



Information on capital adequacy
of the Capital Group of
Bank Handlowy w Warszawie S.A.
As of 31 December 2025



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

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Introduction

This document has been laid down to execute The Disclosure Policy of Bank Handlowy w Warszawie S.A. on capital adequacy¹, to meet the disclosure requirements of:

- Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012 with amendments (Regulation (EU) No. 575/2013),
- relevant Implementing or Delegated Regulations issued by the Commission (EU) ,
- as well as of 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 (“CRD”),
- and on the basis of other EU Commission regulations imposing regulatory and implementing technical standards in the area of information disclosure.

The objective of the document is presenting to the third parties, especially customers of the Capital Group of Bank Handlowy w Warszawie S.A. (hereinafter referred to as: Group) and financial market participants, the Group’s risk management strategy and processes, information on the capital structure, exposure to risk and capital adequacy, which enable thorough assessment of the Group’s financial stability. This document complements information included in:

- the Annual Consolidated Financial Statements of the Capital Group of Bank Handlowy w Warszawie S.A. for the financial year ending 31 December 2025,
- and in the Report on Activities of Bank Handlowy w Warszawie S.A. and the Capital Group of Bank Handlowy w Warszawie S.A. in 2025 and refers to them wherever it is relevant .

In accordance with Article 13 of the Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012, the Bank, as a large subsidiary of the EU parent institution Citibank Europe plc, publishes disclosures on capital adequacy as of 31 December 2025 at the highest national level of consolidation i.e at the level of the Capital Group of Bank Handlowy w Warszawie S.A. (the Group).

When the disclosures required by the Regulation (EU) No. 575/2013 of the European Parliament and of the Council are published in the Annual Consolidated Financial Statements of the Capital Group of Bank Handlowy w Warszawie S.A for the financial year ended 31 December 2025, this document refers to the number of explanatory note, which discloses required information.

The values presented in the disclosures are expressed in thousands of zlotys, except for situations in which a different unit of measurement was used, detailed in the data presented.

The published information is approved by the Bank's Management Board and the Supervisory Board of the Bank, after recommending by the Audit Committee of the Supervisory Board

The terms used in the document shall mean the following:

Regulation No. 575/2013 / CRR - Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012 with amendments:

- **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 (CRR3)

The act on macro-prudential supervision - The act of 5 August 2015 on macro-prudential supervision of the financial system and crisis management in the financial system (Official Journal from 2025, item 819);

Regulation on risk management and internal control system and remuneration policy in banks - Regulation of the Minister of Finance, Funds and Regional Policy of 8 June 2021 on the risk management system and internal control system, remuneration policy and detailed method of estimating internal capital in banks (D.U. 2021, item 1045);

Commission Delegated Regulation (EU) No. 183/2014 of 20 December 2013 supplementing Regulation (EU) No. 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms, with regard to regulatory technical standards for specifying the calculation of specific and general credit risk adjustments;

¹The Disclosure Policy of Bank Handlowy w Warszawie S.A. on capital adequacy laid down by the Management Board and approved by the Supervisory Board are available at the Bank’s website www.citihandlowy.pl

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 of the information referred to in Part Eight, Titles II and III, of that Regulation, and repealing Commission Implementing Regulation (EU) 2021/637;

Commission Implementing Regulation (EU) 2024/3117 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 supervisory reporting of institutions and repealing Commission Implementing Regulation (EU) 2021/451;

I. Risk management objectives and strategies

The Capital Group of Bank Handlowy w Warszawie S.A. engages in activities that expose the firm to risk. Risk is defined as the failure to achieve the set objectives (e.g. potential adverse impact on the current or forecasted financial position) as well as the probability of events having a negative impact on the Group's situation and its development prospects (ability to withstand stressful conditions).. The objective of risk management is to ensure that all types of risk occurring in the Group's operations are identified and managed on an ongoing basis. One of the important risk management principle is to take balanced risk – the Group pays special attention to ensuring that the business decisions made take into account (balance) risk and profit. Established risk management system aims to ensure that the Bank has adequate process for setting and delivering objectives in its business activity.

The risk management process is consistent within the Group, including Bank Handlowy in Warsaw S.A. and its subsidiary Handlowy Leasing Sp. z o.o., and excludes special purpose vehicles, companies in the process of liquidation or bankruptcy, as well as units not conducting current, statutory activity.

Risk management system is based on 4 pillars:

Pillar 1 – Culture: describes common values and expected behaviours that support sound risk management practices in the Group and promote decision-making regarding the risk to be taken in accordance with Group policies.

Pillar 2 – Governance: presents the structure of risk management, the division of roles and responsibilities ensuring effective risk management in the Group, taking into account the roles and responsibilities of Bank's committees and employees on three lines of defence.

Pillar 3 – Risk Management: describes in detail the risk management lifecycle, i.e. identification, measurement, monitoring, control and reporting the risk occurring in the Group..

Pillar 4 – Enterprise Programs: describes the key programs that are used to identify, measure, monitor, control and report risks.

The risk management system is additionally supported by:

- 1) talent, performance management and compensation,
- 2) communication and training,
- 3) technology and data,
- 4) models and analytics.

As part of the risk management system, the Group:

- 1) applies formalized risk management principles,
- 2) sets risk limits and rules of conduct to be followed if the limits are exceeded,
- 3) sets the reporting system to ensure that the risk level is monitored,
- 4) has an organizational structure adjusted to the size and profile of the risk incurred.

The Group's risk management and control system is based on the three-line of defence model. This model implements three "levels" of risk management, with different roles and responsibilities. The lines of defence work together to ensure that the risks taken in the Group's operations remain consistent with the business strategy and risk management strategy (risk appetite). Defence lines play a key role in the management and enforcement of the Group's established risk management framework. The existing lines of defense model:

- 1) takes into account the entire organizational structure of the Group as well as the activities performed by individual areas;
- 2) aims to ensure that responsibilities regarding the risk management assigned to lines of defense are not duplicated and that there is a clear split of those who:
 - a) take risk;
 - b) oversight risk;

c) assure risk.

3) provides an appropriate system for reporting information on the level of risk incurred in the Group.

The first line of defense is comprised of organizational units responsible for conducting business activity, which involves taking risks and for risk management in the Bank's operating activities.

The second line of defense are organizational units which are independent of the business units and support units, located on the first level. The units of the second line of defense are organizational units of the Risk Management Sector, Compliance Division, Finance Management Sector, Legal Division HR Division and Supervision and Internal Control Unit in Brokerage Department of Bank Handlowy. These units are responsible for establishing risk management standards for identifying, measuring or assessing, mitigating, controlling, monitoring and reporting, and supervising the control mechanisms used by other organizational units of the Bank in order to mitigate the risk.

The Third Line of Defense is an internal audit unit responsible for an independent assessment of the risk management system and the internal control system.

The Management Boards of the Group entities ensure appropriate organizational structures and the implementation of procedures and processes adequate to the risk taken.

Risk management is implemented based on the strategies, policies and procedures relating to taking, monitoring and mitigating the risk to which the Group is or may be exposed to.

Risk management strategies, policies and procedures are regularly reviewed to ensure compliance with applicable laws, regulations, supervisory institutions and regulatory recommendations, internal regulations, business and market practices and the adequacy of the scale, nature and complexity of the Group's operations.

Strategies and processes of risk management, as well as the structure and organization of units managing the appropriate risks and solutions used by the Group on measurement and reporting of those risks, are presented in details in the note 4 „Risk management” to the Annual Consolidated Financial Statements of the Capital Group of Bank Handlowy w Warszawie S.A. for the financial year ending 31 December 2025.

Ensuring the adequacy of risk management arrangements of the Group and confirmation, that the risk management systems used are appropriate from the institution profile and strategy point of view, takes place within the annual capital planning process. The Risk and Capital Management Committee, at least once a year, performs Internal Capital Adequacy Assessment Process (ICAAP) review in order to ensure its adequacy to the current size and complexity of the Group's operations, including its profile and strategy. The conclusions of such review are submitted to the Management Board for approval.

The Management Board has confirmed that the process of internal capital assessment and maintenance and risk management system in the Group are appropriate to the nature, scale and complexity of its activities.

As part of the Group's annual capital planning process, a general risk profile of the Group is determined, taking into account the business model, business strategy assumptions, the current and expected macroeconomic and business environment.

The Group's risk profile includes a list of risks identified on an inherent basis, together with a description of implemented control mechanisms, enabling the risk assessment on a residual basis.

The process of the Group risk profile determination includes in particular:

- identification of risks in the Group's activities, based on experience, expertise, analysis of the macroeconomic and regulatory environment, and the Group's competitive position, taking into account the business profile and internal procedures;
- for identified risks: determination of the risk owner, processes and controls mitigating these risks and defining of quantitative measures for these types of risks for which it is possible;
- determination of material risks for the Group for the year by the Management Board.

The Group manages all types of risks that it identifies in its operations, while considering some of them to be material. For measurable risks, considered as material, the Group estimates and allocates capital. The Group may decide to create capital buffers for material, difficult to measure risks.

Within the risk profile assessment in 2025 the following risks were identified as material:

- Credit risk - a potential loss resulting from a customer's breach of contract or insolvency, taking into account the loss mitigation methods used for the product or the financing;
- Counterparty Credit risk - the risk of loss resulting from the decline in credit quality (or downgrade risk) or failure of a counterparty to honor its financial or contractual obligations;
- Market Risk in trading book - the risk of loss resulting from a potential negative change in the market value of an exposure, related to changes in market factors such as interest rates, exchange rates, equity and commodity prices, interest rate spreads, currency or credit spreads;
- Market risk in banking book - the risk of loss resulting from a potential negative change in the market value of the exposure related to changes in market factors such as interest rates, exchange rates and credit spreads on net interest income (NII), economic value of equity (EVE) or accumulated other comprehensive income (AOCI). In interest rate risk for banking book we distinguish: repricing risk, yield curve risk, basis risk and option risk;
- Liquidity risk - the risk that Bank will not be able to efficiently meet both expected and unexpected current and future cash flows and collateral needs without adversely affecting either daily operations or financial condition of the Bank. Risk may be exacerbated by the inability of the firm to access funding sources or monetize assets and the composition of liability funding and liquid assets;
- Operational risk - the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition of operational risk includes legal risk - which is the risk of loss (including litigation costs, settlements and penalties) resulting from instable legal environment as well as wrongly defined contractual obligations in any aspect of the bank's business - but excludes strategic and reputation risks. This definition of operational risk includes also conduct risk as a risk related to the Bank's operations, that employees of the Bank or persons associated with the Bank, but not its employees - intentionally or negligently - cause damage to customers or the integrity of financial markets, with an effect on the Bank. As part of this risk, we also recognize ICT risk (Information, Communication and Technology). Bank also recognizes the impact of Operational Risk on the reputation risk associated with Bank's business activities.
- Compliance risk - a risk of negative effects of a failure to comply with the law, supervisory regulations, the Bank's internal normative acts and available market practices and standards, in particular:
 - a) imposition of legal or regulatory sanctions, including the imposition of financial penalties by competent authorities and regulators or of recommendations requiring the Bank to comply with them, which in turn may involve financial outlays and resources dedicated to those actions;
 - b) financial or reputational losses (loss of credibility in the eyes of trade partners) to which the Bank is exposed as a result of non-compliance with the laws, supervisory regulations, regulatory recommendations, the Bank's internal normative acts and market standards within the Bank's operations;
 - c) potential risk of the Bank incurring additional costs arising, for instance, from imposed penalties, sustained losses and cancelled contracts;
- Strategic risk - a risk of permanent (non-episodic) impact on key strategic goals of BHW implementation, measured by impact on revenue and/or market capitalization outlook, resulting from External factors affecting the Group's business environment, as well as risk concerning definition and realization of strategy. The strategic risk materialization may occur indirectly in financial results of the Group or in basic risk categories (credit risk, counterpart risk, market risk, liquidity risk, operating risk) as a result of impact of transmission channels;
- Climate Risk for: Credit Risk, Strategic Risk, Reputation Risk and Compliance Risk - climate risk is the risk of potential negative financial impact of climate change and environmental degradation on the Group. Climate change and environmental degradation impact individual economic agents (e.g. their revenue, cashflows, cost of capital) and the economy as a whole, either through physical risk or through transition risk;
- Environmental Risk for Compliance Risk - environmental risk is the risk of losses arising from any negative financial impact on the Bank stemming from the current or prospective impacts of environmental factors on the Bank's counterparties or invested assets including factors related to the transition towards the following environmental objectives:
 - a) climate change mitigation;
 - b) climate change adaptation;

- c) the sustainable use and protection of water and marine resources;
- d) the transition to a circular economy;
- e) pollution prevention and control;
- f) the protection and restoration of biodiversity and ecosystems. Environmental risk includes climate risk and comprises two main risk drivers, physical risk and transition risk.

Detailed results of the ESG risk materiality assessment are presented in section XIII.

The Group allocates capital to material risks and individual business lines. The risks identified within the Group's profile as material are the basis for the risk appetite setting for the Group. As a result, implementing a specific strategy within the Group's business model, decisions are considered not only for the business purposes, defined in Group's Strategy but also the return on capital employed. Appropriate measures of overall risk level and sets of limits were introduced to ensure that the risk is within the tolerance level.

Additionally, the Group manages inter alia the following risks:

- Reputation risk - risk associated with operational risk events and business practices or market conduct - the risk to current or projected financial condition and resilience arising from negative public opinion;
- Concentration risk - risk arising from excessive concentration from exposures to clients, groups of connected clients, customers operating in the same economic sector, geographic region, carrying out the same economic activity or trading with similar commodities, entities belonging to the BHW Capital Group (both cross-border and local), exposures denominated in the same currency or indexed to the same currency, used credit risk mitigation techniques as well as large indirect credit exposures such as a single issuer of the security, with the potential to generate losses large enough to imperil bank's financial condition or financial ability to maintain its core operations or lead to a significant change in the Risk Profile. In case of operational risk, as well as, in case of market and liquidity risk, in a broad sense, the concentration risk means a risk of concentration of the risk factors, as identified within the observed risk profile.

Risks identified as material, including quantitative indicators, current trends, and the utilization of capital limits, a The Compliance Unit shall implement re monitored as a part of the regular, quarterly information provided to the Risk and Capital Management Committee of the Bank's Management Board and to the Risk and Capital Committee of the Supervisory Board.

In 2025, 5 meetings of the Committee at the Bank's Board of Executives and 4 meetings of the Supervisory Board Committee took place, during which the above elements were analysed.

The Group's goal is to maintain current capital structure in order to address requirements of CRR/CRD on Common Equity Tier 1 regulatory capital. Group, as it is stated in the strategy, will continue to be adequately capitalized with diversified sources of income. Considering approved level of Risk Appetite, the Group will maintain a target regulatory capital adequacy ratio at the level of minimum 11,95% and the TLAC TREA at a level of 22%. In 2025 total TCR amounted to 22,19% and TLAC was on the level of 25,39%.

The Bank's Management Board assures compliance of the Bank's activity with the laws and supervisory regulations, Bank's internal normative acts, as well as available market practices and standards, while taking into consideration the Bank's activity on the basis of the laws of another country and the Bank's ties with other entities that could impair effective management of the Bank. The Bank's Management Board – within the framework of assurance by the internal control system of compliance with laws, supervisory regulations, the Bank's internal normative acts and available market practices and standards – is responsible for:

- effective management of compliance risk at the Bank; developing the Compliance Policy in Bank Handlowy w Warszawie S.A ("Compliance Policy"), ensuring its observance and presenting the Audit Committee of the Supervisory Board with information on compliance, including reports on management of compliance risk;
- taking appropriate actions to eliminate irregularities, including corrective or disciplinary measures, in the case of identification of any irregularities in application of the Compliance Policy.

The Supervisory Board, as part of ensuring compliance by the internal control system with the laws and supervisory regulations, the Bank's internal normative acts, available market practices and ethical standards,:

- oversees discharge of the duties related to management of compliance risk by the Bank's Management Board;
- approves the Compliance Policy;
- approves the Rules and Regulations of Operation of the Compliance Unit;
- assesses, at least once a year, the degree of effectiveness of management of compliance risk by the Bank.

The organizational unit that supports the Bank's Management Board, the Supervisory Board and the Bank's organizational units is the Compliance Unit, whose main objective is to ensure operations of Bank comply with the generally applicable laws and supervisory regulations applicable to the Bank's activity or to the financial services provided by the Bank, the Bank's internal normative acts and with market practices and standards as well as practices and standards developed within Citigroup.

The "Compliance Policy at Bank Handlowy w Warszawie S.A." (the Policy), containing the basic code of conduct for the Bank's employees and explaining key processes identifying compliance risk and enabling management of compliance risk at all levels of the Bank's organization. The Compliance Policy shall be subject to approval by the Bank's Management Board and Supervisory Board.

The Compliance Unit prepares the annual Bank's Compliance Plan (*the Plan*). The Plan is the basis for ensuring compliance at the Bank and addresses the Bank's supervision over compliance functions performed in subsidiaries of the Bank. The Bank's Management Board and Audit Committee shall express its opinion on and the Bank's Supervisory Board shall approve the Plan.

The Compliance Unit prepares the "Report on compliance risk at Bank Handlowy w Warszawie S.A." (*the Report*) for the preceding year. The Compliance Unit Head shall submit the Report to the Bank's Management Board, to the Audit Committee of the Supervisory Board on the recommendation to the Supervisory Board for the approval and to the Bank's Supervisory Board for approval.

Information on the recruitment policy for the selection of members of the managing body and the actual state of their knowledge, skills and expertise

In relation to the policy and practices regarding the selection of members of managing bodies and the assessment of their qualifications relevant to the functions they perform and entrusted duties in the Bank operates the "Policy of Assessing of Management Board Members and Key Function Holders at Bank Handlowy w Warszawie S.A." and the "Policy of Assessing the Qualifications of the Members of the Supervisory Board at Bank Handlowy w Warszawie S.A." as well as the established procedure for the selection of members of the Management Board and Supervisory Board, which apply in accordance with the Guidelines of the European Banking Authority and the European Securities and Markets Authority of 2 July 2021(EBA/GL/2021/06) on the assessment of suitability of members of the management body and key function holders.

Members of the management bodies meeting the requirements referred to in art. 22aa of the Banking Law Act are competent to perform the functions and duties entrusted to them, i.e. to administer the business of a supervised institution, which results from:

- adequate knowledge (arising from their education, completed training, professional titles and otherwise acquired in the course of their career),
- adequate experience (acquired when performing certain functions or occupying certain positions),
- possessing the desired characteristics, including relevant skills,
- a warranty of proper performance of duties related to this function referring in particular to:
 - o reputation,
 - o honesty and reliability and the ability to handle bank matters in a prudent and stable manner, including:
 - o independence of judgment or being characterized by the attribute of being independent and
 - o ability to devote sufficient time to perform duties.

The Supervisory Board, taking into account the initial assessment and recommendations of the Nomination and Remuneration Committee, identifies and selects qualified and experienced candidates for members of the Management Board; chosen from a suitable pool of candidates. In the assessment of candidates, above mentioned qualifications and attributes are taken into account, considering:

- the character, magnitude and complexity of the Bank's operations and
- the responsibilities relevant to the role,
- diversity in the composition of the management body,
- having the necessary knowledge, competence and experience by the Management Board of the Bank as a whole, necessary to manage the Bank.

When determining the composition and number of members of the Management Board, the Supervisory Board takes into account in particular:

- the size and complexity of the Bank's organizational structure,
- the specificity of the Bank's operations, including the scope of activities, specialization, legal form, sources of financing,
- the Bank's business plans,
- the position and importance of the Bank in the banking system,
- the shareholder structure.

The Bank has the "Diversity Policy concerning Members of the Management Board of Bank Handlowy w Warszawie S.a." in force. The aim of the Policy is to define the Bank's diversity management strategy to promote diversity in the selection of Board Members so as to ensure that a wide range of properties and competencies is reached in both external and internal recruitment, succession planning and to assure board members of different gender, age, educational and professional backgrounds are elected in order to acquire different perspectives and experiences and to enable independent judgment issuing and sound decision making in the performance of functions support implementation of the Bank's strategic objectives by ensuring high quality of performance of the function. The Bank strives to ensure sufficient representation of both genders in the composition of the Bank's Management Board. If in the course of the recruitment process regarding the position of a Member of the Management Board, the Nomination and Remuneration Committee of the Supervisory Board determines the possibility of not adequately represented gender in the Management Board, the Nomination and

Remuneration Committee of the Supervisory Board will determine the target value of representation underrepresented gender in the Management Board. The Bank strives to ensure the Management Board Members have diverse knowledge and experience. As part of the annual assessment of composition of the Management Board, the Appointment and Remuneration Committee of the Supervisory Board documents its compliance with this Policy. Recognizing that the diversity and non-discrimination among all Employees may, i.a., facilitate the creation of an appropriately diversified pool of candidates for positions in the Management Board and support the diversity of the composition of the Management Board, the Bank promotes them in separate internal regulations.

The Bank's Management Board is composed of five to nine members, including: the President of the Management Board of the Bank, Vice Presidents of the Management Board of the Bank, with the proviso that at least half of the Members of the Management Board should be Polish citizens.

Members of the Management Board of the Bank are appointed by the Supervisory Board for an individual term of office of four years. The term of office is calculated in financial years, with the first financial year of the term of office being the financial year in which the term of office began, even if it did not begin at the beginning of that financial year. The Supervisory Board is composed of five to twelve members elected and appointed by the General Meeting taking into account the nature, scale and complexity of the Bank's activities, initial assessment and recommendations of the Nominations and Remuneration Committee. During the selection it is requested to take into account the principles of diversity. Each Member of the Supervisory Board is appointed for a term of a four-year term. At least half of the Members of the Supervisory Board, including its Chairperson, should be Polish citizens.

Members of the Supervisory Board of the Bank are selected from a list of candidates presented by shareholders represented in a General Meeting.

As of December 31, 2025, the number of members of the Bank's Management Board was 7, while the Supervisory Board of the Bank was composed of 8 members.

II. Information related to the use of prudential norms

Information related to the use of prudential norms concern Capital Group of Bank Handlowy w Warszawie S.A. ("Group").

Group is composed of Bank Handlowy w Warszawie S.A. ("Bank") as the parent company, as well as the following subsidiary companies: Handlowy Financial Services Sp. z o.o. (former: Dom Maklerski Banku Handlowego S.A.), Handlowy Leasing Sp. z o.o., Handlowy Investments S.A., Handlowy-Inwestycje Sp. z o.o.

The following entities are fully consolidated:

- Handlowy Financial Services Sp. z o.o.,
- Handlowy Leasing Sp. z o.o.,
- Handlowy Investments S.A.,
- Handlowy Inwestycje Sp. z o.o.

Dom Maklerski Banku Handlowego S.A. with its registered office in Warsaw, conducted operating activities (brokerage services) as a subsidiary of the Bank until August 1, 2022, on which date the acquisition of the Dom Maklerski Banku Handlowego S.A. enterprise by the Bank took place, including assets necessary to conduct brokerage activities and other assets included in the composition of the enterprise.

In December 2021, the Bank completed the procedure for obtaining an extended brokerage license from the Polish Financial Supervision Authority (PFSA). This made it possible to complete the process of establishing a brokerage house within the Bank's structures. On April 29, 2022, within the organizational structure of the Bank, the Brokerage Department of Bank Handlowy was launched, which in the first months of its operation operated to a very limited extent.

In connection with the authorization to conduct brokerage activities, clients' financial instruments and cash as well as documents related to the activity were transferred to the Bank's Brokerage Department on the basis of the Decision of the PFSA of July 14, 2022.

On July 29, 2022, the Bank concluded an "Enterprise Transfer Agreement" with Dom Maklerski Banku Handlowego S.A., on the basis of which, on August 1, 2022, the Dom Maklerski Banku Handlowego S.A. enterprise was transferred to the Bank. As a result, from August 1, 2022, brokerage services are concentrated and conducted in the Brokerage Department of Bank Handlowy.

As a result of the completed integration, the Management Board of Dom Maklerski Banku Handlowego S.A. decided to cease conducting brokerage activities as of August 1, 2022 and on September 19, 2022, submitted applications to the PFSA to revoke the decision on the authorization to conduct brokerage activities.

As a result of the proceedings, on December 7, 2022, the PFSA issued a decision to revoke the decision on the authorization to conduct brokerage activities by Dom Maklerski Banku Handlowego S.A. The decision became final after 14 days.

On April 7, 2023, the Registry Court entered the transformation of Dom Maklerski Banku Handlowy S.A. to the National Court Register. The transformed company was named „Handlowy Financial Services Spółka z ograniczoną odpowiedzialnością”. Handlowy Financial Services Sp. z o. o. does not have a license and does not conduct brokerage activities.

Deletion of Dom Maklerski Banku Handlowy S.A. from the National Court Register took place on April 21, 2023.

In December 2025, the Management Board of Bank Handlowy w Warszawie S.A. agreed to initiate liquidation proceedings of its subsidiary Handlowy Financial Services Sp. z o.o.

The Capital Group of Bank Handlowy w Warszawie S.A. provides leasing portfolio services until April 30th, 2013 through Handlowy Leasing Sp. z o.o. After this date, Handlowy Leasing Sp. z o.o. – due to reducing its activity solely to execution of lease agreements signed before April 30th, 2013 – did not sign new contracts, continuing existing contracts service providing maintaining the quality of services and cost-efficiency of its operations. Leasing product remained in the Bank's offer and is offered in a form of so-called "open architecture", i.e. co-operation with the European Leasing Fund S.A. and CorpoFlota Sp. z o.o. In 2017. The Company's active leasing portfolio was sold to the Bank; the Company by the end of 2025 had sold its a non-performing portfolio (NPL).

In December 2025, the Management Board of Bank Handlowy w Warszawie S.A. agreed to initiate liquidation proceedings of its subsidiary Handlowy Leasing Sp. z o.o..

Handlowy Investments S.A. seated in Luxembourg, belongs to special purpose investment entities, through which the Bank and the Capital Group conduct capital transactions. The entity is a wholly-owned subsidiary of the Bank and its activities are financed with refundable additional capital contributions net profits earned. Due to intention to reduce the investment activities, Handlowy - Investments S.A. and similar holdings will be gradually sold or liquidated. As at 31 December 2025 Handlowy Investments S.A. had the portfolio composed of the following shares: Pol-Mot Holding S.A. in bankruptcy.

Handlowy Inwestycje Sp. z o.o. is a special purpose investment entity, through which the Bank conducts capital transactions. Handlowy Inwestycje Sp. z o.o. has in its portfolio shares of Handlowy Leasing Sp. z o.o. Activities of the entity is financed by refundable capital contributions as well as retained earnings.

Detailed information on how the Group's equity investment portfolio is broken down based on purchase reasons are described in chapter IV point No. 7 „Equity investments of the Bank” of the Report on Activities of Bank Handlowy w Warszawie S.A. and of the Capital Group of Bank Handlowy w Warszawie S.A. in 2025.

There are no proportionally consolidated entities within the Group.

There are no entities that are neither consolidated nor deducted. There are also no subsidiaries not included in the consolidation, for which there is a shortage of capital.

All the transactions within Group, including repayments of intercompany liabilities and transfers of funds, are concluded according to law, including Code of Commercial Law and statutory stipulations.

Within the Group, according to the best knowledge, there are no and it is expected that there will be no significant obstacles of legal or practical nature to fast fund transferring or repayment of liabilities between the parent and the subsidiaries.

The scope of Group's consolidation, defined in accordance with the prudential regulations (CRR) matches the scope of consolidation applied for financial reporting.

Table EU LI1 – Differences between accounting and regulatory scopes of consolidation and the mapping of financial statement categories with regulatory risk categories

	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		
Breakdown by asset classes according to the balance sheet in the published financial statements								
1	Cash and balances with the Central Bank	9,205,484	9,205,484	9,205,484	-	-	-	-
2	Amounts due from banks	8,245,819	8,245,819	8,230,185	15,634	-	-	-
3	Financial assets held-for-trading	4,823,372	4,823,372	-	2,497,556	-	4,823,372	-
4	Hedging derivatives	-	-	-	-	-	-	-
5	Debt securities available-for-sale	30,151,984	30,151,984	30,151,984	-	-	-	-
7	Equity investments available-for-sale	183,908	183,908	183,908	-	-	-	-
8	Amounts due from customers	18,222,892	18,222,892	17,063,790	116,144	1,001,723	-	41,236
9	Tangible fixed assets	446,980	446,980	446,980	-	-	-	-
10	Intangible assets	878,388	878,388	9,505	-	-	-	868,883
11	Current income tax receivables	-	-	-	-	-	-	-
12	Deferred income tax asset	221,703	221,703	220,387	-	-	-	1,316
13	Other assets	384,713	384,713	384,713	-	-	-	-
14	Non-current assets held-for-sale	6,083,766	6,083,766	6,083,766	-	-	-	-
15	Total assets	78,849,010	78,849,010	71,980,703	2,629,334	1,001,723	4,823,372	911,434
Breakdown by liability classes according to the balance sheet in the published financial statements								
1	Amounts due to banks	3,904,294	3,904,294	-	112,115	-	-	3,792,178
2	Financial liabilities held-for-trading	2,690,099	2,690,099	-	2,681,219	-	2,690,099	-
3	Hedging derivatives	358,677	358,677	-	358,677	-	-	-
4	Amounts due to customers	38,429,419	38,429,419	-	364,193	-	-	38,065,225
5	Provisions	77,670	77,670	-	-	-	-	77,670
6	Current income tax liabilities	11,807	11,807	-	-	-	-	11,807
7	Deferred tax provision	-	-	-	-	-	-	-
8	Other liabilities	1,040,243	1,040,243	-	-	-	-	1,040,243
9	Liabilities held for sale	22,294,494	22,294,494	-	-	-	-	22,294,494
10	Total liabilities	68,806,702	68,806,702	-	3,516,205	-	2,690,099	65,281,617

Table EU LI2 – Main sources of differences between regulatory exposure amounts and carrying values in financial statements

	Total	Items subject to			
		Credit risk framework	CCR framework	Securitisation framework	Market risk framework
1 Assets carrying value amount under the scope of prudential consolidation (as per template LI1)	77,937,576	71,980,703	2,629,334	1,001,723	4,823,372
2 Liabilities carrying value amount under the scope of prudential consolidation (as per template LI1)	3,525,085	0	3,516,205	-	2,690,099
3 Total net amount under the scope of prudential consolidation	74,412,491	71,980,703	(886,871)	1,001,723	2,133,273
4 Off-balance-sheet amounts	22,390,671	22,390,671	-	-	
5 Differences in valuations	-	-	-	-	
6 Differences due to different netting rules, other than those already included in row 2	-	-	-	-	
7 Differences due to consideration of provisions	(25,767)	(25,767)	-	-	
8 Differences due to the use of credit risk mitigation techniques (CRMs)	(699,792)	(223,483)	(476,309)	-	
9 Differences due to credit conversion factors	(14,973,626)	(14,973,626)	-	-	
10 Differences due to Securitisation with risk transfer	-	-	-	-	
11 Other differences	(685,961)	(6,549,963)	5,864,002	-	
12 Exposure amounts considered for regulatory purposes	80,418,015	72,598,534	4,500,822	1,001,723	7,513,471

* The main element of the change is the difference in total assets according to the published financial statements and the amount of total assets in the FINREP report resulting from the offsetting effect of derivatives, methodology for calculating exposure related to repurchase agreements and the methodology for calculating exposure to credit risk of the counterparty in accordance with the CRR Regulation.

Information on the consolidation method used for each entity within the scope of accounting and regulatory consolidation ranges is presented in Report on Activities of Bank Handlowy w Warszawie S.A. and the Capital Group of Bank Handlowy w Warszawie S.A. in 2025, in chapter III. "The organizational structure of the Capital Group of Bank Handlowy w Warszawie S.A."

Table EU LI3 – EU LI3 - Outline of the differences in the scopes of consolidation (entity by entity)

Name of the entity	Method of accounting consolidation	Method of prudential consolidation				Deducted	Description of the entity
		Full consolidation	Proportional consolidation	Equity method	Neither consolidated nor deducted		
Handlowy- Leasing Sp. z o.o.	full consolidation	x					immaterial leasing company
Handlowy Financial Services Sp. z o.o.	full consolidation	x					a special purpose vehicle - an investment vehicle
Handlowy Inwestycje Sp. z o.o.	full consolidation	x					a special purpose vehicle - an investment vehicle
Handlowy Investments S.A.	full consolidation	x					a special purpose vehicle - an investment vehicle

III. Information regarding own funds

Information about the components of equity are presented in details in supplementary note 34 „Capital” to the Annual Consolidated Financial Statements of the Capital Group of Bank Handlowy w Warszawie S.A. for the financial year ending 31 December 2025.

The structure of the Group's own funds (Table EU CC1), reconciliation of the Group's own funds to the equity of the Group, information on own funds in the interim period (Table EU CC2) and detailed description of the capital instruments' main characteristics (Table EU CC3) are presented in the below tables.

Data are presented as at the end of December 31, 2025 in accordance with the requirements specified in Commission Implementing Regulation (EU) 2024/3172 of 31 May 2024 laying down implementing technical standards with regard to public disclosures by institutions of the information referred to in Titles II and III of Part Eight of Regulation (EU) No. 575/2013 of the European parliament and of the Council and repealing Commission Implementing Regulation (EU) No. 1423/2013, Commission Delegated Regulation (EU) 2015/1555, Commission Implementing Regulation (EU) 2016/200 and Commission Delegated Regulation (EU) 2017/2295.

Table EU CC1 - Composition of regulatory own funds

	a	b
	Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Common Equity Tier 1 (CET1) capital: instruments and reserves		
1 Capital instruments and the related share premium accounts	3,008,172	d, e
of which: Instrument type 1	3,008,172	
of which: Instrument type 2	-	
of which: Instrument type 3	-	
2 Retained earnings	(11,396)	i
3 Accumulated other comprehensive income (and other reserves)	4,801,993	g, h, e
EU-3a Funds for general banking risk	540,200	h
4 Amount of qualifying items referred to in Article 484 (3) CRR 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	-	
6 Common Equity Tier 1 (CET1) capital before regulatory adjustments	8,338,969	
Common Equity Tier 1 (CET1) capital: regulatory adjustments		
7 Additional value adjustments (negative amount)	(56,595)	
8 Intangible assets (net of related tax liability) (negative amount)	(868,883)	b
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) CRR are met) (negative amount)	(1,316)	c
14 Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	(1,083)	
16 Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)	(27,311)	e
27a Other regulatory adjustments	(57,849)	
28 Total regulatory adjustments to Common Equity Tier 1 (CET1)	(1,013,037)	
29 Common Equity Tier 1 (CET1) capital	7,325,932	
Additional Tier 1 (AT1) capital: instruments		
36 Additional Tier 1 (AT1) capital before regulatory adjustments	-	
Additional Tier 1 (AT1) capital: regulatory adjustments		
43 Total regulatory adjustments to Additional Tier 1 (AT1) capital	-	
44 Additional Tier 1 (AT1) capital	-	
45 Tier 1 capital (T1 = CET1 + AT1)	7,325,932	
Tier 2 (T2) capital: instruments		
51 Tier 2 (T2) capital before regulatory adjustments	-	
Tier 2 (T2) capital: regulatory adjustments		
58 Tier 2 (T2) capital	-	
59 Total capital (TC = T1 + T2)	7,325,932	
60 Total Risk exposure amount	33,014,510	

	a	b
	Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Capital ratios and requirements including buffers		
61 Common Equity Tier 1 capital	22.19%	
62 Tier 1 capital	22.19%	
63 Total capital	22.19%	
64 Institution CET1 overall capital requirements	3.74%	
65 of which: capital conservation buffer requirement	2.50%	
66 of which: countercyclical capital buffer requirement	0.99%	
67 of which: systemic risk buffer requirement	-	
EU-67a of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement	0.25%	
EU-67b of which: additional own funds requirements to address the risks other than the risk of excessive leverage	-	
68 Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements	14.90%	
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)	84,191	a
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)	-	
74 Not applicable	-	
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) CRR are met)	277,404	c

The amount of the capital group's own funds for regulatory purposes as at 31 December 2025, compared to the state as at 31 December 2024 (before the retrospective inclusion of profit based on EBA Q&A 2018_4085 and 2018_3822), increased by 2.8%, i.e., by PLN 201,017 thousand. This change is mainly due to an increase in the value of accumulated other comprehensive income by PLN 296,541 thousand and an increase in the value of deductions from own funds.

