



mBank S.A.

IFRS Financial Statements

2025



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

Selected financial data

The selected financial data are supplementary information to these financial statements of mBank S.A. for 2025.

SELECTED FINANCIAL DATA	PLN thousand		EUR thousand	
	Year ended 31 December		Year ended 31 December	
	2025	2024	2025	2024
I. Interest income	13 860 055	13 812 412	3 271 041	3 209 054
II. Fee and commission income	3 205 354	2 931 826	756 479	681 155
III. Net trading income	89 871	168 007	21 210	39 033
IV. Operating profit	5 453 547	3 385 815	1 287 064	786 631
V. Profit before income tax	4 958 076	2 905 382	1 170 130	675 011
VI. Net profit	3 547 319	2 235 675	837 185	519 417
VII. Net cash flows from operating activities	2 454 223	(2 024 992)	579 209	(470 469)
VIII. Net cash flows from investing activities	(356 191)	(722 434)	(84 063)	(167 844)
IX. Net cash flows from financing activities	1 713 540	2 705 001	404 404	628 456
X. Net increase / decrease in cash and cash equivalents	3 811 572	(42 425)	899 550	(9 857)
XI. Basic earnings per share (in PLN/EUR)	83.44	52.62	19.69	12.23
XII. Diluted earnings per share (in PLN/EUR)	83.34	52.55	19.67	12.21
XIII. Declared or paid dividend per share (in PLN/EUR)	-	-	-	-

SELECTED FINANCIAL DATA	PLN thousand		EUR thousand	
	As at		As at	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
I. Total assets	277 868 181	242 268 385	65 741 165	56 697 492
II. Amounts due to other banks	2 449 727	3 085 267	579 584	722 038
III. Amounts due to customers	229 267 155	200 775 756	54 242 590	46 987 071
IV. Equity	21 460 112	17 763 743	5 077 274	4 157 206
V. Registered share capital	170 103	169 988	40 245	39 782
VI. Number of shares	42 525 841	42 496 973	42 525 841	42 496 973
VII. Book value per share (in PLN/EUR)	469.36	382.70	111.05	89.56
VIII. Total capital ratio (%)	19.4	19.5	19.4	19.5
IX. Tier I capital ratio (%)	17.1	18.0	17.1	18.0
X. Common Equity Tier I capital ratio (%)	15.7	16.3	15.7	16.3

The following exchange rates were used in translating selected financial data into EUR:

- for items of the statement of financial position – exchange rate announced by the National Bank of Poland as at 31 December 2025: EUR 1 = PLN 4.2267 and 31 December 2024: EUR 1 = PLN 4.2730;
- for items of the income statement and statement of cash flows – exchange rate calculated as the arithmetic mean of exchange rates announced by the National Bank of Poland as at the end of each month of 2025 and 2024: EUR 1 = PLN 4.2372 and EUR 1 = PLN 4.3042, respectively.

CONTENTS

INCOME STATEMENT.....	5
STATEMENT OF COMPREHENSIVE INCOME	6
STATEMENT OF FINANCIAL POSITION	7
STATEMENT OF CHANGES IN EQUITY	8
STATEMENT OF CASH FLOWS	9
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS	10
1. Information regarding mBank S.A.	10
2. Information on relevant accounting policies	10
2.1. Accounting basis.....	10
2.2. Interest income and expenses	11
2.3. Fee and commission income.....	11
2.4. Revenue and expenses from sale of insurance products bundled with loans	12
2.5. Financial assets	12
2.6. Offsetting of financial instruments.....	14
2.7. Impairment of financial assets	14
2.8. Financial guarantee contracts	15
2.9. Cash and cash equivalents	15
2.10. Sell and repurchase agreements	15
2.11. Derivative financial instruments and hedge accounting	16
2.12. Financial liabilities measured at amortised cost	16
2.13. Investments in subsidiaries	16
2.14. Intangible assets	17
2.15. Tangible fixed assets.....	17
2.16. Investment properties	17
2.17. Non-current assets held for sale and discontinued operations	18
2.18. Deferred income tax	18
2.19. Leasing	19
2.20. Provisions.....	20
2.21. Post-employment benefits and other employee benefits	20
2.22. Equity.....	20
2.23. Valuation of items denominated in foreign currencies	21
2.24. Trust and fiduciary activities.....	21
2.25. New standards, interpretations and amendments to published standards	22
2.26. Business segments	24
3. Risk Management	25
3.1. mBank risk management in 2025 – regulatory environment.....	25
3.2. Principles of risk management	27
3.3. Credit risk	31
3.4. Concentration of assets, liabilities and off-balance sheet items	44
3.5. Market risk	46
3.6. Currency risk	48
3.7. Interest rate risk	49
3.8. Liquidity risk	52
3.9. Operational risk.....	58
3.10. Compliance risk.....	59
3.11. Business risk.....	60
3.12. Model risk.....	60
3.13. Reputational risk	60
3.14. Capital risk	61
3.15. FX loans portfolio risk.....	61
3.16. Securitisation risk	62
3.17. Environmental (E), social (S) and governance (G) risks	62
3.18. Fair value of assets and liabilities	62
4. Major estimates and judgments made in connection with the application of accounting policy principles.....	70
5. Net interest income.....	72

6.	Net fee and commission income	73
7.	Dividend income	74
8.	Net trading income	74
9.	Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss	75
10.	Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss	75
11.	Other operating income	75
12.	Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss	76
13.	Overhead costs	77
14.	Other operating expenses	77
15.	Income tax expense	78
16.	Earnings per share	79
17.	Other comprehensive income	79
18.	Cash and cash equivalents	80
19.	Financial assets and liabilities held for trading and hedging derivatives	81
20.	Non-trading financial assets mandatorily at fair value through profit or loss	90
21.	Financial assets at fair value through other comprehensive income	91
22.	Financial assets at amortised cost	95
23.	Investments in subsidiaries	103
24.	Non-current assets and disposal groups classified as held for sale and liabilities held for sale	104
25.	Intangible assets	104
26.	Tangible assets	105
27.	Investment properties	107
28.	Other assets	108
29.	Financial liabilities measured at amortised cost	109
30.	Other liabilities	112
31.	Provisions	113
32.	Deferred income tax assets and liabilities	115
33.	Contingent liabilities	117
34.	Legal risk related to mortgage and housing loans granted to individual customers indexed to CHF and other foreign currencies	121
35.	Off-balance sheet liabilities	126
36.	Pledged assets	128
37.	Registered share capital	129
38.	Share premium	130
39.	Retained earnings	130
40.	Other components of equity	131
41.	Additional equity components	131
42.	Dividend per share	132
43.	Explanatory notes to the statement of cash flows	133
44.	Share-based incentive programmes	135
45.	Transactions with related entities	137
46.	Acquisitions and disposals	140
47.	Capital adequacy	140
48.	Events after the balance sheet date	144

INCOME STATEMENT

	Note	Year ended 31 December	
		2025	2024
Interest income, including:	5	13 860 055	13 812 412
<i>Interest income accounted for using the effective interest method</i>		13 437 374	13 503 082
<i>Income similar to interest on financial assets at fair value through profit or loss</i>		422 681	309 330
Interest expenses	5	(4 469 723)	(4 764 226)
Net interest income		9 390 332	9 048 186
Fee and commission income	6	3 205 354	2 931 826
Fee and commission expenses	6	(1 133 350)	(1 072 962)
Net fee and commission income		2 072 004	1 858 864
Dividend income	7	19 104	6 652
Net trading income	8	89 871	168 007
Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss	9	62 456	62 291
Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss	10	40 566	(5 755)
Other operating income	11	171 176	260 535
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss	12	(630 666)	(510 912)
Costs of legal risk related to foreign currency loans	34	(2 039 726)	(4 306 964)
Overhead costs	13	(2 888 898)	(2 514 475)
Depreciation		(561 444)	(509 746)
Other operating expenses	14	(271 228)	(170 868)
Operating profit		5 453 547	3 385 815
Tax on the Bank's balance sheet items		(752 987)	(730 875)
Share in profits of entities under the equity method	23	257 516	250 442
Profit before income tax		4 958 076	2 905 382
Income tax expense	15	(1 410 757)	(669 707)
Net profit		3 547 319	2 235 675
Earnings per share (in PLN)	16	83.44	52.62
Diluted earnings per share (in PLN)	16	83.34	52.55

Notes presented on pages 10–144 constitute an integral part of these Financial Statements.

STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 December	
		2025	2024
Net profit		3 547 319	2 235 675
Other comprehensive income net of tax, including:	17	279 521	350 810
Items that may be reclassified subsequently to the income statement		294 654	359 021
Exchange differences on translation of foreign operations (net)	17	1 889	(5 556)
Cash flows hedges (net)	17	84 061	156 532
Share of other comprehensive income of entities under the equity method (net)	17	28 367	36 641
Change in valuation of debt instruments at fair value through other comprehensive income (net)	17	180 337	171 404
Items that will not be reclassified to the income statement		(15 133)	(8 211)
Actuarial gains and losses relating to post-employment benefits (net)	17	(3 697)	(8 211)
Sale of investment properties (net)	17	(11 436)	-
Total comprehensive income (net)		3 826 840	2 586 485

Notes presented on pages 10–144 constitute an integral part of these Financial Statements.

STATEMENT OF FINANCIAL POSITION

ASSETS	Note	31.12.2025	31.12.2024
Cash and cash equivalents	18	40 411 289	36 601 484
Financial assets held for trading and hedging derivatives	19	4 280 721	1 850 456
Non-trading financial assets mandatorily at fair value through profit or loss, including:	20	711 939	781 069
<i>Equity instruments</i>		308 930	263 015
<i>Debt securities</i>		12 229	31 204
<i>Loans and advances to customers</i>		390 780	486 850
Financial assets at fair value through other comprehensive income, including:	21	46 192 553	49 313 947
<i>Debt securities</i>		33 295 067	33 405 946
<i>Loans and advances to customers</i>		12 897 486	15 908 001
Financial assets at amortised cost, including:	22	177 925 632	145 661 493
<i>Debt securities</i>		51 144 610	37 373 491
<i>Loans and advances to banks</i>		17 232 959	13 248 554
<i>Loans and advances to customers</i>		109 548 063	95 039 448
Investments in subsidiaries	23	2 659 610	2 559 341
Non-current assets and disposal groups classified as held for sale	24	10 779	102 810
Intangible assets	25	1 968 818	1 734 762
Tangible assets	26	1 073 886	1 112 091
Current income tax assets		58 615	58 909
Deferred income tax assets	32	635 603	776 659
Other assets	28	1 938 736	1 715 364
TOTAL ASSETS		277 868 181	242 268 385
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities held for trading and hedging derivatives	19	1 457 318	1 070 747
Financial liabilities measured at amortised cost, including:	29	247 521 974	216 362 457
<i>Amounts due to banks</i>		2 449 727	3 085 267
<i>Amounts due to customers</i>		229 267 155	200 775 756
<i>Lease liabilities</i>		673 056	763 400
<i>Debt securities issued</i>		11 728 324	9 062 497
<i>Subordinated liabilities</i>		3 403 712	2 675 537
Fair value changes of the hedged items in portfolio hedge of interest rate risk	19	305 818	(393 568)
Liabilities classified as held for sale	24	529	30 940
Provisions	31	1 971 803	3 202 145
Current income tax liabilities		110 832	235 251
Other liabilities	30	5 039 795	3 996 670
TOTAL LIABILITIES		256 408 069	224 504 642
EQUITY			
Share capital:		3 637 561	3 625 801
Registered share capital	37	170 103	169 988
Share premium	38	3 467 458	3 455 813
Retained earnings:	39	16 228 641	12 823 553
- Profit from the previous years		12 681 322	10 587 878
- Profit for the current year		3 547 319	2 235 675
Other components of equity	40	93 910	(185 611)
Additional components of equity	41	1 500 000	1 500 000
TOTAL EQUITY		21 460 112	17 763 743
TOTAL LIABILITIES AND EQUITY		277 868 181	242 268 385

Notes presented on pages 10–144 constitute an integral part of these Financial Statements.

STATEMENT OF CHANGES IN EQUITY

Changes from 1 January to 31 December 2025

	Share capital		Retained earnings		Other components of equity	Additional equity components	Total
	Registered share capital	Share premium	Profit from the previous years	Profit/loss for the current year			
Equity as at 1 January 2025	169 988	3 455 813	10 587 878	2 235 675	(185 611)	1 500 000	17 763 743
Transfer of profit/loss from previous year	-	-	2 235 675	(2 235 675)	-	-	-
Total comprehensive income	-	-	-	3 547 319	279 521	-	3 826 840
Net profit for the current year	-	-	-	3 547 319	-	-	3 547 319
Other comprehensive income	-	-	-	-	279 521	-	279 521
Exchange differences on translation foreign operations (net)	-	-	-	-	1 889	-	1 889
Cash flows hedges (net)	-	-	-	-	84 061	-	84 061
Share of other comprehensive income of entities under the equity method (net)	-	-	-	-	28 367	-	28 367
Change in valuation of debt instruments at fair value through other comprehensive income (net)	-	-	-	-	180 337	-	180 337
Actuarial gains and losses relating to post-employment benefits (net)	-	-	-	-	(3 697)	-	(3 697)
Sale of investment properties (net)	-	-	-	-	(11 436)	-	(11 436)
Changes regarding transactions with Owners of mBank S.A.	115	11 645	3 101	-	-	-	14 861
Issuance of ordinary shares	115	-	-	-	-	-	115
Value of services provided by the employees	-	-	14 746	-	-	-	14 746
Settlement of exercised options	-	11 645	(11 645)	-	-	-	-
Other changes	-	-	(145 332)	-	-	-	(145 332)
Payments related to AT1 capital	-	-	(159 450)	-	-	-	(159 450)
Transfers between components of equity	-	-	14 118	-	-	-	14 118
Equity as at 31 December 2025	170 103	3 467 458	12 681 322	3 547 319	93 910	1 500 000	21 460 112

Changes from 1 January to 31 December 2024

	Share capital		Retained earnings		Other components of equity	Additional equity components	Total
	Registered share capital	Share premium	Profit from the previous years	Profit/loss for the current year			
Equity as at 1 January 2024	169 861	3 446 324	10 553 852	29 322	(536 421)	-	13 662 938
Transfer of profit/loss from previous year	-	-	29 322	(29 322)	-	-	-
Total comprehensive income	-	-	-	2 235 675	350 810	-	2 586 485
Net profit for the current year	-	-	-	2 235 675	-	-	2 235 675
Other comprehensive income	-	-	-	-	350 810	-	350 810
Exchange differences on translation foreign operations (net)	-	-	-	-	(5 556)	-	(5 556)
Cash flows hedges (net)	-	-	-	-	156 532	-	156 532
Share of other comprehensive income of entities under the equity method (net)	-	-	-	-	36 641	-	36 641
Change in valuation of debt instruments at fair value through other comprehensive income (net)	-	-	-	-	171 404	-	171 404
Actuarial gains and losses relating to post-employment benefits (net)	-	-	-	-	(8 211)	-	(8 211)
Changes regarding transactions with Owners of mBank S.A.	127	9 489	4 704	-	-	-	14 320
Issuance of ordinary shares	127	-	-	-	-	-	127
Value of services provided by the employees	-	-	14 193	-	-	-	14 193
Settlement of exercised options	-	9 489	(9 489)	-	-	-	-
Other changes	-	-	-	-	-	1 500 000	1 500 000
Issue of AT1 equity	-	-	-	-	-	1 500 000	1 500 000
Equity as at 31 December 2024	169 988	3 455 813	10 587 878	2 235 675	(185 611)	1 500 000	17 763 743

Notes presented on pages 10–144 constitute an integral part of these Financial Statements.

STATEMENT OF CASH FLOWS

	Note	Year ended 31 December	
		2025	2024
Profit before income tax		4 958 076	2 905 382
Adjustments:		(2 503 853)	(4 930 374)
Income taxes paid		(1 445 861)	(764 998)
Depreciation, including depreciation of fixed assets provided under operating lease	25,26	575 597	524 586
Foreign exchange (gains) losses related to financial activities		(80 687)	(216 106)
(Gains) losses on investing activities		(389 326)	(284 188)
Change of valuation of investment in subsidiaries not measured at equity method	23	6 285	(11 401)
Dividends received	7	(19 104)	(6 652)
Interest income (income statement)	5	(13 860 055)	(13 812 412)
Interest expense (income statement)	5	4 469 723	4 764 226
Interest received		12 961 499	12 708 478
Interest paid		(4 361 474)	(5 021 163)
Changes in loans and advances to banks		(3 966 664)	(2 793 786)
Changes in financial assets and liabilities held for trading and hedging derivatives		(1 209 139)	194 280
Changes in loans and advances to customers		(11 791 867)	(7 630 215)
Changes in securities at fair value through other comprehensive income		1 141 130	3 955 661
Changes in securities at amortised cost		(13 308 425)	(11 559 145)
Changes in non-trading securities mandatorily at fair value through profit or loss		41 622	(13 349)
Changes in other assets		(204 356)	170 545
Changes in amounts due to banks		673 931	(194 096)
Changes in amounts due to customers		28 522 840	15 717 460
Changes in lease liabilities		(2 920)	28 893
Changes in issued debt securities		(21 961)	66 923
Changes in subordinated liabilities		(22 337)	-
Changes in provisions		(1 238 642)	951 237
Changes in other liabilities		1 026 338	(1 705 152)
A. Cash flows from operating activities		2 454 223	(2 024 992)
Disposal of shares in subsidiaries net of sold cash and cash equivalents		181 677	-
Disposal of intangible assets and tangible fixed assets		138 255	586
Dividends received	7	19 104	6 652
Acquisition of shares in subsidiaries	23	-	(64 595)
Purchase of intangible assets and tangible fixed assets		(695 227)	(665 077)
B. Cash flows from investing activities		(356 191)	(722 434)
Issue of debt securities	29	3 087 662	2 556 988
Issuance or incurrence of subordinated liabilities	29	1 699 160	-
Issue of ordinary shares		115	127
Other financial inflows		-	1 500 000
Repayments of loans and advances received from banks		(1 319 396)	-
Redemption of debt securities	29	(354 570)	(1 007 258)
Redemption or repayment of subordinated liabilities	29	(950 000)	-
Payments due to lease agreements		(166 121)	(172 977)
Payments related to AT1 capital		(159 450)	-
Interest paid from financing activities		(123 860)	(171 879)
C. Cash flows from financing activities		1 713 540	2 705 001
Net increase / decrease in cash and cash equivalents (A+B+C)		3 811 572	(42 425)
Effect of exchange rate changes in cash and cash equivalents		(1 767)	2 461
Cash and cash equivalents at the beginning of the reporting period		36 601 484	36 641 448
Cash and cash equivalents at the end of the reporting period	18	40 411 289	36 601 484

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

1. Information regarding mBank S.A.

The Bank operates under the name mBank S.A. with its registered office in Poland, 00-850 Warsaw, 18 Prosta Street, under the number KRS 0000025237, REGON 001254524, NIP 526-021-50-88.

According to the by-laws of the Bank, the scope of its business consists of providing banking services and consulting and advisory services in financial matters, as well as of conducting business activities within the scope described in its by-laws. The Bank operates within the scope of corporate, institutional and retail banking (including private banking) throughout the whole country and operates trade and investment activities as well as brokerage activities.

The Bank provides services to legal and natural persons, domestic and foreign, both in PLN and in foreign currencies.

The Bank may open and maintain accounts in Polish and foreign banks and can possess foreign exchange assets and trade in them.

The Bank conducts retail banking business in the Czech Republic and Slovakia through its foreign mBank branches in these countries.

As at 31 December 2025, the headcount of mBank S.A. amounted to 7 086 FTEs (Full Time Equivalents) (31 December 2024: 6 902 FTEs).

As at 31 December 2025, the headcount of mBank S.A. amounted to 7 931 persons (31 December 2024: 7 798 persons).

The Management Board of mBank S.A. approved these financial statements on 24 February 2026.

2. Information on relevant accounting policies

Information on principal accounting policies used in the preparation of these financial statements is set forth below. These accounting policies have been applied consistently in all periods presented.

2.1. Accounting basis

These Financial Statements of mBank S.A. have been prepared for the 12-month period ended 31 December 2025. Comparative data presented in these financial statements relate to the period of 12 months ended on 31 December 2024.

The Financial Statements of mBank S.A. have been prepared on a historical cost basis in compliance with the International Financial Reporting Standards (IFRS) as adopted for use in the European Union, except for derivative financial instruments, other financial assets and liabilities held for trading, financial assets failing SPPI test and financial assets and liabilities designated at fair value through profit or loss (FVTPL), debt, equity instruments and loans and advances to customers at fair value through other comprehensive income (FVOCI), investment properties and liabilities related to cash-settled share-based payment transactions, all of which have been measured at fair value. Non-current assets held for sale or group of these assets classified as held for sale are stated at the lower of the carrying value and fair value less costs to sell.

The data for the year 2024 presented in these mBank S.A. financial statements was audited by the auditor.

The preparation of the financial statements in compliance with IFRS requires the application of specific accounting estimates. It also requires the Management Board to use its own judgment when applying the accounting policies adopted by the Bank. The issues in relation to which a significant professional judgement is required, more complex issues, or such issues where estimates or judgments are material to the financial statements are disclosed in Note 4.

These financial statements were prepared under the assumption that the Bank continues as a going concern in the foreseeable future, i.e. in the period of at least 12 months following the reporting date.

Therefore, as of the date of approving these statements, no events that could indicate that the continuation of the operations by the Bank is endangered in the period of at least 12 months from the reporting date were identified.

The Bank also prepares consolidated financial statements in accordance with IFRS. mBank S.A. Group Consolidated Financial Statements for the year 2025 were approved on 24 February 2026.

2.2. Interest income and expenses

All interest income and interest expenses on financial instruments carried at amortised cost using the effective interest rate method, interest income from financial assets measured at fair value through other comprehensive income and interest income and interest expenses from financial instruments measured at fair value through profit or loss are recognised in the income statement.

The Bank calculates interest income using the effective interest rate on the gross carrying amount of the debt-based financial asset. In case of reclassification of a financial asset or a group of similar financial assets to Stage 3, the interest income is calculated on the amortised cost (i.e. the gross carrying amount adjusted for the loss allowance) and is recognised using the interest rate at which the future cash flows were discounted for the purpose of valuation of impairment. For mortgage loans with a periodically fixed interest rate, the effective interest rate is determined based on cash flows that assume a fixed interest rate during the first interest period and variable interest rates in subsequent interest periods.

Interest income includes interest and commissions received or due on account of loans, inter-bank deposits or investment securities recognised in the calculation of the effective interest rate.

Interest income, including interest on loans, is recognised in the income statement and on the other side in the statement of financial position as part of receivables from banks or from other customers.

Amounts calculated with the use of negative interest rates are qualified accordingly to interest income in case when they relate to financial liabilities, and to interest expenses when they relate to financial assets.

Income and expenses related to the interest component of the result on interest rate derivatives and resulting from current calculation of swap points on currency derivatives classified into banking book are presented in the interest results in the position Interest income/expense on derivatives classified into banking book. The banking book includes transactions, which are not concluded for trading purposes i.e. not aimed at generating a profit in a short-term period (up to 6 months) and those that do not constitute hedging a risk arising from the operations assigned into trading book.

Interest income and interest expenses related to the interest measurement component of derivatives concluded as hedging instruments under fair value hedge are presented in the interest result in the position Interest income and interest expenses on derivatives under the fair value hedge.

Interest income and interest expense related to the interest measurement component of derivatives concluded as hedging instruments under cash flow hedge are presented in the interest result in the position Interest income and interest expenses on derivatives under the cash flow hedge.

2.3. Fee and commission income

Fee and commission income is recognised in accordance with IFRS 15 using a five-step model for revenue recognition.

The Bank recognises at a point in time the fees charged at a point in time not related directly to origination of loans and advances. Fees for services delivered over time longer than 3 months are recognised by the Bank over time.

As the fee and commission income, the Bank treats also fees and commissions recognised over time on a straight-line basis, related to loans and advances with not established timing of cash flows, for which effective interest rate is not possible to be determined. Straight line method for those services presents fairly the timing of transfer of services because they are delivered evenly over time.

Accounting principles related to recognition of fee income from sale of assurance products bundled with loans and advances are described under Note 2.4.

Fees charged for granting of loans which are likely to be drawn down are deferred (together with the direct costs directly attributable to them) and included in the calculation of the effective interest rate charge on the loan at the time of granting.

Fees on account of syndicated loans are recognised as income at the time of closing of the process of organisation of the respective syndicate, if the Bank has not retained any part of the credit risk on its own account or has retained a part of the risk of a similar level as other participants.

Commissions and fees on account of negotiation or participation in the negotiation of a transaction on behalf of a third party, such as the acquisition of shares or other securities, or the acquisition or disposal of an enterprise, are recognised at the time of realisation of the transaction. Portfolio management fees and other fees for management, advisory and other services, are recognised on the basis of service contracts, usually in proportion to the passage of time. The same principle is applied in the case of management of client assets, financial planning and custody services, which are continuously provided over an extended period of time.

Fees and commissions collected by the Bank on account of issuance, renewal and change in the limit of credit and payment cards, guarantees granted as well as opening, extension and increase of letters of credit are accounted for on a straight-line basis over the life of the product they concern.

Fee and commissions collected by the Bank on account of cash management operations, money transfers and brokerage business activities are recognised directly in the income statement as one-off. Fees and commissions for keeping customer accounts are charged monthly and recognised at the time of collection.

In addition, fee and commission income include revenue from a fee on instalment payment for premium on insurance products sold through the Internet platform. The fee on instalment payment is settled in time in accordance with the duration of the policy.

The Bank's fee and commission income comprises also income from offering insurance products of third parties. In case of selling insurance products that are not bundled with loans, the revenues are recognised as upfront income or in majority of cases settled on a monthly basis.

2.4. Revenue and expenses from sale of insurance products bundled with loans

The Bank treats insurance products as bundled with loans, in particular when insurance product is offered to the customer only with the loan, i.e. it is not possible to purchase from the Bank the insurance product which is identical in a legal form, content and economic conditions without purchasing the loan.

Revenue and expenses from sale of insurance products bundled with loans are split into interest income and fee and commission income based on the relative fair value analysis of each of these products.

The remuneration included in interest income is recognised over time as part of effective interest rate calculation for the bundled loan. The remuneration included in fee and commission income is recognised partly as upfront income and partly deferred over time based on the analysis of the stage of completion of the service, in accordance with 5-step model from IFRS 15.

Expenses directly linked to the sale of insurance products are recognised using the same pattern as in case of income. A part of expenses is treated as an element adjusting the calculation of effective interest rate for interest income and the remaining part of expenses is recognised in fee and commission expenses as upfront cost or as cost accrued over time.

The Bank also estimates the part of remuneration which in the future will be returned due to early termination of insurance contract and appropriately decreases interest income or fee and commission income to be recognised.

2.5. Financial assets

The Bank classifies its financial assets to the following categories: financial assets valued at fair value through profit or loss, financial assets valued at fair value through other comprehensive income and financial assets valued at amortised cost. Classification of the debt financial asset to the one of the above categories takes place at its initial recognition based on business model for managing financial assets and contractual cash flow characteristics. An equity instrument is classified as a financial asset at fair value through profit or loss unless at the time of initial recognition the Bank made an irrevocable election of specific equity investments to present subsequent fair value changes in other comprehensive income.

Standardised purchases and sales of financial assets at fair value through profit or loss and measured at fair value through other comprehensive income are recognised on the settlement date – the date on which the Bank delivers or receives the asset. Changes in fair value in the period between trade and settlement date with respect to assets carried at fair value are recognised in profit or loss or in other components of equity. Loans are recognised when the funds are disbursed or made available to the borrower's account.

Derecognition of financial asset is when and only when the contractual rights to the cash flows from the financial assets expire, when the Bank transfers the financial asset and the transfer qualifies for derecognition or in case of a substantial modification of financial asset.

Financial assets measured at fair value through profit or loss

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income.

The Bank presents financial assets measured at fair value through profit and loss in the following positions of the statement of financial position: Financial assets held for trading and hedging derivatives and Non-trading financial assets mandatory at fair value through profit and loss. Significant accounting policies related to derivatives are included in Note 2.11.

Disposals of debt and equity securities held for trading are accounted according to the weighted average cost method.

Interest income on financial assets measured at fair value through profit or loss (Note 2.2), except for derivatives the recognition of which is described in Note 2.11, is recognised in net interest income. The valuation and result on disposal of financial assets measured at fair value through profit or loss is recognised in trading income for financial assets held for trading or in gains or losses on non-trading financial assets mandatorily at fair value through profit or loss. Methods of fair value measurement are discussed in Note 3.18.

Financial assets measured at amortised cost

Financial assets measured at amortised cost are assets that meet both of the following conditions, unless the Bank designated them to 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 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. Financial assets at amortised cost are entered into books on the transaction date.

At initial recognition, financial assets classified to this category are valued at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

Financial assets measured at fair value through other comprehensive income

Financial assets measured at fair value through other comprehensive income are assets that meet both of the following conditions, unless the Bank designated them to fair value through profit or loss: the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows as well as selling financial assets and 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.

Interest income and expense from financial assets measured at fair value through other comprehensive income are presented in net interest income. Gains and losses from sale of financial assets measured at fair value through other comprehensive income are presented in gains or losses from derecognition of financial assets and liabilities not measured at fair value through profit or loss.

Gains and losses arising from changes in the fair value of debt financial assets measured at fair value through other comprehensive income are recognised in other comprehensive income until the derecognition of the respective financial asset in the statement of financial position – at such time, the aggregate net gain or loss previously recognised in other comprehensive income is now recognised in the income statement.

Methods of fair value measurement are discussed in Note 3.18.

Equity instruments

Investments in equity instruments are measured at fair value through profit or loss. Upon initial recognition, the Bank may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value (the option of measurement at fair value through other comprehensive income) of an investment in an equity instrument that is not held for trading and does not constitute a contingent payment recognised by the Bank as part of a business combination in accordance with IFRS 3.

In the case of the financial instruments for which the option of measurement at fair value through other comprehensive income was used, all gains and losses related to change in fair value, including foreign exchange differences, are recognised in other comprehensive income. There is no possibility to reclassify them to income statement at the moment of sale of the financial instrument. Only dividends received related to these instruments are recognised in income statement when the entity's right to receive payment is established.

Modification of contractual terms for financial assets

The Bank derecognises financial assets and re-recognises the financial assets in accordance with the measurement requirements for initial recognition in case of substantial modification of contractual terms of financial assets. The Bank defines modification as substantial when it meets one of the following criteria:

- increase of the credit amount of more than 10% compared to the amount before the change,
- prolongation of the contractual maturity of more than 12 months compared to the contractual maturity before change,
- change of currency not provided for in the terms of the contract. Change of the currency provided for in the terms of the agreement is such a change that defines both the FX rate at which it would have place and the interest rate of the loan after the change of the currency,
- change of the borrower – only if the current borrower is exempted from the debt,
- change of the contractual terms influencing the SPPI test result,
- change of the financed asset in case of object finance or project finance,
- change of the legal form/type of financial instrument.

In case of identification of substantial modification, in the income statement the deferred income and expense related to such asset and the reversal of impairment are recognised. At the same time there is repricing of financial assets in accordance with the requirements for initial recognition. Any other modifications of contractual terms that do not cause derecognition of financial assets are treated as non-substantial modifications and the gain or loss on modification is recognised. The effect of all identified

non-substantial modifications of cash flows, which do not result from financial difficulties of a borrower, are recognised in net interest income. The result on modification is the difference between present value of the modified cash flows discounted using the original effective interest rate and the gross carrying amount of loan before modification. Commissions received related to minor modification are settled over time using effective interest rate.

In case of substantial modification in Stage 2, for which as a consequence, a new asset classified at the date of initial recognition in Stage 1 has been recognised, the adjustment to fair value of the exposure at the initial recognition, adjusts the interest result in the subsequent periods.

In the case of contract terms' modification as a result of a market-wide reform of interest rate benchmark, including the replacement of the interest rate benchmark with an alternative benchmark, when:

- the basis for determining contractual cash flows has changed in the contract and the new basis is considered economically equivalent to the old basis, such change is recognised through a change in the effective interest rate;
- changes concern other areas, or have not been considered economically equivalent, such changes are recognised on general principles, in particular they are evaluated for a substantial modification.

Purchased or originated credit impaired financial assets (POCI assets)

POCI are financial assets measured at amortised cost that at initial recognition are credit impaired. POCI are also financial assets that are credit impaired at the moment of substantial modification. At the initial recognition, POCI assets are recognised at fair value. The fair value of POCI assets at the initial recognition is calculated as present value of estimated future cash flows including credit risk discounted for the risk-free rate. After the initial recognition POCI assets are measured at amortised cost. With respect to these financial assets, the Bank uses credit adjusted effective interest rate in order to determine the amortised cost of financial asset and the interest income generated by these assets – CEIR. In case of POCI exposures, the change of the expected credit losses relative to the estimated credit losses at the date of their initial recognition is recognised as an impairment loss. Its value can both reduce the gross book value of POCI exposure and increase it in the event of a decrease of expected losses relative to its value at the date of initial recognition.

