

Selected financial data

	[in PLN thousand]		[in EUR thousand]*	
	period	period	period	period
	from	from	from	from
	01.01.2025	01.01.2024	01.01.2025	01.01.2024
	to	to	to	to
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
Net interest income	79,929.1	65,290.5	18,863.7	15,169.2
Net commission income	-1,330.2	-1,479.5	-313.9	-343.7
Net income on basic activities	78,639.3	63,479.7	18,559.3	14,748.5
Profit before tax	52,846.7	39,263.0	12,472.1	9,122.1
Profit after tax	46,143.4	31,506.4	10,890.1	7,320.0
Earnings per ordinary share (in PLN/in EUR)	121.43	82.91	28.66	19.26
Net cash flows	-4,758.1	-11,875.3	-1,122.9	-2,759.0

	[in PLN thousand]		[in EUR thousand]*	
	as at	as at	as at	as at
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
Total assets	4,876,442.1	4,387,391.0	1,153,723.3	1,026,770.7
Share capital	380,000.0	380,000.0	89,904.7	88,930.5
Equity	471,061.8	440,861.2	111,449.1	103,173.7
Number of shares (pcs)	380,000	380,000	-	-
Carrying amount per share (in PLN/in EUR)	1,239.6	1,160.2	293.3	271.5

*) in order to convert selected data into EUR for the items of the profit and loss account and for the net cash flows, the exchange rate calculated as the average of the NBP exchange rates in force on the last day of each month in the 12-month period of 2025 (PLN 4.2372) and in the 12-month period of 2024 (PLN 4.3042) was applied,

**) to convert selected data into EUR for items in the statement of financial position, the average exchange rate of the National Bank of Poland as at 31 December 2025 (PLN 4.2267) and as at 31 December 2024 (PLN 4.2730) was used.

The basic ratios

	as at	as at
	31.12.2025	31.12.2024
ROA - return on assets (%)	1.02%	0.82%
ROE - return on equity (%)	10.22%	7.26%
DR - total debt ratio (%)	90.36%	89.95%
TCR - total capital ratio (%)*	29.19%	20.95%
LR - Leverage ratio (%)*	8.73%	9.69%
LCR - liquidity coverage ratio (%)	217%	2,392%

*) In accordance with regulatory recommendations, the ratios as at 31 December 2024 are recalculated after the profit distribution is approved by the General Meeting of ING Bank Hipoteczny S.A., and then they are reported to the regulator. The above presented TCR and LR as at



31 December 2024 take into account the recalculation. Prior to the approval of the 2024 profit distribution, the ratios in question published in the annual financial statements for the period from 1 January 2024 to 31 December 2024 stood at: TCR 20.28% and LR 9.33%.

Explanatory note:

ROA - return on assets ratio (%) - calculated as the ratio of net profit from 4 consecutive quarters to average assets from 5 consecutive quarters

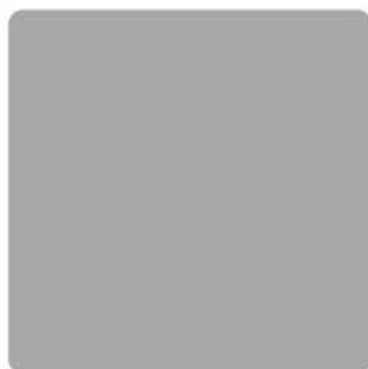
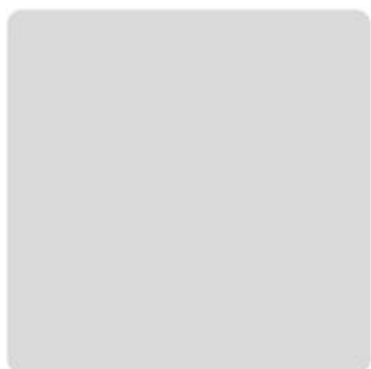
ROE - return on equity ratio (%) - calculated as the ratio of net profit from 4 consecutive quarters to average shareholders' equity from 5 consecutive quarters

DR - debt ratio (%) - calculated as the ratio of total debt to total assets

TCR - total capital ratio (%) - calculated as required by the provisions of the CRR

LR - leverage ratio (%) - calculated as required by the provisions of the CRR

LCR - liquidity coverage ratio (%) - calculated as required by the provisions of the CRR



ING Bank Hipoteczny S.A.

Annual Financial Statements

for the period

from 1 January 2025

to 31 December 2025

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Income statement

	Note	period from 01.01.2025 to 31.12.2025	period from 01.01.2024 to 31.12.2024
Interest income, including:	6.1.	307,202.6	277,236.3
<i>calculated using the effective interest method</i>	6.1.	307,202.6	277,236.3
Interest costs	6.1.	-227,273.4	-211,945.8
Net interest income	6.1.	79,929.2	65,290.5
Fee and commission income	6.2.	5.0	1.6
Commission expenses	6.2.	-1,335.2	-1,481.1
Net commission income	6.2.	-1,330.2	-1,479.5
FX result		-15.6	1.6
Net income on sale of securities at fair value through other comprehensive income		397.3	357.5
Net income on other basic activities	6.3.	-341.4	-690.4
Net income on basic activities		78,639.3	63,479.7
General and administrative expenses, including:	6.4.	-25,609.4	-25,389.0
<i>personnel and other expenses</i>	6.4.	-23,247.5	-23,561.6
<i>regulatory costs</i>	6.4.	-2,361.8	-1,827.4
Loss allowance	6.5.	83.2	1,172.3
Tax on certain financial institutions	6.5.	-266.4	0.0
Gross profit (loss)		52,846.7	39,263.0
Income tax	6.6.	-6,703.3	-7,756.6
Net profit (loss)		46,143.4	31,506.4
Number of shares		380,000	380,000
Profit(+)/loss(-) per ordinary share - basic (in PLN)		121.43	82.91

The value of diluted earnings per share coincides with the value of earnings per ordinary share.

The Income Statement should be read in conjunction with the supplementary notes to the annual financial statements being the integral part thereof.

Statement of comprehensive income

	Note	period from 01.01.2025 to 31.12.2025	period from 01.01.2024 to 31.12.2024
Profit (loss) after tax for the period		46,143.4	31,506.4
Total other comprehensive income, including:		-191.8	-286.2
Items which can be reclassified to income statement, including:		-205.3	-325.7
Unrealised result on measurement of securities measured at fair value through other comprehensive income	6.21	-205.3	-325.7
<i>including deferred tax</i>		48.2	76.4
Items which will not be reclassified to income statement, including:		13.5	39.5
Actuarial gains/losses	6.21	13.5	39.5

Net comprehensive income for the period **45,951.6** **31,220.2**

The statement of comprehensive income should be read in conjunction with the supplementary notes to the annual financial statements being the integral part thereof.

Statement of financial position

	Note	as at 31.12.2025	as at 31.12.2024
Cash and cash equivalents	6.8	9,509.7	14,267.9
Securities measured at fair value through other comprehensive income	6.9	98,685.4	99,664.8
Securities measured at amortized cost	6.9	99,955.0	0.0
Loans and receivables to customers	6.10	4,657,829.2	4,269,917.2
Property, plant and equipment	6.11	1,349.8	1,370.4
Current income tax assets		0.0	771.6
Deferred tax assets		8,590.7	0.0
Other assets	6.13	522.4	1,399.1
Total assets		4,876,442.1	4,387,391.0
Liabilities to other banks	6.14	2,877,326.1	3,428,726.5
Liabilities under issue of covered bonds	6.16	1,518,818.2	508,565.9
Provisions	6.17	835.8	673.0
Current income tax liabilities		678.8	0.0
Deferred income tax provision		0.0	133.9
Other liabilities	6.18	7,721.4	8,430.5
Total liabilities		4,405,380.3	3,946,529.8
Share capital		380,000.0	380,000.0
Supplementary capital - share premium		15,997.4	15,997.4
Accumulated other income	6.21	-404.5	-212.7
Retained earnings		75,468.8	45,076.5
Total equity		471,061.8	440,861.2
Total equity and liabilities		4,876,442.1	4,387,391.0
Carrying amount		471,061.8	440,861.2
Number of shares		380,000	380,000
Carrying amount per share (in PLN)		1,239.64	1,160.16

The statement of financial position should be read in conjunction with the supplementary notes to the annual financial statements being the integral part thereof.

Statement of changes in equity

period from 01.01.2025 to
31.12.2025

Note	Share capital	Supplementary capital -	Accumulated other income	Retained earnings	Total equity
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			share premium			
Opening balance of equity	1.3	380,000.0	15,997.4	-212.7	45,076.5	440,861.3
Net result for the current period	6.20	0.0	0.0	0.0	46,143.4	46,143.4
Dividend payout		0.0	0.0	0.0	-15,751.0	-15,751.0
Other net comprehensive income, including:	6.19	0.0	0.0	-191.7	0.0	-191.7
Unrealised result on measurement of securities measured at fair value through other comprehensive income		0.0	0.0	-205.3	0.0	-205.3
Actuarial gains/losses		0.0	0.0	13.5	0.0	13.5
Closing balance of equity		380,000.0	15,997.4	-404.5	75,468.9	471,061.8

period from 01.01.2024 to 31.12.2024

	Note	Share capital	Supplementar y capital - share premium	Accumulated other income	Retained earnings	Total equity
Opening balance of equity	1.3	380,000.0	15,997.4	73.5	44,551.5	440,622.4
Net result for the current period	6.20	0.0	0.0	0.0	31,506.4	31,506.4
Dividend payout		0.0	0.0	0.0	-30,981.4	-30,981.4
Other net comprehensive income, including:	6.19	0.0	0.0	-286.2	0.0	-286.2
Unrealised result on measurement of securities measured at fair value through other comprehensive income		0.0	0.0	-325.7	0.0	-325.7
Actuarial gains/losses		0.0	0.0	39.5	0.0	39.5
Closing balance of equity		380,000.0	15,997.4	-212.7	45,076.5	440,861.2

The Statement of Changes in Equity should be read in conjunction with the supplementary notes to the annual financial statements being the integral part thereof.

Cash flow statement

	Note	period from 01.01.2025 to 31.12.2025	period from 01.01.2024 to 31.12.2024
Profit after tax		46,143.4	31,506.4
Adjustments		-63,976.6	-1,412,064.7
Depreciation and amortisation	6.4, 6.11, 6.12	372.4	412.5
Interest accrued (from the income statement)	6.1	-79,929.1	-65,290.5
Interest paid		-583.2	-463.0
Interest received		309,420.8	276,137.1
Income tax (from the income statement)	6.6	-6,703.3	-7,756.6
Income tax paid		-570.9	8,375.3
Change in provisions	6.21	176.3	71.5

Change in debt securities measured at fair value through other comprehensive income	6.21	-4,476.7	-6,320.7
Change in securities measured at amortised cost		-690.2	-1,173.4
Change in loans granted to customers	6.21	-389,779.9	-607,893.4
Change in fixed assets due to recognition of lease		17.7	-21.0
Change in other assets	6.21	506.9	336.6
Change in liabilities to other banks	6.21	110,142.1	-1,006,572.6
Change in liabilities under issue of covered bonds	6.21	-1,559.7	-971.9
Change in other liabilities	6.21	-319.7	-934.6
Net cash flow from operating activities		-17,833.2	-1,380,558.3
Disposal of property, plant and equipment		0.4	0.4
Purchase of securities measured at fair value through other comprehensive income		-30,258.0	-138,602.3
Disposal of securities measured at fair value through other comprehensive income		29,553.0	124,115.9
Purchase of securities measured at amortized cost		-804,264.9	-1,048,826.6
Disposal of securities measured at amortized cost		705,000.0	1,050,000.0
Interest received on debt securities		5,605.5	6,236.7
Net cash flow from investing activities		-94,364.0	-7,075.9
Dividend payout		-15,751.0	-30,981.4
Long-term loans received		3,083,205.5	4,247,469.0
Long-term loans repaid		-3,763,054.6	-2,735,476.3
Interest on long-term loans repaid		-164,724.5	-179,854.0
Proceeds from the issue of covered bonds		1,000,000.0	500,000.0
Buy-back of issued covered bonds		0.0	-400,000.0
Payment of interest on issued covered bonds		-31,847.0	-25,015.1
Lease liabilities repaid		-389.4	-383.3
Net cash flow from financing activities		107,439.0	1,375,758.9
Net increase/decrease in cash and cash equivalents		-4,758.2	-11,875.3
Opening balance of cash and cash equivalents		14,267.9	26,143.2
Closing balance of cash and cash equivalents	6.8, 6.21	9,509.7	14,267.9

The statement of cashflows should be read in conjunction with the supplementary notes to the annual financial statements being the integral part thereof.

Accounting policy and additional notes

1. Bank details

1.1. Key Bank data

ING Bank Hipoteczny Spółka Akcyjna ("Bank", "Company") with its registered office in Poland, in Katowice, ul. Chorzowska 50, postal code 40-101, entered to the Register of Entrepreneurs of the National Court Register maintained

by the District Court Katowice – Wschód in Katowice, 8th Commercial Division of the National Court Register under the number KRS 0000723965 on 20 March 2018. The Bank statistical number is REGON 369582281, and the tax identification number is NIP 205-000-51-99.

1.2. Scope of operations and duration

ING Bank Hipoteczny S.A. is a specialised bank conducting its business on the basis of the Act of 29 August 1997 on covered bonds and mortgage banks, the Banking Law Act of 29 August 1997, the Commercial Companies Code and other generally applicable laws, the good banking practice principles and the Bank Charter.

ING Bank Hipoteczny S.A.'s strategic objective is to acquire and subsequently increase the share of long-term funding in the Bank's balance sheet through the issuance of long-term mortgage-backed covered bonds purchased from ING Bank Śląski S.A. The duration of the Bank is indefinite. The Bank pursues business exclusively within the territory of the Republic of Poland.

1.3. Share Capital

The share capital of ING Bank Hipoteczny S.A. amounts to PLN 380,000,000 and is divided into 380,000 ordinary registered shares of nominal value of PLN 1,000.00 each.

Structure of the share capital

Series	Type of share	Number of shares	Nominal value of 1 share (in PLN)	Series nominal value (in PLN)	Date on which a resolution was passed by the General Meeting	Issue date	Date of registration in the National Court Register (KRS)
A	ordinary	120,000	1,000.00	120,000,000	Not applicable*	26.02.2018	20.03.2018
B	ordinary	90,000	1,000.00	90,000,000	03.01.2019	03.01.2019	06.02.2019
C	ordinary	170,000	1,000.00	170,000,000	11.12.2019	11.12.2019	09.01.2020

*) Issue of shares of series A stems from the Deed of Incorporation of 26 February 2018.

The initial capital has been fully covered with pecuniary contributions. Each ordinary share entitles its holder to dividend and one vote during the General Meeting of ING Bank Hipoteczny S.A.

1.4. Shareholders of ING Bank Hipoteczny S.A.

ING Bank Hipoteczny S.A. is a subsidiary of ING Bank Śląski S.A., which, as at 31 December 2025, held 100% of the share capital of ING Bank Hipoteczny S.A. and 100% of the total number of votes at the General Meeting of ING Bank Hipoteczny S.A. The Bank is part of a Group that, for the purposes of these financial statements, is referred to as the ING Bank Śląski S.A. Group.

Ordinary General Meeting of ING Bank Hipoteczny S.A.

On 9 April 2025, the General Meeting of the Bank took place. The resolutions that were passed there concerned:

- consideration and approval of the financial statements of ING Bank Hipoteczny S.A. for 2024,
- review and approval of the Management Board Report on Operations of ING Bank Hipoteczny S.A. for 2024 including the Management Board Report on observance of the Principles of corporate governance,

- acceptance of the report of the Supervisory Board of ING Bank Hipoteczny S.A. for 2024 and assessment of the functioning of the *Remuneration Policy of ING Bank Hipoteczny S.A.* in 2024, and assessment of the adequacy of the internal regulations concerning the functioning of the Supervisory Board of ING Bank Hipoteczny S.A. and its effectiveness,
- acknowledgement of the fulfilment of duties by the members of the Supervisory Board of ING Bank Hipoteczny S.A. in 2024,
- acknowledgement of the fulfilment of duties by the members of the Management Board of ING Bank Hipoteczny S.A. in 2024,
- method of profit distribution for 2024,
- dividend payout from the 2024 profit,
- amendments to the *Charter of ING Bank Hipoteczny S.A.*,
- changes to the *Policy of Remuneration for Members of the Supervisory Board of ING Bank Hipoteczny S.A.*
- acceptance of the information regarding the adopted amendment to the Bylaw of the Supervisory Board of ING Bank Hipoteczny S.A.

1.5. ING Bank Hipoteczny S.A. Management Board and Supervisory Board composition

Management Board

As at the end of 2025, similarly to the end of 2024, the composition of the Management Board of ING Bank Hipoteczny S.A. was as follows:

- Mr Jacek Frejlich, President of the Management Board,
- Mr Marek Byczek, Vice-President of the Bank Management Board,
- Ms Katarzyna Majchrzak, Vice-President of the Bank Management Board.

Supervisory Board

As at the end of 2025, similarly as at the end of 2024, the Supervisory Board of ING Bank Hipoteczny S.A. worked in the following composition:

- Ms Bożena Graczyk, Chair,
- Mr Marcin Giżycki, Deputy Chair,
- Mr Jacek Michalski, Member (independent member),
- Mr Brunon Bartkiewicz, Member,
- Ms Joanna Erdman, Member,
- Mr Krzysztof Gmur, Member (independent member).

1.6. Auditing firm authorised to audit the financial statements

The auditing firm authorised to conduct the audit is Forvis Mazars Audyt Sp. z o.o. with its registered office in Warsaw.

1.7. Approval of financial statements

These annual financial statements of ING Bank Hipoteczny S.A. for the period from 1 January 2025 to 31 December 2025 were accepted for publication by the Bank Management Board on 20 March 2026.

The annual financial statements of ING Bank Hipoteczny S.A. for the period from 1 January 2024 to 31 December 2024 were approved by the General Meeting of ING Bank Hipoteczny S.A. on 9 May 2025.

1.8. Information on the impact of the economic situation on the operations of ING Bank Hipoteczny S.A.

The Bank monitors the macroeconomic environment on an ongoing basis and analyses its impact on the Bank itself. The Bank analyses the market situation regarding covered bonds and changes in the regulatory and economic environment on an ongoing basis. Moreover, it is monitored all the time whether the suppliers are able to provide services.

The Bank's standing is good in terms of its liquidity and capital position. In fact, it significantly exceeds the required regulatory levels. As at 31 December 2025, the Bank's LCR was 217%. Common Equity Tier 1 ratio, equal to the Bank's total capital ratio (TCR), was 29.19% as at 31 December 2025. The level of this ratio significantly exceeds the capital adequacy requirement set by law.

2. Significant events:

2.1. In 2025

Entry into force of legislation amending EU Regulation No. 575/2013 and Directive 2013/36/EU

On January 1, 2025, amended capital adequacy regulations - CRR3 - entered into force (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 minimum capital threshold). The amendments in question had a positive impact on the capital adequacy ratios reported by the Bank.

Individual recommendation of the Polish Financial Supervision Authority on meeting the criteria for dividend payout from net profit for 2024

On 13 March 2025, the Bank received a letter from the Polish Financial Supervision Authority (PFSA), in which the PFSA indicated that the Bank meets the requirements to pay dividends at a level of up to 75% of the net profit for 2024, with the maximum payment amount not exceeding the amount of the annual profit less the profit earned in 2024 already included into own funds.

Amount of the annual contribution to the BGF compulsory resolution fund in 2025

On 26 March 2025, the Bank was informed by the Bank Guarantee Fund about the amount of the annual contribution to the banks' compulsory resolution fund in 2025. The total cost to the Bank is PLN 1,797,100, the previous years contribution adjustment included. The entire amount was charged to 1Q2025 and paid in July 2025.

Issue of covered bonds of series 3

In the third quarter of 2025, under the International Covered Bond Issuance Programme, the Bank issued the third series of covered bonds with a total nominal value of PLN 1,000,000,000 (i.e. 2,000 instruments with a nominal value of PLN 500,000 each) and a floating interest coupon of 6M WIBOR + 0.78%, payable semi-annually. The maturity date of the covered bonds was set for 30 September 2029; however, it may be extended in accordance with the provisions of the Act of 29 August 1997 on Covered Bonds and Mortgage Banks. On 30 September 2025, the covered bonds were admitted to trading on a regulated market in Luxembourg and then also in Warsaw.

Signing of agreements with ING Bank Śląski S.A.



On 9 December 2025, the Bank signed another amendment with ING Bank Śląski S.A. to Credit Agreement 3 dated 14 December 2020. The amendment concerned the setting of the Availability Period until 14 December 2026.

On 9 December 2025, the Bank terminated the Framework Agreement (Guarantee) dated 14 December 2020 with ING Bank Śląski S.A.

Amendment to the Corporate Income Tax Act and the Act on the Tax on Certain Financial Institutions

On 27 November 2025, the President of the Republic of Poland signed the Act of 6 November 2025 amending the Corporate Income Tax Act and the Act on the Tax on Certain Financial Institutions. The new provisions modify the taxation rules applicable to the financial sector, introducing, as of 2026, an increased CIT rate, among others for domestic banks. Under the adopted regulation, the CIT rate for domestic banks will amount to 30% for 2026, 26% for 2027, and 23% starting from 2028. At the same time, the Act introduces a reduction in the tax rate on certain financial institutions (to 0.0329% of the monthly tax base for 2027 and to 0.0293% starting from 2028). As a result of these changes in CIT rates, the Bank carried out a remeasurement of deferred tax assets and liabilities. Details are presented in Note 6.6.

2.2. Post-balance-sheet events

Individual recommendation of the Polish Financial Supervision Authority on meeting the criteria for dividend payout from net profit for 2025

On 27 February 2026, the Bank received a letter from the Polish Financial Supervision Authority (PFSA), in which the PFSA indicated that the Bank meets the requirements to pay dividends at a level of up to 75% of the net profit for 2025, with the maximum payment amount not exceeding the amount of the annual profit less the profit earned in 2025 already included into own funds. The Bank did not count profits during 2025 as own funds, and therefore the maximum dividend amount from 2025 profit for the Bank is 75%. At the same time, the PFSA recommended mitigating the inherent risk of the Bank by not taking, without prior consultation with the supervisory authority, other actions, in particular those outside the scope of current business and operational activities, which could lead to lowering the Bank's own funds, including possible dividend payout from undivided profit from previous years and repurchase or buy-back of own shares.

3. Statement of compliance with International Financial Reporting Standards

These annual financial statements of ING Bank Hipoteczny S.A. for the period from 1 January 2025 to 31 December 2025 were prepared in compliance with the International Financial Reporting Standards ("IFRS") approved by the European Union. The financial statements incorporate the requirements of the standards and interpretations endorsed by the European Union.

Income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the period from 1 January 2025 to 31 December 2025 and statements of financial position as at 31 December 2025 together with comparable data have been prepared using the same accounting principles for each of the periods.

3.1. Changes to accounting standards

In this annual financial statements, the Bank has incorporated the following amendments to the standards endorsed by the European Union and applicable to annual periods beginning on or after 1 January 2025:

Change	Influence on the Bank's statements
IAS 21 <i>The Effects of Changes in Foreign Exchange Rates: lack of exchangeability</i>	Implementation of the change has not affected the financial statements of the Bank.

The published standards and interpretations which were issued by 31 December 2025 and approved by the European Union but were not previously applied by the Bank:

Change (EU effective date is given in the parentheses)	Influence on the Bank's statements
IFRS 9 <i>Financial Instruments and IFRS 7 Financial Instruments: Disclosures - Classification and valuation of financial instruments (financial year beginning on 1 January 2026)</i>	The changes introduced are the result of the conclusions of the post-implementation review of the guidance for both standards. The amendments clarify the classification of financial assets (i.e.: those arising from contracts containing ESG or similar clauses) and the derecognition of financial instruments that are subject to settlement through electronic payment systems from the balance sheet. The implementation of the amendments to the standard will have no material impact on the Bank's financial statements.
<i>Changes resulting from the annual update of the content of the standards (Volume 11) (financial year beginning on 1 January 2026)</i>	The amendments to IFRS1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 are editorial in nature. The Bank's analysis shows that the application of the changes will have no impact on the Bank's financial statements.
IFRS 9 <i>Financial Instruments and IFRS 7 Financial Instruments: Disclosures - Renewable electricity contracts (financial year beginning on 1 January 2026)</i>	The changes aim to better reflect contracts relating to renewable electricity with physical or virtual delivery in the financial statements. The changes introduced focus on the requirements for energy purchases for own use, hedge accounting and disclosures. The Bank's analyses indicate that the implementation of changes, from the perspective of the current economic situation, will have no impact on the Bank's financial statements.

The published standards and interpretations which were issued by 31 December 2025, but were not approved by the European Union as at 31 December 2025 and were not previously applied by the Bank:

Change (expected effective date is provided for in the parentheses)	Influence on the Bank's statements
IFRS 18 <i>Presentation and disclosure in financial statements (financial year beginning 1 January 2027)</i>	A new standard published in April 2024 that will replace IAS 1. The implementation of the new guidance is intended to improve the comparability and transparency of entities' financial statements. The Bank's analysis shows that the application of the standard will have an impact on the presentation and scope of disclosures in the Bank's financial statements.
IFRS 19 <i>Subsidiaries without public accountability: disclosures (financial year beginning 1 January 2027)</i>	The new standard, published in May 2024, will be applied on a voluntary basis by entities that do not have the status of an entity with public accountability but which are dependent on entities preparing publicly available consolidated financial statements. The Bank's analysis shows that the application of the standard will have no impact on the Bank's financial statements.
Amendments to IAS 21 <i>The Effects of Changes in Foreign Exchange Rates: Restatement into the Presentation Currency in Hyperinflationary Conditions (financial year beginning 1 January 2027)</i>	The Bank's analyses show that the implementation of the change will have no significant impact on the financial statements of the Bank.
Amendments to IFRS 19 (published on 21 August 2025) <i>Subsidiaries without public accountability: disclosures (financial year beginning 1 January 2027)</i>	The amendments to the new standard are intended to incorporate the disclosure-related changes to IFRS that were published after the issuance of IFRS 19 (in May 2024) and whose effective date falls in the financial year beginning on 1 January 2027. The Bank's analysis shows that the application of these amendments to the standard will have no impact on the Bank's financial statements.

As at the date of adoption of these statements for publication, given the ongoing process of implementing the IFRS standards in the European Union as well as the Bank's operations, with regard to the accounting principles applied by the Bank – there is no difference between the IFRS standards which came into force and the IFRS standards approved by the European Union.

3.2. Impact of benchmark reform

Further work is currently underway on the reform of the WIBOR reference rate. The publication of the WIBOR rate and its replacement by the new POLSTR reference rate is scheduled to end on 31 December 2027.

The aforementioned changes affect the Bank, its customers and the financial sector as a whole and involve the Bank's exposure to various risks, including legal, operational and financial risks. Legal risk is related to the required changes in documentation for both new and existing transactions. Operational risks relate to required changes to IT systems, reporting infrastructure and operational processes resulting from the implementation of new reference rates. Financial risk, which is predominantly limited to interest rate risk, arises from changes in the valuation of financial instruments referring to reference rates, as well as from declining market liquidity, which may affect transactions entered into directly or the ability to hedge the risk arising from them. Changes in valuation, interest calculation methodology or documentation may also result in customer complaints and litigation.