The amount of own funds was also affected by the allocation of PLN 449,202 thousand to dividend capital from the profit generated in 2024 and the payment of an advance on a dividend in the amount of PLN 448,551 thousand from a portion of the Bank's profit earned in 2019.

Own funds are reduced by own shares, acquired as part of the treasury shares buy-back program adopted on the basis of Resolution No. 5/2022 of the General Meeting of Shareholders of the Bank of December 16, 2022. Detailed information on the treasury shares buy-back is presented in Note 34 "Capitals and reserves" to the Annual Consolidated Financial Statements of the Capital Group of Bank Handlowy w Warszawie S.A. for the financial year ending 31 December 2025.

Table EU CC2 - Reconciliation of regulatory own funds to balance sheet in the audited financial statements

	a	b	c
	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
	As at 31.12.2025	As at 31.12.2025	
Assets - Breakdown by asset classes according to the balance sheet in the published financial statements			
1 Cash and balances with the Central Bank	9,205,484	9,205,484	
2 Amounts due from banks	8,245,819	8,245,819	
3 Financial assets held-for-trading	4,823,372	4,823,372	
4 Debt financial assets measured at fair value through other comprehensive income, including:	-	-	
5 Assets pledged as collateral	30,151,984	30,151,984	
6 Equity and other instruments measured at fair value through income statement	183,908	183,908	a
7 Amounts due from customers	18,222,892	18,222,892	
8 Tangible fixed assets	446,980	446,980	
9 Intangible assets	878,388	878,388	b
10 Current income tax receivables	-	-	
11 Deferred income tax asset	221,703	221,703	c
12 Other assets	384,713	384,713	
13 Non-current assets held-for-sale	6,083,766	6,083,766	
14 Total assets	78,849,010	78,849,010	
Liabilities - Breakdown by liability classes according to the balance sheet in the published financial statements			
1 Amounts due to banks	3,904,294	3,904,294	
2 Financial liabilities held-for-trading	2,690,099	2,690,099	
3 Hedging derivatives	358,677	358,677	
4 Amounts due to customers	38,429,419	38,429,419	
5 Provisions	77,670	77,670	
6 Current income tax liabilities	11,807	11,807	
7 Deferred tax provision	-	-	
8 Other liabilities	1,040,243	1,040,243	
9 Liabilities included in groups held for sale classified as held for sale	22,294,494	22,294,494	
10 Total liabilities	68,806,702	68,806,702	
Shareholders' Equity			
1 Share capital	522,638	522,638	d
2 Supplementary capital	3,001,262	3,001,262	e
3 Own shares	(27,311)	(27,311)	f
4 Revaluation reserve	240,646	240,646	g
5 Other reserves	4,650,124	4,650,124	h
6 Retained earnings	1,654,948	1,654,948	i
7 Total equity	10,042,308	10,042,308	
Total liabilities and equity	78,849,010	78,849,010	

Table EU CCA: Main features of regulatory own funds instruments and eligible liabilities instruments

		A	B	B	B
1	Issuer	Bank Handlowy w Warszawie S.A.			
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	ISIN: PLBH00000012	ISIN: PLBH00000012	ISIN: PLBH00000012	ISIN: PLBH00000012
2a	Public or private placement	Public	Public	Public	Public
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	Not applicable	Not applicable	Not applicable	Not applicable
	Regulatory treatment				
4	Current treatment taking into account, where applicable, transitional CRR rules	Common equity Tier 1 capital			
5	Post-transitional CRR rules	Common equity Tier 1 capital			
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)	Ordinary shares	Ordinary shares	Ordinary shares	Ordinary shares
8	Amount recognised in regulatory capital or eligible liabilities (Currency in PLN, as of most recent reporting date)	PLN 260.000.000	PLN 4.480.000	PLN 6.230.000	PLN 8.960.000
9	Nominal amount of instrument (Currency in PLN)	PLN 4	PLN 4	PLN 4	PLN 4
EU-9a	Issue price				
EU-9b	Redemption price	-	-	-	-
10	Accounting classification	Equity	Equity	Equity	Equity
11	Original date of issuance	27.03.97	27.10.98	25.06.99	16.11.99
12	Perpetual or dated	Perpetual	Perpetual	Perpetual	Perpetual
13	Original maturity date	Without maturity	Without maturity	Without maturity	Without maturity
14	Issuer call subject to prior supervisory approval	No	No	No	No
15	Optional call date, contingent call dates and redemption amount	-	-	-	-
16	Subsequent call dates, if applicable	-	-	-	-
	Coupons / dividends				
17	Fixed or floating dividend/coupon	Floating rate	Floating rate	Floating rate	Floating rate
18	Coupon rate and any related index	-	-	-	-
19	Existence of a dividend stopper	No	No	No	No
EU-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary
EU-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary
21	Existence of step up or other incentive to redeem	No	No	No	No
22	Noncumulative or cumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative
23	Convertible or non-convertible	Incommutable	Incommutable	Incommutable	Incommutable
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	Not applicable	Not applicable	Not applicable	Not applicable
34	If temporary write-down, description of write-up mechanism	-	-	-	-
34a	Type of subordination (only for eligible liabilities)	Not applicable	Not applicable	Not applicable	Not applicable
EU-34b	Ranking of the instrument in normal insolvency proceedings	Category No. 10	Category No. 10	Category No. 10	Category No. 10
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	-	-	-	-
36	Non-compliant transitioned features	-	-	-	-
37	If yes, specify non-compliant features	-	-	-	-
37a	Link to the full term and conditions of the instrument (signposting)	Not applicable	Not applicable	Not applicable	Not applicable

Information on capital adequacy of the Capital Group of Bank Handlowy
w Warszawie S.A. as at 31 December 2025



		B	B	C	Subordinated loan
1	Issuer	Bank Handlowy w Warszawie S.A.	Bank Handlowy w Warszawie S.A.	Bank Handlowy w Warszawie S.A.	Citibank Europe PLC - Lender
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	ISIN: PLBH00000012	ISIN: PLBH00000012	ISIN: PLBH00000012	Not applicable
2a	Public or private placement	Public	Public	Public	Not applicable
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	Not applicable	Not applicable	Not applicable	Not applicable
Regulatory treatment					
4	Current treatment taking into account, where applicable, transitional CRR rules	Common equity Tier 1 capital	Common equity Tier 1 capital	Common equity Tier 1 capital	TLAC
5	Post-transitional CRR rules	Common equity Tier 1 capital	Common equity Tier 1 capital	Common equity Tier 1 capital	TLAC
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)	Ordinary shares	Ordinary shares	Ordinary shares	Senior Non - Preferred
8	Amount recognised in regulatory capital or eligible liabilities (Currency in PLN, as of most recent reporting date)	PLN 70.594.000	PLN 21.736.000	PLN 150.638.400	PLN 1.056.750.000
9	Nominal amount of instrument (Currency in PLN)	PLN 4	PLN 4	PLN 4	EUR 250.000.000
EU-9a	Issue price	-	-	-	100% of nominal value
EU-9b	Redemption price	-	-	-	100% of nominal value
10	Accounting classification	Equity	Equity	Equity	Liability - amortised cost
11	Original date of issuance	24.05.02	16.06.03	28.02.01	28.11.2024
12	Perpetual or dated	Perpetual	Perpetual	Perpetual	Term
13	Original maturity date	Without maturity	Without maturity	Without maturity	28.11.2028
14	Issuer call subject to prior supervisory approval	No	No	No	Yes
15	Optional call date, contingent call dates and redemption amount	-	-	-	-
16	Subsequent call dates, if applicable	-	-	-	-
Coupons / dividends					
17	Fixed or floating dividend/coupon	Floating rate	Floating rate	Floating rate	Floating rate
18	Coupon rate and any related index	-	-	-	ESTR + margin
19	Existence of a dividend stopper	No	No	No	No
EU-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary	Fully discretionary	Fully discretionary	Not applicable
EU-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary	Fully discretionary	Fully discretionary	Not applicable
21	Existence of step up or other incentive to redeem	No	No	No	No
22	Noncumulative or cumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative
23	Convertible or non-convertible	Incommutable	Incommutable	Incommutable	Incommutable
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	Not applicable	Not applicable	Not applicable	Not applicable
34	If temporary write-down, description of write-up mechanism	-	-	-	-
34a	Type of subordination (only for eligible liabilities)	Not applicable	Not applicable	Not applicable	Contractual subordination
EU-34b	Ranking of the instrument in normal insolvency proceedings	Category No. 10	Category No. 10	Category No. 10	Category no. 6
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	-	-	-	Senior Non-Preferred Liabilities
36	Non-compliant transitioned features	-	-	-	No
37	If yes, specify non-compliant features	-	-	-	-
37a	Link to the full term and conditions of the instrument (signposting)	Not applicable	Not applicable	Not applicable	Not applicable

1. Adjustments and deductions from Common Equity Tier 1 items

Below is presented information on the prudential valuation adjustments (Table EU PV1) in accordance with Articles 34 and 105 of Regulation No. 575/2013.

Table EU PV1 – Prudential Valuation adjustments (PVA)

	a	b	c	d	e	EU e1	EU e2	f	g	h
	Risk category					Category level AVA - Valuation uncertainty		Total category level post-diversification		
Category level AVA	Equity	Interest Rates	Foreign exchange	Credit	Commodities	Unearned creditspreads 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	14,691	35,779	44	-	-	1,127	-	25,821	2,699	23,121
2 Not applicable										
3 Close-out cost	-	46,783	12	-	-	-	-	23,397	5,552	17,845
4 Concentrated positions	-	2,455	-	-	-	-	-	2,455	-	2,455
5 Early termination	-	-	-	-	-	-	-	-	-	-
6 Model risk	-	-	-	-	-	-	-	-	-	-
7 Operational risk	735	4,168	19	-	-	-	-	4,922	825	4,097
8 Not applicable										
9 Not applicable										
10 Future administrative costs	-	-	-	-	-	-	-	-	-	-
11 Not applicable										
12 Total Additional Valuation Adjustments (AVAs)								56,595	9,077	47,518

Starting from December 31, 2023, the Bank Handlowy Group used the basic method to calculate additional valuation adjustment (AVA). The use of the basic method results from exceeding the threshold of EUR 15 billion referred to in Art. 4 of Regulation No. 101/2016, by the Bank's parent entity at the consolidated level.

2. Disclosure of own funds and eligible liabilities

Bank as a resolution entity that is part of a non-EU G-SII (Citigroup) as defined in Article 4(136) of CRR, must comply with the following requirements for own funds and eligible liabilities in accordance with Article 92a of CRR :

(a) a risk-based ratio of 18% reflecting the institution's own funds and eligible liabilities expressed as a percentage of the total risk exposure amount (TLAC TREA);

(b) a non-risk-based ratio of 6,75%, reflecting the institution's own funds and eligible liabilities expressed as a percentage of the total exposure measure (TLAC TEM).

In accordance with the provisions of the CRR, the required minimum level of TLAC TREA for the Bank as at 31 December 2025 is 21,74% after increasing the combined buffer requirement, while the TLAC TREA ratio for the Bank at the consolidated level at the end of December 2025 was 25,39%. The level of TLAC TEM was 9,51%.

Eligible liabilities recognized towards meeting the TLAC requirement include a loan granted by Citibank Europe PLC with the registered office in Dublin under an agreement concluded on June 6, 2024. The value of the utilized loan as of the end of December 2025 is approximately PLN 1,057 million.

The MREL TREA requirement for the Group was determined in accordance with the decision of the Bank Guarantee Fund of 22 August 2025 at the level of 15.36% of TREA and should be met by own funds and eligible liabilities that meet the subordination requirement.

As at 31 December 2025, the combined buffer requirement for the Group was 3,74%. Pursuant to Articles 19, 21, 42 and 48 of the Act on macroprudential supervision, the amount of Common Equity Tier 1 capital used to cover the buffer cannot be allocated to cover the TREA MREL.

The MREL TEM requirement for the Group has been set at 5.91% TEM and should be met by own funds and eligible liabilities.

The Group presents the following tables on disclosure of information on own funds and eligible liabilities, in accordance with 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 as regards supervisory reporting in the area of minimum requirements for funds and to disclose this requirement to the public (Regulation 2021/763).

Table EU KM2: Key metrics - MREL and, where applicable, G-SII requirement for own funds and eligible liabilities

a	b	c	d	e	f	g						
							Minimum requirement for own funds and eligible liabilities (MREL)		G-SII Requirement for own funds and eligible liabilities (TLAC)			
							2025.12.31	2025.12.31	2025.09.30	2025.06.30	2025.03.31	2024.12.31
Own funds and eligible liabilities, ratios and components												
1	Own funds and eligible liabilities	8,382,607	8,382,607	8,321,416	8,678,867	8,612,774	8,611,292					
EU-1a	Of which own funds and subordinated liabilities	8,382,607										
2	Total risk exposure amount of the resolution group (TREA)	33,014,510	33,014,510	32,498,181	32,031,835	30,986,090	33,596,699					
3	Own funds and eligible liabilities as a percentage of TREA (%)	25.39%	25.39%	25.61%	27.09%	27.80%	25.63%					
EU-3a	Of which own funds and subordinated liabilities (%)	25.39%										
4	Total exposure measure of the resolution group	88,111,707	88,111,707	90,007,274	94,269,160	86,823,641	77,929,024					
5	Own funds and eligible liabilities as percentage of the total exposure measure (%)	9.51%	9.51%	9.25%	9.21%	9.92%	11.05%					
EU-5a	Of which own funds or subordinated liabilities (%)	9.51%										
6a	Does the subordination exemption in Article 72b(4) of the CRR apply? (5% exemption)		no	no	no	no	no					
6b	Pro-memo item - Aggregate amount of permitted non-subordinated eligible liabilities instruments If the subordination discretion as per Article 72b(3) CRR is applied (max 3.5% exemption)		-	-	-	-	-					
6c	Pro-memo item: If a capped subordination exemption applies under Article 72b (3) CRR, the amount of funding issued that ranks pari passu with excluded liabilities and that is recognised under row 1, divided by funding issued that ranks pari passu with excluded Liabilities and that would be recognised under row 1 if no cap was applied (%)		-	-	-	-	-					
Minimum requirement for own funds and eligible liabilities (MREL)*												
	TLAC requirement expressed as percentage of TREA	18.00%										
	TLAC requirement expressed as percentage of TEM	6.75%										
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 (%)	15.36%										
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 (%)	5.91%										

* without combined buffer requirement

Table EU TLAC1 – Composition – MREL and, where applicable, G-SII Requirement for own funds and eligible liabilities

a	b	c	d
	Minimum requirement for own funds and eligible liabilities (MREL)	G-SII requirement for own funds and eligible liabilities (TLAC)	Memo item: Amounts eligible for the purposes of MREL, but not TLAC
Own funds and eligible liabilities and adjustments			
1 Common Equity Tier 1 capital (CET1)	7,325,932	7,325,932	-
2 Additional Tier 1 capital (AT1)	-	-	-
6 Tier 2 capital (T2)	-	-	-
11 Own funds for the purpose of Articles 92a CRR and 45 BRRD	7,325,932	7,325,932	-
Own funds and eligible liabilities: Non-regulatory capital elements			
12 Eligible liabilities instruments-issued directly by the resolution entity that are subordinated to excluded liabilities (not grandfathered)	1,056,675	1,056,675	-
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	-	-	-
13 Eligible liabilities that are not subordinated to excluded liabilities (not grandfathered pre cap)	-	-	-
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	-	-	-
17 Eligible liabilities items before adjustments	1,056,675	1,056,675	-
EU-17a Of which subordinated	1,056,675	1,056,675	-
Own funds and eligible liabilities: Adjustments to non-regulatory capital elements			
18 Own funds and eligible liabilities items before adjustments	8,382,607	8,382,607	-
19 (Deduction of exposures between MPE resolution groups)		-	
20 (Deduction of investments in other eligible liabilities instruments)		-	
21 Empty set in the EU			
22 Own funds and eligible liabilities after adjustments	8,382,607	8,382,607	-
EU-22a Of which own funds and subordinated	8,382,607		

a	b	c	d
	Minimum requirement for own funds and eligible liabilities (MREL)	G-SII requirement for own funds and eligible liabilities (TLAC)	Memo item: Amounts eligible for the purposes of MREL, but not TLAC
Risk-weighted exposure amount and leverage exposure measure of the resolution group			
23 Total risk exposure amount	33,014,510	33,014,510	-
24 Total exposure measure	88,111,707	88,111,707	-
Ratio of own funds and eligible liabilities			
25 Own funds and eligible liabilities as a percentage of total risk exposure amount (%)	25.39%	25.39%	-
EU-25a Of which own funds and subordinated (%)	25.39%		
26 Own funds and eligible liabilities as a percentage of total exposure measure (%)	9.51%	9.51%	-
EU-26a Of which own funds and subordinated (%)	9.51%		
27 CET1 (as a percentage of TREA) available after meeting the resolution group's requirements (%)	4.19%	4.19%	
28 Institution-specific combined buffer requirement (%)		3.74%	
29 of which: capital conservation buffer requirement (%)		2.50%	
30 of which: countercyclical buffer requirement (%)		0.99%	
31 of which: systemic risk buffer requirement (%)		-	
EU-31a of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer (%)		0.25%	
Memorandum items			
EU-32 Total amount of excluded liabilities referred to in Article 72a(2) CRR		66,950,126	

Table EU TLAC3a: creditor ranking - resolution entity

	Insolvency ranking			Sum of 1 to n
	1 (most junior)	2	n (most senior)	
1 Description of insolvency rank (free text)	Category 10	Category 6	-	
2 Liabilities and own funds	7,312,929	1,056,675	-	8,369,604
3 of which excluded liabilities	-	-	-	-
4 Liabilities and own funds less excluded liabilities	7,312,929	1,056,675	-	8,369,604
5 Subset of row 4 that are own funds and liabilities potentially eligible for meeting [choose as appropriate: TLAC/ MREL]	7,312,929	1,056,675	-	8,369,604
6 of which residual maturity ≥ 1 year < 2 years	-	-	-	-
7 of which residual maturity ≥ 2 year < 5 years	-	1,056,675	-	1,056,675
8 of which residual maturity ≥ 5 years < 10 years	-	-	-	-
9 of which residual maturity ≥ 10 years, but excluding perpetual securities	-	-	-	-
10 of which perpetual securities	7,312,929	-	-	7,312,929

According with Regulation 2021/763 the information included in the template EU TLAC3a are disclosed at the individual level of the Bank.

IV. Capital Adequacy

Below we present data on the Group's capital adequacy, the amount of risk-weighted assets and capital requirements for own funds, broken down by individual risk types and key capital ratios.

Table EU OV1 – Overview of total risk exposure amounts

		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)	25,787,131	25,716,650	2,062,970
2	Of which the standardised approach	25,787,131	25,716,650	2,062,970
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	987,408	984,728	78,993
7	Of which the standardised approach	919,796	933,544	73,584
8	Of which internal model method (IMM)	-	-	-
EU 8a	Of which exposures to a CCP	67,611	51,184	5,409
9	Of which other CCR	-	-	-
10	Credit valuation adjustments risk - CVA risk	125,321	121,813	10,026
EU 10a	Of which the standardised approach (SA)	-	-	-
EU 10b	Of which the basic approach (F-BA and R-BA)	125,321	121,813	10,026
EU 10c	Of which the simplified approach	-	-	-
15	Settlement risk	-	-	-
16	Securitisation exposures in the non-trading book (after the cap)	150,258	150,282	12,021
17	Of which SEC-IRBA approach	-	-	-
18	Of which SEC-ERBA (including IAA)	-	-	-
19	Of which SEC-SA approach	150,258	150,282	12,021
EU 19a	Of which 1250% / deduction	-	-	-
20	Position, foreign exchange and commodities risks (Market risk)	1,442,542	1,279,567	115,403
21	Of which the Alternative standardised approach (A-SA)	-	-	-
EU 21a	Of which the Simplified standardised approach (S-SA)	1,442,542	1,279,567	115,403
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	4,521,849	4,245,142	361,748
EU 24a	Exposures to crypto-assets	-	-	-
25	Amounts below the thresholds for deduction (subject to 250% risk weight)	693,509	619,544	55,481
26	Output floor applied (%)	-	-	-
27	Floor adjustment (before application of transitional cap)	-	-	-
28	Floor adjustment (after application of transitional cap)	-	-	-
29	Total	33,014,510	32,498,181	2,641,161

The Group has no exposure to crypto-assets and therefore does not present the EU CAE1 table. The total net exposure to entities from the shadow banking system as of 31 December 2025 was PLN 20,755 thousand

Table EU KM1 - Key metrics template

	a	b	c	d	e
	31.12.2025	30.09.2025	30.06.2025	31.03.2025	31.12.2024
Available own funds (amounts)					
1 Common Equity Tier 1 (CET1) capital	7,325,932	7,254,116	7,618,392	7,150,866	7,124,915
2 Tier 1 capital	7,325,932	7,254,116	7,618,392	7,150,866	7,124,915
3 Total capital	7,325,932	7,254,116	7,618,392	7,150,866	7,124,915
Risk-weighted exposure amounts					
4 Total risk exposure amount	33,014,510	32,498,181	32,031,835	30,986,090	33,596,699
4a Total risk exposure pre-floor	33,014,510	32,498,181	32,031,835	30,986,090	
Capital ratios (as a percentage of risk-weighted exposure amount)					
5 Common Equity Tier 1 ratio (%)	22.19%	22.32%	23.78%	23.08%	21.21%
5b Common Equity Tier 1 ratio considering unfloored TREA (%)	22.19%	22.32%	23.78%	23.08%	
6 Tier 1 ratio (%)	22.19%	22.32%	23.78%	23.08%	21.21%
6b Tier 1 ratio considering unfloored TREA (%)	22.19%	22.32%	23.78%	23.08%	
7 Total capital ratio (%)	22.19%	22.32%	23.78%	23.08%	21.21%
7b Total capital ratio considering unfloored TREA (%)	22.19%	22.32%	23.78%	23.08%	
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)					
EU 7d Additional own funds requirements to address risks other than the risk of excessive leverage (%)	-	-	-	-	-
EU 7e of which: to be made up of CET1 capital (percentage points)	-	-	-	-	-
EU 7f of which: to be made up of Tier 1 capital (percentage points)	-	-	-	-	-
EU 7g Total SREP own funds requirements (%)	8.00%	8.00%	8.00%	8.00%	8.00%
Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)					
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 (%)	-	-	-	-	-
9 Institution specific countercyclical capital buffer (%)	0.99%	1.00%	0.08%	0.09%	0.06%
EU 9a Systemic risk buffer (%)	-	-	-	-	-
10 Global Systemically Important Institution buffer (%)	-	-	-	-	-
EU 10a Other Systemically Important Institution buffer (%)	0.25%	0.25%	0.25%	0.25%	0.25%
11 Combined buffer requirement (%)	3.74%	3.75%	2.83%	2.84%	2.81%
EU 11a Overall capital requirements (%)	11.74%	11.75%	10.83%	10.84%	10.81%
12 CET1 available after meeting the total SREP own funds requirements (%)	14.19%	14.32%	15.78%	15.08%	13.21%
Leverage ratio					
13 Total exposure measure	88,111,707	90,007,274	94,269,160	86,823,641	77,929,024
14 Leverage ratio (%)	8.31%	8.06%	8.08%	8.24%	9.14%
Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)					
EU 14a Additional own funds requirements to address the risk of excessive leverage (%)	-	-	-	-	-
EU 14b of which: to be made up of CET1 capital (percentage points)	-	-	-	-	-
EU 14c Total SREP leverage ratio requirements (%)	3.00%	3.00%	3.00%	3.00%	3.00%
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)					
EU 14d Leverage ratio buffer requirement (%)	-	-	-	-	-
EU 14e Overall leverage ratio requirement (%)	3.00%	3.00%	3.00%	3.00%	3.00%
Liquidity Coverage Ratio					
15 Total high-quality liquid assets (HQLA) (Weighted value -average)	46,812,110	45,774,713	44,276,150	43,104,155	43,707,581
EU 16a Cash outflows - Total weighted value	56,094,925	64,888,376	61,589,829	57,334,341	56,744,761
EU 16b Cash inflows - Total weighted value	31,361,351	41,011,932	39,181,078	36,126,532	34,686,846
16 Total net cash outflows (adjusted value)	24,733,574	23,973,363	22,505,671	21,304,729	22,154,835
17 Liquidity coverage ratio (%)	189.27%	190.94%	196.73%	202.32%	197.28%
Net Stable Funding Ratio					
18 Total available stable funding	46,833,641	47,728,315	47,956,945	45,555,627	44,628,375
19 Total required stable funding	24,195,505	24,074,059	23,359,418	22,558,143	21,336,460
20 NSFR ratio (%)	193.56%	198.26%	205.30%	201.95%	209.16%

Key capital ratios after retrospective inclusion of profit are presented in the chapter XII.

The slight decrease in the total capital ratio in 2025 compared with 2024 caused mainly by dividend payment during the 2025 year which decreased the own funds. As an effect of implementation described below CRR3 rules there was capital requirement structure change: i.e. the significant decrease of capital requirement for operational risk and increase of capital requirement for credit risk. At the end of 2025, the total risk-weighted exposure decreased slightly compared to the previous year.

01 January 2025 came into force the main changes resulting from Regulation CRR3 (i.e. Regulation (EU) 2024/1623 of the European Parliament and of the Council of 31 May 2024 amending Regulation (EU) No 575/2013 as regards requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor) which has impact on Group capital adequacy.

These changes of law are intended to make standard methods of calculating requirements more sensitive and to increase the comparability of capital requirements between institutions using different calculation methods (including by using the output floor for credit risk in advanced methods or implement one common method for operational risk). The CRR3 regulations are being implemented in stages, with the largest scope of changes coming into force on 1 January 2025. In some situations, a transitional period has been established for the implementation of the target principles.

The change of methods for calculating the capital requirement for market risk has been postponed and will come into force on 1 January 2027.

The banking sector is still waiting for the finalization of legislative changes, including the adoption of regulatory technical standards for selected articles of the CRR regulation and the adoption of guidelines which may have a potential impact on the selected rules interpretation

V. Capital Buffers

The Group is required to maintain the combined buffer requirement in accordance with the Act on macroprudential supervision.

The combined buffer requirement shall be the total Common Equity Tier 1 capital required to cover the conservation buffer extended by the institution-specific countercyclical capital buffer, global systemically important institutions buffer, other systemically important institutions buffer and systemic risk buffer.

As of 31 December 2025, the Group had the following buffers:

- The capital conservation buffer, the value of which in the amount of 2.5%, results from Art. 84 of the Act on macroprudential supervision,
- The institution specific countercyclical capital buffer of 0.9877%, - weighted average countercyclical buffers rates in a given country. The Group calculates the institution specific countercyclical capital buffer, taking into account the value of all credit exposures in other countries and the value of the countercyclical buffer appropriate for these countries.
As at 31 December 2025, the countercyclical capital buffer rate for credit exposures in the territory of the Republic of Poland is 1%. In accordance with the Regulation of the Minister of Finance of 25 September 2025 on the countercyclical buffer rate, the value of the buffer for these exposures will increase to 2% as of 30 September 2026, which is the final level in accordance with the recommendation of the Financial Stability Committee.
- The systemic risk buffer rate of 0%, due to the fact that on March 18, 2020, the Minister of Finance issues a regulation issuing a regulation on systemic security.
- Other Systemically Important Institution buffer rate with a systemic value of 0.25%.

On November 25, 2025, the Polish Financial Supervision Authority (“PFSA”) informed that, as part of its supervision, it is monitoring the bank’s control over the possible materialization of stress scenarios affecting the level of risk protection, as vertical and not specified for the additional capital charge (P2G) in order to absorb losses that are released from external conditions.

The Group calculates the institution specific countercyclical capital buffer, taking into account the value of all credit exposures in other countries and the value of the countercyclical buffer appropriate for these countries.

Table EU CCyB1 presents geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer

Table EU CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer

	a	b	c	d	e	f	g	h	i	j	k	l	m
	General credit exposures		Relevant credit exposures – Market risk		Securitisation exposures	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	Exposure value for non-trading book		Relevant credit risk exposures – Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book				
Breakdown by country:													
010 Poland	27,336,348		30,368		1,001,723	28,368,439	1,874,584	2,429	12,021	1,889,035	23,612,932	92.32	1.00
011 Luxembourg	544,913		2,688			547,600	43,452	215		43,667	545,834	2.13	0.50
012 United States	466,013		5			466,018	39,214	0		39,215	490,185	1.92	
013 United Kingdom	361,772					361,772	27,284			27,284	341,054	1.33	2.00
014 Switzerland	116,581					116,581	9,327			9,327	116,581	0.46	
015 Ireland	109,285					109,285	8,743			8,743	109,285	0.43	1.50
016 Norway	99,588					99,588	7,967			7,967	99,588	0.39	2.50
017 Czech Republic	82,453					82,453	6,596			6,596	82,453	0.32	1.25
018 Germany	55,555					55,555	3,912			3,912	48,901	0.19	0.75
019 Belgium	39,996					39,996	2,400			2,400	29,997	0.12	1.00
020 France	28,134					28,134	2,251			2,251	28,134	0.11	1.00
021 Netherlands	13,165		2,566			15,732	813	205		1,019	12,732	0.05	2.00
022 Sweden	14,976					14,976	1,198			1,198	14,976	0.06	2.00
023 Japan	11,997					11,997	960			960	11,997	0.05	
024 Romania	10,580					10,580	846			846	10,580	0.04	1.00
025 Italy	8,652					8,652	688			688	8,602	0.03	
026 Cyprus	7,172		167			7,339	574	13		587	7,339	0.03	1.00
027 Bulgaria	5,608					5,608	449			449	5,608	0.02	2.00
028 United Arab Emirates	247					247	18			18	227	0.00	
029 Taiwan	101					101	4			4	50	0.00	
030 Austria	40					40	3			3	40	0.00	
031 India	10					10	1			1	10	-	
032 Spain			10			10		1		1	10	-	0.50
033 Singapore	7					7	1			1	7	-	
034 Australia	6					6	0			0	5	-	1.00
035 Ukraine	3					3	0			0	3	-	
036 Latvia	2					2	0			0	1	-	1.00
037 Estonia	0					0	0			0	0	-	1.50
038 Lithuania	0					0	0			0	0	-	1.00
039 Mexico	0					0	0			0	0	-	
040 Slovakia	0					0	0			0	0	-	
050 Hungary	0					0	0			0	0	-	
051 Iceland	0					0	-			-	-	-	
Total	29,313,205		35,804		1,001,723	30,350,732	2,031,286	2,864	12,021	2,046,171	25,577,134	100.00	

Table EU CCyB2 - Amount of institution-specific countercyclical capital buffer

	a
1 Total risk exposure amount	33,014,510
2 Institution specific countercyclical capital buffer rate	0.99%
3 Institution specific countercyclical capital buffer requirement	326,084

VI. Information regarding risk

1. Credit Risk

The accounting definitions of past due and impaired exposures

The impairment occurs if there is an objective evidence of impairment which can be a result of. The objective evidence of the loss of the value of the financial asset or the group of assets, in the area of institutional banking, includes information obtained by the group regarding the following events:

- Obtaining information on significant financial difficulties of the client,
- Reduction of the client credit rating by an accepted by the Bank External Credit Assessment Institution, below risk level corresponding to internal 7- rating (i.e. to CCC- for Standard & Poors, Caa3 Moody's),
- Occurrence of economic or legal reasons related to the borrower's financial difficulties and granting to the borrower a concession to financial conditions that the lender would not otherwise consider, consider (forborne non-performing), including granting a forbearance measure as referred to in Article 47b of the credit obligation where that measure is likely to result in a diminished financial obligation due to the material forgiveness, or postponement, of principal, interest or, where relevant, fees. The diminished financial obligation is when the measure of diminished financial obligation calculated according to the following formula $DO = (NPVO - NPV1) / NPVO$, is higher than 1%. Where: DO - diminished financial obligation, NPVO - net present value of cash flows (including unpaid interest and fees) expected under contractual obligations before the changes in terms and conditions of the contract discounted using the customer's original effective interest rate, NPV1 - net present value of the cash flows expected based on the new arrangement discounted using the customer's original effective interest rate,
- High likelihood of bankruptcy, gaining information on:
 - declaration of bankruptcy;
 - commencing bankruptcy proceedings or submitting a bankruptcy petition / petition for bankruptcy proceedings
 - putting the debtor into bankruptcy or liquidation;
 - dismissing the bankruptcy petition because the debtor's assets are insufficient or only sufficient to cover the costs of bankruptcy proceedings;
 - dissolution or liquidation of the company;
 - appointing a guardian;
 - establishing a trustee (bankruptcy administrator);
 - submitting an application for restructuring proceedings within the meaning of the Restructuring Law;
 or granting to the obligor a similar protection if it would allow him to avoid or delay repayment of credit obligations,
- Bank initiates procedure to obtain an enforcement title,
- Default status contagion,
- Delay in payment equal to 90 days or more (calculation of delay is based on materiality thresholds),

- obtaining information from an external database about the delay in payment of debtor's financial liabilities in other financial institutions by 90 days or more in line with the materiality thresholds
- Status of exposure has been changed from “accrual” / “performing” to “non-accrual” / “non-performing”,
- Exposure has been classified (as per internal classification) to category: “Substandard–non–performing” / ”non-accrual” and “Loss”,
- Obligor Risk Rating (ORR) is worse than 7- which is applied for Obligors that are defaulted,
- Justified suspicion of abuse or extorting a credit exposure, or identifying cases of a probable criminal act related to a credit exposure, documented by submitting a notification of suspected crime to the competent state authority,
- Termination of the loan agreement due to high credit risk,
- Obtaining information on the execution of a court judgment process against the debtor in an amount which, in the opinion of the bank, may result in the loss of creditworthiness,
- Lack of payment by the debtor the amount of the realized Government guarantee,
- Death, permanent disability or serious illness of the debtor (in the case of debtors running a company in the form of entrepreneurship), resulting in the inability to continue the activity, obtaining information about a customer's default under agreements with other Citi group entities,
- Staying in custody or prison of the debtor (in the case of debtors running a company in the form of entrepreneurship), resulting in the inability to continue the activity; Obtaining information about a customer's default under agreements with other Citi group entities,
- In case the Economic Loss (L) resulting from the sale of credit obligations is higher than 5%, all other remaining client exposures should be considered defaulted. Where: $L=(E-P)/E$, L – the economic loss related with the sale of credit obligations; E – total outstanding amount of the obligations subject to the sale, including interest and fees; P – price agreed for the sold obligations. Moment of the sale should be regarded as the moment of default. Where the price for the total portfolio was determined by specifying the discount on particular credit obligations, the materiality of credit-related economic loss should be assessed individually for each exposure within the portfolio. Where however the price was set only at the portfolio level, the materiality of credit-related economic loss may be assessed at the portfolio level. The following exceptions apply: where the reasons for the sale of credit obligations were not related to credit risk, such as where there is the need to increase the liquidity of the institution or there is a change in business strategy, on condition of the appropriate, documented justification of the treatment of the sale; or where the assets subject to the sale are publicly traded assets and measured at fair value and other loss events could have impact on the estimated future cash flows from the financial asset that can be reliably estimated.