2.6. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The conditions mentioned above are not satisfied and offsetting is inappropriate when: different financial instruments are used to emulate the features of a single financial instrument, financial assets and liabilities arise from financial instruments having the same risk exposure but involve different counterparties, financial or other assets are pledged as collaterals for non-recourse financial liabilities, financial assets are set aside in trust by a debtor for the purpose of discharging an obligation without those assets having been accepted by the creditor in the settlement of the obligation, or obligations incurred as a result of events giving rise to losses are expected to be recovered from a third party by virtue of a claim made under an insurance contract.

2.7. Impairment of financial assets

Financial instruments subject to estimation of expected credit losses are financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income, loan commitments if not measured at fair value through profit or loss, financial guarantee contracts if not measured at fair value through profit or loss, leases under IFRS 16, contract assets under IFRS 15.

A detailed description of issues regarding the principles of estimation of expected credit losses is presented in Note 3.3.6.

Derecognition of loan receivable

Derecognition of loan receivable can be partial (corporate banking) or total.

In case of retail banking, writing off receivables can be done when:

1. debt recovery procedure is not possible due to e.g.:
 - a. the claim limitation,
 - b. fraud – inability to identify the debtor,
 - c. limitation of inheritors' liability,
 - d. the claim was questioned by the debtor in court;

2. debt is irrevocable e.g.:

- a. the enforcement proceedings have been completed and the whole debt was not recovered - then the unrecovered portion is written off,
- b. bankruptcy proceeding has been rejected or has been completed due to debtor's lack of liquidation assets to cover the costs of the proceedings,
- c. the conclusion is that a claim is irrevocable – costs of recovery are higher than recovered claim,
- d. limitation of heirs' liability for inheritance debts.

Cases that meet these criteria may also be included in the process of debt portfolio sale.

In case of corporate portfolio, writing off receivables is carried out when:

1. all options to recover the debt have been exercised:

- a. bankruptcy proceedings ended, the debtor was removed from the National Court Register and the debt has not been recovered in full,
- b. bankruptcy proceedings were discontinued on account of the debtor having no assets to cover the costs of the proceedings or having only sufficient assets to cover these costs,
- c. petition for bankruptcy was dismissed on account of the debtor having insufficient assets to cover the costs of the proceedings,
- d. during judicial restructuring proceedings the terms and conditions of an arrangement assuming partial cancellation of the debt were approved,
- e. enforcement proceedings were deemed ineffective and discontinued on account of the debtor having no assets,
- f. the debt was considered irrecoverable as the costs of recovering it exceed the potential proceeds;

2. it is impossible to pursue the debt, e.g.:

- a. the debtor challenges the debt in court. The debt is cancelled by a court decision,
- b. the statute of limitations on the Bank's claim.

Cases that meet these criteria may also be included in the process of debt portfolio sale.

2.8. Financial guarantee contracts

The financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

When a financial guarantee contract is recognised initially, it is measured at the fair value. After initial recognition, an issuer of such a contract subsequently measures it at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9, the methodology is described in Note 3.3.6,
- the amount initially recognised less when appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15.

2.9. Cash and cash equivalents

Cash and cash equivalents comprise items with maturities of up to three months from the date of their acquisition, including cash in hand and cash held at the Central Bank with unlimited availability for disposal and amounts due from other banks.

2.10. Sell and repurchase agreements

Repo and reverse-repo transactions are defined as selling and purchasing securities for which a commitment has been made to repurchase or resell them at a contractual date and for a specified contractual price and are recognised when the money is transferred.

Securities sold with a repurchase clause (repos or sell/buy back) are not eliminated from the statement of financial position. The liability towards the counterparty is recognised as amounts due to other banks or amounts due to customers. Securities purchased together with a resale clause (reverse repos or buy/sell back) are recognised as loans and advances to other banks or other customers. For assets subject to repurchase agreements, the Bank is exposed to the same risks as those associated with holding identical assets not subject to repurchase agreements.

When concluding a repo or sell/buy back or reverse repo or buy/sell back transaction, Bank sells or buys securities with a repurchase or resale clause specifying a contractual date and price.

Securities borrowed by the Bank under reverse repo or buy/sell back transactions are not recognised in the financial statements unless they are sold to third parties. In such case the purchase and sale transactions are recorded in the financial statements with a gain or a loss included in trading income. The obligation to return them is recorded at fair value as liabilities from short sales of securities. Securities borrowed under

buy/sell back transactions and then lent under sell/buy back transactions are not recognised as financial assets.

As a result of repo or sell/buy back transactions concluded on securities held by the Bank, financial assets are transferred in such way that they do not qualify for derecognition. Thus, the Bank retains substantially all risks and rewards of ownership of the financial assets.

2.11. Derivative financial instruments and hedge accounting

Derivative financial instruments

Derivative financial instruments are recognised at fair value from the date of transaction. Fair value is determined based on prices of instruments listed on active markets, including recent market transactions, and on the basis of valuation techniques, including models based on discounted cash flows and options pricing models, depending on which method is appropriate in the particular case. All derivative instruments with a positive fair value are recognised in the statement of financial position as assets, those with a negative value as liabilities.

In accordance with IFRS 9: (i) there is no need to separate the prepayment option from the host debt instrument for the needs of financial statements if the option's exercise price is approximately equal on each exercise date to the amortised cost of the host debt instrument. If the prepayment option does not meet the contractual cash flow characteristic test, then the financial asset as a whole shall be classified as a financial asset measured at fair value through profit or loss; (ii) exercise price of a prepayment option reimburses the lender for an amount up to the approximate present value of lost interest for the remaining term of the host contract. Lost interest is the product of the principal amount prepaid multiplied by the interest rate differential. The interest rate differential is the excess of the effective interest rate of the host contract over the effective interest rate the entity would receive at the prepayment date if it reinvested the principal amount prepaid in a similar contract for the remaining term of the host contract.

The assessment of whether the call or put option is closely related to the host debt contract is made before separating the equity element of a host debt instrument in accordance with IAS 32. The method of recognising the resulting fair value gain or loss depends on whether the given derivative instrument is designated as a hedging instrument, and if it is, it also depends on the nature of the hedged item. The Bank designates some derivative instruments either as fair value hedges against a recognised asset or liability or against a binding contractual obligation (fair value hedge), or as hedges against highly probable future cash flows attributable to a recognised asset or liability, or a forecasted transaction (cash flow hedge).

Due to the split of derivatives classified into banking book and into trading book, the Bank applies a different approach to the presentation of interest income/expense for each of these groups of derivatives that is described in Note 2.2. The remaining result from fair value measurement of derivatives is recognised in Net trading income.

Hedge accounting

Derivative instruments that are designated and are effective hedging instruments are subject to hedge accounting policies.

Until 30 June 2022 the Bank applied the hedge accounting requirements in accordance with IAS 39, instead of the requirements set forth in IFRS 9. Starting 1 July 2022, the Bank applies IFRS 9 requirements in the area of hedge accounting to all hedge relations except for fair value portfolio hedges of interest rate risk where the hedged item is designated as portion that is a currency amount.

The IFRS 9 also introduces the option to recognise as separate component of equity part of the fair value of the hedging derivative instrument related to time value of option, forward element of a forward contract or currency basis spread and reclassify it to profit or loss in the same periods during which the hedged expected future cash flows affect profit or loss.

2.12. Financial liabilities measured at amortised cost

Financial liabilities measured at amortised cost include borrowings, deposits taken, debt securities issued and subordinated liabilities. These liabilities are initially recognised at fair value reduced by the incurred transaction costs. After the initial recognition, these liabilities are recorded at adjusted cost of acquisition (amortised cost using the effective interest method). Any differences between the amount received (reduced by transaction costs) and the redemption value are recognised in the income statement over the period of duration of the respective agreements according to the effective interest rate method.

2.13. Investments in subsidiaries

Investments in subsidiaries in the separate financial statements are initially recognised at cost, and then measured using the equity method, whereby the carrying amount of investments in subsidiaries is increased or decreased in order to recognise the Bank's shares in the profit or loss of the subsidiary recorded after the date of acquisition. The Bank's share in the profit or loss of the subsidiary is recognised in the income statement under the item Share in profits (losses) of entities under the equity method.

Received dividends reduce the carrying amount of the investment and are recognised under Dividend income. The Bank's share in other comprehensive income of the subsidiary the Bank recognises in other comprehensive income of the Bank. Unrealised gains or losses on transactions with subsidiaries accounted for using the equity method (including, for example, expected credit losses recognised in relation to loans or guarantees granted) are eliminated. Balance sheet balances such as receivables and liabilities or deposits and loans granted to subsidiaries are not eliminated in the separate financial statements. If the Bank's share of losses exceeds the value of shares in a subsidiary, the Bank ceases to recognise its share of further losses. At the balance sheet date the Bank assesses whether there are any triggers indicating impairment of investments made in a subsidiary.

2.14. Intangible assets

The Bank measures intangible assets initially at cost. After initial recognition, intangible assets are recognised at their cost of acquisition adjusted by the costs of improvement (rearrangement, development or modernisation) less any accumulated amortisation and any accumulated impairment losses. Amortisation is accrued by the straight-line method taking into account the expected period of economic useful life of the respective intangible assets.

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. These costs are amortised on the basis of the expected useful life of the software (1 – 20 years). Expenses attached to the maintenance of computer software are expensed when incurred. Expenses directly linked to the development of identifiable and unique proprietary computer programmes controlled by the Bank, which are likely to generate economic benefits in excess of such costs expected to be gained over a period exceeding one year, are recognised as intangible assets. Direct costs comprise personnel expenses directly related to the software.

Capitalised costs attached to the development of software are amortised over the period of their estimated useful life (1.5 – 22 years).

Computer software directly connected with the functioning of specific information technology hardware is recognised as Tangible fixed assets.

2.15. Tangible fixed assets

Tangible fixed assets are carried at historical cost reduced by accumulated depreciation and accumulated impairment losses. Historical cost takes into account the expenses directly attached to the acquisition of the respective assets.

Land is not depreciated. Depreciation of other fixed assets is accounted for according to the straight-line method in order to spread their initial value reduced by the residual value over the period of their useful life which is estimated as follows for the particular categories of fixed assets:

Buildings and structures	20-40 years,
Equipment	2-20 years,
Vehicles	8 years,
Information technology hardware	2-10 years,
Leasehold improvements	3-20 years, no longer than the period of the lease contract,
Office equipment, furniture	3-10 years.

Land and buildings consist mainly of branch outlets and offices. Residual values estimated useful life periods and depreciation method are verified at the end of the reporting period and adjusted prospectively in accordance with the arising need.

2.16. Investment properties

Investment properties are defined as land and buildings held for the purpose of earning rental income or because they are expected to increase in value. Investment property also includes right-of-use assets that meet the definition of investment property under IAS 40. On initial recognition, investment properties are measured at cost including directly attributable transaction costs.

In subsequent measurements, investment properties are measured at fair value. The fair value of a right-of-use that meets the definition of investment property excludes the value of expected cash outflows from lease payments, which are presented separately in the Bank's statement of financial position as a lease liability in accordance with IFRS 16.

Current income and expenses are recognised in other operating income or expenses. Remeasurement changes arising from changes in fair value are also shown under other operating income or expenses in the income statement for the period. As at the date of reclassification of the property occupied by the Bank to investment property, the difference between the carrying amount of the property determined in accordance with IAS 16 or IFRS 16 and its fair value is recognised by the Bank in the profit or loss account

in the event of a decrease in the carrying amount or reversal of a previously recognised impairment loss on this property, or in other comprehensive income, in the event of an increase in the current value above the amount of the reversed impairment loss.

2.17. Non-current assets held for sale and discontinued operations

The non-current assets (or disposal group) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset (or group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such assets and its sale must be highly probable, i.e. the appropriate level of management must be committed to a plan to sell the asset, and an active programme to locate a buyer and complete the plan must have been initiated. Further, the asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value. In addition, the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets held for sale are priced at the lower of carrying value and fair value less costs to sell. Assets classified in this category are not depreciated.

When criteria for classification to non-current assets held for sale are not met, the Bank ceases to classify the assets as held for sale and reclassifies them into appropriate category of assets. The Bank measures a non-current asset that ceases to be classified as held for sale (or ceases to be included in a disposal group classified as held for sale) at the lower of:

- its carrying amount at a date before the asset (or disposal group) was classified as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset (or disposal group) not been classified as held for sale,
- its recoverable amount at the date of the subsequent decision not to sell.

Discontinued operations are a component of the Bank that either has been disposed of or is classified as held for sale and represents a separate major line of business or geographical area of operation or is a subsidiary acquired exclusively with a view to resale.

The classification to this category takes places at the moment of sale or when the operation meets criteria of the operation classified as held for sale if this moment took place previously. Disposal group which is to be taken out of usage may also be classified as discontinued operation.

2.18. Deferred income tax

Liabilities or assets for deferred income tax are recognised in their full amount according to the balance sheet method in connection with the existence of temporary differences between the tax value of assets and liabilities and their carrying value. Such liabilities or assets are determined by application of the tax rates in force by virtue of law or of actual obligations at the end of the reporting period. According to expectations such tax rates applied will be in force at the time of realisation of the assets or settlement of the liabilities for deferred income tax.

The main temporary differences arise on account of impairment write-offs recognised in relation to the loss of value of credits and granted guarantees of repayment of loans, amortisation of fixed assets and intangible assets, leases, revaluation of certain financial assets and liabilities, including contracts concerning derivative instruments and forward transactions, provisions for retirement benefits and other post-employment benefits, and also deductible tax losses.

In the case of the Bank, the deferred income tax assets and liabilities are netted against each other separately for each country where the Bank conducts its business and is obliged to settle corporate income tax. Assets and provisions may be offset if the Bank has the right to include them simultaneously when calculating the amount of the tax liability.

The Bank discloses separately the amount of negative temporary differences (mainly on account of unused tax losses or unutilised tax allowances) in connection with which the deferred income tax asset was not recognised in the statement of financial position, and also the amount of temporary differences attached to investments in subsidiaries and associates for which no deferred income tax provision has been formed.

Deferred income tax for the Bank is provided on assets or liabilities due to temporary differences arising from investments in subsidiaries and associates, except where, on the basis of any probable evidence, the timing of the reversal of the temporary difference is controlled by the Bank and it is possible that the difference will not reverse in the foreseeable future.

2.19. Leasing

mBank S.A. as a lessee

The Bank recognises the right of use of the leased asset and a financial liability representing its obligation to make future lease payments in the amount of discounted future cash flows throughout the lease period.

The Bank as a lessee applies simplified approach and it does not apply the requirements in terms of recognition, measurement and presentation for short-term lease contracts lasting no longer than 12 months for each class of underlying asset as well as for lease contracts for which the underlying asset is of low value, i.e. less than PLN 20 thousand for separate leases. Lease payments are recognised as costs using straight-line method throughout the lease period for lease contracts for which the Bank applies simplified approach.

Perpetual usufruct right is classified as a lease according to IFRS 16 due to the occurrence of future fees for the use of this right. The Bank assumed that the lease period for this type of contracts is the remaining period of the right granted since the transition to IFRS 16.

The Bank shall determine the lease term as the non-cancellable period of a lease, together with both:

- periods covered by an option to extend the lease if the Bank as a lessee is reasonably certain to exercise that option,
- periods covered by an option to terminate the lease if the Bank as a lessee is reasonably certain not to exercise that option.

The Bank shall reassess whether it is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease. The Bank shall consider all relevant facts and circumstances that create an economic incentive for the lessee to exercise an option to extend a lease, or not to exercise an option to terminate a lease. The Bank shall revise the lease term if there is a change in the non-cancellable period of a lease.

At the commencement date, the Bank as a lessee shall measure the right-of-use asset at cost. The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability,
- any lease payments made at or before the commencement date, less any lease incentives received,
- initial direct costs incurred by the Bank as a lessee,
- an estimate of the costs to be incurred by the Bank as a lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

At the commencement date, the Bank measures the lease liability at the present value of outstanding lease payments, discounted at the internal leasing rate or if this rate cannot be easily determined the marginal interest rate of the Bank. After initial recognition, lease liability is measured at amortised cost.

The Bank applies the marginal interest rate of lessee. As the lessee the Bank estimates the discount rate taking into account the duration and the currency of the contract.

All right-of-use assets are classified in tangible fixed assets (Note 26). Lease liabilities are presented as financial liabilities measured at amortised cost (Note 29).

Cash payments of lease liabilities are classified in statement of cash flows within financial activities. Short term lease payments, payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability are classified in statement of cash flows within operating activities.

mBank S.A. as a lessor

Operating lease

The Bank recognises the lease payments from operating leases as income on a straight-line basis or in another systematic manner. The Bank recognises costs, including depreciation, incurred in order to obtain benefits from leasing. The Bank adds the initial direct costs incurred in order to obtain operating leasing to the carrying value of the underlying asset and it recognises these costs as expenses incurred throughout the lease period on the same basis as lease revenues. The method of depreciation of leased out depreciable assets is the same as that foreseen by the normal depreciation rules adopted by the Bank with regard to similar assets, and the depreciation charges are calculated in accordance with IAS 16. In order to determine whether there has been any impairment of the object of the lease, the Bank applies IAS 36.

2.20. Provisions

Loan commitments and financial guarantee contracts are subject to loan loss provisions requirements according to IFRS 9. Guarantees' valuation method is presented in Note 2.8.

According to IAS 37, provisions are recognised when the Bank has a present legal or constructive obligation as a result of past events, it is more likely that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

2.21. Post-employment benefits and other employee benefits

Post-employment benefits

The Bank forms provisions against future liabilities on account of post-employment benefits determined on the basis of an estimation of liabilities of that type, using an actuarial model. The Bank uses a principle of recognition of actuarial gains or losses from the measurement of post-employment benefits related to changes in actuarial assumptions in other comprehensive income that will not be reclassified to the income statement. The Bank recognises service cost and net interest on the net defined benefit liability in the Overhead cost and in other interest expenses, respectively.

Equity-settled share-based payment transactions

The Bank runs programmes of remuneration based on and settled in own shares. Equity-settled share-based payment transactions are accounted for in compliance with IFRS 2. In case of the part of the programme settled in shares, the fair value of the service rendered by employees in return for options and shares granted increases the costs of the respective period corresponding to own equity. The total amount which needs to be expensed over the period when the outstanding rights of the employees for their options and shares to become exercisable are vested is determined on the basis of the fair value of the granted options and shares. There are no market vesting conditions that shall be taken into account when estimating the fair value of share options and shares at the measurement date. Non-market vesting conditions are not taken into account when estimating the fair value of share options and shares but they are taken into account through adjustment on the number of equity instruments. At the end of each reporting period, Bank revises its estimates of the number of options and shares that are expected to become exercised.

2.22. Equity

Equity consists of capital and own funds created in compliance with the respective provisions of the law, i.e., the appropriate legislative acts, the Bank by-laws.

Registered share capital

Share capital is presented at its nominal value, in accordance with the by-laws and with the entry in the business register.

Own shares

In the case of acquisition of shares in the Bank by the Bank, the amount paid reduces the value of equity as own shares until the time when they are cancelled. In the case of sale or reallocation of such shares, the payment received in return is recognised in equity.

Share premium

Share premium is formed from premium obtained from the issue of shares reduced by the attached direct costs incurred with that issue.

Costs directly connected with the issue of new shares and options reduce the proceeds from the issue recognised in equity.

Share premium takes into account in addition the settlements related to incentive programs based on Bank's shares.

Retained earnings

Retained earnings include:

- other supplementary capital,
- other reserve capital,
- general risk reserve,
- undistributed profit from previous years,
- profit for the current year.

Other supplementary capital, other reserve capital and general risk reserve are formed from allocations of profit and they are assigned to purposes specified in the by-laws or other regulations of the law.

Moreover, other reserve capital comprises valuation of incentive programs based on Bank's shares.

Dividends for a given year, which have been approved by the General Meeting but not distributed at the end of the reporting period, are shown under the liabilities due to dividends payable under Other liabilities.

Other components of equity

Other components of equity result from:

- valuation of financial assets at fair value through other comprehensive income,
- exchange differences on translation of foreign operations,
- actuarial gains and losses relating to post-employment benefits,
- valuation of derivative financial instruments held for cash flow hedging in relation to the effective portion of the hedge,
- cost of hedge,
- the Bank's shares of other comprehensive income of entities under the equity method,
- fair value measurement of assets reclassified to investment property.

Additional equity components

Item Additional equity components includes capital bonds within the meaning of the Bond Act of 15 January 2015 classified as Additional Tier I capital.

2.23. Valuation of items denominated in foreign currencies

Functional currency and presentation currency

The items contained in financial reports of particular entities of the Bank, including foreign branches of the Bank, are valued in the currency of the basic economic environment in which the given entity conducts its business activities ("functional currency"). The financial statements are presented in the Polish zloty, which is the presentation currency of the Bank.

Transactions and balances

Transactions denominated in foreign currencies are converted to the functional currency at the exchange rate in force at the transaction date. Foreign exchange gains and losses on such transactions as well as balance sheet revaluation of monetary assets and liabilities denominated in foreign currency are recognised in the income statement.

Foreign exchange differences arising on account of such monetary items as financial assets measured at fair value through profit or loss are recognised under gains or losses arising in connection with changes of fair value. Foreign exchange differences arising on account of such monetary items as equity instruments measured at fair value through other comprehensive income are recognised in other comprehensive income.

At the end of each reporting period non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction, and non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange differences component of that gain or loss is recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit or loss, any exchange differences component of that gain or loss is recognised in profit or loss.

Changes in fair value of monetary items valued through other comprehensive income cover foreign exchange differences arising from valuation at amortised cost, which are recognised in the income statement.

Items of the statement of financial position of foreign branches are converted from functional currency to the presentation currency with the application of the average exchange rate as at the end of the reporting period. Income statement items of these entities are converted to presentation currency with the application of the arithmetical mean of average exchange rates quoted by the National Bank of Poland on the last day of each month of the reporting period. Foreign exchange differences so arisen are recognised in other comprehensive income.

2.24. Trust and fiduciary activities

mBank S.A. operates trust and fiduciary activities including domestic and foreign securities and services provided to investment and pension funds.

The Bank provides custody, trustee, corporate administration, investment management and advisory services to third parties. Fee and commission income from trust and fiduciary activities is recognised in accordance with IFRS 15. In connection with these, the Bank makes decisions concerning the allocation, purchase and sale of a wide variety of financial instruments. Assets held in a fiduciary capacity are not included in these financial statements because as they do not belong to the Bank.

2.25. New standards, interpretations and amendments to published standards

These financial statements include the requirements of all the International Accounting Standards, International Financial Reporting Standards and related interpretations as endorsed by the European Union which have been issued and are binding for annual periods starting on 1 January 2025.

Standards and interpretations endorsed by the European Union

Published Standards and Interpretations which have been issued and are binding for the first time in the reporting period covered by the financial statements

Standards and interpretations	Description of the changes	The beginning of the binding period	Impact on the Group's financial statements in the period of initial application
Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability	The amendments to IAS 21 clarify how an entity should assess the currency exchangeability and require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable.	1 January 2025	The application of the amended standard had no significant impact on the financial statements.

Published Standards and Interpretations which have been issued but are not yet binding or have not been adopted early

Standards and interpretations	Description of the changes	The beginning of the binding period	Impact on the Bank's financial statements in the period of initial application
IFRS 18 Presentation and Disclosure in Financial Statements	IFRS 18 aims to improve financial reporting by requiring additional defined subtotals in the statement of profit or loss, requiring disclosures about management-defined performance measures; and adding new principles for grouping (aggregation and disaggregation) of information. IFRS 18 replaces IAS 1 Presentation of Financial Statements. Requirements in IAS 1 that are unchanged have been transferred to IFRS 18 and other Standards.	1 January 2027	The application of the new standard will have no significant impact on the financial statements.
Amendments to IFRS 9, IFRS 7 – classification and measurement of financial instruments.	Amendments to IFRS 9 and IFRS 7 concern the accounting for financial liabilities using an electronic payment system and the assessment of the contractual cash flow characteristics of financial assets, including those linked to environmental, social, and governance (ESG) aspects. The disclosure requirements for investments in equity instruments measured at fair value through other comprehensive income have also been amended.	1 January 2026	The application of the amended standards will have no significant impact on the financial statements.
Amendments to IFRS 9, IFRS 7 – contracts related to electricity dependent on natural conditions.	The changes regarding contracts for electricity dependent on natural conditions relate to the requirements for the eligibility of own use exemption and hedge accounting, along with the associated disclosures. The scope of the amendments is narrow and applies only when the contracts meet specific characteristics.	1 January 2026	The application of the amended standards will have no significant impact on the financial statements.
Amendments to various standards resulting from the annual review of International Financial Reporting Standards	The amendments cover IFRS 1, IFRS 7 (including implementation guidance), IFRS 9, IFRS 10 and IAS 7 and consist of improving readability, accessibility and consistency with other standards and eliminating ambiguities in selected paragraphs.	1 January 2026	The application of the amended standards will have no significant impact on the financial statements.

Standards and interpretations not yet endorsed by the European Union

These financial statements do not include standards and interpretations listed below which await endorsement of the European Union.

Standards and interpretations	Description of the changes	The beginning of the binding period	Impact on the Bank's financial statements in the period of initial application
IFRS 19 Subsidiaries without Public Accountability: Disclosures	IFRS 19 permits eligible subsidiaries to use IFRS Accounting Standards with reduced disclosures. Applying IFRS 19 will reduce the costs of preparing subsidiaries' financial statements while maintaining the usefulness of the information for users of their financial statements. A subsidiary is eligible if it does not have public accountability and its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.	1 January 2027	The standard will not apply for the purpose of preparing Bank's financial statements.
Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Translation to a Hyperinflationary Presentation Currency	The amendments aim to standardise the principles for translating financial statements into a presentation currency in hyperinflationary environments. They apply to situations where there is a difference between the presentation currency and the functional currency, with one of them belonging to a hyperinflationary economy. The changes enhance the usefulness of information, eliminate diversity in practice, and improve the comparability of financial statements presented in hyperinflationary currencies.	1 January 2027	The application of the new standard will have no significant impact on the financial statements.
Amendments to IFRS 19 Subsidiaries without Public Accountability: Disclosures	The amendments reduce disclosure requirements for eligible subsidiaries providing reduced disclosure requirements that align with recent changes in the standards, such as IFRS 18 and amendments to IAS 7 and IFRS 7	1 January 2027	The standard will not apply for the purpose of preparing Bank's financial statements.

The interest rate benchmark reform

In the second half of 2022 the National Working Group on Reference Rate Reform (NGR) was established to prepare a 'roadmap' and a timetable of actions for the smooth and safe implementation of the various elements of the process leading to the replacement of the WIBOR interest rate index with a new reference index (hereinafter WIBOR reform).

Representatives of the Ministry of Finance, the National Bank of Poland, the Office of the Financial Supervision Authority, the Bank Guarantee Fund, the Polish Development Fund, the Warsaw Stock Exchange, the National Depository for Securities, Bank Gospodarstwa Krajowego, the GPW Benchmark, and banks participate in the NGR activities.

According to the initial decision made by the NGR Steering Committee, the WIBOR index was to be replaced by a new index by the end of 2024. However, in October 2023 the NGR Steering Committee decided to postpone this deadline, and on 10 December 2024 it designated the WIRF (POLSTR) index as the successor to WIBOR. In accordance with the updated Roadmap for the process of cessation of WIBID and WIBOR reference benchmarks development and implementation of POLSTR index, published on 28 March 2025, market participants are expected to be ready by the end of 2027 for the Administrator to cease developing and publishing these benchmark rates.

The key risks faced by the Bank in relation to the WIBOR are:

- the risk of uncertainty regarding the transition of contracts to alternative reference rates, which could lead to an adverse change in the risk profile of these contracts,
- the risk of slow adaptation of the new reference rate by the financial markets, including the delayed development of the derivatives market required to manage the interest rate risk profile.

In order to mitigate these risks, the Bank has launched a project for implementation of the WIBOR reform, actively participates in the NGR activities and takes advantage of the solutions developed during consultation process led by International Swaps and Derivatives Association (ISDA), Polish Bank Association and other international organisations.

The Bank has intensified activities related to implementing required changes to WIBOR based contracts. Particular emphasis, in order to maximise the percentage of annexed agreements was placed on effective and transparent communication of the required changes.

The Bank is also conducting analyses and preparing to withdraw products based on the WIBOR index from its offering and replace them with products based on other rates, within the timelines and according to the principles set out in the Roadmap for the process of cessation of WIBID and WIBOR reference benchmarks development and implementation of POLSTR index.

The table below presents the Bank's exposure as at 31 December 2025 to material reference rates in scope of the interest rate benchmark reform for which the transition to the alternative reference rates was not yet completed.

31.12.2025 (PLN million)	The contractual amount of non-derivative financial asset	The contractual amount of non-derivative financial liabilities	Nominal amount of derivatives as a net amount of receivables and liabilities for derivative transactions
PLN WIBOR	78 899	854	(19 993)
PLN WIBID	-	17 298	-
Total	78 899	18 152	(19 993)

31.12.2024 (PLN million)	The contractual amount of non-derivative financial asset	The contractual amount of non-derivative financial liabilities	Nominal amount of derivatives as a net amount of receivables and liabilities for derivative transactions
PLN WIBOR	84 746	791	(27 746)
PLN WIBID	-	4 034	-
Total	84 746	4 825	(27 746)

The Bank currently is not offering any products based on BMR non-compliant reference rates.

The impact of the IBOR reform on hedge accounting is presented in Note 19.

2.26. Business segments

Data concerning business segments was presented in the Consolidated Financial Statements of mBank S.A. Group for the year 2025, prepared in compliance with the International Financial Reporting Standards and approved on 24 February 2026.

3. Risk Management

mBank S.A. manages risk on the basis of regulatory requirements and best market practice, by developing risk management strategies, policies and guidelines.

The risk management process is conducted at all levels of the organisational structure, starting at the levels of the Supervisory Board (including Risk Committee of the Supervisory Board) and the Bank's Management Board, through specialised committees and organisational units responsible for risk identification, measurement, monitoring, control and reduction, down to each business unit of the Bank.

3.1. mBank risk management in 2025 – regulatory environment

The Bank takes actions on an ongoing basis to adapt the risk management principles to changing external conditions, including changes in the national and European legislation. The regulatory environment is undergoing transformations, both locally and at the European Union level, which significantly affects the conditions for conducting business in the banking sector.

Changes regarding the calculation of capital requirements (CRR Regulation)

The Bank monitors regulatory changes resulting from the implementation of updated standards of the Basel Committee on Banking Supervision into EU regulations, in particular those related to the review and revision of capital requirement calculation methodologies (known as Basel III). In June 2024, the CRR III/CRD VI regulatory package was published, aimed at implementing changes primarily in relation to the calculation of capital requirements for specific types of risk: credit, market and operational risk.

The changes also translate into prudential reporting and capital adequacy disclosures. The new regulations apply from the beginning of 2025. mBank implemented the relevant changes as part of an internal project, the completion of which resulted in an increase in RWA for operational risk and no material change in credit risk and market risk.

Amendments to the CRD Directive

The amended CRD foresees additional requirements for ESG risks, in the context of risk management, measurement and monitoring, economic capital calculation, or stress scenario analyses. Additionally, the Bank is required to develop a detailed plan comprising measurable targets and processes for monitoring financial risks arising from ESG factors, including risks related to adjustment processes and transformation trends, in the context of current and future regulatory objectives and legal acts of the European Union, in particular those related to the achievement of climate neutrality.

Implementation of CCD II Directive

In 2026 the Directive of the European Parliament and of the Council (EU) 2023/2225 on Consumer Credit Contracts (CCD II) will enter into force. The new document introduces a number of changes aimed at strengthening consumer protection (e.g. tighter regulation of credit assessment) and adapting the regulations to the needs of today's digital economy. It establishes a new legal framework for consumer credit agreements to be applied in EU Member States, with significant implications for both borrowers and financial institutions.

According to the current schedule, the project of Polish law amendments is supposed to be submitted to the lower house of parliament for consideration at the end of the first quarter of 2026 and adopted by the end of the first half of 2026.

Uniform rules for instant payments in EUR

The Bank is working on adapting to the requirements of the regulation establishing uniform rules for instant payments in euro throughout the European Union (Regulation (EU) 2024/886). The regulation aims to improve competition in the payments market, reduce market concentration and increase the choice of electronic payment methods, especially in the case of cross-border payments. This goal is to be achieved by ensuring that all payment accounts are available for instant transfers 24 hours a day, 7 days a week.

Recommendations of the Polish Financial Supervision Authority (PFSA)

In order to update good practices binding on banks, including in the context of new guidelines and requirements defined by the European supervisory authorities, taking into account regulatory solutions and practices applied in other countries, the Office of Polish Financial Supervision Authority (PFSA Office) regularly works on updating recommendations addressed to banks. The Bank monitors any changes proposed by the PFSA as part of its updated recommendations.

New PFSA requirement for long-term funding ratio

On 15 July 2024, the PFSA adopted a recommendation regarding the Long-Term Funding Ratio (LTFR). The purpose of this recommendation is to reduce the risk associated with the current model of financing mortgage loans by banks, in particular to reduce liquidity and interest rate risk. Currently, loan financing by banks is mainly based on retail deposits, and in particular on current accounts. The introduction of the recommendation is intended to increase the scale of financing mortgage loans with long-term debt instruments. In November 2025, the KNF presented proposed changes to the requirement. The expected new LTFR level will apply from 31 December 2026 (as originally assumed).