In order to mitigate the aforementioned risks, the Bank has set up an extensive implementation project, the progress of which is continuously monitored by a steering committee. This project analyses and coordinates the necessary activities related to the implementation of the required changes to internal processes and systems, taking into account areas such as valuation, risk management, legal documentation and the impact on customers. The Bank continuously monitors market studies, the results of analyses on uncertainties arising from the reform and regulatory standards relating to the transformation, in order to assess the impact on the project, customers and related risks.

In January 2025, the Steering Committee of the National Working Group (NGR SC) on benchmark reform in Poland published its decision to choose the name POLSTR (Polish Short Term Rate) for the new benchmark, which had been selected through a public consultation process held the previous year. In April 2025, the NGR SC published an updated roadmap for the process of replacing the WIBOR rate, while in June it announced the start of the development of the POLSTR index.

Later in the year, the NGR SC adopted a number of product recommendations based on the POLSTR index. It was also reported that on 1 September 2025, the first application of the new index took place in the domestic financial market, resulting in POLSTR gaining the status of a reference index as required by the BMR Regulation.

On 30 September 2025, the reference index administrator of the GPW Benchmark S.A. published a decision to discontinue the development of WIBOR reference rates for the following fixing dates, on the dates indicated below:

- Overnight (O/N) - as of 1 October 2026,
- Tomorrow/Next (T/N) - effective 22 December 2025,
- 2-week (2W) - effective 22 December 2025,
- 1 year (1Y):
 - effective 22 December 2025 calculated on a legacy basis,
 - as of 22 December 2026 calculated following the change in the method of developing the indicator in this tenor.

Another important milestone in the process, which was due in 2025, was the first issuance of treasury bonds whose interest rates refer to the new POLSTR benchmark index.

In the last months of the year, the NGR SC also adopted recommendations on the conversion of interest rate derivatives and financial instruments in the business customer segment, which are crucial to the progress of the reform work.

In the following years, further work is planned, including in particular the construction of a market for financial products based on the new benchmark and the achievement of regulatory and operational readiness of all market participants to offer and service these financial products. The bank's product portfolio consists exclusively of instruments (loans, credit lines, mortgage covered bonds) linked to the WIBOR 6M index.

3.3. Going concern

The financial statements of ING Bank Hipoteczny S.A. for the period from 1 January 2025 to 31 December 2025 have been prepared on the assumption that the Bank will continue as a going concern for at least 12 months from the date of approval for publication, i.e. from 20 March 2026. As at the date of acceptance for publication of the annual financial statements, the Bank Management Board, identify no facts or circumstances that could pose a threat to the Bank's operation as a going concern for 12 months from the publication date due to intended or forced discontinuation or significant limitation by the Bank of its current operations.

3.4. Financial statements scope and currency

The Bank is neither the parent entity nor the major investor for associates, jointly controlled entities or subsidiaries. Thus, ING Bank Hipoteczny S.A. does not prepare consolidated financial statements of the Group.

The parent entity of ING Bank Hipoteczny S.A. is ING Bank Śląski S.A. The latter prepares consolidated financial statements of the ING Bank Śląski S.A. Group. ING Bank Śląski S.A. is a subsidiary of ING Bank N.V. being a part of the capital group that is called herein as the ING Group. ING Groep N.V. with its registered office in the Netherlands is the ultimate parent of the Group.

These annual financial statements of the Bank have been developed in Polish Zloty ("PLN"). Unless otherwise specified, all values are given after rounding to the nearest thousand PLN with one decimal place. Therefore, some totals and individual notes can be inconsistent in mathematical terms.

3.5. Reporting period and comparable data

The annual financial statements of the Bank cover the period from 1 January 2025 to 31 December 2025 and include comparative data:

- for the statement of financial position as at 31 December 2024,
- for the items in the income statement, statement of comprehensive income, statement of cash flows and statement of changes in equity for the period from 1 January 2024 to 31 December 2024.

4. Significant accounting principles and key estimates

The presented herein below accounting policy of the Bank follows the requirements of IFRS. In 2025, no material changes were made to the accounting principles applied by the Bank.

The most significant estimates that have changed in 2025 compared to those presented in the annual financial statements of ING Bank Hipoteczny S.A. for the period from 1 January 2024 to 31 December 2024 are described in section [4.2. Accounting estimates](#)

Basis for preparing the financial statements

The financial statements are presented in Polish zloty, rounded to the nearest thousand, with one decimal place (unless stated otherwise).

In the statements, the concept of fair value of financial assets and financial liabilities measured at fair value and financial assets classified as measured at fair value through other comprehensive income is applied. Other items of financial assets are presented at amortized cost less loss allowance for expected credit losses or at cost less impairment.

Property, plant and equipment and intangible assets are recognised at cost less cumulative amortisation and impairment.

4.1. Professional judgement

In the process of applying the accounting principles to the issues indicated below, the professional judgement of the management was of utmost importance, apart from accounting estimates.

4.1.1. Deferred tax asset

The Bank recognises deferred tax assets assuming that it will probably have sufficient taxable income to fully realise the deferred tax asset.

4.1.2. Classification of financial assets

The Bank classifies financial assets based on assessment of a business model under which assets are held and based on assessment whether the contractual terms and conditions entail only payments of principal and interests thereon. Detailed information about the assumptions made in this respect are presented under [4.4.2.](#) below *Classification of financial assets*.

4.2. Key estimates

The development of financial statements in accordance with IFRS requires from the Bank the use of estimates and assumptions that affect the amounts reported in the financial statements and notes thereto.

Estimates and assumptions applied to the presentation of amounts of assets and liabilities, as well as revenues and costs are made on the basis of available historical data and other factors considered to be relevant in given circumstances. The assumptions made about the future and the available data sources form the basis for making accounting estimates about the carrying amounts of assets and liabilities that cannot be clearly determined on the basis of other sources. The estimates reflect the reasons for/ sources of uncertainties as at the balance sheet date. The actual results may differ from estimates.

Estimates and assumptions are subject to ongoing review. Adjustments to estimates are recognized in the period when the estimation was changed provided that the adjustment applies to this period alone, or in the period in which the change is made and future periods if the change affects both current and future periods.

Below, there are the most significant accounting estimates made by the Bank.

4.2.1. Estimation of expected credit losses on financial assets

The Bank applies the requirements of IFRS 9 as regards impairment in order to recognise and measure loss allowance for expected credit losses attributable to debt financial assets that are measured:

- at amortised cost or
- at fair value through other comprehensive income.

Expected loss in the portfolio of individually non-significant exposures is calculated collectively as a probability weighted average based on three macroeconomic scenarios of various probability of occurrence. The final level of

provisions results from the sum of expected losses calculated each year into the future up to the maturity date for Stages 2 and 3 and over a 12-month horizon for Stage 1, taking into account discounting.

To determine impairment (or reversal) in a portfolio of individually material exposures, it is necessary to calculate the present value of expected future cash flows. The value of future cash flows is determined taking into account, inter alia, information on the current and projected economic and financial situation of the borrower, the expected recovery value of the legal collateral of the exposure and macroeconomic factors.

The methodology and assumptions used in estimating both the amount and timing of future cash flows are regularly reviewed and updated as necessary.

Some examples of impairment evidence and triggers for financial assets, methodology of impairment computation and the recording rules applied thereto were described later herein.

Macroeconomic forecasts

Credit risk models for IFRS 9 were built based on historical relationships between changes in economic parameters (i.e. GDP, unemployment rate, house price index or interest rates) and their subsequent effect on the realisation of changes in credit risk level (PD/LGD).

Macroeconomic forecasts prepared by the Macroeconomic Analysis Office of ING Bank Śląski S.A. show in the period 2025-2028 that strong consumption and the anticipated revival of investments from 2026 onwards - supported by funds from the European Union - will support solid economic growth in Poland. The unemployment rate should remain stable as accelerating economic activity will occur against the backdrop of unfavourable demographic trends and reduced migration. The housing price scenario has been increased slightly due to:

- revision of historical NBP data,
- stronger than expected mortgage lending growth,
- a more lenient stance of the Monetary Policy Council.

Despite these factors, price correction in the housing market still remains the baseline scenario due to the oversupply of unsold units, the high level of units under construction and further price declines recorded by sources other than NBP data.

The estimated effect of macroeconomic changes is negligible.

Modelling changes and adjustments to the allowance for expected credit losses (Post Model Adjustment)

[PMA on credit holidays] In May 2024, a relief programme for mortgage holders was introduced. The Group decided to include the exposures benefiting from the support under the collective material risk increase criterion. This criterion expired at the end of June 2025. This resulted in the transfer of exposures with a gross carrying amount of PLN 435.5 million to Stage 1, resulting in a reduction in write-downs of approximately PLN 668,000.

[PMA on model changes] In 4Q2025, the Bank, in cooperation with ING Bank Śląski, implemented a new capital model for the mortgage portfolio. At the same time, work is underway to implement the new IFRS9 model for this portfolio, which is expected in 2026. Until then, in order to maintain an adequate level of write-downs, the decision was taken to implement a management adjustment. Its amount at the end of 2025 reduced the level of write-downs by PLN 578,000.

These management adjustments affected the classification of exposures into Stages presented in these financial statements. In other respects, the Bank continues with the methodology for calculating expected losses.

Thresholds applied to identify a material increase in credit risk

Determining the threshold for a material increase in credit risk requires judgement and is a significant source of uncertainty in expected loss estimates.

The thresholds for the increase in the PD parameter over the life of the exposure relative to PD at the date of initial recognition, representing a significant increase in credit risk, are determined in accordance with the adopted methodology.

At the end of 2025 and 2024, their values were as follows:

	Mortgages portfolio (MTG model)
Relative threshold	0.98
Absolute threshold	75pb

- Absolute threshold - indicates the maximum difference between the PD at the reporting date and the PD at initial recognition of the exposure, beyond which the asset is classified into Stage 2.
- Relative threshold - indicates the maximum measure of the relationship between the PD at the reporting date and the PD at initial recognition of the exposure, taking into account a scaling factor determined at the individual exposure level, based on the PD at initial recognition, beyond which the asset is classified into Stage 2.

Exceeding at least one of the above thresholds, results in the classification of the financial asset to Stage 2. In addition, irrespective of the relative and absolute thresholds described above, the Bank has an additional condition for identifying a material increase in credit risk - a threefold increase in the PD parameter since the exposure was granted.

Sensitivity analysis of expected losses to the level of the adopted PD threshold

In order to show the sensitivity of expected losses to the level of the PD threshold adopted, the Bank has estimated the allowance for expected losses in Stages 1 and 2 with the following assumptions:

- all of these financial assets would be below the PD threshold and have an associated 12-month expected loss; and
- all these assets would exceed this PD threshold and have lifetime expected losses attributed to them.

These estimates show as at 31 December 2025, respectively, hypothetical lower expected losses for assets in Stages 1 and 2 by approximately PLN 0.9 million (under the first assumption) or higher by approximately PLN 3.9 million (under the second assumption).

For comparison, estimates made as at 31 December 2024 showed, respectively, hypothetical lower expected losses for assets in Stages 1 and 2 by approximately PLN 1.3 million (under the first assumption) or higher by approximately PLN 4.7 million (under the second assumption).

A detailed description of the material increase in credit risk is presented in section [4.4.8 Expected credit losses](#)

Macroeconomic factor projections and weights assigned to each macroeconomic scenario

Herein below, the macroeconomic projections of the main indicators adopted as at 31 December 2025 and 31 December 2024 are presented as well as the deviation of expected losses in the positive, baseline and negative scenarios from the reported expected losses, weighted by the scenario probability (assuming that the time horizon of the expected loss calculation remains unchanged at 12 months or over the lifetime of the exposures, respectively, broken down by stage according to IFRS 9 methodology). The macroeconomic assumptions used to determine expected credit losses were based on forecasts prepared by the Macroeconomic Research Bureau of ING Bank Śląski S.A., with forward curves adopted for interest rates as at the end of 2025.

The tables show the results of the analysis of the change in exposures in Stages and the change in write-down coverage in total for the entire loan portfolio.

The selective application of the negative scenario with a weighting of 100% results in an increase in the level of write-downs in all Stages (1/2/3). The average increase in write-downs over the entire portfolio, is approximately 9% compared to the averaged scenario used in the calculation of write-downs as at the end of 2025. The increase in write-

downs in this scenario is mainly driven by lower GDP values, decreasing house prices and moderately higher unemployment rate (compared to the baseline scenario).

Similarly, the selective application of the positive scenario with a weighting of 100% results in a decrease in the level of write-downs in all Stages (1/2/3). The average decrease in write-downs over the entire portfolio, is approximately 8% (compared to the averaged scenario used in the calculation of write-downs for 2025). The decrease in write-downs in this scenario is mainly driven by higher GDP values and increased real property prices (compared to the baseline scenario).

If a 100% weighting is applied to the baseline scenario, the value of the write-downs remains de facto unchanged (difference of 0%).

		2025			Expected losses unweighted by probability - deviation from reported losses in %		Scenario weight	Reported expected losses (collective assessment in Stages 1, 2 and 3)	
		2026	2027	2028	Total	by Stage		Total	by Stages
Positive scenario	GDP	4.7%	6.3%	4.7%	-8%	Stage 1 -7% Stage 2 -14% Stage 3 -2%	20%		
	Unemployment according to LFS	2.4%	2.2%	2.0%					
	Property price index	9.6%	6.0%	6.3%					
	3M interest rate	7.6%	7.7%	7.7%					
Baseline scenario	GDP	3.5%	3.8%	2.8%	0%	Stage 1 0% Stage 2 -1% Stage 3 0%	60%	3,000.3	Stage 1 378.5
	Unemployment according to LFS	3.0%	3.0%	2.9%					Stage 2 1,268.6
	Property price index	6.5%	4.7%	3.9%					Stage 3 1,353.2
	3M interest rate	4.4%	4.2%	4.4%					
Negative scenario	GDP	1.7%	-0.3%	0.2%	+9%	Stage 1 +8% Stage 2 +18% Stage 3 +1%	20%		
	Unemployment according to LFS	4.3%	5.9%	7.1%					
	Property price index	2.0%	2.7%	2.6%					
	3M interest rate	3.6%	2.7%	2.3%					

		2024			Expected losses unweighted by probability - deviation from reported losses in %		Scenario weight	Reported expected losses (collective assessment in Stages 1, 2 and 3)	
		2025	2026	2027	Total	by Stage		Total	by Stages
	GDP	4.7%	6.3%	4.7%	-9%	Stage 1 -5%	20%	2,639.7	

Positive scenario	Unemployment according to LFS	2.4%	2.2%	2.0%		Stage 2 -13%			
	Property price index	9.6%	6.0%	6.3%		Stage 3 -2%			Stage 1 447.3
	3M interest rate	7.6%	7.7%	7.7%					
Baseline scenario	GDP	3.5%	3.8%	2.8%					
	Unemployment according to LFS	3.0%	3.0%	2.9%		Stage 1 0%			Stage 2 1,576.2
	Property price index	6.5%	4.7%	3.9%	-1%	Stage 2 -1%	60%		
	3M interest rate	4.4%	4.2%	4.4%		Stage 3 0%			
Negative scenario	GDP	1.7%	-0.3%	0.2%					Stage 3 616.3
	Unemployment according to LFS	4.3%	5.9%	7.1%		Stage 1 +5%			
	Property price index	2.0%	2.7%	2.6%	+12%	Stage 2 +17%	20%		
	3M interest rate	3.6%	2.7%	2.3%		Stage 3 +2%			

4.2.2. Deferred tax assets for unused tax losses

The Bank recognises a deferred tax asset for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available to offset the deductible temporary differences and settle the tax losses. Based on the Bank's projected tax results for the period 2025-2026, it was estimated that the Bank will generate sufficient taxable income to reduce the tax base by the full amount of the tax loss.

In 2024, the Bank recognised deferred tax assets relating to the 2023 tax loss for the full utilisable amount. As at 31 December 2024, the deferred tax asset relating to unused tax losses amounted to PLN 1,307,300. As at 31 December 2025, the value of this component was PLN 0.0 thousand, which results from the settlement (utilisation) of the tax loss for 2023 in 2025.

4.3. Foreign currency

4.3.1. Functional currency and presentation currency

These financial statements are presented in Polish Zloty, which is the functional currency and the presentation currency of the Bank.

4.3.2. Transactions in foreign currency

Transactions expressed in foreign currencies are translated at FX rate prevailing at the transaction date. The financial assets and liabilities, being result of the said transactions and denominated in foreign currencies are translated at the FX rate prevailing on the balance sheet date. The foreign exchange differences resulting from the settlements of the said transactions and the balance sheet valuation of the financial assets and liabilities denominated in foreign currency are recognized in the income statement under the *FX result*.

4.4. Financial assets and liabilities

4.4.1. Initial recognition

The Bank recognises financial assets or liabilities item in the statement of financial position when it becomes bound with the stipulations of the instrument-related contract.

Purchases and sales of financial assets are recognised on the settlement date - the date on which the asset is delivered to or by the entity. When a financial asset or financial liability is recognized initially, it is measured at its fair value plus, in the case of a financial asset or financial liability not carried at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The purchased mortgage loans related debt claims are recognised as at the transaction date based on the debt transfer contract in order to issue covered bonds (hereinafter referred to as: "transfer contracts"). Transaction Date is a date falling on or after the conclusion of a given transfer contract being the date, referring to the portfolio transferred thereunder, at which the first application for entering of ING Bank Hipoteczny S.A. as a mortgage creditor in the Land and Mortgage Register maintained for the real property encumbered with the mortgage securing the debt from that portfolio is submitted, or the next consecutive date.

4.4.2. Classification of financial assets

Financial assets are classified by the Bank to one of the following categories:

- measured at amortised cost,
- measured at fair value through other comprehensive income.

Financial assets measured at amortised cost

A financial asset is measured at amortised cost if both of the following conditions are met and it is not designated to measurement at fair value through profit or loss:

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

Debt financial assets measured at fair value through other comprehensive income

A debt financial assets item is measured at fair value through other comprehensive income if both of the following conditions are met and it is not designated to measurement at fair value through profit or loss:

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

Business Model Assessment

The Bank assesses goals of the business model per organisational unit of the Bank that manages a given portfolio of financial assets and is its owner.

Business models of holding financial assets are designed for various reasons, namely:

- to receive contractual cash flows,
- to receive contractual cash flows or to sell,
- for other reasons (including, but not limited to, in order to maximise profit on sales).

Business models are set at the level that reflects best the Bank's approach to management of financial assets items in order to achieve business goals and to generate cash flows.

During assessment, the Bank verifies all areas of operation of the business unit of the owner of the ring fenced portfolio of financial assets that may affect decisions about holding the assets in the Bank's portfolio, including, especially:

- organisational structure of the unit,
- assumptions concerning assessment of the yield from the portfolio of assets (for instance, approach to planning, management information assumptions, or key ratios of assessment),

- approach to remuneration for the key management in relation to the portfolio results and cash flows,
- risk of the assets portfolio and management approach to that risk,
- analysis of transactions of sale from the assets portfolio (frequency, volume and reasons for the decisions taken),
- analysis of projected future sales.

The Bank allows transactions of sale of financial assets held to get contractual cash flows, due to the following reasons:

- increase in credit risk,
- closeness to maturity date,
- occasional sale,
- sale of insignificant value.

The Bank assumes that:

- any sale close to the maturity date is the sale of financial assets:
 - if the initial maturity date is longer than 1 year - less than 6 months before the maturity date,
 - if the initial maturity date is shorter than 1 year - less than 3 months before the maturity date.
- sporadic sales means the number of sales transactions in relation to the average number of items within a given business model at a level of less than 10%,
- insignificant sales means sales for which both the value of sales in relation to the value of the total portfolio and the realised result on sales in relation to the net interest income of the business model concerned is less than 10%.

4.4.3. Cash flows assessment

For the needs of cash flows assessment, the Bank assumes the following definitions:

- principal – is defined as fair value of the financial assets item at initial recognition in the Bank's books,
- interest – is defined as payment that includes:
 - fee for the change in time value of money,
 - fee for the credit risk of the principal amount due and payable throughout a stipulated period of time,
 - fee for other basic credit-related risks and costs (for instance, liquidity risk and overheads) and
 - profit margin.

Assessment is to find out whether cash flows are effected solely to repay principal and interest due and payable thereon. The Bank verifies the contractual clauses affecting both the time of cash flows and their amount resulting from specific financial assets.

Most notably, the following terms and conditions are verified:

- contingencies affecting the amount or timelines of cash flows,
- leverages,
- terms and conditions of early payment or prolongation of financing,
- terms and conditions limiting the right to sue attributable to the cash flows realised,
- terms and conditions modifying the fee for the change in time value of money.

The terms and conditions modifying the change in time value of money are assessed using qualitative or quantitative analysis.

Should the qualitative appraisal not be enough to confirm the conclusion concerning characteristics of the realised cash flows, the Bank carries out the quantitative one. Quantitative appraisal is carried out by comparing:

- undiscounted cash flows resulting from the analysed contract with
- undiscounted cash flows from the reference asset that does not have any terms and conditions modifying the fee for the change in time value of money.

If the analysed cash flows differ significantly from each other, the assessed asset has to be classified for measurement at fair value through the income statement, because cash flows are not effected solely to repay principal and interest due and payable thereon.

4.4.4. Classification of financial liabilities

The Bank classifies its financial liabilities into categories measured at amortised cost.

Financial liabilities measured at amortized cost are financial liabilities that are contractual obligations to deliver cash or other financial asset to another entity not carried at fair value through profit or loss, being a financial liability recognised as a result of a sale of a financial assets item that cannot be derecognized from the statement of financial position.

4.4.5. Derecognition

The Bank derecognizes a financial asset from the Bank's statement of financial position when, and only when the contractual rights to the cash flows from the financial asset expire or the Bank transfers the financial asset and the transfer meets the conditions for derecognition.

The Bank transfers the financial asset if and only if:

- it transfers contractual rights to receive cash flows, or
- it retains the contractual rights to receive cash flows but assumes a contractual obligation to transfer the cash flows to another entity.

When the Bank retains contractual rights to cash flows, but assumes a contractual obligation to transfer those cash flows to third parties, the Bank treats such a transaction as a transfer of a financial asset only if all three of the following conditions are met:

- the Bank is not obliged to pay the amount to eventual recipients until it has received the corresponding amounts that result from the original asset,
- under the transfer contract, the Bank may not sell or pledge the original asset, other than as security for the obligation to transfer cash flows established in favour of eventual recipients,
- the Bank is obliged to transfer all cash flows received from the original asset without material delay.

On transferring the financial asset, the Bank evaluates the extent to which it retains the risks and rewards of ownership of the financial asset. Accordingly, where the Bank:

- transfers substantially all the risks and rewards of ownership of the financial asset, it derecognises the financial asset from the statement of financial position,
- retains substantially all the risks and rewards of ownership of the financial asset, it continues to recognise the financial asset in the statement of financial position,
- neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, then the Bank determines whether it has retained control of the financial asset. If control is retained, the financial asset continues to be recognised in the Bank's balance sheet; accordingly, if control is not retained, the financial asset is derecognised from the statement of financial position up to the amount resulting from continuing involvement.

The Bank derecognizes a financial liability (or a part thereof) from its statements of financial position when, and only when the obligation specified in the contract is satisfied, cancelled or expires.

The Bank derecognizes a financial asset or a part thereof from the statement of financial position if the rights resulting from that asset expire, the Bank waives those rights, sells the receivables, is redeemed or as a result of a material modification of the terms and conditions of the credit agreement.

The Bank writes down all (or part) of the gross carrying amount of a financial asset if there is no reasonable prospect of recovering the financial asset in whole or in part. Enforcement costs of debt claims which the Bank may recover from the customer or increased interest costs are written off in full due to the low probability of recovering these amounts from the customer. The amounts of receivables written down as loss and recovered thereafter reduce the value of allowances for expected credit losses in the income statement.

4.4.6. Modification of contractual cash flows

If, after renegotiation of the terms and conditions, cash flows from a given financial assets item are subject to modification, the Bank assesses whether the modification is major and whether it leads to expiry of that financial assets item from the Bank's statements of financial position and the recognition of a new financial asset. A financial asset expires if any of the qualitative or quantitative criteria are met.

Qualitative criteria

The Bank assumes that modification of the terms and conditions of an agreement is major in case of:

- a change in debtor with the consent of the Bank, or
- a change in legal form/type of financial instrument, or
- a modification of the financial asset which does not meet the definition of a basic credit agreement, i.e.: the cash flows from the financial assets item on the specified dates do not solely represent repayment of principal and interest on the principal outstanding, or
- a change in the borrowing rate from fixed to variable or vice versa for financial assets for which no impairment loss has been identified, or
- an extension of the term of the loan by 50% if the present value of the contractual cash flows as a result of the modification of the terms of the contract discounted at the original effective interest rate is at least 10% different from the present value of the contractual cash flows before the modification discounted at the original effective interest rate.

Quantitative criterion

A financial asset is deemed to be expired if the present value of the contractual cash flows as a result of the modification of the terms of the contract discounted at the original effective interest rate is at least 10% different from the present value of the contractual cash flows before the modification discounted at the original effective interest rate.

For modifications that do not result in the derecognition of a financial assets item, the difference between the present value of the future cash flows (determined using the original effective interest rate) of the asset before and after the modification is recognised in the income statement. The net modification gains/losses are presented in note [6.10. Loans and other receivables to customers](#).

4.4.7. Measurement

After initial recognition, the Bank measures financial assets, at fair value, except for financial assets measured at amortised cost using the effective interest rate.

After initial recognition, all financial liabilities are measured at amortised cost using the effective interest method.

4.4.8. Expected credit losses

Assessment of impairment allowances (provisions) is based on measurement of expected credit losses. This approach applies to debt financial assets measured at amortised cost and financial assets measured at fair value through other comprehensive income.

At each reporting date, the Bank will assess loss allowance for expected credit losses of the financial asset in the amount equal to the lifetime expected credit losses if the credit risk on a given financial instrument has increased significantly since initial recognition. If as at the reporting date the credit risk on a given financial instrument has not increased significantly since initial recognition, the Bank assesses loss allowance for expected credit losses of that asset in the amount equal to 12-month expected credit losses.

Due to the specifics of its operations, the Bank distinguishes only collective provisions.

In compliance with IFRS 9, a collective provision is made for individually not significant financial assets (provisions for the portfolio at Stage 3 subject to collective evaluation) if there is evidence of impairment for a single financial assets item or for a group of financial assets as a result of a single event or multiple events of default. Provisions for the portfolio at Stage 3 subject to collective evaluation are made for financial assets falling into the risk rating 20, 21, 22 (detailed mapping of risk classes is presented hereinbelow). If after the assessment we find that for a given financial

assets item there is no evidence of impairment, the item is included in the group of financial assets with similar credit risk characteristics, which indicate that the debtor is capable to repay the entire debt under to the contractual terms and conditions. For such groups, collective provisions are calculated and, in accordance with IFRS 9, they are defined as provisions for non-impaired assets. Provisions for non-impaired assets are made for financial assets falling into the risk rating 1-19.

Collective provisions are calculated with the collective provisioning method that uses, adjusted to the requirements of IFRS 9, models of risk parameters assessment (PD, LGD).

For accounting and regulatory purposes, the Bank considers impaired exposures to include financial assets for which there has been a delay in the payment of a significant amount of principal and interest. The days past due are calculated starting from the date on which the past due credit obligation is deemed material. The Bank defines the materiality of past due amount as exceeding two materiality thresholds jointly: PLN 400 and 1% of the balance sheet exposure amount.

The Bank measures expected credit losses taking into account:

- unencumbered and probability weighted amount that is determined by assessing numerous possible results;
- time value of money; and
- reasonable and supportable information that is available without undue cost or effort as at the reporting date, referring to past events, current conditions and projections concerning future business conditions.