If Bank assesses credit exposure as a credit impaired exposure, ie. classifies it to Stage 3, such exposure needs to be considered as defaulted, non-performing.

Past due exposure is the situation when the delay in payment of principal, interest or any other payments occurs, as compared to payment date. Day past due calculation is done in line with EBA/GL/2016/07 guidance and the regulation of Ministry of Finance, Investment and Development of October 3rd 2019 on the significance level of overdue credit exposure.

A description of the approaches and methods adopted for determining value adjustments and provisions

Detailed information on the management of exposures of impaired are presented in the Annual Financial Statements of the Bank Handlowy w Warszawie SA for the year ended 31 December 2025 in explanatory note no. 4 "Risk Management" in the section "Credit risk".

Write-offs for expected credit losses

The Group makes write-downs for expected credit losses according to internal rules and methodologies for calculation of write-downs prepared for all financial assets. They are made on an aggregate basis for each of the 3 stages:

- Stage 1: credit exposures for which credit risk has not materially increased since the initial recognition
 - loss estimated over a horizon of 12 months (this is the part of credit losses expected for the entire exposure period resulting from the default within 12 months from the reporting date),
- Stage 2: credit exposures for which there has been a significant increase in credit risk
 - credit losses are estimated for the entire duration of the exposure,
- Stage 3: credit exposures for which there is objective evidence of impairment

- credit losses estimated as for impaired assets.

Assignment of exposures to the Stage is based on the client's management approach (individual vs. group), taking into account a wide range of information obtained through standard risk management processes (including the Early Warning process) concerning both current and future events, including macroeconomic factors (taken into account in the macroeconomic scenarios prepared cyclically by the Chief Economist) and the number of days of arrears.

The Bank applies the general rule that the default of the creditor takes place in the event of one or both of the following events:

- a) the debtor's delay in performing all material credit obligations towards the Bank is 90 days or more,
- b) it is unlikely that the debtor will fully meet his credit obligations towards the Bank without the need for the institution to take measures such as the realisation of collateral.

Days past due calculation, for the purpose of exposure assignment to Stages, is done in line with EBA/GL/2016/07 guidance and the regulation of Ministry of Finance, Investment and Development of October 3rd 2019 on the significance level of overdue credit exposure.

Capital requirement in relation to Own Funds of Group is calculated according to the Regulation No. 575/2013.

The Group applies only the standard method to calculate the capital requirement for credit risk.

[Credit risk information specified in Recommendation 36 to Recommendation R on the rules for classifying credit exposures, estimating and recognizing expected credit losses and credit risk management](#)

Input parameters of IFRS 9 models used to estimate expected credit losses as at 31 December 2025 are presented broken down by customer segments in the tables below.

Information on the changes in the parameters of IFRS 9 models made in 2025 is presented in the Annual Consolidated Financial Statements of the Capital Group of Bank Handlowy w Warszawie S.A. for the financial year ending 31 December 2025.

Table 1: ICG - Credit portfolio of exposures for local government units

	PD scale	Primary gross balance sheet exposures	Off-balance exposures	EAD after credit risk mitigation and credit conversion rate	Average PD in %	Exposures number	Average LGD in %	Average maturity	Expected Credit Loss (ECL)
Stage 1	from 0.00 to <0.15%	-	95 404	95 274	0,11%	5	35,00%	2	41
	from 0.15% to <0.25%	-	115	57	0,79%	4	35,00%	1	-
	from 0.25% to <0.50%	-	4 887	4 871	0,11%	4	35,00%	2	2
	from 0.5% to <0.75%	-	-	-	-	-	-	-	-
	from 0.75% to <2.50%	-	-	-	-	-	-	-	-
	from 2.50% to <10.00%	-	-	-	-	-	-	-	-
	from 10.00% to <45.00%	-	-	-	-	-	-	-	-
	from 45.00% to <100.00%	-	-	-	-	-	-	-	-
	No PD	-	-	-	-	-	-	-	-
Stage 2	from 0.00 to <0.15%	-	-	-	0,11%	1	35,00%	1	-
	from 0.15% to <0.25%	-	-	-	-	-	-	-	-
	from 0.25% to <0.50%	-	-	-	-	-	-	-	-
	from 0.5% to <0.75%	-	-	-	-	-	-	-	-
	from 0.75% to <2.50%	-	-	-	-	-	-	-	-
	from 2.50% to <10.00%	-	-	-	-	-	-	-	-
	from 10.00% to <45.00%	-	-	-	-	-	-	-	-
	from 45.00% to <100.00%	-	-	-	-	-	-	-	-

	Time in Default	EAD after credit risk mitigation and credit conversion rate	Exposures number	Average LGD in %	Expected Credit Loss (ECL)
Stage 3	up to 12 months	-	-	-	-
	from 13 to 24 months	-	-	-	-
	from 25 to 36 months	-	-	-	-
	from 37 to 48 months	-	-	-	-
	from 49 to 60 months	-	-	-	-
	from 61 to 84 months	-	-	-	-
	over 84 months	6 337	60	35,00%	436

Table 2: ICG - Credit portfolio of other exposure

	PD scale	Primary gross balance sheet exposures	Off-balance exposures	EAD after credit risk mitigation and credit conversion rate	Average PD in %	Exposures number	Average LGD in %	Average maturity	Expected Credit Loss (ECL)
Stage 1	Micro portfolio	31 547	40 519	71 953	-	224	1,69%	1	1216
	from 0.00 to <0.15%	15 603 444	3 655 203	17 793 548	0,06%	11 234	15,09%	2	65
	from 0.15% to <0.25%	2 617 855	2 236 058	4 064 087	0,14%	4 448	34,51%	1	114
	from 0.25% to <0.50%	3 180 370	3 370 932	5 553 047	0,38%	10 863	29,89%	2	92
	from 0.5% to <0.75%	-	-	-	-	-	-	-	-
	from 0.75% to <2.50%	3 699 912	2 803 166	5 514 397	1,16%	2 973	28,94%	2	159
	from 2.50% to <10.00%	629 704	353 052	826 701	4,57%	547	29,97%	1	881
	from 10.00% to <45.00%	26 053	12 071	37 508	6,22%	423	32,49%	1	76
from 45.00% to <100.00%	-	-	-	-	-	-	-	-	
Stage 2	Micro portfolio	1335	-	1332	-	9	32,64%	2	435
	No PD	590	4 659	2 955	11,32%	255	37,43%	1	-
	from 0.00 to <0.15%	36	3 789	3 285	4,69%	30	35,00%	1	10
	from 0.15% to <0.25%	281 354	33 540	312 161	0,42%	144	34,67%	-	90
	from 0.25% to <0.50%	138 767	98 768	234 656	8,86%	162	34,90%	2	1987
	from 0.5% to <0.75%	-	-	-	-	-	-	-	-
	from 0.75% to <2.50%	481 859	293 228	673 149	2,75%	994	23,61%	2	293
	from 2.50% to <10.00%	609 968	415 091	829 427	12,46%	131	26,05%	1	3 807
from 10.00% to <45.00%	188 311	66 904	224 135	22,09%	186	25,77%	1	681	
from 45.00% to <100.00%	107	1 114	1 099	17,60%	6	35,00%	3	85	

* LGD and ECL parameters are not determined for the Micro portfolio, therefore the coverage ratio and the reserve are presented, respectively, i.e. EAD*coverage ratio

	Time in Default	EAD after credit risk mitigation and credit conversion rate	Exposures number	Average LGD in %	Expected Credit Loss (ECL)
Stage 3	Micro portfolio	8 607	74	59,21%	5 096
	up to 12 months	43 706	31	32,31%	1 445
	from 13 to 24 months	437	1	35,00%	110
	from 25 to 36 months	42 715	11	38,18%	2 370
	from 37 to 48 months	35 635	1	25,00%	7 863
	from 49 to 60 months	-	-	-	-
	from 61 to 84 months	137 941	27	24,46%	31 311
	over 84 months	32 057	30	35,00%	2 716

Table 3: GCB - Housing loans portfolio

	PD scale	Primary gross balance sheet exposures	Off-balance exposures	EAD after credit risk mitigation and credit conversion rate	Average PD in %	Exposures number	Average LGD in %	Average maturity	Expected Credit Loss (ECL)
Stage 1	from 0.00 to <0.15%	481 564	-	479 490	0,14%	1 186	12,66%	20	79
	from 0.15% to <0.25%	444 771	-	442 819	0,18%	1 116	12,72%	20	99
	from 0.25% to <0.50%	495 028	-	491 784	0,23%	1 305	13,08%	21	144
	from 0.5% to <0.75%	253 355	-	251 532	0,24%	658	13,52%	22	85
	from 0.75% to <2.50%	395 173	-	392 103	0,51%	1 041	14,93%	21	372
	from 2.50% to <10.00%	91 186	-	90 800	1,39%	242	13,37%	21	140
	from 10.00% to <45.00%	5 813	-	5 820	3,62%	27	6,21%	17	11
	from 45.00% to <100.00%	713	-	719	6,14%	2	11,68%	17	8
Stage 2	No PD	898	-	896	1,00%	3	14,49%	21	1
	from 0.00 to <0.15%	68 852	-	68 691	11,02%	185	10,80%	19	669
	from 0.15% to <0.25%	27 855	-	27 903	17,34%	80	10,34%	18	303
	from 0.25% to <0.50%	19 336	-	19 293	32,81%	55	11,37%	20	361
	from 0.5% to <0.75%	4 389	-	4 402	54,54%	14	10,24%	19	194
	from 0.75% to <2.50%	4 952	-	4 945	76,75%	12	11,59%	20	327
	from 2.50% to <10.00%	465	-	467	99,69%	3	5,00%	12	21
	from 10.00% to <45.00%	-	-	-	-	-	-	-	-
from 45.00% to <100.00%	-	-	-	-	-	-	-	-	

	Time in Default	EAD after credit risk mitigation and credit conversion rate	Exposures number	Average LGD in %	Expected Credit Loss (ECL)
Stage 3	up to 12 months	2 976	9	23,05%	686
	from 13 to 24 months	451	3	28,37%	128
	from 25 to 36 months	276	3	21,56%	60
	from 37 to 48 months	1 007	4	29,38%	296
	from 49 to 60 months	-	-	-	-
	from 61 to 84 months	86	1	100,00%	86
	over 84 months	2 206	6	100,00%	2 206

Table: GCB 4 – Consumer loans Portfolio

	PD scale	Primary gross balance sheet exposures	Off-balance exposures	EAD after credit risk mitigation and credit conversion rate	Average PD in %	Exposures number	Average LGD in %	Average maturity	Expected Credit Loss (ECL)
Stage 1	from 0.00 to <0.15%	437 227	1 488 866	704 255	0,26%	96 605	48,60%	2	858
	from 0.15% to <0.25%	501 837	1 213 184	723 593	0,36%	83 381	49,62%	2	1 211
	from 0.25% to <0.50%	797 192	988 935	990 977	0,56%	84 814	50,01%	3	2 583
	from 0.5% to <0.75%	493 405	430 645	586 778	0,77%	45 091	50,66%	3	2 105
	from 0.75% to <2.50%	855 522	810 025	1 048 752	1,10%	92 067	50,72%	3	5 355
	from 2.50% to <10.00%	158 790	127 823	196 022	1,96%	20 476	49,80%	3	1 769
	from 10.00% to <45.00%	19 393	17 337	24 113	2,38%	2 630	47,99%	2	260
	from 45.00% to <100.00%	1 287	1 258	1 563	4,02%	146	48,66%	1	30
Stage 2	No PD	2 047	12 780	11 862	3,71%	3 005	68,05%	12	164
	from 0.00 to <0.15%	141 076	13 942	148 353	4,78%	4 028	50,89%	6	2 638
	from 0.15% to <0.25%	52 427	14 852	61 134	10,18%	2 748	51,41%	6	2 506
	from 0.25% to <0.50%	110 163	23 436	125 037	12,60%	5 331	51,29%	6	6 169
	from 0.5% to <0.75%	71 865	12 463	80 674	15,05%	3 637	52,10%	6	4 958
	from 0.75% to <2.50%	140 566	27 496	161 261	19,36%	8 692	51,99%	6	12 389
	from 2.50% to <10.00%	28 362	5 671	33 588	23,53%	2 574	52,30%	6	3 227
	from 10.00% to <45.00%	1 934	426	2 394	33,70%	244	51,57%	6	337
from 45.00% to <100.00%	18	-	18	99,46%	1	51,26%	6	8	

	Time in Default	EAD after credit risk mitigation and credit conversion rate	Exposures number	Average LGD in %	Expected Credit Loss (ECL)
Stage 3	up to 12 months	72 248	3 096	68,65%	49 749
	from 13 to 24 months	57 805	2 243	80,44%	47 090
	from 25 to 36 months	35 366	1 132	70,79%	25 955
	from 37 to 48 months	31 632	861	79,21%	25 911
	from 49 to 60 months	23 331	643	84,05%	20 476
	from 61 to 84 months	29 670	755	93,27%	28 251
	over 84 months	44 504	1 550	100,00%	44 504
	POCI	up to 12 months	8 008	579	45,83%
from 13 to 24 months		4 940	507	55,16%	(1 478)
from 25 to 36 months		3 319	544	53,57%	(3 274)
from 37 to 48 months		1 163	284	53%	(1 617)
from 49 to 60 months		-	-	0%	-
from 61 to 84 months		-	-	0%	-
over 84 months		-	-	0%	-

Table EU CR1-A: Maturity of exposures

	a	b	c	d	e	f
	Net exposure value					
	On demand	<= 1 year	1 to 5 years	> 5 years	No stated maturity	Total
1 Loans and advances	4,979,291	13,180,084	6,094,330	1,136,783	76,487	25,466,975
2 Debt securities	-	182,002	27,053,303	6,212,677	-	33,447,982
3 Total	4,979,291	13,362,086	33,147,633	7,349,460	76,487	58,914,956

The table does not include assets classified as held for sale within disposal groups in accordance with IFRS 5.

Table EU CR3 – CRM techniques overview: Disclosure of the use of credit risk mitigation techniques

	Unsecured carrying amount	Secured carrying amount			
		a	b	Of which secured by financial guarantees	
				c	d
			Of which secured by collateral		Of which secured by credit derivatives
1 Loans and advances	22,148,623	12,236,874	9,823,057	2,413,817	-
2 Debt securities	30,153,706	1,000,000	-	-	-
3 Total	54,302,330	13,236,874	9,823,057	2,413,817	-
4 Of which non-performing exposures	96,241	28,418	21,367	7,050	-
EU-5 Of which defaulted	96,241	28,418	-	-	-

According to EBA guidelines, the value in the EU CR3 table includes demand deposits. The table does not include assets classified as held for sale within disposal groups in accordance with IFRS 5.

Table EU CR4 – standardised approach – Credit risk exposure and CRM effects

Exposure classes	Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWEAs and RWEAs density	
	On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet exposures	RWEAs	RWEAs density (%)
	a	b	c	d	e	f
1 Central governments or central banks	28,534,203	404	37,986,838	340,199	843,694	2,20%
2 Non-central government public sector entities	6	102,848	6	101,106	20,272	20,05%
EU 2a Regional governments or local authorities	0	102,351	0	100,908	20,182	20,00%
EU 2b Public sector entities	6	497	6	199	90	44,14%
3 Multilateral development banks	3,165,088	-	3,165,088	-	-	0,00%
EU 3a International organisations	-	-	-	-	-	0,00%
4 Institutions	11,754,388	1,170,493	2,301,754	216,804	377,026	14,97%
5 Covered bonds	-	-	-	-	-	0,00%
6 Corporates	12,065,836	14,851,223	12,065,554	6,176,029	17,981,953	98,58%
6,1 Of which: Specialised Lending	-	95,778	-	38,311	38,311	100,00%
7 Subordinated debt exposures and equity	183,908	-	183,908	-	274,952	149,51%
EU 7a Subordinated debt exposures	-	-	-	-	-	0,00%
EU 7b Equity	183,908	-	183,908	-	274,952	149,51%
8 Retail	3,710,865	5,275,941	3,709,313	62,332	2,694,857	71,45%
9 Secured by mortgages on immovable property and ADC exposures	4,125,608	935,042	4,125,608	470,171	2,662,661	57,94%
9,1 Secured by mortgages on residential immovable property - non IPRE	2,382,929	68,779	2,382,929	27,512	747,823	31,02%
9,2 Secured by mortgages on residential immovable property - IPRE	-	-	-	-	-	0,00%
9,3 Secured by mortgages on commercial immovable property - non IPRE	1,582,702	866,263	1,582,702	442,660	1,674,872	82,69%
9,4 Secured by mortgages on commercial immovable property - IPRE	1,316	-	1,316	-	1,974	150,00%
9,5 Acquisition, Development and Construction (ADC)	158,661	-	158,661	-	237,992	150,00%
10 Exposures in default	165,012	28,843	165,012	24,527	228,197	120,40%
EU 10a Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	-	0,00%
EU 10b Collective investment undertakings (CIU)	-	-	-	-	-	0,00%
EU 10c Other items	1,319,715	-	1,319,715	-	703,518	53,31%
12 TOTAL	65,024,631	22,364,794	65,022,797	7,391,168	25,787,131	35,61%

Table EU CR5 – standardised approach

Exposure classes	Risk weight																				Total z	Of which unrated aa					
	0%	2%	4%	10%	20%	30%	35%	40%	45%	50%	60%	70%	75%	80%	90%	100%	105%	110%	130%	150%			250%	370%	400%	1250%	Inne
	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t			u	v	w	x	y
1 Central governments or central banks	36,550,709	-	935,019	-	563,901	-	-	-	-	0	-	-	-	-	-	5	-	-	-	-	277,404	-	-	-	-	38,327,037	330,891
2 Non-central government public sector entities	-	-	-	-	100,948	-	-	-	-	165	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	101,113	1,013
EU 2a Regional governments or local authorities	-	-	-	-	100,908	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100,908	808
EU 2b Public sector entities	-	-	-	-	40	-	-	-	-	165	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	205	205
3 Multilateral development banks	3,165,088	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,165,088	-
EU 3a International organisations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4 Institutions	108,547	1,590,212	-	-	37,806	516,016	-	-	-	75,864	-	-	186,993	-	-	-	-	-	-	-	3,119	-	-	-	-	2,518,558	554,731
5 Covered bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6 Corporates	-	-	-	-	2	-	-	-	-	13,568	-	-	564,216	-	-	17,663,797	-	-	-	-	-	-	-	-	-	18,241,583	17,497,097
6 Of which: Specialised Lending	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	38,311	-	-	-	-	-	-	-	-	-	38,311	38,311
7 Subordinated debt exposures and equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,820	-	-	-	182,088	-	-	-	-	-	183,908	183,908
EU 7a Subordinated debt exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EU 7b Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,820	-	-	-	182,088	-	-	-	-	-	183,908	183,908
8 Retail exposures	-	-	-	-	-	-	-	-	440,544	-	-	3,331,101	-	-	-	-	-	-	-	-	-	-	-	-	-	3,771,645	3,771,645
9 Secured by mortgages on immovable property and ADC exposures	-	-	-	-	1,930,927	-	-	-	-	681,765	-	479,514	-	-	1,343,596	-	-	-	159,977	-	-	-	-	-	-	4,595,779	4,595,779
9.1 Secured by mortgages on residential immovable property - non IPRE	-	-	-	-	1,930,927	-	-	-	-	-	-	479,514	-	-	-	-	-	-	-	-	-	-	-	-	-	2,410,440	2,410,440
9.1.1 no loan splitting applied	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	146,478	-	-	-	-	-	-	-	-	-	146,478	146,478
9.1.2 loan splitting applied (secured)	-	-	-	-	1,930,927	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,930,927	1,930,927
9.1.3 loan splitting applied (unsecured)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	333,036	-	-	-	-	-	-	-	-	-	333,036	333,036
9 Secured by mortgages on residential immovable property - IPRE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9 Secured by mortgages on commercial immovable property - non IPRE	-	-	-	-	-	-	-	-	-	681,765	-	-	-	-	1,343,596	-	-	-	-	-	-	-	-	-	-	2,025,362	2,025,362
9.3.1 no loan splitting applied	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,097,097	-	-	-	-	-	-	-	-	-	-	1,097,097	1,097,097
9.3.2 loan splitting applied (secured)	-	-	-	-	-	-	-	-	-	681,765	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	681,765	681,765
9.3.3 loan splitting applied (unsecured)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	246,499	-	-	-	-	-	-	-	-	-	-	246,499	246,499
9 Secured by mortgages on commercial immovable property - IPRE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,316	-	-	-	-	-	-	1,316	1,316
10 Acquisition, Development and Construction (ADC)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	158,661	-	-	-	-	-	-	158,661	158,661
10 Exposures in default	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	112,221	-	-	-	77,317	-	-	-	-	-	189,538	189,538
EU 10a Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EU 10b Collective investment undertakings (CIU)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EU 10c Other items	503,360	-	-	-	141,046	-	-	-	-	-	-	-	-	-	675,309	-	-	-	-	-	-	-	-	-	-	1,319,715	1,319,715
11 not applicable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EU 11c TOTAL	40,327,705	1,590,212	935,019	-	2,774,630	516,016	-	-	440,544	89,596	681,765	-	4,561,825	-	-19,796,747	-	-	-	422,502	277,404	-	-	-	-	72,413,965	28,444,317	

Bank identifies exposure to specialized lending, recognized according to the standard method, with an exposure value of PLN 95,778 thousand. The risk-weighted exposure amount for specialized financing is PLN 38,311 thousand. Equity exposures are presented in table EU CR 10.5. The bank has established risk weights for equity exposures using the transitional provisions specified in Article 495a paragraph 1 of the CRR.

Table EU CR10.5 – Specialised lending and equity exposures

Equity exposures under Articles 133 (3) to (6) and 495a(3) CRR

Categories	On-balancesheet exposure	Off-balancesheet exposure	Risk weight (%)	Exposure value	Risk weighted exposure amount	Expected loss amount
	a	b	c	d	e	f
Equity exposures under Articles 133 (3)	1,820	-	100	1,820	1,820	n/d
Equity exposures under Articles 133 (3)	182,240	-	150	182,088	273,132	n/d
Total	184,060	-	-	183,908	274,952	n/d

1.1. Non-performing and forborne exposures

According to Regulation 2024/3172, the gross NPL ratio is the ratio of the gross carrying amount of non-performing exposures (NPL) to the total gross carrying amount of loans and advances that are subject to verification of the definition of non-performing exposures (NPEs).

As of 31st December of 2025, the Group's gross NPL ratio was 1.12%.

In accordance with Article 9 of Regulation 2024/3172, loans and advances classified as held for sale, cash balances at central banks, and other demand deposits have been excluded from both the numerator and the denominator of the NPL ratio.

Non-performing and forbearance exposures are defined in Commission Implementing Regulation (EU) No. 2024/3117 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 supervisory reports of institutions and repealing Implementing Regulation (EU) No. 2024/3117.

The Group presents the following tables regarding the disclosure of information on performing, non-performing, forbidden and foreclosed exposures, in accordance with Commission Implementing Regulation (EU) 2024/3172:

- EU CR1: Performing and non-performing exposures and related provisions,
- EU CR2: Changes in the stock of non-performing loans and advances,
- EU CQ1: Credit quality of forborne exposures,
- EU CQ3: Credit quality of performing and non-performing exposures by past due days,
- EU CQ4: Quality of non-performing exposures by geography,
- EU CQ5: Credit quality of loans and advances to non-financial corporations by industry.

Group does not have collateral obtained by taking possession and execution processes, due to these fact table EU CQ7 is not provided.

Table EU CR1: Performing and non-performing exposures and related provisions*

	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						Collateral 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 2	Of which stage 3		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	8,918,535	8,918,533	2	-	-	-	(12)	(12)	(0)	-	-	-	-	-	-
010 Loans and advances	25,418,889	23,717,921	1,700,968	287,282	-	286,162	(76,573)	(28,750)	(47,823)	(162,624)	-	(162,624)	(53,827)	12,208,456	28,418
020 Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
030 General governments	281,269	76	281,193	11,399	-	11,399	(204)	(0)	(204)	(11,378)	-	(11,378)	-	60,000	-
040 Credit institutions	8,250,284	8,250,274	10	-	-	-	(4,461)	(4,460)	(0)	-	-	-	-	7,965,176	-
050 Other financial corporations	5,457,200	5,287,696	169,504	-	-	-	(10,428)	(3,037)	(7,391)	-	-	-	(8,677)	744,678	-
060 Non-financial corporations	11,409,471	10,159,253	1,250,218	274,492	-	273,372	(61,477)	(21,250)	(40,227)	(149,861)	-	(149,861)	(45,151)	3,423,940	28,411
070 Of which SMEs	3,026,896	2,518,552	508,344	229,192	-	228,071	(35,321)	(9,793)	(25,528)	(129,591)	-	(129,591)	(45,151)	1,479,102	9,615
080 Households	20,665	20,622	43	1,391	-	1,391	(3)	(3)	(0)	(1,385)	-	(1,385)	-	14,662	6
090 Debt securities	31,154,132	31,154,132	-	-	-	-	(426)	(426)	-	-	-	-	-	1,000,000	-
100 Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
110 General governments	19,366,844	19,366,844	-	-	-	-	-	-	-	-	-	-	-	-	-
120 Credit institutions	9,028,162	9,028,162	-	-	-	-	-	-	-	-	-	-	-	-	-
130 Other financial corporations	2,759,127	2,759,127	-	-	-	-	(426)	(426)	-	-	-	-	-	1,000,000	-
140 Non-financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
150 Off-balance-sheet exposures	13,470,734	12,553,642	916,222	29,437	-	3,803	14,724	10,984	3,590	2,668	-	294	-	4,384,868	26,768
160 Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
170 General governments	104,233	102,969	1,264	-	-	-	56	56	1	-	-	-	-	1,379	-
180 Credit institutions	1,124,509	1,124,509	-	-	-	-	261	261	-	-	-	-	-	854,249	-
190 Other financial corporations	1,069,615	1,069,098	517	-	-	-	712	709	3	-	-	-	-	62,723	-
200 Non-financial corporations	11,150,400	10,235,210	914,320	29,437	-	3,803	13,681	9,945	3,587	2,668	-	294	-	3,466,498	26,768
210 Households	21,976	21,856	120	-	-	-	13	13	0	-	-	-	-	19	-
220 Total	78,962,290	76,344,228	2,617,191	316,719	-	289,965	(91,723)	(40,161)	(51,413)	(165,292)	-	(162,917)	(53,827)	17,593,324	55,186

* Due to the application of IFRS 5, the specified portfolio of loans and advances has been transferred to the position "Non-current assets and groups of assets classified as held for sale" and therefore is not included in the scope of the above table.

Debt securities, which value financial assets in the form of securities at amortized cost. These instruments are no different from loans and advances from a credit risk perspective. As of December 31, 2025, all these exposures were in the serving category

Table EU CR2: Changes in the stock of non-performing loans and advances

a		
Gross carrying amount		
010	Initial stock of non-performing loans and advances	643,246
020	Inflows to non-performing portfolios	139,177
030	Outflows from non-performing portfolios	(495,140)
040	Outflows due to write-offs	-
050	Outflow due to other situations	(495,140)
060	Final stock of non-performing loans and advances	287,282

Due to the application of IFRS 5, a certain portfolio of loans and advances has been transferred to the item "Non-current assets and groups of assets held for sale" and therefore is not included in the final stock in the above table.

Table EU CQ1: Credit quality of forbore exposures

	Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forbore exposures	
	Performing forbore	Non-performing forbore			On performing forbore exposures	On non-performing forbore exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
			Of which defaulted	Of which impaired				
005 Cash balances at central banks and other demand deposits	-	-	-	-	-	-	-	-
010 Loans and advances	671,736	99,273	99,273	99,273	(27,958)	(38,572)	155,466	11,955
020 Central banks	-	-	-	-	-	-	-	-
030 General governments	-	-	-	-	-	-	-	-
040 Credit institutions	-	-	-	-	-	-	-	-
050 Other financial corporations	169,216	-	-	-	(7,388)	-	40,753	-
060 Non-financial corporations	502,520	99,205	99,205	99,205	(20,570)	(38,504)	114,713	11,955
070 Households	-	68	68	68	-	(68)	-	-
080 Debt Securities	-	-	-	-	-	-	-	-
090 Loan commitments given	74,021	1,476	1,476	1,476	276	83	49,207	1,393
100 Total	745,757	100,749	100,749	100,749	(28,234)	(38,655)	204,673	13,348

Due to the application of IFRS 5, a certain portfolio of loans and advances has been transferred to the position "Non-current assets and groups of assets held for sale", therefore it is not included in the above table.

Table EU CQ3: Credit quality of performing and non-performing exposures by past due days

	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		
Cash balances at central banks and other demand deposits	8,918,535	8,918,535	--	-	-	-	-	-	-	-	-	-
010 Loans and advances	25,418,889	25,416,802	2,087	287,282	76,335	168	2	11	32,919	135,311	42,537	287,282
020 Central banks	-	-	--	-	-	-	-	-	-	-	-	-
030 General governments	281,269	281,264	5	11,399	-	-	-	-	-	-	11,399	11,399
040 Credit institutions	8,250,284	8,250,284	--	-	-	-	-	-	-	-	-	-
050 Other financial corporations	5,457,200	5,457,116	84	-	-	-	-	-	-	-	-	-
060 Non-financial corporations	11,409,471	11,407,515	1,955	274,492	76,267	168	2	3	32,919	135,311	29,822	274,492
070 Of which SMEs	3,026,896	3,026,605	291	229,192	47,634	-	2	3	16,420	135,311	29,822	229,192
080 Households	20,665	20,622	43	1,391	68	-	-	8	-	-	1,315	1,391
090 Debt securities	31,154,132	31,154,132	--	-	-	-	-	-	-	-	-	-
100 Central banks	-	-	--	-	-	-	-	-	-	-	-	-
110 General governments	19,366,844	19,366,844	--	-	-	-	-	-	-	-	-	-
120 Credit institutions	9,028,162	9,028,162	--	-	-	-	-	-	-	-	-	-
130 Other financial corporations	2,759,127	2,759,127	--	-	-	-	-	-	-	-	-	-
140 Non-financial corporations	-	-	--	-	-	-	-	-	-	-	-	-
150 Off-balance-sheet exposures	13,470,734			29,437								29,437
160 Central banks	-			-								-
170 General governments	104,233			-								-
180 Credit institutions	1,124,509			-								-
190 Other financial corporations	1,069,615			-								-
200 Non-financial corporations	11,150,400			29,437								29,437
210 Households	21,976			-								-
220 Total	78,962,290	65,489,469	2,087	316,719	76,335	168	2	11	32,919	135,311	42,537	316,719

Due to the application of IFRS 5, the specified portfolio of loans and advances has been transferred to the position "Non-current assets and groups of assets classified as held for sale" and therefore is not included in the scope of the above table.

Table EU CQ4: Quality of non-performing exposures by geography

	a	b	c	d	e	f	g
	Gross carrying/nominal amount						
	Of which non-performing			Of which subject to impairment	Accumulated impairment	Provisions on off-balance-sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
		Of which defaulted					
Total	79,279,009	316,719	316,719	65,778,839	(239,635)	17,392	-
Balance sheet exposures by geographic division							
Poland	51,678,385	287,282	287,282	51,678,385	(224,347)		-
United Kingdom	9,043,750	-	-	9,043,750	(1,735)		-
Ireland	1,010,859	-	-	1,010,859	(479)		-
Luxembourg	472,320	-	-	472,320	(7,614)		-
Türkiye	191,040	-	-	191,040	(4,264)		-
Norway	77,723	-	-	77,723	(212)		-
Other countries	3,304,762	-	-	3,304,762	(985)		-
Total Balance sheet exposures by geographic division	65,778,839	287,282	287,282	65,778,839	(239,635)		-
Off-balance sheet exposures in geographic breakdown							
Poland	11,485,880	29,437	29,437			15,434	
United States	524,750	-	-			494	
Ireland	301,851	-	-			237	
United Kingdom	256,810	-	-			640	
Switzerland	210,252	-	-			34	
Other countries	720,627	-	-			553	
Total Off-balance sheet exposures in geographic breakdown	13,500,170	29,437	29,437	-	-	17,392	-

Due to the application of IFRS 5, a certain portfolio of loans and advances has been transferred to the item "Non-current assets and groups of assets held for sale" and therefore is not included in the above table.

Table EU CQ5: Credit quality of loans and advances by industry

	Gross carrying amount			Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
	Of which non-performing		Of which loans and advances subject to impairment		
		Of which defaulted			
010 Agriculture, forestry and fishing	-	-	-	-	-
020 Mining and quarrying	62,716	-	-	62,716	(205)
030 Manufacturing	3,654,113	145,697	145,697	3,654,113	(112,491)
040 Electricity, gas, steam and air conditioning supply	1,198,888	-	-	1,198,888	(304)
050 Water supply	28,044	-	-	28,044	(68)
060 Construction	85,967	69,967	69,967	85,967	(47,517)
070 Wholesale and retail trade	2,401,530	55,882	55,882	2,401,530	(31,586)
080 Transport and storage	249,690	73	73	249,690	(1,447)
090 Accommodation and food service activities	80,045	-	-	80,045	(439)
100 Information and communication	655,122	-	-	655,122	(2,075)
110 Financial and insurance activities	1,806,832	-	-	1,806,832	(1,197)
120 Real estate activities	23,405	-	-	23,405	(6)
130 Professional, scientific and technical activities	717,039	2,874	2,874	717,039	(9,996)
140 Administrative and support service activities	487,095	-	-	487,095	(3,365)
150 Public administration and defense, compulsory social security	-	-	-	-	-
160 Education	4,106	-	-	4,106	(32)
170 Human health services and social work activities	217,376	-	-	217,376	(593)
180 Arts, entertainment and recreation	-	-	-	-	-
190 Other services	11,994	-	-	11,994	(16)
200 Total	11,683,963	274,492	274,492	11,683,963	(211,338)

2. Counterparty credit risk

Counterparty risk is incurred from derivative transactions and capital market transactions. For purposes of risk management the Group defines it as pre-settlement risk and settlement risk.

Pre-settlement exposure is defined by PFE measure (Potential Future Exposure, „PFE”), reflecting future potential exposure of the counterparty. PSE reflects maximum expected exposure of the counterparty during the life of the transaction (or transaction portfolio) at the specified confidence level. The distribution of the market value (Mark-to-market) and PFE amount are dependent on market factors determining the values for particular transaction in the customer portfolio. In case there is No. sufficient data, to simulate the value of the transactions’ portfolio more simplified method are used, same as for the purpose of capital requirement calculation.

