC label of collateral		
	0; <= 100	> 100; <= 200	> 200; <= 300	> 300; <= 400	> 400; <= 500	> 500	A	B	C	D	E	F	G	Of which level of energy efficiency (EP score in kWh/m <sup>2</sup> of collateral) estimated		
Counterparty sector	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
<b>1 Total EU area</b>	37 038	16 838	12 796	5 230	1 160	399	223								37 038	64%
2 Of which Loans collateralised by commercial immovable property	5 889	689	1 565	3 006	375	86	111								5 889	64%
3 Of which Loans collateralised by residential immovable property	31 149	16 149	11 230	2 223	785	312	111								31 149	64%
4 Of which Collateral obtained by taking possession: residential and commercial immovable properties	0	-	0	0	0	0	-								0	96%
5 Of which Level of energy efficiency (EP score in kWh/m <sup>2</sup> of collateral) estimated	23 736	9 397	8 861	4 335	829	304	1								23 736	100%
<b>6 Total non-EU area</b>	<b>361</b>	-	-	-	-	-	-								<b>361</b>	-
7 Of which Loans collateralised by commercial immovable property	181	-	-	-	-	-	-								181	-
8 Of which Loans collateralised by residential immovable property	150	-	-	-	-	-	-								150	-
9 Of which Collateral obtained by taking possession: residential and commercial immovable properties	31	-	-	-	-	-	-								31	-
10 Of which Level of energy efficiency (EP score in kWh/m <sup>2</sup> of collateral) estimated	-	-	-	-	-	-	-								-	-

Template 2 discloses all exposures associated with collateral in the form of built real estate. Expert, conservative estimates of the EP indicator (i.e. the level of energy efficiency - annual consumption of non-renewable primary energy in kWh/m<sup>2</sup> per year) were applied for all types of properties based on the year of construction, where available. For part of the exposures, actual EP values were disclosed. Currently, the Bank's Capital Group obtains data on energy performance certificates from the Central Register of Energy Performance of Buildings and systematically updates this data in its internal systems. As the scope of data obtained from the Central Register expands, the share of actual EP values in the mortgage portfolio increases, enabling more precise reporting of the energy efficiency of properties.

Where estimation of EP values was necessary, data published by the Ministry of Development and Technology and the Announcement of the Minister of Development and Technology of 15 April 2022 on the consolidated text of the Regulation of the Minister of Infrastructure on technical conditions to be met by buildings and their location were used. Columns h-n are empty because the Bank's Capital Group does not have exposures in its portfolio associated with collateral assigned energy performance certificate labels (building energy efficiency classes A-G).



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Table 4.4 Banking book - Indicators of potential climate change transition risk: Alignment metrics [Template 3]

31.12.2025	NACE Sectors (a minima)	Portfolio gross carrying amount (mln EUR)	Alignment metric**	Year of reference	Distance to IEA NZE2050 in % ***	Target (year of reference + 3 years)	
a	b	c	d	e	f	g	
1	Power	D35.11, D35.30	1 664	183 kgCO <sub>2</sub> e/MWh	2023	-2%	269 kgCO <sub>2</sub> e/MWh
2	Fossil fuel combustion		433	74,10 tCO <sub>2</sub> e/TJ	2022	23%	72,11 tCO <sub>2</sub> e/TJ
3	Automotive		297	0,060 kgCO <sub>2</sub> /tkm - trucks	2022	42%	0,05559 kgCO <sub>2</sub> /tkm
			297	0,140 kgCO <sub>2</sub> /pkm - cars	2022	130%	0,1536 kgCO <sub>2</sub> /pkm
4	Aviation	Mapping of NACE codes to PKD sectors in accordance with EU regulations	101	-	-	0%	-
5	Maritime transport		424	-	-	-	-
6	Cement, clinker and lime production		155	-	-	-	-
7	Iron and steel, coke, and metal ore production		660	0,77 tCO <sub>2</sub> /t	2022	-28%	0,5492 tCO <sub>2</sub> /t
8	Chemicals		985	1,40 tCO <sub>2</sub> /t	2022	5%	1,43 tCO <sub>2</sub> /t

\* by "Reference year", the Bank understands the base year, i.e. the year of the alignment metric for a given sector disclosed in the Capital Adequacy Report as at 30 June 2024. For individual sectors, the following alignment metric values are assumed: Energy - 349 kgCO<sub>2</sub>e/MWh (in line with the Transformation Plan), Fossil fuel combustion - 74.74 tCO<sub>2</sub>e/TJ, Automotive - trucks - 0.0623 kgCO<sub>2</sub>/tkm, Automotive - passenger cars - 0.1727 kgCO<sub>2</sub>/pkm, Iron and steel, coke and metal ores production - 0.5492 tCO<sub>2</sub>/t, Chemicals - 1.43 tCO<sub>2</sub>/t.

\*\* value remaining to reach the 2030 data points under the NZE2050 scenario (%)

In Template 3, the Bank discloses exposures of the Bank's Capital Group (excluding exposures to the Central Bank and the State Treasury) broken down by sectors that have a significant impact on financed greenhouse gas emissions.

The Bank's Capital Group conducted an analysis of its alignment actions with the goals of the Paris Agreement in relation to the sectors indicated in Template 3, like: the energy sector, fossil fuel combustion, automotive, aviation, maritime transport, cement, slag and lime production, iron and steel, coke and metal ores production, and chemicals.

In accordance with the regulation, sectors that are material to the Bank's financing activities are subject to disclosure. Applying a conservative approach, the materiality threshold was set at below 1% of the total exposure amount in the non-trading book. Accordingly, the following sectors were considered immaterial: aviation, cement, slag and lime production, and maritime transport, for which no sufficiently high-quality data are available.

The Bank's Capital Group used the Net Zero Emissions by 2050 scenario indicators for 2030 by sector, referring to the document "World Energy Outlook 2023" published by the International Energy Agency.