The Bank classifies balance sheet credit exposures as impaired, and impairment loss was incurred when the following two conditions are met:

- there is evidence of impairment resulting from one event or more events occurring after initial recognition of the balance sheet credit exposure in the accounting books,
- the event (or events) causing loss impacts (or impact) the expected future cash flows resulting from the balance sheet credit exposure or a group of the balance sheet credit exposures that can be reliably assessed.

Any delay in performance of any major credit obligations of the client towards the Bank, parent entity in excess of 90 days is a default on the client's part.

The Bank applies the definition of default, impaired and non-performing exposures in accordance with regulatory requirements. A debtor or an exposure that is assessed as defaulted is simultaneously considered as impaired and non-performing.

The Bank applies the definition of default at the credit exposure level and additionally applies the contagion rules:

- intra-segment - default is recognised simultaneously on all exposures belonging to the same group of borrowers (cluster) in the mortgage portfolio (including both the Bank's portfolio and ING Bank Śląski's portfolio);
- cross-segment contagion - operates on exposures belonging to the same borrower group (cluster) and consists of contagion between the consumer loan portfolio and the mortgage loan portfolio in a situation where more than 20% of the balance of the credit exposure of that cluster is past due by more than 90 days (taking into account materiality thresholds). Cross-segment contagion is applied based on the provisions of Recommendation R;
- so-called cross-cluster contagion ("downward contagion") - the transfer of default status from an exposure belonging to a group of borrowers (a cluster) to individual exposures belonging to individual borrowers from that cluster. This type of contagion is implemented when the exposure of the contagious account exceeds 20% of the sum of that exposure and the infected exposure, and the infected exposure is more than 30 days past due (subject to materiality thresholds).

Approach based on 3 stages

In the expected credit losses process, the change in the quality of a credit exposure since its initial recognition is described in the Bank in three Stages with different measurement of expected credit losses:

- **Stage 1** – covers exposures working without any recognised significant increase in the credit risk since the date on which they were granted. The expected credit loss is calculated based on a 12-month expected loss (or to the remaining maturity if less than 12 months).
- **Stage 2** – covers exposures working with recognised significant increase in the credit risk since the date on which they were granted. The provision expected credit loss is calculated based on lifetime expected credit loss of the exposure, namely from the reporting date to the remaining maturity.
- **Stage 3** are exposures with identified impairment, i.e. in default. The expected credit loss is calculated based on the asset lifetime expected credit loss for probability of default (PD) = 100%.

The Bank classifies the exposures to Stage 1, 2 or 3 using a cascade approach in the following order:

1. Identification of the impaired exposures and classifying them to Stage 3.
2. Allocation of exposures to Stage 2 based on the criteria of a significant increase in credit risk.
3. Allocation of the remaining exposures to Stage 1.

Definition of a significant increase in credit risk

A significant increase in credit risk, resulting in the classification to Stage 2, is evidenced by the occurrence of at least one of the following prerequisites, the leading one being the first:

- a significant increase in the PD over the exposure lifetime determined for the reporting date in relation to the PD 'lifetime' as of the date the exposure was granted in the perspective of the period remaining from the reporting date to the maturity date,
- a threefold increase in the PD parameter since exposure was granted,
- granting of forbearance to the client,
- the asset is rated 18 or 19,
- delay in debt repayment in excess of 30 days,
- a deterioration in the risk profile of the portfolio of a given exposure,
- a deterioration in the risk profile of the exposure/client,

The thresholds for the major increase in the PD parameter over the life of the exposure relative to PD at the date of initial recognition, representing a significant increase in credit risk, are determined for models in accordance with the adopted methodology, as:

- absolute threshold - indicates the maximum difference between the PD at the reporting date and the PD at initial recognition of the exposure, beyond which the asset is classified into Stage 2.
- relative threshold - indicates the maximum measure of the relationship between the PD at the reporting date and the PD at initial recognition of the exposure, taking into account a scaling factor determined at the individual exposure level, based on the PD at initial recognition, beyond which the asset is classified into Stage 2.

Exceeding at least one of the above thresholds, results in the classification of the financial asset to Stage 2.

The methodology for determining PD thresholds to indicate a significant increase in credit risk is to determine an appropriate segmentation and then statistically indicate a Stage 2 entry threshold that maximises the discriminating power of the classification into Stages under certain assumptions, including minimising classification error.

Rationale for classifying an asset measured at amortised cost to Stage 3

At each balance sheet date, the Bank assesses whether a financial asset or a group of financial assets is impaired. A financial asset item or a group of financial assets is impaired, if, and only if, there is evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset item (a 'loss event') and that loss event (or events) has (have) an impact on the expected future cash flows of the financial asset item or a group of financial assets that can be reliably estimated. The Bank recognises expected credit losses based on reasonable and supportable

information that is available without undue cost or effort as at the reporting date, referring to past events, current conditions and projections concerning future business conditions.

In the process of impairment identification, the Bank first assesses whether there is objective evidence or indications of impairment for financial assets.

The entire lending portfolio of retail clients is tested for exposure impairment. The assessment of credit exposure for impairment is performed for the obligor automatically on a daily basis for retail customers. The occurrence of objective evidence of impairment requires the customer to be reclassified to the non-performing portfolio.

Impairment triggers require an individual expert assessment of the debtor's situation and a decision whether classification of default as an impaired exposure is justified.

Impairment triggers applied to retail credit exposures include the occurrence of one or more of the following situations:

- there have been a minimum of three failed debt repayment arrangements in row under the current Debt Episode,
- an individual who has given a surety in the ING Bank Śląski S.A. Group for material liabilities of his company is in default or an individual is a debtor of the Bank and his company is in default,
- if an individual client is in default, it is a default premise for his company, if the company is in default, it is a default premise for the individual,
- not willing or not able to repay - the Bank is of the opinion that the debtor is not willing or not able to repay. Liability cannot be repaid when the debtor's sources of income are insufficient to pay the instalments due,

Examples when retail clients may not be able to repay their debt:

- loss of job,
- discontinuation of social benefits payments,
- divorce,
- serious illness,
- debtor' death,
- learning by the Bank about the untimely service of debt of significant value in another bank (pastdue debt over 90 DPD) or about initiation of enforcement/collection actions by another bank.
- granting a forbearance to a client who is unable to meet his financial obligations under a loan agreement concluded with the Bank due to existing or expected financial difficulties,
- credit fraud - credit fraud made by the debtor and targeted at the Bank.

In the case of retail credit exposures, a justified suspicion of credit fraud is when credit documentation or established facts indicate that it was granted as a result of a deliberate misrepresentation of the Bank by presenting documents, certificates or statements inconsistent with the facts. In particular, the following events occur:

- the account has been registered by the Bank as a suspected credit fraud,
- after an analysis, a suspected crime has been reported,
- termination of the credit facility and establishing 100% reserve for the debt are recommended,
- the Bank decided to terminate the credit facility and establish 100% reserve for the debt.
- the occurrence of at least 2 forbearances within 5 years of the application of the first forbearance,
- the identification of cases of suspected criminal conduct involving a credit exposure.

Objective evidence of impairment

The Bank defined objective evidence of impairment the occurrence of which has a direct impact on valuation of future financial cash flows related to the credit receivables. Objective evidence of impairment does not require expert assessment - the identification of the occurrence of the evidence results in the recognition of the credit exposure as being in default and at the same time an impaired exposure without any further analysis.

Objective evidence of impairment may be:

- **a state** - i.e., it works as long as the condition that applies to it exists; or
- **an event** - it occurs at a specific moment.

Objective impairment evidence of retail credit exposure covers the occurrence of at least one of the following situations:

- the client has discontinued to repay the principal, pay interest or commissions, with the delay of more than 90 days, provided that the amount of the arrears is higher than both materiality thresholds indicated in item 4.4.8. *Expected credit losses*
- the exposure has been recognised as impaired under IFRS 9 (due to the unification of the definition, the default is equivalent to impaired exposure),
- non-performing restructuring (event),
- filing a bankruptcy petition by the client (state),
- the credit exposure becomes due and payable as a consequence of the Bank's having terminated the loan agreement.
 - termination: the Bank demands early repayment of the loan in full by the debtor, which results in termination of the relationship with the Bank (event),
- amortization or write-off of retail credit exposures by the Bank:
 - amortization of the balance of the principal or/and interest in the total amount exceeding PLN 200, however the debt together with the amortized amount exceed the materiality threshold,
 - written-off, and the balance amount increased by the written-off amount plus interest exceed the materiality threshold (event),
- The Bank sold credit liabilities (or some of them) at a loss > 5% of its balance sheet exposure, and a decision to sell was taken due to the deteriorating quality of the exposure (event),
- the occurrence of overdue amount for more than 30 days on a credit exposure initially classified as forbearance non-performing, but subsequently remedied and of the forbearance performing status in the trial period (event),
- the granting of a further forbearance on a credit exposure initially classified as forbearance non-performing, but subsequently remedied and of the forbearance performing status in the trial period (event),
- interest-free status (no interest accrue) for the credit exposure (status),
- a delay in repayment of more than 90 days on an exposure that represents 20% of the balance of all on-balance-sheet exposures of that customer.

Should an objective evidence of impairment be identified on the exposure of a given client, it is assumed that impairment is also recognised on other exposures of that client.

Identification of the objective evidence of impairment requires downgrading the client to the worst risk rating. For the credit portfolio of the Bank current monitoring of the timely repayment of the amounts due to the Bank is carried out based on available tools and reports, which makes it possible to identify any threat of future indications or objective evidence of impairment before they crystallize.

The entire lending portfolio is tested for exposure impairment.

If after the assessment we find that for a given financial assets item there are no reasons for impairment, the item is included in the group of financial assets with similar credit risk characteristics, which indicate that the debtor is capable to repay the entire debt under to the contractual terms and conditions. Impairment loss for such groups is subject to collective assessment based on measurement of expected credit losses. If there is any evidence of impairment of assets item measured at amortised cost, then the amount of the impairment is the difference between the carrying amount of an asset and the present value of estimated future cash flows, discounted with the initial effective interest rate of a given financial instrument item.

In practice, this means that for Stage 3 portfolio (financial assets that individually are insignificant) - the loss is determined with the collective impairment calculation method using the lifetime expected credit loss of the asset. When estimating future cash flows, available information on the debtor is taken into account, in particular the possibility of repayment of the exposure is assessed, and for backed credit exposures, the expected future cash flows on collateral execution are also used in the estimation, considering the time, costs and impediments of payment recovery under collateral sale, among other factors.

If the existing evidence of impairment of an assets item or financial assets group measured at the amortised cost indicate that there will be no expected future cash flows from the abovementioned financial assets, the impairment loss of assets equals their carrying amount.

Measurement of the expected credit losses

To measure expected credit loss in a collective approach, the Bank uses regulatory models of estimating risk parameters (PD, LGD and EAD) adjusted to the requirements of IFRS 9, built for the needs of the Advanced Internal Ratings Based Approach (hereinafter: AIRB method). The risk parameter models for the purposes of IFRS 9 maintain the same structure as the regulatory models, while the method of estimating specific parameter values (PD, LGD, EAD) is adapted to the requirements of IFRS 9, and in particular includes reasonable and supportable information that is available without undue cost or effort as at the reporting date, referring to past events, current conditions and projections concerning future business conditions. Parameters of these models were calibrated in line with the PiT (point-in-time) approach and forecasted for 30 years. Parameter EAD takes account of schedules of repayments in accordance with the credit agreements.

The impairment loss calculated collectively is based on historical loss experience for assets portfolios with similar credit risk characteristics.

The Bank measures the Lifetime Expected Loss (LEL) on an exposure with no recognised impairment (Stage 2) as the discounted sum of the fractional lifetime losses relating to default events in each 12-month time window remaining until the maturity date of the exposure, taking into account scenario weights.

For Stage 1 exposures, a 12-month expected loss is applied.

For exposures with recognised impairment from Stage 3 (exposures in default), for which a collective provision is calculated, the Bank measures the remaining lifetime expected credit losses.

The time value of money is reflected in the expected loss by two discounting factors:

- Discounting between the point in time when the debt claim defaults and the point in time when it is recovered. It is included in the regulatory parameters of the LGD models.
- Discounting between the reporting date and the point in time at which the exposure defaults, which is additionally taken into account in the calculation of lifetime expected loss (LEL). It is assumed that for each annual time interval, a default event occurs on average in the middle of the 0-12 month period.

The Bank calculates the expected credit loss as a probability weighted average based on a few macroeconomic scenarios of various probability of occurrence. The expected loss is calculated for each scenario separately and the probability weighted average results from the weights (probabilities) assigned to each scenario (sum of weights = 100%). Such an approach meets the requirement of the standard that the loss allowance for expected credit losses should be unencumbered and probability-weighted by the amount determined based on a range of possible outcomes.

The weights of the scenarios are a direct result of the macroeconomic assumptions made. The Bank decided to use the 90th percentile of the distribution of macroeconomic variables as the worst case scenario, in line with the assumptions of other risk appetite calculations in the Bank that use a 90% confidence interval (e.g. RWA at risk) and the 10th percentile for the positive scenario as a symmetric approach. The 90th and 10th percentile directly affect the probability of realisation of these scenarios - both have a statistical probability of 20% each. Ultimately, the baseline scenario probability is complemented by the stress scenarios probabilities and is 60%.

The projection (valuation) of the expected loss is made at each point in time in the future, depending on the economic conditions expected at a given point. Based on historical data, the Bank has defined the relations between the observed parameters of expected loss (PD, LGD) and macroeconomic factors as functions based on which - with the given projections of macroeconomic factors - the expected values of the parameters of expected loss in a given year in the future are calculated according to the forward looking PiT approach.

For the purpose of estimating expected credit losses, the Bank determines the level of exposure at default (EAD) based on the gross carrying amount. EAD decreases over time in line with the repayment schedule of a given exposure.

For exposures with a specified final repayment date the time to maturity is limited to 30 years. Where a material portion of the portfolio has a duration in excess of 30 years, the length of the period to maturity shall correspond to the expected duration of such exposures.

The LGD parameter, which is a function of the applied credit risk mitigation techniques and which is expressed as a percentage of EAD, is estimated at the product and exposure level based on parameters from regulatory LGD models calibrated for the needs of IFRS 9 (estimated according to the TTC approach - 'through the cycle'). Collateral recoveries are an integral part of the construction of the LGD models and, in principle, the collateral recognition criteria are in line with CRR requirements. The most important collateral recognised by the Bank includes residential mortgage collateral. The level of the LGD parameter used to calculate the amount of impairment loss using the collective approach for impaired exposures (PD = 100%) depends additionally on how long the credit exposure defaults.

Recognition of loss allowance for expected credit losses relating to assets measured at amortised cost

The impairment is presented as a decrease in the carrying amount of the assets item and the amount of the loss is recognised in the income statement for the period.

If, in a consecutive period, the amount of the allowance for expected credit losses decreases as a result of an event occurring after the impairment (e.g. improved credit capacity assessment of the debtor), the previously recognised allowance for expected credit losses is reversed through profit or loss. The Bank has identified events that result in the possibility of reversing the impairment of a credit exposure - the cumulative fulfilment of all of the following conditions is required.

The Bank applies the same criteria to the customer's exit from the default and reversal of an expected credit loss allowance. The trial period and then the recovery process, i.e. transition from the non-performing portfolio to the performing one is carried out at the level of the whole portfolio, unless it concerns a situation recognised at debtor level (e.g. bankruptcy).

If a debtor is in the impaired portfolio and has no exposure with forbearance granted, he is deemed recovered and qualified to the performing portfolio if all the conditions are met in the following order:

- no evidence of impairment or impairment trigger which is a source of default or which indicates a high probability of default is active,
- at least 3 months have elapsed since the end date of the evidence of impairment/impairment trigger (trial period) and during that period the client's conduct (intention to repay) and his situation (ability to repay) has been positively assessed,
- the client made regular repayments, i.e. no amounts past due >30 days during the trial period,
- after the end of the trial period, the client was deemed to be able to repay the credit obligations in full without making use of the collateral,
- there are no overdue amounts exceeding the absolute limit; should there be overdue amounts exceeding the absolute limit, the trial period shall be extended until the amount of the arrears falls below the limit.

A client classified to an impaired portfolio who holds exposure with forbearance granted is deemed to be recovered and classified to the performing portfolio if all the following conditions are met:

- no evidence of impairment or impairment trigger which is a source of default or which indicates a high probability of default is active,
- at least 12 months (trial period) have elapsed since the last of the following events:
 - granting of the last means under restructuring, namely forbearance,
 - the exposure was given a default status,
 - end of the grace period specified in the restructuring agreement,
- during the trial period, the client made substantial/regular repayments:
 - having made regular payments in accordance with the agreed restructuring terms and conditions, the client has repaid a substantial amount being earlier overdue payments (if there were any overdue amounts) or amortisation (if there were no overdue amounts),

- the client made regular repayments, in accordance with the new schedule taking into account the terms and conditions of restructuring, i.e. no amounts past due > 30 days during the trial period.
- at the end of the trial period, the client has no overdue amounts and there are no concerns about the full repayment of the exposure under the terms and conditions of the restructuring agreement.

The Bank established the following additional terms and conditions for impairment reversal / exit from the default status applicable to all clients:

- if during the trial period evidence or indication of impairment is identified as being the source of default / indicating a high probability of non-payment, the end date of the trial period shall be re-established and the trial period shall start again from the expiry of the evidence / indication of impairment,
- if during the trial period and after the grace period, a DPD event > 30 has occurred, the end date of the trial period will be reset and the trial period will start again from the date when the DPD has fallen below 31 days,
- all terms and conditions for impairment reversal / exit from default should also be met with regard to new exposures of the client, especially if that client's previous credit exposures that were under restructuring have been disposed of or permanently written off,

An exception to the principle of no active evidence / indication of impairment being the source of the default is the evidence 'classification to Stage 3/ provision' - its existence does not withhold the start of the trial period (because it is an effect and not a cause of default) - classification to Stage 3 and the provision are also upheld during the trial period.

4.4.9. Gains and losses resulting from subsequent measurement

Gains or losses from a change in the fair value of a financial asset classified as measured through other comprehensive income are recognised directly in equity.

Interest income is calculated using the effective interest method. The value is calculated by applying the effective interest rate to the gross carrying amount of the financial assets item, except of:

- purchased or originated credit-impaired financial assets. For these financial assets items, the Bank applies credit-adjusted effective interest rate to amortised cost of the financial assets item since initial recognition and,
- financial assets items other than purchased or originated credit-impaired financial assets, which then became credit-impaired financial assets (Stage 3).

In case of such financial assets items, the Bank applies credit-adjusted effective interest rate to (net) amortised cost of the financial assets item in later reporting periods.

When a debt financial asset is removed from the statement of financial position, the cumulative gain or loss previously recognised in equity in respect of the debt financial asset is recognised in the income statement.

Fair value of financial assets quoted on an active market (securities) is determined using a bid price for a long position and an offer price for a short position. In case of securities that are not quoted on an active market, the Bank determines the fair value using valuation techniques, including but not limited to, using recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

Market activity is assessed on the basis of frequency and volume of effected transactions as well as access to information about quoted prices which by and large should be delivered on a continuous basis.

The main market and the most beneficial one at the same time is the market the Bank can access and on which in normal conditions it would enter into sale/purchase transactions for the item of assets.

Based on the employed fair value methods, financial assets are classified as:

- level 1: financial assets measured directly on the basis of prices quoted in the active market,
- level 2: financial assets measured using the measurement techniques based on assumptions using data from an active market or market observations,
- level 3: financial assets measured using the measurement techniques commonly used by the market players, the assumptions of which are not based on data from an active market.

The Bank verifies on a monthly basis whether any changes occurred to the quality of the input data used in individual measurement techniques and determines the reasons and their impact on the fair value calculation for the financial assets item. Each identified case is reviewed individually. Following detailed analyses, the Bank takes a decision whether its identification entails any changes to the approach for fair value measurement or not.

In justified circumstances, the Bank decides to modify the fair value methodologies and their effective date construed as the circumstances change date. Then, they assess the impact of changes on the classification to the individual categories of the fair value measurement hierarchy. Any amendments to the measurement methodology and its rationale are subject to detailed disclosures in a separate note to the financial statements.

4.4.10. Cost basis method for debt securities

For the purposes of estimating the fair value and the result realised on the sale of securities, it is necessary to apply a specific cost basis method. The application of the cost basis method in this respect is based on an interpretation resulting in an analogous application of the guidelines indicated in IAS 2 *Inventories*, but to the extent possible given the specifics of this type of financial instrument.

The Bank uses the "first in, first out" method (FIFO) as the applicable cost basis method for debt securities.

4.5. Non-financial assets

4.5.1. Property, plant and equipment

4.5.1.1. Own property, plant and equipment

Property, plant and equipment consist of controlled non-current assets and costs to construct such assets. Non-current assets include property, plant and equipment with an expected period of use above one year, maintained to be used to serve the Bank's needs or to be transferred to other entities, based on the lease contract or for administrative purposes.

Property, plant and equipment are recognised using the model based on the purchase price or manufacturing cost, namely, after initial recognition they are recognized at historical cost less depreciation/amortization and impairment. The historical cost is made up of the purchase price/ manufacturing cost and the costs directly related to the purchase of assets.

4.5.1.2. Non-current assets leased

The Bank is a party to lease contracts, under which it receives the right to control the use of an identified assets item in a given period for a fee. The Bank applies the stipulations of IFRS 16 to all lease contracts, except for intangible assets lease contracts and with exceptions provided for in the standard and described herein below.

Lease and non-lease components are identified in contracts by the Bank. Non-lease contract charges are recognised as expenses under the relevant IFRS. Lease payments are recognised in accordance with the principles described herein below.

As at the beginning of lease, the Bank recognises right-of-use assets. Initially, lease liabilities are measured by the Bank at present value of future lease payments. Since, under the Polish tax system, the invoice is the basis for the payment of value added tax, the value added tax is an expense at the time of receipt of the invoice from the lessor and is not included in the measurement of the lease liability. The identification of future lease payments requires the determination of the lease term. Doing it, the Bank takes into account an irrevocable lease period together with the periods for which the lease may be extended and the periods in which the lease may be terminated. At the commencement of the lease contract, the Bank assesses whether it can be reasonably assumed that it will exercise an option to extend the lease, or it will not exercise an option to terminate the lease. To carry out the assessment, the Bank takes into account all major facts and circumstances that give economic incentive to exercise or not to exercise the said options. The Bank reviews the lease term in order to re-assess major events or circumstances that may affect the

estimated lease term. Lease is no longer enforceable when both the lessee and the lessor have the right to terminate the lease without a prior permit of the other party, which would result in minor penalty at most. For lease contracts concluded for an indefinite period, in case of which both parties may exercise the option to terminate and in case of which there are potentially high costs of contract termination, the Bank assesses the lease term.

To determine the discounted value of lease payments, the Bank applies lease interest rate, and if such a rate is hardly available, the Bank applies the marginal interest rate. The Bank determines the interest rate for lease as the sum of the interest rate for swaps and internal transfer price, taking into account currencies of the lease contracts and maturity dates of the contracts. After the initial lease date, the carrying amount of the liability:

- is increased by accrued lease interest that is recognised in the income statement as interest expenses,
- is decreased by effected lease payments,
- is revised as a result of re-assessment, change in lease or change in generally fixed lease payments.

As at the initial lease date, the Bank recognises right-of-use assets at cost, the basis of which is the amount of the initial measurement of lease liability. The cost of the right-of-use assets item includes also:

- payments made at or prior to commencement of lease, less the received lease incentives,
- initial direct costs incurred by the lessee,
- costs to be incurred by the lessee in order to return the assets item to its initial condition.

The right-of-use is depreciated throughout the lease period and is impaired. During the term of lease, the right-of-use value is reset as a result of a modification of the lease agreement.

The Bank avails itself of exemption for:

- short-term leases - a contract may be classified as a short-term one if the contract term is not longer than 12 months, and there is no option to buy the object of the lease contract,
- leases of low-value objects of lease - assets may be classified as low-value assets if the gross price of acquisition of a new assets item is not higher than EUR 5,000, and the object of lease contract neither is nor will be sub-leased.

Lease payments under the abovementioned contracts are recognised by the Bank in the income statement as expenses throughout the lease term on a systematic basis.

4.5.2. Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance.

Intangible assets are deemed to include assets which fulfil the following requirements:

- they can be separated from an economic entity and sold, transferred, licensed or granted for use for a fee to third parties, both separately, and together with their accompanying contracts, assets or liabilities, and
- they arise from contractual titles or other legal titles, irrespective of whether those are transferable or separable from the business entity or from other rights and obligations.

4.5.2.1. Computer software

Purchased computer software licences are capitalised in the amount of costs incurred for the purchase and adaptation for use of specific computer software.

Costs of computer software development or maintenance are recognized when incurred.

4.5.2.2. Subsequent costs

Expenditure incurred after initial recognition of an acquired intangible asset is capitalised only if the following conditions are met:

- it is likely that the expenditure (including the new software version) will result in a significant increase in functionality over the original performance standard assessed, and
- the expenditure can be reliably measured and attributed to the existing software used internally.

In other cases, costs are recognised in the income statement as costs when incurred.

4.5.3. Depreciation and amortization charges

The depreciation/amortization charge of property, plant and equipment and intangible assets is applied using the straight line method, using defined depreciation/amortization rates throughout the period of their useful lives. The depreciable/amortizable amount is the purchase price or production cost of an asset, less its residual value. The useful life, amortization/depreciation rates and residual values of property, plant and equipment and intangible assets are reviewed annually. Conclusions of the review may lead to a change of depreciation/amortization periods recognized prospectively from the date of application (the effect of this change is in accordance with IAS 8 carried through profit or loss).

Depreciation and amortization charges of property, plant and equipment are recognized in the income statement. The depreciation/amortization periods are as follows:

- devices: 3 - 7 years
- equipment: 5 years
- costs of software development: 3 years
- software licenses: 3 years

4.5.4. Impairment of other non- financial assets

For each balance sheet date, the Bank assesses the existence of objective evidence indicating impairment of property, plant and equipment items.

If such evidence exists, the Bank performs an estimation of the recoverable value.

If, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount.

4.6. Other financial assets

Other financial assets include trade debtors and other receivables

The Bank applied a simplified approach to the assessment of a loss allowance for expected credit losses and recognises the allowance in the amount equal to the receivables lifetime expected credit losses.

In justified cases, and in particular when receivables due to shortages and damages or claims are disputed by debtors and other receivables for which the Bank assesses the risk of non-recovery as high, impairment losses are made immediately after confirmation of such an assessment. In other cases, trade receivables are covered by impairment losses after they reach a certain past due threshold.

If the effect of the time value of money is material, the value of receivable is determined by discounting the projected future cash flows to present value, using a discount rate reflecting the current time value of money.

Budgetary receivables are recognized as part of other financial assets, except for corporate income tax receivables, which are a separate item on the statements of financial position.

4.7. Equity

Equity comprises of: share capital, supplementary capital from the sale of shares above their nominal value, retained earnings and cumulated other comprehensive income. The equity is established by the Bank in accordance with the applicable law and the Charter. All balances of capital are recognized at nominal value.

4.7.1. Share Capital

Share capital is presented at nominal value, in accordance with the charter and entry to the National Court Register.

4.7.2. Supplementary capital - share premium

This capital is formed from appropriations from profit after tax and from the share premium less any direct costs incurred in connection therewith, to cover balance sheet losses that may arise in connection with the Bank's operations.