IBOR reform

The Bank has carried out work to convert LIBOR CHF, EUR, JPY, GBP and USD, which were withdrawn in accordance with the Financial Conduct Authority (FCA) announcements.

The Bank is also involved in the work of the National Working Group on Benchmark Reform (NGR), which was established in connection with the planned reform of benchmarks in Poland and, among others, is to introduce a new interest rate benchmark, for which the input data is information representing ON (overnight) transactions. The work of the NGR is aimed at ensuring the credibility, transparency and reliability of the development and application of the new reference interest rate index. The Bank has given this work a very high priority and is guided by the schedule published by the NGR.

Additional information on the impact of IBOR reform is presented in Note 2.25 and Note 19.

Environmental (E), social (S) and corporate governance (G) risks

Environmental (E), social (S) and governance (G) risks and related new legal regulations and technological solutions are modifying the business models of mBank Group clients. Adaptation to the dynamically changing business and regulatory environment is inevitable. Bank constantly monitors regulatory changes in these areas and analyse their impact on our clients.

Materialization of environmental risks can affect the Bank's financial performance directly (e.g., through the destruction of fixed assets), but also indirectly by affecting customers (e.g. by lower economic growth, tightening of financial conditions).

In this area the principles of conduct result from legislation (mainly European) and guidelines from supervisory authorities.

Regulatory changes in the area of sustainable development (CRR III/CRD VI)

The two legal acts published on 19 June 2024 in the Official Journal of the European Union that amend the regulations of EU law which are fundamental for the functioning of banks are:

- 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 – as Regulation CRR III,
- Directive (EU) 2024/1619 of the European Parliament and of the Council of 31 May 2024 amending Directive 2013/36/EU as regards supervisory powers, sanctions, third country branches and environmental, social and corporate governance risks – as Directive CRD VI.

In the area of environmental risk resulting from the adjustment process and trends within the transformation, particularly with respect to the goals related to achieving climate neutrality, CRD VI requires the Management Board to develop a detailed plan with measurable targets and processes for monitoring financial risks arising from environmental factors in the short, medium and long term. The updated Directive CRD provides additional requirements for ESG risks in the context of risk management, measurement and monitoring, economic capital calculations or stress scenario analyses.

CRR III requires the Bank to disclose qualitative information on environmental (E), social (S) and corporate governance (G) risks and quantitative tables on environmental risks by physical risk and transition risk, in terms of:

- adopted strategies and actions taken to support clients and subsidiaries in their adaptation/transformation to a sustainable economy, requiring the Bank to expand its existing processes for disclosing the above information and data,
- the green asset ratio (GAR),
- the Banking Book Taxonomy Alignment Ratio (BTAR), which is an extension of the GAR measure to smaller customers (who do not disclose non-financial information).

EBA recommendation

On 9 January 2025, the EBA published "Guidelines on the management of ESG risks". The document contains guidelines regarding internal processes and risk management that financial institutions should implement to ensure the resilience of their business model and risk profile in the short, medium, and long term. The bank should incorporate ESG risks, including environmental risks, into its regular risk management framework as a horizontal risk. To this end, it should integrate ESG risks into internal processes and include them in its reporting. The bank should also develop transformation plans in line with the adopted policies and strategies. The guidelines will come into effect in January 2026.

The regulatory environment concerning social risk (S) within the sustainable development context is crucial for ensuring responsible and sustainable management of the Bank's activities. The materialization of social risks can negatively impact the Bank on multiple levels, from its reputation and financial stability to regulatory compliance. The principles governing social risk management arise from current legislation, primarily at the European level, as well as from the guidelines of supervisory authorities.

The most important regulatory documents and guideline in this area, in addition to the CRR III/CRD VI directives and EBA recommendations mentioned earlier, are:

- Regulation (EU) 2020/852 (EU Taxonomy Regulation), which refers to social and corporate governance issues in the criterion for minimum guarantees,
- Directive (EU) 2019/882 (European Accessibility Act).

The corporate governance requirements are additionally a result of:

- Commercial Companies Code, Banking Law and capital market regulations,
- supervisory recommendations, including Recommendation Z on the principles of internal governance in banks and the "Corporate Governance Principles for Supervised Institutions", issued by the PFSA and the European Banking Authority's (EBA) guidelines on internal governance,
- market standards, including the "Best Practices for Companies Listed on the WSE 2021".

In 2025, in connection with the Draft provisions transposing the EU Directive 2022/2381 of the European Parliament and of the Council of 23 November 2022 on improving the gender balance among directors of listed companies and related measures, into the Polish law, the Policy for the Assessment of Qualifications (Suitability), Appointment and Dismissal of Members of the Bank's Bodies was updated. The Bank has also updated the Policy for the Identification of Key Functions, Succession Planning, Appointment and Dismissal of Key Function Holders and Assessment of Their Suitability. Furthermore, actions have been undertaken to align the composition of the Bank's governing bodies with the gender balance standards introduced by the new regulations.

The mBank Group also reports ESG issues as part of its sustainability reporting. For 2024, disclosure was prepared for the first time in accordance with the Corporate Sustainability Reporting Directive (CSRD). It extended reporting obligations on the impact of companies on communities and the environment, also in terms of alignment with regulators' guidelines. Companies are obliged to prepare sustainability reports based on this directive.

3.2. Principles of risk management

Managing credit risk the Bank focused on identifying factors that could significantly affect customers and the quality of the Bank's loan portfolio.

- In the corporate banking area, the Bank maintained caution approach to its credit risk policies changes. At the same time, the Bank continued projects that are expected to result in the automation and simplification of the credit process.
- In the retail banking area, the Bank takes into account the risks associated with the current economic situation. The situation of households and SMEs is subject to strong pressure caused by high volatility of macroeconomic and geopolitical factors. The Bank adapts to this situation by maintaining a conservative credit policy, particularly in the area of creditworthiness assessment.

Risk management roles and responsibilities in the mBank Group are organised around the three lines of defence scheme:

- The first line of defence is business units (Business), which primarily pursue business goals. As part of achieving these goals, Business manages risk and capital. Business takes the risk and capital aspects into account when making all decisions within the boundaries of the risk appetite defined for the mBank Group. The Senior Line Management within the Business identifies threats in its own domain and is responsible for having effective control mechanisms in place. This means that Business is the owner of all types of risk associated with its operations (including risks related to outsourced activities);
- The second line of defence are primarily organizational units in the risk management area (Risk), Security, Data Protection Inspector and Compliance function, which create risk management strategies for each risk type, support and supervise the Business in their implementation and independently analyse and assess the risk. To ensure that the Business is supported and supervised in an objective manner, the second line of defence operates independently of the Business;
- The third line of defence is Internal Audit, ensuring independent assessment of activities connected with risk management performed by the first and the second line of defence.

3.2.1. Risk culture

Risk culture is the norms, attitudes and behaviours that relate to risk awareness, risk taking, risk management and the controls that shape risk decisions.

A proper and consistent risk culture is a key element of effective risk management within the mBank Group. It influences the decisions and risks taken by the management and employees in the course of day-to-day operations.

The Bank recognizes that a strong and consistent risk culture supports a sustainable business model, particularly under conditions of economic and geopolitical volatility. Therefore, mBank develops it, promotes it and monitors it.

Risk culture at mBank is part of its organizational culture. The basis for further development of risk culture is:

- mBank values define culture of trust and positive intentions: authenticity, empathy, courage, responsibility, cooperation. These values define the most important behaviours from the Bank's perspective and its further development,
- Code of Ethics, which defines ethics standards that apply to all employees or partners in relations with each other and in relations with customers and business partners.

In order to properly develop the risk culture and use properly selected tools, mBank must be aware of its current status. As part of the risk culture assessment, five areas are analysed for which a set of quantitative or qualitative indicators has been defined, in order to best reflect norms, attitudes and behaviours within mBank. The indicators are developed and evaluated in accordance with internal regulations concerning the assessment of risk culture. An element complementing the risk culture assessment is the study of employee sentiment, satisfaction, and engagement, which constitutes a horizontal and qualitative component of the evaluation. It reflects a broad view of relevant culture topics among all employees and at all levels of management.

Detailed rules for assessing and monitoring risk culture are described in the Risk Management Strategy and internal regulation for Risk Culture Assessment.

3.2.2. Division of responsibilities in the risk management process

Supervisory Board supervises the Bank's activities with regard to the risk management system and evaluates its adequacy and effectiveness. The Supervisory Board considers regular and comprehensive information on all important matters concerning the Bank's activities provided by the Management Board, the risks associated with its activities and the ways and effectiveness of managing these risks. In particular, the Supervisory Board approves the mBank Group Risk Management Strategy and supervises its implementation.

Risk Committee of the Supervisory Board exercises constant supervision over the credit, market, liquidity and non-financial including operational risks. In particular, the Risk Committee issues recommendations regarding approval of risk management strategies, including the Risk Management Strategy, by the Supervisory Board. In addition, the Risk Committee issues recommendations in terms of individual counterparty risk, in accordance with the parameters defined by the Supervisory Board.

Management Board of the Bank designs, implements and ensures the operation of the risk management system. In particular the Management Board defines and implements the Risk Management Strategy of the Group and is responsible for defining and implementing the principles of managing individual risk types and for their consistency with the Risk Management Strategy. The Management Board establishes the organizational structure of the Bank and allocates tasks and responsibilities to individual organizational units, ensuring the appropriate distribution of roles in the risk management. The Management Board is also responsible for developing, implementing, effectiveness and updating written strategies, policies and procedures for: risk management system, internal capital adequacy assessment process, capital management and capital planning, and internal control system.

Chief Risk Officer is responsible for integrated risk and capital management of the Bank and the Group in the scope of defining strategies and policies, measuring, controlling and independent reporting on all risk types (in particular credit risk, market risk, liquidity risk, non-financial risk including operational risk), approving limits (in accordance with internal regulations), and for processes of managing the risk of the retail credit portfolio and corporate portfolio.

Chief Environmental Risk Officer (CERO) is responsible for developing the Bank's environmental risk management in the scope of setting appropriate standards, overseeing the process and methodology of carbon footprint control, overseeing the internal control rules, greenwashing risk and climate stress tests.

The Committees:

- **The Committees of the Business and Risk Forum** of mBank Group is a platform for making decisions and dialogue between organizational units in particular business lines and the risk management area in mBank and mBank and the mBank Group subsidiaries. The Business and Risk Forum is constituted by the following bodies: Retail Banking Risk Committee (KRD), Corporate and Investment Banking Risk Committee (KRC), and Financial Markets Risk Committee (KRF). The main function of the above-mentioned committees is to develop the principles of risk management and risk appetite. The Committees take decisions and make recommendations concerning in particular risk policies, processes and tools for risk assessment, risk limitation system, assessing the quality and profitability of portfolio of exposures to clients, approval of introducing new products to the offer and key aspects of selling investment products to retail banking clients.
- **Model Risk Committee** is responsible for supervising the model risk management process, performing an informative, discussion, decision-making and legislative function in this respect.

- **Capital, Assets and Liabilities Committee (CALCO)** is responsible for the systematic monitoring of the balance sheet structure and capital, and the allocation of funds within acceptable risks. Its purpose is to optimize financial result, as well as to shape and allocate capital in a way that maximizes return on equity of the mBank Group.
- **Sustainable Development Committee** of mBank Group is a platform for making decisions and issuing recommendations, and dialogue on sustainable development. The Committee shapes, promotes and monitors sustainable development in the mBank Group.
- **Credit Committee** of the mBank Group makes loan decisions and issues recommendations and thus has an impact on the implementation of concentration risk management principles in particular in terms of exposures to individual clients and group of affiliated entities, including large exposures. The Committee shall also take decisions on debt conversion into shares, stocks, taking over properties in return for debts (applies to the Bank).
- **Investment Banking Committee** ensures proper and effective risk management in investment transactions offered by the Brokerage Bureau. The Committee is in particular responsible for the identification and management of potential risks posed by the transaction under consideration and the fast and efficient exchange of information between the Business and the risk management area on the Bank's strategy adopted towards the customer.
- **Committee for Data Quality** and Information Systems Development ensures conditions for the creation, maintenance and development of an effective data quality management system and the development of information systems within the rules set out in the Bank's Data Governance procedures.
- **Security Committee** has the power to make decisions regarding the approval of activities significant from the Bank's point of view in the terms of banking crime, cybersecurity, information protection, including its protection in IT systems, physical protection and technical security, and ensuring the continuity of the Bank's operations.
- **IT Architecture Committee** is responsible for the effective management of IT resources in mBank and the mBank Group subsidiaries. It ensures consistency of elements and flexibility of IT solutions in the mBank Group, effective use of IT resources, optimization of the use of knowledge and experience in the field of IT and repeatability of processes carried out in the field of IT.
- **Foreign Branch Supervision Committee** of mBank S.A. is responsible, among others, for issuing recommendations on approval of the operational strategy and the rules for stable and prudent management of a particular foreign branch of the Bank, especially with reference to credit risk.

The function of management at the strategic level and the function of control of credit, market, liquidity and operational risks and risk of models used to quantify the aforesaid risk types are performed in the risk management area supervised by the Vice-President of the Management Board, Chief Risk Officer.

3.2.3. Internal capital and liquidity adequacy assessment process (ICAAP/ILAAP)

The mBank Group applies the Internal capital adequacy assessment process (ICAAP) aimed at maintaining own funds at the level adequate to the profile and the level of risk in its operations. The ICAAP includes:

- risk inventory in the mBank Group,
- calculation of internal capital and own funds requirements for coverage of risk,
- capital aggregation,
- stress tests,
- setting limits on the utilisation of capital resources,
- capital planning and allocation,
- monitoring consisting of permanent identification of risk involved in mBank Group operations and analysis of the level of capital for risk coverage,
- annual review of the process.

The Internal liquidity adequacy assessment process (ILAAP) implemented in mBank Group plays a key role in maintaining the Bank's and the Group's business continuity by ensuring an appropriate liquidity and financial position. ILAAP comprises of:

- Group's liquidity and funding risk inventory,
- calculation of liquidity measures, including modelling of selected banking products,
- management, taking into account the stress tests scenarios, liquidity contingency plan and recovery plan, early warning indicators (EWI), recovery indicators (RI), monitoring and reporting,
- process review and assessment,
- Funds Transfer Pricing (FTP) system,
- model validation.

The ICAAP and ILAAP are reviewed by the Bank's Management Board on a regular basis. Reviews of these processes are supervised by the Supervisory Board of the Bank.

Material risks in mBank Group's operations

The Management Board is taking activities for ensuring that the Bank manages all material risks arising from the implementation of adopted business strategy of the mBank Group. Therefore, the mBank Group carries out an annual process of identifying and assessing risk materiality. All material types of risk are included in the Risk Management Strategy of mBank Group, in particular in the process of risk bearing capacity management.

As of 31 December 2025, the following risks were recognized as material in the Group's operations: credit risk, market risk, operational risk, business risk (including strategic risk), compliance Risk, Risk of foreign currency credit portfolio, liquidity risk, reputational risk, models risk, capital risk (including risk of excessive leverage) and securitization risk. Environmental risk (E), social risk (S) and corporate governance risk (G) were assessed in line with the horizontal materiality assessment, meaning by analysing their cross-cutting impact on all key risk types of the Bank.

3.2.4. Risk appetite

Risk appetite is defined within the mBank Group as the maximum risk, in terms of both amount and structure, which the Bank is willing and able to incur in pursuing its business objectives undergoing concern scenario.

Capital and liquidity buffers

mBank Group determines the risk appetite to ensure continued compliance with supervisory requirements on capital adequacy and liquidity, set in the European and Polish regulations. Therefore, the Group maintains capital and liquidity buffers above regulatory requirements to ensure that the Group is functioning in an uninterrupted manner in the case of negative changes in the Group or in its environment, thereby providing the ability to assure risk bearing capacity. Funding sources and capital position of the Group and liquidity risk profile both in the regulatory and economic perspective, are taken into consideration while defining the risk capacity and risk appetite. The Bank maintains capital and liquid assets on the levels ensuring to meet regulatory requirements under normal and realistic stress conditions.

The mBank Group takes proactive measures to minimise potential negative effects resulting from unexpected and sudden withdrawals of funds deposited by customers. These actions are aimed at ensuring financial stability and protecting customers' interests in the event of such situations occurring in the future. This is supported by the entire architecture of the liquidity risk management system, thanks to which the Group shapes the desired liquidity risk profile. In daily liquidity risk management, the Bank monitors liquidity and liquidity risk, using a number of early warning indicators, including those covering the intraday horizon.

mBank Group's risk appetite covers all significant risks and key risk concentrations embedded in its business strategy by setting appropriate capital buffers necessary in case of materialisation of selected risk factors related to existing portfolios and planned business and addressing new regulatory requirements and potential negative macroeconomic changes.

As a result of internal discussion on risk appetite, the target capital ratios and internal liquidity buffers and the horizon of survival for the mBank Group are determined. To determine the appropriate size of the liquidity buffer, the Management Board of mBank sets the minimum levels of the LCR and NSFR ratios above the regulatory requirements. Additionally, based on internal measures (LAB), mBank defines the structure of liquidity reserves to be maintained in the event of predefined stress scenarios. This means that maintaining the liquidity reserve above the required level ensures the liquidity of mBank over the defined survival horizon. The Bank prepares also a funding strategy to manage the balance sheet in a way that achieves optimal funding diversification and reduces currency and maturity mismatches between assets and liabilities.

Risk Bearing Capacity

Risk bearing capacity is expressed in terms of capital, funding resources and liquidity reserves available for allocation so as to ensure safety in baseline scenario and stress scenario. The maximum risk that mBank Group is willing and able to incur, while accepting threats resulting from mBank Group business strategy, is subject to the following conditions:

- adequate risk bearing capacity must be ensured (limits must be ensured in normal conditions) in accordance with ICAAP principles,
- internal targets set for regulatory capital ratios and liquidity must be observed,
- financial liquidity and adequate structural liquidity of the Group must be ensured at all times in accordance with ILAAP principles.

The approach of mBank Group to the assessment and control of mBank Group risk bearing capacity covers internal and regulatory requirements.

Risk limit system

mBank applies a risk limit system in order to ensure effective allocation of risk appetite. The structure of limits translates the risk appetite into specific constraints on risks occurring in the Bank's activity. In addition to the limits, monitoring action triggers and early warning indicators are also used to ensure the safe operation of the Bank.

3.2.5. Stress tests within ICAAP and ILAAP

Stress tests are used in the management and capital and liquidity planning of the Bank. Stress tests allow an assessment of the Bank's resistance in the context of adverse, yet plausible scenarios of external and internal events.

The stress tests are conducted assuming scenario of unfavourable economic conditions that may adversely affect the Bank's financial, capital and liquidity position. The macroeconomic scenarios adopted for analysis enable a comprehensive analysis of all significant types of risk and, in particular, an analysis of the impact on the Bank's capital adequacy and liquidity.

As part of ICAAP, the Bank carries out stress tests using various scenarios, including historical scenarios, macroeconomic scenarios for economic downturn, scenarios that take into account idiosyncratic events, in the context of specific risk concentrations in the Bank. Such analyses are carried out for scenarios at various levels of severity, which are characterised by different probability levels regarding their realisation.

The ILAAP scenarios include negative idiosyncratic events, events concerning the entire market and combined scenarios. In addition, an integrated scenario is carried out, which also takes into account the impact of factors derived from other types of risk.

Sensitivity analyses are a key tool for assessing the sensitivity of the liquidity measure to changes in selected risk factors and help in designing and verifying the credibility of stress scenarios.

The Bank carries out so called reverse stress tests, the goal of which is to identify events potentially leading to unviability of the Bank. Reverse stress tests are used for making strategic decisions concerning the acceptable risk profile of the Bank.

The stress tests mentioned above constitute only a part of the mBank's comprehensive approach to stress-testing analyses and do not represent an exhaustive list.

3.3. Credit risk

3.3.1. Organisation of risk management

The mBank Group actively manages credit risk in order to optimise the level of profit in terms of return on risk. Analysis of the risk in the Group operations is continuous. For the purpose of identification and monitoring of credit risk, uniform credit risk management rules are applied across the Bank's structure and its subsidiaries; they are based, among others, on separation of the credit risk assessment function and the sales function at all levels up to the Management Board. A similar approach is applied to administration of credit risk exposures as this function is performed in the risk area and the operating area and is independent from sales functions. The model of Group-wide risk management assumes participation in the process of the Bank's risk management area organisational units as well as the Credit Committee of the mBank Group (KKG).

Decision-making for credit exposures in the corporate area

Credit decisions are consistent with the accepted internal rules. Levels of decision-making competences are determined by a decision-making matrix. The determination of level of decision-making authority for credit decision is based on EL-rating or PD-rating and total exposure on client/group of related clients. The total exposure also includes exposures on the client/group of related clients in the mBank Group subsidiaries.

For clients applying for small exposure, the amount of exposure is the only determinant of the level of decision-making.

Decision-making for credit exposures in the retail banking area

Due to a profile of retail banking clients, the accepted amount of exposure per client and standardisation of products offered to those clients, the credit decision-making process differs from that applied to corporate clients. The decision-making process is automated to a large extent, both in terms of acquiring data on the borrower from internal and external data sources, and in terms of risk assessment by means of scoring techniques and standardised decision-making criteria. The tasks, which are not automated concern mainly the verification of credit documentation and potential derogations when a decision is made with the escalation to the decision-making level in accordance with the applicable rules. In addition, in case of mortgage loans, the value of the collateral is established (standard applications evaluated internally, other with the use of external appraisal report which is additionally evaluated internally).

3.3.2. Credit Policy

Bank manages credit risk based on supervisory requirements, market best practices, Bank's own experiences and expertise. Credit policies, established separately for retail banking and corporate banking, play the key role in the credit risk management process. Credit policies include e.g.:

- target customer groups,
- acceptable ratings' levels defined by the expected loss value,
- criteria for acceptance of financed subjects and collaterals,
- rules for mitigating concentration risk,
- rules for selected industries and customers segments.

3.3.3. Collateral accepted

Collateral accepted in the process of granting credit products

The collateral is an important part of the credit policy. The primary role of collateral is to reduce the credit risk of the transaction and provide the Bank with a realistic opportunity to repay receivables. In making a decision about granting a credit risk bearing product, the Bank strives to obtain collateral adequate to the accepted risk. The Bank accepts collateral only upon its assessment and provided it meets the condition of no significant correlation between the credibility of the debtor and the collateral value. Specific types of collateral that are required depend on the risk bearing product, the tenor of the transaction and the risk of the client.

The most common collateral accepted are:

- mortgage on real estate,
- registered pledge,
- transfer of receivables (cession of rights),
- monetary deposit,
- financial pledge,
- guarantees and warranties,
- cash blocked,
- transfer of ownership to vehicle.

The value of real estate taken as collateral is determined on the basis of a valuation prepared by a licensed expert. Valuations submitted to the Bank is verified by a team of specialists located in the risk management area, that verifies the correctness of the market value assumptions and assesses the liquidity of the collateral. Carefully selected, most liquid flats securing retail credits can be valued using automatically based on current transactional data.

The value of other collaterals is determined on the basis of available documents, typical for each type of collateral.

Each collateral is monitored. Frequency of monitoring depends on the type of collateral and is specified in internal regulations.

In the corporate banking area, in the case of collateral on fixed assets or financial assets, the final value of collateral is brought to a most realistic value (MRV) using Empirical Coverage Factor (ECF), which reflects the pessimistic variant of debt recovery from the collateral through forced sale. Personal collateral is assessed taking into account the financial standing of provider. The Bank assigns the risk parameter PCV (which is an equivalent of Most Realistic Value for fixed assets collateral). In cases when PD parameter of the collateral provider is equal or worse than PD parameter of the debtor, then PCV parameter is zero.

mBank has a collateral policy in the area of retail banking and corporate banking. The most important elements of these policies are:

- indication of collateral preferred and unrecommended,
- recommendations regarding the requirements of collateral in specific situations,
- frequency of collateral monitoring,
- Bank's approach to collateral with MRV parameter equal to zero.

Collateral accepted for transactions in derivative instruments

The Bank manages the risk of derivative instruments. Credit exposures arising from concluded derivative transactions are managed as a part of clients' general credit limits, taking into account potential impact of changes in market parameters on the value of the exposure. Existing master agreements with contractors obligate the Bank to monitor the value of exposure to the client on a daily basis and provide for additional collateral against the exposure to be contributed by the client or mBank in accordance with signed agreements. At the same time, the master agreements provide for early settlement of the transaction with the client in the event of breach of contract. mBank applies an Early Warning Process in order to monitor

the usage of limits on derivatives and the Bank's ability to respond to the client when the exposure due to open derivative transactions nears the maximum limit. Moreover, taking into consideration credit risk related to a derivative limit granted to a specific client, the Bank may apply additional collaterals from the standard catalogue of collaterals applicable to credit risk products, as well as in specific situation from the expended catalogue of collaterals for credit risk products in accordance with the criteria indicated in the internal regulations of the Bank.

3.3.4. Rating system

The rating system is a key element of the credit risk management process in the corporate banking area. It consists of four main elements:

- customer rating (PD-rating) – describing the probability of default (PD);
- Loss Given Default (LGD) model for non-default portfolio (for default portfolio individual method of estimating recoveries is used). Model consists of the following components: recoveries from unsecured part of the credit (based on information from financial statement, contractual and customer factors), recoveries from secured part of exposure (based on collateral factors);
- Exposure at Default (EAD) model, which includes Credit Conversion Factor (CCF) model and Limit Utilisation (LU) model. The components are based on contract and customer characteristics;
- credit rating (EL-rating) – describing expected loss (EL) and taking into consideration both customer risk (PD) and transaction risk (LGD, Loss Given Default – loss resulting from default). EL can be described as $PD \times LGD$. EL indicator is used mainly at the credit decision-making stage.

The rating produces relative credit risk measures, both as percentages (PD%, EL%) and on a conventional scale from 1.0 to 6.5 (PD-rating, EL-rating) for corporations (sales over PLN 50 million) and SMEs (sales up to and including PLN 50 million). PD rating calculation is a strictly defined process, which comprises seven steps including: financial analysis of annual reports, financial analysis of interim figures, assessment of timeliness of presenting financial statements, analysis of qualitative risks, warning indicators, level of integration of the debtor's group, and additional discretionary criteria. Credit rating based on expected loss (EL) is created by combining customer risk rating and transaction risk rating, which results from the value of exposure (EAD, Exposure at Default) and the character and coverage with collateral for transactions concluded with the client (LGD). LGD, described as % of EAD, is a function of possibly executed value of tangible and financial collateral and depends on the type and the value of the collateral, the type of transaction and the ratio of recovery from sources other than collateral.

The rating system used in the retail banking area is used to assess the risk of secured and non-mortgage-secured transactions against individuals and micro and small businesses. The following models operate within the retail rating system:

- Loss Given Default (LGD) model, which covers the entire retail portfolio. The ultimate loss level is determined basing on integration of three components:
 - recovery rate for cured cases (based on mean recoveries achieved for cured defaults),
 - recovery rate for non-cured cases (based on contractual factors, bank-client relations and collateral characteristic),
 - probability of cure (based on socio-demographic factors and full product structure of contract owner).

Estimation of loss level takes place in homogenous segments, taking into account the type of product and the type of collateral. Separate models are in place for non-default and default portfolio;

- Exposure at Default (EAD) model, which includes Credit Conversion Factor (CCF) model, Limit Utilisation (LU) model and Prepayments model. The components are based on contract and customer characteristics;
- PD model with a modular structure, which integrates results of scoring cards dedicated to the retail area:
 - application scoring cards (based on socio-demographic factors, factors describing the characteristics of business activity and factors related with the specifics of the loan products held or applied for),
 - behavioural scoring cards (based on information on the history of credit and deposit relation with the Bank),
 - internal scoring card based on Credit Information Bureau data (regarding the data about liabilities held outside the Bank).

Rating systems generate probabilities of default of borrowers directly in the form of PDs expressed in percentages (continuous scale). Rating classes are created based on procedures for grouping PDs expressed in percentages on the basis of a geometric ladder (the so-called master scale). In external reporting, the Bank uses mapping of the internal PD rating scale to external ratings. Both the process of mapping probability of default into rating classes and the way in which internal ratings are translated into external ratings are the result of using a single, common rating scale (masters cale) within the Commerzbank group.

The rating scale used at the Bank is used to visualize the level of credit risk to individuals, micro and small businesses, and medium and large business entities. The mapping method is shown in the table below.

Sub-portfolio	1				2			3		4		5			6	7	8	
PD rating	1.0 – 1.2	1.4	1.6	1.8	2	2.2	2.4 – 2.6	2.8	3	3.2 – 3.4	3.6 – 3.8	4	4.2 – 4.6	4.8	5	5.2 – 5.8	No rating	6.1 – 6.5
S&P	AAA	AA+	AA, AA-	A+, A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	B+	B	B-	B-	CCC+ till C	Not applicable	D
	Investment Grade								Sub-investment Grade			Non-investment Grade					-	Default

3.3.5. Monitoring and validation of models

All models of risk parameters applied in mBank, including, i.e. PD models (with all components), LGD models and CCF models are subject to detailed and annual monitoring by modelling units. Moreover, the models are cyclically validated by mBank's independent Validation Unit.

The monitoring includes tests to check discriminatory power of individual models or their components, stability over time, the materiality of individual deviations of empirical values from theoretical values and the impact on portfolio parameters. The modelling unit recalibrates the respective models, i.e. in case of identification of some mismatches.

Reports on the performed monitoring/back-tests are presented to the model users and the independent Validation Unit.

Validation

Validation is an internal, complex process of independent and objective assessment of model operation, which is consistent with the Recommendation W requirements and - in case of the AIRB method - meets the supervisory guidelines set out in the CRR. The validation rules are set out in general in the Model Management Policy and described in detail in mBank's other internal regulations. The validated models are those that are directly or indirectly used in the assessment of capital adequacy under the AIRB approach, those directly or indirectly used in the process of calculation of provisions under IFRS 9 and others listed in the Bank's List of Models PZM.

In case of AIRB models, an independence of Validation Unit is assured in the organisational structures of the Bank or the Group's subsidiary in relation to the units involved in the model's construction/maintenance, i.e. the model owner and users. The Validation Unit is responsible for the validation in mBank. The scope of validation performed by the Validation Unit covers the assessment of models concept and assumptions, correctness of their construction, implementation, their application process and effectiveness, together with the status of the remedial actions taken.

Depending on the materiality and complexity of the model, as well as the type of validation task to be performed, the validation may be complex (covers both quantitative and qualitative elements) or limited (mainly focused on the quantitative analyses and selected qualitative elements). The validation results are documented in the validation report containing, in particular, an assessment used for the purpose of approving the model, and recommendations, if any, in the form of precautionary and remedial actions, about the irregularities found.

Validation tasks are performed in accordance with the annual validation plan. Both validation plan and the results of performed validation tasks are approved by the Model Risk Committee.

IRB Method Change Policy

The Bank implemented the IRB Method Change Policy approved by the Management Board. The Policy contains internal rules for the change management within the IRB approach, based on the supervisory guidelines and taking into account the organisational specifics of the Bank. The Policy specifies the stages of the change management process, defines roles and responsibilities, describes in detail the rules of classification of changes, in particular classification criteria based on the guidelines published by the European Central Bank.

3.3.6. Calculating expected credit losses

The Bank calculates expected credit losses consistently with the International Financial Reporting Standards and in accordance with Polish banking law requirements and requirements of the Polish Financial Supervision Authority.

3.3.6.1 How exposures are classified to stages

The Bank, by implementing International Financial Reporting Standards, classifies credit exposures to stages:

- Stage 1 – exposures for which the risk did not increase significantly since the initial recognition in the loan portfolio,
- Stage 2 – exposures for which, as at the reporting date, a significant deterioration in credit quality was identified compared to the date of their initial recognition,
- Stage 3 – exposures for which impairment triggers were identified,
- POCI (purchased or originated credit-impaired asset) – assets identified as credit-impaired at initial recognition.

In the Bank the assignment of exposure to Stage 2 takes place according to the Transfer Logic algorithm, which defines the qualitative and quantitative criteria indicating a significant increase of credit risk, while the classification exposure to the Stage 3 is determined by loss-events.

Once the quantitative or qualitative criteria that were used to classify the exposure in Stage 2 at the reporting date are no longer met (the client and the exposure assigned to him or her no longer meet any of the Transfer Logic qualitative criteria or quantitative criteria), the exposure will be moved from Stage 2 to Stage 1. In case of exposures classified as forborne, the additional condition for reclassification to Stage 1 is the 24-month probation period during which the loan has a performing status.

The exposure may also be transferred from Stage 3 to Stage 2 or to Stage 1 if for each loss-events assigned to debtor, probation period has elapsed and debtor's assessment carried out after probation period, has not shown that the debtor is unlikely to fully repay its obligations without recourse to realizing security.

Probation period refers to the period in which debtor properly fulfils its obligations, calculated from the moment event leading to loss-event ceases.