Alignment metrics and three-year targets were determined based on client reports and statistical data for Poland, including data from KOBiZE, Eurostat and Główny Urząd Statystyczny. The reference year for the alignment analysis was 2022 or 2023, depending on data availability.

In the **energy sector**, the alignment metric was expressed in kgCO<sub>2</sub>e/MWh. Its unit, scope of NACE/PKD codes and the target in the "reference year + 3 years" horizon were aligned with the Transformation Plan. At the reporting date, the metric value (column d) was determined based on actual emission intensities of key clients. Additionally, for exposures financing energy or heat generation from gas or renewable sources, PCAF database factors were applied. In the case of biogas, a statistical indicator based on the latest data from the National Support Centre for Agriculture was used. For other entities, the average emission intensity of energy generation in Poland published by KOBiZE was applied. The portfolio result was calculated as a weighted average by balance sheet exposure. The metric value remains below the 2025 target defined in both the Net Zero 2050 pathway of the International Energy Agency and the Bank's Capital Group decarbonisation pathway. The decrease in the metric results from increased financing of renewable energy sources (RES) and the ongoing decarbonisation of companies in the sector, reflected in declining actual emission intensities of clients as well as the sectoral indicator. As at the reporting date, new financing for gas investments amounting to PLN 3 billion was recorded (currently off-balance sheet and outside the scope of the metric calculation). Launching this financing would increase the metric to approx. 267 kgCO<sub>2</sub>e/MWh (estimated based on a statistical gas intensity factor; actual values may vary depending on the financed technology).

In the **fossil fuel combustion sector**, the alignment metric was expressed as emission intensity per unit of energy (tCO<sub>2</sub>e/TJ). The target in the "reference year + 3 years" horizon was set following a decline trajectory consistent with the NZE 2050 scenario of the International Energy Agency (i.e. a pathway parallel to the IEA scenario). At the reporting date, the metric value (column d) was determined based on actual emission intensities of key clients. For entities that did not disclose indicators, a statistical indicator based on emissions from fuel combustion in Poland (published in the National Inventory Report) and corresponding energy supply was applied. The portfolio result was calculated as a weighted average by balance sheet exposure. Its value remained close to the previous reporting period, i.e. approx. 74 tCO<sub>2</sub>e/TJ, slightly above the maximum level defined in the adopted pathway.

In the **iron and steel, coke and metal ores sector**, the alignment metric was expressed as emission intensity in tCO<sub>2</sub> per tonne of production. The target in the "reference year + 3 years" horizon was set equal to the reference-year value, as it was already lower than the level implied by the NZE 2050 scenario of the International Energy Agency. At the reporting date, the metric value (column d) was determined based on actual data reported by key clients. For entities that did not disclose indicators, a statistical indicator was applied (source: WiseEuropa<sup>35</sup>). The portfolio result was calculated as a weighted average by balance sheet exposure. Compared to the previous reporting period, the metric increased from 0.66 to 0.77 tCO<sub>2</sub>/t, due to greater availability of actual data, which are higher than the sector average. Nevertheless, it remains below the 2025 target defined in the Net Zero 2050 decarbonisation pathway of the International Energy Agency.

In the **automotive sector**, the alignment metric was expressed as emission intensity in kgCO<sub>2</sub>/tonne-kilometre (tkm) for trucks and kgCO<sub>2</sub>/passenger-kilometre (pkm) for passenger cars. Due to lack of available actual data, statistical indicators were applied for all entities (including data from KOBiZE, Eurostat and GUS). The target in the "reference year + 3 years" horizon was determined by adopting decline trajectories parallel to those defined in the NZE 2050 scenario of the International Energy Agency. The emission intensity indicator for passenger cars decreased from 0.15 to 0.14 kgCO<sub>2</sub>/pkm as a result of updated statistical data on emissions and passenger transport volumes. It remains below the 2025 target defined in the Bank's Capital Group pathway. In the truck segment, the metric remains unchanged since 2024 due to lack of updated statistical data on freight transport volumes and remains slightly above the adopted pathway.

In the **chemicals sector**, the alignment metric was expressed as emission intensity in tCO<sub>2</sub> per tonne of production. The target in the "reference year + 3 years" horizon was set equal to the reference-year value, as it was already below the level implied by the NZE 2050 scenario of the International Energy Agency.

<sup>35</sup> WiseEuropa – the WiseEuropa Institute is an independent think tank specializing in European and foreign policy as well as economics. It conducts economic and institutional analyses, as well as independent research on the impact of public policies on the economy.



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Agency. At the reporting date, the metric value (column d) was determined based on actual emission intensities of key clients. For entities that did not disclose indicators, statistical data from the National Inventory Report were applied. The portfolio result was calculated as a weighted average by balance sheet exposure. Due to the prolonged lack of updated emission intensity data for one entity in the pharmaceutical sector, its metric was excluded from calculations and results were recalculated for the entire reporting period. This was done to maintain methodological consistency and avoid distortions from outdated proxy data. After recalculation, the emission intensity increased from 1.33 to 1.40 tCO<sub>2</sub>/t. This change mainly reflects updated sector averages. The upward trend was partially offset by new actual client data below sector averages. Despite the increase, the portfolio metric remains below the 2025 target defined in both the Net-Zero 2050 pathway of the International Energy Agency and the Bank's Capital Group pathway.

The Bank's Capital Group is working on improving the quality of collected data and aims to maximise portfolio coverage with actual emission intensity or production data obtained directly from clients, so that future disclosures better and more accurately reflect the characteristics of the Bank's portfolio.

Table 4.5 Banking book - Indicators of potential climate change transition risk: Exposures to top 20 carbon-intensive firms [Template 4]

	a	b	c	d	e
	Gross carrying amount (aggregate)	Gross carrying amount towards the counterparties compared to total gross carrying amount (aggregate)*	Of which environmentally sustainable (CCM)	Weighted average maturity	Number of top 20 polluting firms included
1	1	0,00%	-	1	1

\* with respect to counterparties from the group of the 20 largest carbon emitters globally.