4.7.3. Retained earnings

Retained earnings are created from profit write-offs and is allocated for purposes specified in the Articles of Association (the Company's Charter) or other legal regulations. The retained earnings include the net financial result. The financial result after tax represents the result before tax from the income statement for the current year adjusted with the amount owed under the corporate income tax.

4.7.4. Accumulated other net comprehensive income

Accumulated other comprehensive income occurs as a result of:

- measurement of financial instruments classified to be measured through other comprehensive income,
- actuarial gains / losses.

Changes in the deferred tax assets and liabilities resulting from recognition of the said measurements are carried through accumulated other comprehensive income. The accumulated other comprehensive income is not distributable.

4.8. Prepayments and deferred income

4.8.1. Prepayments

Prepayments comprise particular expenses which will be carried through the income statement as being accrued over the future reporting periods. Prepayments include primarily subscription, insurance and IT services costs paid in advance to be settled in the future periods. Prepayments are presented in the statement of financial position in the *Other assets* item.

4.9. Employee benefits

4.9.1. Benefits under the Act on employee pension programmes

Expenses incurred due to a programme of certain contributions are recognised as costs in the income statement.

4.9.2. Short-term employee benefits

Short-term employee benefits of the Bank (other than termination benefits) comprise of remuneration, bonuses, paid annual leave and social security contributions.

The Bank recognizes the anticipated, undiscounted value of short-term employee benefits as an expense of an accounting period when an employee has rendered service (regardless of payment date) in correspondence with other liabilities from the statements of financial position.

The amount of short-term employee benefits on the unused holidays to which Bank employees are entitled is calculated as the sum of unused holidays to which particular Bank employees are entitled.

4.9.3. Long-term employee benefits

4.9.3.1. Benefits under the Labour Code regulations

Provisions for retirement severance pay granted under benefits due to regulations of the Labour Code are estimated on the basis of the actuarial valuation. The provision being the result of an actuarial valuation is recognised in Accumulated other comprehensive income and is updated on an annual basis.

Provisions for long-term employee benefits are recognised in the *Provisions* item of the statements of financial position in correspondence with costs of labour in the income statement.

The assumptions of the calculation method for the pension and disability provision are described in note 6.16 *Provisions*.

4.9.3.2. Variable remuneration programme benefits

Variable remuneration programme benefits are granted in two parts:

- at least 50% in instruments entitling to receive cash, the amount of which depends on the book value of the net assets of ING Bank Hipoteczny S.A., adjusted for factors affecting those assets other than the financial result,
- the remainder in cash to the employee's bank account designated for salary payment, no later than by 31 March of the following calendar year. In case of Management Board Members, the funds are paid no later than on 30 April of the following calendar year.

The portion of the plan payable in cash is recognised in accordance with the projected unit method and is settled over time in the employee performance appraisal period (i.e.: during 12 months of employees' work for which they receive the benefit). The value of non-deferred benefit is recognised as liability towards employees in correspondence with the income statement. As regards the benefits granted in the form of instruments a one-year retention period applies. In 2025, the Bank applied the principle of deferral of variable remuneration, subject to the amount of variable remuneration that was not subject to deferral, i.e. is neither higher than PLN 40,000 nor 10% of the annual total remuneration of an employee who is an Identified Staff (i.e. persons employed by the Bank, identified as having a material impact on the risk profile of ING Bank Hipoteczny S.A., to whom the policy of variable components of remuneration is applied to the full extent). The deferral period is five years from the variable remuneration determination by the Management Board or Supervisory Board. The vesting of the deferred variable remuneration takes place annually over a period of five years, in five equal parts, unless there are grounds for reduction or non-payment. The fair value of the non-deferred benefit during the assessment period is recognised as a liability to employees in correspondence with the income statement, while the fair value of the deferred benefit is recognised as an accrued expense in correspondence with the income statement.

The variable remuneration policy for Identified Staff applies in full to the Management Board Members and the position of Chief Accountant. For the other Identified Staff, the variable remuneration policy is applied to a limited extent, i.e. variable remuneration is paid in full in cash and the deferral principle does not apply to variable remuneration.

Information on the value of net assets on which the value of variable components of remuneration depends

	as at 31.12.2025	as at 31.12.2024
Net assets (carrying amount)	471,061.8	440,861.2
Number of shares	380,000	380,000
Carrying amount per share	1,239.64	1,160.16

4.10. Provisions

Provisions, are recognised in the statement of financial position when the Bank has a legal or constructive obligation that arises from past events and it is probable that an outflow of resources will be required to settle the obligation.



If the effect is material, the amount of the provision is determined using discounted expected cash flows at a pre-tax rate that reflects the current market assessment of the time value of money and, where applicable, the risks associated with the liability.

4.11. Income statement

4.11.1. Net interest income

Interest income and expense for all financial instruments are recognised in the income statement using the effective interest method. Fees and commissions that are directly related to the generation of financial assets or financial liabilities are part of the effective interest rate of the assets or liabilities and are therefore presented in net interest income.

The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, an estimate of cash flows is made considering all contractual terms of the financial instrument but future credit losses are not considered. The calculation includes all fees and commissions paid or received by the parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

The main items of the Bank's statement of financial position in case of which the effective interest rate method is applied are loans and other receivables from clients, as well as liabilities due to the issue of covered bonds. The main transaction costs for loans are the costs associated with their acquisition (including the costs of court registrations for mortgage transfers and the costs of extended inspections), while for liabilities arising from the issue of covered bonds, the main costs accounted for using the effective interest method are the costs directly related to the issue.

For financial assets or a group of similar financial assets classified as Stage 3, interest income is calculated on the present value of the receivable (i.e. the value less the impairment loss) using the interest rate used to discount future cash flows for the purpose of estimating the allowance for expected credit losses.

4.11.2. Commission income and costs

Commission income arises from providing financial services by the Bank and comprises, among others, fees for certificates about credit liabilities owed/repaid, commission for early repayment of mortgage loans, fees for commissioned real estate inspection in connection with a change in collateral by the client.

Fees and commissions (both income and expenses) directly related to the origination of financial assets or financial liabilities with specific repayment schedules are recognised as part of the gross carrying amount. As a result, these fees and commissions are part of the effective interest rate and are recognised in the income statement as interest income or expense. The Bank includes, for example, commission for amending the credit agreement as to the amount or schedule of loan repayments as commissions adjusting the effective interest rate;

Other commissions that are interwoven with occurrence of assets without defined schedules are cleared on a straight line basis throughout the contract.

The Bank includes commissions for issuing, confirming, extending the term and increasing the amount of guarantees and letters of credit in the commissions settled on a straight line basis.

If the terms of the credit exposure are immaterially modified during the life of the contract, the entire outstanding portion of the commission is recognised in the income statement on the update date as a modification gain or loss.

Charges arising from overdue loans are written off because there is no reasonable expectation of collection.

Other fees and commissions relating to the financial services offered by the Bank are recognised in the income statement taking into account the five steps principle:

1. identification of an agreement signed with a customer,

2. identification of specific obligations in the agreement,
3. setting of the transaction price,
4. price allocation to specific contractual obligations, and
5. recognition of income when specific obligations are met.

The Bank recognises fee and commission income:

- on a one-off basis, when the service was provided (also for advance payments), that is when the control over goods or services is transferred;
- over time, if the services are provided over certain period of time;
- at a specific point-in-time when the Bank performs key activities;
- when, from the customer's point of view, there is an actual benefit.

After an obligation to provide service is met (or in the period when it is being met), the Bank recognises as income the transaction price assigned thereto.

Commission income that was accrued and is due but was not paid on time is derecognised from the Bank's financial result upon the lapse of 90 days.

4.11.3. FX result

Transactions expressed in foreign currencies are translated at FX rate prevailing at the transaction date. The financial assets and liabilities, being result of the said transactions and denominated in foreign currencies are translated at the FX rate prevailing on a given day. The foreign exchange differences resulting from the settlements of the said transactions and the balance sheet valuation of the financial assets and liabilities denominated in foreign currency are recognized in the income statement under the *FX result*.

4.11.4. Net income on other basic activities

Net income on other basic activities comprises expenses and income not attributed directly to banking activity. These include, in particular, commission refunds on prepaid loans, the result of the disposal of non-current assets, damages, penalties and fines received and paid.

4.12. Taxes

4.12.1. Income tax

Income tax is recognized as current and deferred tax. Current income tax is recognized in the income statement. Deferred income tax, depending on the source of the temporary differences, is recognised in the income statement or in other comprehensive income.

Current tax is a liability calculated based on taxable income at the binding tax rate at the balance sheet date including adjustments of prior year tax liability.

4.12.2. Deferred income tax

The Bank creates a provision for deferred tax in respect of a temporary difference caused by different moment of recognising income as generated and costs as incurred in accordance with the accounting regulations and corporate income tax provisions.

The deferred tax liability is created by using the balance-sheet method for all positive temporary differences occurring as at the balance-sheet date between the tax value of assets and liabilities and their carrying amount disclosed in the financial statements.

Deferred tax assets are recognized for all negative temporary differences as at the balance sheet date between the tax value of assets and liabilities and their carrying amount disclosed in the financial statements and unsettled tax losses.

Deferred tax assets are recognized in such amount in which taxable income is likely to be earned allowing to set off negative temporary differences, except for the situations when the component of deferred tax assets arises from the initial recognition of an asset or liability.

The carrying amount of a deferred tax asset shall be verified for each balance sheet date and reduced if it is no longer likely to achieve taxable income sufficient for a partial or full realization of the deferred tax component.

Deferred tax assets and deferred tax liability are estimated with the use of the tax rates which are expected to be in force when the asset is realized or provision released, assuming the tax rates (and tax provisions) legally or factually in force as of the balance sheet date.

4.12.3. Other taxes

Income, costs and assets are recognised less the value added tax, tax on civil law acts, and other sales taxes, except where the sales tax, paid upon purchase of goods and services, is not recoverable from the tax authorities; in that case, the value-added tax is recognized accordingly as a part of the cost of acquisition of an asset, or as part of a cost item. The net amount of sales tax recoverable from or payable to the tax authorities is recognized in the statement of financial position as an item of receivables or liabilities.

5. Comparability of financial data

Movements in statement of financial position

In this annual financial statements for the period from 1 January 2025 to 31 December 2025, compared with the Bank's financial statements for the period from 1 January 2024 to 31 December 2024, the Bank introduced a change in the name of the line item 'receivables from banks' to 'cash and cash equivalents' in the statement of financial position. This change had no impact on the financial data presented in the Bank's financial statement.

6. Supplementary notes to the annual financial statements

NOTES TO INCOME STATEMENT

6.1. Net interest income

	period from 01.01.2025 to 31.12.2025	period from 01.01.2024 to 31.12.2024
Interest income	307,202.6	277,236.3
Interest income calculated using the effective interest method	307,202.6	277,236.3
Interest on loans and other receivables from customers measured at amortised cost	300,356.9	269,635.3
Interest on cash and cash equivalents measured at amortized cost	436.6	681.0
Interest on securities measured at amortized cost	690.7	1,173.4
Purchase of securities measured at fair value through other comprehensive income	5,718.4	5,746.6
Interest expenses	-227,273.4	-211,945.8
Interest on liabilities to other banks	-183,033.1	-182,235.8

Interest on liabilities under issue of covered bonds	-44,191.9	-29,658.6
Interest on lease liabilities	-48.4	-51.4
Net interest income	79,929.1	65,290.5

The interest expense presented in the table relates to financial liabilities measured at amortised cost.

For Stage 3 assets, interest income is calculated on the basis of net exposure amounts, i.e. amounts including the loss allowance for expected credit losses. For 2025, interest income on financial assets in Stage 3 amounted to PLN 300,000 compared to PLN 154,500 for 2024.

6.2. Net commission income

	period from 01.01.2025 to 31.12.2025	period from 01.01.2024 to 31.12.2024
Commission income	5.0	1.6
Fee income related to the administrative servicing of contracts	5.0	1.6
Commission expenses	-1,335.2	-1,481.1
Fees and commissions to banks in connection with purchased debt claims	-1,095.1	-1,244.9
Fees and commissions to other financial entities, inclusive of fees and commissions for disclosure of credit information	-129.0	-125.7
Fees and commissions for maintaining a custody account by ING Bank Śląski S.A.	-26.7	-31.4
Fees and commissions to the National Depository for Securities (KDPW), issue registration included	-0.9	-0.3
Other commission expenses	-83.5	-78.8
Net commission income	-1,330.2	-1,479.5

6.3. Net income on other basic activities

	period from 01.01.2025 to 31.12.2025	period from 01.01.2024 to 31.12.2024
Commission refunds for early repayment of mortgages	-864.9	-695.6
Other income and expenses from other basic activities	523.5	5.2
Net income on other basic activities	-341.4	-690.4

	period from 01.01.2025 to 31.12.2025	period from 01.01.2024 to 31.12.2024
Personnel expenses	-11,255.0	-10,252.9
Wages and salaries	-9,223.1	-8,102.6
<i>of which variable remuneration programme</i>	-390.7	-1,326.1
Employee benefits	-2,031.9	-2,150.2
Regulatory costs	-2,361.8	-1,827.4
Bank Guarantee Fund charges*	-1,797.1	-1,383.2
Other regulatory costs	-564.7	-444.2
Other general and administrative expenses	-11,992.6	-13,308.7
Depreciation and amortisation	-372.4	-412.5
Costs of auxiliary activities provided under the Cooperation Agreement**	-6,325.5	-6,266.7
IT costs	-1,355.3	-1,788.2
Costs of news service platforms	-358.7	-287.0
Costs of rental of buildings	-179.8	-235.6
Legal services	-514.2	-622.5
Communications costs	206.4	-426.1
Other advisory and consulting costs	-385.5	-827.6
Consumption of materials and assets other than non-current assets	-243.5	-123.1
Taxes and charges	-22.2	-33.8
Representation costs	-0.3	-2.6
CRA fees	-270.6	-552.0
Other third-party services	-1,663.0	-1,230.9
Other expenses	-508.0	-500.1
General and administrative expenses	-25,609.4	-25,389.0

6.4. General and administrative expenses, including:

*) On 26 March 2025, the Management Board of ING Bank Hipoteczny S.A. got information from the Bank Guarantee Fund on the amount of the annual contribution to the banks' compulsory resolution fund for 2025. The total cost to the Bank is PLN 1,797,100, the previous years contribution adjustment included. The entire amount was charged to 1Q2025 and paid in July 2025.

***) A scope of services provided by ING Bank Śląski S.A. for ING Bank Hipoteczny S.A. resulting from the Cooperation agreement is described in Note 6.25 *Related party transactions*.

6.5. Loss allowance

	period from 01.01.2025 to 31.12.2025	period from 01.01.2024 to 31.12.2024
Establishment of loss allowance	-1,689.3	-691.8

Loans and other receivables to customers.	-1,685.9	-635.4
Debt securities at fair value through other comprehensive income	-3.6	-56.4
Release of loss allowance	1,772.5	1,864.1
Loans and other receivables to customers.	1,768.6	1,836.5
Debt securities at fair value through other comprehensive income	3.9	27.6
Loss allowance	83.2	1,172.3

6.6. Income tax

	period from 01.01.2025 to 31.12.2025	period from 01.01.2024 to 31.12.2024
Current tax	-15,304.4	-6,715.9
Deferred tax	8,601.1	-1,040.7
Recognized and reversed temporary differences	8,600.9	-1,040.7
Recognized and reversed negative temporary differences due to:	10,156.6	-701.5
Tax loss*	-1,262.9	-1,736.2
Costs of provision for personnel, tangible and others expenses	-158.7	-233.2
Expenses attributable to accrued but not paid interest	5,688.2	1,479.5
Loss allowance	-61.4	-226.0
Income settled at the effective interest rate	0.0	-11.4
Other	-670.2	25.8
Deferred tax - change in tax rate	6,621.6	0.0
Recognized and reversed positive temporary differences due to:	1,555.7	-339.2
Income on accrued but not paid interest	-481.0	-204.9
Difference between tax and balance sheet depreciation/amortization	-7.7	1.1
Measurement of securities	-410.6	-135.4
Other	-213.0	0.0
Deferred tax - change in tax rate	2,668.0	0.0
Total tax recognized in the income statement	-6,703.3	-7,756.6

*) Under the item 'tax loss', the tax loss from 2023 was utilised in 2025.

Effective tax rate calculation

	period from 01.01.2025 to 31.12.2025	period from 01.01.2024 to 31.12.2024
A. Profit before tax	52,846.7	39,263.0
B. (-) 19% of profit before tax	-10,040.9	-7,460.0
C. Increases - 19% of costs other than tax deductible cost, including:	-413.7	-297.0
Bank Guarantee Fund contribution to the banks' compulsory resolution fund	-341.4	-262.8
Other	-72.3	-34.2
D. Decreases - 19% of tax exempt income	-202.3	-0.4
Other	-202.3	-0.4
E. Deferred tax - change in tax rate	3,953.6	0.0

F. Income tax from income statement [B+C-D+E]	-6,703.3	-7,756.6
Effective tax rate (-F : A)	12.68%	19.76%

The deviation of the effective tax rate from 19% in 2025 was primarily driven by the BGF contribution to the compulsory resolution fund amounting to PLN 1.8 million and by the impact of CIT rate changes effective from 2026 amounting to PLN 3.9 million.

Income tax recognised in the statement of financial position

period from 01.01.2025 to 31.12.2025

	31.12.2025	Income statement, including:		31.12.2024
		Current	Change in CIT rate	
Interest accrued on credit facilities to customers, accrued interest and securities discount	-4,729.2	361.0	-1,734.0	-3,441.6
The difference between the carrying amount and tax value of tangible and intangible assets	-26.0	7.8	-9.4	-24.5
Measurement of securities	-129.4	120.0	-47.4	-504.2
Fees recognised under effective interest rate	-5,042.5	410.7	-876.8	-4,401.4
Gross deferred tax provision recognised in profit or loss	-9,927.1	899.5	-2,667.6	-8,371.7
Tax loss for the years 2022-2023	0.0	-1,307.3	0.0	1,307.3
Payable expenses	1,806.2	-158.7	662.3	1,207.2
Interest accrued on liabilities to other banks, accrued interest and discount on liabilities attributable to the issue of covered bonds	15,472.8	5,700.8	5,673.4	4,226.5
Expected credit loss provision	543.2	-61.4	94.5	475.9
Expenses settled at the effective interest rate	0.0	0.0	0.0	546.8
Difference between the depreciation of a right-of-use asset and the cost of financing the lease (IFRS 16)	13.9	2.2	5.1	6.6
Adjustment of interest on bonds acquired	454.6	-12.6	166.7	342.2
Other	53.7	9.1	19.7	75.4
Gross deferred tax assets recognised in profit or loss	18,344.4	4,172.1	6,621.7	8,187.9
Total	8,417.3	5,071.5	3,954.1	-183.8
	31.12.2025	Other comprehensive income, including:		31.12.2024
		Current	Change in CIT rate	
Unrealised result on measurement of securities measured at fair value through other comprehensive income	44.3	52.0	16.2	-23.9
Gross deferred tax provision recognised in other comprehensive income	44.3	52.0	16.2	-23.9
Actuarial losses	129.1	8.0	47.3	73.8
Gross deferred tax assets recognised in other comprehensive income	129.1	8.0	47.3	73.8
Total	173.4	60.0	63.5	49.9
Deferred tax assets/(provision) (presented in the statement of financial position)	8,590.7	5,131.5	4,017.6	-133.9

6.7. Earnings and book value per share

Basic earnings per share

The calculation of basic earnings per share of the Bank is based on net profit and the number of ordinary shares as at year-end.

	as at 31.12.2025	as at 31.12.2024
Profit after tax	46,143.4	31,506.4
Number of ordinary shares	380,000	380,000
Earnings per ordinary share (in PLN)	121.43	82.91

Diluted earnings per share

Neither in 2025 nor in 2024 there were factors that would dilute the profit per one share. In the described periods, ING Bank Hipoteczny S.A. issued neither bonds convertible to shares nor stock options. The share capital comprises ordinary shares only (no preference shares). Therefore, the diluted earnings per share are the same as the underlying profit per share.

Carrying amount per share

The calculation of the book value per share of the Bank for 2025 is based on the equity amount and the number of shares outstanding at the year-end.

	as at 31.12.2025	as at 31.12.2024
Net assets (carrying amount)	471,061.8	440,861.2
Number of shares	380,000	380,000
Carrying amount per share	1,239.64	1,160.16

NOTES TO STATEMENT OF FINANCIAL POSITION

6.8. Cash and cash equivalents

	as at 31.12.2025	as at 31.12.2024
Current accounts	4,509.2	2,259.9
Term deposits in banks	5,000.5	12,008.0
Total (net)	9,509.7	14,267.9

As at 31 December 2025, cash and cash equivalents include funds in current accounts and short-term deposits (with a maturity of up to 3 months) with ING Bank Śląski S.A. in PLN.

The Bank has no impaired cash and cash equivalents. As the Bank concludes interbank transactions with ING Bank Śląski S.A. exclusively, it is estimated that the credit risk resulting therefrom is significantly limited and thus the Bank does not establish any provisions for expected credit losses (gross value equals net value).

ING Bank Hipoteczny S.A. does not identify any FX risk or interest rate risk for the said amounts due.

6.9. Securities

	as at 31.12.2025	as at 31.12.2024
Securities at fair value through other comprehensive income	98,685.4	99,664.8
T-bonds	98,685.4	99,664.8
Securities measured at amortized cost	99,955.0	0.0
Cash bills of the National Bank of Poland	99,955.0	0.0
Total	198,640.4	99,664.8

6.10. Loans and other receivables to customers

	as at 31.12.2025			as at 31.12.2024		
	gross	expected loss provision	net	gross	expected loss provision	net
Retail Banking (individuals)	4,660,294.0	-2,464.7	4,657,829.2	4,272,567.4	-2,650.2	4,269,917.2

• Loans and other receivables to customers by maturity

	31.12.2025	31.12.2024
up to 1 month*	51,024.7	53,143.6
over 1 month and up to 3 months	35,200.9	27,950.7
over 3 months to 1 year	154,010.6	120,565.6
over 1 year and up to 5 years	873,618.6	705,109.8
above 5 years	3,546,439.2	3,365,797.7
Total	4,660,294.0	4,272,567.4

*) also includes assets whose maturity has expired

• Lending portfolio quality

The loan portfolio comprises receivables from customers, which consist exclusively of loans.

The carrying amount and level of allowance for expected credit losses by Stage are presented below.

Loan portfolio measured at amortised cost

	as at 31.12.2025	as at 31.12.2024
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	gross	expected loss provision	net	gross	expected loss provision	net
Assets in Stage 1	4,620,638.9	-437.2	4,620,201.7	3,743,724.9	-447.2	3,743,277.7
Assets in Stage 2	34,763.3	-623.6	34,139.7	526,287.8	-1,576.2	524,711.6
Assets in Stage 3	4,891.7	-1,403.9	3,487.8	2,554.7	-626.8	1,927.9
Total	4,660,294.0	-2,464.7	4,657,829.2	4,272,567.4	-2,650.2	4,269,917.2

- **Loan portfolio - reconciliation of gross carrying amount (GCA) and change in the allowance for expected credit losses (allowance)**

Change in expected loss provision/impairment loss

	period from 01.01.2025 to 31.12.2025				period from 01.01.2024 to 31.12.2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Allowance at the beginning of the period	-447.3	-1,576.2	-626.8	-2,650.2	-517.6	-1,846.6	-1,494.0	-3,858.2
Movements in the period	10.1	952.6	-777.1	185.6	70.4	270.4	867.2	1,208.0
Allowance for loans acquired in the period	-128.2	0.0	0.0	-128.2	-173.2	0.0	0.0	-173.2
Change in estimation	141.5	61.9	-155.8	47.5	149.2	91.0	-69.3	170.9
Transfer to stage 1	-51.2	1,020.4	0.0	969.2	-42.2	1,050.8	198.5	1,207.1
Transfer to stage 2	10.4	-269.6	148.9	-110.3	111.7	-1,075.8	812.6	-151.6
Transfer to stage 3	12.6	91.5	-794.9	-690.8	0.0	59.4	-99.9	-40.5
Repayment in full	25.0	48.4	24.7	98.1	24.9	145.0	25.3	195.2
Allowance at the end of the period	-437.2	-623.6	-1,403.9	-2,464.7	-447.2	-1,576.2	-626.8	-2,650.2

- **Purchase of mortgage debt claims portfolio**

In 2025, the Bank carried out three debt portfolio acquisition transactions, each time on the basis of debt transfer agreements concluded with ING Bank Śląski S.A. for the purpose of issuing covered bonds:

- On 24 April 2025, on the basis of the agreement on the transfer of receivables for the purpose of issuing covered bonds No. 17, ING Bank Hipoteczny S.A. acquired a mortgage-backed housing loans debt claims portfolio of a total value of PLN 343,324,800.
- On 11 September 2025, on the basis of an agreement on the transfer of receivables for the purpose of issuing covered bonds No. 18, the Bank acquired a mortgage-backed housing loans debt claims portfolio of a total value of PLN 438,730,400.
- On 4 December 2025, under the agreement on the transfer of receivables for the purpose of issuing covered bonds No. 19, the Bank acquired another mortgage-backed housing loans debt claims portfolio of a total value of PLN 281,148,700.

period from 01.01.2025 to 31.12.2025

	Change in allowance		Difference	Explanation
	in statement of financial position	in income statement		
Change in allowance	- 185.5	83.2	268.7	The difference concerning the change in the allowance for expected credit losses in 2025 is due in particular to the inclusion in the income statement of an adjustment bringing interest income to the level resulting from the net value of exposures.

*) The difference in 2024 amounted to PLN -35,700 and was due to similar reasons.

• Credit portfolio exposure by risk class

The Bank divides the risk classes into four basic groups. The different risk class ranges correspond to Moody's short-term ratings, as indicated in the table below.

No.	risk class group	Risk class range	Moody's short-term rating
1.	risk class group corresponding to investment rating	1-10	from Aaa to Baa3
2.	risk class group corresponding to speculative rating	11-17	from Ba1 to Caa3
3.	risk class group of potentially non-performing exposures	18-19	from Ca to C
4.	risk class group of non-performing exposures	20-22	-

For ratings 20-22, the probability of default is 100%.

2025

risk class division	Stage 1	Stage 2	Stage 3	Total
1-10	4,384,954.9	16,259.2	0.0	4,401,214.1
11-17	235,321.1	15,945.1	0.0	251,266.1
18-19	363.0*	2,559.0	0.0	2,922.0
20-22	0.0	0.0	4,891.7	4,891.7
Total gross	4,620,638.9	34,763.3	4,891.7	4,660,294.0
expected loss provision	-437.2	-623.6	-1,403.9	-2,464.7
Total net	4,620,201.7	34,139.7	3,487.8	4,657,829.2

*) the amount results from the application of the PMA adjustment related to model changes.

6.11. Property, plant and equipment

	as at 31.12.2025	as at 31.12.2024
Gross value	3,836.8	3,487.9
Right-of-use assets	3,549.8	3,214.8
Computer hardware	266.6	256.2
Other property, plant and equipment	20.4	16.9
Accumulated depreciation/amortisation	-2,487.0	-2,117.5
Right-of-use assets	-2,257.6	-1,904.9

Computer hardware	-212.7	-195.8
Other property, plant and equipment	-16.7	-16.7
Total (net)	1,349.8	1,370.4
Right-of-use assets	1,292.2	1,309.9
Computer hardware	53.9	60.3
Other property, plant and equipment	3.7	0.2

The tables show the changes in gross value and accumulated depreciation for each group of property, plant and equipment that occurred in 2025 and 2024.