Probation period is calculated separately for each loss-event. Probation period is also maintained when the exposure due to which loss-event has occurred has been repaid, written off or sold. Probation period equals:

- for distressed restructuring – 12 months,
- for other loss-events – 3 months.

During probation period, the Bank assesses debtor's credit behaviour, and the exit from probation period depends on proper service.

3.3.6.1.1. Significant deterioration of credit quality (classification to Stage 2)

A significant deterioration in credit quality is recognised for the asset concerned on the basis of quantitative and qualitative criteria, with the asset being transferred to Stage 2 once at least one of such qualitative or quantitative criteria is met.

Qualitative criteria are:

- the number of days of delay in paying the amount due is greater than or equal to 31 days, taking into account materiality thresholds:
 - the absolute threshold refers to the past due exposure amount and amounts to PLN 400 for retail exposures in Polish branch and exposures of Private Banking debtors, registered in corporate systems, CZK 2 500 for retail exposures in the foreign branch of the Bank in the Czech Republic, EUR 100 for retail exposures in the foreign branch of the Bank in Slovakia and PLN 2 000 for exposures in the area of corporate and investment banking,
 - the relative threshold refers to the ratio of the past due exposure amount to the total balance sheet exposure amount and amounts to 1%;
- the number of days of delay in paying the amount due of exposure is greater than or equal to 91 days (without materiality thresholds);
- occurrence of the Forborne performing flag (the client status shows that he or she is experiencing difficulties in repaying the loan commitment, as defined by the Bank);
- threefold PD backstop indicator – at least threefold increase of current PD level estimated over a 12-month horizon in relation to PD at initial recognition date;
- occurrence of the Watch List flag (the Bank's internal process designed to identify corporate clients who are subject to increased monitoring in terms of changes in credit quality, in accordance with the Watch List classification rules adopted by the Bank);
- deterioration of the risk profile of the entire exposure portfolio, due to the type of product, industry or distribution channel (for retail customers);
- classification within a group of exposures subject to a collective approach (a group of exposures with similar characteristics, for which there are expectations of future credit quality deterioration resulting from the analysis of factors affecting this group that are not reflected in risk parameters).

The Bank quantifies the level of credit risk in relation to all exposures or clients for which credit exposures exists.

The quantitative criterion of the Transfer Logic is based on a significant deterioration in credit quality, which is assessed on the basis of relative and absolute long-term change in Probability of Default (PD), specified for the exposure at the reporting date, relative to the long-term PD specified on initial recognition. This factor is determined separately for the retail and corporate portfolio within the homogeneous segments in terms of probability of default events and exposure characteristics. Where relative and absolute change in long-term PD exceeds "the transition thresholds", the exposure is moved to Stage 2. An important issue in the process of calculating the credit quality deterioration is initial date recognition consistent in the entire Bank, against which the deterioration of credit quality is examined. Initial date re-recognition is determined for the exposures for which substantial modification of contractual terms took place. Each change of initial recognition date results in recalculation taking into account the new exposure characteristics, initial PD parameter at the new initial recognition date, against which the credit quality deterioration is examined.

3.3.6.1.2. Low credit risk criteria

For exposures, whose characteristics are indicative of low credit risks (LCR), expected credit losses are always determined on a 12-month basis. Exposures designated as LCR may not be transferred from Stage 1 to Stage 2, although they can be moved from Stage 1 to Stage 3 upon being recognised as credit-impaired. The Bank applies the LCR criterion to clients from the government and central bank segment with investment grade ratings and to clients from Local Government Units segment. The LCR criteria is not used in the retail banking segment.

3.3.6.1.3. Impairment triggers - corporate portfolio

The list of definite loss events in corporate portfolio:

- the number of days past due of the principal, interest or fees is over 90 days (in the case of exposures to banks over 14 days). Number of days past due is calculated at the debtor level and commences when both absolute and relative materiality thresholds have been exceeded, where:
 - absolute threshold refers to the sum of all overdue amounts related to the debtor's liabilities towards the Bank and amounts to PLN 2 000 for corporate and investment banking debtors and PLN 400 for Private Banking debtors registered in corporate systems,
 - relative threshold refers to the ratio of all overdue amounts related to the debtor's liabilities towards the Bank to the sum of balance sheet exposures related to given debtor and amounts to 1%;
- the Bank's sale of the credit obligation with material economic loss related to change in creditworthiness of the debtor;
- the Bank performed distressed restructuring (the materiality threshold from which the Bank considers a diminished financial obligation to be defaulted is 1%);
- information about enforcement proceedings instigated against a debtor in the amount which in the Bank's opinion is likely to result in a loss of creditworthiness;
- information about a petition for bankruptcy, liquidation of a debtor, dissolution or annulment of a company, or about appointment of a guardian;
- declaration of bankruptcy of a debtor or acquiring by him a similar legal protection resulting in his evasion of or delay in repayment of credit obligations towards the Bank, the parent or subsidiary entity of the Bank;
- information about dismissal of a petition for bankruptcy of a debtor on grounds that the assets of the debtor are insufficient or are only sufficient to cover the costs of bankruptcy proceedings;
- debtor's failure to repay the amount of surety provided by the Government;
- termination of part or whole credit agreement by the Bank or the beginning of restructuring/collection procedures;
- fraud (embezzlement) of the debtor;
- the Bank expecting suffering a loss on the client;
- occurrence of cross default;
- information on filing a restructuring petition or instigating a restructuring proceeding with regard to a debtor within the meaning of the Restructuring Law Act;
- information on major financial problems suffered by a debtor.

In addition the Bank identifies loss-events specific to individual categories of entities, and so-called "soft" loss events, introduced in order to signal situations, which may result in the loss of the debtor's ability to repay loan to the Bank. In the event of their occurrence, an in-depth analysis (taking into account the specificity of the entity's operations) is performed and individual decision on the classification of the exposure to one of the stages is made.

3.3.6.1.4. Impairment triggers - retail receivables

The list of definite loss events in retail portfolio:

- the number of days past due of the principal, interest or fees is over 90 days. Number of days past due is calculated at the debtor level and commences when both absolute and relative materiality thresholds have been exceeded, where:
 - absolute threshold refers to the sum of all overdue amounts related to the debtor's liabilities towards the Bank and amounts to PLN 400 for Polish branch, CZK 2 500 for the foreign branch of the Bank in the Czech Republic and EUR 100 for the foreign branch of the Bank in Slovakia,
 - relative threshold refers to the ratio of all overdue amounts related to the debtor's liabilities towards the Bank to the sum of balance sheet exposures related to given debtor and amounts to 1%;
- the Bank performed distressed restructuring (the materiality threshold from which the Bank considers a diminished financial obligation to be defaulted is 1%);
- termination of the agreement by the Bank in the event of breach of the loan agreement by the debtor;
- obtaining information on the submission of a petition for consumer bankruptcy by the debtor, conducting court proceedings in this matter or a judgment by the court of consumer bankruptcy;
- obtaining information about the submission of an application by the debtor to initiate or to conduct bankruptcy/restructuring proceedings against the debtor, which, in the Bank's opinion, may result in delay or failure to repay the liability;
- recognition of the contract as fraudulent;
- Bank's sale of the credit obligation with material economic loss related to change in creditworthiness of the debtor;
- uncollectable status of debt;
- pay out of low-down payment insurance by insurance companies;
- occurrence of cross default.

3.3.6.2. Calculation of expected credit losses

Expected credit losses (ECL) are measured at the level of a single contract or exposure (agreement). In the portfolio approach, expected credit losses are the product of multiplication of value of PD, LGD and EAD estimated individually for each exposure and the final value of expected credit losses is the sum of expected credit losses in particular periods discounted with the effective interest rate. The calculation of expected credit losses does not use a collective approach (the assigned parameters are determined based on a portfolio-level analysis).

In order to calculate the Lifetime PD parameter, an estimation was used in which the explanatory variable is the cumulative default-rate. In this procedure, using linear regression calculated by the least squares method, a Weibull distribution curve is fitted to the empirical data. Estimates are made separately for the retail and corporate portfolio within the homogeneous segments in terms of client and exposure characteristics. In order to determine Lifetime PD values that take into account macroeconomic expectations, a scaling factor, known as the z-factor, is additionally determined. Z-factor aims to adjust the average observed Lifetime PD values to values that reflect expectations about the development of future macroeconomic conditions. The scaling factor determines the phase of the business cycle in which the economy will be in the next years of the forecast by comparing the expected values of default rates to long-term averages.

For the purposes of calculating the long-term LGD parameter, the dependent variable in the form of a loss ratio calculated using the discounted cash flow method (workout approach) was determined. To determine the estimates, a set of statistical methods was used, consisting of e.g. fractional regression, linear regression, mean in pools, or regression trees. Estimates are made separately for the retail and corporate portfolios within homogeneous segments with the use of customer and exposure characteristics. During the estimation, macroeconomic expectations were also used, which adjusted the model values based on customer- and contract-level variables.

In order to calculate the long-term EAD parameter, a set of two dependent variables was used in the form of the future utilisation of the limit (Limit Utilisation - LU) and the credit conversion factor (CCF). Model values were determined using regression trees based on client- and contract-level specific variables. In the segments in which the analyses indicated the statistical significance of macroeconomic expectations, they were included in the EAD models.

If on the reporting date the exposure credit risk did not increase significantly since the initial recognition, expected credit losses are calculated over the shorter of the following horizons: 12-month horizon and horizon to maturity. If the exposure credit risk increased significantly since the initial recognition (exposure is in Stage 2), the Bank calculates expected credit losses in the life-time horizon (Lt ECL). The parameters used to calculate an expected credit loss in Stage 1 are identical to those used to calculate a long-term credit loss in Stage 2 for $t=1$, where 't' stands for the first year of the forecast.

The individual approach concerns all balance sheet and off-balance sheet credit exposures with an impairment in the corporate loan portfolio and Private Banking loan portfolio, which is registered in corporate systems. The expected credit losses are calculated as a difference between the value of exposure and the present value of the estimated future cash flows discounted with the effective interest rate. The method of calculating the expected recoveries takes place in scenarios and depends on the Bank's chosen strategy for the client. In case of restructuring strategy, considered scenarios assume a significant share of recoveries from the customer's own payments. In case of debt collection strategy, the scenarios are focused mainly on recoveries from collateral. The Bank identifies scenarios on the level of exposure, minimum 2 scenarios are considered obligatory, with additional condition that one of them reflects a partial loss on exposure. Weight of particular scenarios results from an expert assessment of the likelihood of scenarios based on the relevant facts of the case, in particular on existing security and their type, client's financial situation, client's willingness to cooperate, the risks that may occur in the case and micro- and macroeconomic factors.

For the valuation of expected credit losses the Bank uses data contained in the Bank's transaction systems and implemented in dedicated tools.

3.3.6.2.1. Use of macroeconomics scenarios in ECL estimation

The Bank is required to set an expected credit loss in a way which meets the expectations for various forward-looking macroeconomic scenarios. In case of portfolio estimation of ECL, the non-linearity factor (NLF) is set in order to adjust the value of an expected credit loss (calculated every month). The value of NLF is used as scaling factors for individual ECLs. The NLF factor is determined separately for retail and corporate segments at least once a year. NLFs are used as scaling factors for individual ECLs that are determined at the level of individual exposures in each segment. NLFs are calculated based on results from three simulation calculations at the same reporting date, which result from relevant macroeconomic scenarios. In particular, NLF for a given segment is calculated as:

- probability-weighted average of the expected loss from three macroeconomic scenarios ('average estimation') comprising: baseline scenario, optimistic scenario, pessimistic scenario. The weights of scenarios are consistent with probabilities of realisation each scenario – 60% for base, 20% for optimistic and 20% for pessimistic,
- divided by the expected loss determined under baseline scenario (reference estimate).

Simulation calculations, whose results are used to calculate NLF, are carried out on the basis of the same input data on exposure characteristics, but involve different risk parameter vectors, if the macroeconomic expectations defined in the scenarios are such as to affect the value of these parameters.

Additionally, the inclusion of forward-looking information takes place in the models of all three credit risk parameters estimated in the lifetime horizon (Lt PD, Lt EAD, Lt LGD). In the estimates the Bank uses, among others, generally available macroeconomic (GDP, employment in the enterprise sector, unemployment rate, level of export/import, salaries, monetary financial institutions receivables from households), expectations regarding exchange rates, as well as changes in property prices, separately for residential and commercial properties.

In the case of individual ECL estimation, each time, based on an expert assessment, the Bank estimates the impact of macroeconomic factors and other general factors (e.g. the Bank's previous cooperation with the borrower, the nature of the product) on the probability of the adopted scenarios in the calculation of the estimated loss and on the assumed amounts and dates of inflow from operating cash flows and from collateral. This is done through a comprehensive expert assessment of above factors. Macroeconomic factors used in individual ECL estimation are based on assumptions for budget forecasts and financial plans used for management and reporting at mBank. In addition, in terms of macroeconomic factors, conclusions from industry analyses prepared at the Bank are taken into account, in particular conclusions from expert assessments of industries prepared for the purpose of determining the Bank's industry limits, as well as from the assessment of industry prospects and the assessment of the attractiveness of a specific sector. Future economic conditions may not be taken into account in the process of estimating ECL if the Bank does not identify connection between macroeconomic factors and the level of expected loss.

3.3.6.2.2. Significant model and methodological changes

In 2025, the following significant changes to models used to determine expected credit risk losses took place:

In the first half of 2025:

- Updating the macroeconomic indicators in the expected credit loss model. The aforementioned change consisted in determining the default rate levels of the respective portfolios on the basis of new econometric models based on the latest macroeconomic forecasts and then including these levels in the estimates of the long-term probability of default. For the long-term loss model the values of macroeconomic factors were updated,

- Recalibration of the long-term default probability model consisting of re-estimation of the model parameters with the data sample adjusted to the planned changes in the default definition and expanded to include observations from the most recent periods,
- The redevelopment of the transfer logic model involves a revision of the methodology for determining the thresholds for transitions to Stage 2 — replacing the approach based on the quantile of the distribution of changes in the lifetime PD parameter with a classification-based method aimed at minimizing misclassification into the respective stages. The updated version of the model has also been adapted to the planned changes in the default definition,
- Recalibration of the long-term loss model for the specialized lending portfolio, involving the adjustment of the model to reflect the most recent data available for the recovery process and taking into account updated sensitivity to the macroeconomic conditions,
- Recalibration of the long-term loss model for the Bank's remaining portfolios, involving the estimation of the LGD parameter level based on a data sample adjusted to reflect the planned changes in the default definition.

The impact of these changes on the level of expected credit loss was recognized as a creation of provisions in the amount of PLN 61.9 million (negative impact on the result).

In the second half of 2025:

- Updating the macroeconomic indicators in the long-term PD model. The aforementioned change consisted in determining the default rate levels of the respective portfolios based on the latest macroeconomic forecasts and then including these levels in the estimates of the long-term probability of default,
- Recalibration of the long-term loss model for the corporate and mBank retail portfolios involving adjusting it to the most recent data available for the recovery process,
- Recalibration of the long-term loss model for the mBank branches in Czech Republic and Slovakia consisting of re-estimation of the model parameters with the data sample expanded to include observations from the most recent periods and accounts for the mortgage-secured portfolio.

The impact of these changes on the level of expected credit loss was recognized as a creation of provisions in the amount of PLN 23.2 million (negative impact on the result).

With regard to the methodological changes, in the second half of 2025, the following was implemented:

- an additional qualitative criterion for transfer to Stage 2 – classification within a group of exposures subject to a collective approach, in order to reflect climate risk in the calculation of expected credit losses.

The impact of this change on the level of expected credit losses was recognized as a creation of provisions in the amount of PLN 26.7 million (negative impact on the result).

3.3.6.3. Credit risk costs coverage of individual sub-portfolios

The tables below show the percentage of the Bank's balance sheet and off-balance sheet items relating to loans and advances, guarantees and letters of credit to individuals, corporate entities and public sector and the coverage of the exposure with credit risk costs for each of the Bank's internal rating categories (the description of rating model is included in Note 3.3.4).

Portfolio measured at amortised cost

Sub - portfolio	31.12.2025		31.12.2024	
	Exposure (%)	Provision coverage (%)	Exposure (%)	Provision coverage (%)
1	15.65	-	7.06	0.01
2	32.57	0.05	40.79	0.06
3	12.47	0.24	11.98	0.18
4	22.73	0.68	27.87	0.97
5	11.35	2.27	6.69	2.88
6	0.70	5.25	0.56	6.01
7	1.21	13.11	1.10	14.25
8	1.16	0.09	1.18	0.09
default	2.16	54.26	2.77	52.02
Total	100.00	1.83	100.00	2.14

As at 31 December 2025, 48.22% of the loans and advances portfolio for balance sheet and off-balance sheet exposures is categorised in the top two grades of the internal rating system (31 December 2024: 47.85%).

Portfolio measured at fair value through other comprehensive income

Sub - portfolio	31.12.2025		31.12.2024	
	Exposure (%)	Provision coverage (%)	Exposure (%)	Provision coverage (%)
1	32.59	0.01	7.09	0.01
2	50.52	0.09	79.63	0.09
3	7.37	0.54	6.97	0.47
4	4.44	1.00	3.18	1.22
5	1.75	2.29	1.11	2.87
6	0.18	3.81	0.11	4.14
7	1.23	6.89	0.69	7.64
default	1.92	22.29	1.22	22.27
Total	100.00	0.69	100.00	0.50

As at 31 December 2025, 83.11% of the loans and advances is categorised in the top two grades of the internal rating system (31 December 2024: 86.72%).

3.3.7. Fair value for credit assets

If the conditions for the measurement of a credit asset at amortised cost (IFRS 9, par. 4.1.2) are not met, then it is measured at fair value through profit and loss or at fair value through other comprehensive income.

3.3.7.1. Fair value valuation of non-impaired credit assets

The valuation for non-impaired exposure is based on its discounted estimated future cash flows.

Future cash flows are determined taking into account:

- repayment schedule, and in the absence of a schedule (revolving products) - based on a statistical estimation of the annual credit limit utilisation in expected behavioural exposure period,
- time value of money, based on risk-free interest rates set in the process of forecasting interest flows,
- cash flows amount and their schedule fluctuations stemming from the option of prepayment (early partial or full repayment of the principal) included in the loan agreement by application of prepayment factors,
- uncertainty of cash flows resulting from credit risk throughout the forecasted lifetime of the exposure by modification of contract flows using multi-year credit risk parameters Lt PD and Lt LGD,
- other factors that would be taken into consideration by the potential exposure buyer (overhead costs and the profit margin expected by market participants) during the process of calibration of the discount rate used in the valuation process.

Due to requirements of IFRS 13 for the exposures for which there are no quotes on an active market, the Bank calibrates the discount rate based on fair value at the date of the initial recognition (i.e. the cost of exposure). Calibration margin reflects market valuation of costs related to maintaining exposures in the portfolio and market expectations about profit margin realised on similar exposures.

3.3.7.2. Fair value valuation of impaired credit assets

Impaired credit assets are valued based on expected recoveries. In case of retail exposures the valuation is reflected by LGD parameters, and in case of corporate exposures it refers to individual recovery scenarios.

3.3.8. Repossessed collateral

Assets repossessed for debts classified as assets held for sale shall be put up for sale on an appropriate market and sold at the soonest possible date. The process of selling collaterals repossessed by the Bank is arranged in line with the policies and procedures specified for individual types of repossessed collaterals. In 2025 and 2024, the Bank did not have any repossessed collaterals that were difficult to sell.

3.3.9. Bank Forbearance Policy

Definition

The Bank's forbearance policy is a set of activities relating to renegotiation and restructuring of terms of loan agreements which is defined by internal regulations.

The Bank offers forbearance to assist customers, who are temporarily or permanently in financial distress and are unable to meet their original contractual repayment terms, through agreements with less restrictive terms of repayment, without which financial difficulties would prevent satisfactory repayment under the original terms and conditions of the contract. These actions may be initiated by the customer or the Bank.

The type of concession offered should be appropriate to the nature and the expected duration of the customer's financial distress. The Bank's belief in the customer's willingness and ability to repay the loan

is necessary to conclude an agreement. Prior to granting a concession, an assessment of its impact on improving customer's ability to repay the loan is carried out.

The Bank renegotiates loan agreements with customers in financial difficulties to maximise possibility of receivables repayment and minimise the risk of default (situation when client fails to fulfil his contractual obligation).

Exposures with modified terms and conditions under forbearance policy (hereinafter - forbore exposures) are subject to regulatory and internal reporting.

Instruments used

The Bank maintains open communication with borrowers in order to detect any financial difficulties as early as possible and to know the reasons of such difficulties. In case of retail borrowers with temporary financial difficulties forbearance solutions focus on temporary reductions of contractual payments among others in form of capital repayments suspension with only interest repayments kept.

For borrowers under long term financial distress extension of contractual repayment schedule may be offered which can include instalments reduction.

For the corporate borrowers in financial distress, as part of the business support process, mBank offers concessions, starting from participating in debt standstills (cease of actions to which the Bank is authorized in the event of a breach of contractual terms or covenants) and concluding on debt restructuring agreements. Debt restructuring agreements may improve the Bank's collateral position by replacing open financing (overdraft) with factoring or invoice discount. Restructuring agreements can waive or ease covenants included in the primary agreement (additional conditions included in the primary agreement) if it represents optimal strategy for borrower's business continuity.

The following list does not exhaust all possible concessions (forbearance measures) that are subject to forbearance, but it includes the most common:

- maturity extension/extension of loan duration,
- restructuring (medium- or long-term refinancing),
- capitalisation of interest,
- interest deferrals,
- principal deferrals,
- full instalment deferrals,
- covenant waiver,
- standstills.

Risk management

Forbearance measures have been an integral part of mBank's risk management area for many years. Forborne portfolios are subject to regular review and reporting to the area management. The effectiveness of undertaken actions, regularity of restructured transactions' service in respect of types of products and borrower's segment are subject to assessment. The risk analysis of retail forbore portfolio is based on portfolio approach and corporate portfolio analysis is based on individual approach.

In corporate banking, every exposure to borrowers with recognised loss event is classified as default and impairment test is required to be carried out. Every exposure classified as default is being taken over by the specialised unit dedicated to restructuring and debt collection, which defines and implements the Bank's optimal strategy towards the client from the point of view of minimising losses, i.e. restructuring or debt collection. All exposures to borrowers in financial difficulties with granted concessions, incl. classified as default, have the forbore status. Non-default debtors in financial difficulties, i.e. without recognised loss event, who received the concession (forbearance measures), are subject to close monitoring (Watch List – WL) by all units involved in the loan granting process. Their financial situation is subject to close monitoring and they are under constant review to establish whether any of impairment indicators had materialised.

The Bank does not use dedicated models to determine level of portfolio provision and special-purpose provision for forbore portfolio.

Forborne exit conditions – corporate banking area

The Bank ceases to recognise the exposure as forbore if all of the following conditions are met:

- debtor financial situation's analysis showed improvement and the exposure has been recognised as performing and it was reclassified from the nonperforming category,
- at least 24 months after exposure had been recognised as performing have passed (probation period),
- for the last 12 months of probation period, significant and regular capital or interest payments have been made by the borrower (overdue not exceeding 30 days),
- none of the debtor exposures is overdue at the end of probation period.

Forborne exit conditions – retail banking area

The Bank ceases to recognise the contract as forborne when all of the following conditions are met:

- the contract is recognised as performing,
- at least two years (probation period) have passed since the exposure was recognised as performing,
- at least from the middle of the abovementioned probation period regular capital or interest payments were made (lack of significant delays in repayment longer than 30 days),
- none of the debtor's exposures are overdue more than 30 days and at the same time the due amount does not exceed material threshold defined in internal regulations of the Bank at the end of the 2-year probation period.

Portfolio characteristic

	31.12.2025			31.12.2024		
	Gross carrying amount	Accumulated impairment	Net value / Fair value	Gross carrying amount	Accumulated impairment	Net value / Fair value
Loans and advances to customers at amortised cost	112 399 170	(2 851 107)	109 548 063	97 937 692	(2 898 244)	95 039 448
of which: forborne exposures	2 313 271	(697 573)	1 615 698	2 193 530	(529 231)	1 664 299
of which: defaulted	1 465 718	(668 661)	797 057	1 302 105	(508 271)	793 834
Loans and advances to customers at fair value through other comprehensive income	12 987 489	(90 003)	12 897 486	15 988 349	(80 348)	15 908 001
of which: forborne exposures	335 634	(21 393)	314 241	355 421	(15 972)	339 449
of which: defaulted	98 253	(17 588)	80 665	75 898	(13 333)	62 565
Loans and advances to customers mandatorily at fair value through profit or loss			390 780			486 850
of which: forborne exposures			15 288			494
of which: defaulted			15 128			272
Forborne exposures, total			1 945 227			2 004 242
of which: defaulted			892 850			856 671

Change of carrying value of forborne exposures	31.12.2025	31.12.2024
As at the beginning of the period	2 004 242	2 160 004
Outflow from forborne exposures	(883 629)	(768 227)
Inflow to forborne exposures	1 049 705	818 964
Changes in existing forborne exposures	(225 091)	(206 499)
As at the end of the period	1 945 227	2 004 242

Forborne exposures by client segment	31.12.2025	31.12.2024
Individual customers	933 772	951 231
including: housing and mortgage loans	449 897	596 941
Corporate customers	1 000 034	1 041 518
Public sector customers	11 421	11 493
Total	1 945 227	2 004 242

Forborne exposures by the type of concession	31.12.2025	31.12.2024
Refinancing	405 929	186 989
Modification of terms and conditions	1 539 298	1 817 253
Total	1 945 227	2 004 242

Forborne exposures by geographical breakdown	31.12.2025	31.12.2024
Poland	1 760 566	1 833 741
Other countries	184 661	170 501
Total	1 945 227	2 004 242

Forborne exposures by days past due	31.12.2025	31.12.2024
Not past due	-	-
Past due less than 30 days	1 625 021	1 673 075
Past due 31 – 90 days	114 302	78 617
Past due over 90 days	205 904	252 550
Total	1 945 227	2 004 242

Forborne exposures by industry	31.12.2025	31.12.2024
Individual customers	933 772	951 231
Wood, furniture and paper products	237 679	127 701
Construction	169 173	192 325
Real estate	112 681	143 641
Hotels and restaurants	79 078	80 498
Retail trade	44 254	40 595
Transport and logistics	42 470	55 626
Household appliances	39 361	3 571
Chemicals and plastic products	32 670	14 665
Textiles and wearing apparel	25 484	27 683
Other	228 605	366 706
Total	1 945 227	2 004 242

3.3.10. Counterparty risk that arises from derivatives transactions

The credit exposure on mBank portfolio to derivative transactions is calculated as the sum of the replacement cost of each transaction (which is its current net present value - NPV) and its estimated future potential exposure (Add-on). Moreover, the Bank uses credit mitigation techniques such as netting and collateralisation. The former is implemented if close-out netting agreement is signed, whereas the latter requires prior Credit Supported Annex (CSA) or suitable clauses in the framework agreement concluded in order to collateralise the exposure. CSA states that the variation margin may be called if current valuation of the portfolio exceeds the predefined level (threshold). Moreover as far as existing agreements are concerned, additional collateral (initial margin, etc.) may also be exchanged. Credit exposure to the derivatives portfolio is adjusted appropriately depending on the collateral being paid or received in accordance with the binding agreements. For the purpose of the counterparty risk calculation only positive NPV at the derivative portfolio level is taken into account.

Credit exposure control is performed through an integrated system in real time. In particular the level of the allocated credit exposure limit usage is monitored on a daily basis. In addition, compliance with restrictions resulting from credit decisions, supervisory regulations and business decisions is controlled. Credit exposure limits are subject to limit decomposition into different products and maturities.

The decomposition of mBank credit exposure of the derivatives portfolio based on the counterparty type is as follows:

- 28.0% banks,
- 26.1% central counterparties (CCP),
- 10.8% financial institutions,
- 35.1% corporates, private banking and others.

The decomposition of mBank credit exposure of the derivatives portfolio based on client type is as follows:

Client type	Credit exposure 2025 (PLN million)	Credit exposure 2024 (PLN million)
Banks CSA	950	1 394
CCP	884	912
Corporations with limit	1 194	1 368
Non-Bank Financial Institution	365	417
Corporate customers with cash collateral and others *	(2)	(1)

* negative exposure means overcollateralisation

The positive NPV of derivative transactions (including netting), as well as the collateral posted or received, is presented in the table below:

(PLN million)	Banks*		CCP*		Corporates and others			
	2025	2024	2025	2024	CSA	no CSA**	CSA	no CSA**
					2025	2024	2025	2024
NPV***	35.04	60.63	39.29	44.48	10.74	208.14	26.00	137.63
Collateral received (including collateral posted to custodian)	614.43	670.34	-	-	-	7.12	-	5.45
Collateral posed (including collateral posted to custodian)	675.31	602.70	558.42	594.33	-	-	-	-

* collateral excluding variation margin and default fund (collateral posted to the CCP less one of its participants defaults)

** collateral based on NPV and its estimated future potential exposure

*** NPV with variation margin adjustment for banks, CCPs and corporates with CSA

Additionally, as part of its brokerage activity, mBank has posted collateral amounting to PLN 530 million to CCP, PLN 239 million to banks, and PLN 28 million to non-banking financial institution.

3.4. Concentration of assets, liabilities and off-balance sheet items

Geographic concentration risk

In order to actively manage the risk of concentration by country, the Bank:

- complies with the formal procedures aimed at identifying, measurement and monitoring this risk,
- complies with the formal limits mitigating the risk by country and the procedures to be followed when the limits are exceeded,
- uses a management reporting system, which enables monitoring the risk level by country and supports the decision-making process related to management,
- maintains contacts with a selected group of the largest banks with good ratings, which are active in handling foreign transactions. On some markets, where the risk is difficult to estimate, the Bank uses the services of its foreign correspondent banks, e.g. Commerzbank, and insurance of the Export Credit Insurance Corporation ("KUKI"), which covers the economic and political risk.

As at 31 December 2025 and as at 31 December 2024 there was no substantial level of geographical concentration in the credit portfolio of mBank. In terms of exposure relating to countries other than Poland there was no substantial share of impaired exposures.

Sector concentration risk

The Bank analyses the sector concentration risk in order to build its corporate portfolio in a safe and effective way and manages industrial concentration risk determining industrial limits.

Limiting covers the sectors (identified, as a rule, on the basis of the PKD code) in which the Bank's exposure is at least 5% of the total amount of exposures in corporate portfolio at the end of a given reporting period, and sectors indicated by the Corporate and Investment Banking Risk Committee (KRK).

The Bank set industrial limits on a level not higher than:

- 12% of the gross loan corporate portfolio for low-risk sectors but not higher than 60% of Tier I,
- 10% of the gross loan corporate portfolio for medium risk sectors but not higher than 50% of Tier I,
- 7% of the gross loan corporate portfolio for high-risk sectors but not higher than 35% of Tier I.

In the case when the utilisation of the limit exceeds 90%, analysis is carried out to assess whether it is necessary to take activities preventing the exceeding of the limit. Decision in this regard shall be taken by the KRK.

The table below presents the concentration structure of mBank S.A. balance sheet exposure into individual industries. The industry division is built on the basis of the value chain concept, in which entities operating in a given market (suppliers, manufacturers, sellers) are concentrated within one industry.

The table below presents loans and advances measured at amortised cost and does not include the loans and advances measured at fair value through profit or loss and at fair value through other comprehensive income.

The structure of concentration of carrying amounts of exposure of mBank S.A.

