



Independent Statutory Auditor's Report on the Audit
of Annual Financial Statements of
ING Bank Hipoteczny S. A.
for the financial year ended
31 December 2023

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INDEPENDENT STATUTORY AUDITOR'S REPORT ON THE AUDIT OF ANNUAL FINANCIAL STATEMENTS

Translation of the document originally issued in Polish

To the General Shareholders' Meeting and the Supervisory Board of ING Bank Hipoteczny S.A.

Report on the Audit of Annual Financial Statements

Opinion

We have audited the annual financial statements of ING Bank Hipoteczny S.A. ("the Bank"), which comprise the statement of financial position as at 31 December 2023, the income statement, the statement of comprehensive income, the statement of changes in equity, the cash flow statement for the financial year from 1 January to 31 December 2023 and accounting policy and additional notes ("financial statements").

In our opinion, the accompanying financial statements:

- give a true and fair view of the property and financial position of the Bank as at 31 December 2023, and of its financial result and its cash flow for the financial year then ended in accordance with the applicable International Financial Reporting Standards as adopted by the European Union and the adopted accounting principles (policy);
- comply with the applicable legislation and with the provisions of the Bank's Articles of Association as to the form and content;
- have been prepared based on the accounting books kept properly, in accordance with Chapter 2 of the Accounting Act of 29 September 1994 (the Accounting Act" - Journal of Laws of 2023, item 120 as amended).

The present opinion is consistent with the additional report to the Audit Committee that we issued on 18 April 2024.

Basis for Opinion

We conducted our audit in accordance with National Standards on Auditing as per International Standards on Auditing adopted by resolution of the National Council of Statutory Auditors No. 3430/52a/2019 of 21 March 2019 regarding national standards on auditing and other documents, as amended, and resolution of the Council of the Polish Agency for Audit Oversight No. 38/I/2022 of 15 November 2022 on national standards on quality control and National Standard on Auditing 220 (Revised) ("NSA"), as well as according to the Act on Statutory Auditors, Audit Firms and Public Supervision of 11 May 2017 ("the Act on Statutory Auditors" - Journal of Laws of 2023, item 1015 as amended) and Regulation (EU) No 537/2014 of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC ("EU Regulation" - Official Journal of the European Union L 158/77 of 27 May 2014, as amended). Our responsibility under those standards has been further described in "Statutory Auditor's Responsibility for the Audit of the Financial Statements" section of our report.

We are independent of the Bank in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants ("the IESBA Code"), adopted by resolution of the National Council of Statutory Auditors No. 3431/52a/2019 of 25 March 2019 on the principles of professional ethics for statutory auditors, as amended, and other ethical requirements which are applicable to the audit of financial statements in Poland. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. During the audit the key statutory auditor and the audit firm remained independent of the Bank in accordance with the independence requirements specified in the Act on Statutory Auditors and EU Regulation.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters

Key audit matters are those matters that, in the auditor's professional judgment, were of most significance in the audit of the financial statements for the current reporting period. These include the most significant assessed risks of material misstatement, including the assessed risks of material misstatement due to fraud. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we summarized our responses to these risks, and, where deemed appropriate, presented the most important observations related to these risks. We do not provide a separate opinion on these matters.

Key audit matter	How our audit responded to this matter
Expected credit losses on loans and advances granted to customers In accordance with the International Financial Reporting Standard <i>Financial Instruments</i> 9 ("IFRS 9"), the Bank's management should determine the	We critically analyzed the design and implementation of the process for assessing credit risk and estimating expected credit losses and verified the effectiveness of the controls implemented by the Bank for identifying and estimating expected credit losses.

value of expected credit losses that may occur during the 12-month period or the remaining life of the financial asset, depending on classification of individual assets into risk categories ("stages") taking into account the impact of future macroeconomic conditions on the level of expected credit losses.

Determining the amount and timing of recognition of expected credit losses requires the use of significant judgment and significant and complex estimates, including primarily in terms of the parameters of credit risk in the models for calculating expected credit losses.

The estimate of the allowance for expected credit losses takes into account the issue of the impact of changing macroeconomic conditions of the economy. This estimate required the application by the Bank's Management Board additional assumptions and expert adjustments, which take into account the uncertainties associated with the current and future macroeconomic environment and reflect risk factors that were not included in the Bank's models.

We considered this area to be a key audit matter because the estimation of expected credit losses involves significant inherent risks of misstatements as well as uncertainty in the estimates made and requires the Bank's management to exercise significant judgment and, given the size of the loan portfolio, has a material impact on the financial statements.