Movements in property, plant and equipment, exclusive of right-of-use

period from 01.01.2025 to 31.12.2025

	Computer hardware	Other property, plant and equipment non-current assets	TOTAL
Opening gross value	256.2	16.9	273.1
Additions, including:	13.8	17.2	31.0
Purchases	13.8	17.2	31.0
Disposals, including:	3.3	13.8	17.1
Sales	3.3	13.8	17.1
Closing gross value	266.6	20.4	287.0
Opening accumulated depreciation (amortisation)	-195.8	-16.7	-212.6
Additions, including:	-19.6	0.0	-19.6
Depreciation and amortization charges	-19.6	0.0	-19.6
Disposals, including:	-2.9	0.0	-2.8
Sales	-2.9	0.0	-2.8
Closing accumulated depreciation (amortisation)	-212.7	-16.7	-229.4
Closing net value	53.9	3.7	57.6

period from 01.01.2024 to 31.12.2024

	Computer hardware	Other property, plant and equipment non-current assets	TOTAL
Opening gross value	259.4	16.9	276.3
Disposals, including:	3.2	0.0	3.2
Sales	3.2	0.0	3.2
Closing gross value	256.2	16.9	273.1
Opening accumulated depreciation (amortisation)	-135.0	-16.7	-151.7
Additions, including:	-64.2	0.0	-64.2
Depreciation and amortization charges	-64.2	0.0	-64.2
Disposals, including:	-3.3	0.0	-3.3

Sales	-2.7	0.0	-2.7
Other	-0.6	0.0	-0.6
Closing accumulated depreciation (amortisation)	-195.9	-16.7	-212.6
Closing net value	60.3	0.2	60.5

Movements in right-of-use assets

period from 01.01.2025 to 31.12.2025

	Real Estate	Means of transport	TOTAL
Opening gross value	2,737.4	477.4	3,214.8
Additions, including:	335.0	0.0	335.0
Adjustment to the right-of-use asset due to lease liability recalculation	335.0	0.0	335.0
Closing gross value	3,072.4	477.4	3,549.8
Opening accumulated depreciation (amortisation)	-1,593.3	-311.6	-1,904.9
Additions, including:	-293.9	-58.8	-352.7
Depreciation and amortization charges	-293.9	-58.8	-352.7
Closing accumulated depreciation (amortisation)	-1,887.2	-370.4	-2,257.6
Closing net value	1,185.2	107.0	1,292.2

period from 01.01.2024 to 31.12.2024

	Real Estate	Means of transport	TOTAL
Opening gross value	2,501.9	343.6	2,845.5
Additions, including:	376.7	133.8	510.5
New contracts	0.0	133.3	133.3
Adjustment to the right-of-use asset due to lease liability recalculation	376.7	0.5	377.2
Disposals, including:	141.2	0.0	141.2
Liquidation	141.2	0.0	141.2
Closing gross value	2,737.4	477.4	3,214.8
Opening accumulated depreciation (amortisation)	-1,303.2	-253.4	-1,556.6
Additions, including:	-290.0	-58.3	-348.3
Depreciation and amortization charges	-290.0	-58.3	-348.3
Closing accumulated depreciation (amortisation)	-1,593.2	-311.7	-1,904.9
Closing net value	1,144.2	165.7	1,309.9

There are no legal constraints on property, plant and equipment as at the end of 2025 and 2024.

6.12. Intangible assets

as at as at



	31.12.2025	31.12.2024
Gross value, of which:	2,975.8	2,975.8
Software*	2,975.8	2,975.8
Accumulated depreciation/amortisation, of which:	-2,975.8	-2,975.8
Software	-2,975.8	-2,975.8
Total (net)	0.0	0.0

*) From the Bank's point of view, in the reporting period, significant intangible assets were: the Cover Register software that was rendered for use in 2018 and the SAS (CSS) software license.

6.13. Other assets

	as at 31.12.2025	as at 31.12.2024
Prepayments, including:	323.4	1,205.7
Prepaid general and administrative expenses	323.4	1,205.7
Other assets, including:	199.0	193.4
Public and legal settlements	127.4	103.9
Settlements with suppliers	0.0	30.4
Social security contributions settlements	71.5	59.1
Total	522.4	1,399.1

6.14. Liabilities to banks

	as at 31.12.2025	as at 31.12.2024
Loans received	2,877,325.7	3,345,549.4
Liabilities due to refinancing*	0.0	83,175.5
Other	0.3	1.6
Total	2,877,326.1	3,428,726.5

*) ING Bank Hipoteczny S.A. provides for ING Bank Śląski S.A. the services of refinancing of the mortgage debts portfolios by way of payment of the Refinancing Amount determined in accordance with the stipulations of Debt Transfer Framework Agreement to Issue Covered Bonds and Transfer Agreements, in return for transfer of the said portfolios on ING Bank Hipoteczny S.A.

6.15. Liabilities under issue of covered bonds

	as at 31.12.2025	as at 31.12.2024
Liabilities on account of issuing covered bonds with a repayment period	1,518,818.2	508,565.9
From two to five years	1,518,818.2	508,565.9
Total	1,518,818.2	508,565.9

As at 31 December 2025, the Bank had commitments in respect of covered bonds issued under the International Programme of Covered Bonds Issue. The purpose of the Programme was to create a legal infrastructure within which the Bank can issue covered bonds both locally and internationally.

Issued covered bonds as at 31.12.2025

ISIN	Currency	Nominal value	Interest as at 31.12.2025	Interest rate + bank margin / fixed rate	Issue date	Redemption date	Rating	Quotation market
XS2895060809	PLN	500,000.0	0.0518	0.55% + WIBOR6M	2024-09-11	2028-09-11	Aa1	LuxSE, parallel market of WSE
XS3187646032	PLN	1,000,000.0	0.0536	0.78% + WIBOR6M	2025-09-30	2029-09-30	Aa1	LuxSE, parallel market of WSE

In 2025, the Bank issued series 3 of covered bonds under the International Programme of Covered Bonds Issue. Detailed information is presented in chapter 2. Significant events, under section 2.1. *In 2025*

In the comparable period of 2024, ING Bank Hipoteczny S.A. issued 2 series of covered bonds of the total value of PLN 500 million.

As at 31 December 2025, the nominal value of covered bonds issued by the Bank and in trading amounted to PLN 1,500,000,000 (compared to PLN 500,000,000 as at 31 December 2024).

- On 11 March 2025, the first payment of the interest coupon on the covered bonds issued by the Bank took place. The amount of interest paid was PLN 15,841,700.
- On 11 September 2025, the second interest coupon payment on the covered bonds issued by the Bank took place. The amount of interest paid was PLN 16,005,500.

Any future issues of covered bonds will directly depend on market conditions and the liquidity situation of ING Bank Śląski S.A. Group and the banking sector's liquidity situation.

Cover Register

Covered bonds are secured with the Bank's receivables on account of mortgage loans with the highest priority established for the Bank. The basis for the issue of covered bonds is also a part of the Bank's funds invested in T-bonds referred to in note 6.22. *Fair value.*

As at 31 December 2025, the value of the unmatured principal of mortgage loans entered in the cover register and constituting collateral for the issue of covered bonds amounted to PLN 3,496,928,700 (compared with PLN 2,539,095,600 as at 31 December 2024), while the nominal value of additional collateral in the form of securities issued by the State Treasury amounted to PLN 14,000,000 (compared with PLN 30,000,000 as at 31 December 2024).

As at 31 December 2025, the number of debt claims entered in the cover register was 19,099, including 19,032 active and 67 repaid (compared with 15,611, including 19 repaid as at 31 December 2024).

6.16. Provisions

	as at 31.12.2025	as at 31.12.2024
	5	4
Provisions for retirement and pension benefits	773.0	653.0
Short-term	194.3	69.0
Long-term	578.8	584.0
Other	62.4	20.0
Long-term	62.4	20.0
Total	835.4	673.0

The table below shows the change in the liability recognised in the balance sheet.

Movements in provisions

period from 01.01.2025 to 31.12.2025

	Provision for retirement benefits	Provision for pension benefits	Other provisions	TOTAL
Opening balance	637.7	15.3	20.0	673.0
Regular employment costs	42.2	1.8	0.0	44.0
Interest expenses	33.4	0.9	0.0	34.4
Actuarial gains/losses	43.4	-1.7	0.0	41.6
Attributable to changes in actuarial assumptions ex post	39.2	-1.5	0.0	37.7
Attributable to changes in financial assumptions	23.2	0.5	0.0	23.7
Attributable to changes in demographic assumptions	-19.0	-0.8	0.0	-19.8
Other	0.0	0.0	42.4	42.4
Closing balance	756.7	16.3	62.4	835.4

period from 01.01.2024 to 31.12.2024

	Provision for retirement benefits	Provision for pension benefits	Other provisions	TOTAL
Opening balance	603.8	17.2	20.0	641.0
Regular employment costs	45.0	2.3	0.0	47.3
Interest expenses	32.6	0.9	0.0	33.5
Actuarial gains/losses	-43.7	-5.1	0.0	-48.8
Attributable to changes in actuarial assumptions ex post	-10.3	-3.9	0.0	-14.2
Attributable to changes in financial assumptions	-21.8	-0.5	0.0	-22.3
Attributable to changes in demographic assumptions	-11.6	-0.7	0.0	-12.3
Closing balance	637.7	15.3	20.0	673.0

- **Provision for retirement benefits**

The Bank establishes the provisions for retirement and pension benefit in accordance with IAS 19. The provision for retirement and pension benefit pay awarded as part of the benefits under the Labour Code regulations is calculated using the actuarial method by an independent actuary as the present value of the future long-term Bank's obligations towards their employees considering the headcount and payroll status as at the update date. The actuarial valuation-based provision is recognised and reviewed per annum.

The provisions are calculated based on a range of assumptions, relating to both discount rates and projected salary raises as well as to staff rotation, death risk and others. The assumptions are verified at the end of the financial year.

The tables below show model sensitivity to the values adopted for individual assumptions as at 31 December 2025 and 31 December 2024. The value of pension provisions recognised in the Bank's books as at 31 December 2025 and 31 December 2024, respectively, is presented as the base case.

Assumptions made for the needs of valuation:

- discount rate - 5.2% (5.80% at the end of 2024),
- long-term wage growth rate - 5.00%.

The tables below show model sensitivity to the values adopted for individual assumptions as at 31 December 2025 and 31 December 2024. The value of pension provisions recognised in the Bank's books as at 31 December 2025 and 31 December 2024, respectively, is presented as the base case.

2025

	Provisions for retirement and pension benefits (in PLN thousand)		
	Lower bracket	Base variant	Upper bracket
Discount Rate (+1% / baseline variant / -1%)	824.1	773.1	728.5
Deviation from assumed wage growth (-0.25% / baseline / +0.25%)	759.5	773.1	787.2

2024

	Provisions for retirement and pension benefits (in PLN thousand)		
	Lower bracket	Base variant	Upper bracket
Discount Rate (+1% / baseline variant / -1%)	699.2	653.0	612.7
Deviation from assumed wage growth (-0.25% / baseline / +0.25%)	640.7	653.0	665.7

6.17. Other liabilities

	as at 31.12.20 25	as at 31.12.20 24
Prepayments and deferred income	5,622.4	6,515.4
Due to employee benefits	3,363.2	4,452.9
<i>of which variable remuneration programme</i>	<i>2,350.8</i>	<i>3,122.0</i>
Due to Cooperation Agreement*	572.9	504.6
Due to IT costs	142.7	238.5
Due to legal services	47.1	118.7
Due to communication costs	287.3	426.7
Other	1,209.0	774.0

Other liabilities	2,099.0	1,915.1
Lease liabilities	1,342.6	1,346.9
Public and legal settlements	725.5	544.3
Other	30.9	23.9
Total	7,721.4	8,430.5

*) A scope of services provided by ING Bank Śląski S.A. for ING Bank Hipoteczny S.A. resulting from the Cooperation agreement is described in Note 6.25 Transactions with related companies.

Lease liabilities

period from 01.01.2025 to 31.12.2025

Maturity of lease liabilities	Lease of office space	Lease of cars	TOTAL
Up to 1 month	31.7	5.4	37.1
Over 1 month and up to 3 months	54.2	10.7	64.9
Over 3 months to 1 year	240.2	47.1	287.3
Over 1 year and up to 5 years	902.3	51.0	953.3
Total	1,228.4	114.2	1,342.6

period from 01.01.2024 to 31.12.2024

Maturity of lease liabilities	Lease of office space	Lease of cars	TOTAL
Up to 1 month	26.4	5.3	31.7
Over 1 month and up to 3 months	52.5	10.7	63.2
Over 3 months to 1 year	231.9	47.1	279.0
Over 1 year and up to 5 years	864.2	108.8	973.0
Total	1,175.0	171.9	1,346.9

6.18. Share Capital

The detailed structure of share capital as at 31 December 2025 is presented in section 1.3. Share capital.

6.19. Accumulated other comprehensive income

The following table presents the balance sheet totals of accumulated other comprehensive income as at 31 December 2025 and 31 December 2024, respectively.

	as at 31.12.2025	as at 31.12.2024
Actuarial gains / losses	-301.3	-314.8
<i>including deferred tax</i>	129.1	73.8
Securities measured at fair value through other comprehensive income	-103.2	102.1
<i>including deferred tax</i>	44.3	-23.9

Total	-404.5	-212.7
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6.20. Retained earnings

	as at 31.12.2025	as at 31.12.2024
Result for the current year	46,143.4	31,506.4
Retained profit/loss - unappropriated part	7,877.7	0.0
Retained profit/loss - part allocated to supplementary capital	21,447.8	13,570.1
Total	75,468.9	45,076.5

On 9 May 2025, the Annual General Meeting of the Bank adopted a resolution on the distribution of net profit of ING Bank Hipoteczny S.A. for the financial year 2024, in which:

- PLN 15,751,000.00 of profit was earmarked for the payment of dividends,
- PLN 7,877,714.29 of the profit was allocated to supplementary capital.
- PLN 7,877,714.29 of the profit was allocated to retained earnings.

Dividend payout

Detailed information on the Bank's dividend policy and restrictions on dividend payments can be found in this report in the *Risk and Capital Management* section, in note *6.30 Qualitative information - Dividend policy*.

Supplementary capital

The supplementary capital shall be established from the profit after taxes, out of the surplus funds achieved while issuing the shares above their face value, and out of the extra funds paid by the shareholders and assigned for covering the balance sheet losses. The decision on the use of the supplementary capital shall be taken by the General Meeting.

OTHER NOTES

6.21. Supplementary information to the statement of cash flows

Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents include balances of current accounts and short-term deposits (made over a period up to 3 months) with other banks. These balances are presented in the statement of financial position under *Cash and cash equivalents* and in note *6.8*.

Explanation of the classification of the Bank's activities into operating, investment and financial activities in the cash flow statement

Operating activity includes the core activities of the Bank, not classified as investment or financial activities.

Investment activities cover the acquisition and disposal of securities and related interest income, as well as the disposal of property, plant and equipment.

Financial activity pertains to long-term financial transactions (over one year) with financial entities. The inflows from financial activity indicate sources of financing of the Bank, including long-term loans and cash loans from other banks or issue of debt securities (covered bonds and bonds). Outflows from financial activity are mainly due to repayment of long-term liabilities by the Bank (e.g. repayment of received loans including interest, redemption of debt securities issued, repayment of interest on debt securities issued and repayment of lease liabilities and also payment of dividends to the owner).

Reasons for differences between changes in certain items recognised in statement of financial position and in cash flow statement

The reasons for differences between changes recognised in statement of financial position and in cash flow statement have been explained in the table herein below.

Moreover, changes in the individual assets and liabilities were adjusted with interest disclosed in the position *Interest received/paid*.

	Changes		Difference	Explanation
	in statement of financial position	in cash flow statement		
Change in loans to customers	-387,912.0	-389,779.9	1,867.9	The difference concerning the change in loans to customers is due in particular to the reduction of this item in <i>net cash flow from operating activities</i> by accrued interest on loans granted to customers, which is presented under <i>Interest received</i>
Change in other assets	876.7	466.8	409.9	The difference concerning the change in other assets results in particular from including in <i>net cash flow from operating activities</i> not only the change in other assets but also, among others, other changes in property, plant and equipment
Change in liabilities to other banks	-551,400.4	110,142.1	-661,542.5	The difference concerning the change in other liabilities to other banks results in particular from the decrease of this item in <i>net cash flows from operating activities</i> by the change in liabilities due to long-term financing, which were shown in <i>net cash flows from financing activities</i> .
Change in covered bonds liabilities	1,010,252.3	-1,559.7	1,011,812.0	The difference concerning the change in covered bonds payable is due in particular to the adjustment of this item in <i>net cash flow from operating activities</i> for the cash flows from issuances and for interest on covered bonds payable, which is presented under <i>Interest paid</i> .
Change in provisions	162.7	176.3	-13.6	The difference concerning the change in provisions results from including in <i>net cash flow from operating activities</i> not only the change in provisions but also, inter alia, the change in deferred corporate income tax recognised in <i>Accumulated other comprehensive income</i>
Change in other liabilities	-709.1	-319.7	-389.4	The difference concerning the change in other liabilities in <i>net cash flow from operating activities</i> results in particular from derecognising from this item of the cash flow statement, lease related cash flows that are shown in <i>net cash flows from financing activities</i>

Change in debt securities measured at fair value through other comprehensive income	979.5	-4,476.7	5,456.2	The difference concerning the change in debt securities measured at fair value through other comprehensive income results in particular from derecognising from this item of the cash flow statement, deferred corporate tax related cash flows that are shown under <i>Change in provisions</i> , and from the inclusion of interest received on securities measured at fair value through other comprehensive income.
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6.22. Fair value

• Financial assets carried at fair value in statement of financial position

Based on the methods used to determine fair value, the Bank classifies individual financial assets into one of three categories, the so-called level in the fair value measurement hierarchy. A description of the different measurement hierarchy levels is included in chapter 4. Significant accounting policies and key estimates, in section 4.4.9 *Gains and losses resulting from subsequent measurement*. In 2025, as in 2024, there were no transfers between levels of the measurement hierarchy.

The tables present the balance-sheet figures for financial assets measured at fair value per measurement hierarchy levels.

In 2025, the measurement techniques for Level 1 did not change.

as at 31.12.2025

	Level 1	Level 2	Level 3	TOTAL
Financial assets	98,685.4	0.0	0.0	98,685.4
Debt securities measured at fair value through other comprehensive income	98,685.4	0.0	0.0	98,685.4
<i>of which T-bonds</i>	98,685.4	0.0	0.0	98,685.4

as at 31.12.2024

	Level 1	Level 2	Level 3	TOTAL
Financial assets	99,664.8	0.0	0.0	99,664.8
Debt securities measured at fair value through other comprehensive income	99,664.8	0.0	0.0	99,664.8
<i>of which T-bonds</i>	99,664.8	0.0	0.0	99,664.8

• Financial assets and liabilities not carried at fair value in statement of financial position

The tables show a comparison of the carrying amount with the fair value of the loan portfolio, of liabilities attributable to covered bonds issue. For other financial assets and liabilities not measured at fair value in the statement of financial position, the fair value is similar to the carrying amount.

In 2025, the measurement techniques for Levels 2 and 3 of the measurement hierarchy did not change.

as at 31.12.2025

Method of measurement	Fair value	TOTAL
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	Carrying amount		Level 1	Level 2	Level 3	
Assets						
Cash and cash equivalents	9,509.7	required payment	0.0	9,509.7	0.0	9,509.7
Loans and other receivables to customers.	4,657,829.2	discounted cash flows	0.0	0.0	4,658,667.0	4,658,667.0
Liabilities						
Liabilities to banks	2,877,326.1	required payment	0.0	2,877,326.1	0.0	2,877,326.1
Liabilities under issue of covered bonds	1,518,818.2	discounted cash flows	0.0	1,555,383.8	0.0	1,555,383.8
Lease liabilities	1,342.6	required payment	0.0	0.0	1,342.6	1,342.6

as at 31.12.2024

	Carrying amount	Method of measurement	Fair value			TOTAL
			Level 1	Level 2	Level 3	
Assets						
Cash and cash equivalents	14,267.9	required payment	0.0	14,267.9	0.0	14,267.9
Loans and other receivables to customers.	4,269,917.2	discounted cash flows	0.0	0.0	4,220,376.3	4,220,376.3
Liabilities						
Liabilities to banks	3,428,726.5	required payment	0.0	3,428,726.5	0.0	3,428,726.5
Liabilities under issue of covered bonds	508,565.9	discounted cash flows	0.0	508,565.9	0.0	508,565.9
Lease liabilities	1,346.9	required payment	0.0	0.0	1,346.9	1,346.9

The Bank discloses data on the fair value of loans included in the group of financial assets measured at amortised cost and financial liabilities measured at amortised cost including the effective interest rate.

For the purpose of calculating the fair value of the PLN mortgage portfolio, a yield curve is used that includes transfer prices, which are calculated on the basis of WIBOR 6M. For the needs of measurement to fair value, the income approach is applied.

Key assumptions:

- for the purposes of measurement, the original principal and interest repayment schedules are adjusted by taking into account prepayments, credit risk and the adoption of a forward interest rate structure,
- credit risk parameters, i.e. PD lifetime and LGD in discounted terms for measurement purposes are included in the expected cash flows,
- prepayments estimated on the basis of an analysis of historical data based on the used prepayment model are included for the purposes of estimating cash flows,
- the calculation of the discount rate used to estimate cash flows takes into account all risks and costs, excluding prepayment risk and credit risk costs reflected in the flows,
- prepayment risk and credit risk costs are reflected in cash flows,
- the application of a calibration margin determined on the basis of the portfolio of mortgages granted in the first and second month of the current quarter, analogous to the portfolio being measured.

The fair value of a loan is calculated as the sum of the discounted cash flows of principal repayments and interest payments, taking into account prepaid principal and the cost of credit risk.

For non-scheduled loans and impaired loans, it is assumed that their fair value equals their book value.

The fair value of liabilities due to the issue of covered bonds is calculated by applying a discounting factor to each cash flow. In this case, the discounting factor is the sum of:

- the market rate based on the yield curve at the balance sheet date and
- an estimate of the current margin that would be offered if a commitment were made.

This value is based on an indicative quotation (e.g. euro market quote) and the cost of hedging the currency mismatch risk.

6.23. Off-balance sheet liabilities

	as at 31.12.2025	as at 31.12.2024
Off-balance sheet liabilities received, including	2,412,199.7	1,766,198.4
Unused revolving credit facility received from ING Bank Śląski S.A.	2,412,000.0	1,566,000.0
Unused limit which can be used as a guarantee in excess of the limit of the revolving credit facility	0.00	200,000.0
Unused revolving credit facility for credit cards to the current account maintained for the Bank in ING Bank Śląski S.A.	199.7	198.4
Total	2,412,199.7	1,766,198.4

6.24. Information on initiated administrative and court proceedings related to WIBOR and the free credit sanction

The value of proceedings relating to liabilities or receivables pending in 2025 did not exceed 10% of the Bank's equity. The Bank is of the opinion that neither the individual proceedings pending in 2025 or in 2024 — whether before a court, an authority competent for arbitration proceedings, or a public administration authority — nor all proceedings taken together pose a threat to the Bank's financial liquidity. There were also no significant cases both brought by and against the Bank. The Bank made no provisions for pending litigation.

As at 31 December 2025, a total of 22 proceedings were pending against the Bank, 8 of which were initiated in 2025. In 20 cases, customers are challenging the construction of variable interest rates in mortgage loan agreements and the rules for determining the WIBOR reference rate; in two proceedings, the lawsuits involve both a challenge to the WIBOR rate and a claim for the sanction of a free loan. The Bank disputes the validity of the claims raised, pointing out that the use of the WIBOR rate is in accordance with the law and that the rate is set by an independent administrator and supervised by the Polish Financial Supervision Authority.

As at 31 December 2025, three cases involving the WIBOR index and the free credit sanction, in which ING Bank Hipoteczny S.A. was the defendant, had resulted in final judgments in favour of the Bank (one relating to the free credit sanction and two to the WIBOR issue).

6.25. Related party transactions

ING Bank Hipoteczny S.A. is a subsidiary of ING Bank Śląski S.A., which as at 31 December 2025 held 100% share in share capital of ING Bank Hipoteczny S.A. and 100% shares in the total number of votes at the General Meeting of ING Bank Hipoteczny S.A.

Since 2019, ING Bank Hipoteczny S.A. has acquired mortgage debt claims from ING Bank Śląski S.A., which, after assessing their suitability as collateral for granted loans and determining the mortgage lending value of the real property, constitute collateral for the issue of covered bonds.

ING Bank Śląski S.A. maintains current accounts, short-term deposit accounts and securities accounts for ING Bank Hipoteczny S.A. Moreover, ING Bank Hipoteczny S.A. avails itself of the revolving credit facility from ING Bank Śląski S.A. used for financing of its operations as well as the credit line rendered available to the employees of the company in connection with using bank cards of ING Bank Śląski S.A.

Since January 2019 ING Bank Śląski S.A. has performed for ING Bank Hipoteczny S.A. activities of basic importance under Cooperation Agreement signed by and between the two banks. The services are provided in the following areas: Accounting and Tax, Controlling, IT, CRO, Business and Operations, Treasury, Legal Services, Data Management, Compliance Risk, Audit, Health and Safety, and Procurement and HR services. Some of the activities are performed as part of outsourcing, in accordance with the provisions of the Banking Law Act, while all decision-making processes related to the conducted activity are performed by ING Bank Hipoteczny S.A.

ING Bank Hipoteczny S.A. and ING Bank Śląski S.A. make also transactions resulting from agreements for sub-lease of premises used for the registered office of the Bank, the office in Warsaw and a backup centre, IT support and personnel and payroll services.

In addition, ING Bank Hipoteczny S.A. uses the services of other related parties, i.e. SWIFT operational services provided by ING Bank N.V., financial and accounting services provided by ING Usługi dla Biznesu S.A. , Global Directory Services provided by ING Bank N.V., Robotic Process Automation software services provided by SAIO S.A.

All transactions made with related parties arose from day-to-day operations and were concluded at arm's length.

The Bank did not enter into relationships with other new significant customers or suppliers.

The tables present numerical information on income and expenses as well as receivables and payables that arise from transactions between the Bank and the parent company and other related parties.

Costs were presented net of the deduction of the sales structure factor (VAT).

Income and expenses

period from 01.01.2025 to 31.12.2025

	parent entity	other related entities
Income	436.6	0.0
Interest income	436.6	0.0
Expenses	-190,954.1	-1,123.3
Interest costs	-183,313.1	0.0
Commission expenses	-1,129.6	0.0
General and administrative expenses	-6,511.4	-1,123.3

period from 01.01.2024 to 31.12.2024

	parent entity	other related entities
Income	681.0	0.0
Interest income	681.0	0.0
Expenses	-190,254.8	-1,584.4
Interest costs	-182,422.8	0.0
Commission expenses	-1,284.1	0.0
General and administrative expenses	-6,547.9	-1,584.4

Receivables and liabilities

as at 31.12.2025

	parent entity	other related entities
Receivables	10,694.83	0.0
Cash and cash equivalents	9,509.7	0.0
Property, plant and equipment	1,185.3	0.0
Liabilities	2,879,140.8	569.6
Liabilities to banks	2,877,326.1	0.0
Other liabilities	1,814.6	569.6
<i>including: accruals</i>	<i>586.2</i>	<i>569.6</i>
Off-balance-sheet operations	2,412,199.7	0.0
Off-balance sheet liabilities received	2,412,199.7	0.0

as at 31.12.2024

	parent entity	other related entities
Receivables	15,412.1	0.0
Cash and cash equivalents	14,267.9	0.0
Property, plant and equipment	1,144.2	0.0
Liabilities	3,430,411.0	884.6
Liabilities to banks	3,428,726.5	0.0
Other liabilities	1,684.5	884.6
<i>including: accruals</i>	<i>509.5</i>	<i>884.6</i>
Off-balance-sheet operations	1,966,198.4	0.0
Off-balance sheet liabilities received	1,966,198.4	0.0

6.26. Transactions with the management staff and employees**In-House Social Benefits Fund**

The employees may use various forms of social assistance within the framework of the In-House Social Benefits Funds. The balance of the In-house Social Benefits Fund as at 31 December 2025 was PLN 316,900 (compared with PLN 271,700 as at 31 December 2024).