31.12.2025											
No	Sectors	Carrying amount	Gross carrying amount				%	Accumulated impairment			
			Stage 1	Stage 2	Stage 3	POCI		Stage 1	Stage 2	Stage 3	POCI
1.	Individual customers	53 815 419	46 231 878	7 256 958	1 667 136	423 988	49.45%	(190 365)	(465 880)	(991 027)	(117 269)
2.	Rental and leasing activities	15 207 386	14 995 177	216 948	1 397	1 161	13.54%	(4 874)	(887)	(1 397)	(139)
3.	Financial activities	5 731 678	5 740 408	4 448	73	-	5.11%	(13 009)	(169)	(73)	-
4.	Real estate	5 215 042	4 759 303	335 296	218 353	18 396	4.74%	(15 214)	(6 315)	(94 087)	(690)
5.	Construction	4 530 457	4 133 850	254 028	98 838	122 770	4.10%	(17 630)	(3 884)	(56 247)	(1 268)
6.	Power and heating distribution	3 379 688	3 269 085	153 878	28 730	1 614	3.07%	(47 661)	(9 265)	(16 926)	233
7.	Food sector	2 351 438	1 846 030	506 388	31 334	1 880	2.12%	(9 452)	(3 541)	(21 105)	(96)
8.	Scientific and technical activities	2 203 495	2 024 267	180 562	20 426	-	1.98%	(13 343)	(2 321)	(6 248)	152
9.	Construction materials	1 674 686	642 259	1 047 297	11 123	1 673	1.51%	(3 808)	(12 581)	(9 946)	(1 331)
10.	Motorisation	1 672 292	1 124 215	554 117	6 484	-	1.50%	(3 673)	(6 074)	(2 777)	-
11.	Transport and logistics	1 214 139	923 084	281 750	34 016	797	1.10%	(2 160)	(2 302)	(20 349)	(697)
12.	Metals	1 120 657	563 884	535 496	119 128	2 524	1.09%	(2 059)	(5 810)	(91 304)	(1 202)
13.	Chemicals and plastic products	1 144 739	321 874	803 087	79 789	-	1.07%	(725)	(14 076)	(46 686)	1 476
14.	Wholesale trade	968 229	652 194	307 701	87 734	-	0.93%	(3 979)	(3 240)	(72 181)	-
15.	Human health	844 647	490 305	370 319	10	-	0.77%	(10 550)	(5 427)	(10)	-
16.	Fuel	698 196	341 261	346 392	138 736	109	0.74%	(1 386)	(1 667)	(125 140)	(109)
17.	Media	811 205	510 890	303 809	-	-	0.72%	(805)	(2 689)	-	-
18.	IT	793 233	562 307	242 776	-	-	0.72%	(10 530)	(1 320)	-	-
19.	Wood, furniture and paper products	744 929	322 707	352 604	49 621	13 110	0.66%	(1 221)	(5 814)	(26 416)	40 338
20.	Other	5 426 508	3 649 231	1 683 806	350 708	25 643	5.08%	(21 335)	(25 859)	(243 831)	8 145
Total		109 548 063	93 104 209	15 737 660	2 943 636	613 665	100.00%	(373 779)	(579 121)	(1 825 750)	(72 457)

31.12.2024											
No	Sectors	Carrying amount	Gross carrying amount				%	Accumulated impairment			
			Stage 1	Stage 2	Stage 3	POCI		Stage 1	Stage 2	Stage 3	POCI
1.	Individual customers	43 132 830	37 684 005	4 911 847	2 082 085	302 157	45.93%	(212 319)	(436 636)	(1 123 660)	(74 649)
2.	Rental and leasing activities	14 431 414	14 428 677	7 905	8 322	-	14.75%	(7 765)	(62)	(5 663)	-
3.	Real estate	5 988 886	5 054 007	827 634	259 577	23 074	6.29%	(16 106)	(27 596)	(148 939)	17 235
4.	Financial activities	4 376 403	4 374 416	1 900	3 014	10 009	4.48%	(9 659)	(140)	(3 014)	(123)
5.	Construction	3 483 912	3 179 793	135 243	300 212	2 214	3.69%	(12 083)	(2 864)	(117 841)	(762)
6.	Power and heating distribution	3 311 260	3 269 020	57 496	66 909	-	3.46%	(26 267)	(1 236)	(54 662)	-
7.	Food sector	2 296 375	1 847 649	451 133	29 523	-	2.38%	(5 079)	(11 724)	(15 127)	-
8.	Motorisation	1 893 109	1 714 417	174 341	16 729	-	1.95%	(3 098)	(1 006)	(9 094)	820
9.	Construction materials	1 396 018	1 075 749	313 926	24 975	11 320	1.46%	(2 716)	(2 505)	(17 789)	(6 942)
10.	Metals	1 267 999	827 552	414 687	109 278	7 616	1.39%	(3 519)	(5 069)	(77 914)	(4 632)
11.	Chemicals and plastic products	1 186 442	1 092 446	74 272	48 382	246	1.24%	(3 827)	(703)	(25 451)	1 077
12.	Wholesale trade	1 008 713	830 028	150 310	130 091	-	1.13%	(3 055)	(1 615)	(97 046)	-
13.	Transport and logistics	1 048 081	921 994	110 779	20 984	989	1.08%	(1 698)	(1 085)	(16 849)	12 967
14.	Scientific and technical activities	987 975	955 223	34 859	20 631	4 772	1.04%	(3 230)	(169)	(19 339)	(4 772)
15.	Fuel	866 311	785 068	49 181	150 017	101	1.01%	(1 737)	(302)	(119 028)	3 011
16.	Wood, furniture and paper products	876 740	426 094	384 720	40 503	-	0.87%	(1 704)	(1 315)	(14 298)	42 740
17.	Human health	830 831	762 241	75 905	-	-	0.86%	(6 752)	(563)	-	-
18.	Retail trade	762 833	651 634	84 726	31 954	12 982	0.80%	(2 144)	(1 327)	(14 967)	(25)
19.	Media	723 440	715 102	9 507	896	-	0.74%	(1 706)	(77)	(282)	-
20.	Other	5 169 876	4 665 774	522 331	156 989	7 550	5.45%	(72 659)	(9 008)	(99 627)	(1 474)
Total		95 039 448	85 260 889	8 792 702	3 501 071	383 030	100.00%	(397 123)	(505 002)	(1 980 590)	(15 529)

The table below presents the risk of limited sectors (i.e. sectors for which, as at the balance sheet date, the Bank had maximum exposure limits in relation to the corporate exposure portfolio) at the end of 2025 and at the end of 2024.

Lp.	Sectors	31.12.2025	31.12.2024
1.	Financial sector	low	low
2.	Food sector	medium	medium
3.	Construction	medium	medium
4.	Automobile sector	medium	medium
5.	Residential developers	medium	medium
6.	Renewable energy	medium	medium

Large exposures concentration risk

The purpose of management of the large exposures' concentration risk is an ongoing monitoring of the level of limits set by the CRR Regulation. In order to ensure safety against the risk of exceeding the regulatory limits in the Bank:

- internal limits, lower than those specified in the CRR Regulation, are set,
- daily monitoring of large exposures is carried out and the participants of the lending and investment processes are immediately informed in the case of internal limits exceeding.

These activities have a direct impact on the Bank's decisions concerning new exposures and the increase of existing exposures.

mBank pays particular attention to the correct identification of the scale of risk of significant credit exposures defined in the Bank's internal regulations. In the case of exceeding specified amount of exposure/limit to a customer/group of affiliated customers identified as bulk risk, the financing requires additional decision of the Bank's Management Board irrespective of the PD-rating and the decision-making level.

The Bank monitors large exposures that are subject to exposure limit i.e. exposures after taking into account the effect of the credit risk mitigation (in accordance with art. 401-403 of CRR Regulation) and exemptions (art. 390 paragraph 6, art. 400, art. 493, paragraph 3 of CRR Regulation), which are equal or exceed 10% of Tier I capital. As of the end of 2025, the Bank recorded a large exposure to the State Treasury amounting to PLN 3 885 million, which represented 21.0% of the Bank's Tier I capital. Additionally, in accordance with Article 4(1)(39) of the CRR Regulation, the Bank applies an alternative approach to exposures to central governments, under which the central government is included in each group of connected clients that are directly controlled by or directly connected with the central government. As a result of applying this approach, the Bank identified an additional 25 large exposures to groups of entities connected with the State Treasury. The largest exposure, after applying the indicated approach, amounted to PLN 4 286 million, which represented 23.2% of the Bank's Tier I capital. On 28 January 2025, the Bank received approval from the PFSA, issued pursuant to art. 500a(2) of CRR Regulation, to increase the large exposure limit for groups of entities connected to the State Treasury to 39% of Tier I capital. The approval is applicable until the end of 2027.

3.5. Market risk

In its operations, the Bank is exposed to market risk, which is defined as a risk resulting from unfavourable change of the current valuation of financial instruments in the Bank's portfolios due to changes of the market risk factors, in particular:

- interest rates,
- foreign exchange rates,
- stock share prices and indices,
- implied volatilities of relevant options,
- credit spreads (to the extent reflecting market fluctuations of debt instruments prices, reflecting credit spread for corporate bonds, and spread between government yield curve and swap curve – for government bonds).

In terms of the banking book, the Bank distinguishes the interest rate risk, which is defined as the risk of an adverse change in both the current valuation of the banking book position and the net interest income as a result of changes in interest rates.

3.5.1. Organisation of risk management

In the process of organisation of the market risk management, the Bank follows requirements resulting from the law and supervisory recommendations, in particular the PFSA Recommendations (among others A, C, G and I) and the EBA guidelines, concerning market risk management.

The fundamental principle applied in the organisation of the market risk management in mBank is the separation of the market risk control and monitoring functions from the functions related to opening and keeping open market risk positions.

3.5.2. Tools and measures

For the purpose of internal management, the Bank quantifies exposure to market risk, both for banking and trading book, by measuring:

- the Value at Risk (VaR),
- expected loss under condition that this loss exceeds Value at Risk (ES – Expected Shortfall),
- the Value at Risk in stressed conditions (Stressed VaR),
- economic capital to cover market risk,
- stress tests scenario values,
- portfolio sensitivities to changes of market prices or market parameters (IR BPV – Interest Rate Basis Point Value, CS BPV – Credit Spread Basis Point Value).

The Bank allocates market risk to positions in the banking book, irrespective of the method of presentation of the financial result on those positions used for financial accounting purposes. Market risk measures for interest rate positions in the banking books are determined on the basis of Net Present Value (NPV).

The Bank monitors market risk on a daily basis. For selected risk measures, the measurement is conducted on a weekly basis (Stressed VaR, CS BPV by rating classes) or monthly (economic capital).

For the banking book, the Bank also uses the following measures (described in more detail in the chapter on interest rate risk):

- sensitivity of the economic value of equity (delta EVE),
- sensitivity of net interest income (delta NII),
- sensitivity of net interest income with changes in fair valuation (EaR),
- repricing gap.

The Value at Risk (VaR) is calculated for each risk factor using the historical method for a 1-day and a 10-day holding period and a 95%, 97.5% and 99% confidence level, assuming a static portfolio. In this method, historical data concerning risk factors for last 254 business days are taken into consideration.

The expected loss under condition that it exceeds Value at Risk (ES) is calculated on the basis of VaR calculation as the average of six worst losses.

The Value at Risk in stressed conditions is a measure of the potential portfolio loss under adverse market conditions that deviate from typical market behaviour. The calculation is analogous to the Value at Risk calculation, the only difference being the period of occurrence of stressed conditions, which is determined on the basis of series of Value at Risk based on 12-month window of risk factors changes since second half of 2021.

The economic capital for market risk is a capital to cover losses in the course of one year coming from changes in valuation of financial instruments which built the Bank's portfolios and resulting from changes of prices and values of market parameters.

Stress tests are additional measures of market risk, supplementing the measurement of the Value at Risk. They show the hypothetical changes in the current valuation of the Bank's portfolios, which would take place as a result of realisation of the so-called stress scenarios, i.e. market situations at which the risk factors would reach specified extreme values, assuming a static portfolio.

Stress tests capture a variety of risk factors : foreign exchange rates, interest rates, stock prices and their volatility, changes in credit spreads and also basis risk (the spread between government yield curve and swap curve), which the Bank is exposed to, due to maintaining the portfolio of treasury bonds.

IR BPV is a sensitivity measure of the current valuation of the portfolios to an increase in interest rates by 1 basis point, and CS BPV to an increase in credit spread by 1 basis point.

In order to reflect the interest rate risk of the retail and corporate banking products with unspecified interest revaluation dates or rates administered by mBank, the Bank uses the so-called replicating portfolio models. The approach to current accounts takes into account the division of the stable part into the parts sensitive and insensitive to changes in interest rates. The tenor structure adopted for stable parts of the capital and current accounts, insensitive to changes in interest rates, reflects the approved Bank's strategy to stabilise the net interest income. The tenor structure for the stable part of savings accounts is modelled.

The VaR and IR BPV measurement results presented later in the report show the perspective including modelling of stable parts of capital and non-maturity products (NMD – non-maturity deposits). The measurement methodology is subject to initial and periodic validation carried out by the Validation Unit and control by the Internal Audit Department.

In order to mitigate market risk exposure the limits are established on:

- VaR at 97.5% confidence level for a 1-day holding period,
- stress tests results,
- sensitivity measures IR BPV and CS BPV.

Decisions regarding the values of market risk limits are taken by:

- the Supervisory Board (with respect to mBank Group's portfolio),
- the Management Board (with respect to mBank's portfolio),
- the Financial Markets Risk Committee (with respect to the business units' portfolios).

3.5.3. Market risk profile

Value at Risk

In 2025, the market risk exposure, as measured by the Value at Risk (VaR for a 1-day holding period, at 97.5% confidence level), was at a low level in relation to VaR limits, which was mainly caused by a decrease in market volatility over the observation horizon.

The table below presents VaR and Stressed VaR for the mBank's portfolio.

PLN thousand	2025		2024	
	31.12.2025	Mean	31.12.2024	Mean
VaR IR	28 204	25 834	30 129	19 081
VaR FX	152	872	2 150	1 259
VaR CS	47 897	65 040	55 456	48 838
VaR	37 561	51 584	42 215	40 124
Stressed VaR	216 622	189 984	167 993	119 120

VaR IR – interest rate risk (without separate credit spread)

VaR FX – currency risk

VaR CS – credit spread risk

The measurement results are presented taking into the account the estimation of stable parts of capital and current accounts.

The Value at Risk (VaR) was largely influenced by the portfolios of instruments sensitive to the interest rates and the separate credit spread – mainly the portfolios of the treasury bonds (in the banking and trading books) and positions resulting from interest rate swap transactions. The decrease of VaR value was caused by lower volatility on the financial markets in comparison with previous period, while the increase in Stressed VaR resulted mainly from the increase of the interest rate and credit spread exposure.

Sensitivity measures

The table presents the values of IR BPV and CS BPV (+1 b.p.) for the mBank's portfolio, broken down into the banking and trading books.

PLN thousand	IR BPV		CS BPV	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
Banking book	(3 628)	(3 110)	(14 127)	(10 604)
Trading book	(117)	(296)	(764)	(557)
Total	(3 745)	(3 406)	(14 891)	(11 161)

The credit spread sensitivity (CS BPV) for mBank's banking book increased in 2025 due to gradual growth of the bond portfolio and results in c.a. 90% from the positions in debt securities valued at amortised cost. Changes in market price have no impact on the revaluation reserve or the income statement for these positions.

The interest rate sensitivity (IR BPV) at the end of 2025 remained stable year on year, mainly due to the continued purchases of government bonds and the development of the mortgage loan portfolio with fixed-to-float interest rates.

3.6. Currency risk

The Bank is exposed to changes in currency exchange rates due to its financial assets and liabilities in currencies other than PLN. The following tables present the exposure of the Bank to currency risk as at 31 December 2025 and 31 December 2024. The tables below present assets and liabilities of the Bank at balance sheet carrying amount and off-balance sheet liabilities for each currency.

31.12.2025	PLN	EUR	USD	CHF	CZK	OTHER	Total
ASSETS							
Cash and cash equivalents	20 825 702	18 541 998	200 234	1 990	816 762	24 603	40 411 289
Financial assets held for trading and hedging derivatives	4 020 923	227 252	22 131	-	1 371	9 044	4 280 721
Non-trading financial assets mandatorily at fair value through profit or loss, including:	651 501	8 110	51 502	-	826	-	711 939
<i>Equity instruments</i>	284 110	2 395	21 599	-	826	-	308 930
<i>Debt securities</i>	-	-	12 229	-	-	-	12 229
<i>Loans and advances to customers</i>	367 391	5 715	17 674	-	-	-	390 780
Financial assets at fair value through other comprehensive income	45 605 156	151 964	435 433	-	-	-	46 192 553
Financial assets at amortised cost, including:	133 043 476	24 039 843	1 844 456	144 679	18 722 288	130 890	177 925 632
<i>Debt securities</i>	45 628 694	4 127 366	1 388 550	-	-	-	51 144 610
<i>Loans and advances to banks</i>	4 709 352	600 321	107 380	-	11 812 403	3 503	17 232 959
<i>Loans and advances to customers</i>	82 705 430	19 312 156	348 526	144 679	6 909 885	127 387	109 548 063
Investments in associates	2 659 610	-	-	-	-	-	2 659 610
Non-current assets and disposal groups classified as held for sale	10 779	-	-	-	-	-	10 779
Intangible assets	1 966 838	182	-	-	1 798	-	1 968 818
Tangible assets	1 032 398	8 014	-	-	33 474	-	1 073 886
Current income tax assets	-	15 851	-	-	42 764	-	58 615
Deferred income tax assets	619 818	13 252	-	-	2 533	-	635 603
Other assets	1 456 617	385 564	6 908	193	88 209	1 245	1 938 736
TOTAL ASSETS	211 892 818	43 392 030	2 560 664	146 862	19 710 025	165 782	277 868 181
LIABILITIES							
Financial liabilities held for trading and hedging derivatives	1 196 387	220 840	30 426	300	-	9 365	1 457 318
Financial liabilities measured at amortised cost, including:	171 181 295	42 802 078	8 212 630	2 594 094	21 140 414	1 591 463	247 521 974
<i>Amounts due to banks</i>	1 486 637	335 144	3 787	623 536	-	623	2 449 727
<i>Amounts due to customers</i>	167 011 776	30 504 690	8 208 843	834 784	21 116 222	1 590 840	229 267 155
<i>Lease liabilities</i>	116 988	531 876	-	-	24 192	-	673 056
<i>Debt securities issued</i>	2 008 115	9 720 209	-	-	-	-	11 728 324
<i>Subordinated liabilities</i>	557 779	1 710 159	-	1 135 774	-	-	3 403 712
Fair value changes of the hedged items in portfolio hedge of interest rate risk	308 240	21 612	(85)	-	(23 949)	-	305 818
Liabilities classified as held for sale	529	-	-	-	-	-	529
Provisions	1 225 695	52 602	8 986	682 297	2 058	165	1 971 803
Current income tax liabilities	50 293	19 914	-	-	40 625	-	110 832
Other liabilities	4 238 540	216 109	178 002	223 329	152 125	31 690	5 039 795
TOTAL LIABILITIES	178 200 979	43 333 155	8 429 959	3 500 020	21 311 273	1 632 683	256 408 069
NET ON-BALANCE SHEET POSITION	33 691 839	58 875	(5 869 295)	(3 353 158)	(1 601 248)	(1 466 901)	21 460 112
Loan commitments and other commitments	39 397 042	3 898 555	247 888	-	562 558	35 008	44 141 051
Guarantees, banker's acceptances, documentary and commercial letters of credit	6 806 699	1 993 548	403 904	1 459	113	121 236	9 326 959

31.12.2024	PLN	EUR	USD	CHF	CZK	OTHER	Total
ASSETS							
Cash and cash equivalents	19 087 197	16 987 952	168 222	1 462	330 926	25 725	36 601 484
Financial assets held for trading and hedging derivatives	1 707 217	129 096	13 024	-	1 007	112	1 850 456
Non-trading financial assets mandatorily at fair value through profit or loss, including:	679 688	9 336	91 241	-	804	-	781 069
<i>Equity instruments</i>	219 998	2 421	39 792	-	804	-	263 015
<i>Debt securities</i>	-	-	31 204	-	-	-	31 204
<i>Loans and advances to customers</i>	459 690	6 915	20 245	-	-	-	486 850
Financial assets at fair value through other comprehensive income	49 224 675	89 272	-	-	-	-	49 313 947
Financial assets at amortised cost, including:	105 920 818	22 370 061	1 966 189	871 690	14 420 653	112 082	145 661 493
<i>Debt securities</i>	33 855 276	2 523 407	994 808	-	-	-	37 373 491
<i>Loans and advances to banks</i>	4 025 728	675 386	130 570	-	8 416 450	420	13 248 554
<i>Loans and advances to customers</i>	68 039 814	19 171 268	840 811	871 690	6 004 203	111 662	95 039 448
Investments in associates	2 559 341	-	-	-	-	-	2 559 341
Intangible assets	102 810	-	-	-	-	-	102 810
Tangible assets	1 732 712	160	-	-	1 890	-	1 734 762
Investment properties	1 076 398	8 550	-	-	27 143	-	1 112 091
Current income tax assets	-	13 070	-	-	45 839	-	58 909
Deferred income tax assets	761 725	12 397	-	-	2 537	-	776 659
Other assets	955 506	664 538	9 640	271	83 315	2 094	1 715 364
TOTAL ASSETS	183 808 087	40 284 432	2 248 316	873 423	14 914 114	140 013	242 268 385
LIABILITIES							
Financial liabilities held for trading and hedging derivatives	912 506	140 299	16 702	161	-	1 079	1 070 747
Financial liabilities measured at amortised cost, including:	154 318 558	36 693 192	7 394 647	3 871 235	12 804 793	1 280 032	216 362 457
<i>Amounts due to banks</i>	956 297	181 606	18 413	1 928 942	-	9	3 085 267
<i>Amounts due to customers</i>	150 438 064	28 090 836	7 376 234	806 849	12 783 750	1 280 023	200 775 756
<i>Lease liabilities</i>	108 219	634 138	-	-	21 043	-	763 400
<i>Debt securities issued</i>	1 275 885	7 786 612	-	-	-	-	9 062 497
<i>Subordinated liabilities</i>	1 540 093	-	-	1 135 444	-	-	2 675 537
Fair value changes of the hedged items in portfolio hedge of interest rate risk	(454 562)	81 146	-	-	(20 152)	-	(393 568)
Liabilities classified as held for sale	30 940	-	-	-	-	-	30 940
Provisions	1 835 567	25 392	15 184	1 321 091	4 689	222	3 202 145
Current income tax liabilities	176 023	25 986	-	-	33 242	-	235 251
Other liabilities	3 300 880	194 771	176 322	207 580	82 932	34 185	3 996 670
TOTAL LIABILITIES	160 119 912	37 160 786	7 602 855	5 400 067	12 905 504	1 315 518	224 504 642
NET ON-BALANCE SHEET POSITION	23 688 175	3 123 646	(5 354 539)	(4 526 644)	2 008 610	(1 175 505)	17 763 743
Loan commitments and other commitments	33 135 898	3 743 518	167 966	3	484 767	27 445	37 559 597
Guarantees, banker's acceptances, documentary and commercial letters of credit	6 630 486	1 867 887	439 518	98	110	68 532	9 006 631

3.7. Interest rate risk

In the process of management of interest rate risk in the banking book the Bank ensures independence of risk identification, measurement, monitoring and control functions from activity related to risk-taking functions.

Interest rate risk of the banking book is the risk resulting from the exposure of the Bank's interest income and capital to the adverse impact of interest rates movements. Following recommendations of the PFSA, in particular Recommendation G, EBA guidelines (EBA/GL/2022/14) and EC Delegated Regulation 2024/856, the Bank monitors the banking book structure in terms of repricing risk, basis risk, yield curve risk and customer option risk.

The basic measures of interest rate risk in the banking book used by the Bank are:

- sensitivity of net interest income (delta NII), i.e. the difference of net interest income between the base and alternative scenarios, assuming different shifts in the yield curve and changes in the balance sheet structure; including supervisory outlier test (SOT) and NII sensitivity plus fair value changes (EaR),
- sensitivity of the economic value of equity (delta EVE), i.e. the difference in the present value of cash flows between the base scenario and the alternative scenario, assuming various shifts in the yield curve, including those in line with the EBA guidelines on the supervisory outlier test (SOT).

The interest rate risk in the banking portfolio is hedged and managed based on the delta NII and EVE limits, including SOT and EaR limits, limits for market risk – imposed on Value at Risk (VaR), stress tests as well as IR BPV and CS BPV.

The Bank calculates and monitors on monthly and quarterly basis the level of sensitivity of net interest income calculated for different scenarios of interest rate changes, including parallel yield curve shifts, its steepening and flattening, and the basis risk, both in constant, dynamic and run-off balance. The main assumptions used to calculate the measure are:

- the use of customer rates, which include commercial margins and market rates,
- for products without a specific maturity date, assigning repricing dates based on the replicating portfolio model,
- limits applied to the level of lower and upper clients interest rate, resulting from legal provisions,
- including behavioural options result from deposit termination and loan prepayments.

In addition, the Bank calculates on a monthly basis and reports quarterly the sensitivity of the economic value of capital for different scenarios taking into account changes in the level and slope of the yield curve as well as currency and credit spreads, broken down into values in currencies together and separately for material currencies based on the following assumptions:

- taking into account cash flows from interest rate sensitive assets and liabilities, excluding commercial margins,
- use of risk-free curves, except for debt securities, in case of which the curve includes credit spread,
- exclusion of capital from liabilities,
- run-off balance sheet.

In the case of calculated sensitivity measures of net interest income the Bank takes into account the risk of partial or total early repayment of the loan before its maturity/withdrawal of funds from term deposits before their maturity. The Bank aims at stabilisation of the net interest income (NII), optimisation of income statement and EVE changes within the accepted risk appetite.

The sensitivity of net interest income (based on a static balance sheet over a 12-month horizon) in the Bank as at 31 December 2025 and 31 December 2024, is presented in the table below.

	Δ NII	
	31.12.2025	31.12.2024
Sudden parallel up by 100 pb	600 829	452 024
Sudden parallel down by 100 pb	(679 709)	(577 735)

The sensitivity of the economic value of equity (for the run-off balance) in shock scenarios of interest rate changes is presented in the table below.

	Δ EVE	
	31.12.2025	31.12.2024
Parallel shock up	(1 859 453)	(1 229 467)
Parallel shock down	1 194 797	1 016 891
Steepened shock	274 893	191 530
Flattener shock	(626 893)	(439 354)
Short rates shock up	(1 164 027)	(813 261)
Short rates shock down	1 079 788	786 229
Maximum	(1 859 453)	(1 409 917)
Tier I Capital	18 503 012	15 083 901

The y/y increase in Δ NII was proportional to the growth of the Bank's balance sheet. The increase of the deposit base, including current accounts subject to a statutory minimum interest rate floor of 0%, was partially allocated to assets with a repricing term of less than one year, which resulted in higher Δ NII. At the same time, the Bank actively stabilized interest income, primarily through purchases of government bonds and interest rate swap transactions. Moreover, the development of the mortgage loan portfolio with fixed-to-float interest rates also supported NII stability. The ratio of NII sensitivity to the Bank's annual interest income remains below its long-term average.

This measure is calculated using specific methodological assumptions, including stable balance sheet, historical margins for renewed products, price elasticity of the deposit base, adequate in a given market situation, which means that it should not be treated as a forecast of interest income, but a measure of sensitivity to a given moment under certain conditions.

The increase in the Δ EVE measure in absolute terms year-on-year is caused by an increase in the duration of assets mainly due to the purchase of fixed-rate treasury bonds and the development of the mortgage loan portfolio with fixed-to-float interest rates.

mBank S.A. interest rate risk

The following tables present the Bank's exposure to interest rate risk. The tables present the Bank's financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

31.12.2025	Up to 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Non-interest bearing	Total
ASSETS							
Cash and cash equivalents	38 368 497	834 884	-	-	-	1 207 908	40 411 289
Loans and advances to banks	13 678 079	2 881 279	437 834	234 030	1 549	188	17 232 959
Debt and equity securities and investments in subsidiaries	16 001 704	9 086 091	19 368 001	40 695 379	2 773 611	2 993 639	90 918 425
Loans and advances to customers	58 324 530	33 459 314	6 347 582	24 179 803	184 060	341 040	122 836 329
Other assets and derivative financial instruments	171 052	173 205	132 980	30 006	-	2 214 235	2 721 478
Total assets	126 543 862	46 434 773	26 286 397	65 139 218	2 959 220	6 757 010	274 120 480
LIABILITIES							
Amounts due to banks	1 695 910	-	25 925	623 534	-	104 358	2 449 727
Amounts due to customers	211 653 804	14 300 101	2 774 377	11 298	1 516	526 059	229 267 155
Lease liabilities	-	-	-	-	-	673 056	673 056
Debt securities issued	1 699 916	427 678	5 357 346	2 121 619	2 098 157	23 608	11 728 324
Subordinated liabilities	1 135 774	-	557 779	1 710 159	-	-	3 403 712
Other liabilities and derivative financial instruments	193 080	111 308	81 720	34 616	-	5 357 084	5 777 808
Total liabilities	216 378 484	14 839 087	8 797 147	4 501 226	2 099 673	6 684 165	253 299 782
Total interest repricing gap	(89 834 622)	31 595 686	17 489 250	60 637 992	859 547		
31.12.2024	Up to 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Non-interest bearing	Total
ASSETS							
Cash and cash equivalents	26 203 650	-	-	-	-	10 397 834	36 601 484
Loans and advances to banks	10 196 982	2 817 805	100 482	130 205	-	3 080	13 248 554
Debt and equity securities and investments in subsidiaries	16 755 559	6 537 734	16 346 241	27 603 180	4 744 275	2 833 757	74 820 746
Loans and advances to customers	58 051 651	30 575 303	4 576 754	16 996 774	1 163 411	113 378	111 477 271
Other assets and derivative financial instruments	154 856	87 692	25 116	1 379	-	2 066 056	2 335 099
Total assets	111 362 698	40 018 534	21 048 593	44 731 538	5 907 686	15 414 105	238 483 154
LIABILITIES							
Amounts due to banks	1 145 620	-	1 309 449	619 493	-	10 705	3 085 267
Amounts due to customers	181 925 527	15 448 300	3 141 226	81 013	10 621	169 069	200 775 756
Lease liabilities	-	-	-	-	-	763 400	763 400
Debt securities issued	799 451	712 488	-	5 395 016	2 155 542	-	9 062 497
Subordinated liabilities	1 912 738	-	762 799	-	-	-	2 675 537
Other liabilities and derivative financial instruments	56 045	100 023	38 851	-	-	4 526 788	4 721 707
Total liabilities	185 839 381	16 260 811	5 252 325	6 095 522	2 166 163	5 469 962	221 084 164
Total interest repricing gap	(74 476 683)	23 757 723	15 796 268	38 636 016	3 741 523		

3.8. Liquidity risk

Sources of liquidity risk

The liquidity risk is understood as the risk of failure to fund assets and meet payment obligations arising from balance sheet and off-balance sheet items owed by the Bank in a timely manner and at a market price.

The reasons for liquidity risk may appear with respect to assets, liabilities and can also arise from off-balance sheet commitments.

As regards assets, their main sources of liquidity risk (product) market and untimely repayments of loans or excessive growth of loans granted to customers in relation to the growth of the deposit base. Market liquidity risk (product) is a threat of complete or partial impossibility of liquidating the assets held, or the possibility of selling these assets only at an unfavourable price.

As regards liabilities, the risks posed by funding and withdrawal of funds by the clients are the most common source of the liquidity risk. The former is a type of risk in terms of which, should the crisis occur, funding can be acquired only at a higher price, and in an extreme situation, it is not possible to acquire funding or renew existing. The latter is a type of threat associated with uncertainty as to the behaviour of clients whose decisions (for instance, about withdrawal of deposited funds) may weaken the Bank's ability to service its current financial obligations.

A source of risk for off-balance sheet liabilities is a risk posed by clients' behaviour and unexpected drawdown of granted lines. It also concerns the use of intraday and overdraft lines by custody and corporate clients. In respect of derivative transactions concluded with CSA agreements (Credit Support Annex) or settled by CCP, liquidity risk can materialise in consequence of adverse and severe changes in market conditions resulting in sudden decrease in valuation of derivative instruments and related to necessity of pledging the collateral.

Materialisation of risks arising from both balance sheet and off-balance sheet items may be experienced as severe especially in the case of high concentrations. mBank's strategy assumes diversification of sources and terms of financing, as well as assets in which excess liquidity is invested.

Additionally, the Bank assesses the materiality of ESG risk factors from a liquidity risk perspective. Regardless of the results of this assessment, ESG risk factors are considered indirectly through links with other types of risk: credit, market, operational, reputation, as well as in selected processes.

Daily operations of the mBank require settlements of various payment operations. Such activity generates high level of liquidity needs during a business day. At the system level, NBP offers a tool supporting settlement of transactions (technical credit in PLN and EUR). In order to use the technical credit, the Bank maintains an appropriately sized portfolio of liquid securities meeting specific NBP requirements. The Bank also has access to secured financing in the central banks of the Czech Republic and Slovakia.

Taking into account the mBank Group the liquidity risk is also identified as a possibility of unexpected growth in significant liquidity needs of subsidiaries of mBank. A centralised approach to the management of the Group's financing was introduced in order to increase the effectiveness of the used liquidity resources and to ensure better tenor match of financing with assets.

Liquidity risk may also appear as a result of usage of inappropriate models in liquidity analysis (e.g. deposit base stable part model), which may lead to underestimation of liquidity risk. It is monitored by verification and back-testing models pursuant to the Model Management Policy.

Organisation of risk management

In order to ensure that the liquidity risk management process is effective, the Management Board of the Bank lies down an adequate organisational structure and delegates powers to dedicated units and Committees. Liquidity risk management is conducted based on three lines of defence.

Liquidity risk management aims at ensuring and maintaining the Bank's and the Group's ability to fulfil both current and future liabilities taking into account the cost of liquidity. The liquidity management process consists of procedures that aim at identification, measurement, controlling, monitoring, reducing and defining the acceptable level of exposure to risks. This process can be divided into two main elements in the operational sense: the part involving all forms of liquidity management and the part of controlling and monitoring liquidity risk.

The objective of liquidity risk management is to ensure and maintain the Bank's ability to fulfil both current and future commitments. The Bank achieves this objective by diversifying stable funding sources in terms of client's groups (from whom it acquires deposits), products and currencies, and at the same time, maintains liquidity buffer and optimises its balance sheet in terms of profitability. Long-term activities of mBank in this scope are carried out taking into account conditions on funding capacity and business profitability.

In 2025, the European Central Bank continued the cycle of interest rate reductions initiated in 2024. Following eight consecutive rate cuts, the deposit reference rate declined from 4.5% in September 2023 to 2.15% in December 2025.