Note 4.2.1. *Estimation of expected credit losses for financial assets* and Note 6.10 *Loans and advances granted to customers* provide details on the methods and models used and the level

We performed a reconciliation of the base of loans and advances granted to customers with the Bank's general ledger to confirm the completeness of the recognition of loans and advances granted to customers that are the basis for expected credit losses, as well as the value of the losses.

We performed analytical procedures for the coverage of the loan portfolio with expected credit losses and their changes, as well as the transfer of exposures between stages.

We evaluated the Bank's impairment methodology for compliance with the requirements of IFRS 9, in particular with regard to the application of the criteria for identifying a significant increase in credit risk, the definition of default, the credit risk parameters adopted and the consideration of the impact of future macroeconomic conditions (forward looking information) on the level of expected credit losses.

For the portfolio of loans and other receivables to customers assessed using the collective method:

- we conducted an analysis of the methodology used to calculate expected credit losses for exposures evaluated using the collective method, including the adequacy of the risk parameters used by the Bank,
- we conducted an independent verification of the calculation of expected credit losses for the entire population of loans,
- we conducted an assessment of the verification of models based on historical data (so-called back-tests),
- we verified the approach and assumptions used to create adjustments not included in the models created to reflect the impact of uncertain economic conditions on the valuation of the expected credit losses.

We also assessed the adequacy and completeness of disclosures regarding expected credit losses in the financial statements.

of expected credit losses on loans and advances granted to customers.

Other Matters

The Bank's financial statements for the year ended 31 December 2022 were audited by an auditor acting on behalf of another audit firm. This auditor expressed an unqualified opinion on these financial statements on 4 April 2023.

Responsibilities of the Management Board and Supervisory Board for the Financial Statements

The Bank's Management Board is responsible for preparing, based on the accounting books properly kept, the financial statements that give a true and fair view of the Bank's property and financial position and its financial performance in accordance with International Financial Reporting Standards as adopted by the European Union and adopted accounting principles (policy), as well as with the relevant legislation and with the provisions of the Bank's Articles of Association. The Bank's Management Board is also responsible for such internal control as the Management Board determines is necessary to enable the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, the Bank's Management Board is responsible for assessing the Bank's ability to continue as a going concern, as well as for disclosing, if applicable, matters related to going concern and for adopting the going concern assumption as an accounting basis, unless the Management Board either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The Bank's Management Board and members of the Supervisory Board are obliged to ensure that the financial statements meet the requirements set out in the Accounting Act. Members of the Supervisory Board are responsible for supervising the financial reporting process of the Bank.

Statutory Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the NSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The scope of audit does not include assurance as to the future profitability of the Bank and effectiveness or efficiency of running the Bank's affairs by the Management Board at present or in the future.

According to principles of the NSA, we exercise professional judgement and maintain professional skepticism throughout the audit, as well as:

- we identify and assess risks of material misstatement of financial statements, whether due to fraud or error, we design and perform audit procedures responsive to those risks and we obtain audit evidence which is sufficient and appropriate to provide a basis for our audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control in the Bank;
- we evaluate the appropriateness of the accounting principles (policy) used and the reasonableness of the accounting estimates and related disclosures made by the Management Board of the Bank;
- we conclude on the appropriateness of the Bank's Management Board's use of the going concern basis of accounting and, based on the audit evidence obtained, as to whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern;
- we evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and that we will communicate all relationships and other matters that may reasonably be thought to bear on our independence, and, where applicable, related safeguards.

From the matters communicated to the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure or when, in exceptional circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Information, including the Management report

Other Information includes:

- the Management Report on Operations of the ING Bank Hipoteczny S.A. for the period from 1 January 2023 to 31 December 2023 (“the Management report”) with the Letter from the of the Supervisory Board, Letter from the President of the Management Board, a statement from the Management Board and corporate governance statement, which is a separate parts of this Management report, received prior to the signing of this audit report,
- Representation of the Supervisory Board concerning the Audit and Risk Committee and
- Report of the Supervisory Board of ING Bank Hipoteczny including Report of the Supervisory Board on the results of the evaluation of the annual financial statements of ING Bank Hipoteczny S.A. for 2023 and Report of the Supervisory Board on the results of the evaluation of the report of the Management Board on the activities of ING Bank Hipoteczny S.A. from 1 January 2023 to 31 December 2023, which will be made available to us after the signing of this audit report
(together “Other Information”).