Pre-settlement risk exposure is managed and reduced through the initial or variation margin deposits as well as conducting transactions using clearing houses.

Moreover, the exposure arising from pre-settlement risk is continuously monitored and is also limited at the aggregate level broken down by product group.

Settlement risk arises when the Group exchanges cash payments to counterparty on a value date and is unable to verify that payments have been received in exchange. The exposure in this case equals the nominal transaction value.

A description of the methodology used to assign internal capital and credit limits for counterparty credit exposures

Internal capital related to counterparty risk related is calculated as 8% of the value of total risk weighted exposures in the trading portfolio, in which internal capital for the following exposure classes: institutions, corporates, regional governments and local authorities administrative bodies and non-commercial undertakings, was estimated according to advanced approach based on internal ratings. For exposures different than mentioned above internal capital requirements were estimated according to standardized approach specified in the Regulation No. 575/2013 (SA-CCR). The Group estimates also the level of exposures resulting from counterparty risk in stress scenario.

Furthermore pre-settlement & settlement risks are managed by the Group by setting appropriate limits (pre-settlement and settlement) as an integral part of credit approval process. Pre-settlement limits for counterparty specify, among others, tenors and product families and depend on the customer creditworthiness, his financial standing as well as on the level of customer’s knowledge and experience in derivative transactions, forecasted currency position/ other position which requires hedging and related product needs and on the level of derivative transactions already concluded with other banks.

The level of settlement limit which may be approved is determined by the customer’s risk rating. For a vast majority of transactions the Group adopted ‘delivery versus payment’ (DVP) principle which mitigate settlement risk through not paying the counterparty until Group confirms receipt of the payment or delivery of an instrument by a client. The internal settlement limits are availed in specific and justified cases.

A description of policies for securing collateral and establishing credit reserves as well as a description of policies with respect to specific wrong-way risk exposures

The Group’s policies for securing collateral vary according to the counterparty business segment. Most common form of collateral accepted to mitigate credit risk of counterparty, with whom the derivate transactions (“transactions”) are entered, is financial securing in the form of transfer of the rights to cash or security deposit according to Art. 102 of Banking Act (cash deposit). The amount of security depends on the difference of the current Mark to Market value of a transaction and a limit agreed. In principle, margining in the form of cash due to its nature does not expose the Group to the risk of unfavourable changes in collateral value. Generally the transactions are provided under frame agreements, which in case of breach by counterparty allow for an early termination of transaction by the other party and settlement the positive and negative values of transactions covered by given frame agreement in one net amount. The exposure resulting from counterparty risk together with other exposures is included in the periodical credit analysis of a customer.

The Group applies credit value adjustment to the market value of a derivative contract to take into account the credit risk of the counterparty. All Commercial and Corporate Banking Subsector customers are taken into account for derivatives assessment correction calculation

The Group differentiates the valuation of counterparty risk due to the availability of CDS quotations:

- a) Credit Risk of Counterparties, for which there is active market of CDS. It is considered that CDS quotations reflect market valuation of credit risk.
- b) Credit Risk of Counterparties, for which there isn't active market of CDS. Based on credit rating (external or internal, if external isn't available) and economic sector, in which client is operating, CDS index value, which reflects market valuation of risk, is attributed to the counterparty.

The Group applies standardized method for calculating counterparty credit risk requirement (SA-CCR).

The Group does not enter into agreements, which would require providing additional collateral in case of lowering its credit ratings.

The Group does not use CDS transactions.

Table EU CCR1 – Analysis of CCR exposure by approach

	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
EU-1 EU - Original Exposure Method (for derivatives)	-	-		1.40	-	-	-	-
EU-2 EU - Simplified SA-CCR (for derivatives)	-	-		1.40	-	-	-	-
1 SA-CCR (for derivatives)	360,258	571,755		1.40	1,938,203	1,304,818	1,304,818	919,796
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)					-	-	-	-
5 VaR for SFTs					-	-	-	-
6 Total					1,938,203	1,304,818	1,304,818	919,796

Table EU CCR3 – Standardised approach – CCR exposures by regulatory exposure class and risk weights

Exposure classes	Risk weight											Total exposure value	
	0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others		
1 Central governments or central banks	34,582	-	-	-	-	-	-	-	-	-	-	-	34,582
2 Regional government or local authorities	-	-	-	-	-	-	-	-	-	-	-	-	-
3 Public sector entities	-	-	-	-	-	-	-	-	-	-	-	-	-
4 Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-
5 International organisations	-	-	-	-	-	-	-	-	-	-	-	-	-
6 Institutions	-	3,196,004	-	-	54,565	12,790	-	-	-	0	191,852	-	3,455,211
7 Corporates	-	-	-	-	-	-	-	661,386	349,650	-	-	-	1,011,036
8 Retail	-	-	-	-	-	-	-	-	-	-	-	-	-
9 Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-	-
10 Other items	-	-	-	-	-	-	-	-	-	-	-	-	-
11 Total exposure value	34,582	3,196,004	-	-	54,565	12,790	-	661,386	349,650	0	191,852	-	4,500,829

Table EU CCR5 – Composition of collateral for CCR exposures

Collateral type	a	b	c	d	e	f	g	h
	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	-	449,587	106,457	11,639	-	-	-	-
2 Cash – other currencies	-	26,679	-	13,649	-	-	-	-
3 Domestic sovereign debt	-	-	-	-	-	-	-	-
4 Other sovereign debt	-	-	-	-	-	-	-	-
5 Government agency debt	-	-	-	-	-	-	-	-
6 Corporate bonds	-	-	-	-	-	-	-	-
7 Equity securities	-	-	-	-	-	-	-	-
8 Other collateral	-	-	-	-	-	-	-	-
9 Total	-	476,266	106,457	25,288	-	-	-	-

Table EU CCR8 – Exposures to CCPs

	a	b
	Exposure value	RWEA
1 Exposures to QCCPs (total)		67,611
2 Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	3,184,835	63,697
3 (i) OTC derivatives	3,174,803	63,496
4 (ii) Exchange-traded derivatives	10,032	201
5 (iii) SFTs	-	-
6 (iv) Netting sets where cross-product netting has been approved	-	-
7 Segregated initial margin	11,170	
8 Non-segregated initial margin	-	-
9 Prefunded default fund contributions	184,562	3,691
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	-	-

3. Information regarding credit risk mitigation techniques

Information regarding the policies for collateral management and main types of accepted collateral are presented in supplementary note 4 „Risk Management” to the Annual Consolidated Financial Statements of the Capital Group of Bank Handlowy w Warszawie S.A. for the financial year ending 31 December 2025.

The value of collateral is calculated on the basis of estimates provided by the property valuation experts, valuations provided by industry analysts, borrowers’ accounting records, deposit certificates, information from external databases, etc. The Group defines and applies appropriate loan to value ratios for different collateral types in the process of estimating collateral amounts.

The Group reviews in detail the amount of taken collateral at least annually (cash collateral semi annual) and by the renewal or change in conditions of the transaction.

Additionally the Group monitors if there are shortages in received collateral.

Collateral valuation and monitoring of:

- a. real estate, machinery, equipment, vehicles, inventory and account receivables is performed by the Collateral Management Bureau, Corporate Clients Risk Division, in Risk Management Sector, supervised by Member of Management Board, supervising Risk Management Sector (unit independent of sales units),
- b. financial assets and guarantees and warranties is performed by Credit Analysis Department, Financial Markets and Corporate Banking Sector, supervised by Member of Management Board, supervising that Sector (unit in sales structure)

and its frequency depends on collateral type (monthly, quarterly, semi-annually and annually),

In order to diversify risk associated with collateral, the Group accepts various types and forms of collateral:

- In the Consumer the most common type of collateral is residential real estate,
- In the Corporate and Commercial Banking primarily the following types of collateral are accepted:
 - guarantees and warranties,
 - financial collateral,
 - collateral/ physical collateral (equipment, inventory, and real estate).

Detailed regulations defining types of collateral acceptable by the Bank, rules on collateral establishment and value determination as well as creation of specialized independent unit responsible for collaterals evaluation allowed to develop adequate standards for this process, including e.g.

- Collateral acceptance and appraisal criteria,
- Rules of collateral monitoring process (including inspections)
- Standardized documentation.

Commercial Bank credit procedures describe ratio of the value of the loan to collateral value for each type of security.

The Group periodically monitors if the actual structure of the collateral portfolio in Commercial Bank is compliant with the structure assumed and if the collateral amount is sufficient.

In Corporate Bank expected Loan-to-Value relations are determined each time in credit decision. These relations are also monitored on the on-going basis.

For Retail Banking Sector the basic collateral for mortgage loans is mortgage on Real Estate. Due to time gap between loans disbursement and setting legally effective mortgage the bridge collateral is used.

The valuation of collateral is performed each time based on real estate appraisal requested by the Group. Collateral appraisals are verified by Collateral Management Bureau, Corporate Clients Risk Division, in Risk Management Sector, supervised by Member of Management Board, supervising that Sector (an independent valuation team) providing services to Retail Banking (incl. clients served by Credit Verifications Unit and Risk Support Operations Office, Credit Operations Center, Operations & Technology Sector Operations Division) in accordance with the valuation guidelines of real estate being collateral for real estate loans for retail customers in Retail Banking Sector. The quality of the appraisal team’s work is monitored.

In addition, in the case of real estate used as collateral for loans to Retail Banking Sectors, the value of collateral is monitored on the basis of statistical methods on an annual basis. This monitoring takes place in the Department of Credit Policy of Installment Products and Micro-enterprises in the Retail Banking Risk Division.

In the field of the funded credit protection the Group considers cash collateral and real estates in case of credit risk mitigation of retail exposures in accordance with the principles set in the Regulation No. 575/2013.

Currently only guarantees issued by the State Treasury, BGK or guaranteed by central governments are recognized by the Group as unfunded credit risk mitigation techniques for capital adequacy calculation.

The Group enters into reverse repo transactions secured entirely by highly liquid debt securities (mainly issued by the Treasury). These transactions are characterized by low market risk level and therefore low market risk concentration due to short maturities.

In order to prevent adverse events resulting from excessive concentration, the Bank reduces the concentration risk by setting limits and concentration standards resulting from external regulations and internal analyses conducted by the Bank.

Concentration risk management in respect of lending activities at the Bank concerns, among m.in, the risk arising from exposures within individual industries, currencies, country or secured by the same type of collateral.

4. Information regarding application of standardised approach to calculate risk-weighted exposure amounts

The Regulation No. 575/2013 on banks' capital adequacy and Bank's internal policies describe the use of the Group's external ratings and identify external credit assessment institutions whose ratings can be used for the application of the standard method. Currently there are Moody's and Standard & Poors as well as Fitch. Ratings from this three mentioned agencies are used in calculation and reporting process of Capital Requirements for Credit Risk and Counterparty Risk according to standardize method. Currently Group does not use ratings issued by Export Credit Agencies.

Exposure classes for which Bank uses external ratings granted by approved external agency:

- 1) exposures or contingent exposures to central governments and central banks;
- 2) exposures or contingent exposures to local governments and local authorities;
- 3) exposures or contingent exposures to public sector entities;
- 4) exposures or contingent exposures to multilateral development banks;
- 5) exposures or contingent exposures to institutions;
- 6) exposures or contingent exposures to corporates;
- 7) items representing securitisation positions.

Group applies issuer and issue credit assessment according to rules set forth in The Regulation No. 575/2013 on banks' capital adequacy. Consequently for given exposure where a credit assessment exists for a specific issuing programme or facility to which the exposure belongs, this credit assessment is used to determine the risk weight, which is then assigned to that exposure. Otherwise, Group uses a credit assessment that exists for a specific issuing programme or facility to which the exposure does not belong or a general credit assessment that exists for this issuer, provided that it produces a higher risk weight than that which would be applied to exposures without a credit assessment.

5. Information regarding exposure to securitisation positions

Securitization activities are one of the areas of business, which recently gained in importance. Group decided to invest in securities based on economic calculation, measuring return on investment against the potential risks. Securitization is now a standard and widely used product in global markets. Its importance also increases on the Polish market. The Group intends to be an active participant in this market segment.

At the end of 2025 year the net item constituting securitization exposures amounted to PLN 1.001.723 M. Securities purchased by the Group are not traded on the market. The Group intends to maintain investments until the maturity date. The expected maturity date of the securities is April 2029. The Group classifies securitization's assets as receivables from customers in accordance with IFRS 9 and value them at amortized cost.

The Group has procedures for defining the processes of approval and monitoring of securitization exposures, which include, in particular:

- Analysis of the originator including the processes of credit and debt collection, qualitative and quantitative analysis, the condition of maintaining a material net economic interest, reputation, data related to the quality of previous securitization,
- Risk analysis of the exposure underlying the securitization position i.e. the quality, concentration, delays in repayment and the level of losses, the level of recovery rates
- The terms and structure of the transaction reducing identified risks and defining the division into tranches, level of support and security, payment streams, events of default and default indicators,
- Monitoring including, among others, verification of the quality of the exposures underlying the securitization position, timeliness of payments and service, compliance with the transactions conditions, the financial situation of the institutions participating in the transaction, etc.

Existing Group's commitment in securitized assets is not exposed to market risk due to the accounting treatment applied.

The Group does not use any additional collateral (other than arising from the transaction's structure) and unfunded protection of securitization positions

The Group invests in securitized assets that satisfy the requirements of simple, transparent and standardized securitization (STS), as well as those that do not satisfy the requirements. The Group has no positions in resecuritization.

As at the end of December 2025, the securitisation exposure held did not meet the STS requirements.

The main risk of securitisation transactions is credit risk. Other important risks of the transaction are *inter alia* the risk of early repayment (i.e. due to accelerated depreciation resulting from the high level of default on the underlying portfolio) and the risk of partial prepayment (limited by discounting). All of the Group's securitized assets are the most senior positions.

The described risks are relevant to all securitized assets in which the Group is involved, regardless whether they satisfy the STS requirements or not.

Given the above risks, the Group's credit procedures ensure conducting quality monitoring of securitization portfolio on a quarterly basis.

For the assessment of the securitized portfolio, the Group applies internal rating methodology that is based largely on Fitch's methodology.

Risk weighted exposure for securitization portfolio is determined in accordance with the Regulation (EU) 2017/2401 of the European Parliament and of the Council of 12 December 2017 amending Regulation (EU) No. 575/2013 on prudential requirements for credit institutions and investment firms, effective from January 1, 2019. Risk weights are calculated according to the standard method (SEC-SA).

In relation to possessed securitization positions, the Bank acts as an investor.

Table EU-SEC1 – Securitisation exposures in the non-trading book

	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		Synthetic		Traditional		Synthetic				
	STS	Non-STS													
					of which SRT	Sub-total			STS	Non-STS	Synthetic	Sub-total			
	of which SRT	of which SRT													
1 Total exposures	-	-	-	-	-	-	-	-	-	-	-	-	1,001,723	-	1,001,723
2 Retail (total)	-	-	-	-	-	-	-	-	-	-	-	-	1,001,723	-	1,001,723
3 residential mortgage	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4 credit card	-	-	-	-	-	-	-	-	-	-	-	-	1,001,723	-	1,001,723
5 other retail exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6 re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7 Wholesale (total)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8 loans to corporates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9 commercial mortgage	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10 lease and receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11 other wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12 re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Table EU-SEC4 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as investor

	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% RW/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW/ deductions
1 Total exposures	1,001,723	-	-	-	-	-	-	1,001,723	-	-	-	150,258	-	-	-	12,021	-
2 Traditional securitisation	1,001,723	-	-	-	-	-	-	1,001,723	-	-	-	150,258	-	-	-	12,021	-
3 Securitisation	1,001,723	-	-	-	-	-	-	1,001,723	-	-	-	150,258	-	-	-	12,021	-
4 Retail underlying	1,001,723	-	-	-	-	-	-	1,001,723	-	-	-	150,258	-	-	-	12,021	-
5 Of which STS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6 Wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7 Of which STS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8 Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9 Synthetic securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10 Securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11 Retail underlying	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12 Wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13 Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

6. Market Risk

The market risk of the trading portfolio is the risk of loss resulting from a potential negative change in the market value of exposure, related to changes in market factors such as interest rates, exchange rates, equity and commodity prices, and interest rate, currency, or credit spreads.

The primary objective of market risk management is to ensure an optimal return on risk capital for investment and trading activities and to maximize and stabilize the Bank's interest margin within the market risk appetite approved by the Supervisory Board, while maintaining minimum regulatory capital requirements in this area and acting in accordance with applicable legal provisions, supervisory regulations, and internal Bank regulations.

Market risk management in the Bank is based on:

- Applicable provisions of Polish law, in particular the Banking Law Act.
- Applicable provisions of EU law, in particular 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 (CRR).
- Requirements of Polish and EU regulatory institutions, especially resolutions of the Polish Financial Supervision Authority (KNF).
- Principles of prudent and stable risk management within the Group and the overall level of risk accepted by the Bank's Supervisory Board, taking into account best market practices.
- Internal Bank regulations, including the Market Risk Management Policy at Bank Handlowy w Warszawie S.A.

The market risk management system in the Bank is based on five closely related processes:

1. Price risk management in normal market operations.
2. Stress tests.
3. Risk appetite.
4. Risk capital (also known as economic capital or internal capital).
5. Regulatory capital (only in relation to the trading book).

The trading book includes transactions in financial instruments (on-balance sheet and off-balance sheet) aimed at generating income related to changes in market parameters in the short term. Trading portfolios include on-balance sheet positions such as debt securities, classified as held for trading, i.e., acquired for trading purposes and meeting specific liquidity criteria, and all positions in derivative instruments. In this case, a distinction is made between portfolios acquired for purely trading purposes and those concluded to hedge the risk of positions in the banking book – the so-called economic hedges. Trading portfolio valuation is performed directly based on market prices or using valuation models with market-quoted pricing parameters.

Measurement of Market Risk

The Bank uses the following risk measurement methods for trading portfolios: Factor Sensitivity method (DV01/CRO1), Value at Risk (VaR) method, and stress tests.

Sensitivity factors measure the change in the value of a position in a given underlying instrument in the event of a specific change in a market risk factor (e.g., a 1 basis point change in interest rates at a given point on the interest rate curve, a 1% change in the exchange rate or equity price).

- For interest rates/credit spreads, the sensitivity measure is DV01/CRO1.
- Regarding currency risk, the magnitude of the sensitivity factor is equal in value to the size of the currency position in a given currency.
- For positions in equity securities, the magnitude of the sensitivity factor is equal in value to the size of the net position in a given instrument (stock, index, unit of participation).

The integrated market risk measure for the trading portfolio, combining the impact of positions in individual risk factors and taking into account the correlation effect between the volatilities of individual factors, is Value at Risk (VaR). The VaR measure is used to estimate the potential decline in the value of a position or portfolio under normal market conditions, at

a specified confidence level and over a specific time horizon. For positions opened in the Bank's trading portfolio, the VaR is calculated using a 99% confidence level and a one-day holding period.

On a daily basis, extreme scenario analyses (stress tests) are performed, assuming changes in risk factors greater than those used in the VaR measurement and ignoring historically observed correlations between these factors.

Monitoring of Market Risk

The Market Risk Department, through a dedicated IT system, regularly provides reports on portfolio sensitivity, VaR size, size of securities positions, results of market risk stress tests, information on the allocation of market risk capital requirements, and reports on the utilization of Trading MAT and Trading Stop Loss limits (warning thresholds) to relevant managerial and management functions.

Additionally, market risk analysis is systematically presented to committees such as: the Asset and Liability Management Committee and the Risk and Capital Committee at the Supervisory Board.

The amount of capital requirements for individual types of market risk are presented below for:

- fx risk,
- general and specific equity risk,
- specific risk for debt securities,
- general interest rate risk.

Table EU MR1 – Market risk under the standardised approach

	a
	RWEAs
Outright products	
1 Interest rate risk (general and specific)	1,394,659
2 Equity risk (general and specific)	47,883
3 Foreign exchange risk	-
4 Commodity risk	-
Options	
5 Simplified approach	-
6 Delta-plus approach	-
7 Scenario approach	-
8 Securitisation (specific risk)	-
9 Total	1,442,542

7. Interest rate risk on non-trading portfolios (IRRBB)

Interest rate risk on non-trading portfolios (IRRBB) is the risk of loss arising from changes in the value of Bank's assets and liabilities resulting from changes in market variables, such as interest rates, exchange rates, including losses related to gap risk, basis risk and option risk as subcategories of interest rate risk.

From the points of view of interest rate risk management Group divides its portfolio into banking and trading portfolios, taking into account the applicable accounting standards in the area of valuations.

The accounting classification for trading book includes financial assets and liabilities reported at fair value through profit and loss, excluding derivative transactions in hedge accounting program (fair value or cash flow), which aim is to secure price risk of banking book transactions.

The bank manages the interest rate risk arising from both positions in the trading and banking portfolio. The aim of interest rate risk management in the banking book is to minimize the risk related to the possibility of unfavorable changes in market interest rates and the negative impact of these changes on the interest result and, further, the financial result of the Bank. The interest rate risk in the banking book is reflected in the sensitivity of the economic value and net interest income to various scenarios of possible changes in the level and shape of the yield curve and changes in the relationships between different market rates.

The interest rate risk management process is supervised by the Supervisory Board, which approves the "Principles of prudent and stable risk management in the Bank Handlowy w Warszawie S.A. Capital Group", covering the overarching risk management framework and defining the framework for the strategy for managing individual types of risks. The Supervisory Board accepts the "Risk Appetite of the Bank Handlowy w Warszawie S.A. Capital Group". The General Risk Appetite is defined as strategic limits for significant risks and tolerance thresholds for established strategic limits, constituting a system of warning indicators, as well as complementary Risk Appetite measures resulting from risk management principles or supervisory requirements. The Supervisory Board receives regular, quarterly information on the interest rate risk profile.

The Management Board ensures the operation of the risk management system, among others: by introducing a BHW organizational structure with well-defined, transparent and consistent scope of responsibilities, adapted to the profile of risk undertaken and ensuring the separation of the risk measurement, monitoring and control functions from business activities related to risk taking (ensuring the independence of risk management at the first level from risk management at the second level) and by supervising risk management at the first and second levels.

Interest rate risk management is carried out at the strategic and operational level. The division into risk management levels depends on the nature and type of decisions made by individual decision-making bodies at the Bank, affecting the profile and level of interest rate risk.

The strategic perspective of risk management lies within the decision-making competences of the Assets and Liabilities Management Committee (ALCO). ALCO was established to conduct management and supervision activities, among others: over market risk in the non-trading and trading portfolio, monitoring and shaping the balance sheet structure, including counteracting unfavorable changes in the balance sheet structure, monitoring and shaping investment activities in securities, as well as managing the risk of changes in the value of capital. ALCO manages interest rate risk by setting risk limits for banking portfolios and by conducting monthly reviews of the exposure size and the result of managing these portfolios.

Operational management of interest rate risk is carried out in the Asset and Liability Management Department, which is authorized to open risk positions within the adopted limits.

Identification of interest rate risk

Interest rate risk may occur when assets and liabilities, including capital and derivatives meeting the requirements of hedge accounting:

- have different maturities;
- their interest rates change at different times;
- their interest rates are related to various interest rate curves (basis risk);
- options are included.

Measurement and monitoring of interest rate risk

Measures used to measure market risk exposure for banking portfolios are among others:

- Net interest income measures** - Measures of changes in expected future profitability within a given time horizon resulting from interest rate movements or from credit spread, e.g.:
 - Interest Rate Exposure (IRE) - potential increase / decrease in accrual income due to a +/-100bps move in interest rates.
- Economic value (EV) measures** - Measures of changes in the net present value of interest rate sensitive instruments over their remaining life resulting from interest rate movements, in case of IRRBB; or of changes in the credit spread in case of CSRBB.
 - **EVE** –economic value of equity.
 - **Economic Value Sensitivity (EVS)** – measure of the potential change in the economic value of the accrual portfolio for a pre-defined change in interest rates.
- Stress Tests** - the potential changes in the financial result under stress in order to assess the potential impact on the Bank's financial position. Stress tests measure the potential impact of significant changes of the level of interest rates or shape of interest rate curves on opened non trading book positions. The Group performs stress tests for defined scenarios of interest rate movements, which are combinations of market factors defined as large moves and stress moves occurring both in Poland and abroad. The amounts of assumed shifts of market factors are reviewed at least once a year and adjusted accordingly to changes in the market conditions of the Group's operations.
- DV01** - is generally defined as change in value of the position due to the change by 1 basis point change in rates. For reporting purposes, DV01 is considered a 1 basis point increase in rates.
- CRO1** - the change in value due to a 1 basis point move in credit spreads.
- SOT_NII** – an indicator meaning decline of a one-year net interest income in relations to Tier1 capital, resulting from a sudden and unexpected change in interest rates as set out in any of the two supervisory shock scenarios set out in Article 1(2) of Commission Delegated Regulation (UE) 2024/856 of 1 December 2023.
- SOT_EVE** - an indicator meaning decline of economic value of equity in relations to Tier1 capital, resulting from a sudden and unexpected change in interest rates as set out in any of the six supervisory shock scenarios set out in Article 1(1) of Commission Delegated Regulation (UE) 2024/856 of 1 December 2023

The Group's interest rate risk is monitored on a daily or monthly basis. The interest rate gap and the exposure level measured by IRE, DV01 and CRO1 are reported on a daily basis. The monthly frequency concerns stress tests, the measurement of the sensitivity of interest income and the economic value of equity.

In 2025, the interest rate risk of the Bank's Capital Group resulted mainly from the mismatch in the repricing dates of assets and liabilities.

Principles of interest rate risk management

The Bank hedges positions resulting from the management of assets and liabilities, including in particular positions resulting from the interest rate risk of the banking book, by: purchasing from counterparties or directly from the issuer or

issue agent of debt securities (Treasury and non-Treasury) to the AFS portfolio and conducting derivative transactions as part of hedge accounting. In the context of hedging the interest rate risk arising from the activities of other businesses in the Bank, the Bank stabilizes the interest margin as part of the process of transferring interest rate risk from customer business units to the operating unit centralizing interest rate risk management.

The Group has defined principles of applying fair value hedge accounting. The basic type of risk hedged under hedge accounting is the risk of changes in interest rates to which the portfolio of securities measured at fair value through other comprehensive income with a fixed interest rate is exposed. At the end of each month in which the hedging relationship existed, the Group assesses the effectiveness of the hedge used by analyzing changes in the fair value of the hedged instrument and the hedging instrument related to the hedged risk. The hedged item is part of the portfolio of securities valued at fair value by the other comprehensive income at a fixed interest rate, denominated in PLN. In all cases, the hedging instrument is an interest rate swap (IRS), which exchanges a fixed interest rate for a variable one.

Risk control and risk mitigation

In order to control and limit the interest rate risk of the banking book, the Group uses limits and threshold values and conducts risk-limiting transactions based on information about the risk level.

From the point of view of the types of interest rate risk of the banking book, we distinguish: repricing mismatch risk, yield curve risk, basis risk and customer option risk, and credit spread risk.

Supervisory outlier tests

In addition to the internal scenarios, Supervisory Outlier Tests are performed, including 6 standard supervisory scenarios for measuring the change in the economic value of equity and 2 standard supervisory scenarios for measuring the change in net interest income; test assumptions are implemented in accordance with the EBA Guidelines on IRRBB in and in the Commission Delegated Regulations (EU), including Commission Delegated Regulation (EU) No 2024/856 of 1 December 2023 regarding regulatory technical standards specifying supervisory stress-test scenarios.

As for the longest maturity after revaluation assigned to non-maturing deposits, it is 1 year for retail deposits and 5 years for other deposits. The maturity limit for retail non-maturing deposits to 1 year is related to the information provided by Citigroup on April 15, 2021 regarding planned changes to the strategy in the Retail Banking area.

The EU IRRBB1 table presents data for the Group. The worst of these scenarios (WCS - worst case scenario) is applied to the Tier 1 Capital of the Capital Group.

The results of the scenarios in question show that both the Bank's interest income and the economic value of equity are sensitive to a decrease in interest rates.

Presented below are changes in the economic present value of equity (EVE), calculated in accordance with six shock scenarios used for supervisory purposes; and changes in net interest income (NII), calculated in accordance with two shock scenarios used for supervisory purposes, as of December 31, 2025 and for the comparative period, i.e. June 30, 2025.

The threshold value used for the supervisory outlier test for economic value of equity is 15% of Tier 1 Capital. For EVE sensitivity, the result of the SOT EVE supervisory test as at December 31, 2025 was - 7.4%, which means that the 15% threshold was not exceeded, while as at June 30, 2025 - 6.4% and was also not exceeded.

The threshold value used for the interest income sensitivity test is 5% of Tier 1 Capital. As of December 31, 2025, the result of the SOT NII supervisory test was - 3.4%, while as at June 30, 2025 - 3.7% and was also not exceeded. In 2025 Bank took steps to change the structure of the balance sheet and stabilize the interest income over an annual horizon.

Table EU IRRBB1 - Interest rate risks of non-trading book activities

Supervisory shock scenarios	a	b	c	d
	Changes of the economic value of equity		Changes of the net interest income	
	31.12.2025	30.06.2025	31.12.2025	30.06.2025
1 Parallel up	(433,425)	(486,470)	95,294	125,688
2 Parallel down	25,059	127,903	(247,553)	(284,040)
3 Steepener	121,531	73,143		
4 Flattener	(413,645)	(299,327)		
5 Short rates up	(538,776)	(442,083)		
6 Short rates down	122,233	133,402		

Additional information on interest trade risk is presented in the Annual Consolidated Financial Statements of the Capital Group of Bank Handlowy w Warszawie S.A. for the financial year ending 31 December 2025, in note 4 "Risk management" in the "Market risk" section.

8. Credit valuation adjustment

The bank determines the CVA value using the basic approach described in Article 384 CRR and does not include in the calculations any recognized collateral taken into account in accordance with Article 386 CRR.

A description of the strategy for establishing collateral and determining derivative valuation adjustments is included in Chapter 2. Counterparty Credit Risk.

Table EU CVA 1 – EU CVA 1 – Credit valuation adjustment risk under the Reduced Basic Approach (R-BA)

	a	b
	Components of Own Funds Requirements	Own funds requirements
1 Aggregation of systematic components of CVA risk	28,259	
2 Aggregation of idiosyncratic components of CVA risk	7,142	
3 Total		10,026

9. Operational Risk

Disclosure of information concerning risk management objectives and policies

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

The strategic goal of operational risk management is to ensure a permanent and effective approach to identification, measurement/assessment, limitation, control, monitoring and reporting of risk, as well as effective reduction of the level of exposure to operational risk, and as a consequence limiting the number and scale of events of an operational risk (policy of low level of tolerance to operational losses). The main assumptions of the operational risk strategy focus on increasing the Bank's capacity to early identifying areas of increased system risk and reduction of exposure areas regarding the risk resulting from human errors.

Operational Risk Policy introduced in the Bank, defines principles of operational risk management, distribution of duties, accountabilities and processes for managing operational risk within organizational units of Bank. The Policy is consistent with strategy of risk management, defined in Bank's Strategy. The Policy describes also the system of operational risk management, including rules, mechanisms and tools (incl. procedures related to identification, measurement (assessment), mitigation, monitoring and reporting), referring to the operational risk.

Principles of operational risk management structures in the Bank aim to:

- provide a coherent and effective approach to identification, measurement (assessment), mitigation, control, monitoring and reporting;
- ensure effective reduction of the level of exposure to operational risks, and consequently reduction the quantities of operational risk events and the severity of their effects;
- ensure meeting capital requirements for operational risk
- ensure compliance with regulatory requirements regarding operational risk management.

Disclosure of the structure and organization of the operational risk management function

Internal control system and risk management system, functioning in the Bank, are organized at three, independent levels (three lines of defence):

- Level 1 i.e.: Organizational units responsible for business activities resulting in risk taking and for risk management in the Bank's operational activity, as well as risk identification and reporting to second line of defense,
- Level 2 i.e.: risk management in organizational units, independently from the risk management by the first Level, and compliance; organizational unit or employees responsible for establishing standards for the risk management in the scope of risk identification, measurement or estimation, mitigation, control, monitoring and reporting and for overseeing the control mechanisms applied by other organizational units to mitigate the risk - organizational units from risk, finance, compliance, legal and human resources areas,
- Level 3 i.e.: Internal Audit that provide an independent assessment of risk management processes and internal control system.

Description of the scope and nature of the measurement system

In the risk assessment process, Bank uses a combination of various methods for measuring or estimating risk. Risk assessment involves determining the probability of occurrence and the magnitude of possible future losses due to operational risk. To this end, BHW uses quantitative and qualitative measures (e.g., Risk Appetite, capital requirements, risk profile, KRIs, data on operational risk losses and events, control issues and corrective actions, self-assessment process, areas of risk concentration and areas of increasing risk levels, scenario analyses, stress tests, changes in processes and products, information from internal and external reviews and audits, information reported to the Commission and

Committees). The assessment includes an analysis of both internal and external threats. An accurate assessment of operational risk enables appropriate definition of the risk profile and its proper management.

The Standardized Approach (SMA), whose principles are defined in Regulation No. 575/2013 of the European Parliament and of the Council, is used to calculate the regulatory capital requirement for own funds for operational risk.

Internal capital for operational risk is calculated taking into account revenue forecasts for stress test scenarios conducted at the Bank level. Additionally, in the process of estimating future operational risk losses, the bank uses analyses of internal and external events, stress tests (stress test in accordance with Recommendation M), scenario analyses, and heuristic analyses. The calculated requirement, in accordance with the adopted methodology, is increased by a capital add-on if stress tests show the need to increase capital allocation for operational risk.

In 2025, the Bank maintained internal capital at PLN 382 million, which included a buffer of PLN 38 million resulting from stress tests.

Description of the scope and nature of the operational risk reporting framework

The Bank has a management information system for operational risk, enabling the assessment of the Bank's exposure to operational risk and effective management of this risk, including the identification of significant areas in the Bank's operations.

All organizational units of the Bank are obliged to provide the Independent Control and Operational Risk Department with information on significant types of risk that affect the Bank's risk profile or require the implementation of corrective actions. This information is presented to relevant Committees supporting the Management Board or to the Bank's Management Board.

The Bank regularly monitors operational risk events and the results of other operational risk management tools (e.g., risk appetite, capital requirements, key risk indicators (KRIs), data on operational losses and events, control problems and corrective actions, key projects, areas of risk concentration and areas of increasing risk levels, scenario analyses, stress tests, changes in processes and products, information from internal and external reviews and audits, information reported to Commissions and Committees), which enables the observation of the operational risk profile and ensures regular provision of relevant information to the Bank's Management Board and Supervisory Board.

In the Bank, an escalation process has been defined, the purpose of which is to timely and adequately inform the Bank's Management and the Independent Control and Operational Risk Department about all significant operational risk events and identified areas of potentially unacceptable operational risk. Operational risk escalation allows for immediate assessment by the Bank's Management of the Bank's exposure to operational risk and effective risk management.