In the same year, after a prolonged period of maintaining interest rates at an unchanged level, the National Bank of Poland (NBP) also implemented six interest rate cuts. As a result, the NBP reference rate decreased from 6% in September 2023 to 4% in December 2025. The reduction in policy rates led to a gradual decrease in the interest rates offered on term deposits by banks.

Throughout 2025, the Bank operated in an environment characterized by heightened geopolitical and market uncertainty. Despite these challenging and unpredictable conditions, the Bank demonstrated a high level of resilience to liquidity risk. The expansion of the deposit base, combined with relatively subdued growth in the loan portfolio, contributed directly to a strengthening of the Bank's liquidity position.

In 2025, the three largest rating agencies raised their creditworthiness assessments for mBank, assigning a stable outlook.

mBank maintained strong liquidity due to the high share of retail deposits in its balance sheet, a sizable portfolio of liquid assets, and a low concentration of liabilities across individual counterparts. An important contributing factor was also the high level of guaranteed deposits.

Under the EMTN programme, the mBank carried out two bond issuances in 2025. These included the issuance of subordinated capital instruments qualifying as Tier II in the amount of EUR 400 million, as well as the issuance of so-called green own bonds in the form of non-preferred senior (NPS) notes in the amount of EUR 500 million. Both transactions had a positive impact on the Bank's liquidity position.

Despite such volatile market conditions, mBank's liquidity measures throughout the reporting period were well above minimum regulatory levels and internal levels that determine risk appetite.

The internal liquidity adequacy assessment process (ILAAP)

In the Bank and the Group, the internal liquidity adequacy assessment process was developed (ILAAP) in order to review the liquidity risk management system. As part of this process all elements of the liquidity risk management system are subject to review, including:

- liquidity risk management strategy,
- stress tests,
- liquidity contingency plan,
- liquidity buffer,
- intraday liquidity risk management,
- early warning system,
- identification and measurement of liquidity risk,
- the quality of data used in the risk management and monitoring process,
- reporting system.

The review is performed annually. The conclusions of the conducted review serve for further improvement and development of the liquidity risk management.

Tools and measures used in measuring liquidity risk

As part of liquidity risk management, a range of risk measures are being analysed. The basic measure is mismatch gap. It covers all the assets, liabilities and off-balance sheet items of the Bank in all the currencies and time-bands set by the Bank. In 2025, the Bank held liquidity surplus, adequate to the Bank's business activity and current market situation, in the form of a portfolio of liquid treasury and money market securities that may be pledged or sold at any time without any considerable loss in value.

mBank calculates regulatory liquidity measures in accordance with Commission Delegated Regulation (EU) 2015/61 of 10 October 2014 and Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013, as amended. In 2025, the limits for regulatory measures were not exceeded.

Internal limits and appropriate buffers are imposed on top of regulatory measures. Relevant analysis of the stability and structure of the funding sources, including the level of core deposits and concentration of term deposits and current accounts are performed. The Bank analyses the volatility of on-balance sheet and off-balance sheet items, in particular open credit line facilities and utilisation of current accounts and overdrafts limits. Once a year, the Bank also conducts an in-depth concentration analysis from the perspective of mBank's liquidity risk. The analysis includes an assessment of the concentration of assets, liabilities, and intra-group transactions. Additionally, as part of the concentration analysis, the Bank monitors a scenario used to assess deposit concentration. The Bank assesses how increased outflows from uninsured deposits translate into the Bank's liquidity. The scenario is modelled on the outflows that occurred in the American bank Silicon Valley Bank just before its collapse in 2023. The outflow parameters have been appropriately adjusted to the financing structure of mBank. In addition, the Bank conducts an in-depth analysis of long-term liquidity and sets internal limits (serving as control thresholds) for the level of engagement in long-term assets.

The ongoing analysis covers liquidity under normal and stress conditions, but also on the assumption of a potential liquidity loss. In order to determine the Bank's resistance to major unfavourable events, the Bank conducts scenario analyses covering extreme assumptions on the operation of financial markets and/or behavioural events relative to the Bank's clients. For this purpose stress test scenarios are regularly calculated in the short-term and long-term, in the bank stress, market stress and combined scenarios. In addition a reverse stress test for liquidity risk is performed in the Bank on annual basis, sensitivity analysis and an intraday liquidity stress scenario on a monthly basis. The analyses and stress-test scenarios listed above do not constitute an exhaustive list. Liquidity stress tests are used in the Bank for operational management of liquidity risk.

The Bank has also adequate procedures in case it is threatened with financial liquidity loss. Base on severity of risk factors and the degree of the threat of financial loss relevant actions are defined either in the Contingency Plan in case of a threat of losing financial liquidity by mBank Group (Contingency Plan) or in the mBank Group's Recovery Plan. Scenarios used in both plans are consistent with the above stress tests. In 2025, as part of Contingency Plan testing, the Bank tested the ability to obtain secured funding from the Euro system through mBank's branch in Slovakia. This included transactions under the intraday credit facility as well as the Marginal Lending Facility with the National Bank of Slovakia.

Execution of the strategy of ensuring liquidity of the Bank consists in active management of balance sheet structure of future cash flows and keeping liquidity reserves adequate to the liquidity needs, resulting from the activity and structure of the balance sheet of the Bank, obligations to subsidiaries and the current market situation as well as the demand for liquid assets, resulting from the conducted stress tests. For this purpose, the Bank keeps a surplus of liquid and unencumbered assets constituting the liquidity reserves, for which there is a possibility of pledging, transaction on repo market or selling at any time without significant loss in value. Liquidity reserves were composed mainly of the Polish government debt securities in PLN and EUR, bills issued by National Bank of Poland in PLN, government debt securities in CZK, EUR and USD and other debt securities meeting the criteria of collateral for a refinancing loan with National Bank of Poland. Values of these reserves amounted to:

Value of liquidity reserves (in PLN million)	
31.12.2025	31.12.2024
68 921	68 247

In addition, mBank also maintains cash surpluses placed on accounts with central banks in Poland, the Czech Republic and Slovakia. As of 31 December 2025, the Bank accumulated a total of approximately PLN 39.3 billion on nostro accounts and interbank deposits (increase by around 4 billion PLN compared to 2024).

In order to support the process of liquidity risk management, a system of early warnings indicators was developed in the Bank. It is composed of indicators monitoring the level of regulatory and internal limits and additionally, indicators monitoring significant changes of market factors, as well as changes in the Bank's balance sheet structure (including concentrations) and volume changes, as well as the stability of the deposit base) and changes in the perception of mBank brand by customers and other market participants.

Due to the lack of necessity of financing in foreign currencies through currency swaps and CIRS instruments, these instruments are used to invest surplus liquidity in foreign currencies. However, the Bank has an internal total limit for internal limits on the use of these instruments. Moreover, in order to limit the maturity concentration in FX swaps, the amounts obtained in such transactions are monitored in monthly time bands up to 1 year.

Other measures of liquidity risk are calculated and reported in the Bank as follows:

- concentration of funding sources (in 2025, a new Early Warning Indicator was implemented as part of the early warning framework. The indicator serves as a tool for monitoring liquidity risk related to the maturity of long-term funding),
- stability of deposit base,
- early withdrawals of deposits,
- ratio of long-term funding for the real estate market (internal Bank indicator),
- long-term funding ratio (introduced by the PFSA),
- liquidity risk concentration within off-balance sheet positions related to financial and guarantee liabilities.

mBank includes market (product's) liquidity in its liquidity risk management framework. It is reflected in terms of measuring market liquidity of Treasury bonds, which make up liquidity reserves. The analysis is performed on daily basis and takes account of market liquidity determinants such as market turnover, order book depth, purchase/sale transaction spread and issue volume. The measurement of market liquidity is reflected in internal liquidity measures, where the scenario's structure provides for liquidating Treasury bonds held by the Bank in line with market trading in particular series of bonds. A similar check is carried out in the context of the market potential of pledging particular bond series.

The measurement, limiting and reporting the liquidity risk

At the Bank, there is a reporting process of liquidity risk. It covers both daily information delivery to entities engaged in operational management of liquidity risk and entities controlling liquidity risk management on operational level, as well as regular reporting to higher management levels for the purpose of making strategic decisions on liquidity risk.

Daily reporting covers:

- regulatory measures,
- liquidity gaps for mBank, the mBank Group and the material subsidiaries from liquidity risk perspective with the utilisation of limits imposed on these measures,
- Stress Liquidity Reserve Requirement,
- intraday liquidity,
- other internal liquidity risk measures.

The following measures are reported weekly:

- early warnings indicators (EWI)

Monthly reporting covers:

- regulatory measures and internal liquidity measures to the Management Board members and Financial Markets Risk Committee,
- regulatory measures, internal liquidity measures and forecasts of liquidity measures based on business development forecasts to the Capital, Assets and Liabilities Committee of the mBank Group.

Regulatory measures and internal liquidity measures are reported on a quarterly basis to the Bank's Supervisory Board.

For the purpose of current monitoring of liquidity, the Bank establishes values of realistic, cumulated gap of cash flows according to internally adopted LAB methodology. In accordance with this methodology, mBank calculates the realistic liquidity gap in base scenario (LAB Base Case) and stress scenarios, assuming a conservative approach in method of presenting the liquidity of assets and the amount of outflows resulting from fulfilment of the Bank's obligations. The realistic gap is calculated on the basis of contractual cash flows (Note 3.8.1). Mainly cash flows in portfolios of non-banking customers' deposits, overdrafts and term loans are amended. In the calculation of the liquidity measures the mBank takes into account the possibilities of raising the funds by selling or pledging the debt securities from the Bank's liquidity reserves.

In the LAB methodology, the LAB Base Case measure is the primary management measure and it is also used for limiting the liquidity gap in particular foreign currencies.

Value of realistic, bucket and cumulative gap of cash flows mismatch (in PLN million)				
Time bucket	LAB Base Case - 31.12.2025		LAB Base Case - 31.12.2024	
	bucket	cumulative	bucket	cumulative
up to 1 working day	67 559	67 559	58 949	58 949
up to 3 working days	3 490	71 049	1 372	60 321
up to 7 calendar days	-	71 049	-	60 321
up to 15 calendar days	(3 135)	67 914	(2 875)	57 446
up to 1 month	(5 467)	62 447	(6 109)	51 337
up to 2 months	(5 647)	56 800	1 574	52 911
up to 3 months	(4 265)	52 535	(1 901)	51 010
up to 4 months	(3 317)	49 218	(1 883)	49 127
up to 5 months	(3 096)	46 122	(305)	48 822
up to 6 months	(1 738)	44 384	(1 606)	47 216
up to 7 months	(1 883)	42 501	(1 555)	45 661
up to 8 months	(1 622)	40 879	(1 724)	43 937
up to 9 months	(6 720)	34 159	(1 575)	42 362
up to 10 months	(2 112)	32 047	(1 105)	41 257
up to 11 months	(642)	31 405	(1 455)	39 802
up to 12 months	(1 004)	30 401	(1 514)	38 288

The above values should be interpreted as liquidity surplus or deficit in relevant time buckets. In 2025, the growth in the deposit base and the slight dynamics of loans had a direct impact on strengthening the liquidity position.

The Bank has a limited number of transactions with rating downgrade trigger clauses, which require the Bank to provide additional security or prepay outstanding obligations if Bank's credit rating deteriorates. The amount of the maximum liability resulting therefrom, in the event that the Bank's rating is downgraded

to BB+ or lower by two rating agencies, as of 31 December 2025, amounts to CHF 138 million (CHF 314 million as of 31 December 2024). However, this potential liability is conditional. Contract clauses do not preclude the parties from agreeing the amount, form and timing of additional security on a case-by-case basis.

In 2025, the Bank's liquidity remained at a high and safe level, which was reflected in surplus of liquid assets over short-term liabilities according to LAB in various scenarios and supervisory liquidity measures.

LAB cash flows gaps mismatches in terms up to 1 month and up to 1 year and values of regulatory measures LCR and NSFR at the end of 2025 and 2024 are presented in the following table.

	31.12.2025	31.12.2024
LAB Base Case 1M*	62 447	51 337
LAB Base Case 1Y*	30 401	38 288
LCR	232%	222%
NSFR**	166%	159%

* LAB measures are shown in PLN million, LCR and NSFR are relative measures presented as a decimal.

** The NSFR value as at 31 December 2024 reflects the retrospective inclusion the net result for the fourth quarter of 2024.

The LCR and NSFR measures remained on safe level, significantly exceeding 100%.

Funding sources

The strategic assumptions concerning the diversification of funding sources and profitable structure of the balance sheet are reflected in the financial plan of mBank defined by selected measures, e.g. L/D ratio (Loans to Deposits). It measures a specific relation of loans to deposits in order to maintain a stable structure of its balance sheet. In 2025, L/D ratio slightly declined from 55.5% at the end of 2024 to 53.6% at the end of 2025. The Bank aims at building a stable deposit base by offering to clients deposit and investment products, regular and specific-purpose savings offerings. Funds acquired from the Bank's clients constitute the major funding source for the business activity along with the portfolio of long-term loans from banks and issuance of debt securities (with maturities over 1 year) (Note 29). The loans and issuances together with subordinated loans (Note 29) are the core funding source for the portfolio of mortgage loans.

In order to acquire funding (also in foreign currencies) the Bank uses mid-term and long-term instruments, including credit line facilities on the international markets, unsecured issuances, bilateral loans as well as CIRS transactions.

When making funding-related decisions, in order to match the term structure of its funding sources with the structure of long-term assets optimally, the Bank takes into consideration the supervisory liquidity measures and limits, as well as the internal liquidity risk limits.

The Financing Strategy is based on the following assumptions:

- diversification of funding sources and maturities, as well as the currency structure,
- limiting large exposures to individual funding providers and ensuring diversification across sectors, geographies, products, currencies and maturities,
- maintaining safe regulatory levels and internal liquidity measures,
- stable increase in transaction deposits,
- increasing financial independence from the majority shareholder.

3.8.1. Cash flows from transactions in non-derivative financial instruments

The table below shows cash flows the Bank is required to settle, resulting from financial liabilities. The cash flows have been presented as at the year-end date, categorised by the remaining contractual maturities. The amounts denominated in foreign currencies were converted to Polish zloty at the average rate of exchange announced by the National Bank of Poland at the year-end date. The amounts disclosed in maturity dates analysis are undiscounted contractual cash flows.

31.12.2025	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Amounts due to banks	1 796 751	8	27 030	628 917	-	2 452 706
Amounts due to customers	212 227 282	14 506 190	2 786 235	11 366	1 508	229 532 581
Lease liabilities	15 557	27 907	127 828	495 483	30 092	696 867
Debt securities issued	433 936	123 208	981 275	9 685 522	2 879 359	14 103 300
Subordinated liabilities	34 781	7 784	159 598	2 116 901	2 094 839	4 413 903
Other liabilities	4 805 133	241	173	782	225 869	5 032 198
Total liabilities	219 313 440	14 665 338	4 082 139	12 938 971	5 231 667	256 231 555
Total assets	83 043 315	10 781 031	43 689 193	117 648 242	76 122 159	331 283 940
Net liquidity gap	(136 270 125)	(3 884 307)	39 607 054	104 709 271	70 890 492	75 052 385

31.12.2024	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Amounts due to banks	1 147 958	-	1 314 176	629 397	-	3 091 531
Amounts due to customers	182 698 495	15 314 217	3 130 611	24 182	604	201 168 109
Lease liabilities	15 135	27 123	123 808	516 315	95 354	777 735
Debt securities issued	219 853	33 257	1 079 006	7 899 956	2 223 405	11 455 477
Subordinated liabilities	821 671	8 889	85 454	1 955 990	215 600	3 087 604
Other liabilities	4 038 211	42	59	671	-	4 038 983
Total liabilities	188 941 323	15 383 528	5 733 114	11 026 511	2 534 963	223 619 439
Total assets	71 422 477	11 939 211	38 765 543	101 811 864	75 055 180	298 994 275
Net liquidity gap	(117 518 846)	(3 444 317)	33 032 429	90 785 353	72 520 217	75 374 836

The assets which ensure the payment of all the liabilities and lending commitments comprise cash in hand, cash at the Central Bank, cash in transit and treasury bonds and other eligible bonds, amounts due from banks, loans and advances to customers.

In the normal course of business, some of the loans granted to customers with the contractual repayment date falling due within the year, will be prolonged. Moreover, a part of debt securities, were pledged as collateral for liabilities. The Bank could ensure cash for unexpected net outflows by selling securities and availing itself of other sources of financing, such as the market of securities secured with assets.

Remaining contractual maturities for guarantees issued are presented in the Note 35.

3.8.2. Cash flows from derivatives

Derivatives settled in a net basis

Derivative financial instruments settled in net amounts by the Bank comprise:

- forward Rate Agreements (FRA),
- options,
- warrants,
- overnight index swap (OIS),
- interest rate swaps (IRS),
- cross currency interest rate swaps (CIRS),
- commodity swaps,
- bonds forwards,
- commodity forwards,
- CO₂ emission forwards.

The table below shows derivative financial liabilities of the Bank, the valuation of which was negative as of end of 2025 and 2024. Cash flows from these instruments are grouped by appropriate remaining maturities as at the balance sheet date and are presented in undiscounted values.

31.12.2025	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Forward Rate Agreements (FRA)	1 437	296	2 611	374	-	4 718
Overnight Index Swap (OIS)	1 070	19 713	2 502	37 670	12 881	73 836
Interest Rate Swaps (IRS)	94 936	132 421	709 415	1 953 187	78 153	2 968 112
Cross Currency Interest Rate Swaps (CIRS)	24	200	522	777	9	1 532
Options	7 955	7 051	18 092	14 499	(10)	47 587
Other	4 512	5 552	61 107	1 107	-	72 278
Total derivatives settled on a net basis	109 934	165 233	794 249	2 007 614	91 033	3 168 063

31.12.2024	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Forward Rate Agreements (FRA)	2 382	7 183	1 890	396	-	11 851
Overnight Index Swap (OIS)	14 090	2 939	10 729	17 534	640	45 932
Interest Rate Swaps (IRS)	387 570	1 045 110	765 450	1 573 050	181 285	3 952 465
Cross Currency Interest Rate Swaps (CIRS)	25	(901)	(2 002)	180	-	(2 698)
Options	20 283	102 820	147 709	302 342	17	573 171
Other	966	(30 981)	2 247	2 703	-	(25 065)
Total derivatives settled on a net basis	425 316	1 126 170	926 023	1 896 205	181 942	4 555 656

Derivative financial instruments settled in gross amounts

Derivative financial instruments settled in gross amounts by the Bank comprise foreign exchange derivatives: currency forwards and currency swaps.

The table below presents derivative financial liabilities/assets of the Bank, which will be settled on a gross basis, grouped by appropriate remaining maturities as at the balance sheet date. The amounts denominated in foreign currencies were converted to Polish zloty at the average rate of exchange announced by the National Bank of Poland at the balance sheet date.

31.12.2025	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Currency derivatives:						
- outflows	30 518 652	14 212 649	7 901 320	1 570 921	-	54 203 542
- inflows	30 524 763	14 191 743	7 901 091	1 559 006	-	54 176 603
31.12.2024	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Currency derivatives:						
- outflows	27 010 066	15 378 075	7 285 640	973 338	-	50 647 119
- inflows	27 045 765	15 331 253	7 282 132	954 286	-	50 613 436

The amounts disclosed in the table are undiscounted contractual outflows/inflows.

The amounts presented in the table above are nominal cash flows of currency derivatives, which have not been settled, while Note 19 shows nominal values of all open derivative transactions.

Detailed data concerning liquidity risk related to off-balance sheet items are presented in the Note 35.

3.9. Operational risk

Operational risk is understood as the possibility of a loss resulting from inadequate or failed internal processes, people and systems or from external events, including also legal risk.

It is comprehensive in nature, which may have a significant impact on the Bank's operations and standing. Apart from the environment and external events, its source may be the organisation itself. Due to their dynamic nature, external and internal factors influencing operational risk are subject to constant analysis and assessment.

Operational risk does not include reputational risk; however materialisation of operational risk may increase reputational risk.

Operational risk management is performed in mBank and, at the consolidated level, in the mBank Group. While organising the operational risk management process, the Bank takes into account regulatory requirements, which are the starting point for preparation of framework for the operational risk control and management system in the Bank and the Group.

The aim of operational risk management in the Group is to reduce the causes of operational events, the probability of their occurrence and the severity of potential consequences. When deciding on the acceptable level of operational risk, the following analysis is considered: costs vs. benefits. Activities undertaken by the Group are also focused on increasing operational risk awareness and building a risk culture that allows us to develop appropriate risk management mechanisms and thus increase the security of the Group's activities.

Due to the dynamics of changes in factors affecting operational risk, the key elements of the risk management process are identification, assessment, control and monitoring, counteracting the materialisation of operational risk and risk reporting.

The basic tools used in the operational risk management process include:

- Self-Assessment of Operational Risk, which is performed by organisational units of the Bank and the Group companies. The purpose of this process is to ensure the risk identification and assessment and take appropriate risk mitigation activities. In addition, Self-Assessment supports the process of introducing changes and improving control processes. The final result of the Self-Assessment is the assessment of processes, sub-processes and key operational risks and the creation of corrective action plans;
- The Register of Operating Losses is a database of losses resulting from operational events that arise. mBank also uses access to external databases on operational losses and uses them to analyse operational risk and potential threats to which institutions operating in the financial sector are exposed;
- The key risk indicators (KRI) support the ongoing monitoring of risk. The process makes it possible to predict in advance the occurrence of an increased level of operational risk and to react appropriately by organisational units in order to avoid the occurrence of operational events and losses;

- Operational risk scenarios are designed to identify risks that occur rarely but can lead to very severe operational risk events. These risks are subject to quantification in order to determine how large the potential losses arising from them could be and how often they might occur. Based on this analysis, the Group makes decisions on how to manage the identified risk;
- Assessment of operational risk of products before the implementation of a new or modified product offer and the impact analysis of the outsourcing agreement on the operational risk profile.

The Bank identifies and assesses operational risks for all significant areas of operations as well as new and modified products and processes as well as changing the organizational structure. Risk identification takes into account both internal and external factors.

The Bank has a system of regular monitoring of operational risks and events, which enables the monitoring of the operational risk profile and ensures regular remedial actions.

Regular monitoring allows to quickly detect weaknesses in the risk management system. Thanks to the identification and analysis of the circumstances related to the recorded event and the operational loss, the Bank can better understand the reasons for the occurrence of an operational event and adequately prevent their repetition also in other areas of the organisation.

The Bank has a management information system covering information on the level and profile of risk as part of management reports and operational risk reports, including reports submitted to the Management Board and the Supervisory Board.

Operational losses

In 2025, as part of operational risk management, the Bank faced in particular losses connected with legal risk related to the foreign currency loan portfolio.

The vast majority of the Bank's operational losses refers to the retail banking business line (separated in accordance with the CRR Regulation).

The level of operational risk losses is monitored on an ongoing basis and regularly reported to the Bank's Management Board, the Bank's Supervisory Board and to the committees of the Business and Risk Forum. There are monitoring and escalation mechanisms in the mBank Group when the operational loss thresholds are exceeded. They ensure an appropriate analysis of operational events and trigger corrective actions.

3.10. Compliance risk

Compliance risk management is realised in mBank in accordance with the provisions of the Compliance Policy at mBank S.A. The Policy sets forth general rules for ensuring compliance of operations pursued by the Bank with provisions of law, internal regulations and market standards. It establishes a framework for the compliance assurance process, including the model adopted at the Bank, its components as well as the division of roles and responsibility.

Compliance risk is the risk posed by consequences of failure to observe the law, internal regulations and market standards in processes executed in the Bank. The objective of compliance risk management is the minimisation of this risk.

Regulatory non-compliance of the Bank is understood as specific situations in which:

- the Bank's internal regulations do not conform with the domestic and international law and market standards,
- the Bank fails to implement recommendations issued by the PFSA, other supervision authorities and the external auditor,
- the Bank fails to implement the recommendations issued following internal investigations, audits and inspections covering compliance risk,
- the Bank employees operate in breach of the law and internal regulations.

Compliance assurance uses the three-lines-of-defence model:

- First line of defence comprises units which manage compliance risk when implementing business goals and exercise the control function in operational processes.
- Second line of defence comprises:
 - the Compliance Department, which coordinates, oversees and supervises the performance of compliance risk management obligations at the Bank and exercises the control function in compliance assurance,
 - other second-line-of-defence units entrusted with certain tasks from the compliance assurance process.
- Third line of defence comprises the Internal Audit Department, which carries out independent and objective assessment of the adequacy and effectiveness of the internal control system and the risk management system at the Bank.

In all three lines of defence, the Group's employees duly apply control mechanisms or independently monitor the observance of control mechanisms.

Compliance of the Bank's internal regulations with the law (both local and international) and market standards as well as their observance by the employees guarantees the achievement of the internal control system objectives in this scope. In particular, it mitigates or eliminates legal risk, reputation risk, risk of administrative sanctions and penalties, risk of financial losses resulting from materialisation of compliance risk.

All the Bank employees are responsible for the implementation of compliance risk management process in line with the scope of their duties as well as granted authorisations. The Compliance Department is responsible for the coordination and supervision of the compliance risk management process.

The supervision over the implementation of common compliance standards by the mBank Group subsidiaries is exercised in a manner that does not violate applicable law, prudential regulations and independence of employees performing the compliance function in the subsidiaries, in particular under agreements concluded with the subsidiaries.

3.11. Business risk

Business risk means the risk of losses resulting from deviations between actual operating profit of the mBank Group and the planned level. The calculation of deviations between actual and planned values is done separately for revenues and costs. In particular, the business risk includes strategic risk connected with the possibility of occurrence of negative financial consequences as a result of wrong or disadvantageous decisions or their wrong implementation. Additionally, business risk may materialize as a result of a different product structure than expected. It is assumed, that the results of the strategic decisions and business consequences of development in areas other than planned are reflected in deviations of operating profit in one-year horizon.

Business risk is included in the calculation of economic capital of mBank and mBank Group.

In order to manage effectively and reduce business risk, the following actions are taken:

- assurance of the high quality of data within planning process,
- regular analysis of reasons behind deviations of the actual financial results from plan reported by the organisational units and informing the Management Board about results of the above analyses,
- periodic verification of the adopted strategy,
- regular analysis of the competitors' activities.

3.12. Model risk

Model risk is understood as the risk of negative consequences connected with the decisions made on the basis of the output data of models which have been improperly constructed or are improperly administered. Model risk may result in financial losses, improper business or strategic decisions or negatively influence the Bank's reputation.

The following specific subcategories can be distinguished, in particular, in model risk: risk inextricably linked with the restrictions connected with modelling a given phenomenon, assumption/methodology risk, data risk, models administration risk, and risk of interdependence.

Model risk is managed in the Bank on a systemic basis by proper internal regulations concerning model and their risk management process, in particular monitoring and validation of models.

An important role in the model and their risk management process is played by the Model Risk Committee. It recommends, among others, model risk tolerance level, which is finally approved by the Management Board and the Supervisory Board.

3.13. Reputational risk

The aim of management of reputational risk, defined as a risk resulting from a negative perception of the image of the Bank or other member of the group among their stakeholders, is to identify, assess and reduce reputational risk in specific processes in order to protect and strengthen the good name of mBank and mBank Group.

All Bank's organisational units, foreign branches, and subsidiaries are directly responsible for any reputational risk arising from their own business activities.

Reputation risk can be secondary to other types of risk, such as credit, market, liquidity and operational risks. Reputation risk is also a primary risk when it arises directly from an ethically, environmentally or socially controversial activity. This risk is identified, measured and monitored.

To monitor and manage reputation risk, mBank uses various tools and methods:

- implementation of policies and regulations in the area of compliance, security, human and employee rights as well as services for industries and areas sensitive to the reputation risk,
- reputation risk assessment based on negative publications,
- customer satisfaction analysis,
- employee satisfaction research,
- employer brand research,
- crisis management,
- reputation risk analysis when implementing new and modifying existing products,
- analysis of customer complaints,
- building awareness in the area of compliance,
- analysis of violations of employee rights and other rules of the Bank's operation.

3.14. Capital risk

In mBank there is a capital management process in order to prevent materialisation of capital risk, understood as risk resulting from the lack of capital as well as lack of the possibility to achieve sufficient capital adequate to the business activity's risk undertaken by the Bank, required to absorb unexpected losses and meet regulatory requirements enabling further independent functioning of the Bank. The capital risk encompasses the risk of excessive leverage.

Capital risk management is performed, at an individual level, in mBank and, at a consolidated level, in mBank Group.

The capital management in mBank is organised as a process including planning, steering and controlling regulatory and internal capital. Within the framework of capital management process, regular monitoring of capital adequacy and effectiveness is conducted, aimed at assurance that adequate and optimum level of capital is maintained in mBank. This is supported by stress test analyses, which – among others – are based on scenarios of macro environment change, aiming to provide in depth view on current capital position, as well as its possible future developments resulting from the stress scenarios adopted for the analysis.

More information on capital adequacy of mBank is provided in Note 47.

3.15. FX loans portfolio risk

The FX loan portfolio risk is related to housing and mortgage loans in foreign currencies, granted to individual borrowers until 2011. This risk may result in particular from the materialisation of operational (legal), as well as credit and reputational risk in relation to the above-mentioned borrowers.

The legal risk of the portfolio of loans in foreign currencies (loans indexed with a foreign exchange rate) relates to the portfolio of mortgage-secured loans granted to natural persons in the years 2004 – 2011.

This risk relates to the possibility of realising losses resulting from court decisions unfavourable for the Bank in cases brought by borrowers.

In managing this risk, the Bank takes actions to protect its interests in court proceedings, aimed at obtaining decisions favourable to the Bank or limit the Bank's potential loss related to unfavourable rulings. In particular the Bank runs the settlement program addressed to clients with loans indexed to foreign currencies.

For effective management of legal risk of the FX loans portfolio, mBank has established the Disputed Loans Department, whose tasks include in particular:

- preparation of materials used in court proceedings,
- coordinating the activities of legal representatives,
- cooperation and communication with external institutions on indexed loans,
- organising and coordinating the settlement program.

More information on legal risk related to mortgage and housing loans granted to individual customers in foreign currencies is included in the Note 34.

Credit risk and reputational risk related to the FX loans portfolio are managed in line with the principles of managing these risks.

3.16. Securitisation risk

The Bank carried out securitisation transactions in order to reduce the credit risks incurred and to free up some capital. The risks involved include, in case of mBank, the risks that arise from the Bank's role as a transaction originator and servicer (monitoring of the underlying transactions, reporting, vindication). The Bank analyses on an ongoing basis the risks that may both materialize after the conclusion of securitization transactions and the risks that may materialize in connection with the planned execution of the subsequent securitization transactions.

3.17. Environmental (E), social (S) and governance (G) risks

The purpose of ESG risk management is to identify and assess environmental, social, and governance risks from a horizontal perspective. This means that ESG-related factors influence other types of risk (credit, market, operational, etc.) through various transmission channels. The impact of ESG risks on other risks within the Bank is analysed across different time horizons, with the longest horizon exceeding 10 years.

Environmental risk is understood as the risk of negative financial impact on the institution resulting from the current or future effects of environmental factors (including climate change and biodiversity loss) as well as actions undertaken to mitigate them. It may affect the value of the institution's assets, clients, counterparties, or balance sheet positions. Environmental risk is divided into two main categories:

- climate risk,
- risk related to biodiversity and ecosystem loss.

Within climate risk, physical risk is distinguish, which refers to financial consequences arising from climate change, and transition risk, which refers to unforeseen financial costs that may arise, directly or indirectly, from the institution's adjustment to a low-carbon and more environmentally sustainable economy. A subcategory of transition risk is greenwashing risk.

Social risk is understood as the risk of financial losses or negative non-financial impacts on the Bank, its retail and corporate clients, resulting from the current or future effects of social factors. Social factors include, in particular: violations of human rights (including labour rights, forced labour), demographic impacts, consequences of financing projects on local communities, and the social impacts of natural disasters, pandemics, and other crisis events.

Governance risk is understood as the risk of negative financial and non-financial impacts on the Bank, its retail and corporate clients, counterparties, and stakeholders, resulting from breaches of corporate governance principles or external factors affecting their effectiveness (external and internal regulations, decision-making structures, control mechanisms, ethics, and organizational culture). It also covers the impact of geopolitical factors and changes in trade relations arising from sanctions and other restrictions.

The Bank applies both quantitative and qualitative methods to manage ESG risks. The Bank conducts materiality assessments of ESG risks and applies exposure and sector based risk mitigation tools. To assess environmental risk, quantitative methods are used. For this purpose, results of scenario analyses covering all aspects of this risk are used. Qualitative methods are applied primarily to manage social and governance risks. More detailed information can be found in the Management Board Report on Performance of mBank S.A. Group in 2025, in Section 11.2.3 – Climate-related risks and opportunities and Section 11.2.4 – Resilience of the Group's business model and strategy to climate change issues.

3.18. Fair value of assets and liabilities

Fair value is the price that would be received from the sale of asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date. A fair value measurement assumes that the transaction of selling the asset or transferring a liability occurs either on the main market for the asset or liability, or in the absence of a main market, for the most advantageous market for the asset or liability.