Template 4 discloses exposures of the Bank's Capital Group to the 20 largest carbon-emitting companies in the world, included in the Carbon Majors list published in January 2026 (data for 2024). The disclosure includes exposures to entities listed above and their subsidiaries identified based on consolidated financial statements.



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Table 4.6 Banking book - Indicators of potential climate change physical risk: Exposures subject to physical risk [Template 5]

31.12.2025		Gross carrying amount (mln EUR)														
		of which exposures sensitive to impact from climate change physical events													Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions	
		Breakdown by maturity bucket					of which exposures sensitive to impact from chronic climate change events	of which exposures sensitive to impact from acute climate change events	of which exposures sensitive to impact both from chronic and acute climate change events	Of which Stage 2 exposures	Of which non-performing exposures	of which Stage 2 exposures	Of which non-performing exposures			
Variable: Geographical area subject to climate change physical risk - acute and chronic events	a	b	c	d	e	f								g	h	i
			<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity									
1 A - Agriculture, forestry and fishing		515	1	0	0	-	0	0	0	1	-	0	0	-0	-0	-0
2 B - Mining and quarrying		309	0	142	-	-	0	142	0	-	-	0	-0	-	-0	
3 C - Manufacturing		4 988	72	19	0	-	0	18	74	-	3	1	-1	-0	-1	
4 D - Electricity, gas, steam and air conditioning supply		1 744	0	25	242	-	0	267	0	-	39	-	-6	-5	-	
5 E - Water supply; sewerage, waste management and remediation activities		386	0	1	3	-	0	4	0	-	0	-	-0	-0	-	
6 F - Construction		1 283	11	3	0	-	0	2	12	-	5	2	-2	-1	-1	
7 G - Wholesale and retail trade; repair of motor vehicles and motorcycles		4 574	-	-	-	-	-	-	-	-	-	-	-	-	-	
8 H - Transportation and storage		3 116	0	0	-	-	0	0	0	-	0	0	-0	-0	-0	
9 L - Real estate activities		1 983	3	26	72	-	0	70	31	-	0	0	-0	-0	-0	
10 Loans collateralised by residential immovable property		31 180	9	34	205	412	0	-	660	-	57	7	-11	-6	-4	
11 Loans collateralised by commercial immovable property		6 039	126	16	9	0	0	-	151	-	115	6	-13	-10	-3	
12 Repossessed colaterals		0	-	-	-	-	-	-	-	-	-	-	-	-	-	
13 Other relevant sectors (breakdown below where relevant)		-	1	2	3	4	5	6	7	8	9	10	11	12	13	

Template 5 discloses the sensitivity of the portfolio to the impact of chronic and acute physical events related to climate change, assessed using the climate model of the Instytut Ochrony Środowiska – Państwowy Instytut Badawczy (KLIMADA 2.0 project), based on the IPCC RCP 8.5 scenario. This template presents information on assets located in Poland.

Regional-level data (municipality level) are analysed in relation to the geographical location of the client's operations or the location of collateral in the form of real estate. The level of gross risk (hazard) is assessed with respect to types of chronic risk (drought and water scarcity) and acute risk (flooding and floods, as well as hurricanes – winds exceeding 30 m/s). The analysis covers three time horizons (up to 2030, 2040 and 2050) and takes into account the maturities of the Bank's credit portfolio.

With regard to mortgage collateral, the Bank's Capital Group has divided exposures into residential and commercial real estate, taking into account maturities, sensitivity levels (chronic and acute climate-related events), and STAGE buckets, including cumulative impairment.

The Bank's Capital Group does not disclose exposures to entities operating in the construction, services, transport and retail network sectors broken down by climate phenomena impacts, due to the assumption of a low impact of physical risk on the overall operations of these entities, resulting from the high diversification of their activities.

Compared to the previous reporting period, the level of exposures sensitive to chronic and acute physical climate-related events remains broadly unchanged.



## 5 REMUNERATION POLICY

### 5.1 Main elements of the remuneration policy and their application

#### 5.1.1 Bodies supervising the remuneration policy

The Supervisory Board's Nomination and Remuneration Committee (SBNRC) supports the Supervisory Board in performing its statutory duties and responsibilities arising from legal regulations. The SBNRC is composed of members of the Bank's Supervisory Board. Composition of the Nomination and Remuneration Committee of the Supervisory Board of PKO Bank Polski S.A. as at 31 December 2025:

No.	Name	Function
1.	Katarzyna Zimnicka-Jankowska	Chairperson of the Committee
2.	Hanna Kuzińska	Vice-Chairperson of the Committee
3.	Jerzy Kalinowski	Member of the Committee
4.	Małgorzata Prochwicz-O'Shaughnessy	Member of the Committee

The SRNRC is responsible in particular for the following tasks:

- 1) conducting periodic reviews of the remuneration policy for persons holding managerial positions in the Bank and presenting the results of such reviews to the Supervisory Board,
- 2) presenting to the Supervisory Board proposals regarding the principles of employment and remuneration of Management Board members,
- 3) issuing opinions on the general principles of the remuneration policy for persons whose professional activities have a material impact on the Bank's risk profile, subject to approval by the Supervisory Board,
- 4) reviewing the report prepared by the Internal Audit Department on the implementation of the remuneration policy,
- 5) preparing a draft report on the assessment of the functioning of the remuneration policy in the Bank, which is submitted to the General Meeting by the Supervisory Board.

In 2025, a total of 10 SRNRC meetings were held.

The remuneration policy for employees of the Bank and the Capital Group of PKO Bank Polski S.A. (hereinafter referred to as the "Remuneration Policy" or the "Policy") is applied in the Bank and its subsidiaries, taking into account the principle of proportionality based on the following criteria: the legal form of the activity, its scale, the risk associated with the activity, the internal organisation, and the nature and complexity of the operations conducted. The Remuneration Policy is also applied to foreign branches to the extent consistent with locally applicable regulations.