Remuneration of Management Board Members of ING Bank Hipoteczny S.A.

The composition of the Management Board of ING Bank Hipoteczny S.A. at the end of 2025 is presented in Chapter 1. Information about the Bank, in section 1.5. *Composition of the Bank Management Board and Supervisory Board*

	period from 01.01.2025 to 31.12.2025	period from 01.01.2024 to 31.12.2024
Short term employee benefits*	1,824.9	1,723.7
Remuneration*	1,708.5	1,596.6
Benefits	116.4	127.1
Total	1,824.9	1,723.7

*) exclusive of the variable remuneration programme

Short-term employee benefits comprise: base remuneration, medical care and other benefits awarded by the Bank Supervisory Board.

Benefits for members of the Management Board of ING Bank Hipoteczny S.A. under the Variable Remuneration Programme for the same financial year as the reporting year are granted after a positive recommendation of the Supervisory Board for approval of the financial statements for the aforementioned year and are taken into account in subsequent reporting periods.

Emoluments of the ING Bank Hipoteczny S.A. Management Board Members for 2025 under the Variable Remuneration Programme have not yet been awarded.

In line with the remuneration system of the Bank, Bank Management Board Members may be eligible for a 2025 bonus. The bonus will be paid out in 2026-2032.

Accordingly, a provision for the payment of a bonus for 2025 to the Management Board Members was created, which amounted to PLN 749,600 (including surcharges) as at 31 June 2025. PLN. The Bank Supervisory Board will take the final decision on the bonus amount.

Emoluments of the ING Bank Hipoteczny S.A. Management Board Members resulting from the Variable Remuneration Programme

	2025		2024	
	short-term benefits	long-term benefits	short-term benefits	long-term benefits
payments in cash	204,0	136,0	286.4	190.9
phantom stock	207.5	135.9	290.4	190.2
Total	411.5	271.9	576.8	381.1

In 2025, post-employment benefits were also paid to the Management Board Members.

The Members of the Management Board have signed non-competition agreements after they stop holding their function on the Bank's Management Board. In the event that a Management Board Member is not reappointed for another term of office or is recalled from his/ her function, he or she is entitled to severance pay. Information on severance pay for the Management Board Members is contained in their employment contracts and shall be paid only in case of termination of the employment contract by the Bank due to other reasons than those giving rise to termination without notice.

Remuneration of ING Bank Hipoteczny S.A. Supervisory Board Members

The composition of the Supervisory Board of ING Bank Hipoteczny S.A. as at the end of 2025 is presented in Chapter 1. Information about the Bank, in section 1.5. *Composition of the Bank Management Board and Supervisory Board*

	period from 01.01.2025 to 31.12.2025	period from 01.01.2024 to 31.12.2024
Short-term employee benefits	144.2	136.4
Wages and salaries	144.2	136.4
Total	144.2	136.4

Members of the Supervisory Board of ING Bank Hipoteczny S.A. who are at the same time employees of other entities within the ING Bank Śląski S.A. Group do not receive remuneration or rewards for their functions in the Supervisory Board of ING Bank Hipoteczny S.A.

Volume of ING Bank Hipoteczny S.A. shares held by Bank Management Board and Supervisory Board Members

As at 31 December 2025 and as at 31 December 2024, respectively, neither Management Board nor Supervisory Board Members held shares of ING Bank Hipoteczny S.A.

6.27. Headcount

The Bank's headcount at the end of 2025 and 2024 was as follows:

	as at 31.12.2025	as at 31.12.2024
per employees	32	32
per jobs	32	32

6.28. Segment reporting

Due to the specifics of business activity, the Bank did not separate segments and therefore did not analyse its results of operations by segment in 2025 and in 2024.

The Bank pursues business exclusively within the territory of the Republic of Poland.

RISK AND CAPITAL MANAGEMENT

Taking into account the scale and specifics of the operations, the Bank discloses selected information concerning capital adequacy and risk management in its annual financial statements and in the Management Board Report on Operations of the Bank. The information refers in particular to:

- risk management goals and strategy,
- own funds for the needs of capital adequacy,
- capital requirements,
- capital buffers,
- financial leverage,
- operational risk, in accordance with the requirements provided for in Recommendation M,
- liquidity risk management system and liquidity position, in accordance with Recommendation P,
- requirements referred to in Article 111 a of the Banking Law and in Recommendation H,
- remuneration policy concerning persons whose professional activities are considered to have a material impact on the risk profile of the Bank.

Each time, the Bank assesses adequacy of the disclosed information in terms of providing the market participants with complex information about the risk profile of the Bank.

The Bank, being a part of the ING Bank Śląski S.A. Group, provides the information also to the parent company in order to include it in the consolidated data.

Specific information about the scope of disclosed information, method of its verification and publication is presented in the document called: "Policy of Disclosure of Qualitative and Quantitative Information About Capital Adequacy and Other Information to be Disclosed at ING Bank Hipoteczny S.A." available on the Bank's website.

Risk management goals and rules

Risk management at ING Bank Hipoteczny S.A. serves to ensure effective risk control and limitation within the risk appetite accepted by the Bank in volatile legal and macroeconomic conditions and considering the pre-set business targets. The assumed risk level is an important factor of the planning process.

The Bank monitors execution of the strategy, the risk management strategy included, whereas strategic goals are allocated to specific organisational units or persons. The tasks execution is supervised by the Management Board.

The objectives of the risk management system are:

- **in terms of credit risk** - supporting the effective achievement of business objectives through proactive risk management and organic growth activities, while maintaining a safe level of solvency and liquidity and an adequate level of provisions,
- **in terms of operational risk** - limiting the Bank's exposure to non-financial risks and minimising the consequences arising from the materialisation of operational risks,
- **in terms of liquidity and funding risk** - maintaining an adequate level of liquidity to ensure the safe and stable operation of the Bank both under normal market conditions and during a crisis,
- **in terms of interest rate risk** - maintaining the volatility of the financial result and the balance sheet value of updated capital resulting from changes in interest rates, within limits that do not pose any risk for the Bank and are acceptable for the Supervisory Board,
- **in terms of compliance risk** - identifying threats to the the operation of the organisation arising from a failure to ensure compliance with laws and internal regulations, in particular in relation to banking products and services, monitoring the incidents that have occurred, and taking support and corrective action.

All objectives of the comprehensive risk management system are detailed in the risk management strategy developed by the Management Board and approved by the Supervisory Board.

Risk management rules

Risk management at ING Bank Hipoteczny S.A. is based in particular on the following rules:

- risk management process is defined and governed by strategies, policies and procedures adopted by the Management Board and Supervisory Board of ING Bank Hipoteczny S.A.,
- The Bank manages all identified bank risks and carries out the internal capital adequacy assessment process (ICAAP), where:
 - the risk management process matches the scale of business and the materiality, scale and complexity of a given risk and is continuously adjusted to new risk factors and sources.,
 - the risk management methods, models and their risk measurement systems, as well as their assumptions, are adapted to the scale and complexity of the risks and are subject to periodic monitoring and validation,
- the organisational structure of risk management guarantees independence of the risk area, including independence of real estate appraisal and credit decisions taken from business activity,
- the risk management process is integrated with the planning and controlling processes and supports execution of the Bank strategy, while complying with risk management strategy, most notably as regards risk appetite,
- the risk management process is consistent with the risk management principles of the ING Bank Śląski S.A. Group, also in respect of use of group risk models, tailored to the specific operations of ING Bank Hipoteczny S.A. and approved by the competent authorities of the Bank,
- the stress tests are carried out in the Bank based on previously approved scenarios and their results are discussed at meetings of the relevant committees (described below) and the Bank Management Board. Reporting of risk sources and factors as well as reporting of risk level measurement and its costs make it possible to take appropriate preventive and remedy measures.

ESG risks

Being part of the ING Bank Śląski S.A. Group, ING Bank Hipoteczny S.A. aligns its activities with the Group's ESG (Environmental, Social, Governance) business strategy in the part of its business focus. In line with the approach presented in the ECB Guide on climate-related and environmental risks 2020 and the EBA report on management and supervision of ESG risks for credit institutions and investment firms 2021, the Bank does not treat ESG risk as a separate risk category, but as an enabler of the Bank's existing core risk categories (credit risk, market risk, liquidity and funding risk and non-financial risk). The Bank defines ESG risk as the risk of negative financial impact of ESG factors on the Bank - the risk of their direct or indirect impact (indirect - through their impact on the Bank's customers/contractors). The Bank manages ESG risk by integrating mechanisms for its identification, measurement, assessment, mitigation, monitoring, reporting into its standard credit, market, operational, liquidity and funding and non-financial risk management processes.

In the first quarter of 2025, the Bank Supervisory Board approved the 2025-2027 Risk Management Strategy, in which ESG/Climate Risk was included among the key pillars, with the priority of supporting the bank's sustainability and proper management of climate/ESG risk.

According to the 2025-2027 Risk Management Strategy at ING Bank Hipoteczny S.A. climate risk should be treated as:

- Physical risk - resulting from violent weather events (e.g. flooding) and consequences of climate warming,
- Transformation risk - arising, for example, from changes in law, technology, customer preferences, transformation of the economy.

The initiatives and objectives set out in the Risk Management Strategy at ING Bank Hipoteczny include:



- 1) An assessment of the Bank's lending portfolio:
 - further development of a quantitative approach to physical risk and transformation,
 - conducting an assessment of the materiality of C/E risk for the mortgage portfolio and the market risk area,
 - incorporate physical and transformation risks in collateral valuation,
 - further development of internal reporting of ESG risk exposures,
 - construction of an ESG risk approach as part of the ICAAP process.
- 2) ESG stress tests:
 - conduct climate/environmental stress tests in the medium and long term,
 - conducting long-term stress tests for credit risk and stress tests for liquidity risk.
- 3) Awareness of the employees:
 - involvement of risk area staff in the development of ESG risk assessment and measurement methodologies and models.
- 4) Ensuring that the Bank's internal policies, procedures and processes comply with the requirements of the EBA guidelines on ESG risk management.

Following the issuance by the EBA on 8 January 2025 of the "Guidelines on the management of environmental, social and corporate governance (ESG) risks", measures have been taken throughout 2025 to implement the provisions of the guidelines and to align corporate regulations with their provisions. A list of adopted internal regulations is provided later in this information.

During 2025, ING Bank Hipoteczny S.A. approved a document Assessing the materiality of climate and environmental risks for ING Bank Hipoteczny S.A.'s mortgage portfolio and based on this document conducted an assessment of the materiality of climate-related risks. Two material risks were identified:

- Physical risk of river flooding - assessing the risk of occurrence in the physical location of the mortgage property,
- Transformation risk - assessing the materiality of its impact in the different energy efficiency classes of the harmonised EPC scale,

In addition to the above, the Methodology for determining the Risk Appetite for Transformation (RAS) for the portfolio of housing loans for individual clients for purchased debt claims was approved, a quantitative RAS target for 2025 was set and the frequency and process for monitoring and performing the RAS was established.

In 2025, the Bank implemented the following ESG risk management measures, among others:

- set a quantitative RAS target for transformation risk for the housing loans portfolio for purchased debt claims for 2025,
- conducted long-term stress tests based on climate scenarios developed by NGFS (Network for Greening Financial Sector) assuming, among other things, the crystallisation of flood and transformation risks,
- approved the "ESG Credit Products Eligibility Procedure" (sustainable development),
- carried out an analysis of the impact of ESG risk on liquidity and funding risks,
- implemented the ESG (sustainability) product qualification manual,
- updated from an ESG risk perspective the "Instruction on periodic monitoring of the Bank's Mortgage Lending Value and real estate value updates at ING Bank Hipoteczny S.A.",
- implemented the "Instruction - ESG risk stress testing of ING Bank Hipoteczny S.A.",
- included the results of the ESG stress tests in the determination of the value of the additional capital charge for credit risk under Pillar 2, i.e. within the economic capital for credit risk,
- approved the document "Assessment of the materiality of climate and environmental risks for ING Bank Hipoteczny S.A.'s mortgage portfolio" and the results of the assessment within the scope of the above document,

- updated the methodology of the "Calculation of the carbon footprint of ING Bank Hipoteczny S.A.'s mortgage portfolio",
- accepted the use of the PRM (Physical Risk Model) group risk assessment model, model documentation and model prevalidation,
- Approved the "Methodologies for including transformation and physical risk assessment in the value of residential real estate collateral at ING Bank Hipoteczny S.A.",

A risk materiality assessment workshop was also conducted, where the impact of ESG risks on the different categories of traditional risk groups was discussed and described.

Organisation of risk management

The risk management process is supervised by the **Bank Supervisory Board** which regularly receive information regarding the risk profile at ING Bank Hipoteczny S.A. and key actions taken to manage risk.

The Bank Management Board are responsible for risk management, including but not limited to, overseeing and monitoring of actions undertaken by the Bank in this respect. The Bank Management Board take the most important decisions affecting risk level of the Bank and resolve on internal regulations concerning risk management.

The purpose of the internal control system is to support decision-making processes, contributing to ensuring the effectiveness and efficiency of the Bank's operations, the reliability of financial reporting compliance with the Bank's risk management principles and compliance with laws and internal regulations.

Risk is managed through three independent lines of defence. The three lines of defence referred to in Recommendation H of the Polish Financial Supervision Authority correspond to the three levels of the risk management system and internal control system referred to in the *Regulation of the Minister of Finance, Funds and Regional Policy on the risk management system and internal control system and remuneration policy in banks*.

1) The first line of defence

The main task of the first line of defence is to develop, implement and execute mitigating controls and monitor their effectiveness.

1LoD responsibilities include:

- analysing, controlling and managing the risks in its area of responsibility,
- ensuring that risk and controls are identified for products and processes in accordance with the Bank's policies,
- conducting risk assessments and taking mitigating actions to maintain a level of risk in line with the designated risk appetite,
- ensuring business continuity.

The first line of defence is responsible for the implementation and execution of controls stemming from policies and other internal regulations, including with regard to outsourced activities (outsourcing) and aimed at ensuring that the general and specific objectives of the internal control system are met. The first line of defence also carries out independent monitoring of compliance with controls, including ongoing verification and/or horizontal testing.

The first line of defence is responsible for complying with the rules arising from approved policies, regulations, instructions and procedures.

The tasks of the first line of defence are carried out by organisational units not designated in the second and third lines of defence.

2) The second line of defence

The main task of the second line of defence is to support, instruct, advise, challenge and supervise the first line of defence in risk management.

The second line of defence is specifically responsible for:

- issuing regulations and providing risk management methods and tools, including, but not limited to, defining and maintaining the risk management process and supporting the first line of defence in carrying out this process,
- verifying the application of risk management regulation by the first line of defence,
- providing opinions on business proposals that may affect the Bank's risk profile,
- preparing management information on risk, taking into account risk affecting the implementation of the Bank's strategy and key risk,
- monitoring of risk mitigation actions and changes in the risk profile,
- ensuring that qualified staff is employed in the risk management area,
- providing independent analysis and expertise to support management,
- analysing and monitoring the threats and trends in the matters affecting the risk profile,
- raising risk awareness by stimulating risk culture and providing training,
- ensuring the quality of risk management data.

In order to ensure effective risk management at the Bank, the first line of defence is required to communicate all relevant risk information to the second line of defence units.

Under control activities, the units from the second line of defence perform their own independent assessment of the effectiveness of operations of the first line of defence; they do it using tests, reviews and other forms of control. In this regard, they have access to all necessary data, information and source documents, including those containing information of a confidential nature, insofar as this is required by the substantive scope of their tasks.

Problems identified at the second line of defence level may be escalated to a higher level of management - to the President or Vice-President overseeing the respective second line of defence unit, as well as to the Bank Management Board and Supervisory Board - together with the opinion of the second line of defence unit on business decisions involving unacceptable risks.

3) The third line of defence

The Internal Audit function, acts as the third line of defence and provides management with independent and objective assurance on the adequacy and effectiveness of the risk management system and the internal control system in place in the first and second lines of defence.

The roles, powers, scope and nature of work, including the scope of responsibility of the Internal Audit function and the principles of cooperation of the Bank's organisational units with the Internal Audit function are defined in the document "*Policy - Audit Charter of ING Bank Hipoteczny S.A.*".

The purpose of internal audit is to add value and improve the Bank's operational activities, as well as to support the achievement of the Bank's objectives by assessing the effectiveness of the processes in place and through advisory activities.

Defence lines for a model

The lines of defence of the model do not always correspond to the lines of defence described above and assigned to the various areas of financial and non-financial risk. In some areas, it is possible that units of the second or third line of defence act as the model owner. In such a case, with respect to the first line of defence of the model (e.g. internal audit operating within the third line of defence described above may be the owner of the model, in which case it plays the role of the first line of defence of the model in this respect).

Organisational units responsible for risk management

The following organisational units of ING Bank Hipoteczny S.A. are responsible for risk management:



- **Credit Risk Position** - responsible in particular for measurement, reporting, management of credit risk models,
- **Market Risk Position** - responsible in particular for market risk and liquidity risk management,
- **Operational Risk Position** - responsible in particular for non-financial risk management,
- **Assessment and Credit Decisions Team** - responsible in particular for the process of determining the mortgage lending value of the real estate independently from the sales function,
- **Models Validation Position** - responsible most notably for the model risk management and validation of risk models and assessment.
- **Compliance function** - responsible in particular for the management of compliance risk within non-financial risk.

The risk management process is supported by:

Audit and Risk Committee of the Supervisory Board

The Committee supports the Supervisory Board especially by:

- monitoring of the financial reporting process,
- monitoring of the effectiveness of the internal control, internal audit and risk management systems, inclusive of their effectiveness as regards financial reporting and estimating the correct level of allowance for expected credit losses,
- monitoring of financial audit activities, especially an audit carried out by the auditing firm, taking into account all the conclusions and findings of the Polish Audit Oversight Agency resulting from the audit carried out by the auditing firm,
- controlling and monitoring of the certified auditor's and auditing firm's independence, most notably when the auditing firm provides other services than an audit.

Furthermore, as regards risk, support is provided by way of:

- issuing opinion about the overall, current and future readiness of the Bank to take the risk,
- issuing opinion about the risk management strategy developed by the Management Board as regards the risk inherent in the Bank's operations, and about the Management Board's information concerning execution of that strategy,
- supervising of the implementation of the risk management strategy in the operations of the Bank by the higher-rank executive staff,
- verifying whether the prices of liabilities and assets offered to the customers reflect fully the Bank's business model and its risk strategy.

Assets and Liabilities Committee

The activities of the ALCO Committee include:

- market and liquidity risk management at ING Bank Hipoteczny S.A.,
- management of the Bank's balance sheet (assets and liabilities),
- capital and capital adequacy management,
- valuation of financial instruments and calculation of valuation adjustments, considering the factors not accounted for in the valuation in the Bank's systems.
- submitting the market risk and liquidity risk policy and valuations of financial instruments to the Management Board for their final approval,
- reviewing the internal legal acts on a current basis (once a year at the minimum) and adjusting them to the risk profile of the Bank and/or to the changes in macroeconomic and regulatory environment.

Credit Policy Committee

The activities of the ALCO Committee include:

- determining the credit risk appetite, in terms of the specific risk appetite limits and concentration limits within which CPC:
 - defines limit types,
 - sets and changes limit levels.
- taking decisions on the regulations concerning the implementation of the “ING Bank Hipoteczny S.A. Credit Risk Management Policy”,
- specifying and modifying the principles of risk identification, assessment and control, including:
 - credit risk assessment principles,
 - credit analysis standards,
 - credit competence,
 - rating process flow,
 - principles of client and credit exposure monitoring,
 - principles for restructuring and recovery,
 - collateral establishment and monitoring principles,
 - impairment and provisioning principles,
 - environmental and social risk assessment principles,
 - counterparty risk assessment principles.
- approving regulations on building, maintaining and using of the risk models, inclusive of:
 - principles of the credit risk models management,
 - methodology of building and monitoring of the models,
 - definitions of the credit risk models,
 - the scope of use of the credit risk models,
 - instructions and procedures describing the process of validating credit risk models.
- monitoring the risk level of the above models. Accepting validation reports and monitoring results of credit risk models,
- monitoring the level of credit risk, ensuring compliance with the law, supervisory regulations and ING Bank Śląski S.A. Group standards, and discussing and approving any other issues related to credit and settlement risk.

Non-financial Risk Committee

The activities of the ALCO Committee include:

- initiating and recommending the changes and new solutions for the non-financial risk area,
- performing the tasks resulting from the use of outsourcing as described in the “ING Bank Hipoteczny S.A. Outsourcing Policy” and the “ING Bank Hipoteczny S.A. Outsourcing Manual”,
- approving, advising on and recommending plans, projects and programmes as well as control standards for non-financial risk management,
- approval of, inter alia:
 - operational risk management objectives for the calendar year in question,
 - waivers and deviations in the area of non-financial risk,
 - annual plans and results of testing key controls,
 - annual Risk Identification and Assessment Plan and the results of this process when unacceptable risk is identified, crisis management plan as well as the outcome of the Business Environment Assessment,
 - action plans and report on the second line of defence monitoring as part of key control testing (IT area included), and results of independent tests,

- non-financial risk reports (Non-Financial Risk Dashboard included) and recommendation to the Bank Management Board of decisions for material non-financial risk issues (including the unacceptable risks attributable to product-related changes),
- new Critical and High Risk recommendations identified by the first and second line of defence and changes in dates in case of implementation of recommendations or acceptance of high risk,
- a list of obligatory training courses in non-financial risk,
- periodical results of Bank's organisational framework reviews for compliance with the operational risk management rules,
- methodology for operational risk capital estimation,
- results of measurement of economic and regulatory capitals for operational risk, including quarterly monitoring of the capital required for operational risk and capital change drivers,
- mitigating actions.
- monitoring of:
 - the processes of NFR identification, assessment, monitoring and mitigation, including in the areas of outsourcing and fraud,
 - the quality assurance process for the non-financial risk management processes,
 - the status of mitigation and enhancement activities related to programmes and projects in the Bank (non-financial risk projects included),
 - the status of implementation of control standards,
 - risk factors arising from the Business Environment Assessment,
 - reports related to reputational risk, customer complaints and issues relating to conduct risk and compliance risk, reports/documents on non-financial risk events, including lessons learned,
 - non-financial risk, with regard to significant changes in the Bank's management structure and significant elements of outsourcing processes.

6.29. Capital management

The process of capital management is carried out in the Bank based on the implemented "Capital Management Policy at ING Bank Hipoteczny S.A." that was developed on the basis of applicable regulations.

Capital management at ING Bank Hipoteczny S.A. is to make possible and facilitate development of the Bank in accordance with the accepted strategy and business model, while keeping, on an ongoing basis, its own funds on the level adequate to the scale and profile of risk inherent in the Bank's operations, taking into account supervisory requirements. Furthermore, it makes it possible to manage the capital actively, keeping in mind volume and dynamics of current and future changes.

The main objective of this process is to have sufficient and effective capitalisation of the Bank to effect its business strategy and development plans specified in the financial plans, while meeting at the same time all internal and external capital requirements. It stands for financial flexibility in the present and future landscape in order to adjust to the changing market and regulatory conditions. To this end, the capital management activities apply any available capital instruments and transactions both in the baseline scenario as well as in the adverse scenario.

External regulations govern keeping a proper level of capital adequacy. The main capital constraints result from internal resistance to risk that is assessed, among others, in stress tests, in Supervisory Review and Evaluation Process (SREP), regulatory minimum levels of capital and leverage ratios and internal risk appetite.

This management includes:

- **Pillar 1:** minimum capital requirements provided for in the regulations,
- **Pillar 2:** internal capital, determined with the Bank's own models, for the risks deemed to be material and permanently material,

- **Pillar 3:** disclosures on risk profile and capitalisation level in the financial statements.

Under capital management, the Bank:

- plans internal capital and capital requirement as well as own funds;
- sets internal limits in order to curtail the generated capital requirements and internal capital;
- monitors potential threats to capital adequacy;
- identifies and assesses materiality of the risk types inherent to its operations;
- takes actions in order to assess and monitor internal capital, capital requirement and own funds;
- allocates internal capital;
- effects dividend policy resulting from a long-term capital objective and preferred capital structure,
- develops contingency capital plans which define the procedure for the risk of capital adequacy deterioration below the “inadmissible” levels,
- analyses the impact of the macroeconomic factors on capital adequacy in line with the “*Stress Testing Policy at ING Bank Hipoteczny S.A.*”

Minimum capital requirements

As at 31 December 2025, the Bank was subject to the following minimum levels of capital ratios:

- Common Equity Tier 1 (CET1) capital requirement $\geq 8.0\%$,
- Tier 1 (T1) requirement $\geq 9.5\%$,
- Total capital ratio (TCR) requirement $\geq 11.5\%$.

The Bank has a high and safe capital adequacy ratio of 29.19% as at 31 December 2025 (compared to 20.28% as at 31 December 2024), well above regulatory requirements.

On 25 November 2025, the Polish Financial Supervision Authority (PFSA) sent a letter to the Bank with a recommendation on the Pillar II (P2G) capital charge. The designated P2G capital charge before buffer offset is 0.00 p.p. In contrast, the total Pillar II prescribed capital charge offset by the capital conservation buffer requirement is 0.00 p.p. With the above in mind, the Polish Financial Supervision Authority has not set an additional capital charge to absorb potential losses arising from stress events.

In pursuance of the Macroprudential Supervision Act that transposes the regulations of CRD and in pursuance of the Regulation of the Minister for Economic Development and Finance of 1 September 2017 concerning system risk buffer (Journal of Laws of 2017, item 1776) the Bank is obliged to keep the capital ratios that take into account capital buffers at the following levels:

- total capital ratio (TCR) = 8% + combined buffer requirement,
- Tier 1 ratio (T1) = 6% + combined buffer requirement,
- Common Equity Tier 1 (CET1) = 4.5% + combined buffer requirement,

where the combined buffer requirement is the total of the applicable buffers, namely:

- capital conservation buffer of 2.5%,
- countercyclical capital buffer of 1% for credit exposures within the territory of the Republic of Poland,
- systemic risk buffer of 0%,
- buffer of other systemically-important institution specified in individual decision of the Polish Financial Supervision Authority. PFSA did not consider ING Bank Hipoteczny S.A. to be the other systemically-important institution and thus there is no obligation to maintain any capital add-on for that.

At the same time, in line with the regulations resulting from Article 138.2.2 of the Banking Law Act, the Polish Financial Supervision Authority, performing its supervisory function, may impose on the Bank a requirement to keep additional own funds (P2R), especially in cases listed in the above mentioned regulations.