In line with IFRS 9, for accounting purposes, the Bank determines the valuation of its assets and liabilities through amortised cost or through fair value. In addition, for the positions that are valued through amortised cost, fair value is calculated, but only for disclosure purposes – according to IFRS 7.

The approach to the method used for the loans that are fair valued in line of IFRS 9 requirements, is described in the point 3.3.7.

Following market practices the Bank values open positions in financial instruments using either the mark-to-market approach or is applying pricing models well established in market practice (mark-to-model method) which use as inputs market prices or market parameters, and in few cases, parameters estimated internally by the Bank. All significant open positions in derivatives are valued by market models using prices observable in the market. Domestic commercial papers are marked to model (by discounting cash flows), which in addition to market interest rate curve uses credit spreads estimated internally.

For disclosure purposes, the Bank estimated that the fair value of short-term financial liabilities (less than 1 year) is equal to the balance sheet values of such items. In addition, the Bank assumed that the estimated fair value of financial assets and financial liabilities longer than 1 year is based on discounted cash flows using appropriate interest rates.

Financial assets and liabilities measured at amortised cost

The following table presents a summary of balance sheet values and fair values for each group of financial assets and liabilities not recognised in the statement of financial position of the Bank at their fair values.

	31.12.2025		31.12.2024	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets at amortised cost				
Debt securities	51 144 610	51 431 681	37 373 491	36 222 847
Loans and advances to banks	17 232 959	17 266 587	13 248 554	13 257 534
Loans and advances to customers, including:	109 548 063	110 171 369	95 039 448	95 883 307
Individuals customers	53 815 419	55 269 432	43 132 830	44 687 546
Current receivables	6 729 134	7 011 119	6 816 927	7 150 920
Term loans	46 982 107	48 154 135	36 217 409	37 438 132
Other	104 178	104 178	98 494	98 494
Corporate customers	55 628 719	54 806 343	51 783 198	51 083 779
Current receivables	8 156 320	7 870 779	7 496 911	7 275 598
Term loans	45 602 222	45 065 387	42 782 642	42 304 536
Reverse repo or buy/sell back transactions	1 215 287	1 215 287	885 993	885 993
Other loans and advances	442 055	442 055	604 461	604 461
Other	212 835	212 835	13 191	13 191
Public sector customers	103 925	95 594	123 420	111 982
Financial liabilities at amortised cost				
Amounts due to banks	2 449 727	2 449 727	3 085 267	3 085 267
Amounts due to customers	229 267 155	229 266 041	200 775 756	200 774 044
Debt securities issued	11 728 324	11 791 651	9 062 497	8 994 341
Subordinated liabilities	3 403 712	3 501 892	2 675 537	2 648 702

The following sections present the key assumptions and methods used by the Bank for estimation of the fair values of financial instruments.

Debt Securities

The fair value of debt securities listed on active markets has been determined based on quoted prices on those markets. Domestic commercial papers are marked to model (discounting cash flows), which in addition to market interest rate curve uses credit spreads estimated internally.

Loans and advances to banks and loans and advances to customers

The fair value for loans and advances to banks and loans and advances to customers is calculated as the estimated value of future cash flows (adjusted by prepayments) using current interest rates, including credit spread, cost of liquidity and cost of capital margin. The level of credit spread was determined based on market quotation of median credit spreads for Moody's rating grade. Attribution of a credit spread to a given credit exposure is based on a mapping between Moody's rating grade and internal rating grades of the Bank. To reflect the fact that the Bank's exposures are in major part collateralised whereas the median of market quotation is centred around unsecured issues, the Bank applied appropriate adjustments. Moreover, valuation of mortgage loans in PLN is calculated with the benchmark of fair value of mortgage loans classified as valuated through fair value in accordance with IFRS 9, with an adjustment relating to credit quality of the portfolio.

Financial liabilities

Financial instruments representing liabilities include the following:

- contracted borrowings,
- current accounts and deposits,
- issues of debt securities,
- subordinated liabilities.

The fair value for these financial liabilities with more than 1 year to maturity is based on discounted cash flows by the use of discounting factor including an estimation of a spread reflecting the credit spread for mBank and the liquidity margin. For the loans received from European Investment Bank in EUR and in CHF the Bank used the EBI yield curve. With regard to the own issue as part of the EMTN program the market price of the relevant financial services has been used.

In the case of deposits, the Bank has applied the curve constructed on the basis of quotations of money market rates as well as FRA and IRS contracts for appropriate currencies and maturities. In case of subordinated liabilities, the valuation is based either on quotations from active markets where these instruments are traded or on discounted cash flows using market swap curves (depending on the terms of issue) adjusted for the issuer's credit risk.

In the case of the valuation of bonds related to credit risk (credit-link notes) the Bank uses the method of discounting the expected cash flows from bonds. In the part related to the discounting factor, the valuation also includes a component that takes into account mBank's credit spread and a liquidity margin. Due to the fact that the bondholders are secured in terms of the issuer's credit risk with the deposited securities, an assumption was made that these parameters would remain unchanged during the life of the bond.

The Bank assumed that the fair values of these instruments with less than 1 year to maturity was equal to the carrying amounts of the instruments.

According to the fair value methodology applied by the Bank, financial assets and liabilities are classified as follows:

- Level 1: prices quoted on active markets for the same instrument (without modification),
- Level 2: prices quoted on active markets for the similar instruments or other valuation techniques for which all significant input data are based on observable market data,
- Level 3: valuation methods for which at least one significant input data is not based on observable market data.

The table below presents the fair value hierarchy of financial assets and liabilities measured at fair value in accordance with the assumptions and methods described above, exclusively for disclosure as at 31 December 2025 and as at 31 December 2024.

31.12.2025	Including:	Level 1	Level 2	Level 3
		Quoted prices in active markets	Valuation techniques based on observable market data	Other valuation techniques
VALUATION ONLY FOR PURPOSES OF DISCLOSURE				
Financial assets				
Debt securities	51 431 681	44 966 832	-	6 464 849
Loans and advances to banks	17 266 587	-	-	17 266 587
Loans and advances to customers	110 171 369	-	-	110 171 369
Total financial assets	178 869 637	44 966 832	-	133 902 805
Financial liabilities				
Amounts due to banks	2 449 727	-	623 534	1 826 193
Amounts due to customers	229 266 041	-	200 520	229 065 521
Debt securities issued	11 791 651	9 772 690	-	2 018 961
Subordinated liabilities	3 501 892	1 779 684	-	1 722 208
Total financial liabilities	247 009 311	11 552 374	824 054	234 632 883

31.12.2024	Including:	Level 1	Level 2	Level 3
		Quoted prices in active markets	Valuation techniques based on observable market data	Other valuation techniques

VALUATION ONLY FOR PURPOSES OF DISCLOSURE

Financial assets

Debt securities	36 222 847	29 937 653	-	6 285 194
Loans and advances to banks	13 257 534	-	-	13 257 534
Loans and advances to customers	95 883 307	-	-	95 883 307
Total financial assets	145 363 688	29 937 653	-	115 426 035

Financial liabilities

Amounts due to banks	3 085 267	-	1 928 928	1 156 339
Amounts due to customers	200 774 044	-	208 067	200 565 977
Debt securities issued	8 994 341	7 550 558	-	1 443 783
Subordinated liabilities	2 648 702	-	-	2 648 702
Total financial liabilities	215 502 354	7 550 558	2 136 995	205 814 801

Level 1

Level 1 of financial assets includes the value of treasury securities and EIB bonds whose valuation consists in the direct use of market current prices of these instruments originating from active and liquid financial markets.

Level 1 of financial liabilities includes the fair value of bonds issued by the Bank, including subordinated bonds (Note 29). For the purpose of disclosures the Bank applied market prices of the issued debt securities.

Level 2

Level 2 includes the fair value of long-term loans received from banks, the fair value of long-term deposits placed by customers and the fair value of the loans received from EIB (Note 29).

The fair value of financial liabilities included at Level 2 with more than 1 year to maturity is based on cash flows discounted using interest rates. In the case of the loans received from European Investment Bank in EUR, the Bank used EIB yield curve and the value of margin which was agreed upon the last contract. Based on that assumption, the spread of the Bank to market swap curve was estimated. In the case of deposits the Bank used a curve built on the basis of interbank market rate quotes, as well as FRAs and IRS contracts for the appropriate currencies and maturities.

Level 3

Level 3 includes:

- loans and advances to banks and loans and advances to customers, which is disclosed, as described earlier, based on quotation of median credit spreads for Moody's ratings,
- liabilities due to banks and to customers with maturity up to one year, for which the Bank assumed that their fair value is equal to the carrying value,
- liabilities due to banks, liabilities to customers and liabilities due to debt securities issued with maturity exceeding one year, for which were used valuation methods using at least one significant input data not based on observable market data,
- subordinated liabilities incurred in the form of a loan.

Financial assets and liabilities measured at fair value and investment properties

The following tables present fair value hierarchy of financial assets and liabilities as well as investment properties recognised in the statement of financial position of the Bank at their fair values.

31.12.2025	Including:	Level 1	Level 2	Level 3
		Quoted prices in active markets	Valuation techniques based on observable market data	Other valuation techniques

RECURRING FAIR VALUE MEASUREMENTS

Financial assets				
Financial assets held for trading and hedging derivatives	4 280 721	3 147 661	782 742	350 318
Debt securities	3 485 109	3 134 791	-	350 318
Equity instruments	12 870	12 870	-	-
Derivative instruments, including:	782 742	-	782 742	-
Derivatives held for trading	848 947	-	848 947	-
Hedging derivatives	731 697	-	731 697	-
Offsetting effect	(797 902)	-	(797 902)	-
Non-trading financial assets mandatorily at fair value through profit or loss	711 939	22 964	-	688 975
Loans and advances to customers	390 780	-	-	390 780
Debt securities	12 229	-	-	12 229
Equity securities	308 930	22 964	-	285 966
Financial assets at fair value through other comprehensive income	46 192 553	16 187 137	14 993 378	15 012 038
Loans and advances to customers	12 897 486	-	-	12 897 486
Debt securities	33 295 067	16 187 137	14 993 378	2 114 552
Total financial assets	51 185 213	19 357 762	15 776 120	16 051 331
Financial liabilities				
Financial liabilities held for trading and hedging derivatives	1 457 318	719 305	738 013	-
Derivative instruments, including:	738 013	-	738 013	-
Derivatives held for trading	803 772	-	803 772	-
Hedging derivatives	132 461	-	132 461	-
Offsetting effect	(198 220)	-	(198 220)	-
Liabilities from short sale of securities	719 305	719 305	-	-
Total financial liabilities	1 457 318	719 305	738 013	-

Financial assets measured at fair value and investment properties at Level 3 - changes from 1 January to 31 December 2025	Financial assets held for trading and hedging derivatives		Non-trading financial assets mandatorily at fair value through profit or loss			Financial assets at fair value through other comprehensive income		Investment properties
	Loans and advances	Debt securities	Loans and advances	Debt securities	Equity securities	Loans and advances	Debt securities	
As at the beginning of the period	42 972	255 878	486 850	31 204	222 374	15 908 001	1 386 964	-
Gains and losses for the period:	3 310	1 646	(10 714)	(1 794)	65 940	63 120	(23 781)	-
Recognised in profit or loss:	3 310	1 646	(10 714)	(1 794)	65 940	3 079	-	-
<i>Net trading income</i>	3 310	1 646	-	(4 054)	(4)	-	-	-
<i>Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss</i>	-	-	(10 714)	2 260	65 944	-	-	-
<i>Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss</i>	-	-	-	-	-	3 079	-	-
Recognised in other comprehensive income:	-	-	-	-	-	60 041	(23 781)	-
<i>Financial assets at fair value through other comprehensive income</i>	-	-	-	-	-	60 041	(23 781)	-
Purchases / origination	-	506 971	8 987	-	-	938 331	1 437 969	-
Redemptions / total repayments	(46 282)	(128 398)	(76 912)	-	-	(1 340 270)	(90 220)	-
Sales	-	(4 261 773)	-	-	-	(2 108 315)	(1 871 258)	-
Issues	-	3 975 994	-	-	-	-	1 274 878	-
Other changes	-	-	(17 431)	(17 181)	(2 348)	(563 381)	-	-
As at the end of the period	-	350 318	390 780	12 229	285 966	12 897 486	2 114 552	-

31.12.2024	Including:	Level 1	Level 2	Level 3				
		Quoted prices in active markets	Valuation techniques based on observable market data	Other valuation techniques				
RECURRING FAIR VALUE MEASUREMENTS								
Financial assets								
Financial assets held for trading and hedging derivatives	1 850 456	931 871	619 735	298 850				
Loans and advances to customers	42 972	-	-	42 972				
Debt securities	1 176 347	920 469	-	255 878				
Equity instruments	11 402	11 402	-					
Derivative instruments, including:	619 735	-	619 735	-				
Derivatives held for trading	783 769	-	783 769	-				
Hedging derivatives	391 896	-	391 896	-				
Offsetting effect	(555 930)	-	(555 930)	-				
Non-trading financial assets mandatorily at fair value through profit or loss	781 069	40 641	-	740 428				
Loans and advances to customers	486 850	-	-	486 850				
Debt securities	31 204	-	-	31 204				
Equity securities	263 015	40 641	-	222 374				
Financial assets at fair value through other comprehensive income	49 313 947	17 524 864	14 494 118	17 294 965				
Loans and advances to customers	15 908 001	-	-	15 908 001				
Debt securities	33 405 946	17 524 864	14 494 118	1 386 964				
Total financial assets	51 945 472	18 497 376	15 113 853	18 334 243				
Financial liabilities								
Financial liabilities held for trading and hedging derivatives	1 070 747	345 710	725 037	-				
Derivative instruments, including:	725 037	-	725 037	-				
Derivatives held for trading	824 760	-	824 760	-				
Hedging derivatives	608 233	-	608 233	-				
Offsetting effect	(707 956)	-	(707 956)	-				
Liabilities from short sale of securities	345 710	345 710	-	-				
Total financial liabilities	1 070 747	345 710	725 037	-				
Financial assets measured at fair value and investment properties at Level 3 - changes from 1 January to 31 December 2024	Financial assets held for trading and hedging derivatives		Non-trading financial assets mandatorily at fair value through profit or loss			Financial assets at fair value through other comprehensive income		Investment properties
	Loans and advances	Debt securities	Loans and advances	Debt securities	Equity securities	Loans and advances	Debt securities	
As at the beginning of the period	40 498	237 606	603 713	50 144	173 518	18 238 558	1 412 571	111 964
Gains and losses for the period:	2 438	1 544	450	6 788	43 684	82 717	13 476	(19 259)
Recognised in profit or loss:	2 438	1 544	450	6 788	43 684	(6 031)	-	(19 259)
<i>Net trading income</i>	2 438	1 544	-	1 262	(28)	-	-	-
<i>Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss</i>	-	-	450	5 526	43 712	-	-	-
<i>Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss</i>	-	-	-	-	-	(6 031)	-	-
<i>Other operating income / other operating expenses</i>	-	-	-	-	-	-	-	(19 259)
Recognised in other comprehensive income:	-	-	-	-	-	88 748	13 476	-
<i>Financial assets at fair value through other comprehensive income</i>	-	-	-	-	-	88 748	13 476	-
Purchases / origination	-	524 173	16 252	-	5 172	1 205 739	1 586 072	-
Redemptions / total repayments	-	(39 946)	(110 736)	-	-	(767 142)	(439 433)	-
Sales	-	(2 603 790)	-	-	-	(1 787 729)	(1 713 890)	-
Issues	-	2 136 291	-	-	-	-	528 168	-
Reclassification to other positions	-	-	-	-	-	-	-	(92 705)
Other changes	36	-	(22 829)	(25 728)	-	(1 064 142)	-	-
As at the end of the period	42 972	255 878	486 850	31 204	222 374	15 908 001	1 386 964	

In 2025 and 2024 there were no transfers of financial instruments between the levels of fair value hierarchy.

With regard to financial instruments measured at fair value on a recurring basis classified as level 1 and 2 in hierarchy of fair value, any cases in which transfer between these levels may occur, are monitored by the Bank on the basis of internal rules. In case there is no market price used to a direct valuation for more than 5 working days, the method of valuation is changed, i.e. change from marked-to-market valuation to marked-to-model valuation under the assumption that the valuation model for the respective type of this instrument has been already approved. The return to marked-to-market valuation method takes place after a period of at least 10 working days in which the market price was available on a continuous basis. If there is no market prices for a debt treasury bonds the above terms are respectively 2 and 5 working days.

Level 1

As at 31 December 2025, at level 1 of the fair value hierarchy, the Bank has presented the fair value of held for trading government bonds in the amount of PLN 3 134 791 thousand and the fair value of government bonds measured at fair value through other comprehensive income in the amount of PLN 16 077 079 thousand (31 December 2024 respectively: PLN 920 469 thousand and PLN 16 651 480 thousand). Level 1 includes the fair values of corporate bonds in the amount of PLN 110 058 thousand (31 December 2024: PLN 873 384 thousand).

In addition, as at 31 December 2025, level 1 includes the value of the registered preferred shares of Giełda Papierów Wartościowych in the amount of PLN 1 365 thousand (31 December 2024: PLN 849 thousand), shares of Visa Inc. in the amount of PLN 21 599 thousand and other equity instruments in the amount of PLN 12 870 thousand (31 December 2024 respectively: PLN 39 792 thousand and PLN 11 402 thousand).

As at 31 December 2025, level 1 includes liabilities from short sale of securities quoted on active markets in the amount of PLN 719 305 thousand (31 December 2024: PLN 345 710 thousand).

These instruments are classified as level 1 because their valuation is directly derived by applying current market prices quoted on active and liquid financial markets.

Level 2

As at 31 December 2025, level 2 of the fair value hierarchy mainly includes the fair values of bills issued by NBP in the amount of PLN 14 993 378 thousand (31 December 2024: PLN 14 494 118 thousand), whose valuation is based on a NPV model (discounted future cash flows) fed with interest rate curves generated by transformation of quotations taken directly from active and liquid financial markets.

In addition, the level 2 category includes the valuation of derivative financial instruments borne on models consistent with market standards and practices, using parameters taken directly from the markets (e.g. foreign exchange rates, implied volatilities of FX options, stock prices and indices) or parameters which transform quotations taken directly from active and liquid financial markets (e.g. interest rate curves).

Level 3

As at 31 December 2025, level 3 of the hierarchy presents the fair values of commercial debt securities issued by local banks and companies (bonds and deposit certificates) in the amount of PLN 2 477 099 thousand (31 December 2024: PLN 1 674 046 thousand).

Model valuation for these items assumes a valuation based on the market interest rate yield curve adjusted by the level of credit spread. The credit spread parameter reflects the credit risk of the security issuer and is determined in accordance with the Bank's internal model. This model uses credit risk parameters (e.g. PD, LGD) and information obtained from the market (including implied spreads from transactions). PD and LGD parameters are not observed on active markets and therefore have been determined on the basis of statistical analyses. Both models - the valuation of debt instruments and the credit spread model were built internally in the Bank by risk units, were approved by the Model Risk Committee and are subject to periodic monitoring and validation carried out by an entity independent of the units responsible for building and maintaining the models.

Level 3 as at 31 December 2025 includes the value of loans and advances to customers in the amount of PLN 13 288 266 thousand (31 December 2024: PLN 16 437 823 thousand). The principles for fair value calculation for loans and advances to customers is described in Note 3.3.7.

Moreover, Level 3 as at 31 December 2025 covers mainly the fair value of equity securities amounting to PLN 285 966 thousand (31 December 2024: PLN 222 374 thousand). The equity instruments presented at level 3 have been valued using the dividend discount model. The valuations were predominantly prepared based on selected financial figures provided by valuated entities and discounted with the cost of equity estimated using CAPM model (Capital Asset Pricing Model). At the end of 2025, the cost of equity was estimated at the level in the range from 10.7% to 12.0% (as at the end of 2024: in the range from 11.8% to 12.3%). In addition, some of the forecasts, which assume growth above average market growth, have been discounted at the cost of capital of 25%.

The table below presents the sensitivity of the fair value measurement to the change of unobservable parameters used in the models for financial instruments measured at fair value at level 3.

Portfolio	Fair value 31.12.2025	Sensitivity to change of unobservable parameter		Description
		(-)	(+)	
Equity instruments	285 966	(33 301)	41 428	The valuation model uses the cost of own capital as the unobservable discount parameter. Sensitivity was calculated assuming a change in the cost of own capital by 100 bp. As the value of the parameter increases, the Bank expects a loss (-), as it decreases, the Bank expects a profit (+).
Corporate debt securities measured at fair value through other comprehensive income	2 114 552	(58 282)	58 282	The unobservable parameter is the credit spread. Sensitivity was calculated assuming a change in the credit spread by 100 bp. As the value of the parameter increases, the Bank expects a loss (-), as it decreases, the Bank expects a profit (+).
Corporate debt securities measured at fair value through profit or loss	350 318	(8 946)	8 946	
Loans and advances to customers mandatorily at fair value through profit or loss	390 780	(5 516)	5 434	The valuation model uses credit risk parameters (PD and LGD). Sensitivity was calculated assuming a change in PD and LGD by +/- 10%. As the value of the parameter increases, the Bank expects a loss (-), as it decreases, the Bank expects a profit (+).
Loans and advances to customers measured at fair value through other comprehensive income	12 897 486	(12 824)	12 393	

Portfolio	Fair value 31.12.2024	Sensitivity to change of unobservable parameter		Description
		(-)	(+)	
Equity instruments	222 374	(21 197)	26 235	The valuation model uses the cost of own capital as the unobservable discount parameter. Sensitivity was calculated assuming a change in the cost of own capital by 100 bp. As the value of the parameter increases, the Bank expects a loss (-), as it decreases, the Bank expects a profit (+).
Corporate debt securities measured at fair value through other comprehensive income	1 386 964	(31 149)	31 149	The unobservable parameter is the credit spread. Sensitivity was calculated assuming a change in the credit spread by 100 bp. As the value of the parameter increases, the Bank expects a loss (-), as it decreases, the Bank expects a profit (+).
Corporate debt securities measured at fair value through profit or loss	255 878	(3 948)	3 948	
Loans and advances to customers held for trading	42 972	(152)	137	The valuation model uses credit risk parameters (PD and LGD). Sensitivity was calculated assuming a change in PD and LGD by +/- 10%. As the value of the parameter increases, the Bank expects a loss (-), as it decreases, the Bank expects a profit (+).
Loans and advances to customers mandatorily at fair value through profit or loss	486 850	(6 444)	6 377	
Loans and advances to customers measured at fair value through other comprehensive income	15 908 001	(13 709)	13 114	

4. Major estimates and judgments made in connection with the application of accounting policy principles

The Bank applies estimates and adopts assumptions which impact the values of assets and liabilities presented in the subsequent period. Estimates and assumptions, which are continuously subject to assessment, rely on historical experience and other factors, including expectations concerning future events, which seem justified under the given circumstances.

Provisions for legal risks relating to indexation clauses in mortgage and housing loans in CHF and foreign currencies

Detailed information on the impact of legal risk related to mortgage and housing loans granted to individual customers in CHF and other foreign currencies is provided in Note 34.

Impairment of loans and advances

The Bank reviews its loan portfolio for possible impairments at least once per quarter. The methodology and the assumptions on the basis of which the estimated cash flow amounts and their anticipated timing are determined are regularly verified. If the current value of estimated cash flows (discounted recoveries from payments of capital, discounted recoveries from interests, discounted recoveries from off-balance sheet liabilities and discounted recoveries from collaterals for on-balance and off-balance sheet loans and advances, weighed by the probability of realisation of specific scenarios) for portfolio of loans and advances as well as contingent liabilities which are impaired, change by +/-10%, the estimated loans and advances as well as contingent liabilities impairment would either decrease by PLN 45.0 million or increase by PLN 48.3 million as at 31 December 2025, respectively (as at 31 December 2024: PLN 54.7 million and PLN 58.0 million, respectively). This estimation was performed for portfolio of loans and advances and contingent liabilities individually assessed for impairment on the basis of future cash flows due to repayments and recovery from collateral - Stage 3. The rules of determining write-downs and provisions for impairment of credit exposures have been described under Note 3.3.6.

Impact of the macroeconomic environment forecast on expected credit loss values

In the first and the second half of 2025, the Bank updated the forecasts of future macroeconomic conditions that are incorporated into the risk parameter models used to calculate the expected credit loss (the detailed description of the significant model changes can be found in section 3.3.6.2.2.). The forecasts take into account the current development of the economic situation in Poland and they are consistent with the forecasts used in the planning process.

In order to assess expected credit loss (ECL) sensitivity to the future macroeconomic conditions, the Bank determined the ECL value separately for each of the scenarios used for the purposes of calculating the expected credit risk losses. The impact of the optimistic and pessimistic scenarios is presented below as the deviation of the value of provisions in a given scenario from expected credit losses calculated for the baseline path.

The table below presents forecasts of the main macroeconomic indicators included in the risk parameter models which are used to calculate the expected credit loss.

Scenario as at 31.12.2025		base		optimistic		pessimistic	
Probability		60%		20%		20%	
		The first year of the forecast	The second year of the forecast	The first year of the forecast	The second year of the forecast	The first year of the forecast	The second year of the forecast
GDP	y/y	3.8%	3.6%	6.8%	6.6%	1.1%	1.6%
Unemployment rate	end of the year	2.6%	2.6%	0.6%	0.6%	3.6%	3.6%
Real estate price index	y/y	107.4	106.4	108.9	106.9	105.5	105.0
WIBOR 3M	end of the year	4.05%	4.05%	5.55%	5.55%	3.05%	3.05%

Scenario as of 31.12.2024		base		optimistic		pessimistic	
Probability		60%		20%		20%	
		The first year of the forecast	The second year of the forecast	The first year of the forecast	The second year of the forecast	The first year of the forecast	The second year of the forecast
GDP	y/y	4.2%	3.0%	4.8%	4.1%	1.7%	2.3%
Unemployment rate	end of the year	2.8%	2.6%	2.2%	2.5%	4.2%	4.1%
Real estate price index	y/y	108.4	108.4	110.1	111.3	100.0	103.4
WIBOR 3M	end of the year	4.40%	3.90%	5.65%	4.90%	3.25%	2.00%

The value of credit risk cost is the result of all presented macroeconomic scenarios and the weights assigned to them. Impact of individual scenarios on the credit risk costs is as shown in the table below (weight of a given scenario 100%).

Scenario	Change in value of credit risk costs			
	31.12.2025			
	Stage 1	Stage 2	Stage 3	Total
optimistic	155 867	201 009	1 989	358 865
pessimistic	(118 299)	(153 001)	(818)	(272 118)

The above results were estimated taking into account the allocation to the Stage 2 determined individually for each macroeconomic scenario. The ECL sensitivity analysis was performed for 91% of the assets of the portfolio of loans and advances to customers (excluding the impaired exposures and the exposures not valued with the use of the models i.e., exposures of public sector entities, non-bank financial institutions and corporate clients assessed individually).

Fair value of derivatives and other financial instruments

The fair value of financial instruments not listed on active markets is determined by applying valuation techniques. All the models are approved prior to being applied and they are also calibrated in order to assure that the obtained results indeed reflect the actual data and comparable market prices. As far as possible, observable market data originating from an active market are used in the models. Methods for determining the fair value of financial instruments are described in Note 3.18.

Deferred tax assets

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that future taxable profit will be available, against which the losses can be utilised. Judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits.

Revenue and expenses from sale of insurance products bundled with loans

Revenue from sale of insurance products bundled with loans are split into interest income and fee and commission income based on the relative fair value analysis of each of these products.

The remuneration included in fee and commission income is recognised partly as upfront income and partly including deferring over time based on the analysis of the stage of completion of the service. Expenses directly linked to the sale of insurance products are recognised using the same pattern.

Liabilities due to post-employment benefits

The costs of post-employment benefits are determined using an actuarial valuation method. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and other factors. Due to the long-term nature of these programmes, such estimates are subject to significant uncertainty.

Leasing

The Bank as a lessee makes certain estimates and calculations that have an impact on the valuation of lease liabilities and right-of-use assets. They include, among others: determination of the duration of contracts, determining the interest rate used to discount future cash flows and determination of the depreciation rate of right-of-use assets.

5. Net interest income

	Year ended 31 December	
	2025	2024
Interest income		
Interest income accounted for using the effective interest method	13 437 374	13 503 082
Interest income of financial assets at amortised cost, including:	11 059 970	10 598 978
- Loans and advances	8 313 773	8 231 263
- Debt securities	2 070 003	1 272 636
- Cash and short-term placements	663 792	1 037 952
- Gains or losses on non-substantial modification (net)	(25 692)	(23 747)
- Other	38 094	80 874
Interest income on financial assets at fair value through other comprehensive income, including:	2 377 404	2 904 104
- Debt securities	1 410 624	1 723 256
- Loans and advances	965 799	1 280 107
- Gains or losses on non-substantial modification (net)	981	(99 259)
Income similar to interest on financial assets at fair value through profit or loss	422 681	309 330
Financial assets held for trading, including:	118 696	64 538
- Loans and advances	3 311	4 911
- Debt securities	115 385	59 627
Non-trading financial assets mandatorily at fair value through profit or loss, including:	60 109	80 379
- Loans and advances	60 109	80 379
Interest income on derivatives classified into banking book	243 876	164 413
Total interest income	13 860 055	13 812 412

The items Gains or losses on non-substantial modification (net) in 2024 included a loss of PLN 109.7 million resulting from the recognition of suspending the execution of mortgage contracts granted in Polish currency (so-called "credit holidays").

The amount of interest income presented under Cash and short-term placements, includes mainly interest income on the mandatory reserve. The item Other includes mainly interest income on cash-collateral.

	Year ended 31 December	
	2025	2024
Interest expenses		
Financial liabilities held for trading	(27 676)	(19 617)
Financial liabilities measured at amortised cost, including:	(3 966 668)	(3 751 988)
- Deposits	(3 135 459)	(3 074 897)
- Loans received	(2 876)	(4 377)
- Issue of debt securities	(656 116)	(475 517)
- Subordinated liabilities	(129 179)	(164 177)
- Other financial liabilities	(33 015)	(27 828)
- Lease liabilities	(10 023)	(5 192)
Interest expenses on derivatives concluded under the fair value hedge	(371 468)	(747 790)
Interest expenses on derivatives concluded under the cash flow hedge	(101 860)	(243 119)
Other	(2 051)	(1 712)
Total interest expense	(4 469 723)	(4 764 226)

Net interest income per client groups is as follows:

	Year ended 31 December	
	2025	2024
Interest income		
From banking sector	2 821 561	3 434 606
From other customers, including:	11 038 494	10 377 806
- individual clients	4 691 462	4 696 273
- corporate clients	3 915 884	4 091 635
- public sector	2 431 148	1 589 898
Total interest income	13 860 055	13 812 412

	Year ended 31 December	
	2025	2024
Interest expenses		
From banking sector	(183 289)	(333 374)
From other customers, including:	(3 501 139)	(3 791 158)
- individual clients	(2 030 149)	(1 996 844)
- corporate clients	(1 382 071)	(1 739 863)
- public sector	(88 919)	(54 451)
Debt securities issued	(656 116)	(475 517)
Subordinated liabilities	(129 179)	(164 177)
Total interest expense	(4 469 723)	(4 764 226)

6. Net fee and commission income

	Year ended 31 December	
	2025	2024
Fee and commission income		
Payment cards-related fees	887 623	766 190
Credit-related fees and commissions	534 664	514 475
Commissions from currency transactions	497 289	484 935
Commissions from bank accounts	323 038	311 163
Commissions from money transfers	249 824	251 900
Fees from brokerage activity and debt securities issue	189 101	165 742
Commissions for agency service regarding sale of insurance products of external financial entities	159 863	96 070
Commissions due to guarantees granted and trade finance commissions	108 498	99 110
Fees from cash services	65 470	65 688
Commissions for agency service regarding sale of other products of external financial entities	63 908	54 209
Commissions on trust and fiduciary activities	33 765	31 573
Fees from portfolio management services and other management-related fees	22 687	19 760
Other	69 624	71 011
Total fee and commission income	3 205 354	2 931 826

	Year ended 31 December	
	2025	2024
Fee and commission expenses		
Payment cards-related fees	(360 709)	(375 879)
Commissions paid to external entities for sale of the Bank's products	(258 076)	(237 103)
Commissions for insurance products	(21 816)	(19 004)
Discharged brokerage fees	(41 955)	(38 910)
Cash services	(62 558)	(67 097)
Fees to NBP, KIR and GPW Benchmark	(26 750)	(26 012)
Other discharged fees	(361 486)	(308 957)
Total fee and commission expenses	(1 133 350)	(1 072 962)

7. Dividend income

	Year ended 31 December	
	2025	2024
Non-trading financial assets mandatorily at fair value through profit or loss	5 152	4 816
Investments in subsidiaries accounted for using equity method	10 656	-
Investments in subsidiaries accounted for using other method than equity method	3 296	1 836
Total dividend income	19 104	6 652

8. Net trading income

	Year ended 31 December	
	2025	2024
Foreign exchange result	(27 165)	75 006
Net exchange differences on translation	106 522	146 906
Net transaction gains or losses	(133 687)	(71 900)
Gains or losses on financial assets and liabilities held for trading	76 541	53 226
Derivatives, including:	49 599	44 742
- Interest-bearing instruments	36 095	29 845
- Market risk instruments	13 504	14 897
Equity instruments	1 468	962
Debt securities	23 245	4 213
Loans and advances	3 310	2 438
Financial liabilities	(1 081)	871
Gains or losses from hedge accounting	40 495	39 775
Net profit on hedged items	(646 767)	(261 549)
Net profit on fair value hedging instruments	686 564	300 479
Ineffective portion of cash flow hedge	698	845
Total net trading income	89 871	168 007

The foreign exchange result includes profit and loss on forward contracts, options, futures and recalculation of assets and liabilities denominated in foreign currencies. The result on derivative transactions of interest-bearing instruments includes the result of swap contracts for interest rates, options and other derivatives. The result of the market risk instruments operations include result on bond futures, index futures, security options, stock exchange index options and options on futures contracts as well as the result from securities forward transactions, commodity futures and commodity swaps.