In the process of identifying positions with a material impact on the risk profile of the Bank, entities of the Bank's Capital Group or the entire Capital Group (MRT), the following positions are considered to have such an impact:

- 1) members of the Management Board and the Supervisory Board of the Bank,
- 2) members of the management boards and supervisory boards of subsidiaries that have a material impact on the risk profile - respectively - of the Bank, individual subsidiaries or the entire Capital Group.

Other MRT positions in the Bank are identified by the Management Board of the Bank, and in the case of subsidiaries, MRT positions are identified by the management boards of those subsidiaries, taking into account in particular the provisions of the delegated regulation of the European Commission supplementing Directive 2013/36/EU, which sets out regulatory technical standards defining the criteria for identifying staff whose professional activities have a material impact on the institution's risk profile. According to these criteria, MRTs include in particular:

- 1) senior management responsible for significant business units, risk management functions and control functions,
- 2) positions responsible for providing internal support that are critical to the conduct of operations and expose the Bank to significant operational and other risks,
- 3) positions generating credit and market risk identified based on limit-based criteria.

For the purpose of identifying MRT positions in subsidiaries, the materiality of a subsidiary's impact on the risk profile of the subsidiary or the entire Group is determined, taking into account the risk management strategy and applicable legal requirements. Subsidiaries identify MRT positions in consultation with the Bank.

#### 5.1.2 Description of the remuneration system structure

The Remuneration Policy ensures a consistent remuneration system by:

- 1) applying a remuneration system aligned with market trends,
- 2) attracting optimal candidates for employment,
- 3) aligning remuneration mechanisms, tools and levels with the strategy and objectives of the Bank and its Capital Group,
- 4) taking into account the capabilities of the Bank's Capital Group in shaping desired remuneration mechanisms and levels,
- 5) shaping fixed pay based on job evaluation,
- 6) shaping the remuneration structure based on work performance and employee competency assessment,



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- 7) building employee accountability for assigned tasks assessed based on objective criteria,
- 8) ensuring that variable remuneration components are structured to reflect the cost of risk, cost of capital and liquidity risk of the Bank and its Capital Group in the long term,
- 9) ensuring that monetary or non-monetary forms of remuneration do not encourage individuals involved to favour their own interests or those of the Bank and its Capital Group at the expense of clients,
- 10) ensuring gender neutrality in remuneration practices within the Capital Group,
- 11) ensuring alignment with the strategy in the area of environmental, social and governance risks (ESG).

The Management Board adopts the Policy and is responsible for implementing its principles in the Bank and its subsidiaries – through appropriate internal regulations and cooperation with individual entities of the Capital Group. The Supervisory Board approves the Policy.

The Collective Labour Agreement (CLA), concluded with trade union organisations on 28 March 1994 (as amended), constitutes the basis for granting Bank employees the following remuneration components:

- 1) base salary,
- 2) bonuses for overtime work and work under particularly burdensome or hazardous conditions,
- 3) bonuses and awards for outstanding professional achievements.

Variable remuneration may be reduced or even fully withdrawn if, by the payment date (in particular within an assessment period of at least the last three years), an MRT has:

- 1) committed significant breaches of contractual obligations,
- 2) improperly performed assigned tasks,
- 3) committed significant violations of legal regulations or customer service standards,
- 4) demonstrated conduct towards employees or co-workers that violates principles of social coexistence.

When deciding on variable remuneration for all MRTs, the following may be determined:

- 1) potential limitation of the total amount allocated to variable remuneration, taking into account:
  - the impact on regulatory capital, solvency ratio and own funds, so that the payment of variable remuneration does not limit their strengthening,
  - the impact on the cost of capital, ensuring that payments do not weaken the capital base,
  - the desired risk profile, including related costs,
  - financial results in relation to long-term development plans;
- 2) temporary adjustments, in the event of extraordinary and unforeseen circumstances requiring a conservative approach to MRT variable remuneration:
  - changing the proportion between deferred and non-deferred variable remuneration in favour of increasing the deferred component,
  - extending deferral periods and adjusting dates at which:
- 3) the base value of variable remuneration is converted into financial instruments,
- 4) the value of financial instruments is converted into cash for payment,
  - changing the proportion between cash and financial instrument components of variable remuneration in favour of increasing the instrument-based component.

Before paying variable remuneration, the Management Board determines whether and over what period conditions for reduction (malus) occurred, using the following assessment framework:

- 1) significant deterioration in performance due to:
  - occurrence or risk of accounting loss,
  - risk of insolvency or loss of liquidity (including long-term cost of risk, capital and liquidity risk),
- 2) identification of a significant negative change in own funds,
- 3) breach of legal regulations, internal policies or employment obligations, or significant errors (e.g. non-compliance with internal codes, compliance guidelines or core values, particularly in risk management),
- 4) adjustment of performance/targets and their achievement level,
- 5) deterioration of results in areas supervised by the MRT,
- 6) granting variable remuneration based on incorrect or misleading information or as a result of fraud,
- 7) decrease in ROA below the recovery plan trigger level and decrease in Tier 1 or Total Capital Ratio (TCR) below the combined buffer requirement,
- 8) decrease in NSFR below the recovery plan trigger level,
- 9) decrease in TCR below the recovery plan trigger level.

After breaching the combined buffer or leverage ratio buffer, variable remuneration is paid only to the extent that it does not lead to exceeding the MDA or L-MDA thresholds within the meaning of the Act of 5 August 2015 on macroprudential supervision of the financial system and crisis management in the financial system.

The Supervisory Board, based on the recommendation of the Nomination and Remuneration Committee, adopted a resolution approving the 2024 report on the assessment of the remuneration policy. The report indicates that in 2024 the Bank and its Capital Group continued a remuneration policy ensuring a consistent and transparent remuneration system, based on aligning pay levels with job categories and benchmarking them against market remuneration. The Bank continues to apply a job evaluation method based on determining job weights according to skills, problem-solving and impact on results, as well as a candidate referral programme.