Dividend policy

The key assumptions of the Bank's dividend policy are as follows:

- stable realisation of dividend payouts in a foreseeable future of up to 100% of the Bank's annual net profit, in compliance with the prudent management principle and all regulatory requirements applicable to the Bank,
- a proposal to pay a dividend in an amount higher than the ratio indicated above is possible if justified by the Bank's financial situation (e.g. from retained earnings from previous years) and provided that all other requirements stipulated by law and the dividend policy are met,
- the ability to make dividend payments from excess capital above minimum capital adequacy ratios and above minimum capital ratio levels set by the Polish Financial Supervision Authority ("PFSA") for the purpose of dividend payments.

When deciding on the proposed dividend payment amount, the Bank Management Board takes into account the supervisory requirements communicated within the framework of the PFSA's official communication on banks' dividend policy, as well as the following criteria:

- the Bank's current financial standing, including constraints in the event of financial loss generation or low profitability (low return on assets / capital),
- assumptions of the Bank's management strategy and risk management strategy,
- individual recommendations from the supervisor directly for the bank,
- restrictions under Article 56 of the Act of 5 August 2015 on macroprudential supervision over the financial system and crisis management in the financial system,
- the need to reduce current period profits or unapproved annual profits included in own funds by foreseeable dividends, in accordance with Article 26 of EU Regulation No 575/2013,
- the macroeconomic environment.

PFSA guidelines on dividends for 2025

On 22 December 2025, the Polish Financial Supervision Authority published its position on the dividend policy in 2025. An amount of up to 50% of 2025 profits can only be paid out by banks that meet the following criteria at the same time:

- do not implement a recovery programme,
- are positively assessed as part of the Supervisory Review and Evaluation process (final SREP score no worse than 2.5),
- show a leverage ratio (LR) of more than 5%,
- have a Common Equity Tier 1 (CET1) capital ratio of no less than the required minimum: $4.5\% + 56.25\% * P2R$ requirement + combined buffer requirement + P2G,
- have a Tier 1 capital ratio (T1) no lower than the required minimum: $6\% + 75\% * P2R$ requirement + combined buffer requirement + P2G,
- have a total capital ratio (TCR) no lower than the required minimum: $8\% + P2R$ requirement + combined buffer requirement + P2G.

An amount of up to 75% of the 2025 profit can only be paid out by banks that meet the criteria for the 50% payout and at the same time whose portfolio of receivables from the non-financial sector is characterised by good credit quality (share of NPLs, including debt instruments, at a level not exceeding 5%).

The mentioned above criteria should be met by the Bank both at the end of 2025 and on the date the General Meeting decides to pay dividends.

As at 31 December 2025, the Bank is in compliance with the dividend payment requirements up to the maximum level of 75%. Any dividend payment will not affect the Bank's compliance with capital adequacy requirements. The TCR will remain at a safe level, above the limit binding for the Bank.

Dividends declared and paid

It is the intention of the Management Board of ING Bank Hipoteczny S.A. to recommend to the General Meeting of the Bank to adopt a resolution on allocation of 50% of the Bank's separate profit for 2025 to dividend payout. As at the date of these financial statements, the Bank meets the criteria and requirements of the PFSC allowing the payment of

dividend of up to 75% of the 2025 profit. The amount of the proposed dividend takes into account both the Bank's current financial and capital position and its development plans.

6.29.1. Capital adequacy

Taking into account the scale and specifics of the Bank's operations, the Bank discloses selected information on capital adequacy in the annual financial statements. The information refers in particular to:

- own funds for the needs of capital adequacy,
- capital requirements,
- credit risk related adjustments,

Each time, the Bank assesses adequacy of the disclosed information in terms of providing the market participants with complex information about the risk profile of the Bank.

Own funds and capital requirements

For the needs of capital adequacy, own funds of the Bank consist exclusively of Common Equity Tier 1 (CET 1) capital and they were set in accordance with the Banking Law Act, CRR and related regulations.

At the same time, in line with CRR, the Bank calculates requirements for its own funds for the following risk types:

- for credit risk – using the standardised approach,
- for the CVA risk – using the standardised approach,
- for delivery and settlement risk – using the standardised approach,
- for operational risk – using the basic indicator approach (BIA),
- for market risk (FX risk) - using the standardised approach.

As at 31 December 2025, the Bank reports zero values for the own funds requirements for the CVA risk, delivery and settlement risk, and market risk. Having regard to the above, as at the date of this report, the total requirement for own funds consisted of the credit risk and operational risk requirements.

Total capital ratio

	as at 31.12.2025*	as at 31.12.2024
Own funds		
A. Equity capitals from the statement of financial position, including:	471,061.8	440,861.2
A.I. Equity capitals recognised under own funds, including:	424,918.4	409,354.8
Share capital	380,000.0	380,000.0
Supplementary capital – share premium	15,997.4	15,997.4
Accumulated other income	-404.5	-212.7
Reserve capital	29,325.5	13,570.1
A.II. Equity capitals not recognised under own funds, including:	46,143.4	31,506.4
Profit for the current period	46,143.4	31,506.4
B. Other components (decreases and increases) of own funds, including:	-98.7	-1,407.0

Deferred tax assets based on future profitability and not arising from temporary differences net of related income tax liabilities	0.0	-1,307.3
Value adjustment due to the requirements for prudent valuation	-98.7	-99.7
Own funds taken into account in total capital ratio calculation (A.I. + B), including:	424,819.8	407,947.8
Common Equity Tier 1 (CET1)	424,819.8	407,947.8
Risk weighted assets, including:	1,455,432.8	2,011,891.0
credit risk weighted assets	1,359,661.3	1,889,356.5
operational risk weighted assets	95,771.5	122,534.5
Total capital requirements	116,434.6	160,951.3
Total capital ratio (TCR)	29.19%	20.28%
minimum required level	8.00%	8.00%
excess TCR	308,385.2	246,996.6
Tier 1 ratio (T1)	29.19%	20.28%
minimum required level	6.00%	6.00%
excess T1	337,493.8	287,234.4
Common Equity Tier 1 ratio (CET1)	29.19%	20.28%
minimum required level	4.50%	4.50%
excess T1	359,325.3	317,412.7

*) On January 1, 2025, amended capital adequacy regulations - CRR3 - entered into force (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 minimum capital threshold).

Risk weighted assets and capital requirements

Below, the Bank presents the risk-weighted assets values (RWA) together with the requirements for own funds and division into specific classes of exposures:

2025

	Gross value of exposures	Net exposure value**	Risk weighted assets (RWA)	Requirement for own funds
Exposures to central governments and central banks	207,276.3	207,231.3	21,476.7	1,718.1
Exposures to institutions	9,509.7	9,509.7	0.0	0.0
Retail exposures	639.9	639.2	479.4	38.4
Exposures secured by mortgages on immovable properties	4,654,762.3	4,652,739.5	1,331,317.8	106,505.4
Exposures in default	4,891.7	4,265.0	4,515.2	361.2
Other exposures	1,872.2	1,872.2	1,872.2	149.8
Total	4,878,952.1	4,876,256.9	1,359,661.3	108,772.9

2024

	Gross value of exposures	Net exposure value*	Risk Weighted Assets (RWA)**	Requirement for own funds
Exposures to central governments and central banks	100,481.4	100,465.2	0.0	0.0
Exposures to institutions	14,267.9	14,267.9	0.0	0.0
Retail exposures	972,278.1	971,364.3	728,523.3	58,281.9
Exposures secured by mortgages on immovable properties	3,297,734.4	3,296,284.0	1,157,002.9	92,560.2
Exposures in default	2,554.7	1,060.8	1,060.8	84.9
Other exposures	2,769.5	2,769.5	2,769.5	221.6
Total	4,390,086.0	4,386,211.7	1,889,356.5	151,148.6

*) Value of balance sheet exposures and equivalent of the balance sheet liabilities and contingent transactions, taking into account specific credit risk adjustments.

**) Due to the implementation of the provisions of the CRR3 regulation, the determination of the value of the real estate collateral for exposures has been changed from the mortgage lending value of the real estate to the market value of the real estate as determined by the expert report on the mortgage lending value of the real estate.

6.29.2. Credit risk

ING Bank Hipoteczny S.A. manages credit risk as required by the Polish law, regulations of the Polish Financial Supervision Authority and other competent bodies, and also in compliance with the ING Group standards as far as admissible under the aforementioned regulations and best practice documents.

Credit risk of the credit exposures portfolio is managed by:

- determining the credit risk management strategy,
- determining the risk appetite,
- determining the credit policy,
- building and developing the tools to support risk measurement and assessment,
- reporting and analysing the quality of the credit portfolio and value and quality of collaterals,
- specifying the concentration limits and credit risk limits for selected sub-portfolios,
- calculating adequate levels of allowance for expected credit losses and capital requirements,
- performing and analysing the stress tests,
- training of staff members participating in the credit process,
- creating of and maintaining an incentive system addressed to the employees and aimed at compliance with internal credit standards,
- determining, in consultation with business units, the features and parameters of the debt claims purchased by the Bank.

Management of the credit risk of individual credit exposures, most notably, includes:

- assessing of the client and transaction risk,
- monitoring of a client and a credit transaction,
- determining the mortgage lending value of the real estate and monitoring of the value of collaterals.

To mitigate the credit risk, the Bank uses mortgage collaterals with the obtained mortgage entry in order to classify the exposure to the real estate mortgage backed exposure classes and to apply the preferential risk weight.

Under the risk management system, the Bank:

- applies formal risk tolerance determination rules and risk management rules,



- applies formal procedures intended to identify, measure or estimate and monitor risk, also accounting for projected future risk,
- applies formal risk limits and rules of conduct in the event of limit overrun,
- applies the approved management reporting system that allows risk level monitoring,
- has the organisational framework matching the size and profile of risk borne by the Bank,
- has adequately defined credit risk assessment and measurement process, independent from the business functions, which encompasses:
 - efficient process of acquiring adequate information, including forecasts, used to value expected credit losses,
 - assessment policy which ensures that expected credit losses are valued collectively,
 - efficient process of model validation which ensures that models return accurate, consistent and objective forecasts and estimates on an ongoing basis,
 - plain formal communication and coordination of the activities of all employees involved in the risk assessment process and valuation of expected credit losses.

Credit risk management objectives are achieved by way of:

- supporting of business initiatives through implementation of credit risk controls,
- keeping credit losses at the assumed level,
- verifying and assessing the adequacy and developing the applied procedures, models and other elements of the risk management system on an ongoing basis,
- adapting business to the changing environment,
- keeping adequate capital requirements for credit risk and allowances (provisions),
- ensuring regulatory compliance.

The Bank manages the credit risk in an integrated way, based on strategic planning, coherent system of policies, procedures and tools used for risk management, inclusive of the ones used for risk identification, measurement and control.

Organisational structure of the Bank ensures at the Management Board level that the credit risk control function is separated from the commercial function that generates the credit risk. The credit risk management is effected in the Bank under the three lines of defence that are independent in organizational and functional terms.

All organizational units and persons performing tasks within the credit process cooperate closely with one other in order to improve effectiveness of the risk management and maintain the risk at the level consistent with the strategy, risk appetite and financial plans of the Bank.

The **reporting system** that comprises numerous reports, allows effective identification of risk sources and factors, measurement of the risk level, measurement of the risk costs; it supports business initiatives and allows for effective credit risk management while maintaining the accepted risk appetite.

The goal of the credit risk reporting is:

- to present indispensable information allowing for assessment of the credit exposure in order to ensure that portfolio development is in line with the risk management strategy and policy of the Bank,
- to measure and assess the risk level in relation to the assumed risk appetite,
- to identify the impaired exposures, or exposures at risk of impairment, in order to set loss provisions,
- to assess adequacy of provisioning,
- to identify weaknesses of the risk management process in order to start recovery actions.

The scope of reporting includes but is not limited to:

- quality of the credit exposures (for instance, DPDs and migration among specific DPD classes, etc.),
- write-offs (provisions) and risk parameters (PD/LGD/EAD),
- use and observance of the adopted limits,
- effectiveness of the process of monitoring of exposures and suing for debt claims,
- non-recovered amounts (credit losses),
- coverage of exposure with mortgage collaterals,
- monitoring of key performance indicators on the NPE portfolio,
- monitoring the levels of LtV (at the time of acquisition and throughout the repayment period), DStI and the evolution of a set of credit standards indicators (DTI, LTI, LSTI), the allowable loan size in relation to the ability to repay the debt on time (creditworthiness) - in accordance with regulatory requirements,
- concentration analyses in different sections.

Reports are prepared on a weekly, monthly, quarterly and annual basis.

Limits for credit risk appetite (RAS) are determined on the annual basis in the form of:

- strategic risk limits – approved by the Management Board and/or by the Supervisory Board of the Bank,
- operational and internal credit risk limits – approved by the Credit Policy Committee (inclusive of concentration limits).

Utilisation of credit risk limits is checked at least once a month and information on the limit utilisation is presented at a meeting of the Bank Management Board and Supervisory Board.

Keeping in mind a highly dispersed portfolio of the Bank in terms of exposures of single clients, the Bank identifies and assesses the concentration risk analysing the structure of portfolio taking into account the risk factors (features of the exposure) significant from the point of view of the credit risk and based thereon groups of exposures were ring-fenced as regards exposures whose excessive concentration is not desirable as in stress conditions it may generate losses higher than the credit risk appetite of the Bank.

Concentration risk is measured and controlled by determining the level of exposure generating the concentration risk and by referring that amount to the determined limits resulting from legal regulations and internal limits. In accordance with statutory recommendations and PFSA's regulations and recommendations, the Bank determines and controls internal limits taking into account concentration risk towards:

- specific clients and related clients groups,
- clients from the same geographic region,
- clients with fixed/periodic fixed rate exposures.

In 2025, all RAS limits were at acceptable level - none of the high-level or specific credit risk limits was overrun.

Securities acquired

Credit risk of Treasury bonds held in the portfolio is assessed by the Bank as low. This is mainly due to the investment rating given to Poland by major rating agencies and a relatively small volume of these instruments, which affects their high liquidity. No impairment or significant increase in credit risk (Stage 1) has been identified for the assets in question.

Loans and other receivables to customers

The Bank calculates the allowance for expected credit losses in accordance with International Accounting Standards IFRS 9 and Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, as amended (CRR).

The loan portfolio is of very good quality. As at 31 December 2025, 26 impaired exposures were recognised for the approximate amount of PLN 4,891,700, i.e. 0.10% of the housing loan portfolio (in comparison, as at 31 December 2024, 14 impaired exposures were recognised for an amount of approximately PLN 2,554,700, i.e. 0.06% of the housing loan portfolio). The value of collaterals (according to the mortgage lending value) for the said cases was PLN 10,599,000 (compared to PLN 5,051,000 as at 31 December 2024).

	as at 31.12.2025	as at 31.12.2024
Gross carrying amount		
Stage 1	4,620,638.9	3,743,724.9
Stage 2	34,763.3	526,287.8
Stage 3	4,891.7	2,554.7
Total	4,660,294.0	4,272,567.4
Expected loss provision		
Stage 1	437.2	447.2
Stage 2	623.6	1,576.2
Stage 3	1,351.9	626.8
Total	2,412.6	2,650.2

Loans and other amounts due to clients without identified impairment (Stage 1 and 2) - by days past due

	as at 31.12.2025	as at 31.12.2024
Gross carrying amount, by days past due		
up to 30 days	4,653,880.0	4,268,819.4
from 31 to 60 days	1,149.7	1,193.3
from 61 to 90 days	372.5	0
Total	4,655,402.2	4,270,012.7
up to 30 days	99.967%	99.972%
from 31 to 60 days	0.025%	0.028%
from 61 to 90 days	0.008%	0.000%
Total	100%	100%

Disclosures required by Recommendation R

Stage 1	Strategic clients	PD scale	Gross initial balance sheet exposures	Off-balance sheet exposures	EAD after credit risk mitigation and application of credit conversion factor	Average PD expressed in % - acceptable range (from 0% to 100%)	Number of exposure	Average LGD in %	Average maturity	Expected credit losses (ECL)
		0.00 to <0.15%	198,685.6	0.0	198,640.6	0.05	4	50.00	2	45.3
		0.15% to <0.25%	0.0	0.0	0.0	0.00	0	0.00	0	0.0

Stage 2		0.25% to <0.50%	0.0	0.0	0.0	0.00	0	0.00	0	0.0	
		0.50% to <0.75%	0.0	0.0	0.0	0.00	0	0.00	0	0.0	
		0.75% to <2.50%	0.0	0.0	0.0	0.00	0	0.00	0	0.0	
		2.50% to <10.00%	0.0	0.0	0.0	0.00	0	0.00	0	0.0	
		10.00% to <45.00%	0.0	0.0	0.0	0.00	0	0.00	0	0.0	
		45.00% to <100.00%	0.0	0.0	0.0	0.00	0	0.00	0	0.0	
		Total	198,685.6	0.0	198,640.6	0.05	4	50.00	2	45.3	
	Retail - mortgage loans	0.00 to <0.15%	3,459,916.4	0.0	3,458,402.6	0.05	17,574	14.24	18	291.3	
		0.15% to <0.25%	541,951.5	0.0	541,733.5	0.09	2,799	14.35	19	62.2	
		0.25% to <0.50%	411,716.6	0.0	411,527.0	0.11	1,866	15.51	20	50.4	
		0.50% to <0.75%	206,485.7	0.0	206,395.9	0.17	962	15.50	20	33.2	
		0.75% to <2.50%	568.7	0.0	568.5	1.13	3	12.08	16	0.0	
		2.50% to <10.00%	0.0	0.0	0.0	0.00	0	0.00	0	0.0	
		10.00% to <45.00%	0.0	0.0	0.0	0.00	0	0.00	0	0.0	
		45.00% to <100.00%	0.0	0.0	0.0	0.00	0	0.00	0	0.0	
	Total	4,620,638.9	0.0	4,618,627.5	1.5	23,204	71.6	93	437.1		
	Total Phase 1		4,819,324.5	0.0	4,817,268.1	1.6	23,208	121.6	95	482.4	
	Stage 2	Retail - mortgage loans	0.00 to <0.15%	22,401.5	0.0	22,393.6	1.25	104	15.18	18	316.9
			0.15% to <0.25%	6,503.6	0.0	6,501.4	1.48	26	16.10	19	164.5
			0.25% to <0.50%	3,701.7	0.0	3,700.5	1.04	16	17.02	20	54.2
			0.50% to <0.75%	2,156.5	0.0	2,155.8	1.78	10	17.03	20	87.9
0.75% to <2.50%			0.0	0.0	0.0	0.00	0	0.00	0	0.0	
2.50% to <10.00%			0.0	0.0	0.0	0.00	0	0.00	0	0.0	
10.00% to <45.00%			0.0	0.0	0.0	0.00	0	0.00	0	0.0	
45.00% to <100.00%			0.0	0.0	0.0	0.00	0	0.00	0	0.0	
Total		34,763.3	0.0	34,751.3	1.31	156	15.66	19	623.6		
Total Phase 2		34,763.3	0.0	34,751.3	1.31	156	15.66	19	623.6		

	Time in default	EAD after credit risk mitigation and application of credit conversion factor	Number of exposure	Average LGD in %	Expected credit losses (ECL)	
		a				b
Stage 3	Retail - mortgage loans	up to 12 months	3,958.1	23	26.5	1,254.8
		between 13 and 24 months	211.2	2	43.88	87.5
		between 25 and 36 months	95.7	1	49.99	61.6
		between 37 and 48 months	0.0	0	0.00	0.0
		between 49 and 60 months	0.0	0	0.00	0.0
		between 61 and 84 months	0.0	0	0.00	0.0

	above 84 months	0.0	0	0.00	0.0
	Total	4,265.0	26	120.2	1,404.0
Total Phase 3		4,265.0	26	120.2	1,404.0

Collaterals

As part of its credit risk mitigation, the Bank uses mortgage collateral with an acquired mortgage entry for the purpose of classifying exposures into classes of exposures secured by real estate mortgages and applying preferential risk weights.

The collateral established performs the following functions:

- financial, in that:
 - they are to mitigate the losses on credit exposure in case of credit risk materialisation, that is, when the debtor fails to repay the debt as scheduled in the contract,
 - may be taken into account in the process of estimating capital requirements for credit risk and in the estimation of collective provisions for the lending portfolio for impairment of assets, provided that they meet the conditions set out in the banking regulations on collateral. Recovery rates assigned to specific categories of collaterals were determined based on relevant LGD model,
- non-financial, in that:
 - they improve controlling rights of the Bank as a creditor by limiting the possible use of the assets encumbered in favour of the Bank by the security provider,
 - they strengthen the negotiation position of the Bank with the debtor (client), other creditors of the debtor and the collateral provider.

The Bank uses the technique of credit risk mitigation in a form of funded credit protection related to tangible collaterals that make it possible to recover debt claims by the Bank should the client default.

The Bank's regulations on collateral include, in particular:

- indication of the criteria for the recognition of collateral in the process of calculating the capital requirement for credit risk,
- determination of general principles for the selection of collateral, taking into account the level of acceptable credit risk,
- specification of specific rules for individual types of tangible collaterals used for estimation of recovered amounts (including, but not limited to, as regards determining the value of collaterals, requirements concerning insurance of the object of tangible collateral).

In addition, the Bank's collateral regulations take particular account of those aspects of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 relating to the use of LGD models, the legal certainty of collateral and the rules for monitoring it.

Prior to acceptance of exposure for each real estate securing any credit exposure, the mortgage lending value of the real estate is determined.

Acceptable forms of collateral valuations include:

- determination of the value of the property securing the Bank's debt claims in the form of an expert opinion specifying the mortgage lending value of the real estate appraisal,

- preparation of expert opinions on the mortgage lending value of the real estate in accordance with the principles described in the Act on Mortgage Banks and Covered Bonds, Recommendation "F" of the Polish Financial Supervision Authority (PFSA) and the Regulations for Determining the Mortgage Lending Value of Real Estate, approved by the PFSA.

Expert opinions on the mortgage lending value of the real estate prepared by an authorised employee of the Bank are also accepted.

Specific rules for determining the mortgage lending value of the real estate are set out in the General Terms and Conditions of Determination of the Mortgage Lending Value of Real Estate and the Instructions for Determination of the Mortgage Lending Value of Real Estate.

Residential real estates securing the loans are subject to the monitoring process. In accordance with Article 208 of the Regulation of the European Parliament and of the Council No. 575/2013 of 26 June 2013, residential real estate may qualify as eligible collateral on the condition that the value of the property is monitored on a regular basis, every three years at the minimum.

The Bank aligned the mode and principles of the periodic monitoring of mortgage lending value of the real estate with the current market practice in mortgage banks and the requirements of Article 129 of Regulation 575/2013 on prudential requirements for credit institutions and investment firms, as amended by Regulation (EU) No 648/2012 (CRR).

With regard to the rules and procedure for the monitoring of mortgage lending value of the real estate, the indicated provision introduced the obligation to apply an annual monitoring cycle for properties pledged as collateral for covered bonds.

The above change allowed for preferential treatment of covered bonds issued by the Bank in accordance with Article 129 of the CRR.

- Maximum eligible amount of security or guarantee

The bank applies collateral only to real estate.

The collateral value of credit exposures (according to mortgage lending value) in Stage 3 not exceeding the balances of the individual loans at 31 December 2025 was PLN 4,762,300, compared with PLN 2,495,400 at the end of 2024.

The tables below show the value of collateral not exceeding the gross carrying amount of the related credit exposures. The collateral values presented result from the Bank's assumptions for determining the nominal value of collateral.

Maximum eligible amount of collateral or guarantee - loans secured by real estate

	as at 31.12.2025	as at 31.12.2024
Loans and advances to households for the purchase of residential property	4,660,294.0	4,272,567.4

- Credit risk management framework

In 2025 there were no changes in the organisational structure of the Risk Management Area.

- The main modifications of the Bank's lending policy

- Recommendation S (new interest rate risk buffer requirements) has been implemented.
- The possibility of statutory suspension of mortgage instalments has been extended.

- Changes have been made to the credit capacity assessment rules, including, among others: updated tables of the minimum cost of living assumed in the calculation of credit capacity, an expanded catalogue of acceptable sources of income and updated buffers for interest rate risk.

- Conversion of loans to fixed rates

As required by Recommendation S, the Bank makes it possible for its customers to convert the interest rate formula from a variable interest rate to a periodically fixed interest rate (5-year). As at 31 December 2025, loans with a gross carrying amount of PLN 39,954,700 were subject to periodically fixed interest rates. They represented 0.86% of the Bank's debt claims. In addition, in accordance with the Supervisor's expectations, interest rate conversion is possible regardless of the outcome of the customer creditworthiness examination. Loans with a negative credit check are subject to increased monitoring. As at 31 December 2025, 72 cases with a negative capacity test result of a gross carrying amount of approximately PLN 12,509,100 were identified. In 2025, customer interest in changing the interest rate formula was noticeably lower than in the previous year - only 3 new conversion cases.

- Key modelling actions

- The overall prepayment rate (ESR) in the IFRS 9 model used in the expected credit loss estimation process has been updated,
- New versions of the PD, LGD capital models were implemented in 4Q2025 in preparation for AIRB approach approval, and the IFRS 9 model and credit risk stress testing model are being rebuilt.

- Stress testing

In accordance with the "Stress Testing Policy", the Bank conducted internal stress tests to assess the impact of potential events or changes in macroeconomic conditions on its capital requirement, economic capital, risk profile and financial result. The report on the stress-tests results was approved by the Bank's Management Board and presented to the Supervisory Board. The results of the stress tests are used in the development of strategic plans, including capital and funding plans, in taking corrective actions or measures to reduce the Bank's risk exposure, in adjusting the Bank's risk profile to the accepted risk tolerance, in shaping contingency plans for stress events, in current risk management practice, in determining risk appetite and internal limits, and in adjusting and improving internal regulations.

In accordance with the Stress Testing Policy, the Bank regularly conducts stress tests (scenario and sensitivity analyses) to assess the Bank's resilience to negative scenarios. A report with the results of the stress tests is approved by the Bank's Management Board and presented to the Supervisory Board. Currently, the Bank, together with the ING Bank Śląski S.A. Group, is conducting a project to redesign the stress tests in order to make the process more flexible and shorter.

This year's results showed very good resilience of the Bank to adverse macroeconomic conditions. The capital adequacy ratio was maintained at a safe level in the tested scenarios.

The stress tests were conducted in 2025 on data as at 31 December 2024. They included:

- scenario testing:
 - reference (baseline) scenario - in line with the financial plan approved by the Supervisory Board and updated with macroeconomic conditions (approved by the Management Board);
 - global crisis scenario - a severe global shock. A global financial crisis followed by an extended period of deep recession. The crisis spills over from the financial sphere into the real economy, negatively affecting sentiment in the corporate and household sectors in terms of reduced credit supply. A sharp fall in prices (deflation) and a response from central governments in the form of interest rate cuts and quantitative easing. The crisis in the financial markets is followed by a wave of debt crisis in some countries (problems in financing fiscal needs);
 - geopolitical risk scenario - a strong global shock based on the Group's 'Geopolitical Risks' scenario. The war in Ukraine and rising tensions between the US and China force Europe to take a clear position, leading to further

disruption of international trade. The isolation of the US and EU from China is occurring through restrictions on trade in goods and technology transfer. The real economy suffers from stagflation (high inflation combined with stagnant economic growth or recession). The surge in commodity prices, inflation, interest rates and credit spreads occurs on a larger scale compared to the Global Crisis Scenario. This is accompanied by a more severe economic crisis and an increase in the unemployment rate.

- sensitivity tests, including: interest rate increases of 800 bps, 400 bps and 200 bps, a 30% fall in real estate prices, a fall in GDP growth to -8%, a rise in unemployment to 20%, a fall in wages of 10%, a fall in domestic demand of 13%), depreciation of the zloty against the euro by 30% and 50%, reverse stress tests,
- concentration tests,
- stress tests for risk-weighted assets calculated using the AIRB methodology.