Based on synthetic operational risk reports, submitted by the Bank's Management Board at least twice a year, prepared based on data resulting from operational risk monitoring, defining the scale and types of operational risk to which the Bank is exposed, the probability of its occurrence, its consequences and methods of operational risk management, information on significant losses, as well as the operational risk profile and areas of risk concentration, the Supervisory Board, supported by the Audit Committee and the Risk and Capital Committee, monitors the effectiveness of internal control systems and risk management (in particular with regard to operational risk management principles) and assesses the Management Board's implementation of the operational risk management strategy assumptions.

Description of risk mitigation and hedging policies and strategies

The Bank applies the following mechanisms to reduce exposure to operational risk:

- Mitigation (primarily through appropriate definition of processes, products, systems, procedures, implementation of control mechanisms, and diversification of risk concentration areas),
- Transfer (transferring part or all of the risk associated with a given threat to an external entity, in particular by commissioning specialized, external service providers or using insurance),
- Avoidance (not undertaking activities associated with a given threat),
- Acceptance (consciously not undertaking actions aimed at reducing the probability or consequences of a given threat materializing, along with possible provision of funds to cover potentially associated losses within the established and accepted appetite)

Each organizational unit is obliged to develop an appropriate control system, adequate to the level of risk incurred, including OR, to ensure appropriate documentation of control procedures and to train employees. The Bank's Management is also responsible for implementing, where justified, additional controls.

The primary means of limiting exposure is the implementation of appropriate control mechanisms (controls) and risk control mechanisms. The purpose of these mechanisms is to limit the causes of negative consequences of operational events (including operational losses), reduce the probability of their occurrence, and minimize the severity of the consequences of these events. The Bank maintains risk within the limits defined in the appetite through ongoing

monitoring and cyclical analysis of risk levels in the operational risk self-assessment process and monitoring and implementing additional control mechanisms. If the residual risk level is considered unacceptable, an analysis is required to assess the sources of the problem and the scale of potential risk, and then a formal control problem (recommendation) is opened, subject to formalized monitoring and reporting processes for the implementation of adopted corrective action plans.

The implemented central system for analysing the causes of losses, approvals according to criteria defined in internal regulations, including the need to analyse the causes of losses and implement corrective actions limiting the possibility of similar losses in the future, reporting and monitoring losses, positively influences the reduction of losses.

In 2025, in the context of operational risk events that occurred, no exceeding of the adopted operational risk appetite was recorded, and based on a comprehensive review of the results of the Operational Risk Self-Assessment and analysis of other factors affecting the level of residual risk, the operational risk management system was assessed as effective

Table EU OR2 - Business Indicator, components and subcomponents

	a	b	c	d
BI and its subcomponents	2025	2024	2023	Average value
1 Interest, lease and dividend component (ILDC)				1,588,614
EU1 ILDC related to the individual institution/consolidated Group (excluding entities considered by Article 314(3))				1,588,614
1a Interest and lease income	4,375,403	4,420,269	4,399,353	4,398,342
1b Interest and lease expense	-1,400,555	-1,226,426	-1,143,157	-1,256,713
1c Total assets/Asset component	74,642,062	68,089,204	67,506,591	70,079,286
1d Dividend income/ dividend component	12,572	11,508	11,410	11,830
2 Services component (SC)				756,795
2a Fee and commission income	747,344	709,170	686,929	714,481
2b Fee and commission expense	-150,294	-505,304	-463,985	-373,194
2c Other operating income	24,364	25,662	25,481	25,169
2d Other operating expense	36,319	47,270	43,352	42,314
3 Financial component (FC)				669,158
3a Net profit or loss applicable to trading book (TB)	124,204	652,883	704,608	493,899
3b Net profit or loss applicable to banking book (BB)	459,414	36,038	-30,324	175,259
EU 3c Approach followed to determine the TB/BB boundary (PBA or accounting approach)				Accounting treatment
4 Business Indicator (BI)				3,014,566
5 Business indicator component (BIC)				361,748

Operational risk capital charge was calculated including discontinued operations because decrease of the charge in result of business disposal requires obtaining appropriate regulatory approvals.

	a
6a BI gross of excluded divested activities	3,014,566
6b Reduction in BI due to excluded divested activities	-
EU 6c Impact in BI of mergers/acquisitions	-

Template EU OR3 - Operational risk own funds requirements and risk exposure amounts

	a
1 Business Indicator Component (BIC)	361,748
EU Alternative Standardised Approach (ASA) Own Funds Requirements (OROF) under 1 Article 314(4)	-
2 Not applicable	
3 Minimum Required Operational Risk Own Funds Requirements (OROF)	361,748
4 Operational Risk Exposure Amounts (REA)	4,521,849

The business indicator (BI) calculated in accordance with Article 316(2) is below EUR 750 million. Therefore, the Group does not present table EU OR1.

Information regarding operational risk, as specified in the paragraph 17.3 of Recommendation M on the management of operational risk in banks

With regard to losses impacting financial results, for Retail Banking and Leasing all Events are reported and for the other areas of Group losses exceeding equivalent of PLN 5 thousand are reported.

Total Group's gross losses accounted to operational risk cost (absolute value, including gains, excluding recoveries) recorded in the year 2025, split by operational risk event types and categories (in accordance with appendix 1 to Recommendation M) are presented in the table below.

Table Total operational risk gross losses by types of events

Events' types and categories	Amount
Clients, Products & Business Practices	29 435
Product Design	28 673
Business Practices or Market Conduct	684
Suitability, Disclosure & Fiduciary	78
External Theft and Fraud	4 450
Other Frauds	1 803
Electronic Banking and Internet Fraud	1 348
Credit Card Fraud	849
Debit/ATM Card Fraud	358
Inventory Theft	92
Execution, Delivery & Process Management	1 843
Third Party Management - External/Internal	989
Transaction Capture, Execution & Maintenance	786
Monitoring and Reporting	57
Customer Account Initiation & Documentation	8
Customer / Client Account Management	2
Trade Counterparties	-
Systems & Technology	335
Inadequate Systems Requirements, Development and Testing	221
Other Systems & Technology	105
Disruption Of Services and Processing Capabilities	6
Inadequate Systems/Operational Processing Capacity	2
Employment Practices and Workplace Environment	104
Employee Relations	104
Physical Asset & Infrastructure Events	55
Physical Damage to Buildings and Facilities	55
Internal Theft and Fraud	35
Theft - Bank Assets	35
Total	36 258

Gross value of operational losses accounted in the year 2025 (by booking date) amounted to PLN 36 258 thousand. 85% (PLN 30 958k) out of this amount relates to events, which occurred for first time in prior years. Relation of gross losses to Group revenues as of 2025 amounts to 0.85%. The total amount of losses consists of over 290 registered events (including homogenous events with financial effects not exceeding PLN 50k and PLN 100k fraud related, aggregated on a monthly basis). In terms of severity, in the year 2025 Group registered 7 events >PLN 400k amounted to PLN 31 826k: PLN 17 261k Trade/court invalidation of the financing agreement with Institutional Customer, PLN 10 301k - Cumulated losses related to TSUE sentence associated with credit products denominated in foreign currency (since 2007), PLN 1 642k - cumulated losses related to TSUE sentence related to refund of fees for early-repaid credit products (since 2020), PLN 810k -

accumulated amount of provisions and losses related to related to option transactions from the option crisis period in Poland 2009-2010, PLN 676k - additional interest due to provision for an ongoing legal dispute related to the settlement of the contract with a subcontractor, PLN 616k - unjustified fraudulent seizure of BHW's nostro account in National Bank by bailiff, PLN 520k - extortion of funds from a Client using fraudulent software - fake investment advertisement. In the bucket >PLN 100k and <PLN 400k Group registered 11 events amounted to PLN 1 876k. The remaining events didn't exceed PLN 100k.

All operational risk events exceeding set significance thresholds are analyzed by independent control units in view of root causes and corrective actions. Corrective actions are monitored by management to avoid repetitive losses. The Group undertakes series of actions aiming at operational risk mitigation such as verification of adequacy of applied controls, enhancements to control processes in areas of identified weaknesses, enhancements of fraud detection systems, revision of limits mitigating risk exposure, strengthening of independent verifications, enhancements to maker/checker controls and staff training. Members of the Management Board approval is required for all losses exceeding established thresholds, in view of analyses of causes of the losses and adequacy of corrective actions. Risk appetite limit set for the year 2025 was not exceeded.

VII. Information related to the liquidity

Liquidity risk management

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

The liquidity risk management policy in the Group primarily aims to ensure and maintain the ability to meet both: current and future financial obligations (also in the event of extremely stressed conditions), while minimizing the cost of obtaining liquidity. This is possible due to the proper identification of the liquidity risk, its constant monitoring as well as the establishment of limits with full understanding of: the macroeconomic environment, the Group's business profile, regulatory requirements as well as, strategic and business objectives within available liquidity resources.

The liquidity risk strategy, including the acceptable risk level, assumed balance sheet structure and financing plan is approved by the Bank's Management Board and then accepted by the Bank's Supervisory Board. The management of the Group's balance sheet structure is managed by the Asset and Liability Management Committee (ALCO). The organization of the liquidity risk management process that exists in the Group, is aimed to ensure the separation of functions between entities that conduct transactions (affecting the liquidity risk), monitor and control the risk. The management of intraday, current and short-term liquidity is a task of the Financial Markets and Corporate Banking Sector, while the management of medium and long-term liquidity lies on ALCO responsibilities. Reporting functions are performed by the Risk Strategy and Capital Department, while the monitoring and control of the level of liquidity risk is performed by the Department of Balance Sheet Management Supervision and by Market Risk Department. Activities of companies from the Group of the Bank in the area of liquidity risk management are supervised by the Bank by way of delegating its employees to supervisory bodies (supervisory boards) of such affiliates. Supervision over liquidity of companies from the Group of the Bank is exercised by ALCO.

The source data and models used to generate liquidity reports come from independent management systems or other independent record systems. The reports and stress tests are generated on a daily bases by the Risk Strategy and Capital Department - a unit independent from the Financial Markets and Corporate Banking Sector - and sent to the Group's units responsible for the liquidity risk management and to the Market Risk Department, who is responsible for the substantive content of those reports, including recognition of all elements that affect the liquidity risk. On monthly bases, the Market Risk Department prepares the analysis of the Group's liquidity position and liquidity risk level for the Assets and Liabilities Management Committee and the Risk and Capital Management Committee. Daily reports are sent to those who are directly involved in the intraday, current and short-term liquidity management processes. Monthly and quarterly reports are prepared on the basis of daily data and are submitted to the members of the Bank's Committees that deal with medium- and long-term liquidity risk and structural liquidity risk (the Assets and Liabilities Management Committee and the Risk and Capital Management Committee). Such organization ensures:

- current and forward looking information;
- gives a picture of the liquidity risk for the total balance and off-balance sheet and for the relevant for the Bank currencies (PLN, USD, EUR);
- the diversity of prepared reports allows to assess the level of intraday, current and structural liquidity risk,
- obtaining stress test results with a sufficient frequency (daily for the S2 and monthly for the remaining ones);
- comprehensiveness of the approach in the preparation of the liquidity reports covering both balance and off-balance sheet items.

As a part of the liquidity risk management, the Group pursues the following goals:

- providing Group's entities (at any time) with an access to the liquid funds in order to meet all their financial obligations in a timely manner, also in extreme but probable crisis situations;
- maintaining an adequate level of high-quality liquid assets in the event of a sudden deterioration of the Group's liquidity position;
- defining the scale of the liquidity risk undertaken by the Group by establishing, at an appropriate and safe level, internal measures and limits aimed at limiting excessive concentration in the scope of the adopted balance sheet structure or sources of financing;
- constant monitoring of the Group's liquidity situation with respect to the occurrence of an emergency situation in order to launch the Contingency Funding Plan;
- ensuring compliance of the processes operating at the Bank with the Polish and European regulatory requirements regarding liquidity risk management.

As part of liquidity risk management, the Group also applies a number of control mechanisms ensuring compliance with the liquidity risk management principles. They include in particular:

- separation of the function of measuring, monitoring and controlling risks from operating activities, including separation of functions in areas of potential conflicts of interest and areas of increased risk level;
- reviews of processes, performed by persons performing management functions or managerial functions or delegated by these persons;
- control activities integrated into the operations of the Bank's organizational units and adapted to the profile, scale and specificity of the operations of the Bank's organizational units;
- checking that the exposure limits are met and tracking cases when they are breached;
- monitoring the reports with excesses;
- monitoring of risk indicators;
- self-evaluation process;
- monitoring and testing of contingency funding plans and continuity of business plans.

The main source of funding the Group's activity, including liquid assets portfolio, is deposit base, where at end of December 2025 deposits constituted 82% of total liabilities. The Group maintains buffer of unencumbered high quality assets at high level, investing in sovereign bonds and liquid bonds issued by highly rated corporations. Every year the Group performs analysis if held bond portfolio is possible to liquid at the market condition, in order to set amount of bonds possible to liquidate within timeframe compliant with local regulatory liquidity measure calculation as well as LCR calculation.

The Group constantly monitors funding concentration. To realize that target, the structure of funds is well diversified in each segment of deposits – retail, small enterprises, corporations and public finance sector. The concentration is monitored in break down for client categories and currencies and it is compared to an early warning triggers approved by ALCO. In addition to that there is an early warning trigger for net funding on wholesale market applied.

The Group is one of the biggest market participants on Polish derivative market, however net flows on that instruments in 30 days are irrelevant for LCR. Simultaneously the Group's methodology of evaluating potential outflows of margin deposits from the Group to other entities or potential decrease of margin deposits kept by Bank's customers bases on maximal outflows within last 24 months and it secures Bank from underestimation of outflows within 30 days.

In accordance with the Regulation No. 575/2013 the Group monitors and maintains an adequate level of Liquidity Coverage Ratio (LCR). As of Decemebr 31, 2025 LCR was 194% and was 32 p.p. higher than as of June 30, 2025. The change in the ratio is primarily driven by the completion of the review of the methodology for calculating liquidity measures, in particular in terms of determining the value of operational deposits, which are calculated and reported on an ongoing basis.

The Group recognizes that the depth of the FX swap market allows the assumption that the existing mismatch (the excess of FX liabilities over assets) can be easily eliminated by means of current FX swaps. Additionally, the Group does not identify other significant components of the net outflow coverage ratio than those included in the net coverage coverage disclosure formula.

Detailed data on the volume of regulatory measures for December 2025, as well as the applied internal measures in the area of the liquidity risk management, are included in the Condensed interim consolidated financial statements of the Capital Group of Bank Handlowy w Warszawie S.A for the period of 6 months ended 30 June 2025, in note 4 "Risk Management".

As the result of the assessment of the level of liquidity risk and current and structural liquidity ratios (ILAAP), documented during the review of the Risk Management System (meeting of the Risk and Capital Management Committee in March 2025), the Assets and Liabilities Management Committee in the process of adopting the annual "Financing and Liquidity Plan" (plan for 2025 reviewed and approved in December 2024), did not recommend any changes to the liquidity risk management system.

Table EU LIQ1 – Quantitative information of LCR

Scope of consolidation: consolidated		a	b	c	d	e	f	g	h
		Total unweighted value (average)				Total weighted value (average)			
EU 1a	Quarter ending on	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
HIGH-QUALITY LIQUID ASSETS									
1	Total high-quality liquid assets (HQLA)					46,812,110	45,774,713	44,276,150	43,104,155
CASH - OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	21,665,269	21,602,039	21,326,823	21,050,861	2,108,247	2,006,425	1,886,531	1,830,215
3	Stable deposits	10,367,704	10,518,657	10,520,795	10,451,536	518,385	525,933	526,040	522,577
4	Less stable deposits	11,297,565	11,083,382	10,806,027	10,599,325	1,589,862	1,480,493	1,360,491	1,307,639
5	Unsecured wholesale funding	41,681,974	40,018,493	37,890,572	35,634,363	19,435,762	18,046,593	15,981,883	13,815,897
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	6,853,872	10,314,377	15,056,908	20,453,378	1,713,468	2,578,594	3,764,227	5,113,345
7	Non-operational deposits (all counterparties)	34,828,102	29,704,116	22,833,664	15,180,984	17,722,294	15,467,999	12,217,656	8,702,553
8	Unsecured debt	-	-	-	-	-	-	-	-
9	Secured wholesale funding								
10	Additional requirements	45,554,561	55,753,717	54,264,557	52,114,487	33,198,604	43,523,942	42,288,951	40,281,525
11	Outflows related to derivative exposures and other collateral requirements	31,270,845	41,912,516	40,986,193	39,095,067	31,270,845	41,912,516	40,986,193	39,095,067
12	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
13	Credit and liquidity facilities	14,283,716	13,841,201	13,278,364	13,019,420	1,927,758	1,611,426	1,302,758	1,186,457
14	Other contractual funding obligations	778,767	668,728	761,123	764,959	778,767	668,728	761,123	764,959
15	Other contingent funding obligations	5,446,879	6,257,329	6,668,247	6,417,446	573,544	642,687	671,341	641,745
16	TOTAL CASH OUTFLOWS					56,094,925	64,888,376	61,589,829	57,334,341
CASH - INFLOWS									
17	Secured lending (e.g. reverse repos)	2,421,094	2,749,538	4,838,709	5,750,326	115,927	117,259	123,113	85,384
18	Inflows from fully performing exposures	3,282,322	3,161,871	2,876,131	2,142,723	3,103,126	2,953,758	2,643,987	1,903,920
19	Other cash inflows	28,142,298	37,940,915	36,413,978	34,137,228	28,142,298	37,940,915	36,413,978	34,137,228
	(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-19a									
EU-19b	(Excess inflows from a related specialised credit institution)								
20	TOTAL CASH INFLOWS	33,845,715	43,852,323	44,128,818	42,030,277	31,361,351	41,011,932	39,181,078	36,126,532
EU-20a	Fully exempt inflows	-	-	-	-	-	-	-	-
EU-20b	Inflows subject to 90% cap	-	-	-	-	-	-	-	-
EU-20c	Inflows subject to 75% cap	33,845,715	43,852,323	44,128,818	42,030,277	31,361,351	41,011,932	39,181,078	36,126,532
TOTAL ADJUSTED VALUE									
EU-21	LIQUIDITY BUFFER					46,812,110	45,774,713	44,276,150	43,104,155
22	TOTAL NET CASH OUTFLOWS					24,733,574	23,973,363	22,505,671	21,304,729
23	LIQUIDITY COVERAGE RATIO					189.27	190.94	196.73	202.32

In accordance with the EBA Single Rulebook Q&A response to question no. 2025_7533, the Group discloses data on the NSFR calculated in accordance with Chapter 2 of Title IV of Part Six, four EU LIQ 2 templates (for each quarter of the relevant disclosure period).

Table EU LIQ2: Net Stable Funding Ratio – 31.12.2025

	a	b	c	d	e
	Unweighted value by residual maturity				Weighted value
	No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Available stable funding (ASF) Items					
1 Capital items and instruments	8,311,658	-	-	1,060,443	9,372,101
2 Own funds	8311,658	-	-	-	8,311,658
3 Other capital instruments		-	-	1,060,443	1,060,443
4 Retail deposits		21,574,031	61,936	1,418	19,948,397
5 Stable deposits		9,492,157	-	-	9,017,549
6 Less stable deposits		12,081,875	61,936	1,418	10,930,848
7 Wholesale funding:		40,906,500	4,758	1,156	17,372,085
8 Operational deposits		9,943,412	-	-	4,971,706
9 Other wholesale funding		30,963,088	4,758	1,156	12,400,379
10 Interdependent liabilities		-	-	-	-
11 Other liabilities:		1,818,510	48,327	116,895	141,058
12 NSFR derivative liabilities					
13 All other liabilities and capital instruments not included in the above categories		1,818,510	48,327	116,895	141,058
14 Total available stable funding (ASF)					46,833,641
Required stable funding (RSF) Items					
15 Total high-quality liquid assets (HQLA)					172,423
EU-15a Assets encumbered for a residual maturity of one year or more in a cover pool		-	-	-	-
16 Deposits held at other financial institutions for operational purposes		-	-	-	-
17 Performing loans and securities:		5,179,650	9,067,232	16,947,726	20,278,556
18 Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		645,257	2,785,893	-	1,392,946
19 Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		257,860	4,566,499	2,615,488	4,924,524
20 Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		1,182,172	1,714,840	13,107,121	12,589,558
21 With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		-	-	-	-
22 Performing residential mortgages, of which:		-	-	-	-
23 With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		-	-	-	-
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		3,094,361	-	1,225,117	1,371,527
25 Interdependent assets		-	-	-	-
26 Other assets:		2,800,562	10,636	2,363,992	2,875,084
27 Physical traded commodities				-	-
28 Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		-	-	318,350	270,597
29 NSFR derivative assets		351,042			351,042
30 NSFR derivative liabilities before deduction of variation margin posted		2,370,272			118,514
31 All other assets not included in the above categories		79,248	10,636	2,045,642	2,134,931
32 Off-balance sheet items		6,144,805	845,358	9,332,385	869,441
33 Total RSF					24,195,505
34 Net Stable Funding Ratio (%)					193.56

Table EU LIQ2: Net Stable Funding Ratio – 30.09.2025

	a				b				c				d				e			
	Unweighted value by residual maturity																Weighted value			
	No maturity				< 6 months				6 months to < 1yr				≥ 1yr							
Available stable funding (ASF) Items																				
1 Capital items and instruments	8,217,171				-				-				1,071,100				9,288,272			
2 Own funds	8,217,171				-				-				-				8,217,171			
3 Other capital instruments					-				-				1,071,100				1,071,100			
4 Retail deposits					21,570,585				77,682				1,310				19,999,792			
5 Stable deposits					10,300,833				-				-				9,785,792			
6 Less stable deposits					11,269,752				77,682				1,310				10,214,000			
7 Wholesale funding:					41,389,219				24,243				942				17,965,108			
8 Operational deposits					9,171,790				-				-				4,585,895			
9 Other wholesale funding					32,217,429				24,243				942				13,379,213			
10 Interdependent liabilities					-				-				-				-			
11 Other liabilities:	-				2,789,306				84,606				432,840				475,143			
12 NSFR derivative liabilities	-																			
13 All other liabilities and capital instruments not included in the above categories					2,789,306				84,606				432,840				475,143			
14 Total available stable funding (ASF)																	47,728,315			
Required stable funding (RSF) Items																				
15 Total high-quality liquid assets (HQLA)																	146,264			
EU-15a Assets encumbered for a residual maturity of one year or more in a cover pool					-				-				-				-			
16 Deposits held at other financial institutions for operational purposes					-				-				-				-			
17 Performing loans and securities:					5,171,001				7,612,773				17,796,773				20,121,276			
18 Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut					543,076				1,415,998				-				707,999			
19 Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions					1,082,794				4,770,189				2,325,230				4,773,812			
20 Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:					1,006,033				1,426,586				14,267,870				13,343,999			
21 With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk					-				-				-				-			
22 Performing residential mortgages, of which:					-				-				-				-			
23 With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk					-				-				-				-			
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					2,539,098				-				1,203,673				1,295,467			
25 Interdependent assets					-				-				-				-			
26 Other assets:					2,543,000				7,067				2,323,917				2,920,851			
27 Physical traded commodities																	-			
28 Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs					-				-				379,201				322,321			
29 NSFR derivative assets					465,019												465,019			
30 NSFR derivative liabilities before deduction of variation margin posted					1,992,509												99,625			
31 All other assets not included in the above categories					85,472				7,067				1,944,716				2,033,886			
32 Off-balance sheet items					6,627,740				1,213,950				9,019,854				885,668			
33 Total RSF																	24,074,059			
34 Net Stable Funding Ratio (%)																	198.26			

Table EU LIQ2: Net Stable Funding Ratio – 30.06.2025

	Unweighted value by residual maturity				Weighted value	
	a	b	c	d		e
	No maturity	< 6 months	6 months to < 1yr	≥ 1yr		
Available stable funding (ASF) Items						
1 Capital items and instruments	8,610,629	-	-	1,064,407	9,675,036	
2 Own funds	8,610,629	-	-	-	8,610,629	
3 Other capital instruments		-	-	1,064,407	1,064,407	
4 Retail deposits		21,395,666	157,793	1,504	19,912,253	
5 Stable deposits		10,252,712	-	-	9,740,077	
6 Less stable deposits		11,142,953	157,793	1,504	10,172,176	
7 Wholesale funding:		44,399,940	116,527	13,359	17,962,209	
8 Operational deposits		-	-	-	-	
9 Other wholesale funding		44,399,940	116,527	13,359	17,962,209	
10 Interdependent liabilities		-	-	-	-	
11 Other liabilities:	-	2,968,111	212,603	301,146	407,448	
12 NSFR derivative liabilities	-					
13 All other liabilities and capital instruments not included in the above categories		2,968,111	212,603	301,146	407,448	
14 Total available stable funding (ASF)					47,956,945	
Required stable funding (RSF) Items						
15 Total high-quality liquid assets (HQLA)					131,536	
EU-15a Assets encumbered for a residual maturity of one year or more in a cover pool		-	-	-	-	
16 Deposits held at other financial institutions for operational purposes		-	-	-	-	
17 Performing loans and securities:		7,864,321	6,428,160	17,224,711	19,145,272	
18 Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		1,305,458	1,248,959	-	624,480	
19 Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		2,854,277	4,377,112	1,802,223	4,158,732	
20 Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		1,155,139	802,089	14,178,233	13,030,112	
21 With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		-	-	-	-	
22 Performing residential mortgages, of which:		-	-	-	-	
23 With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		-	-	-	-	
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		2,549,447	-	1,244,255	1,331,949	
25 Interdependent assets		-	-	-	-	
26 Other assets:		2,614,127	744	2,522,238	3,203,501	
27 Physical traded commodities						
28 Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		-	-	387,126	329,057	
29 NSFR derivative assets		554,847			554,847	
30 NSFR derivative liabilities before deduction of variation margin posted		1,971,016			98,551	
31 All other assets not included in the above categories		88,265	744	2,135,112	2,221,046	
32 Off-balance sheet items		6,774,938	845,257	9,086,252	879,109	
33 Total RSF					23,359,418	
34 Net Stable Funding Ratio (%)					205.30	

Table EU LIQ2: Net Stable Funding Ratio – 31.03.2025

	a	b	c	d	e
	Unweighted value by residual maturity				Weighted value
	No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Available stable funding (ASF) Items					
1 Capital items and instruments	8,359,851	-	-	-	8,359,851
2 Own funds	8,359,851	-	-	-	8,359,851
3 Other capital instruments		-	-	-	-
4 Retail deposits		21,407,982	146,981	1,334	19,930,006
5 Stable deposits		10,584,101	-	-	10,054,896
6 Less stable deposits		10,823,881	146,981	1,334	9,875,110
7 Wholesale funding:		38,165,828	165,622	1,050,211	17,248,551
8 Operational deposits		-	-	-	-
9 Other wholesale funding		38,165,828	165,622	1,050,211	17,248,551
10 Interdependent liabilities		-	-	-	-
11 Other liabilities:	-	2,996,398	2,386	16,026	17,219
12 NSFR derivative liabilities	-				
13 All other liabilities and capital instruments not included in the above categories		2,996,398	2,386	16,026	17,219
14 Total available stable funding (ASF)					45,555,627
Required stable funding (RSF) Items					
15 Total high-quality liquid assets (HQLA)					331,030
EU-15a Assets encumbered for a residual maturity of one year or more in a cover pool		-	-	-	-
16 Deposits held at other financial institutions for operational purposes		-	-	-	-
17 Performing loans and securities:		12,470,321	6,129,243	15,876,936	18,252,382
18 Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		5,151,318	5,476,379	-	2,738,190
19 Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		3,041,580	-	2,135,690	2,439,848
20 Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		1,537,806	613,715	12,072,800	11,337,641
21 With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		-	-	-	-
22 Performing residential mortgages, of which:		21,734	39,148	20,063	43,482
23 With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		21,734	39,148	20,063	43,482
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		2,717,882	-	1,648,384	1,693,222
25 Interdependent assets		-	-	-	-
26 Other assets:		1,748,835	3,478	2,585,312	2,792,595
27 Physical traded commodities					
28 Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		-	-	404,507	343,831
29 NSFR derivative assets		183,748			183,748
30 NSFR derivative liabilities before deduction of variation margin posted		1,559,578			77,979
31 All other assets not included in the above categories		5,509	3,478	2,180,805	2,187,038
32 Off-balance sheet items		-	-	19,668,699	1,182,136
33 Total RSF					22,558,143
34 Net Stable Funding Ratio (%)					201.95

VIII. Internal Capital Adequacy Assessment

The Group identifies and manages all types of risks in its activity while some of them considering as material. For all measurable risks that are considered as material in the Group's activity, the Group estimates and allocates capital. For this purpose the Group implemented process of estimation and allocation of the internal capital covering material risk in which assessment of capital adequacy is performed (process ICAAP). The Group annually sets Risk Appetite approved by the Management Board and Supervisory Board. Adopted Risk Appetite clearly and consistently communicate the types and levels of risk the Bank is willing to take, taking into account the business strategy.

The result of the ICAAP is to determine the capital plan which is consistent with approved by the Management Board and the Supervisory Board financial plan and risk appetite. It specifies the Group's capital needs and goals. Internal Capital is estimated for material types of risks. The Group allocates internal capital to the particular business units. Risk and Capital Management Committee is responsible for the annual capital planning and ongoing monitoring of capital usage according to established limits.

Risk appetite is the aggregate level and types of risk that the Group is willing to take (the maximum level of risk it can assume within the available capital and liquidity) in order to implement its business strategy and business plans while meeting regulatory requirements and applicable law. It is determined annually in the form of a resolution of the Bank's Supervisory Board at the request of the Management Board. On the basis of the established risk appetite, the Management Board decides on the amounts of aggregate limits for individual business units and sub-limits for measurable types of risk considered material.

Below we present the specific, measurable risks identified as material in the Group in 2025:

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

The Group assesses the internal capital for a base case and a downside scenario, which is a basis for the stress tests' analysis.

Scenarios are defined on the basis of the set of assumptions common to all risks analyzed. In addition, the Group analyzes a one in ten year's scenario (1/10), which forms a basis for additional risk / return measure.

The internal capital requirements for credit and counterparty risk were estimated according to advanced approach based on internal ratings for the following exposure classes: exposures to institutions, corporates, regional governments and local authorities and public sector entities. For exposures different than mentioned above internal capital requirements were calculated according to standardized approach specified in the Regulation No. 575/2013.

Capital requirement for operational risk has been calculated using standardized methodology approach specified in the Regulation No. 575/2013. Calculated capital requirement, according with the accepted methodology, was increased by add-on, as stress tests showed necessity to increase internal capital for operational risk.

Internal capital for market risk in trading book is based on an integrated measure, which takes into account both the value at risk (VaR), and the size of losses in stress scenarios, estimating unexpected loss on the trading portfolio with the probability of 99.9% in 1Y time horizon. In the case of banking book (accrual) portfolios quantification of internal capital, is based on a combination of potential maximum decrease in net interest income of the bank in the perspective of one year in conjunction with the maximum negative impact of changes in interest rates on the economic value of the bank's capital, determined in stress scenarios with the probability of 99.9% in 1Y time horizon.

In the case of liquidity risk, the amount of internal capital allocation is based on current and projected elements of supervisory measures, taking into account the stress scenarios within the next 12 months.

The Group does not use diversification effect while aggregating estimated internal capital for material risks.

The Group adopted proper methods for capital allocation to the business units.

The organisational units engaged in the process of assessment of internal capital are required to ensure adequate level of internal control in the capital calculation process for material risks. Audit Department conducts independent review of the process of capital assessment and maintenance.

The Banks's capital adequacy assessment process in the form of "Internal Capital Adequacy Assessment Process (Capital Group of Bank Handlowy w Warszawie S.A.)" document is approved by the Management Board.

Risk and Capital Management Committee is responsible for ongoing capital adequacy assessment. The Committee supervises the compliance with Risk Appetite established by the Supervisory Board and monitors capital adequacy taking into account the quantitative ratios and capital limits utilization.

Risk and Capital Committee of the Supervisory Board receives periodically report on assessment and utilizations of internal and regulatory capital.

If determined within the Risk Appetite level of capital adequacy ratio falls below approved threshold or level of TLAC TREA ratio falls below approved threshold or the Group does not have enough capital to cover internal capital allocation for material risks, the contingency capital plan will be activated.

IX. Unencumbered assets

For the purposes of these disclosures assets are encumbered, when they are pledged or used as collateral or as enhancement of transaction's credit quality and their transferability is restricted.

Table EU AE1 - Encumbered and unencumbered assets

	Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
	010	of which notionally eligible EHQLA and HQLA	040	of which notionally eligible EHQLA and HQLA	060	of which EHQLA and HQLA	090	of which EHQLA and HQLA
		030		050		080		100
010 Assets of the disclosing institution	2,236,366	319,875			79,332,924	40,067,313		
030 Equity instruments	-	-	-	-	217,274	-	217,274	-
040 Debt securities	319,875	319,875	319,875	319,875	34,776,049	33,774,087	34,776,049	33,774,087
050 of which: covered bonds	-	-	-	-	-	-	-	-
060 of which: securitisations	-	-	-	-	1,001,961	-	1,001,961	-
070 of which: issued by general governments	153,947	153,947	153,947	153,947	19,654,951	19,654,951	19,654,951	19,654,951
080 of which: issued by financial corporations	165,928	165,928	165,928	165,928	13,373,290	12,371,329	13,373,290	12,371,329
090 of which: issued by non-financial corporations	-	-	-	-	-	-	-	-
120 Other assets	1,916,491	-			44,339,602	6,293,226		

Table EU AE2 - Collateral received and own debt securities issued

	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 EHQLA and HQLA	
		010	040	
130 Collateral received by the disclosing institution	-	-	9,959,850	8,890,142
140 Loans on demand	-	-	-	-
150 Equity instruments	-	-	-	-
160 Debt securities	-	-	8,890,142	8,890,142
170 of which: covered bonds	-	-	-	-
180 of which: securitisations	-	-	-	-
190 of which: issued by general governments	-	-	4,596,822	4,596,822
200 of which: issued by financial corporations	-	-	4,293,320	4,293,320
210 of which: issued by non-financial corporations	-	-	-	-
220 Loans and advances other than loans on demand	-	-	77,756	-
230 Other collateral received	-	-	991,951	-
240 Own debt securities issued other than own covered bonds or securitisations	-	-	-	-
241 Own covered bonds and securitisations issued and not yet pledged	-	-	-	-
250 TOTAL COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED	2,236,366	319,875	-	-

Table AE3 - Sources of encumbrance

	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	3,835,467	1,868,184

Debt instruments measured at fair value through other comprehensive income include encumbered debt securities that constitute for the settlement of derivative instruments in the Euroclear clearing house, collateral to cover the funds guaranteed to the Bank Guarantee Fund, as well as collateral for the repo (repurchase agreement) transactions.

Other encumbered assets include all types of margin deposits, including those held at clearing houses. The majority of these arise from derivative transactions entered into by the Bank.

High-quality liquid assets (EHQLA and HQLA) include Polish government bonds, NBP cash bills, bonds guaranteed by the State Treasury (BGK), as well as government bonds of other highly rated countries (including the United States and euro zone countries).