Employment, termination or changes to employment conditions for the head of internal audit or compliance functions require prior approval of the Supervisory Board. The determination and change of their base salary are approved by the Supervisory Board or its relevant committee.

Termination or changes to employment conditions affecting the position or reducing base salary for employees of internal audit or compliance functions require prior approval of the President of the Management Board.

The remuneration level of employees performing independent control functions should enable the institution to employ qualified and experienced personnel. Their remuneration should be predominantly fixed and reflect the nature of their responsibilities, which is considered when setting objectives.

Guaranteed variable remuneration components are exceptional and may only be granted upon hiring or entering into a contract, and are limited to the first year of employment.

A severance payment (not resulting from generally applicable laws) may be granted to a Management Board member or MRT upon termination of employment, not exceeding three times the fixed remuneration (as at the last day of employment), provided that:



- 1) employment lasted for an appropriate period,
- 2) termination occurred for reasons other than a breach of fundamental contractual obligations.

If granted, the severance amount should reflect the performance assessment over the last three years.

### 5.1.3 Description of how current and future risk is taken into account in remuneration setting processes

The Bank applies ex ante and ex post adjustment mechanisms described in section 5.1.2 above.

When making payment decisions, the Bank assesses the relationship of remuneration to: the Bank's capital requirement, the Bank's own funds, and the total capital ratio.

The incorporation of risk in MRT remuneration is also reflected in the bonus targets set for MRTs, which are linked to the level of risk in the Bank's activities (see section 5.1.5).

### 5.1.4 Ratio of fixed to variable remuneration components

The total amount of variable remuneration for an MRT for a given bonus period may not exceed 100% of the defined fixed remuneration for the period of holding the position. The Bank applies ex ante and ex post adjustment mechanisms described in section 5.1.2.

The impact of risk on variable remuneration is secured in the target-setting process, as described in section 5.1.5 below.

### 5.1.5 Description of actions taken by the institution to link remuneration levels with performance achieved during the performance measurement period

MRTs are covered by the Management by Objectives (MbO) system. Targets assigned to MRTs include both institutional-level and individual targets specific to a given business area and are set for the bonus period. These targets ensure that the Bank's business cycle and risk are taken into account, both through the establishment of appropriate, risk-sensitive performance criteria and through reduction or absence of variable remuneration in the event of deteriorating financial results, losses or deterioration of other indicators.

MRT bonus targets include both quantitative and qualitative criteria and are designed to ensure:

- 1) motivation for work and behaviour that enable the Bank and its Capital Group to achieve the best possible, stable financial results over the long term,
- 2) support for proper and effective risk management and discouragement from taking excessive risk beyond the risk appetite approved by the Supervisory Board,
- 3) support for the implementation of the business strategy and mitigation of conflicts of interest.

Deferred and non-deferred variable remuneration for MRTs for 2025 and subsequent years consists of:

- 1) a cash component, representing 45% of variable remuneration,
- 2) an instrument-based component (phantom shares), representing 55% of variable remuneration.

The only instrument used is phantom shares of the Bank; therefore, there is no need to assess the balance between different types of instruments.

When making payment decisions, the Bank applies the performance criteria and indicators described in section 5.1.3. In the case of weak performance, the Bank may apply the measures described in section 5.1.2.

### 5.1.6 Description of actions taken by the institution to adjust remuneration to reflect long-term performance

Total variable remuneration for a given bonus period is determined as a combination of non-deferred and deferred components in a ratio of 60% to 40% below a particularly high amount and 40% to 60% above a particularly high amount.

For variable remuneration for 2025, the Bank applies a 5-year deferral period consisting of annual settlement periods following the end of the bonus period and the calculation of the total base value of all MRT variable remuneration components. The Bank also applies the required retention period for instruments.

The Bank does not apply a clawback mechanism. Before payment of variable remuneration, it is determined whether and over what period conditions for reduction (malus) occurred, in accordance with section 5.1.2.

### 5.1.7 Description of key parameters and justification of all types of variable remuneration systems and any other non-cash benefits in accordance with Article 450(1)(f) CRR

The Bank measures performance through appropriately set targets that include:

- 1) Net profit of the Bank's Capital Group,
- 2) Cost-to-income ratio (C/I) of the Bank's Capital Group (%),
- 3) Return on equity (ROE) of the Bank's Capital Group (%),
- 4) Cost of credit risk of the Bank's Capital Group, including loans measured at FVPL and results on off-balance sheet liabilities (%),
- 5) Strategic objectives, including:
  - market shares in household savings, business client financing, cash loan volumes and PLN-denominated mortgage volumes for retail clients,
  - customer recommendation level measured by relational NPS for retail clients based on internal surveys (Q4 reading),
  - financing of Poland's energy transition by PKO Bank Polski S.A., measured by new sales.

The structure of performance metrics combines various types of KPIs, particularly quantitative and efficiency indicators aligned with the organisation's specifics. All performance metrics are parameterised and measurable. Depending on the managerial role, different weightings are assigned to specific targets in the overall assessment.



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Responsibility for long-term, risk-adjusted financial performance is applied, with target structures adapted to the nature of tasks performed. Positions responsible for control functions are assessed based on targets independent of the financial results of the controlled units.

The split between deferred and non-deferred variable remuneration is described in section 5.1.5.

## 5.1.8 Other aspects of the remuneration policy

The Bank does not apply the exemption specified in Article 94(3)(a) of the CRD. The provisions of Article 94(3)(b) of the CRD were applicable in the Bank in 2025.

## 5.2 Quantitative remuneration data

The tables below present quantitative remuneration data for 2025. As of the publication date, variable remuneration components, such as bonuses for 2025, have not yet been awarded. Quantitative data on all variable remuneration components awarded for 2025 will be published together with the capital adequacy disclosure of the PKO Bank Polski S.A. Group for the first half of 2026.