Responsibility of the Management Board and Supervisory Board

The responsibility for the preparation of the Other Information in accordance with the applicable regulations lies with the Bank’s Management Board.

The Company’s Management Board and members of the Supervisory Board are obliged to ensure that the Management Report along with the corporate governance statement, which is a separate part of this Management Report, meets the requirements set out in the Accounting Act.

Statutory Auditor’s Responsibility

Our opinion on the audit of the financial statements does not cover the Other Information. In connection with our audit of the financial statements, our responsibility is to read the Other information and, in doing so, consider whether the Other Information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. In accordance with the Act on Statutory Auditors, our responsibility is also to give an opinion whether the management report has been prepared in accordance with applicable regulations and whether it complies with information contained in the financial statements. In addition, in accordance with requirements of Article 111a (3) of the Act of 29 August 1997 Banking Law (Journal of Laws of 2023, item 2488 as amended) (“Banking Law”), our responsibility is to audit information specified in Article 111a (2) of the Banking Law contained in the Management Report. Moreover, we are obliged to communicate whether the Bank prepared a non-financial statement and issue an opinion whether the Bank included the required information in the corporate governance statement.

Opinion on the Management Report

Based on the work performed during the audit, in our opinion, the Bank’s Management Report:

- has been prepared according to Article 49 of the Accounting Act and paragraph 70 of the Regulation of the Minister of Finance of 29 March 2018 on Current and Periodic Information Provided by Issuers of Securities and Conditions of Recognition of Information Required under the Regulations of the non-EU Member State as Equivalent (“Regulation on Current Information” - Journal of Laws of 2018, item 757 as amended) and Article 111a (2) of the Banking Law,
- is in line with information contained in the financial statements.

Opinion on Corporate Governance Statement

In our opinion, the Bank included information specified in paragraph 70 (6) item 5 of the Regulation on Current Information in the corporate governance statement. Moreover, in our opinion, information specified in paragraph 70 (6) item 5 c-f, h and i of this Regulation comprised in the corporate governance statement is compliant with the applicable provisions and information contained in the financial statements.

Other Information Statement

Moreover, according to our knowledge of the Bank and its environment obtained during the audit, we declare that we have not identified any material misstatement in the Bank’s Management Report and the Other Information received prior to the date of this audit report. Report of the Supervisory Board of ING Bank Hipoteczny including Report of the Supervisory Board on the results of the evaluation of the annual financial statements of ING Bank Hipoteczny S.A. for 2023 and Report of the Supervisory Board on the results of the evaluation of the report of the Management Board on the activities of ING Bank Hipoteczny S.A. from 1 January 2023 to 31 December 2023 will be available after this date, in case we identify a material misstatement in these reports, we are required to inform the Supervisory Board of the Bank.

Report on Other Legal and Regulatory Requirements

Information on Observing Applicable Prudential Regulations

The Bank’s Management Board is responsible for ensuring the compliance of the Bank’s operations with prudential regulations, in which for the correct determination of capital ratios.

Our responsibility is to communicate in the auditor’s report whether the Bank complies with applicable prudential regulations, defined in separate provisions, and in particular whether the Bank correctly determined the capital ratios presented in note 6.32 “*Capital adequacy disclosures*”.

The purpose of the audit of the financial statements was not to express an opinion on the Bank’s compliance with applicable prudential regulations and therefore we do not express such an opinion.

Based on our audit of the financial statements we would like to inform you that we have not identified any breaches of applicable prudential regulations by the Bank in the period from 1 January 2023 to 31 December 2023, defined by separate provisions, in particular with respect

to the correctness of the determination of capital ratios as at 31 December 2023, which could have a significant impact on the financial statements.

Declaration on Non-audit Services

According to our best knowledge and belief we declare that we have provided to the Bank non-audit services.

Appointment of an Audit Firm

We were appointed to audit the Bank's financial statements pursuant to the resolution of the Bank's Supervisory Board of 11 January 2024. We have been auditing the Bank's financial statements for the first time.

The key statutory auditor responsible for the audit that was the base of the present independent statutory auditor's report is Małgorzata Pek.

Acting on behalf of Mazars Audyt Sp. z o. o. with its registered office in Warsaw, ul. Piękna 18, entered on the list of audit firms under no. 186, on behalf of which the key statutory auditor audited the financial statements.

Małgorzata Pek

Key Statutory Auditor

No 13070

mazars

Warsaw, 18 April 2024