X. Leverage Ratio

Information on the leverage ratio as of December 31, 2025, summary reconciliation of accounting assets and leverage ratio exposures, leverage ratio common disclosure, split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures) are presented in the following tables in accordance with Commission Implementing Regulation (EU) 2024/3172:

Table EU LR1 - LRSum: Summary reconciliation of accounting assets and leverage ratio exposures

	a
	Applicable amount
1 Total assets as per published financial statements*	80,259,590
2 Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	-
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 banks (if applicable))	-
5 (Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the 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 Adjustment for derivative financial instruments	673,898
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)	8,255,653
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 total exposure measure in accordance with point (c) and point (ca) of Article 429a(1) CRR)	-
EU-11b (Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a(1) CRR)	-
12 Other adjustments	(1,077,435)
13 Total exposure measure	88,111,707

* The amount of assets has been presented in accordance with the EBA guidelines and is equal to the total assets in the FINREP statements and not the total assets presented in the financial statements. The difference between these values is due to the offsetting effect of derivatives. In the consolidated statement of financial position, all liabilities and assets of the Group resulting from forward and derivative transactions settled by the central counterparty of KDPW_CCP S.A. are reported as netted (offsetting liabilities and assets).

Table EU LR2 - LRCom: Leverage ratio common disclosure

	CRR leverage ratio exposures	
	a	b
	31.12.2025	30.06.2025
On-balance sheet exposures (excluding derivatives and SFTs)		
1 On-balance sheet items (excluding derivatives, SFTs, but including collateral)	68,911,016	72,899,679
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)	(120,608)	(367,121)
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)	(870,199)	(867,222)
7 Total on-balance sheet exposures (excluding derivatives and SFTs)	67,920,210	71,665,336
Derivative exposures		
8 Replacement cost associated with SA-CCR derivatives transactions (ie net of eligible cash variation margin)	2,495,376	2,005,567
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	2,086,064	2,154,828
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	4,581,440	4,160,395
Securities financing transaction (SFT) exposures		
14 Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	7,592,695	9,323,729
15 (Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-
16 Counterparty credit risk exposure for SFT assets	-	-
EU-16a Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(b) and 222 CCP	-	-
17 Agent transaction exposures	-	-
EU-17a (Exempted CCP leg of client-cleared SFT exposure)	-	-
18 Total securities financing transaction exposures	7,592,695	9,323,729
Other off-balance sheet exposures		
19 Off-balance sheet exposures at gross notional amount	18,735,330	19,134,318
20 (Adjustments for conversion to credit equivalent amounts)	(10,717,968)	(10,014,619)
21 (General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)	-	-
22 Off-balance sheet exposures	8,017,362	9,119,699

	CRR leverage ratio exposures	
	a	b
	31.12.2025	30.06.2025
Excluded exposures		
EU-22a (Exposures excluded from the leverage ratio total exposure measure in accordance with point (c) and point (ca) of Article 429a(1) CRR)	-	-
EU-22b (Exposures exempted in accordance with point (j) of Article 429a(1) CRR (on and off balance sheet))	-	-
EU-22c (Excluded exposures of public development banks (or units) - Public sector investments)	-	-
EU-22d (Excluded exposures of public development banks (or units) - Promotional loans)	-	-
EU-22e (Excluded passing-through promotional loan exposures by non-public development banks (or units))	-	-
EU-22f (Excluded guaranteed parts of exposures arising from export credits)	-	-
EU-22g (Excluded excess collateral deposited at triparty agents)	-	-
EU-22h (Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a(1) CRR)	-	-
EU-22i (Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a(1) CRR)	-	-
EU-22j (Reduction of the exposure value of pre-financing or intermediate loans)	-	-
EU-22k (Total exempted exposures)	-	-
EU-22l (Exposures deducted in accordance with point (q) of Article 429a(1) CRR)	-	-
EU-22m (Total exempted exposures)	-	-
Capital and total exposure measure		
23 Tier 1 capital	7,325,932	7,618,392
24 Total exposure measure	88,111,707	94,269,160
Leverage ratio		
25 Leverage ratio (%)	8.31	8.08
EU-25 Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	8.31	8.08
25a Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	8.31	8.08
26 Regulatory minimum leverage ratio requirement (%)	3.00	3.00
EU-26a Additional own funds requirements to address the risk of excessive leverage (%)	-	-
EU-26b of which: to be made up of CET1 capital	-	-
27 Leverage ratio buffer requirement (%)	-	-
EU-27a Overall leverage ratio requirement (%)	3.00	3.00
Choice on transitional arrangements and relevant exposures		
EU-27b Choice on transitional arrangements for the definition of the capital measure	Transitional	Transitional
Disclosure of mean values		
28 Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivable	10,794,879	13,723,172
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	7,592,695	9,323,729
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)	91,313,891	98,668,602
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)	91,313,891	98,668,602
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)	8.02	7.72
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)	8.02	7.72

Table EU LR3 - LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

		a
		CRR leverage ratio exposures
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	76,383,103
EU-2	Trading book exposures	2,067,532
EU-3	Banking book exposures, of which:	74,315,571
EU-4	Covered bonds	-
EU-5	Exposures treated as sovereigns	41,153,242
EU-6	Exposures to regional governments, MDB, international organisations and PSE, not treated as sovereigns	6
EU-7	Institutions	9,720,772
EU-8	Secured by mortgages of immovable properties	4,125,608
EU-9	Retail exposures	3,710,865
EU-10	Corporates	12,065,836
EU-11	Exposures in default	165,012
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	3,374,229

The principles of managing the risk of excessive leverage at the Bank are regulated by the "Principles of calculating leverage and managing the risk of excessive leverage at Bank Handlowy w Warszawie S.A.".

The objective of managing the risk of excessive leverage is to ensure an appropriate level of capital in relation to the sum of the Group's on-balance sheet assets and off-balance sheet liabilities.

The level of leverage ratio is monitored periodically. Information about the current ratio is reported to the Asset and Liability Management Committee on a monthly basis and to the Risk and Capital Management Committee of the Bank's Management Board and to the Risk and Capital Committee of the Supervisory Board on a quarterly basis.

The Group manages the risk of excessive leverage, among others, by establishing the risk appetite levels and tolerance thresholds for leverage ratio, taking into account the results of the annual stress tests carried out as part of the ICAAP process. Risk appetite, tolerance thresholds for leverage ratio and the escalation process in case of breach of thresholds are approved by the Management Board and Supervisory Board in the form of "Risk Appetite for the Capital Group of Bank Handlowy w Warszawie S.A." document.

XI. Information regarding the remuneration policy

Following policies are binding in Bank Handlowy w Warszawie S.A. (Bank) the “Remuneration policy for Members of the Management Board and Members of the Supervisory Board of Bank Handlowy w Warszawie S.A.” adopted by way of resolution of the General Shareholders Meeting dated 4 June 2020 and the “Remuneration policy for employees of Bank Handlowy w Warszawie S.A.” (dated 22 December 2017 with subsequent amendments), hereinafter referred to as the Remuneration Policy.

The Remuneration Policy for Members of the Management Board and Members of the Supervisory Board of Bank Handlowy w Warszawie S.A. sets out the principles for remunerating Members of the Management Board and Members of the Supervisory Board of Bank, contributes to implementation of the strategy of the Bank, effective risk management, its long-term interest and stability. The Policy implements provisions regarding shaping of the rules of remuneration set forth in the provisions of Act of 29 July 2005 on public offering, conditions governing the introduction of financial instruments to organised trading, and on public companies with further amendments.

The Remuneration Policy sets out principles adopted by Bank for all other employees including in particular Key Persons and aimed among others to align compensation practices, structures and decisions with shareholder interest and effective manage risk by encouraging prudent decision-making. This Policy implements requirements of the provisions of law, Rules of Corporate Governance for Supervised Institutions adopted by the Polish Financial Supervision Authority and the Code of Best Practice for WSE Listed Companies 2016, recommendations of the Polish Financial Supervision Authority covering banking sector and takes into account Guidelines of the European Banking Authority on sound remuneration policies under Articles 74(3) and 75(2) of Directive 2013/36/EU and disclosures under Article 450 of Regulation (EU) No. 575/2013, Guidelines of the European Banking Authority on remuneration policies and practices related to the sale and provision of retail banking products and services, Guidelines of European Securities and Markets Authority on remuneration policies and practices (MiFID).

Principles for remuneration of employees that have a material impact on the risk profile in the Bank are described in details in the “Remuneration policy for persons whose professional activities have a material impact on the risk profile of Bank Handlowy w Warszawie S.A.” which was adopted by the Management Board and approved by the Supervisory Board of the Bank on December 22, 2017 (hereinafter referred to as “Remuneration Policy for Identified Staff”). The above-mentioned policy with subsequent amendments, that has replaced “Variable remuneration components policy for managerial staff at Bank Handlowy w Warszawie S.A.” binding from September 26, 2012.

In the work on preparation and implementation of the policy mentioned above was involved:

- the members of the Bank’s Nomination and Remuneration Committee,
- the Bank’s Management Board,
- the head of the Banks’s Legal Department,
- the head of the Banks’s Human Resources Department,
- the Bank’s manager of the Compensation & Benefits Department,
- and, for the fist version of the policy - as an external consultant, the law firm “Clifford Chance Janicka, Krużewski, Namiotkiewicz i wspólnicy spółka komandytowa”.

Variable remuneration for Bank’s Management Board Members is granted by the Supervisory Board and for other employees covered by the “Remuneration Policy for Identified Staff” by the Management Board. It should be noted that the Nomination and Remuneration Committee of the Supervisory Board was established in the Bank. It provides recommendations and opinions on the levels and conditions of variable remuneration of employees covered by the Remuneration Policy for Identified Staff and acknowledges information on the current List of employees whose professional activities have a material impact on the Bank’s risk profile.

Additionally, each time, in case of the change of the Remuneration Policy for Identified Staff, the BHW Nomination and Remuneration Committee gives its opinion on the changes, including the amounts and components of remuneration, taking into account a cautious and stable risk, capital and liquidity management, and paying special attention to long-term interests of the Bank, the interest of the Bank’s shareholders and investors.

In 2025 there were seven meetings of the BHW Nomination and Remuneration Committee.

As at December 31, 2025 the BHW Nomination and Remuneration Committee was composed of:

1. Anna Rulkiewicz – Chairman of the Committee,
2. Natalia Bożek – Vice Chairman of the Committee,
3. Marek Kapuściński – Member of the Committee,
4. Sławomir S. Sikora – Member of the Committee,
5. Barbara Smalska – Member of the Committee.

In 2025, the Bank analyzed the roles and responsibilities of their employees in the context of the main risks manageable at the Bank as well as the quantitative and qualitative criteria described in the Commission Delegated Regulation (EU) 2021/923 of March 25, 2022 supplementing the Directive of the European Parliament and the European Council 2013/36/EU with regard to regulatory technical standards specifying criteria for determining management responsibilities, control functions, significant business units and significant impact on the risk profile of a significant business unit, and specifying criteria for determining employees or categories of employees whose professional activities affect on the risk profile of these institutions in a manner comparable to that of the employees or categories of employees referred to in Art. 92 sec. 3 of this directive. On this basis, the established a list of persons who have a significant impact on the Bank's risk profile and therefore should be subject to the provisions of the Eligible Persons Remuneration Policy. Once a year, by December 31, the current list is submitted to the Management Board and Supervisory Board of the Bank. The list of employees covered by the Eligible Persons Remuneration Policy includes:

- President, Vice-Presidents and the Members of the Management Board of the Bank,
- persons holding key functions,
- the members of the Risk and Capital Management Committee,
- the members of the Asset-Liability Committee,
- the heads of business lines,
- management staff responsible for control functions in the Bank, i.e. the head of internal audit, the head of compliance division and the heads of risk management, human resources and legal departments,
- other supervisors, whose actions significantly impact assets and liabilities of the Group and which directly influence entering into or changing the contracts and their conditions by the Group,
- other employees who met at least one criterion described in Commission Delegated Regulation.

The philosophy of awarding the persons under the Remuneration Policy for Identified Staff, adopted by the Group, implies the compensation differentiation of particular employees based on the financial and non-financial criteria, such as attitude to take risk and assurance of compliance to reflect their current and future contribution and to supplement mechanisms of efficient risk control by limiting the motivation for taking unreasonable risk impacting the Group and its activities and by rewarding the proper balance between risk and rate of return. According to this philosophy, the payment of variable remuneration to staff under the Remuneration Policy for Identified Staff depends on both the short-term and long-term evaluation of the individual performance and the financial results of the Bank or specific organizational unit, whereby the persons responsible for control functions are not assessed for the financial results within business areas they control. The assessment of the Bank's results is based on the data from three financial years, which takes into account the business cycle of the Bank and risk of its economic activities. In case of staff employed less for than 3 years when evaluating the Bank's results the data includes the span of time from the establishing working relationship. The variable remuneration for 2025, granted January 15, 2026 was divided into non-deferred and deferred portions. The non-deferred part in financial instrument will be paid in 2027. The deferred portion is subject to deferral over 4 or 5 years and will be paid out respectively in years 2028-2031 or in years 2028-2032, subject to conditions provided for in the Remuneration Policy for Identified Staff. Information on adopted solutions binding in 2025 was given in Annual Consolidated Financial Statements of the Capital Group of Bank Handlowy w Warszawie S.A. for the financial year ending 31 December 2025 in the explanatory note 45 "Employee benefits".

Each time, vesting of particular tranches of deferred variable remuneration requires approval of the Supervisory Board in relation to remuneration of the Management Board Members and the Management Board in the relation to remuneration of other employees.

The portion being deferred depends on the amount of the variable remuneration awarded, as follows:

- less than PLN equivalent of EUR 50,000, and at the same time below 1/3 of total compensation (conditions to be met jointly)– No deferral,

- between PLN equivalent of EUR 50,000 and equivalent of EUR 500 thousand – deferral over 4 or 5 years of 40% of the variable remuneration and 12 months retention period for each tranche of the award,
- above the equivalent of EUR 500 thousand but below total compensation equivalent of EUR 2 500 000 – deferral over 4 or 5 years of 60% of the variable remuneration and 12 months retention period for each tranche of the award
- Above total compensation equivalent of 2 EUR 500 000 – deferral over 4 or 5 years of 80% of the variable remuneration and 12 months retention period for each tranche of the award.

The variable remuneration for adopted Remuneration Policy's and Remuneration Policy for Identified Staff's purposes is understood as – in case of the members of the Management Board – discretionary bonus granted by the individual decision of the Supervisory Board, and in case of other Identified Staff – the annual bonus.

For 2025 55 individuals with Identified Staff status as of December 31, 2025 were granted variable remuneration below PLN equivalent of EUR 50,000 and below 1/3 of total compensation. Therefore, for this population no deferral applied. Their total remuneration amounted to PLN 36 829k with PLN 30 213k – fixed and PLN 6 616 k – variable.

At least 50% of the variable remuneration should be awarded in the form of non-cash instruments value of which depends on the financial results of the Bank. This condition is fulfilled by the Bank's shares and the phantom shares, value of which in case of Bank Handlowy fluctuates depending on the market value of the Bank's shares. Till 2022 Bank used to grant part of the variable remuneration is a deferred cash award, whereby the interests for the period from grant to payment will be accrued to the given tranche of the deferred variable remuneration.

Starting from the annual award of 2022 all deferred variable remuneration is granted conditionally in financial instruments with the intention to deliver them in Bank's shares.

Remuneration Policy and Remuneration Policy of Identified Staff were amended by introducing a possibility to payout financial instrument in form of existing shares in the capital of the Bank to employees indicated in above-mentioned policies. In November, 7 2022 the Management Board by way of resolution amended remuneration policies, and in November, 14 2022 Supervisory Board adopted them. In December, 16 2022 the Extraordinary General Assembly of Shareholders decided to implement motivation programs that are based on the existing shares in capital of the Bank. In case Bank will not be able to deliver to employees required number of real shares, adopted changes to policies enable Bank to payout a part of remuneration as phantom share award or in case of the decision of the Bank, in form of phantom or real shares of the Bank. Remuneration policies allow for 1:1 conversion of phantom shares granted before the adoption of amendments, provided that an appropriate agreements is signed with employees concerned. On February 14, 2025 the Bank received decision dated as of February 13, 2025 of the Polish Financial Supervision Authority in which the Bank was granted the permission to buy-back treasury shares referred to in Article 77 and Article 78 section 1 of Regulation (EU) No. 575/2013 of the European Parliament and of the Council of June 26, 2013 on prudential requirements for credit institutions and amending Regulation (EU) No. 648/2012. Obtaining the Polish Financial Supervision Authority's permission allowed the Bank to continue the buy-back of treasury shares for the purpose of offering them to employees. On June 27, 2025, the Ordinary General Assembly of Shareholders decided to launch another edition of the share-based incentive programs.

During the retention period, employees who are rewarded in Bank's financial instruments are entitled to dividend equivalent payments in respect of any dividends that are declared and paid to ordinary holders of BHW stock.

Starting from the day of adoption of the relevant resolution by the General Shareholders Meeting on June 21, 2016 the maximum ratio of variable remuneration to fixed remuneration of the Identified Staff was approved at 1:2.

Max ratio of average total gross remuneration of Management Board Members to average total gross remuneration of other Bank's employees was set up at the level of 38:1 at the annual basis.

Guaranteed variable remuneration is exceptional, may only occur when hiring new staff, and is limited to the first year of employment of performing a function.

Payment related to termination of employment (including retirement payment or disability retirement benefit and severance pay in connection with the termination of the employment relationship for reasons not attributable to employees) are considered variable pay. However such payments in the part not-exceeding the amounts provided in the Collective Labour Agreement and the other collective agreements and regulations defining the rights and obligations of the

employment relationship will not be subject to requirements for variable remuneration, in particular they will not be subject to deferral, payout in financial instrument, maximum ratio of variable to fixed remuneration components, nor to opinions nor approvals from Management Board, Supervisory Board or its committees.

Regardless of changes of the deferred variable remuneration's value associated with the fluctuation of the Bank's share price or accrued interest, the amount of deferred portion of the award to be paid out may be decreased or completely reduced based on decision of Supervisory Board or accordingly of the Management Board in of the following situations:

- standards concerning the guarantee of safe and prudent Bank management i which is verified by determination if:
 - Identified Staff engaged in gross misconduct in connection with his/her employment duties, in particular participated in or was responsible for conduct which resulted in significant losses to the Bank or has had significant responsibility for a Material Adverse Outcome; or
 - Identified Staff knowingly engaged in providing materially inaccurate information to the financial statements of the Bank; or
 - The Bank suffers a material failure of risk management; or
 - The Identified Staff materially violate any risk limits established or revised by senior management and/or risk management.
- In a situation set forth in Art. 142 sec. 1 of the Banking Law in case of Bank's employees or
- In case Identified Staff received the Variable Remuneration based on materially inaccurate financial statements, or
- In case the Bank has suffered a material downturn in its financial performance; or
- In case of balance sheet loss, threat of insolvency or loss of liquidity by the Bank.

The acquisition of the right to each tranche of deferred variable remuneration will depend on the Bank's results accordingly in the calendar year directly preceding the date of awarding of the right to given tranche ("Year Concerning the Results").

If the Bank suffers a loss calculated as a loss before tax for the Year Concerning the Results, then the Long-term Bonus in Financial Instrument, to which the right may be earned during the calendar year following the end of the Year Concerning the Results, will be reduced (but not below zero) by a percentage defined as:

- (i) the absolute value of the loss before tax suffered by the Bank in the given Year Concerning the Results, divided by
- (ii) the absolute value of the highest profit before tax made by the Bank in the period covering 4-5 calendar years before the proper Year Concerning the Results, Irrespective of the above, if the Bank suffers any loss calculated as the loss before tax for the Year Concerning the Results, the minimum percentage reduction of 20% will be applied.

The amount of profit (or loss) before tax for each adequate Year Concerning the Results will be the total value of profit (loss) before income tax for the current operations of the Bank. The results for the calendar year will be defined on a basis of the local IFRS statements, which will be covering the audited results for the first three quarters (in accordance with the report to WSE and adequate public authorities), and the last quarter of the year will consist of the actual results for the first two months of this quarter and the estimates for the last month. The estimates will be defined by the Financial Department of the Bank and they will be final and binding regardless of the actual final results.

If the value of the loss before tax suffered by the Bank for the Year Concerning the Results equals or exceeds the total value of the highest profit before tax in the Group's calendar year in the Measurement Period, then the Authorized Persons will not earn the rights to the given tranche.

Based on the above information and based on own judgment as well as after review by the Nomination and Remuneration Committee when applicable, the Supervisory Board in relation to the members of the Management Board or the Management Board in relation to other Identified Staff takes final relevant decisions on the acquiring of right to a given tranche of Deferred Variable Remuneration.

In 2025 Supervisory Board after obtaining Nomination and Remuneration Committee opinion positively assessed functioning of remuneration policy in the Bank. Outcome of this assessment was covered in Report on the activity of the Supervisory Board of the Bank.

Due to information provided by Citigroup on April 15, 2021 on planned strategic changes in consumer banking segment ("GCB"), Management Board of the Bank adopted policy that would allow a grant of an award for recognizing former input

of employees whose support will be crucial to deliver strategic changes for part of Bank Handlowy w Warszawie S.A. (consumer banking segment) - Transaction Award Policy. For Participants of Transaction Award who are Identified Staff all provisions of Remuneration Policy for Identified Staff and provisions of Regulation of the Minister of Finance, Funds and Regional Policy of June 8, 2021 on the Risk Management System and the System of Internal Control and Remuneration Policy apply, unless they are less strict than the ones provided in Transaction Award Policy. the first vesting of this award occurred on July 1, 2025. Subsequent acquisition of rights will follow the deferral schedule for Identified Staff.

Informacje w zakresie adekwatności kapitałowej Grupy Kapitałowej Banku Handlowego
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Table 1. EU REM1 - Remuneration awarded for the financial year

		MB Supervisory function	MB Management function	Other senior management	Other identified staff	
1	Fixed remuneration	Number of identified staff	8	7	5	78
2		Total fixed remuneration	1,569	12,141	3,718	51,735
3		Of which: cash-based	1,569	10,994	3,366	47,193
4		(Not applicable in the EU)	-	-	-	-
EU-4a		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	-	1,147	352	4,542
8	(Not applicable in the EU)	-	-	-	-	
9	Variable remuneration	Number of identified staff	-	7	5	78
10		Total variable remuneration	-	11,401	749	22,926
11		Of which: cash-based	-	2,674	749	10,471
12		Of which: deferred	-	-	-	-
EU-13a		Of which: shares or equivalent ownership interests	-	8,727	-	12,454
EU-14a		Of which: deferred	-	6,053	-	7,758
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	Total remuneration (2 + 10)	1,569	23,542	4,467	74,661	

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Table 2. EU REM2 - Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff)

	MB Supervisory function	MB Management function	Other senior management	Other identified staff
Guaranteed variable remuneration awards				
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	-	-	-
Severance payments awarded in previous periods, that have been paid out during the financial year				
4	Severance payments awarded in previous periods, that have been paid out during the financial year - Number of identified staff	-	-	-
5	Severance payments awarded in previous periods, that have been paid out during the financial year - Total amount	-	-	-
Severance payments awarded during the financial year				
6	Severance payments awarded during the financial year - Number of identified staff	-	-	-
7	Severance payments awarded during the financial year - Total amount	-	-	-
8	Of which paid during the financial year	-	-	-
9	Of which deferred	-	-	-
10	Of which severance payments paid during the financial year, that are not taken into account in the bonus cap	-	-	-
11	Of which highest payment that has been awarded to a single person	-	-	-

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Table 3. EU REM3 - Deferred remuneration*

	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 amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods
1	MB Supervisory function	2,129	1,340	790	216	133	349	1,389	1,020
2	Cash-based	481	320	162	3	2	5	320	-
3	Shares or equivalent ownership interests	1,648	1,020	628	213	131	344	1,069	1,020
4	Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
5	Other instruments	-	-	-	-	-	-	-	-
6	Other forms	-	-	-	-	-	-	-	-
7	MB Management function	17,935	6,216	11,719	1,297	1,879	3,175	2,644	5,638
8	Cash-based	1,260	608	652	1	13	14	342	266
9	Shares or equivalent ownership interests	14,641	4,436	10,205	1,049	1,684	2,733	2,247	4,200
10	Share-linked instruments or equivalent non-cash instruments	2,033	1,172	861	247	181	428	54	1,172
11	Other instruments	-	-	-	-	-	-	-	-
12	Other forms	-	-	-	-	-	-	-	-
13	Other senior management	252	76	176	12	28	40	76	-
14	Cash-based	-	-	-	-	-	-	-	-
15	Shares or equivalent ownership interests	252	76	176	12	28	40	76	-
16	Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
17	Other instruments	-	-	-	-	-	-	-	-
18	Other forms	-	-	-	-	-	-	-	-
19	Other identified staff	25,228	11,680	13,548	2,032	2,221	4,253	5,764	5,916
20	Cash-based	1,187	729	457	1	9	10	449	281
21	Shares or equivalent ownership interests	17,110	5,675	11,435	917	1,861	2,777	5,243	432
22	Share-linked instruments or equivalent non-cash instruments	6,931	5,275	1,655	1,115	351	1,465	72	5,203
23	Other instruments	-	-	-	-	-	-	-	-
24	Other forms	-	-	-	-	-	-	-	-
25	Total amount	45,544	19,312	26,232	3,556	4,261	7,817	9,872	12,574

* The Awards granted by the Bank in Citi shares before the employee was recognized as Identified Staff include dividend equivalent and fractional shares.

Table 4. EU REM4 - Remuneration of 1 million EUR or more per year

	EUR	Identified staff that are high earners as set out in Article 450(i) CRR
1	1,000,000 to below 1,500,000	-
2	1,500,000 to below 2,000,000	3
3	2,000,000 to below 2,500,000	-
4	2,500,000 to below 3,000,000	-
5	3,000,000 to below 3,500,000	-
6	3,500,000 to below 4,000,000	-
7	4,000,000 to below 4,500,000	-
8	4,500,000 to below 5,000,000	-
9	5,000,000 to below 6,000,000	-
10	6,000,000 to below 7,000,000	-
11	7,000,000 to below 8,000,000	-

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Table 5. EU REM5 - Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff)*

	Bank Management body remuneration			Bank Business areas					Group	
	MB Supervisory function ¹⁾	MB Management function	Total MB	Investment banking	Retail banking	Asset management	Corporate functions	Independent internal control functions	All others	Total
1 Total number of identified staff										98
2 Of which: members of the MB	8	7	15							
3 Of which: other senior management				-	-	-	4	1	-	
4 Of which: other identified staff				37	10	-	12	19	-	
5 Total remuneration of identified staff	1,569	23,542	25,111	45,095	7,920	-	12,254	13,860	-	
6 Of which: variable remuneration	-	11,401	11,401	17,557	1,717	-	2,004	2,397	-	
7 Of which: fixed remuneration	1,569	12,141	13,710	27,538	6,202	-	10,250	11,463	-	

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Table 1. EU REM1 - Remuneration awarded for the financial year 2024 (corrected data)

* The Management Board & Supervisory Board are defined as Senior Management

		MB Supervisory function ¹⁾	MB Management function	Other senior management	Other identified staff
1	Fixed remuneration	Number of identified staff	8	7	82
2		Total fixed remuneration	1,437	12,932	52,366
3		Of which: cash-based	1,437	11,590	47,719
4		(Not applicable in the EU)	-	-	-
EU-4a		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	-	1,342	4,647
8	(Not applicable in the EU)	-	-	-	
9	Variable remuneration	Number of identified staff	-	7	82
10		Total variable remuneration	-	11,594	22,612
11		Of which: cash-based	-	2,737	10,755
12		Of which: deferred	-	-	-
EU-13a		Of which: shares or equivalent ownership interests	-	8,857	11,857
EU-14a		Of which: deferred	-	6,120	7,392
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	Total remuneration (2 + 10)	1,437	24,526	74,978	

¹⁾ Excluded the remuneration of a member of the Management Board for the period of serving on the Management Board, who as at 31 January 2024 held the position of a member of the Supervisory Board.

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Table 5. EU REM5 - Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff) for the financial year 2024 (corrected data)

*Members of the Bank's Management Board and Supervisory Board were identified as Senior Management.

	Bank Management body remuneration			Bank Business areas					Group	
	MB Supervisory function ¹⁾	MB Management function	Total MB	Investment banking	Retail banking	Asset management	Corporate functions	Independent internal control functions	All others	Total
1 Total number of identified staff										97
2 Of which: members of the MB	8	7	15							
3 Of which: other senior management				-	-	-	-	-	-	
4 Of which: other identified staff				39	10	-	15	18	-	
5 Total remuneration of identified staff	1,437	24,526	26,551	44,833	7,091	-	10,520	12,535	-	
6 Of which: variable remuneration	-	11,594	11,594	16,798	1,571	-	1,883	2,360	-	
7 Of which: fixed remuneration	1,437	12,932	14,957	28,035	5,520	-	8,636	10,174	-	

¹⁾ Excluded the remuneration of a member of the Management Board for the period of serving on the Management Board, who as at 31 January 2024 held the position of a member of the Supervisory Board.

XII. Key capital metrics after the retrospective profit incorporation

The table below shows (in accordance with the EBA's position expressed in the uniform set of questions and answers in Q&A 2018_4085 and 2018_3822) the main capital metrics with consideration of retrospective profit incorporation into common Tier 1 capital.

The data for March 31st 2025 and December 31st 2024 have been recalculated taking into account the profit for 2024 after its approval by the General Meeting of Shareholders.

Key capital metrics after the retrospective profit incorporation

	a	b	c	d	e
	31.12.2025	30.09.2025	30.06.2025	31.03.2025	31.12.2024
Available own funds (amounts)					
1 Common Equity Tier 1 (CET1) capital	7,325,932	7,254,116	7,618,392	7,566,799	7,543,042
2 Tier 1 capital	7,325,932	7,254,116	7,618,392	7,566,799	7,543,042
3 Total capital	7,325,932	7,254,116	7,618,392	7,566,799	7,543,042
Risk-weighted exposure amounts					
4 Total risk exposure amount	33,014,510	32,498,181	32,031,835	30,986,090	33,596,699
4a Total risk exposure pre-floor	33,014,510	32,498,181	32,031,835	30,986,090	
Capital ratios (as a percentage of risk-weighted exposure amount)					
5 Common Equity Tier 1 ratio (%)	22.19%	22.32%	23.78%	24.42%	22.45%
5b Common Equity Tier 1 ratio considering unfloored TREA (%)	22.19%	22.32%	23.78%	24.42%	
6 Tier 1 ratio (%)	22.19%	22.32%	23.78%	24.42%	22.45%
6b Tier 1 ratio considering unfloored TREA (%)	22.19%	22.32%	23.78%	24.42%	
7 Total capital ratio (%)	22.19%	22.32%	23.78%	24.42%	22.45%
7b Total capital ratio considering unfloored TREA (%)	22.19%	22.32%	23.78%	24.42%	
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)					
EU 7a Additional own funds requirements to address risks other than the risk of excessive leverage (%)	-	-	-	-	-
EU 7b of which: to be made up of CET1 capital (percentage points)	-	-	-	-	-
EU 7c of which: to be made up of Tier 1 capital (percentage points)	-	-	-	-	-
EU 7d Total SREP own funds requirements (%)	8.00%	8.00%	8.00%	8.00%	8.00%
Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)					
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 (%)	-	-	-	-	-
9 Institution specific countercyclical capital buffer (%)	0.99%	1.00%	0.08%	0.09%	0.06%
EU 9a Systemic risk buffer (%)	-	-	-	-	-
10 Global Systemically Important Institution buffer (%)	-	-	-	-	-
EU 10a Other Systemically Important Institution buffer (%)	0.25%	0.25%	0.25%	0.25%	0.25%
11 Combined buffer requirement (%)	3.74%	3.75%	2.83%	2.84%	2.81%
EU 11a Overall capital requirements (%)	11.74%	11.75%	10.83%	10.84%	10.81%
12 CET1 available after meeting the total SREP own funds requirements (%)	14.19%	14.32%	15.78%	16.42%	14.45%
Leverage ratio					
13 Total exposure measure	88,111,707	90,007,274	94,269,160	86,823,641	77,929,024
14 Leverage ratio (%)	8.31%	8.06%	8.08%	8.72%	9.68%
Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)					
EU 14a Additional own funds requirements to address the risk of excessive leverage (%)	-	-	-	-	-
EU 14b of which: to be made up of CET1 capital (percentage points)	-	-	-	-	-
EU 14c Total SREP leverage ratio requirements (%)	3.00%	3.00%	3.00%	3.00%	3.00%
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)					
EU 14d Leverage ratio buffer requirement (%)	-	-	-	-	-
EU 14e Overall leverage ratio requirement (%)	3.00%	3.00%	3.00%	3.00%	3.00%

XIII. Environmental, Social, and Governance disclosures

As at 31 December 2025, Capital Group of Bank Handlowy w Warszawie S.A. presents information on ESG risks in accordance with Article 449a, Commission Implementing Regulation (EU) 2024/3172, taking into account the consultation document EBA/CP/ 2025/07 of 22 May 2025, which is a draft of implementing technical standards amending Commission Implementing Regulation (EU) 2024/3172 with regard to the disclosure of information on ESG risks, capital exposures and total exposures to entities in the parallel banking system.

1. Business strategy and processes

Bank Handlowy (BHW) identifies environmental, social, and governance (ESG) issues as important for both risk management and the development of business activities of the Bank's clients. Integrating ESG factors into its business model is a response to the evolving regulatory environment, expectations of stakeholders, and dynamic technological and environmental changes.

The transformation toward sustainable development of economic sectors presents both challenges and new opportunities for the Bank and its clients. Environmental issues are closely linked to economic stability and have a direct impact on the Bank's operations, its clients, and a broader community of stakeholders.

BHW manages environmental and social issues in its business model through the implementation of its Sustainability Strategy, which is an integral part of the Bank's business strategy for 2025–2027. The strategy is based on three strategic pillars and their corresponding goals, covering the Bank's own operations and its value chain:

1. Sustainable Finance
 - development of sustainable financial services offering
 - leveraging global expertise to support clients in their sustainable transformation
 - addressing social aspects in the sustainable finance framework
2. ESG Risk Management
 - development of a transition plan that details short, medium and long-term objectives, with specific timeframes and actions needed to move towards a low-carbon economy,
 - reduction of the share of financing related to greenhouse gas emissions in the Bank's credit portfolio
 - improvement of ESG risk management through further development of processes for ESG risk identification, assessment, monitoring and reporting
3. Sustainable Own Operations
 - achieving climate neutrality of the Bank's own operations by 2030 while reducing indirect emissions
 - deeper recognition of ESG aspects in own operations (including ESG governance model, controls, policies and procedures)
 - supporting employees' development and well-being
 - continuing actions in corporate social responsibility

ESG factors are incorporated into strategic management and corporate supervision. The Management Board and relevant committees are responsible for overseeing the integration of ESG issues into business decisions. Considering ESG risks is part of the Bank's financial planning, including internal capital adequacy assessment and stress testing. These analyses support the long-term resilience of the Bank's business model and credit portfolio to changing environmental, social, and regulatory conditions.

The Bank regularly identifies impacts, risks, and opportunities related to ESG factors and uses these analyses to take appropriate actions, modify internal policies, or develop new procedures. ESG risks are assessed based on a regular risk identification and assessment process, as well as on an impact and financial materiality assessment process in the framework of sustainability reporting preparation. Findings from this assessment are integrated into risk management processes, credit policies, and strategic planning. A detailed description of the ESG risk materiality assessment process and the results of this analysis can be found in Section 3. Risk management - Identification and measurement.