Table 5.1 Remuneration awarded for the financial year [EU REM1 template]

		31.12.2025				
		a	b	c	d	
		MB Supervisory function	MB Management function	Other senior management	Other identified staff	
1		Number of identified staff	10	8	56	184
2		Total fixed remuneration	1,75	11,86	39,58	63,28
3		Of which: cash-based	1,75	11,38	37,60	59,47
4		(Not applicable in the EU)				
EU-4a	Fixed remuneration	Of which: shares or equivalent ownership interests	-	-	-	-
5		Of which: share-linked instruments or equivalent non-cash instruments	-	-	-	-
EU-5x		Of which: other instruments	-	-	-	-
6		(Not applicable in the EU)				
7		Of which: other forms	-	0,48	1,98	3,82
8		(Not applicable in the EU)				
9		Number of identified staff	-	8	56	184
10		Total variable remuneration	-	-	3,48	2,28
11		Of which: cash-based	-	-	3,48	2,28
12		Of which: deferred	-	-	-	-
EU-13a	Variable remuneration*	Of which: shares or equivalent ownership interests	-	-	-	-
EU-14a		Of which: deferred	-	-	-	-
EU-13b		Of which: share-linked instruments or equivalent non-cash instruments	-	-	-	-
EU-14b		Of which: deferred	-	-	-	-
EU-14x		Of which: other instruments	-	-	-	-
EU-14y		Of which: deferred	-	-	-	-
15		Of which: other forms	-	-	-	-
16		Of which: deferred	-	-	-	-
17		<b>Total remuneration (2 + 10)</b>	<b>1,75</b>	<b>11,86</b>	<b>43,06</b>	<b>65,56</b>



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Table 5.2 Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff) [Template EU REM2]

		31.12.2025			
		a	b	c	d
		MB Supervisory function	MB Management function	Other senior management	Other identified staff
<b>Guaranteed variable remuneration awards</b>					
1	Guaranteed variable remuneration awards - Number of identified staff	-	-	-	-
2	Guaranteed variable remuneration awards -Total amount	-	-	-	-
3	Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap	-	-	-	-
<b>Severance payments awarded in previous periods, that have been paid out during the financial year</b>					
4	Severance payments awarded in previous periods, that have been paid out during the financial year - Number of identified staff	-	-	5	-
5	Severance payments awarded in previous periods, that have been paid out during the financial year - Total amount	-	-	0,51	-
<b>Severance payments awarded during the financial year</b>					
6	Severance payments awarded during the financial year - Number of identified staff	-	-	3	8
7	Severance payments awarded during the financial year - Total amount	-	-	0,38	1,08
8	Of which paid during the financial year	-	-	0,38	1,08
9	Of which deferred	-	-	-	-
10	Of which severance payments paid during the financial year, that are not taken into account in the bonus cap	-	-	-	0,77
11	Of which highest payment that has been awarded to a single person	-	-	0,38	0,69

Table 5.3 Deferred remuneration [EU REM3 template]

		31.12.2025							
		a	b	c	d	e	f	EU - g	EU - h
Deferred and retained remuneration		Total amount of deferred remuneration awarded for previous performance periods	Of which due to vest in the financial year	Of which vesting in subsequent financial years	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e.changes of value of deferred remuneration due to the changes of prices of instruments)	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods
1	<b>MB Supervisory function</b>	-	-	-	-	-	-	-	-
2	Cash-based	-	-	-	-	-	-	-	-
3	Shares or equivalent ownership interests	-	-	-	-	-	-	-	-
4	Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
5	Other instruments	-	-	-	-	-	-	-	-
6	Other forms	-	-	-	-	-	-	-	-
7	<b>MB Management function</b>	10,33	1,76	8,57	1,15	3,27	0,47	1,22	0,88
8	Cash-based	4,98	0,88	4,10	0,58	1,63	0,03	0,33	-
9	Shares or equivalent ownership interests	-	-	-	-	-	-	-	-
10	Share-linked instruments or equivalent non-cash instruments	5,35	0,88	4,47	0,58	1,63	0,44	0,89	0,88
11	Other instruments	-	-	-	-	-	-	-	-
12	Other forms	-	-	-	-	-	-	-	-
13	<b>Other senior management</b>	27,67	4,42	23,26	0,28	0,95	1,72	5,41	2,21
14	Cash-based	13,36	2,21	11,15	0,14	0,47	0,25	2,32	-
15	Shares or equivalent ownership interests	-	-	-	-	-	-	-	-
16	Share-linked instruments or equivalent non-cash instruments	13,42	2,05	11,37	0,14	0,48	1,43	2,90	2,05
17	Other instruments	0,90	0,15	0,74	-	-	0,04	0,19	0,15
18	Other forms	-	-	-	-	-	-	-	-
19	<b>Other identified staff</b>	30,79	4,73	26,07	0,05	0,29	1,37	5,22	2,36
20	Cash-based	14,85	2,36	12,49	0,02	0,14	0,21	2,55	-
21	Shares or equivalent ownership interests	-	-	-	-	-	-	-	-
22	Share-linked instruments or equivalent non-cash instruments	13,98	2,06	11,92	0,02	0,15	1,14	2,43	2,06
23	Other instruments	1,96	0,31	1,66	-	-	0,02	0,23	0,31
24	Other forms	-	-	-	-	-	-	-	-
25	<b>Total amount</b>	<b>68,80</b>	<b>10,90</b>	<b>57,90</b>	<b>1,48</b>	<b>4,51</b>	<b>3,56</b>	<b>11,85</b>	<b>5,45</b>

In 2025, there were no individuals in the entire PKO Bank Polski S.A. Capital Group who received total remuneration of at least EUR 1 million; therefore, table EU REM4 has not been completed.