The results obtained demonstrate the Bank's very good resilience to adverse macroeconomic conditions. The capital adequacy ratio remained at a safe level in all scenarios analysed.

6.30. Qualitative information

6.30.1. Market risk

Market risk is understood at the Bank broadly and it includes sensitivity of the position of the Bank to the changes in market parameters and customer behaviour. Sensitivity includes changes in economic results and financial results presented in relevant reporting, as well as changes in the coverage of regulatory requirements and of the economic capital. Market rates include interest rates, FX rates and prices of securities. Customer behaviour refers to possible early repayment, repayments past due or no repayments of mortgage loans in the Bank's portfolio.

Market risk limits are accepted by the Bank Management Board and are in compliance with the general risk appetite level accepted by the Bank Supervisory Board. Assets and Liabilities Committee realises the market risk management strategy and oversees and monitors the market risk level at the Bank.

Interest rate risk is transferred to Treasury where it is managed within the approved limits. Foreign exchange risk arises from the Bank's internal administration and is hedged by the Treasury position. In 2025, there were no instances of regulatory limits or internal limits for market risk being exceeded.

Daily, weekly, monthly and quarterly market risk reports are being developed in the Bank. The weekly, monthly and quarterly reports are presented at the meetings of the Bank Management Board. The Assets and Liabilities Committee get relevant information on a monthly basis, whereas the Supervisory Board receive it on a quarterly basis.

6.30.2. Liquidity and funding risks

Funding and liquidity risk is understood by the Bank as the risk of inability to meet, at a reasonable price, cash liabilities under balance sheet and off-balance sheet items. The Bank maintains liquidity in such a way as to ensure that it is able to meet its monetary obligations in a timely manner using available funds, proceeds from maturing transactions, available funding sources at market prices or from the liquidation of marketable assets. Liquidity risk is material for the Bank. Its level remains limited, due to the absence of products generating non-contractual liquidity outflows. However, the Bank is exposed to the risk of reduced liquidity inflows from mortgages due to the materialisation of credit risk or regulatory restrictions and the risk of a reduction in the market value of the liquidity buffer. Furthermore, in terms of funding risk, the Bank is exposed to the risk of an increase in the cost of funding, particularly in the form of covered bond issues. The Bank monitors the price levels of covered bond issues and makes issuance decisions taking into account the current market situation.

The Bank Supervisory Board supervises liquidity risk management by approving the overall level of risk appetite and by analysing the Bank's liquidity risk reports on a quarterly basis.

The Bank Management Board is responsible for:

- formulating the strategy for funding and liquidity risk, a target liquidity position, its funding methods and the liquidity risk profile,
- establishing the acceptable level of risk (risk appetite), liquidity risk tolerance and submitting it for the Supervisory Board approval,
- approving the liquidity and funding risk management policy and significant amendments thereto; in particular, the limits tailored to the overall acceptable level of risk approved by the Supervisory Board,
- ensuring allocation of relevant human and IT resources in order to realise the liquidity risk management process.

Assets and Liabilities Committee (ALCO) oversees and monitors the liquidity risk level, the funding structure of the Bank and the liquidity buffer level. The Bank maintains an adequate liquidity buffer in the form of own bonds. The adequacy of the buffer is confirmed by the liquidity reporting and stress test results.

Structural liquidity risk is transferred to and managed by the Treasury Position. The Treasury Position is responsible for the operational management of short-term liquidity and for obtaining funding on the market. The Bank obtains funding in the form of covered bond issues, while the remaining assets are financed with equity and a loan from the parent company.

The Bank reports on liquidity risk on a daily, weekly, monthly and quarterly basis. The weekly, monthly and quarterly reports are presented at the Bank Management Board meetings. The Assets and Liabilities Committee get relevant information on a monthly basis, whereas the Supervisory Board receive it on a quarterly basis. In addition, the Bank prepares an annual report on the review of the ILAAP process which, in a comprehensive and consistent manner, includes key indicators and figures on the Bank's liquidity risk profile. The report takes into account the Bank's strategy, funding plan and risk tolerance. The report is accepted by the Management Board and information about the outcome of the assessment is provided to the Supervisory Board. The Market Risk function is responsible for monitoring and reporting on liquidity and funding risks, overseeing the transfer of liquidity risk and providing substantive support to the Accounting and Tax Team, which is responsible for regulatory reporting on supervisory liquidity norms.

- Stress testing

Liquidity stress tests present the impact of a stress event on the Bank's liquidity level. The Bank conducts liquidity tests to identify sources of potentially constrained liquidity and to determine how such situations can be prevented to keep the current exposures within set limits. Liquidity testing scenarios are constructed and tested in three variants in terms of their nature: internal, systemic and mixed. In constructing the test scenarios, the following internal and systemic factors are taken into account:

- inability to raise additional funding from the parent, except for unutilised funds from committed credit lines,
- deterioration of the parent entity's situation,
- an increased cost of covered bonds issue,
- no new transactions on the interbank market,
- a decrease of the market value of liquid assets,
- a reduction in mortgage flows due to a deterioration of the quality of the loan portfolio (taking into account the impact of ESG risks) or due to regulatory changes.

The Bank uses the results of the liquidity stress tests:

- to monitor the Bank's exposure to liquidity risk in stress situations,
- to set limits on liquidity and funding risk,
- to review internal regulations in the area of liquidity and funding risks, including in particular to review the funding contingency plan,

- to assess the adequacy of the level of liquid assets and surplus liquidity,
- as a basis for taking recovery actions when test results are viewed as negative,
- the adjustment of the liquidity profile to the adopted risk appetite, including in particular the survival period accepted by the Supervisory Board.

The stress tests carried out in 2025 on the data as of 31 December 2024 did not reveal any risk to the Bank's liquidity as a result of stress events. The test results show a stable liquidity position of the Bank. The cumulative liquidity gap that takes into account the Bank's ability to balance liquidity shows positive values up to 12 months in all scenarios analysed. The LCR measure shows values well above both supervisory and strategic limits in all scenarios. The tests also confirmed the Bank's adequate level of excess liquidity.

6.30.3. Model risk

Model risk management is carried out in accordance with the Model Risk Management Policy at ING Bank Hipoteczny S.A. This policy specifies, among others:

- model life cycle responsibilities,
- responsibilities for assessing the materiality and risk of models,
- modus operandi of the model register,
- principles for carrying out monitoring and model validation processes,

The Model Validation Position ensures that the model register is in place, which is a repository of information on risk and valuation models in place at the Bank and which is updated by the participants of the model risk management process. The model register and the model logs contain information on, inter alia, the materiality of models, the results of the model monitoring and validation processes and their risk levels.

The Bank assesses on a regular basis the risks of individual models, estimates capital for individual types of risks (credit, market) and, if required, allocates capital charges to models in accordance with the principles adopted in the internal regulations.

The quality of the models' performance is verified as part of the model monitoring and validation processes. Model validation is performed in accordance with the "ING Bank Hipoteczny S.A. Model Validation Policy" and detailed validation standards and instructions.

Management reporting on model risk management to the dedicated Committees, the Management Board and the Supervisory Board takes into account, inter alia, the results of the monitoring and validation processes and the assessment of the aggregate level of model risk in the context of the accepted tolerance level for this risk.

6.30.4. Operational risk

ING Bank Hipoteczny S.A. manages its operational risk applying the requirements of legal regulations, recommendations and resolutions of the Polish Financial Supervision Authority and also other regulators.

The operational risk management system was developed applying the proportionality principle, that is, taking into account the nature, scale and complexity of operations, as well as materiality of processes and operational risk profile of the Bank. The system covers all spheres of the Bank's activities and represents a coherent, continuous practice taking into account the following elements:

- risk identification and assessment,
- risk mitigation,
- performing controls,
- quality assurance and monitoring.

Operational risk management at the Bank is supervised by the Bank's Supervisory Board, which, on the basis of periodic management information, evaluates the effectiveness of activities in this area.

After the Bank Management Board get a consent of the Supervisory Board, they specify the operational risk management strategy by implementing a coherent set of internal prescriptive documents governing the scope, principles and duties of the Bank employees in the field of operational risk management.

Measurement of operational risk at ING Bank Hipoteczny S.A. is to specify the scale and profile of the threats related to operational risk using for that the determined risk measures. As part of the improvement of the internal control system, the Bank ensured in 2025 that the data contained in the Control Function Matrix for processes was updated on an ongoing basis (the Control Function Matrix for all significant processes/subprocesses).

The required testing of the key controls included in the Control Functions Matrix was carried out in 2025 as scheduled for testing for that year in accordance with the action plan approved in this regard.

On 14 March 2025, the Supervisory Board approved the effectiveness and adequacy of the Bank's internal control system in 2024.

There were no losses from internal operational risk events at the Bank in 2025.

As part of its IT risk mitigation activities, the Bank carried out work related to the implementation of the Digital Operational Resilience Act (DORA) regulation and the related Regulatory Technical Standards (RTS).

- Business continuity

Ensuring business continuity is a priority for the Bank. In the Bank, this objective is implemented in two stages. First, based on the Operational Resilience and Business Continuity Strategy, the Bank maintains and improves the business continuity management system. Based on it, the Bank annually plans, implements, analyses the results of tests in order to verify the effectiveness of the existing solutions for ensuring operational resilience and business continuity. Second, the Operational Recovery Strategy was implemented to ensure monitoring and control of the quality of activities performed by the Bank's main provider, namely ING Bank Śląski S.A., and to ensure adequate response to any disruptions on the part of the provider.

The business continuity management system identifies processes that are of the utmost importance for the Bank. Business Continuity Plans (BCPs) are created for these processes, which allow the Bank to operate in the event of failure or other threats. In addition to Business Continuity Plans, the Bank maintains and tests Disaster Recovery Plans (IT area), which allow the availability of key applications to be restored within the required timeframe.

The Bank prepares scenarios to mitigate the effects of significant disruptions and tests these scenarios every year. In case of events that have a material impact on the Bank's operations, a crisis management team is established to coordinate the activities of all the units involved. In 2025, there was no need to convene an actual meeting of the crisis management team.

In 2025, BCPs were tested for the Bank's processes that require them, and for key supplier contracts.

Tests of the Disaster Recovery Plan (DRP) for both Computer Centres were also carried out.

6.30.5. Compliance risk

Compliance risk at ING Bank Hipoteczny S.A. is understood as the risk of consequences of non-compliance with legal regulations, internal regulations and market standards in the processes that are in place in the Bank; it includes, but is not limited to, especially:

- non-compliance resulting from non-implementation of the requirements of external regulations on financial institutions in the Bank's internal regulations; this regards universally applicable laws, recommendations of the regulators, court orders and decisions binding for the Bank under law, accepted codes of conduct,
- non-compliance resulting from ineffective controls defined in bank policies and procedures in high-level compliance risk areas, including within the operations of the Compliance Area,
- other identified non-compliance concerning universally applicable laws on financial institutions.

The result of Compliance Risk materialising can be:

- Financial implications including:

- fines imposed by regulators,
- indemnity costs as well as court costs associated with customer claims,
- decreased income resulting from the fact that some customers resigned from the Bank's services,
- employee compensation costs, as well as the costs of additional recruitment carried out after some bank employees rendered their resignation,
- Non-financial consequences of compliance risk, which may include: negative reactions on the part of regulators, damage to the Bank's reputation as a result of negative media coverage, negative reactions from customers, employees and negative impact on the operation of processes, models and systems within the Bank.

Compliance risk management is arranged in such a way to ensure management of that risk on three independent levels (lines of defence).

The first line of defence units are responsible for ensuring the compliance of the tasks performed with laws, internal regulations and market standards, including the identification and assessment - with the support of the second line of defence units - of compliance risks for their processes, as well as the control and management of these risks involving the design, implementation and execution of controls and horizontal testing of compliance risks in the tasks performed.

The role of the Compliance Area, being the leading unit of the second line of defence in the compliance risk area is, most notably, providing support for the first line of defence (1 LoD) in the process of identification and assessment of the compliance risk and approval of the results of the identification performed at 1 LoD. The Compliance Area is responsible for the organisation and functioning of the compliance risk management process, understood as the process of identifying, assessing, controlling and monitoring of the risk of the compliance of the Bank's activities with laws, internal regulations and market standards, and presenting reports in these areas, based on the results of the implementation of its own activities and the information received from other units of the first and second line of defence.

In 2025, the Bank continued activities related to ensuring the Bank's compliance with regulatory requirements, including the monitoring, analysis and implementation of regulatory changes, improvement of controls in the key processes of the Bank, the KYC (Know Your Customer) area included. In the area of Compliance, 1 recommendation was issued with a high risk level, concerning the performance of an analysis indicating that the workforce reduction planned for the next years does not threaten the continuity of operations in situations of employee absence (replaceability) or departure within the Bank and that the human resources management mechanisms adopted at the Bank comply with Recommendation M of the PFSA. The recommendation was closed during the third quarter. The recommendation was related to the question of the OPFSC, in this respect in other areas of Compliance activities no recommendation was issued with a high or critical risk level. Regarding the recommendations issued in ING Bank Śląski S.A, whose impact on the risks of ING Bank Hipoteczny S.A. would be assessed as high, 1 recommendation was recorded (personal data). The impact of the remaining BSK recommendations was assessed as medium or low. Compliance risk remained at low to medium level in the second quarter. The increase in the risk level in the second quarter was due to the registration of a number of recommendations related to the DORA gap analysis and the audit of the non-financial risk function and the previously mentioned recommendation with a high risk level. In the third quarter, the risk decreased again to a low level, which was due to the closing of recommendations in the fourth quarter after the majority of the identified anomalies were closed, further gently reduced. Actions to make and reinforce awareness of Bank employees of the key compliance areas are taken on a regular basis. On 14 March 2025, the Bank's Supervisory Board took note of the Compliance Annual Report for 2024 and approved the Compliance Annual Action Plan for 2025. The 2025 Annual Report and the Compliance Action Plan for 2026 will be presented to the Supervisory Board on 26 March 2026.

6.30.6. Business risk

Within business risk, the Bank identifies macroeconomic risk as a material risk.

This risk arises from changes in macroeconomic factors and their impact on the level of minimum capital requirements. The Bank manages this risk through regular internal stress testing, which allows for on-going monitoring of the

sensitivity of the minimum capital requirements to macroeconomic factors. In 2025, the Bank conducted full capital tests as at 31 December 2024.

In line with the adopted approach, the Bank estimates the additional capital requirement based on internal stress test results for the mild recession scenario. The results of the tests showed that the materialisation of this scenario would not cause the capital adequacy to fall below the required level.

6.30.7. Other risks - Cybersecurity

Cybersecurity is the set of processes, best practices and technological solutions used to protect IT networks, devices, programmes and data from attacks, damage or unauthorised access. Cybersecurity is the resilience of information systems against actions that compromise the confidentiality, integrity, availability and authenticity of processed data or related services.

- Cybersecurity action strategy

Cyber resilience is one of the fundamental principles adopted at the Bank.

The Bank follows the following rules:

- Security at heart of ICT infrastructure,
- Security as an integral part of business awareness,
- Security as a competitive edge.

The Bank places particular emphasis on:

- Building secure and resilient IT solutions, in line with the security architecture and operational model,
- A multi-layered model for the protection of ICT environments,
- Securing all resources,
- Risk modelling at all stages of the implementation and operation of ICT solutions,
- Use of automated controls,
- Building threat awareness and IT security competence,
- Secure provision of services by external providers,
- Compliance with internal and external regulations.

For the cybersecurity area, the Bank ensures compliance with the requirements of the Digital Operational Resilience Act (DORA), which sets out a new European framework for the effective and comprehensive management of digital risks in financial markets. DORA establishes a comprehensive framework in areas such as effective risk management, operational capabilities in the areas of ICT and cybersecurity, or the management of external service providers to ensure the stability and integrity of the EU financial system.

The Bank cares about the awareness of its employees. A number of educational activities are carried out to ensure an adequate level of awareness of the fraud and Bank's cybersecurity risks. A number of trainings on IT risk control system, technical trainings for cybersecurity professionals are carried out in the Bank.

The Bank's activities are not only limited to resources and data managed directly by the Bank, but are also implemented in relation to third-party providers of key services. To this end, contracts entered into by the Bank are reviewed on an ongoing basis for compliance with applicable regulations such as: the DORA regulations, EBA guidelines and ING Group N.V. standards regarding security requirements for IT and cloud service providers. The Bank obliges the companies with which it cooperates to apply the best standards and guidelines with regard to the protection of the data and services entrusted to them. The Bank verifies these requirements in the course of its security inspections of suppliers, paying particular attention to the entire business processes and taking into account activities also performed by subcontractors. The implementation of security inspections at external suppliers is a process aimed at ensuring the Bank's security.

- Cybersecurity activities

It is the responsibility of all employees, within their areas and tasks, to ensure the security of data and information systems.

Due to the continuous development of new, advanced attack methods, the Bank is constantly improving existing systems and also building new, more effective detection and prevention mechanisms.

All measures taken are aimed at protecting the Bank's resources from internal and external threats. Many of these activities are carried out by the Bank together with other ING Group units, as well as in cooperation with financial institutions and state authorities.

6.31. Quantitative information

Credit risk

For data on the quality of the credit portfolio, see notes no. 6.10 *Loans and other receivables from clients* and 6.29.1. *Capital adequacy* herein.

Market risk

- Interest rate risk

Interest rate risk in the banking book is deemed to be a major risk. The Bank uses the following measures of interest rate risk:

- sensitivity measure (BPV),
- net interest income at risk (NIIaR),
- supervisory outlier test for income at risk (SOT NII),
- supervisory outlier test for the economic value of equity (SOT EVE),
- securities portfolio sensitivity measures.

In 2025, the Bank identified no exceeded interest rate risk limits in banking book. As at 31 December 2025 and 31 December 2024, the core measures were at the following levels:

Risk measure	as at	as at
	31.12.2025	31.12.2024
BPV (PLN thousand)	25.8	37.8
NIIaR (PLN thousand)	1,560.0	2,761.4
SOT NII (Δ NII / Tier 1)	1.52%	2.31%
SOT EVE (Δ EVE / Tier 1)	2.83%	2.16%
Sensitivity of the securities portfolio to changes in credit spreads (PLN thousand)	2,012.8	1,665.4

- FX risk

The Bank does not hold significant positions in foreign currencies. As at 31 December 2025, the FX risk is deemed non-material. The Bank uses the following measures of the FX risk:

- a measure of the position in particular currencies,
- value at FX risk (VaR).

As at 31 December 2025, the Bank held a foreign exchange position in EUR of EUR 23 thousand (long position) and USD 8 thousand (long position) - (compared to EUR 2.43 thousand (short position) and USD 12.3 thousand (long position)

as at 31 December 2024). This position generated a VaR of PLN 0.9 thousand (compared with PLN 0.5 thousand as at 31 December 2024).

Liquidity and funding risks

• **Liquidity risk measurement**

The Bank uses the following liquidity risk measures:

- liquidity coverage ratio (LCR),
- net stable funding ratio (NSFR),
- structural liquidity gap,
- survival period in stress situation,
- stress testing.

In 2025, the Bank identified no exceeded liquidity risk limits. As at 31 December 2025 and 31 December 2024, the regulatory liquidity measures were at the following levels:

Liquidity metrics	as at 31.12.2025	Supervisory limit	as at 31.12.2024	Supervisory limit
LCR Liquidity coverage ratio	217%	>100%	2392%	>100%
NSFR Net stable funding ratio	140%	>100%	155%	>100%

As at 31 December 2025 and 31 December 2024 the components of the LCR measure were as follows:

Item	as at 31.12.2025	as at 31.12.2024
Liquidity buffer (PLN thousand)	143,931.8	69,223.0
Liquidity outflows (PLN thousand)	265,850.1	11,576.3
Liquidity inflows (PLN thousand)	499,953.7	504,317.4
Net liquidity outflows (PLN thousand)	66,462.5	2,894.1

As at 31 December 2025 and 31 December 2024 the components of the NSFR measure were as follows:

Item	as at 31.12.2025	as at 31.12.2024
Available stable funding (ASF) (PLN thousand)	4,981,288	4,805,163
Required stable funding (RSF) (PLN thousand)	3,554,869	3,094,759

The following tables show the liquidity gap realigned as at 31 December 2025 and 31 December 2024:

Liquidity gap As at 31.12.2025	1 day	1 day – 1 month	1-3 months	3-6 months	6-12 months	12-24 months	24-60 months	above 60 months
Periodical gap realigned	507,970	-89,863	112,431	167,131	279,756	-1,989,204	-132,485	1,144,264
Cumulated periodical gap realigned	507,970	418,107	530,538	697,669	977,425	-1,011,779	-1,144,264	0.00

Liquidity gap As at 31.12.2024	1 day	1 day – 1 month	1-3 months	3-6 months	6-12 months	12-24 months	24-60 months	above 60 months
Periodical gap realigned	528,340	74,598	121,246	178,792	331,469	-2,813,728	779,654	799,629
Cumulated periodical gap realigned	528,340	602,938	724,184	902,977	1,234,445	-1,579,283	-799,629	0.00

The cumulative gap shows positive values in the period up to one year and negative values in the following years. This is due to the fact that a significant part of the Bank's assets are long-term mortgages, which are financed by liabilities with a primary term of two years.

- **Financing structure**

The Bank monitors its financing structure. The business model involves raising funds through the issue of covered bonds, the issue of own bonds and a loan from the parent entity. The table below shows the financing structure as at 31 December 2025 and 31 December 2024:

Financing structure	as at 31.12.2025	as at 31.12.2024
Funds from parent entity	59.00%	78.15%
Issues of covered bonds	31.15%	11.59%
Equity	9.66%	10.05%
Other	0.19%	0.21%
Total	100.00%	100.00%

As at 31 December 2025, the Bank had PLN 500,000,000 of financing in the form of covered bonds. The remainder of the mortgage portfolio is financed with equity and a loan from the parent company.

- **Maturity analysis of financial assets and liabilities by contractual maturity dates**

The tables below show financial assets and liabilities by remaining contractual maturity from the reporting date. The values presented take into account future interest payments.

2025

	no stated maturity	up to 1 month	1 month to 12 months	1 year to 5 years	above 5 years
Financial assets	4,509.2	147,519.2	453,252.2	1,989,126.2	5,514,643.5
Loans and other receivables to other banks	4,509.2	5,000.5	0.00	0.00	0.00
Investment securities	0.0	100,000.0	4,226.0	111,091.6	0.0
Loans and other receivables to customers.	0.0	42,518.7	449,026.2	1,878,034.6	5,514,643.5
Financial liabilities	1,342.6	264,821.1	229,897.8	4,364,091.8	0.0
Liabilities to banks	0.0	264,821.1	150,397.8	2,651,274.0	0.0
Liabilities under issue of securities	0.0	0.0	79,500.0	1,712,817.8	0.0
Other financial liabilities	1,342.6	0.0	0.0	0.0	0.0

2024

	no stated maturity	up to 1 month	1 month to 12 months	1 year to 5 years	above 5 years
Financial assets	2,259.9	52,855.2	445,415.3	1,962,852.8	5,816,430.6
Loans and other receivables to other banks	2,259.9	12,008.0	0.0	0.0	0.0
Investment securities	0.0	295.9	5,520.1	111,924.7	0.0
Loans and other receivables to customers.	0.0	40,551.3	439,895.2	1,850,928.1	5,816,430.6
Financial liabilities	1,346.9	11,574.7	237,996.4	4,148,890.1	0.0
Liabilities to banks	0.0	11,574.7	205,996.4	3,552,802.5	0.0
Liabilities under issue of securities	0.0	0.0	32,000.0	596,087.7	0.0
Other financial liabilities	1,346.9	0.0	0.0	0.0	0.0

6.32. Leverage

The process of excessive financial leverage risk management is carried out in the Bank based on the *Excessive Financial Leverage Risk Management Policy in ING Bank Hipoteczny S.A.* that implements especially the requirements resulting from the Regulation of the European Parliament and of the Council (CRR). The Policy governs excessive financial leverage risk LR (Leverage Ratio) at ING Bank Hipoteczny S.A. specifying, inter alia, the liability of the participants in the process:

The Accounting and Taxation Team is responsible for:

- the methodology for calculating the leverage ratio and for the ongoing calculation of that ratio;
- conducting mandatory reporting to external entities, including the National Bank of Poland and the Polish Financial Supervision Authority.

The Financial Analysis and Management Reporting Position is responsible for:

- preparing a plan of balance sheet and off-balance sheet items used for planning the components of the leverage ratio;
- planning, reporting and monitoring the leverage ratio as well as providing information thereon to the Bank's management;
- initiating actions to maintain indicators at the desired level;
- carrying out stress tests covering the risk of excessive financial leverage;
- where that risk is considered material, developing a methodology for estimating economic capital against the risk of excessive leverage.

The excessive financial leverage risk is understood as the risk resulting from an institution's vulnerability to the threats attributable to leverage, which may require unintended corrective measures to its business plan, including distressed selling of assets which might result in losses or in valuation adjustment of its remaining assets. For the purposes of the internal capital adequacy process, the risk of excessive financial leverage has been identified by the Bank and considered to be negligible.

Leverage Ratio (LR) means a relative size of the Bank's assets, off-balance sheet obligations and contingent obligations to pay or to deliver or to provide collateral, including obligations from received funding, made commitments, but excluding obligations which can only be enforced during the liquidation of the Bank, compared to the Bank's own funds.

The Bank calculates the leverage in accordance with CRR.

The Bank assumes that the ratio higher than 5,5% is safe and does not require taking any additional actions. In order to mitigate the risk of the ratio falling below the required level, the Financial Analysis and Management Reporting function monitors its level against the limit. If the current or planned ratio falls below the desired level, an employee at the Financial Analysis and Management Reporting Position informs the Asset and Liability Management Committee (ALCO) and the Bank Management Board thereon. Based on the information received, the ALCO may recommend to the Bank's Board of Directors to take one of the following actions:

- not to pay out dividend or to reduce the amount of dividend paid;
- to issue capital that can be included in the Tier 1 capital;
- to securitise or sell selected credit portfolios other than the ones securing covered bonds;
- other actions resulting in an improved financial leverage ratio.

The Management Board, on the basis of ALCO's recommendation, decides on further actions and designates the unit responsible for their implementation. In 2025, the financial leverage ratio remained above the internal minimum and regulatory requirements. Loan transfers had the greatest impact on its formation.

Leverage

	as at 31.12.2025	as at 31.12.2024
Leverage ratio (LR)	8.73%	9.33%

Prior to the approval of the 2024 profit distribution, the LR ratio published in the annual financial statements for the period from 1 January 2024 to 31 December 2024 was 9.33% and for the period from 1 January 2025 to 31 December 2025 was 8.73%.

SIGNATURES OF MANAGEMENT BOARD MEMBERS OF ING BANK HIPOTECZNY S.A.

2026-03-18	Jacek Frejlich <i>President of the Management Board</i>	<i>signed with qualified electronic signature</i>
2026-03-18	Marek Byczek <i>Vice-President of the Management Board</i>	<i>signed with qualified electronic signature</i>
2026-03-18	Katarzyna Majchrzak <i>Vice-President of the Management Board</i>	<i>signed with qualified electronic signature</i>

SIGNATURE OF A PERSON ENTRUSTED WITH KEEPING THE ACCOUNTS

2026-03-18	Magdalena Bagińska <i>Chief Accountant</i>	<i>signed with qualified electronic signature</i>
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