Risk assessment and management – goals, tasks and limits

In its Sustainability Strategy, Bank Handlowy has defined quantitative goals:

- sustainable finance of PLN 2 billion granted by 2027
- at least a 10% share of sustainable finance in the institutional client loan portfolio,
- 100% of employees responsible for ESG sales and consulting will complete ESG training by 2027,
- for at least 60% of the Bank's credit exposure, collecting information from clients on their Scope 1 and 2 emission reduction targets and transition plans and using this data in the lending process,
- achieving climate neutrality of the Bank's own operations by 2030 while reducing indirect emissions, including through the transition

to 100% renewable energy.

The Bank's internal stakeholders were involved in setting the adopted targets. The Bank calculated emissions from its loan portfolio for the first time (Scope 3, Category 15 of the GHG Protocol) in 2024. Calculations of emissions from the loan portfolio are currently performed quarterly and published in the Concentration Limits report. The analysis of Bank's GHG emissions in all three scopes is performed annually. GHG reduction targets in absolute value (in tons of CO₂ equivalent and as a percentage of base year emissions) in relation to Bank's own operational emissions, covering Scope 1 and 2, will be set by the end of the year 2026, as part of the implementation of the Bank's strategy.

In 2025, in response to the requirements of Article 76(2) of Directive 2013/36/EU and the European Banking Authority's Guidelines on ESG risk management (EBA/GL/2025/01), the Bank developed a prudential transition plan which is a strategic document aimed at preparing the Bank for ESG risks in the short, medium and long term. This plan includes a specific timeframe and measurable targets to respond to financial risks arising from ESG risk factors, including those related to European Union and national regulatory objectives, and in particular the objective of achieving climate neutrality by 2050.

The Prudential Transition Plan introduced, i.a., additional targets concerning:

- improving the quality and availability of data,
- extended ESG risk assessment of the institutional client,
- activities that increase customer engagement,
- increasing employees' competences in the field of ESG.

Among its actions to manage environmental risk, the Bank strives to increase its share of financing classified as sustainable. The *Policy defining Sustainable Products Classification Framework in the Capital Group of Bank Handlowy w Warszawie S.A.* refers to international standards and regulations, including the EU Taxonomy, LMA Sustainability-Linked Loan Principles, LMA Green Loan Principles and LMA Social Loan Principles.

Limits are discussed in Section 3. Risk management – Monitoring and control.

Sustainable investments

Bank Handlowy reports on its investments in environmentally sustainable activities and in activities and sectors aligned with the environmental objectives defined in the EU Taxonomy as part of its Annual Report, in accordance with Article 8 of the Taxonomy Regulation. In 2025, the Bank allocated PLN 448,3 million for the green transformation of its clients pursuing the target of PLN 2 billion by 2027 set in the strategy.

BHW has adopted a strategic goal regarding the amount of financing granted classified as sustainable. To identify, classify, and monitor sustainable financing, including assets aligned with the EU Taxonomy, the Bank applies a *Policy defining Sustainable Products Classification Framework in the Capital Group of Bank Handlowy w Warszawie S.A.*

The Policy includes, among other things:

- the definition of sustainable finance applied by the Bank,
- rules for classifying products as sustainable,
- client eligibility conditions and criteria for financing,
- monitoring requirements for the financing provided,
- scope of duties, responsibilities and roles of the Bank's organizational units in assessing the classification and monitoring products qualified as sustainable.

The Policy applies to all products that can be classified as sustainable.

The Bank may classify financing as sustainable based on the client's business or a specific investment project. It uses three paths for this purpose:

A. Financing clients who conduct business activities that have a positive environmental impact

The Bank attaches great importance to promoting and supporting businesses that conduct activities that have a positive impact on the environment. In accordance with its Sustainability Strategy, the Bank provides financing to clients that meet the following criteria:

1a. the company derives at least 90% of its revenues from activities that meet the criterion of substantial contribution or activities that fully comply with the EU Taxonomy; or

1b. at least 90% of the company's revenues, within one year from the date financing is granted, will come from activities that meet the criterion of substantial contribution or activities compliant with the EU Taxonomy; and

2. the company does not operate in sectors excluded from financing under the Wholesale Credit Risk Environmental and Social Risk Management (ESRM) Regulations (“ESRM Regulations”) (more information is available in Section 3. Risk management - Monitoring and control).

B. Financing clients' pro-environmental investments

In a situation where the client does not meet the requirements specified for financing any business activities that have a positive environmental impact, but the purpose of financing can be precisely defined and concerns investments that have a positive environmental impact, the financing is classified as sustainable on the basis of environmental criteria coinciding with the criteria for substantial contribution specified for environmental purposes in the EU Taxonomy. The investment assessment process is based on widely recognized market standards for green loans – Green Loan Principles.

C. Financing a client's transformation based on ESG KPIs

In line with its Sustainability Strategy, the Bank supports clients in transforming their businesses. One form of such support is sustainability-linked financial products, which the Bank offers in accordance with generally accepted market standards (sustainability-linked loans). To determine whether a client's transformation is sustainable, the Bank analyzes ESG KPIs.

In accordance with the provisions of the policy, the clients develop a plan to transform their business activities (or part of their activities) in terms of improving energy efficiency, reducing their carbon footprint or adapting to the criteria set out in the EU Taxonomy. ESG KPIs measure the effectiveness of the transformation process and are:

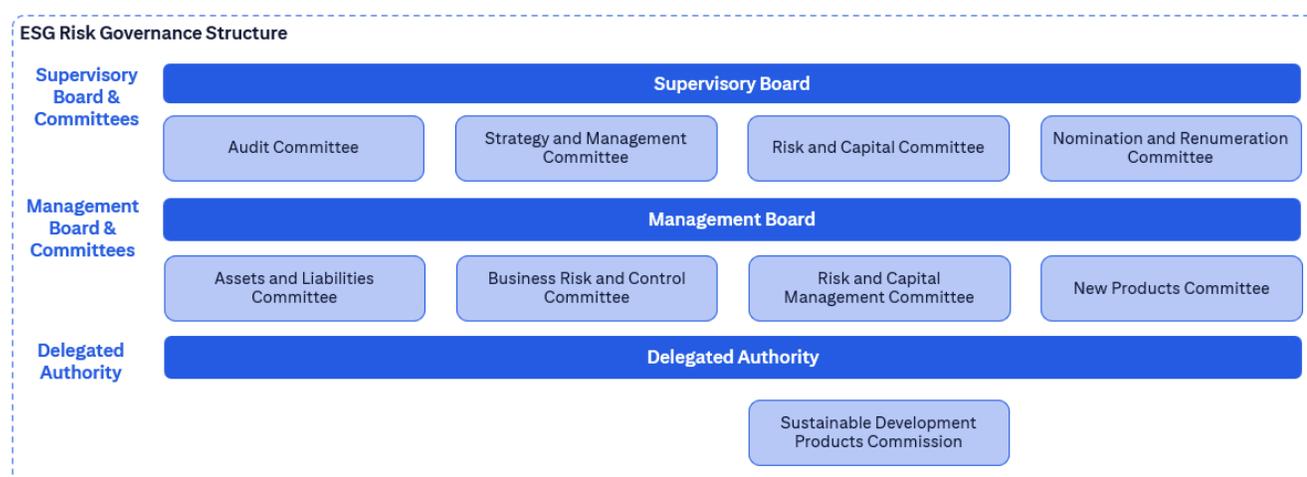
1. material for the client's business activities,
2. measurable and comparable to best market practices,
3. compliant with generally recognized environmental science initiatives and standards (e.g. decarbonization pathways established under the Paris Agreement).

The cost of financing incurred by the client is dependent on the extent to which the client has achieved the agreed ESG KPIs related to its transformation. In addition, to ensure the credibility and transparency of transformation activities, the achievement of KPIs is confirmed by independent third parties.

2. Governance

ESG risk management is based on the Bank's existing risk governance structure with additional dedicated forums and support functions established to coordinate and streamline this process (illustrated in figure below).

Figure: ESG Risk Governance Structure



ESG risk management is carried out at many levels of the organisational structure: the Supervisory Board, the Management Board of the Bank and the Committees appointed by them, as well as the units responsible for identifying, monitoring and mitigating risk. The Bank identifies, measures, monitors, controls and reports ESG risk, and the most important elements of the organisational structure and processes it uses for this purpose, including roles and responsibilities, are described in *the ESG Risk Management Principles in the Bank Handlowy w Warszawie S.A. Group. ("ESG Risk Management Principles")*. The document was adopted by the Bank's Management Board and approved by the Supervisory Board.

Roles and responsibilities of the Management Board and the Supervisory Board

The Bank's Management Board is responsible for implementing the ESG risk management processes. As part of these activities, the Management Board:

- integrates ESG risks into the overall business strategy and risk management principles,
- assigns clearly defined roles and responsibilities for ESG risk management to Board members or committees,
- ensures a clear and consistent allocation of responsibilities related to ESG risks in the Bank's organizational structure,
- develops the business model and business strategy of the Bank taking into account short-, medium- and long-term ESG risk,
- ensures the accuracy of reports and disclosures containing sustainability-related information and their compliance with regulatory requirements,
- sets measurable targets, develops specific plans and processes to monitor and address financial risks generated by ESG risks in the short, medium and long term, including risks arising from the transition to a low-carbon economy as defined by EU and national targets and regulations, and particularly by European climate law,
- decides on the materiality of risks and monitors the impact of ESG risk on risks identified as material for the Bank,
- monitors exposure to ESG risk and decides on taking mitigating actions,
- monitors progress towards ESG risk management objectives, regulatory expectations and requirements,
- monitors progress of activities carried out to integrate ESG risks into standard risk management processes,
- monitors the misconduct, litigation and reputational risks associated with lending to and investing in companies whose activities may be controversial from an ESG perspective or which engage in greenwashing practices,
- makes double materiality assessments across environmental, social and governance topics,
- prepares, approves and monitors the implementation of transition plans that take into account ESG risk factors.

The Management Board's responsibilities related to ESG risk management may be delegated to individual Management Board Committees and other units of the Bank:

- **Risk and Capital Management Committee** - monitors the correctness and ensures the effectiveness of ESG risk management; ensures that ESG risks are appropriately incorporated into the Bank's risk profile and risk appetite,
- **Business Risk and Control Committee** - monitors and ensures that ESG risks are taken into account - correctly and effectively - in the supervision over and control of operational risk and compliance risk management processes,
- **Assets & Liabilities Committee** - monitors and ensures that ESG risks are taken into account - correctly and effectively - in the processes of managing liquidity risk, interest rate risk for non-trading portfolios, the risk of unfavorable changes in the balance sheet structure, the risk of changes in the value of the Bank's capital, trading portfolio risk and foreign exchange risk,
- **New Products Committee** - monitors and ensures that ESG risks are taken into account - correctly and effectively - in the business activity management process,
- **Sustainable Development Products Commission** - develops principles for classifying sustainable products, issuing opinions on the classification of products as sustainable, and providing support on other sustainability-related matters. The Commission performs consultative, opinion-giving, monitoring and advisory functions for the Bank's organizational units that create, implement and sell sustainable products. The tasks carried out by the Commission are supervised by the Risk and Capital Management Committee.

Division of responsibilities in three lines of defense

ESG risk management is based on the three-line of defence model (defined in *the Principles of Prudent and Stable Risk Management in the Bank Handlowy w Warszawie S.A. Group*). The key responsibilities of each line are described below.

1. The first line of defense – the organizational units responsible for carrying out operational activities:

- identify, measure, monitor, control and report ESG risk and risks relating to the business operations of the organizational unit,
- ensure compliance with rules arising from ESG regulatory requirements, policies and standards, including the *ESG Risk Management Framework*,
- implement the Sustainability Strategy,
- develop and offer sustainable products and cooperate with customers on sustainability-related issues,
- identify clients' sustainability needs and financing options,
- engage in dialogue with clients about their own transition strategies and assess their consistency.

2. The second line of defense:

- Risk Management Sector:

- develops frameworks, policies, standards and procedures for effective ESG risk management and integrates them into the existing risk management system,
 - independently identifies, measures, monitors and controls ESG risk and reports it to the Bank's Management Board and relevant committees,
 - determines the level of ESG risk appetite and limits, and submits them to the Bank's Management Board for approval,
 - provides independent information, analysis and expertise on ESG risk exposures,
 - incorporates ESG risk into capital and liquidity planning processes in cooperation with the Finance Management Sector,
 - ensures compliance with ESG regulations,
 - takes into account the risk of greenwashing in risk management processes,
 - participates in the approval process for new sustainable products, including significant changes to existing products,
 - ensures that the risk limits set out in the risk appetite are consistent with all aspects of the Bank's transition plan.
- **Compliance Division:**
 - identifies and provides information on regulatory requirements concerning ESG risk, advises on regulatory changes at the Bank's policies and the implementation of these changes,
 - develops the compliance risk management framework and monitors the alignment of the Bank's activities with applicable ESG – related law, regulations and standards with considerations of greenwashing risk,
 - assesses the compliance risk with ESG – related laws, rules, regulations and standards, recommends follow-up actions, and reports the outcome of these assessments results to the Management Board and/or relevant committees,
 - ensures compliance with ESG –related laws and regulations,
 - supports the Risk Management Sector in managing reputational risk arising from ESG factors (in particular, relating to greenwashing practices),
 - participates in the approval of new sustainable Products, including significant changes to existing products,
 - advises on and verifies the Bank's Sustainable Products offering.
 - **Legal Division:**
 - identifies and provides information on changes in ESG regulations,
 - issues opinions and legal advice on ESG issues,
 - reports on the ESG-related legal risk,
 - manages and supervises litigation.
- 3. The third line of defense – Audit Department:**
- conducts independent and objective assessments of the adequacy and effectiveness of the risk management and internal control system in managing ESG risks, and integration of ESG risk in the process of strategic planning,
 - provides the Management Board, Supervisory Board and Audit Committee and banking supervision authorities with independent, objective and relevant information on the effectiveness of ESG risk management and related controls,
 - provides support in identifying and establishing an effective internal control system for ESG risk, with the nature and scope of support agreed with the Bank's organizational units and approved by the Supervisory Board.
 - reviews the Bank's transition plan as part of the risk management framework for compliance with legal and regulatory requirements and consistency with the risk strategy and risk appetite.

The Strategy and Investor Relations Department systematically monitors the degree to which ESG goals set in the Bank's Sustainability Strategy are achieved. It reports the results to the Management Board, which reports them to the Supervisory Board.

Bank Handlowy also recognizes the importance of independence of governing bodies in the context of risk management. At the end of 2025, the number of independent non-executive members on the Supervisory Board was three out of eight (38%).

Remuneration policy

At Bank Handlowy, the remuneration policy is designed to align with the Bank's risk management strategy and reflect its risk appetite, which identifies ESG risk as a significant risk factor. ESG risk is integrated into Bank Handlowy's risk management approach in the same way as other types of risk. Variable remuneration pools are determined based on Bank Handlowy's financial results, adjusted for financial and non-financial risks, to mitigate potential employee incentives to take excessive risks.

In 2025, sustainability-related goals could be set for senior managers. Depending on the area, these goals could include reporting and measuring ESG risks. The outcome of the assessment of these goals indirectly influences the variable remuneration of senior management. The remuneration policy includes, effective from 2025, the requirement that at least one ESG-related goal must be taken into account in the annual assessment of the President of the Management Board.

3. Risk management

ESG Risk Management Framework

In accordance with regulatory requirements, the Bank defines ESG risk as the risk of negative financial consequences for the Bank resulting from the current or potential impact of environmental, social, and governance issues on counterparties or on the assets in which the Bank invests. In particular:

- **Environmental risk** is the risk of losses arising from any negative financial impact on the Bank stemming from the current or prospective impacts of environmental factors on the Bank's counterparties or invested assets, including factors related to the transition towards the following environmental objectives: a) climate change mitigation; b) climate change adaptation; c) the sustainable use and protection of water and marine resources; d) the transition to a circular economy; e) pollution prevention and control; f) the protection and restoration of biodiversity and ecosystems. Environmental risk includes climate risk and comprises two main risk drivers, physical risk and transition risk.
- **Social risk** is the risk of any potential negative financial impact on the Bank stemming from the current or prospective impacts of social factors on the Bank's counterparties or assets. Social factors include, among others: labor laws, working conditions and equal treatment and equal opportunities for own workforce and workers in the value chain; social, cultural, civil and political rights of affected communities; and safety, social inclusion, and information-related impacts for consumers and/or end-users.
- **Governance risk** is the risk of losses arising from any negative financial impact on the Bank stemming from the current or prospective impacts of governance factors on the Bank's counterparties or invested assets. Corporate governance issues include, among others: corporate culture and business ethics standards, whistleblower protection, prevention and detection of corruption or bribery, tax compliance, and transparency and trust building.

The above definitions are included in the Bank's risk taxonomy.

The Bank does not isolate ESG risk as a separate material risk category, but identifies the transmission channels through which that risk affects basic risk types. The *ESG Risk Management Framework* constitutes the framework for managing this risk at the Bank. This document is part of the Bank's risk management strategy and describes the key elements of the organizational structure and processes used to identify, measure, monitor, control, and report ESG risk, and clarifies roles and responsibilities with respect to ESG risk management (described in Section 2. Governance). Furthermore, the document presents the ESG risk taxonomy adopted by the Bank, including definitions, risk factors, impact channels, and the integration of greenwashing risk into the risk management framework.

In its approach to ESG risk management, the Bank relies on a number of regulations, supervisory expectations and standards, including:

- Guidelines of the European Banking Authority on loan origination and monitoring ([Guidelines on Loan Origination and Monitoring, EBA/GL/2020/06](#));
- The European Central Bank's Guide on climate-related and environmental risks ([Guide on climate-related and environmental risks, 2020](#));
- Regulation (EU) ([2020/852](#)) on the establishment of a framework to facilitate sustainable investment with delegated acts;
- Report of the European Banking Authority on management and supervision of ESG risks for credit institutions and investment firms ([Report on management and supervision of ESG risks for credit institutions and investment firms, EBA/REP/2021/18](#));
- EU Implementing Regulation ([2022/2453](#)) concerning prudential disclosures under Article 449a of the CRR;
- Directive (EU) ([2022/2464](#)) as regards corporate sustainability reporting (CSRD) along with European Sustainability Reporting Standards (ESRS);
- Regulation amending Regulation (EU) No 575/2013 as regards requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor ([2024/1623](#)) (CRR III);
- Reports on greenwashing monitoring and supervision ([Report on greenwashing monitoring and supervision](#)) of the European Supervisory Authorities;
- Recommendations of Task Force on Climate-related Financial Disclosures (TCFD);
- The Standard of Partnership for Carbon Accounting Financials (PCAF). The Global GHG Accounting and Reporting Standard for the Financial Industry;
- Guidelines of the European Banking Authority on the management of environmental, social and governance (ESG) risks, ([Guidelines on the management of environmental, social and governance \(ESG\) risks, EBA/GL/2025/01](#)).

Identification and measurement

ESG risk identification and measurement at the Bank is part of the risk management process, taking into account both current and long-term perspectives. Identification and measurement are carried out within existing risk management processes at the transaction or event level, portfolio level, and the level of the entire Bank, including concentration.

Risk identification and assessment process

The identification and materiality assessment of ESG risks at the Bank is part of the regular risk identification and assessment process. The results of this process form the basis for, among other things, the risk management strategy, including risk appetite, stress testing, and the internal capital adequacy assessment process (ICAAP). As part of this process, the Bank assesses the materiality of environmental risk (including climate risk), as well as social and governance risks. The process is coordinated by the Risk Management Processes Quality Assurance Department. The process also involves organizational units whose activities result in risk taking (i.e., the first line of defense) and organizational units that control risk (including the Risk Management Sector, the Compliance Division, and the Finance Management Sector, i.e., the second line of defense). ESG risk assessment is performed over three time horizons: short (up to 3 years) – the ICAAP process horizon, medium (3-5 years), and long (over 5 years).

In the risk assessment process, the Bank applies a combination of various methods of risk measurement and estimation adapted to the risk category for which ESG risk is measured, including:

- using the **Industry Climate Risk Map** (divided into physical and transition risks and time horizons) and the **Industry Environmental Risk Map** (divided into impact and dependency) to identify sensitive industries,
- conducting a **quantitative analysis of the impact of climate threats on the continuity of the Bank's operations**,
- conducting a **quantitative climate risk assessment for key market risk indicators/limits**,
- conducting a **quantitative analysis of the impact of physical threats on the portfolio of retail mortgage-backed exposures**.

The Bank is consistently improving its risk identification and measurement methods. Among other things, it is currently preparing a resilience assessment and portfolio alignment assessment in line with the EBA Guidelines on the management of ESG risks, which will be incorporated into the next cycle of the risk materiality assessment process.

As part of the 2025 risk materiality assessment process, climate risk was identified as material for strategic, credit, market, operational, reputational, and compliance risks across time horizons (details in Table 1 below). In particular:

- **physical risk** was considered material in the medium term for credit risk and in the long term for credit, market and operational risks due to the expected adverse impact of extreme weather events and long-term climate change on the Bank, its clients and the market;
- **transition risk** was considered material within the ICAAP time horizon for credit, strategic, reputational and compliance risks due to the Bank's significant exposure to clients from sectors exposed to climate risk, increasing pressure from regulators and stakeholders, potential materialization of compliance risks and the significant number and complexity of regulations regarding mitigation and adaptation to climate change.

Other environmental risks were considered material in the short term for compliance risk (due to the significant number and complexity of regulations in this area). Other environmental risks are expected to materialize in the medium term for reputational and operational risks, and in the long term for all risk categories except liquidity risk. The remaining physical environmental risks were assessed as material only for operational risk (due to the potential operational losses).

Both social and governance risks were deemed material only in the long term for strategic, credit, market, and reputational risks, primarily due to the growing expectations of regulators and stakeholders towards non-financial institutions. In the short and medium term, these risks were deemed immaterial due to the Bank's operating environment, which is covered by high social and corporate governance standards.

The full materiality assessment results for 2025 are presented below in Table 1.

Table 1: Results of ESG risk materiality assessment for 2025

Climate Risk						
	Short term		Medium term		Long term	
	Physical	Transition	Physical	Transition	Physical	Transition
Strategic	Non-material	Material	Non-material	Material	Non-material	Material
Credit	Non-material	Material	Material	Material	Material	Material
Market	Non-material	Non-material	Non-material	Non-material	Material	Material
Liquidity	Non-material	Non-material	Non-material	Non-material	Non-material	Non-material
Operational	Non-material	Non-material	Non-material	Material	Material	Material
Reputational	Non-material	Material	Non-material	Material	Non-material	Material
Compliance	Non-material	Material	Non-material	Material	Non-material	Material

Other Environmental Risk						
	Short term		Medium term		Long term	
	Physical	Transition	Physical	Transition	Physical	Transition
Strategic	Non-material	Non-material	Non-material	Non-material	Non-material	Material
Credit	Non-material	Non-material	Non-material	Non-material	Non-material	Material
Market	Non-material	Non-material	Non-material	Non-material	Non-material	Material
Liquidity	Non-material	Non-material	Non-material	Non-material	Non-material	Non-material
Operational	Non-material	Non-material	Non-material	Material	Material	Material
Reputational	Non-material	Non-material	Non-material	Material	Non-material	Material
Compliance	Non-material	Material	Non-material	Material	Non-material	Material

	Social Risk			Governance Risk		
	Short term	Medium term	Long term	Short term	Medium term	Long term
Strategic	Non-material	Non-material	Material	Non-material	Non-material	Material
Credit	Non-material	Non-material	Material	Non-material	Non-material	Material
Market	Non-material	Non-material	Material	Non-material	Non-material	Material
Liquidity	Non-material	Non-material	Non-material	Non-material	Non-material	Non-material
Operational	Non-material	Non-material	Non-material	Non-material	Non-material	Non-material
Reputational	Non-material	Non-material	Material	Non-material	Non-material	Material
Compliance	Non-material	Non-material	Non-material	Non-material	Non-material	Non-material

Scenario analyses

Through the ICAAP and ILAAP processes, the Bank appropriately quantifies the ESG risk to which it is exposed and assesses the impact of that ESG risk on the Bank’s capital adequacy and liquidity position. The Bank employs scenario analysis, including stress testing, to assess the potential impact of ESG factors on the Bank’s risk profile under plausible scenarios (including climate-related scenarios). The Bank assesses the adequacy of the stress tests conducted to address ESG risk in the scenarios analyzed.

In 2025, the Bank conducted a dedicated stress test for credit risk and a heuristic assessment for compliance and reputational risks.

The credit risk stress test was based on a dedicated macroeconomic scenario describing the impact of physical and transition risks over the standard ICAAP horizon (i.e., 2025–2027). The scenario depicted a disorderly transition, in which emissions must be rapidly reduced and the prices of emissions allowances rise sharply. At the same time, climate change is contributing to unfavorable weather events: droughts are hitting agricultural production worldwide, disrupting food supply chains, and heatwaves in Europe are causing losses in energy production. In response to these events, EU governments are implementing more aggressive climate policies, resulting in shifts in consumption patterns and changes in the value of selected assets that are most affected by climate change.

Furthermore, the impact on companies in specific industries and time horizons was analyzed using the Industry Climate Risk Map and the Industry Environmental Risk Map. Loan portfolio exposures as of the end of December 2024 were divided into groups of industries sensitive to climate risk (divided into transition risk and physical risk) and to environmental risk (divided into dependency and impact). The analysis also considered the long-term impact of social and corporate governance issues, identifying high-risk industries based on international SASB standards. For industries susceptible to the effects of those risks, the impact of risk factors on clients' credit ratings in the short-, medium- and long-term horizons was analyzed using projected migrations of indicators. In addition, with the expertise of risk managers, individual exposures were reviewed to take into account individual and client-specific factors, and, where necessary, individual assessments were made for potential impact on ratings.

The results of the stress tests showed that the Bank's portfolio is resilient to ESG risk factors. It was assessed that in the years 2025–2027, ESG risk will not have a significant impact on the expected losses and internal capital requirements related to ESG risk. Deterioration in client ratings as a result of ESG risk materialization is expected in the long term, but remains within established limits.

In 2025, the Bank also conducted a heuristic analysis of operational risk, including compliance and reputational risks (these risks are covered by capital allocated to operational risk), based on sample penalties for violations related to ESG regulation involving improper implementation of supervisory rules and regulations and for committing the practice of greenwashing. The analysis demonstrated the adequacy of capital requirements for operational risk and the ability to cover potential losses resulting from the materialization of ESG risks.

Other identification and assessment methods

Additional ESG risk identification and measurement processes include:

- **identification of social/governance risks in verification processes** - BHW clients are screened for risks related to forced labor and modern slavery as part of screening processes, including those related to money laundering (Anti-Money Laundering) and the *Know Your Customer* procedure. Furthermore, BHW has a *Procedure for verification of Vendors/Potential Vendors against external lists*. External lists include: Citiscreening sanctions lists, including SDN (Specially Designated Nationals - a list of identified entities comprising natural persons, legal entities or other entities with the capacity to incur obligations and acquire rights in their own name and subject to international sanctions for reasons not directly related to their place of residence or registered office), the SWOZ list (on which the Risk Control and Fraud Prevention Department checks the bidder and the representatives of its management bodies), the KNF (Polish Financial Supervision Authority) list (Public Warning List containing a list of entities reported by foreign supervisory authorities regarding unauthorized conduct of investment activities and a list of domestic entities operating without the permission of the KNF), the AML list (maintained by the AML Department, containing information on legal entities that have been the subject of interest of the GIIF, the Prosecutor's Office or the Police due to suspicion of money laundering or terrorist financing) and the list of countries and territories subject to sanctions.
- **client ESG risk assessment** - carried out as part of the initial credit limit approval process for Corporate Bank clients and Commercial Bank clients during each annual review of a given debtor's credit exposure, as well as in the event of approval of a significant change between the debtor's annual reviews (in accordance with *the Credit Procedures for Commercial Banking Clients and the Credit Procedures for Corporate Banking Clients*);
- analysis and management of environmental and social risk of the transaction - significant environmental and social risks related to a transaction that uses funds dedicated to a specific investment project fall within the scope of the Wholesale Credit Risk Environmental and Social Risk Management (ESRM) Regulations - "ESRM Regulations" (more information in section 3. Risk management - Monitoring and control);

- **ESG risk analysis of collateral** - information regarding climate, environmental, and social risks for accepted collateral from Corporate Bank and Commercial Bank clients is obtained and recorded, among other things, using reliable, publicly available tools and taken into account in the collateral verification process, during acceptance and review (in accordance with the *Collateral Management Procedure*). In the lending process for retail clients applying for a mortgage loan, the Bank considers ESG risks, in particular environmental risk that may affect the value of the property serving as collateral, among other things, using reliable, publicly available tools and taking it into account in the collateral verification process;
- **business activity management** - the Bank incorporates ESG risk analysis into the process of accepting business activities by introducing questions and guidelines related to ESG issues, including those aimed at counteracting greenwashing.
- **Portfolio adjustment analysis** - is used to assess at the sectoral level the extent to which the Bank's loan portfolio complies with the emission reduction pathways resulting from the decarbonisation targets set by the International Energy Agency in the Net Zero 2050 (NZE2050) scenario.

Monitoring and control

In order to mitigate ESG risk, the Bank takes into account environmental and social factors as part of its risk appetite and internal capital adequacy assessment process, as well as through integration with existing, or implementation of new, dedicated control processes.

Limits

As part of its overall risk appetite for 2025, the Bank has defined limits and tolerance thresholds for material ESG risks, including:

- financing classified as sustainable for non-financial institutional clients in accordance with the *Policy defining Sustainable Products Classification Framework in the Capital Group of Bank Handlowy w Warszawie S.A.*;
- exposures to industries with High and Medium Short-Term Climate Transition Risk in the total debt limit and undrawn commitments. As part of the *Concentration Risk Management Policy*, the indicator and its limits have been cascaded to the appropriate banking segments;
- the size of the portfolio of transactions with high environmental and social risk according to the *ESRM Regulations*.

Other significant risks (i.e., climate risk for reputational and compliance risks, and environmental risk for compliance risk) are covered from capital allocated to operational risk. The indicators are monitored and reported on a regular basis. Reports are submitted to the Bank's Management Board, including the Risk and Capital Management Committee, and to the Supervisory Board, including the Risk and Capital Committee. The process for escalating and managing excesses is described in the *Memorandum on the Risk Appetite of the Capital Group of Bank Handlowy w Warszawie S.A.* and is identical to the process used for other measures of overall risk appetite.

Moreover, the Bank has created a dedicated report containing a number of ESG risk metrics and indicators, subject to periodic reporting and used to monitor the ESG risk profile by the Bank's Management Board.

Key internal regulations and processes

All Bank employees are bound by the *Rules of proper treatment of clients*, which outlines the principles for analyzing products, marketing materials and advertising communications and tailoring them to client needs. The Rules take into account the interests of clients to ensure that they are treated professionally and equally. They obligate all employees of the Bank to eliminate any activities that may be misleading, inconsistent with due diligence standards or laws, or abusive.

Under concluded agreements, the Bank ensures that its vendors will act in accordance with principles of ethical and responsible behavior, including, in particular, those principles that refer to human rights, labor laws, fair competition provisions, the protection of ownership rights, the protection of natural environment and combating corruption, and that their subcontractors and other persons, through whom the Bank will procure any and all goods and services, will observe such principles. This commitment includes in particular the rules contained in the legal acts listed below and in all applicable national legislation implementing these acts:

- the Universal Declaration of Human Rights,
- the International Labour Organization's Declaration on Fundamental Principles and Rights at Work,
- the Rio Declaration on Environment and Development, Agenda 21,
- the United Nations Convention against Corruption.

The management of ongoing relationships with vendors is governed by the *Principles of Management of Cooperation with Vendors of Goods and Services in Bank Handlowy w Warszawie S.A.*, which incorporate the EBA General Recommendations for Supplier Control. In 2025, the Bank successfully completed the verification of 100% of its Tier 1² suppliers against ESG criteria.

The Bank has implemented or updated a number of internal regulations that directly or indirectly aim to mitigate ESG risk, including:

1. ESG Risk Assessment Process in the *Credit Procedures for Commercial Banking Clients* and *Credit Procedures for Corporate Banking Clients*;
2. *Wholesale Credit Risk Environmental and Social Risk Management (ESRM) Regulations* (“*ESRM Regulations*”);
3. The ESG risk assessment process is included in the *Credit Policy for Mortgage Products*;
4. *Policy defining Sustainable Products Classification Framework in the Capital Group of Bank Handlowy w Warszawie S.A.* (“*Sustainable Products Classification Policy*”);
5. *Sustainable Finance Classification Procedure*.
6. Procedure for Calculating and Reporting ESG Risk Measures.

Detailed information on these internal regulations can be found below.

(1) For both Commercial Banking clients and Corporate Banking clients, the Bank has introduced the requirement to consider ESG risk factors in the credit analysis and assessment process. As part of the credit review, ESG factors should be assessed in the context of their potential impact on the borrower’s or guarantor’s creditworthiness. During the analysis, the following factors, among others, should be considered: the impact of climate change on the client’s financial situation and industry and environment, an assessment of the materialized and potential reputational risk associated with financing activities exposed to increased risk revealed by the analysis of ESG factors, regulatory changes concerning ESG factors, and legal requirements for conducting the client’s business. A client’s ESG risk assessment is based on the Industry Climate Risk Map and the Industry Environmental Risk Map. Risk factors related to environmental, social and governance issues are taken into account in the process of assigning a risk rating to a given debtor. In addition, in December 2025, the Bank introduced into the credit process an obligation to perform an extended ESG risk assessment for clients who meet the criteria set out in the credit procedures. An extended ESG risk assessment takes place in a dedicated tool, takes into account a wider range of factors affecting the client’s exposure to ESG risk, and assesses the client’s readiness to mitigate this risk, e.g. through the implementation of transition plans (or transformation, decarbonization plans) or the application of adaptation measures in relation to physical risk.

(2) The Bank applies the *ESRM Regulations*. The purpose of the *ESRM Regulations* is to ensure the effective identification, assessment, and management of potential social and environmental risks related to clients that could expose the Bank to credit and reputational risks. In this regulation, the Bank has implemented appropriate exclusion criteria, environmental and social risk categories for new transactions meeting the materiality criteria, and a requirement for additional due diligence at the client and transaction levels for industries particularly exposed to environmental and social risks.

In accordance with the *ESRM Regulations*, the Bank will not provide financing if the due diligence analysis shows that the client conducts any of the excluded activities, such as:

- production or activities involving modern slavery, human trafficking or forced labor;
- production or activities involving harmful or exploitative forms of child labor;
- unlawful felling of trees;
- production of or trade in products of wild fauna and flora covered by the Convention on International Trade in Endangered Species of Wild Fauna and Flora (also known as the Washington Convention or CITES), or other activities deemed unlawful under national regulations, including those ratified by host countries under international conventions and agreements;
- production, distribution or sale of cluster munitions as defined in the UN Convention on Cluster Munitions;
- fishing with drift nets in the marine environment using nets longer than 2.5 km.

In addition, the Bank has committed not to finance the construction or expansion of thermal coal mines, power plants, or coal-fired CHP plants. The sectoral requirements of the *ESRM Regulations* for mining also include a commitment to eliminate credit exposure to clients earning more than 25% of revenues from thermal coal mining by 2030 and to limit financing to clients generating energy from coal by 2030 for clients in OECD countries and by 2040 for clients in non-OECD countries, in line with the objectives of the Paris Agreement.