Table 5.4 Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile\* (identified staff) for 2023 [Template EU REM5]

		31.12.2025									
		a	b	c	d	e	f	g	h	i	j
		Management body remuneration			Business areas						
		MB Supervisory function	MB Management function	Total MB	Investment banking	Retail banking	Asset management	Corporate functions	independent internal control functions	All other	Total
1	Total number of identified staff										258
2	Of which: members of the MB	10	8	18							
3	Of which: other senior management				1	10	-	30	3	12	
4	Of which: other identified staff				15	48	17	54	37	13	
5	Total remuneration of identified staff	1,75	11,86	13,61	6,25	26,79	6,40	42,09	13,82	13,27	
6	Of which: variable remuneration	-	-	-	0,46	1,79	0,13	2,88	0,24	0,26	
7	Of which: fixed remuneration	1,75	11,86	13,61	5,79	25,00	6,27	39,21	13,58	13,02	



## 6 GLOSSARY OF TERMS AND ABBREVIATIONS

<b>BRR</b>	Directive (EU) 2017/2399 of the European Parliament and of the Council of 12 December 2017 requires Member States to create a new category for the settlement of claims in insolvency proceedings.
<b>Carbon Majors Database and Thomson Reuters</b>	databases used to identify companies with the largest carbon dioxide emissions recommended by the European Commission
<b>CBI</b> ( <i>Climate Bond Initiative</i> )	an international organisation working to mobilise global capital for climate action, involved in developing climate bond standards and a certification system
<b>CIRS</b> ( <i>Currency Interest Rate Swap</i> )	a transaction involving the exchange of interest payments between counterparties based on different currency denominations and different interest rates
<b>CRD</b>	Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC
<b>CSA</b> ( <i>Credit Support Annex</i> )	a collateral agreement – annex to the framework agreement
<b>EaR</b> ( <i>Earnings at risk</i> )	defines maximum deviation of net business income from expected value with an assumed range of confidence in a specified time horizon
<b>EBA</b> ( <i>European Banking Authority</i> )	European Banking Authority
<b>ECAI</b> ( <i>External Credit Assessment Institutions</i> )	external credit assessment institution
<b>ESG</b> ( <i>environmental, social responsibility and corporate governance</i> )	environmental, social and governance issues
<b>ESRS</b> <i>European Sustainability Reporting Standards</i>	European Sustainability Reporting Standards
<b>FX Swap</b>	foreign currency exchange swap – a transaction in which two parties exchange agreed amounts including accrued interest in different currencies for a specified period of time
<b>Greenwashing</b>	marketing communication of a company based on false or misleading statements regarding the compliance of the product or its components with environmental protection principles
<b>IRB</b> ( <i>Internal Ratings Based Approach</i> )	an internal ratings method used to determine the capital requirement for credit risk
<b>ISDA</b> ( <i>International Swap and Derivatives Association</i> )	International Swap Dealers Association
<b>Internal capital</b>	amount of capital, that is required to cover all identified significant types of risk present in the Bank or the Bank's Group's business activity and the effect of changes in its business environment, taking into account the anticipated risk level.
<b>KRI</b> ( <i>Key Risk Indicator</i> )	operational risk measure, defined as key for a given area of the systemic operational risk management, application, product, service, or process in the context of losses resulting from operational events, i.e., monitoring the main factors affecting the level of key risks for the Bank
<b>CVA</b> ( <i>Credit Value Adjustment</i> )	adjustment of the valuation of derivatives reflecting counterparty credit risk
<b>DVA</b> ( <i>Debt Value Adjustment</i> )	adjustment of the valuation of liabilities and derivatives reflecting the Bank's own credit risk
<b>LGD</b> ( <i>Loss Given Default</i> )	a loss suffered by the Bank in case of customer's default
<b>TCR</b> ( <i>Total Capital Ratio</i> )	the main measure of capital adequacy, calculated as the quotient of own funds and total own funds requirements multiplied by 12.5
<b>MREL</b> ( <i>Minimum Requirement for own funds and Eligible Liabilities</i> )	the minimum requirement for own funds and eligible liabilities pursuant to Article 97 of the PGF Act



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<b>MRT (Material Risk Takers)</b>	members of the Management Board and key managers with a significant impact on the risk profile of the Bank
<b>IAS</b>	International Accounting Standards
<b>IFRS</b>	International Financial Reporting Standards
<b>NACE (nomenclature statistique des activités économiques dans la Communauté européenne)</b>	The Statistical Classification of Economic Activities in the European Community. NACE is a four-digit classification providing a framework for collecting and presenting a wide range of statistical data according to economic activity in economic statistics and other statistical areas developed within the European Statistical System (ESS).
<b>NBP</b>	The National Bank of Poland
<b>Outsourcing</b>	using external resources, by delegating certain tasks and actions to be performed by external companies on the basis of contracts
<b>P2G (Pillar 2 Guidance)</b>	Capital recommendations under Pillar 2 imposed by the Polish Financial Supervision Authority to absorb potential losses resulting from extreme conditions.
<b>Non-trading book</b>	the book containing operations not included in the trading book, specifically related to credit facilities and loans and deposits extended or accepted within the bank's basic business activity or for the purposes of liquidity and interest rate risk management
<b>Trading book</b>	all positions in financial instruments and commodities held by an institution either with trading intent, or in order to hedge positions held with trading intent.
<b>Individual position for a specific foreign currency (the currency position)</b>	the difference between total assets in a currency, off-balance sheet liabilities received and assets indexed to that currency on the one hand, and total liabilities in that currency, off-balance sheet liabilities awarded and liabilities indexed to that currency on the other hand
<b>Probability of Default (PD)</b>	a statistical assessment of the probability of a borrower's insolvency on the annual scale (defines the portfolio-related credit risk to become materialised in the future)
<b>RI (Risk Indicator)</b>	operational risk measure, not specified as a key, operational nature, supporting monitoring of operational risk level for a given area, systemic operational risk management, application or process
<b>RTS AMA</b>	Commission Delegated Regulation (EU) 2018/959 of 14 March 2018 supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards of the specification of the assessment methodology under which competent authorities permit institutions to use Advanced Measurement Approaches for operational risk
<b>Business risk</b>	the risk of failing to achieve the assumed financial goals, including incurring losses, due to adverse changes taking place in the business environment, making bad decisions, incorrect implementation of the decisions made or failing to take appropriate action in response to changes taking place in the business environment.
<b>Credit risk</b>	the risk of losses resulting from customer's failure to meet obligations towards the Bank or the risk of a decrease in the economic value of the Bank's receivables as a result of deterioration of the customer's ability to service obligations
<b>Model risk</b>	the risk of suffering losses as a result of wrong business decisions taken on the basis of functioning models
<b>Operational risk</b>	The risk of loss resulting from the inadequacy or failure of internal processes, people, and systems, or external events. Operational risk does not include reputational risk and business risk:
<b>Liquidity risk</b>	the risk of inability to timely discharge of liabilities due to non-availability of liquid means
<b>Interest rate risk</b>	the risk of loss on the Bank's balance sheet and off-balance sheet items sensitive to interest rate changes, resulting from unfavourable interest rate changes on the market
<b>Foreign exchange risk</b>	the risk of loss due to changes in the foreign exchange rates, generated through maintaining open currency positions in individual currencies
<b>Reputation risk</b>	Current or future risk of reputation deterioration among customers, counterparties, investors, external supervisory and control bodies, and public opinion as a result of business decisions, operational incidents, security incidents, cases of non-compliance or other events that may have an unfavourable impact on financial results, own funds, or liquidity.



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<b>Macroeconomic risk</b>	the risk of deterioration of the Bank's financial condition as a result of adverse impact of changes in macroeconomic conditions, macroeconomic risk includes geopolitical risk, understood as the macroeconomic effects taking into account the negative effects of the geopolitical environment on the economy and financial markets.
<b>Expected Loss (EL)</b>	a statistically assessed value of the mean (expected) credit risk loss that the bank expects to incur on the portfolio within one year
<b>Strategic tolerance limit</b>	the level of risk appetite set by the Management Board
<b>Rating method</b>	a method for assessing the bank's credit risk involved in the financing of institutional customers, incurred when awarding or changing the essential terms of a loan transaction and in the period of performance of such transaction
<b>EU taxonomy</b>	A set of regulations supporting companies in sustainable activities for the environment and climate. The primary document is the Regulation of the European Parliament and of the Council of the European Union 2020/852 of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, amending Regulation (EU) 2019/2088.
<b>TEM (Total Exposure Measure)</b>	the total exposure measure calculated in accordance with Article 429 and Article 429a of the CRR
<b>Stress tests</b>	a risk management tool used for assessment of the potential impact of a specific event or changes in the market parameters on the Bank or the Bank's Group
<b>TLAC (Total Loss-Absorbing Capacity)</b>	requirements for own funds and eligible liabilities for global systemically important institutions and material subsidiaries of non-EU global systemically important institutions (G-SIIs)
<b>TREA (Total Risk Exposure Amount)</b>	the total risk exposure amount calculated in accordance with Article 92(3) and (4) of the BGF Act
<b>Fair value</b>	an amount for which a specific asset might be exchanged, and a liability discharged, within a market transaction between interested and informed unrelated parties
<b>Value-at-Risk (VaR)</b>	a potential loss resulting from changes in the present value of cash flows from financial instruments, or a potential loss on the maintained currency positions due to changes in the foreign exchange rates, on the assumption that a defined confidence level and holding period of the position are kept
<b>Credit Value-at-Risk (CVaR)</b>	a potential loss that should not be exceeded in relation to credit risk on the maintained credit portfolio, on the assumption that a defined confidence level and holding period of the position are kept
<b>EP indicator</b>	determines the level of energy efficiency of a property, which is the unit consumption of non-renewable primary energy in kWh/m <sup>2</sup> of the property per year.
<b>LCR indicator</b>	liquidity coverage requirement describes relation of high-quality liquid assets to total net cash outflows (including cash inflows) over a 30-day period under stress scenario – European measure defined in CRDIV/CRR package
<b>NSFR indicator</b>	Net Stable Funding Ratio, which determines the relation between stable funding positions and required stable funding positions – European supervisory measure.
<b>LtV (Loan to Value)</b>	ratio of the credit exposure amount to the value of the real property offered as collateral of that exposure.
<b>Tier 1 (T1) capital ratio</b>	Capital adequacy measure, calculated as the ratio of Tier 1 capital and the sum of own funds requirements, multiplied by 12.5. No elements of additional Tier 1 capital are identified in the Bank and the Bank's Group, consequently the Common Equity Tier 1 (CET1) ratio is equal to the Tier 1 capital ratio (T1)
<b>Requirements for own funds</b>	total own funds requirements for particular risk types and own funds requirements for exceeded limits and other violations of norms described in the CRR and CRD, BRR and decisions of external supervisory and control bodies
<b>PBA</b>	the Polish Bank Association
<b>OGSM</b>	Ordinary General Shareholders' Meeting



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## Representation by the Management Board of PKO Bank Polski S.A.

The Management Board of PKO Bank Polski S.A.:

- represents that, to the best of its knowledge, the information has been prepared in compliance with the internal control processes;
- represents that, to the best of its knowledge, the adequacy of risk management arrangements at PKO Bank Polski S.A. ensures that the risk management systems used are appropriate to the risk profile and strategy of the Bank and the Bank's Group;
- approves this Report "Capital Adequacy and other information subject to disclosure of the Group of Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna as at 31 December 2025", which includes information on risk, discusses the overall risk profile of the Bank and the Bank's Group related to the business strategy and includes key indicators and figures that provide external stakeholders with a holistic view of the risk management of PKO Bank Polski S.A. and the PKO Bank Polski S.A. Group, including interactions between the Bank's risk profile and risk tolerance expressed in the form of strategic tolerance limits determined by the Management Board and approved by the Supervisory Board.