Additionally, the Bank has adopted specific guidelines for companies in industries particularly exposed to environmental and social risks. These sectors include agriculture, coal mining, coal-fired power generation, non-coal mining, oil and gas, the production of lethal military equipment,

² The Tier 1 group includes 20% of the suppliers with the highest annual cost of cooperation.

firearms production, and sectors operating in areas that require heightened caution (including biodiversity, cultural heritage, local populations, significant physical and economic displacement, risk of conflict, and elevated risks of human rights violations).

(3) The Bank also considers ESG risks in the credit process for consumers applying for mortgage loans, particularly environmental risks that may impact the value of the property used as collateral. The *Credit Policy for Mortgage Products* specifies the minimum insurance coverage; additionally, the Bank has introduced requirements for verifying collateral in terms of environmental risks. In particular, if the property serving as collateral is located in an area exposed to the risk of flooding, the property insurance policy is required to include flood insurance. This extended coverage should be maintained throughout the loan term. Due to the highly dispersed retail portfolio and the lack of concentration, for example, in high-risk industries, the Bank does not currently plan to introduce ESG risk concentration indicators or limits within the retail sector.

(4) The Bank has implemented regulations defining a classification framework for sustainable products. The *Sustainable Products Classification Policy* contains a set of principles for identifying, assessing, classifying, and monitoring sustainable products that contribute to the Bank's Sustainability Strategy. Financing may be considered in compliance with the aforementioned *Policy* if it has a positive environmental impact, in accordance with one of the Bank's six environmental objectives; the financing is in compliance with the environmental objectives of the EU Taxonomy; or contributes to achieving the goals of the Paris Agreement.

Transaction classification can be performed from the perspective of the client's overall business or the financed investment along three paths:

- A. Financing clients who conduct business activities that have a positive environmental impact
- B. Financing clients' pro-environmental investments
- C. Financing a client's transformation based on ESG KPIs

(5) The *Sustainable Finance Classification Procedure* is an extension of the provisions included in the above-mentioned *Policy*, primarily to detail the process of classifying finance as sustainable, taking into account documentation requirements and the division of roles and responsibilities between process participants.

(6) The *ESG Risk Measures Calculation and Reporting Procedure* defines a catalogue of ESG risk metrics and indicators used by the Bank to monitor the ESG risk profile. The procedure presents the methodology for calculating individual measures, indicates the data sources used in the calculation process, and defines the roles and responsibilities in the calculation, reporting and monitoring process.

Reporting

Monitoring the correctness and ensuring the effectiveness of ESG risk management, and ensuring appropriate consideration of ESG risks in the Bank's risk profile and risk appetite are the tasks of the Risk and Capital Management Committee of the Bank's Management Board. A package of ESG risk analysis reports is prepared periodically and submitted to the Bank's Management Board, including the Risk and Capital Management Committee, and the Supervisory Board, including the Risk and Capital Committee. In December 2025, the Bank created a dedicated report containing key ESG risk metrics and indicators (including those indicated in the EBA Guidelines on ESG risk management), which will be delivered to the Bank's Management Board and senior management on a quarterly basis.

Data availability, quality and accuracy

The availability and quality of climate data and indicators, as well as broader ESG indicators, remain a challenge in sustainability reporting. Given the maturity and availability of data (both from counterparty and non-counterparty) on environmental issues, assumptions have been made based on the limitations of the data used in BHW reporting. Key gaps include the scope of primary data on counterparties included in the calculation of financed emissions and counterparty attributes with respect to physical risk. In the second half of 2025, the Bank conducted a survey among key customers to collect ESG data, thanks to which it obtained a higher share of primary data.

The Bank incorporates ESG data into its standard data management process (defined by the *Data Management Policy at Bank Handlowy w Warszawie S.A.*) and is committed to improving methodologies and tools for assessing climate risk and climate data, including greenhouse gas emissions. The Bank improves the availability of ESG data through participation in industry initiatives, such as the ESG Platform run by the Credit Information Bureau (BIK).

Informacje w zakresie adekwatności kapitałowej Grupy Kapitałowej Banku Handlowego
w Warszawie S.A. według stanu na 31 grudnia 2025 roku

Template 1: Banking book- Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity

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 l): 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 Article 12(1) points (d) to (g) and Article 12(2) of Regulation (EU) 2020/1818	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 Scope 3 financed emissions	Of which Scope 3 financed emissions								
Exposures towards sectors that highly contribute to climate change*	2,103	311	-	330	68	52	9	39	3,928,251	1,498,913	50%	1,914	187	1	-	3
A - Agriculture, forestry and fishing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
B - Mining and quarrying	16	15	-	-	1	1	-	1	13,173	11,286	100%	16	-	-	-	2
B.05 - Mining of coal and lignite	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
B.06 - Extraction of crude petroleum and natural gas	15	15	-	-	-	-	-	-	13,173	11,286	100%	15	-	-	-	2
B.07 - Mining of metal ores	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
B.08 - Other mining and quarrying	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
B.09 - Mining support service activities	1	-	-	-	1	1	-	1	-	-	-	1	-	-	-	1
C - Manufacturing	890	14	-	136	34	25	5	18	1,297,259	773,768	35%	761	129	1	-	3
C.10 - Manufacture of food products	161	-	-	7	25	14	-	14	273,009	220,885	17%	138	22	1	-	2
C.11 - Manufacture of beverages	159	-	-	-	-	-	-	-	108,842	91,875	90%	159	-	-	-	2
C.12 - Manufacture of tobacco products	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
C.13 - Manufacture of textiles	20	-	-	5	-	-	-	-	24,410	21,964	74%	20	-	-	-	1
C.14 - Manufacture of wearing apparel	2	-	-	-	-	-	-	-	2,171	1,384	-	2	-	-	-	1
C.15 - Manufacture of leather and related products	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
C.16 - Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	34	-	-	4	-	-	-	-	41,016	20,457	-	31	3	-	-	5
C.17 - Manufacture of pulp, paper and paperboard	6	-	-	1	-	-	-	-	6,610	4,984	-	5	1	-	-	4
C.18 - Printing and service activities related to printing	6	-	-	-	-	-	-	-	4,618	3,071	-	6	-	-	-	4
C.19 - Manufacture of coke oven products	15	14	-	-	-	-	-	-	29,659	19,390	2%	15	-	-	-	1
C.20 - Production of chemicals	108	-	-	10	-	1	1	-	382,865	54,432	34%	47	62	-	-	5
C.21 - Manufacture of pharmaceutical preparations	41	-	-	-	-	-	-	-	3,718	1,715	100%	41	-	-	-	5
C.22 - Manufacture of rubber products	20	-	-	1	8	3	-	3	20,885	18,906	0%	16	4	-	-	3
C.23 - Manufacture of other non-metallic mineral products	6	-	-	-	-	-	-	-	32,824	7,109	8%	6	-	-	-	2
C.24 - Manufacture of basic metals	21	-	-	2	-	-	-	-	18,383	12,594	63%	16	5	-	-	4
C.25 - Manufacture of fabricated metal products, except machinery and equipment	73	-	-	20	1	2	1	1	107,094	96,716	16%	65	7	-	-	2
C.26 - Manufacture of computer, electronic and optical products	7	-	-	-	-	-	-	-	8,783	7,378	-	6	1	-	-	2
C.27 - Manufacture of electrical equipment	63	-	-	50	-	1	1	-	101,122	81,007	15%	63	-	-	-	2
C.28 - Manufacture of machinery and equipment n.e.c.	43	-	-	23	-	3	2	-	47,494	41,940	0%	21	22	-	-	4
C.29 - Manufacture of motor vehicles, trailers and semi-trailers	40	-	-	-	-	-	-	-	42,113	39,225	14%	40	-	-	-	1
C.30 - Manufacture of other transport equipment	34	-	-	11	-	1	-	-	18,208	11,855	1%	33	1	-	-	2
C.31 - Manufacture of furniture	19	-	-	2	-	-	-	-	10,516	6,469	-	19	-	-	-	1
C.32 - Other manufacturing	4	-	-	-	-	-	-	-	2,606	1,616	-	4	-	-	-	1
C.33 - Repair and installation of machinery and equipment	8	-	-	-	-	-	-	-	10,311	8,796	0%	8	1	-	-	2

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Sector/subsector	Gross carrying amount (Min EUR)				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions (Min EUR)				GHG financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tons of CO2 equivalent)		GHG emissions (column l): 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 Article 12(1) points (d) to (g) and Article 12(2) of Regulation (EU) 2020/1818	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 Scope 3 financed emissions	Of which Scope 3 financed emissions								
D Electricity, gas, steam and air conditioning supply	283	282	-	-	-	-	-	1,856,792	167,890	36%	283	-	-	-	2	
D35.1 - Electric power generation, transmission and distribution	101	100	-	-	-	-	-	525,942	167,819	100%	101	-	-	-	2	
D35.11 - Production of electricity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
D35.2 - Manufacture of gas; distribution of gaseous fuels through mains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2	
D35.3 - Steam and air conditioning supply	182	182	-	-	-	-	-	1,330,851	71	-	182	-	-	-	2	
E Water supply; sewerage, waste management and remediation activities	7	-	-	-	-	-	-	1,632	1,058	-	2	4	-	-	5	
F Construction	20	-	-	16	12	-	12	1,783	1,491	-	20	-	-	-	1	
F.41 - Construction of buildings	-	-	-	-	-	-	-	15	12	-	-	-	-	-	1	
F.42 - Civil engineering	11	-	-	11	8	-	8	304	254	-	11	-	-	-	1	
F.43 - Specialised construction activities	9	-	-	5	4	-	4	1,465	1,225	-	9	-	-	-	2	
G Wholesale and retail trade; repair of motor vehicles and motorcycles	770	-	188	14	11	4	5	745,462	535,286	72%	715	54	-	-	2	
H Transportation and storage	62	-	6	3	3	-	3	11,106	7,473	82%	62	-	-	-	4	
H.49 - Land transport and transport via pipelines	3	-	-	3	3	-	3	-	-	-	3	-	-	-	1	
H.50 - Water transport	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
H.51 - Air transport	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
H.52 - Warehousing and support activities for transportation	56	-	6	-	-	-	-	9,448	6,855	87%	56	-	-	-	4	
H.53 - Postal and courier activities	3	-	-	-	-	-	-	1,657	618	-	3	-	-	-	2	
I Accommodation and food service activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	
L Real estate activities	55	-	-	-	-	-	-	1,044	661	-	55	-	-	-	3	
Exposures towards sectors that highly contribute to climate change*	1,814	-	-	71	-	4	-	134,462	95,917	76%	1,361	215	237	-	3	
K Financial and insurance activities	1,038	-	-	-	-	2	-	2,488	1,715	83%	801	-	237	-	3	
Exposures to other sectors (NACE codes J, M - U)	776	-	-	71	-	2	-	131,974	94,202	-	560	215	-	-	4	
TOTAL	3,917	311	-	401	68	56	9	39	4,062,713	1,594,830	56%	3,275	402	238	-	3

* In accordance with Commission Delegated Regulation (EU) 2020/1818 supplementing Regulation (EU) 2016/1011 with regard to minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks – the Regulation on standards for climate benchmarks – recital 6: sectors listed in sections A–H and L of Annex I to Regulation (EC) No 1893/2006.

** The Bank does not disclose environmentally sustainable exposures (CCM) due to the lack of a publication requirement until 31/12/2026 and the annual publication of Taxonomy.

The Bank discloses information on exposures in the banking book (in terms of gross carrying amount) to non-financial corporations by NACE economic activity sectors in the European Union, which contribute significantly to climate change, and the partial sum of exposures to other sectors. The presented data specifically concerns sectors listed in sections A–H and L of Annex I to Regulation (EC) No 1893/2006, including the oil, gas, mining, and transport sectors as sectors that contribute significantly to climate change, in accordance with point 6 of Commission Delegated Regulation (EU) 2020/1818 of 17 July 2020 ("Regulation 2020/1818") supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council with regard to minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks.

The Bank adopted an expert approach to identifying non-financial exposures which, in accordance with Article 12 of Regulation 2020/1818, are excluded from EU benchmarks based on data published by enterprises in financial reports. These are clients whose main business activity concerns the following areas: crude oil and natural gas extraction, manufacture and processing of coke and refined petroleum products, and electricity and heat generation based on fossil fuels.

Data on financed emissions presented in Template 1 (columns i–k) show the results of the bank's Scope 3, Category 15 (investments) carbon footprint calculation for the institutional banking client financing portfolio, corresponding to individual sectors. In the process of estimating emissions, the bank uses the PCAF methodology, which, in the absence of available emissions information directly from the counterparty, provides the possibility to estimate emissions based on its physical or economic activity.

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Template 2: Banking book - Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral

Counterparty sector	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
	Total gross carrying amount amount (in MEUR)															
	Level of energy efficiency (EP score in kWh/m ² 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 ² of collateral) estimated		
1 Total EU area	1,398	283	602	274	174	39	27	-	-	-	-	-	-	-	1,398	72%
2 Of which Loans collateralised by commercial immovable property	811	28	364	200	166	36	18	-	-	-	-	-	-	-	811	66%
3 Of which Loans collateralised by residential immovable property	587	255	238	74	8	3	9	-	-	-	-	-	-	-	587	78%
4 Of which Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0%
5 Of which Level of energy efficiency (EP score in kWh/m ² of collateral) estimated	1,001	176	339	262	172	38	14								1,001	100%
6 Total non-EU area	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0%
7 Of which Loans collateralised by commercial immovable property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0%
8 Of which Loans collateralised by residential immovable property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0%
9 Of which Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0%
10 Of which Level of energy efficiency (EP score in kWh/m ² of collateral) estimated	-	-	-	-	-	-	-								-	

Template 2 presents the gross carrying amount of loans secured by commercial and residential real estate and acquired real estate collateral, including information on the energy efficiency level of the collateral measured in terms of non-renewable primary energy demand in [kWh/(m²·year)] based on the energy performance certificate of the collateral, as referred to in Article 2, point 12 of Directive 2010/31/EU. The Bank prepared the disclosure based on data from energy performance certificates and an expert estimation of the average non-renewable primary energy demand, based on the year of construction of the property and its type (by building purpose), and average values of the annual primary energy demand indicator for various types of buildings depending on the year of construction and purpose from the Ministry of Development and Technology. For some exposures, actual values regarding the energy efficiency level of the collateral, collected from clients or obtained from the central register of building energy performance, have been disclosed.

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Template 3: Banking book – Indicators of potential climate change transition risk: Alignment metrics

a	b	c	d	e	f	g
Sector	NACE Sectors (a minima)	Portfolio gross carrying amount (Mn EUR)	Alignment metric**	Year of reference	Distance to IEA NZE2050 in % ***	Target (year of reference + 3 years)
1 Power	C27, D35	345	717 gCO ₂ /kWh	2024	268%	
2 Fossil fuel combustion	B06, B09.1, C19.2, G46.71	53	70,84 tCO ₂ /TJ	2024	16%	
3 Automotive	C28.15, C29	51	0,1731 kgCO ₂ /pkm oraz 0,0597 kgCO ₂ /tkm	2023 / 2023	139% / 43%	
4 Aviation	C30.30	0	-	-	-	
5 Maritime transport	C30.1, H52.22, H52.24, H52.29	51	0,001 kgCO ₂ /tkm	2023	-80%	
6 Cement, clinker and lime production	C23.5, C23.6	3	-	-	-	
7 Iron and steel, coke, and metal ore production	C24, C25, G46.72	188	0,43 tCO ₂ /t	2023	-61%	
8 Chemicals	C20	109	1,75 tCO ₂ /t	2023	25%	

⁹ ... potential additions relevant to the business model of the institution

* The table uses average NBP exchange rates as of December 31, 2025.

** Missing value at a given moment to achieve data points set for 2030 in the NZE2050 scenario, in % (in relation to each indicator).

*** As of December 31, 2025, the Bank does not have its own transition plan for climate change mitigation, and therefore has not set decarbonization targets.

Template 3 presents the alignment indicators of Bank Handlowy w Warszawie S.A. Capital Group's portfolio with the decarbonization targets defined by the International Energy Agency (IEA) in the Net Zero 2050 (NZE2050) scenario.

As part of this disclosure, the Bank assumed that alignment indicators are determined only for those IEA sectors where exposure exceeds 1% of the total balance sheet exposure to non-financial corporations. Accordingly, the Bank determined alignment indicators for the following IEA sectors:

- Energy (including NACE codes 27.1, 27.2, 27.5, 35.1, 35.3);
- Fossil Fuel Combustion (including NACE codes 06.1, 06.2, 09.1, 19.2, 46.7);
- Automotive (including NACE codes 28.1, 29.1, 29.2, 29.3);
- Maritime Transport (including NACE codes 30.1, 52.2);
- Iron and Steel Production, Coke and Metal Ores (including NACE codes 24.2, 24.3, 24.4, 24.5, 25.1, 25.7, 25.9, 46.7);
- Chemicals (including NACE codes 20.1, 20.3, 20.4, 20.5).

Other IEA sectors indicated in the template (i.e., Aviation and Cement, Slag and Lime Production) were considered irrelevant due to their low share in the Bank's exposure.

When calculating the missing value to achieve the target in the NZE2050 scenario, the Bank used the IEA document "World Energy Outlook 2024" due to the unavailability of values for 2030 in the updated "World Energy Outlook 2025" document.

Alignment indicators were determined based on data from clients' non-financial reports and national statistical data from official sources such as the National Centre for Emissions Management (KOBiZE), the Central Statistical Office (GUS), and Eurostat. The reference years for the determined alignment indicators were 2023 and 2024, depending on data availability.

For the Energy sector, the portfolio alignment indicator expressed as emission intensity in grams of CO₂ per kilowatt-hour (kWh) was determined using a gross carrying amount weighted average. The data sources were primary client data and, in the absence of such data, a sector average at the Polish level from the KOBiZE study "CO₂, SO₂, NO_x, CO and total dust emission factors for electricity based on information contained in the National database on greenhouse gas and other substance emissions for 2024."

For the Fossil Fuel Combustion sector, the portfolio alignment indicator expressed as emission intensity in tons of CO₂ per terajoule (TJ) was also determined using a gross carrying amount weighted average. This indicator was calculated using primary client data and a sector average at the Polish level from International Energy Agency studies.

For the Automotive and Maritime Transport sectors, the portfolio alignment indicator expressed as emission intensity in kilograms of CO₂ per passenger-kilometer (pkm) for passenger cars and kilograms of CO₂ per ton-kilometer (tkm) for trucks and maritime transport was determined using statistical data from the KOBiZE database, European Commission studies, and GUS data.

For the Iron and Steel Production, Coke and Metal Ores, and Chemicals sectors, the portfolio alignment indicators expressed as emission intensity in tons of CO₂ per ton of production were determined using statistical data from the Eurostat database and GUS studies.

The table indicates all NACE codes listed in the template that are applicable to the Bank's portfolio.

Template 4: Banking book – Climate change transition risk: Exposures to top 20 carbon-intensive firms

	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	n/a	n/a	n/a	n/a	n/a

Template 4 concerns exposure to the 20 largest carbon emitters globally and entities within their capital groups. For this purpose, the Bank used the Carbon Majors Database 2023 report, updated in March 2025. The Bank analyzed exposures to entities listed in the aforementioned list, as well as to subsidiaries of these entities, identified based on consolidated financial reports. As a result of the analysis conducted, as of December 31, 2025, no exposure to the indicated companies was found, and therefore the Bank does not present Template 4.

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Template 5: Banking book – Climate change physical risk: Exposures subject to physical risk

a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
	Gross carrying amount (Mln EUR)													
	of which exposures sensitive to impact from climate change physical events													
Variable: Geographical area subject to climate change physical risk - acute and chronic events	Breakdown by maturity bucket					Average weighted maturity	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	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
	<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years								of which Stage 2 exposures	Of which non-performing exposures	
1 A - Agriculture, forestry and fishing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2 B - Mining and quarrying	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3 C - Manufacturing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4 D - Electricity, gas, steam and air conditioning supply	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5 E - Water supply, sewerage, waste management and remediation activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6 F - Construction	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7 G - Wholesale and retail trade; repair of motor vehicles and motorcycles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8 H - Transportation and storage	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9 L - Real estate activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10 Loans collateralised by residential immovable property	587	11	38	227	311	21	-	-	147	34	2	1	-	1
11 Loans collateralised by commercial immovable property	811	577	233	1	-	4	389	110	80	240	44	34	9	23
12 Repossessed colaterals	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13 Other relevant sectors (breakdown below where relevant)	-	-	-	-	-	-	-	-	-	-	-	-	-	-

In Template 5, the Bank disclosed the gross carrying amount of loans secured by commercial and residential real estate and acquired real estate collateral, with a breakdown of which collateral is sensitive to physical risk. For commercial real estate, the Bank sought advice from an external provider who assessed the impact of the property's location on chronic and acute physical risk factors. For residential real estate, the Bank used physical risk exposure maps available on ThinkHazard.org – the Bank analyzed flood risk.

The Bank is in the process of developing impact analyses of physical risk for unsecured exposures of Institutional Banking segment clients.

Template 6: Summary of key performance indicators (KPIs) on the Taxonomy-aligned exposures

	KPI			% coverage (over total assets)*
	Climate change mitigation	Climate change adaptation	Total (Climate change mitigation + Climate change adaptation)	
GAR stock	0,43%	0,00%	0,43%	57,08%
GAR flow	2,76%	0,00%	2,76%	51,36%

* % of assets covered by the KPI over banks' total assets

For the purpose of disclosures regarding key performance indicators, the Bank analyzed its exposures to financial institutions and non-financial corporations to identify clients subject to non-financial reporting requirements in accordance with the CSRD Directive. It also determined the gross carrying amount of exposures from loans and advances and debt securities separately for each identified entity as of December 31, 2025. In relation to general purpose financing, the Group determined the gross carrying amount of Taxonomy-eligible and Taxonomy-aligned exposures for clients obligated to report under the CSRD Directive, based on key performance indicators regarding turnover published by the Group's clients as part of their Taxonomy disclosures for 2024.

Local government units

The Bank did not identify exposures to local government units that could be considered Taxonomy-eligible or Taxonomy-aligned. Consequently, in the completed tables, the Bank entered 0 for activities eligible for the taxonomy.

Households

On May 27, 2025, the Bank signed an agreement with VeloBank S.A. ("VeloBank"), Promontoria Holding 418 B.V. (the sole shareholder of VeloBank) ("Promontoria"), and Citibank Europe Plc regarding the spin-off of the Bank's retail business ("Retail Business") to VeloBank. In connection with the signed Agreement, in the Bank's opinion, the retail business meets the classification criteria required by IFRS 5 for reclassifying the retail segment's assets and liabilities as held for sale and for separating discontinued operations. As a result, the Bank decided that it will disclose assets related to the retail business under the category of other assets.

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Template 7 - Mitigating actions: Assets for the calculation of GAR

Million EUR	Disclosure reference date T														
	Total gross carrying amount	Climate Change Mitigation (CCM)			Climate Change Adaptation (CCA)			TOTAL (CCM + CCA)							
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)			Of which towards taxonomy relevant sectors (Taxonomy-eligible)			Of which towards taxonomy relevant sectors (Taxonomy-eligible)							
		Of which environmentally sustainable (Taxonomy-aligned)			Of which environmentally sustainable (Taxonomy-aligned)			Of which environmentally sustainable (Taxonomy-aligned)							
		Of which specialised lending	Of which transitional	Of which enabling	Of which specialised lending	Of which adaptation	Of which enabling	Of which specialised lending	Of which transitional/adaptation	Of which enabling	Of which specialised lending	Of which transitional/adaptation	Of which enabling		
a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
GAR - Covered assets in both numerator and denominator															
1 Loans and advances, debt securities and equity instruments not HTF eligible for GAR calculation	856	136	46	-	-	43	0	0	-	-	-	194	46	-	43
2 Financial corporations	241	58	-	-	-	-	0	0	-	-	-	116	0	-	-
3 Credit institutions	241	58	-	-	-	-	0	0	-	-	-	58	0	-	-
4 Loans and advances	4	1	-	-	-	-	0	0	-	-	-	1	0	-	-
5 Debt securities, including UoP	237	57	-	-	-	-	-	-	-	-	-	57	-	-	-
6 Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7 Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8 of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9 Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10 Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11 Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12 of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13 Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14 Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15 Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16 of which insurance undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17 Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18 Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19 Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20 Non-financial corporations (subject to NFRD disclosure obligations)	615	78	46	-	-	43	-	-	-	-	-	78	46	-	43
21 Loans and advances	615	78	46	-	-	43	-	-	-	-	-	78	46	-	43
22 Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23 Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24 Households	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
25 of which loans collateralised by residential immovable property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
26 of which building renovation loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
27 of which motor vehicle loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
28 Local governments financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29 Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30 Other local governments financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31 Collateral obtained by taking possession: residential and commercial immovable property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32 TOTAL GAR ASSETS	856	136	46	-	-	43	0	0	-	-	-	194	46	-	43

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	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
	Disclosure reference date T															
	Climate Change Mitigation (CCM)						Climate Change Adaptation (CCA)						TOTAL (CCM + CCA)			
	Of which towards taxonomy relevant sectors (Taxonomy-eligible)						Of which towards taxonomy relevant sectors (Taxonomy-eligible)						Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
Million EUR	Total gross carrying amount	Of which environmentally sustainable (Taxonomy-aligned)			Of which environmentally sustainable (Taxonomy-aligned)			Of which environmentally sustainable (Taxonomy-aligned)			Of which environmentally sustainable (Taxonomy-aligned)					
		Of which specialised lending	Of which transitional	Of which enabling	Of which specialised lending	Of which adaptation	Of which enabling	Of which specialised lending	Of which adaptation	Of which enabling	Of which specialised lending	Of which transitional/adaptation	Of which enabling			
Assets excluded from the numerator for GAR calculation (covered in the denominator)																
33 EU Non-financial corporations (not subject to NFRD disclosure obligations)	2,190															
34 Loans and advances	2,190															
35 Debt securities	-															
36 Equity instruments	-															
37 Non-EU Non-financial corporations (not subject to NFRD disclosure obligations)	49															
38 Loans and advances	49															
39 Debt securities	-															
40 Equity instruments	-															
41 Derivatives	-															
42 On demand interbank loans	7															
43 Cash and cash-related assets	68															
44 Other assets (e.g. Goodwill, commodities etc.)	7,682															
45 TOTAL ASSETS IN THE DENOMINATOR (GAR)	10,852															
Other assets excluded from both the numerator and denominator for																
46 Sovereigns	4,582															
47 Central banks exposure	2,103															
48 Trading book	1,475															
49 TOTAL ASSETS EXCLUDED FROM NUMERATOR AND DENOMINATOR	8,160															
50 TOTAL ASSETS	19,012															

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Template 8 – GAR

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	
	Disclosure reference date T: KPIs on stock																
	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)						
	Proportion of eligible assets funding taxonomy relevant sectors					Proportion of eligible assets funding taxonomy relevant sectors					Proportion of eligible assets funding taxonomy relevant sectors						
% (compared to total covered assets in the denominator)	Of which environmentally sustainable					Of which environmentally sustainable					Of which environmentally sustainable						Proportion of total assets covered
	Of which specialised lending			Of which transitional		Of which specialised lending			Of which adaptation		Of which specialised lending			Of which transitional/adaptation		Of which enabling	
	Of which specialised lending	Of which transitional	Of which enabling	Of which specialised lending	Of which adaptation	Of which enabling	Of which specialised lending	Of which adaptation	Of which enabling	Of which specialised lending	Of which transitional/adaptation	Of which enabling					
1 GAR	1,25%	0,42%	0,00%	0,00%	0,40%	0,00%	0,00%	0,00%	0,00%	0,00%	1,25%	0,42%	0,00%	0,00%	0,40%	57,08%	
2 Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	15,84%	5,44%	0,00%	0,00%	5,07%	0,02%	0,00%	0,00%	0,00%	0,00%	15,86%	5,44%	0,00%	0,00%	5,07%	1,27%	
3 Financial corporations	23,95%	0,03%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	23,95%	0,03%	0,00%	0,00%	0,00%	1,27%	
4 Credit institutions	23,95%	0,03%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	23,95%	0,03%	0,00%	0,00%	0,00%	0,02%	
5 Other financial corporations	30,43%	1,64%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	30,43%	1,64%	0,00%	0,00%	0,00%	1,25%	
6 of which investment firms	23,85%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	23,85%	0,00%	0,00%	0,00%	0,00%	0,00%	
7 of which management companies	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	
8 of which insurance undertakings	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	
9 Non-financial corporations subject to NFRD disclosure obligations	12,66%	7,56%	0,00%	0,00%	7,06%	0,03%	0,00%	0,00%	0,00%	0,00%	12,69%	7,56%	0,00%	0,00%	7,06%	0,00%	
10 Households	0,00%	0,00%	0,00%	0,00%	0,00%						0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	
11 of which loans collateralised by residential immovable property	0,00%	0,00%	0,00%	0,00%	0,00%						0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	
12 of which building renovation loans	0,00%	0,00%	0,00%	0,00%	0,00%						0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	
13 of which motor vehicle loans	0,00%	0,00%	0,00%	0,00%	0,00%						0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	
14 Local government financing	0,00%	0,00%	0,00%	0,00%	0,00%						0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	
15 Housing financing	0,00%	0,00%	0,00%	0,00%	0,00%						0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	
16 Other local governments financing	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	
17 Collateral obtained by taking possession: residential and commercial immovable properties	0,00%	0,00%	0,00%	0,00%	0,00%						0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	

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	q	r	s	t	u	v	w	x	y	z	aa	ab	ac	ad	ae	af	
	Disclosure reference date T: KPIs on flows																
	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)						TOTAL (CCM + CCA)					
	Proportion of new eligible assets funding taxonomy relevant sectors					Proportion of new eligible assets funding taxonomy relevant sectors						Proportion of new eligible assets funding taxonomy relevant sectors					
	Of which environmentally sustainable					Of which environmentally sustainable						Of which environmentally sustainable					Proportion of total new assets covered
% (compared to total covered assets in the denominator)	Of which specialised lending		Of which transitional	Of which enabling		Of which specialised lending		Of which adaptation	Of which enabling		Of which specialised lending		Of which transitional/adaptation	Of which enabling			
1 GAR	3,30%	2,76%	0,00%	0,00%	2,76%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	3,30%	2,76%	0,00%	0,00%	2,76%	
2 Loans and advances, debt securities and equity instruments not HTF eligible for GAR calculation	23,84%	19,79%	0,00%	0,00%	19,71%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	23,84%	19,79%	0,00%	0,00%	19,71%	7,18%
3 Financial corporations	29,72%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	29,72%	0,00%	0,00%	0,00%	0,00%	0,05%
4 Credit institutions	29,72%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	29,72%	0,00%	0,00%	0,00%	0,00%	0,05%
5 Other financial corporations	29,72%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	29,72%	0,00%	0,00%	0,00%	0,00%	0,00%
6 of which investment firms	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%
7 of which management companies	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%
8 of which insurance undertakings	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%
9 Non-financial corporations subject to NFRD disclosure obligations	23,81%	19,92%	0,00%	0,00%	19,84%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	23,81%	19,92%	0,00%	0,00%	19,84%	7,13%
10 Households	0,00%	0,00%	0,00%	0,00%	0,00%							0,00%	0,00%	0,00%	0,00%	0,00%	0,00%
11 of which loans collateralised by residential immovable property	0,00%	0,00%	0,00%	0,00%	0,00%							0,00%	0,00%	0,00%	0,00%	0,00%	0,00%
12 of which building renovation loans	0,00%	0,00%	0,00%	0,00%	0,00%							0,00%	0,00%	0,00%	0,00%	0,00%	0,00%
13 of which motor vehicle loans	0,00%	0,00%	0,00%	0,00%	0,00%							0,00%	0,00%	0,00%	0,00%	0,00%	0,00%
14 Local government financing	0,00%	0,00%	0,00%	0,00%	0,00%							0,00%	0,00%	0,00%	0,00%	0,00%	0,00%
15 Housing financing	0,00%	0,00%	0,00%	0,00%	0,00%							0,00%	0,00%	0,00%	0,00%	0,00%	0,00%
16 Other local governments financing	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%
17 Collateral obtained by taking possession: residential and commercial immovable properties	0,00%	0,00%	0,00%	0,00%	0,00%							0,00%	0,00%	0,00%	0,00%	0,00%	0,00%

Informacje w zakresie adekwatności kapitałowej Grupy Kapitałowej Banku Handlowego
w Warszawie S.A. według stanu na 31 grudnia 2025 roku

Template 10: Other climate change mitigating actions that are not covered in Regulation (EU) 2020/852 (in EUR million)

a	b	c	d	e	f
Type of financial instrument	Type of counterparty	Gross carrying amount (million EUR)	Type of risk mitigated (Climate change transition risk)	Type of risk mitigated (Climate change physical risk)	Qualitative information on the nature of the mitigating actions
1	Financial corporations	-	-	-	-
2	Bonds (e.g. green, sustainable, sustainability-linked under standards other than the EU standards)	Non-financial corporations	-	-	-
3		Of which Loans collateralised by commercial immovable property	-	-	-
4		Other counterparties	-	-	-
5		Financial corporations	-	-	-
6	Non-financial corporations	210	Technological, market, and reputational risks		The amounts indicated in column C relate to financing that meets the internal classification criteria: 1) the client generates at least 90% of its revenues from environmentally aligned activities, 2) the purpose of financing, 3) loans based on ESG KPIs.
7	Loans (e.g. green, sustainable, sustainability-linked under standards other than the EU standards)	Of which Loans collateralised by commercial immovable property	-	-	-
8		Households	-	-	-
9		Of which Loans collateralised by residential immovable property	-	-	-
10		Of which building renovation loans	-	-	-
11		Other counterparties	-	-	-

XIV. Declaration of the Management Board of Bank

The Management Board of Bank Handlowy w Warszawie S.A hereby:

- declares that, to the best of its knowledge, the information disclosed in the document "Information on capital adequacy of the Capital Group of Bank Handlowy w Warszawie S.A. as at December 31, 2025" in accordance with part eight of Regulation No. 575/2013, are adequate to the actual state; the adequacy of risk management arrangements at the Bank ensures that the applied risk management systems are appropriate from the point of view of the risk profile and strategy of the Bank and the entire Group.
- approves this document "Information on capital adequacy of the Capital Group of Bank Handlowy w Warszawie S.A. as at December 31, 2025", which includes information on risk, discusses the overall risk profile of the Bank and the Group related to the business strategy, and includes key indicators and figures that provide external stakeholders with a comprehensive view of the Group's risk management, including the interaction between the Bank's risk profile and the risk appetite, defined by the Management Board and approved by the Supervisory Board.

Members of Management Board

16.03.2026 Date	Elżbieta Świątopełk-Czetyrtyńska Name	The President of Management Board Position/Function
16.03.2026 Date	Maciej Kropidłowski Name	Vice-president of Management Board Position/Function
16.03.2026 Date	Barbara Sobala Name	Vice-president of Management Board Position/Function
16.03.2026 Date	Andrzej Wilk Name	Vice-president of Management Board Position/Function
16.03.2026 Date	Patrycjusz Wójcik Name	Vice-president of Management Board Position/Function
16.03.2026 Date	Tomasz Dziurzyński Name	Member of Management Board Position/Function
16.03.2026 Date	Sebastian Perczak Name	Member of Management Board Position/Function