The Bank applies fair value hedge accounting and cash flow hedge accounting. Detailed information on hedge accounting is included in Note 19.

9. Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss

	Year ended 31 December	
	2025	2024
Equity instruments	70 910	56 315
Debt securities	2 260	5 526
Loans and advances	(10 714)	450
Total gains or losses on non-trading financial assets mandatorily at fair value through profit or loss	62 456	62 291

In 2025, in the item Equity instruments, the Bank recognised mainly a profit resulting from revaluation to fair value of shares in Polski Standard Płatności Sp. z o.o. in the amount of PLN 59 194 thousand (in 2024: PLN 43 111 thousand).

10. Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss

	Year ended 31 December	
	2025	2024
Gains or losses from derecognition, including:	40 566	(5 755)
- Financial assets at fair value through other comprehensive income	34 414	(3 521)
- Financial assets at amortised cost	6 152	(2 234)
Total gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss	40 566	(5 755)

The result from derecognition of financial assets measured at fair value through other comprehensive income includes the result from the sale of retail mortgage loans that were transferred from mBank to mBank Hipoteczny in pooling transactions in the amount of PLN 3 079 thousand (in 2024: PLN -6 031 thousand) and the result from the sale of government bonds.

The result from derecognition of financial assets measured at amortised cost is mainly due to incidental and insignificant sales of credit exposures.

Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss by instrument

	Year ended 31 December 2025		Year ended 31 December 2024	
	Gains	Losses	Gains	Losses
Debt securities	43 378	(1 537)	8 529	(5 747)
Loans and advances	21 332	(22 607)	17 865	(26 402)
Total gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss	64 710	(24 144)	26 394	(32 149)

11. Other operating income

	Year ended 31 December	
	2025	2024
Gains from sale or liquidation of fixed assets, intangible assets, assets held for sale and inventories	44 412	939
Income from services provided	2 238	2 116
Net income from operating lease and sublease of right-of-use assets	-	-
Rental income from investment properties	9	337
Gains from the fair value measurement of investment properties	23 812	-
Income due to release of provisions for future commitments	30 945	17 469
Income from recovered receivables designated previously as prescribed, remitted or uncollectible	8 790	170 124
Income from compensations, penalties and fines received	255	374
Gains from sale and valuation of investment in subsidiaries and associates	11 427	20 850
Other	49 288	48 326
Total other operating income	171 176	260 535

Income from services provided is earned on non-banking activities.

In 2024 the item Income from recovering receivables designated previously as prescribed, remitted or uncollectible included income from the recovery of receivables in connection with a final court judgement favourable to the Bank in the amount of PLN 163 991 thousand.

Net income from operating lease consists of income from operating lease, income from right-of-use assets in sublease and related depreciation cost of fixed asset provided by the Bank under operating lease and right-of-use assets in sublease, incurred to obtain revenue.

The table below presents net operating income due to operating lease and subleasing right-of-use assets for 2025 and 2024.

	Year ended 31 December	
	2025	2024
Net income from operating lease and sublease of right-of-use assets including:		
Income from operating lease	4 065	3 796
Income from sublease of right-of-use assets	10 088	11 044
Depreciation of assets in operating lease and subleased right-of-use assets	(14 153)	(14 840)
Total net income from operating lease and sublease of right-of-use assets	-	-

12. Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss

	Year ended 31 December	
	2025	2024
Financial assets at amortised cost, including:	(573 676)	(521 932)
Debt securities	(7 206)	(673)
<i>Stage 1</i>	(7 206)	(673)
Loans and advances	(566 470)	(521 259)
<i>Stage 1</i>	19 825	(47 813)
<i>Stage 2</i>	(69 475)	89 029
<i>Stage 3</i>	(523 874)	(549 220)
<i>POCI</i>	7 054	(13 255)
Financial assets at fair value through other comprehensive income, including:	(53 345)	(1 145)
Debt securities	(38 230)	1 234
<i>Stage 1</i>	(3 307)	1 555
<i>Stage 2</i>	(2 074)	(321)
<i>Stage 3</i>	(32 849)	-
Loans and advances	(15 115)	(2 379)
<i>Stage 1</i>	613	3 141
<i>Stage 2</i>	(62)	3 887
<i>Stage 3</i>	(15 855)	(9 342)
<i>POCI</i>	189	(65)
Commitments and guarantees given	(3 645)	12 165
<i>Stage 1</i>	(11 280)	(6 740)
<i>Stage 2</i>	(29 744)	(4 961)
<i>Stage 3</i>	36 899	24 505
<i>POCI</i>	480	(639)
Net impairment losses on financial assets not measured at fair value through profit or loss	(630 666)	(510 912)

In case exposures are reclassified between stages, impairment on financial assets not measured at fair value through profit or loss is presented without netting, with the entire amount of the existing allowance released in the stage before the reclassification and the entire amount of the created allowance recognised in the stage after the exposure is reclassified.

13. Overhead costs

	Year ended 31 December	
	2025	2024
Staff-related expenses	(1 604 538)	(1 463 908)
Material costs, including:	(935 573)	(847 222)
- costs of administration and real estate services	(316 619)	(299 546)
- IT costs	(265 336)	(233 506)
- marketing costs	(244 665)	(208 261)
- consulting costs	(83 039)	(90 122)
- other material costs	(25 914)	(15 787)
Taxes and fees	(49 513)	(45 068)
Contributions and transfers to the Bank Guarantee Fund	(279 890)	(139 214)
Contributions to the Social Benefits Fund	(19 384)	(19 063)
Total overhead costs	(2 888 898)	(2 514 475)

In 2025, the item Material costs includes costs related to leasing contracts of low-value assets that are not short-term contracts in the amount of PLN 537 thousand (2024: PLN 628 thousand), and costs related to variable elements of leasing liabilities not included in the leasing liability (included in general administrative costs) in the amount of PLN 3 230 thousand (2024: PLN 2 787 thousand).

Staff-related expenses in 2025 and 2024 are presented below.

	Year ended 31 December	
	2025	2024
Wages and salaries	(1 269 819)	(1 160 538)
Social security expenses	(228 815)	(207 185)
Remuneration concerning share-based payments, including:	(14 746)	(14 193)
- share-based payments settled in mBank S.A. subscription warrants	(14 746)	(14 193)
Other staff expenses	(91 158)	(81 992)
Staff-related expenses, total	(1 604 538)	(1 463 908)

Detailed information regarding incentive programmes to which share-based payments relate, is included under the Note 44.

14. Other operating expenses

	Year ended 31 December	
	2025	2024
Losses from sale or liquidation of fixed assets, intangible assets, assets held for sale and inventories	(6 276)	(847)
Provisions for future commitments	(62 766)	(28 160)
Costs arising from provisions created for other receivables (excluding loans and advances)	(9 056)	(5 223)
Donations made	(6 649)	(7 884)
Compensation, penalties and fines paid	(20 347)	(6 917)
Cost arising from write-offs of time-barred, waived and irrecoverable receivables and liabilities	(8)	-
Losses from investment properties valuation	-	(19 259)
Direct operating expenses (including repairs and maintenance) arising from investment properties that generated rental income during the period	(2 249)	(6 600)
Impairment provisions created for tangible assets and intangible assets	(1 124)	(1 856)
Debt collection expenses	(28 350)	(20 734)
Losses on sale and revaluation of investments in subsidiaries and associates	(14 863)	(9 449)
Other operating costs	(119 540)	(63 939)
Total other operating expenses	(271 228)	(170 868)

15. Income tax expense

	Year ended 31 December	
	2025	2024
Current tax	(1 322 947)	(754 288)
Deferred income tax (Note 32)	(87 810)	84 581
Total income tax	(1 410 757)	(669 707)
Profit before tax	4 958 076	2 905 382
Tax calculated at Polish current tax rate (19%)	(942 034)	(552 023)
Income not subject to tax	59 775	140 429
Costs other than tax deductible costs, thereof:	(646 587)	(258 113)
<i>Costs of legal risk related to foreign currency loans</i>	(407 466)	(65 691)
<i>Tax on Certain Financial Institutions</i>	(143 067)	(138 866)
<i>Contributions and other mandatory payments that are not deductible (including the Bank Guarantee Fund)</i>	(53 179)	(26 451)
<i>Other</i>	(42 875)	(27 105)
Other positions affecting income tax	118 089	-
Total tax liability	(1 410 757)	(669 707)
Effective tax rate calculation		
Profit before income tax	4 958 076	2 905 382
Income tax	(1 410 757)	(669 707)
Effective tax rate (%)	28.45%	23.05%

Item Income not subject to tax includes, inter alia, dividends excluded from taxation under Article 20 item 3 of Corporate Income Tax Act from 15 February 1992 (Journal of Laws 2019, item 865).

On 6 November 2025, the Act amending the Corporate Income Tax Act and certain other acts (Journal of Laws 2025, item 1657) was published, introducing significant changes to the taxation of banks. The Act provides for separate, increased corporate income tax (CIT) rates for commercial banks — 30% in 2026, 26% in 2027 and 23% from 2028 onwards, representing an increase compared with the previous standard CIT rate of 19%.

In addition, the Act amends the tax on certain financial institutions, reducing the applicable rate from 0.0366% to 0.0329% from 2027 and to 0.0293% from 2028.

The increase in the corporate income tax rate will result in higher tax burdens and will have a negative impact on mBank's net profit starting from 2026.

In connection with the statutory change in the corporate income tax rate applicable from 2026, the Bank updated the measurement of deferred tax assets and deferred tax liabilities as at 31 December 2025. The recalculation was performed using the newly enacted tax rates, in accordance with the requirements of IAS 12. The remeasurement resulted in an increase in the deferred tax asset, which had a positive impact on the mBank's net profit for 2025. The total effect recognised in the income statement amounted to approximately PLN 118 million.

The current tax breakdown by country is presented below.

	Year ended 31 December	
	2025	2024
Poland	(1 246 565)	(686 197)
Czech Republic	(43 836)	(30 560)
Slovakia	(32 546)	(37 531)
Total current tax	(1 322 947)	(754 288)

Information about deferred income tax is presented in Note 32. The tax on the Bank's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the Bank as presented above.

16. Earnings per share

Earnings per share for 12 months

	Year ended 31 December	
	2025	2024
Basic:		
Net profit	3 547 319	2 235 675
Weighted average number of ordinary shares	42 513 734	42 483 329
Net basic earnings per share (in PLN per share)	83.44	52.62
Diluted:		
Net profit applied for calculation of diluted earnings per share	3 547 319	2 235 675
Weighted average number of ordinary shares	42 513 734	42 483 329
Adjustments for:		
- subscription warrants	48 300	58 672
Weighted average number of ordinary shares for calculation of diluted earnings per share	42 562 034	42 542 001
Net diluted earnings per share (in PLN per share)	83.34	52.55

According to IAS 33, the Bank prepares a calculation of the diluted earnings per share taking into account the warrants described in the Note 44. The calculations did not include those elements of the incentive programmes, which were antidilutive for the presented reporting periods, but which could potentially influence dilution of basic earnings per share in the future. The basic earnings per share are computed as the quotient of the Bank stockholders' share of the profit and the weighted average number of ordinary shares during the year.

The diluted earnings per share are calculated as ratio of net profits attributable to the Bank's shareholder and the weighted average number of ordinary shares as if all potential ordinary shares causing the dilution were converted to shares. The Bank has one category of potential ordinary shares causing the dilution – the subscription warrants, exercising of which entitles to subscription for shares. The number of diluting shares is computed as the number of shares that would be issued if all rights to shares were executed at the market price, determined as the average annual closing price of the Bank's shares.

17. Other comprehensive income

Disclosure of tax effects relating to each component of other comprehensive income	Year ended 31 December 2025			Year ended 31 December 2024		
	Before tax amount	Tax (expense) benefit	Net amount	Before tax amount	Tax (expense) benefit	Net amount
Items that may be reclassified subsequently to the income statement	353 079	(58 425)	294 654	430 120	(71 099)	359 021
Exchange differences on translation of foreign operations	1 889	-	1 889	(5 556)	-	(5 556)
Cash flow hedges	100 530	(16 469)	84 061	193 249	(36 717)	156 532
Share of other comprehensive income of entities under the equity method	28 367	-	28 367	36 641	-	36 641
Change in valuation of debt instruments at fair value through other comprehensive income	222 293	(41 956)	180 337	205 786	(34 382)	171 404
Items that will not be reclassified to the income statement	(20 376)	5 243	(15 133)	(10 138)	1 927	(8 211)
Actuarial gains and losses relating to post-employment benefits	(6 258)	2 561	(3 697)	(10 138)	1 927	(8 211)
Sale of investment properties	(14 118)	2 682	(11 436)	-	-	-
Total other comprehensive income	332 703	(53 182)	279 521	419 982	(69 172)	350 810

The table below presents detailed information concerning net other comprehensive income for the years 2025 and 2024.

	Year ended 31 December	
	2025	2024
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO THE INCOME STATEMENT	294 654	359 021
Exchange differences on translation foreign operations	1 889	(5 556)
Gains or losses on exchange differences on translation of foreign operations included in other comprehensive income	1 889	(5 556)
<i>Unrealised gains (positive differences) arising during the year (net)</i>	9 965	62 387
<i>Unrealised losses (negative differences) arising during the year (net)</i>	(8 076)	(67 943)
Cash flows hedges (effective part)	84 061	156 532
Gains or losses included in other comprehensive income	1 554	(40 394)
<i>Unrealised gains arising during the year (net)</i>	1 554	170 008
<i>Unrealised losses arising during the year (net)</i>	-	(210 402)
Reclassification to the income statement (net)	82 507	196 926
Share of other comprehensive income of entities under the equity method	28 367	36 641
Share of other comprehensive income of entities under the equity method during the year (net)	28 367	36 641
Change in valuation of debt instruments at fair value through other comprehensive income	180 337	171 404
Gains or losses on valuation of debt instruments included in other comprehensive income	208 211	164 621
<i>Unrealised gains on debt instruments arising during the year (net)</i>	218 285	180 516
<i>Unrealised losses on debt instruments arising during the year (net)</i>	(10 074)	(15 895)
Reclassification to the income statement (net)	(27 874)	6 783
ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS	(15 133)	(8 211)
Actuarial gains and losses relating to post-employment benefits	(3 697)	(8 211)
<i>Actuarial losses (net)</i>	(3 697)	(8 211)
Sale of investment properties (net)	(11 436)	-
Other reclassifications (net)	(11 436)	-
Total other comprehensive income (net)	279 521	350 810

18. Cash and cash equivalents

	31.12.2025	31.12.2024
Cash on hand	1 207 908	1 284 081
Cash balances at central banks	38 995 834	35 172 064
Current accounts (payable on demand) and overnight deposits with other banks	207 547	145 339
Total cash and cash equivalents	40 411 289	36 601 484

On the basis of the Act on the National Bank of Poland of 29 August 1997, mBank holds a mandatory reserve deposit. The arithmetic mean of daily balances of the mandatory reserve that mBank is obliged to maintain during a given period in the current account with NBP amounted to:

- PLN 6 799 545 thousand for the period from 8 December 2025 to 11 January 2026,
- PLN 6 228 351 thousand for the period from 31 December 2024 to 9 February 2025.

As at 31 December 2025, the mandatory reserve in Central Bank bore 4.00% interest (31 December 2024: 5.75%).

19. Financial assets and liabilities held for trading and hedging derivatives

Financial assets held for trading and hedging derivatives

	31.12.2025	31.12.2024
Derivatives	782 742	619 735
Derivatives held for trading classified into banking book	263 167	305 847
Derivatives held for trading classified into trading book	585 780	477 922
Derivatives designated as fair value hedges	731 697	391 896
Offsetting effect	(797 902)	(555 930)
Equity instruments	12 870	11 402
Other financial corporations	12 870	11 402
Debt securities	3 485 109	1 176 347
General governments	3 134 791	920 469
Other financial corporations	147 333	72 463
Non-financial corporations	202 985	183 415
Loans and advances to customers	-	42 972
Corporate customers	-	42 972
Total financial assets held for trading and hedging derivatives	4 280 721	1 850 456

As at 31 December 2025, the gross carrying amounts of debt securities with fixed interest rates amounted to PLN 2 076 500 thousand and debt securities with variable interest rates PLN 1 408 609 thousand (31 December 2024, respectively: PLN 319 466 thousand and PLN 856 881 thousand).

As at 31 December 2025 the above note includes government bonds pledged in sell/buy back transactions in the amount of PLN 1 668 687 thousand (as at 31 December 2024: PLN 800 737 thousand).

Financial liabilities held for trading and hedging derivatives

	31.12.2025	31.12.2024
Derivatives	738 013	725 037
Derivatives held for trading classified into banking book	236 215	174 794
Derivatives held for trading classified into trading book	567 557	649 966
Derivatives designated as fair value hedges	132 461	526 464
Derivatives designated as cash flow hedges	-	81 769
Offsetting effect	(198 220)	(707 956)
Liabilities from short sale of securities	719 305	345 710
Total financial liabilities held for trading and hedging derivatives	1 457 318	1 070 747

Derivative financial instruments

31.12.2025	Contract amount		Fair value	
	Buy	Sell	Assets	Liabilities
Derivatives held for trading				
Foreign exchange derivatives				
- Currency forwards	9 613 910	9 716 302	37 836	116 330
- Currency swaps	45 627 205	45 542 412	265 759	200 545
- Cross-currency interest rate swaps	654 617	661 006	4 484	333
- OTC currency options	5 337 630	6 904 746	24 222	75 090
Total OTC derivatives	61 233 362	62 824 466	332 301	392 298
- Currency futures	1 395 659	1 393 527	5 018	-
Total foreign exchange derivatives	62 629 021	64 217 993	337 319	392 298
Interest rate derivatives				
- Interest rate swap, OIS	190 267 664	190 267 663	259 563	164 134
- Forward rate agreements	4 862 000	4 707 000	196	227
- OTC interest rate options	527 257	815 837	1 937	4 525
Total interest rate derivatives	195 656 921	195 790 500	261 696	168 886
Market risk transactions	3 526 716	3 533 043	249 932	242 588
Total derivative assets / liabilities held for trading	261 812 658	263 541 536	848 947	803 772
Hedging derivatives				
Derivatives designated as fair value hedges	40 723 019	40 723 019	731 697	132 461
- Interest rate swaps, OIS	40 723 019	40 723 019	731 697	132 461
Total hedging derivatives	40 723 019	40 723 019	731 697	132 461
Offsetting effect			(797 902)	(198 220)
Total	302 535 677	304 264 555	782 742	738 013
Short-term (up to 1 year)	137 152 754	138 576 125	522 440	456 781
Long-term (over 1 year)	165 382 923	165 688 430	260 302	281 232
31.12.2024				
31.12.2024	Contract amount		Fair value	
	Buy	Sell	Assets	Liabilities
Derivatives held for trading				
Foreign exchange derivatives				
- Currency forwards	20 251 478	20 419 989	92 220	193 014
- Currency swaps	31 436 948	31 297 194	226 916	155 697
- Cross-currency interest rate swaps	2 941 749	2 933 197	31 386	769
- OTC currency options	3 892 391	6 354 551	16 118	81 321
Total OTC derivatives	58 522 566	61 004 931	366 640	430 801
- Currency futures	1 166 739	1 177 775	-	3 869
Total foreign exchange derivatives	59 689 305	62 182 706	366 640	434 670
Interest rate derivatives				
- Interest rate swap, OIS	226 876 192	226 876 191	297 977	284 532
- Forward rate agreements	5 326 000	5 193 000	353	328
- OTC interest rate options	468 116	694 677	5 420	8 232
Total interest rate derivatives	232 670 308	232 763 868	303 750	293 092
Market risk transactions	2 840 506	2 775 648	113 379	96 998
Total derivative assets / liabilities held for trading	295 200 119	297 722 222	783 769	824 760
Hedging derivatives				
Derivatives designated as fair value hedges	40 614 763	40 614 763	391 896	526 464
- Interest rate swaps, OIS	40 614 763	40 614 763	391 896	526 464
Derivatives designated as cash flow hedges	2 740 000	2 740 000	-	81 769
- Interest rate swaps	2 740 000	2 740 000	-	81 769
Total hedging derivatives	43 354 763	43 354 763	391 896	608 233
Offsetting effect			(555 930)	(707 956)
Total	338 554 882	341 076 985	619 735	725 037
Short-term (up to 1 year)	147 862 956	150 171 552	292 068	480 434
Long-term (over 1 year)	190 691 926	190 905 433	327 667	244 603

Except of valuation of derivatives, the offsetting effect includes PLN 7 250 thousand of placed collaterals and PLN 606 932 thousand of collaterals received in connection with the derivative transactions subject to compensation (31 December 2024: PLN 313 400 thousand and PLN 161 374 thousand respectively).

In both reporting periods, market risk transactions comprise the fair values of stock index options, shares and other equity securities, futures for commodities, swap contracts for commodities.

Credit quality of financial assets held for trading and derivatives according to internal rating system

Sub-portfolio	31.12.2025		31.12.2024	
	Derivatives	Loans and advances to customers	Derivatives	Loans and advances to customers
1	686 653	-	628 808	-
2	59 089	-	111 693	-
3	685 182	-	276 401	-
4	38 563	-	72 108	-
5	4 097	-	12 346	42 972
6	41	-	70	-
7	280	-	1 354	-
8	106 449	-	72 859	-
default	290	-	26	-
offsetting effect	(797 902)		(555 930)	
Total	782 742	-	619 735	42 972

Rating	31.12.2025		31.12.2024	
	Debt securities		Debt securities	
1.0 - 1.2	3 134 791		920 469	
2.2 - 2.8	165 603		66 748	
3.0 - 3.8	184 715		189 130	
Total	3 485 109		1 176 347	

Rating system is described in Note 3.3.4.

As at 31 December 2025 and 31 December 2024, the Bank did not hold any financial assets and financial liabilities designated upon initial recognition as at fair value through the income statement.

Hedge accounting

The Bank applies the IFRS 9 hedge accounting requirements with the exception of the fair value portfolio hedges of interest rate risk, which continue to be accounted for in line with IAS 39 requirements.

Until 30 June 2022 the Bank applied the hedge accounting requirements in accordance with IAS 39, instead of the requirements set forth in IFRS 9. Starting 1 July 2022 the Bank applies IFRS 9 requirements in the area of hedge accounting to all hedge relations except for fair value portfolio hedges of interest rate risk where the hedged item is designated as portion that is a currency amount.

The Bank applies fair value hedge accounting and cash flow hedge accounting. As of 31 December 2025 the Bank did not have any active hedge relations within cash flow hedge accounting.

Description of hedge accounting risk management	Fair value hedge accounting	Cash flow hedge accounting
Risk category of exposures hedged and for which hedge accounting is applied	Interest rate risk	Interest rate risk
Risk occurrence	<p>The Bank has long-term financial instruments (i.e.: issued bonds, fixed-rate borrowings, deposits) with fixed interest rates and is therefore exposed to changes in fair value resulting from fluctuations in market interest rates. In order to reduce this risk, the Bank applies fair value hedge accounting in accordance with the requirements of IFRS 9.</p> <p>For the portfolio fair value hedges of interest rate risk described below, the Bank applies the requirements of IAS 39.</p> <p>The Bank holds modelled deposits in PLN, EUR and CZK that are exposed to fair value volatility of fixed-rate products, including:</p> <ul style="list-style-type: none"> ■ current and savings accounts denominated in PLN. The portfolio size is determined as the stable portion over the horizon of the longer-term rate derived from the modelling of the aforementioned deposit products. ■ foreign currency deposits modelled in EUR and CZK with characteristics of fixed-rate deposits. <p>The Bank determines the hedged item by identifying portfolios of similar assets or liabilities and scheduling the expected future cash flows from these items.</p> <p>Information about risk occurrence is also specified in Note 3.5.</p>	<p>The Bank have loans portfolio at variable interest rates indexed to the market rate, which exposes the Bank to the variability of cash flows generated from changes in reference interest rates.</p>
Risk management strategy	<p>The Bank manages this risk by contracting Interest Rate Swaps and Overnight Index Swap in which they pay a fixed rate and receive a variable rate. Only the interest rate risk is covered; therefore, other risks, such as credit risk, are managed but not covered by these instruments. The interest rate risk component is determined as the change in the fair value of fixed-rate financial instruments arising solely from changes in a reference rate.</p> <p>For balances within portfolios of homogeneous instruments, such as mortgages portfolio or deposits with economic characteristics of fixed-rate may be used to hedge risks on a portfolio basis. The Bank creates separate portfolio hedges for assets and liabilities.</p>	<p>The Bank manages interest rate risk with derivatives, from which it receives fixed interest rate and pay variable interest rate (IRS).</p> <p>The purpose of the hedge is to eliminate the volatility of interest cash flows on loans based on a variable interest rate during the hedged period resulting from changes in the WIBOR reference rate. The Bank estimates that 100% of the volatility of the hedged flows is due to changes in the WIBOR reference rate.</p> <p>As part of the above strategy, the Bank, for the hedging relationship, sets a target of hedging a portion of the portfolio of loans based on a variable interest rate, up to an amount-defined layer of this portfolio.</p>
Determination of the risk component	<p>Fair value hedges of interest rate risk related to debt instruments involve swapping fixed cash flows associated with customer deposits or debt issued to floating cash flows by entering into interest rate swaps that either pay fixed and receive floating cash flows or that receive fixed and pay floating cash flows. Derivative instruments designated in hedge relations are based on PLN WIBOR, ESTR, CZK PRIBOR, EURIBOR, CHF SARON and SOFR.</p> <p>As part of portfolio hedges that continue to be accounted for in accordance with the requirements of IAS 39, the Bank applies fair value hedges of interest rate risk for modelled deposits in PLN, EUR, CZK and USD with respect to benchmark interest rate risk, i.e. the rate derived from the swap curve. The Bank designates the benchmark rate as the hedged interest rate for the group of modelled deposits as of the designation date, i.e. the interest rate of an IRS transaction that would be entered into under market conditions on the designation date.</p>	<p>The Bank applies cash flow hedge accounting of the part of variable interest rate loans portfolio indexed to the market rate, that was granted by the Bank. The hedging instrument is an interest rate swap that converts a floating interest rate into a fixed interest rate. The interest rate risk is the hedged risk within applied by the Bank cash flow hedge accounting.</p>
How the risk component relates to the item in its entirety	<p>Risk component is identified using the risk management systems of the Bank and encompasses the majority of:</p> <ul style="list-style-type: none"> ■ variability of cash flows due to interest rate risk, ■ volatility of fair value due to interest rate risk. <p>In the process of management of interest rate risk in the banking book, the Bank ensures independence of risk identification, measurement, monitoring and control functions from activity related to risk-taking functions, as specified in Note 3.7. Interest Rate Risk. The process and risk sensitivity measurement in particular to interest rates are described in Note 3.5. Market Risk.</p>	

Description of hedge accounting risk management	Fair value hedge accounting	Cash flow hedge accounting
Hedged items	<p>Microhedges:</p> <ul style="list-style-type: none"> ■ fixed interest rate loans received by the Bank from European Investment Bank, ■ fixed rate bonds issued by the Bank, ■ senior non-preferred bonds issued by the Bank, fixed rate during three years since the issue date, ■ senior preferred and non-preferred bonds issued by the Bank, fixed rate during five years since the issue date, ■ subordinated bonds issued by the Bank with a fixed interest rate. <p>Fair value hedges of portfolios of financial assets and liabilities (in accordance with IAS 39):</p> <ul style="list-style-type: none"> ■ modelled deposits in PLN with characteristics of fixed-rate deposits, ■ foreign currency modelled deposits in EUR and CZK with characteristics of fixed-rate deposits. 	Part of loans portfolio granted by the Bank at variable interest rates indexed to the market rate
Hedging instruments	Interest Rate Swap and Overnight Index Swap swapping the fixed interest rate for a variable interest rate.	Interest Rate Swap changing the variable interest rate to a fixed interest rate.
Economic relationship between the hedged item and the hedging instrument	<p>In the first step, the existence of an economic linkage is evaluated using a qualitative assessment - the critical terms match method. If the method indicates the existence of an economic linkage between the hedged item and the hedging instrument, then the assessment is considered completed.</p> <p>Otherwise, unless there are qualitative reasons to question the existence of an economic relationship between the hedged item and the hedging instrument, the Bank conducts:</p> <ul style="list-style-type: none"> ■ a retrospective test and a prospective test based on the linear regression analysis method for portfolio hedges of fair value of interest rate risk, which continue to be accounted for in accordance with the requirements of IAS 39, ■ a prospective test based on the linear regression analysis method for other relationships. 	The economic relationship between the hedged component and the hedging instrument is determined based on a qualitative analysis of their key terms, such as the selection of the hedging interest rate for the prime rate and the matching of the tenors of the hedging instrument with the hedged instrument. The analysis includes tests of the probability of future cash flows.
Establishing the hedge ratio	The Bank determines the hedge ratio based on the nominal value of the hedged item and hedging instrument and it is 1:1.	
Evaluation of hedge effectiveness	At the end of each month, the Bank evaluates effectiveness of the applied hedging by carrying out analysis of changes in fair value of the hedged and hedging instruments in respect of the hedged risk in order to confirm that hedging relationships are effective in accordance with the accounting policy described in Note 2.11. In all identified hedging relations, the hedged risk results from changes in interest rates.	Efficiency tests include the valuation of hedging transactions after deducting accrued interest. Hedge effectiveness is verified by applying prospective effectiveness tests. At the end of each month, the Bank evaluates effectiveness of the applied hedging by carrying out analysis of changes in fair value of the hedged and hedging instruments in respect of the hedged risk in order to confirm that hedging relationships are effective in accordance with the accounting policy described in Note 2.11.
Sources of hedge ineffectiveness	<p>The sources of hedge ineffectiveness for hedging relationships for which the ineffectiveness arises include mismatches in the timing of cash flows and repricing dates, base mismatch (e.g. another WIBOR), nominal mismatch in case when the hedge ratio is different than 1:1, CVA/DVA mismatch which is in valuation of hedging instrument and is not in hedged instrument and mismatch due to initial valuation of hedging instruments if a previously acquired derivative was included in hedging relationship.</p> <p>Hedge ineffectiveness arises also due to minimal differences (such as different date of first interest payment or different payments frequency) in the construction method and basic parameters of hedging transactions and hedged items.</p>	
Presentation of the result from hedged and hedging transactions	Fair value adjustment of the hedged assets and liabilities as well as valuation of the hedging instruments are recognized in the income statement as trading income, with the exception of interest income and costs of the interest element of the valuation of hedging instruments, which are presented in the item Interest income/expense on derivatives concluded under the fair value hedge.	The ineffective portion of the gains or losses on the hedging instrument is recognized in the income statement in the position Net trading income - Gains or losses from hedge accounting. Portion of the gains or losses on the hedging instrument that is an effective hedge, is presented in the Statement of comprehensive income as Cash flow hedges (net). In addition, the amounts charged directly to other comprehensive income are transferred to the profit and loss account respectively of the item Net interest income and Foreign exchange result in the same period or periods in which the inflow of the hedged transaction is referred to the profit and loss account.

Fair value hedge accounting

Nominal values of hedging derivatives

The nominal values and weighted average interest rates of hedging instruments are summarised in the table below.

31.12.2025	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
------------	---------------	------------	-------------	-----------	--------------	-------

INTEREST RATE RISK

Interest Rate Swaps (IRS PLN) for fair value hedging that involves swapping the fixed interest rate for a variable interest rate

Nominal value (PLN thousand)	600 000	1 100 000	1 890 000	16 824 000	-	20 414 000
The average rate of fixed leg	3.85%	1.06%	1.67%	4.34%	-	

Interest Rate Swaps (IRS CZK) for fair value hedging that involves swapping the fixed interest rate for a variable interest rate

Nominal value (PLN thousand)	-	-	87 300	1 728 540	-	1 815 840
The average rate of fixed leg	-	-	3.26%	3.37%	-	

Interest Rate Swaps (IRS EUR) for fair value hedging that involves swapping the fixed interest rate for a variable interest rate

Nominal value (PLN thousand)	156 388	50 720	6 348 504	5 031 886	-	11 587 498
The average rate of fixed leg	3.50%	3.16%	5.06%	2.57%	-	

Overnight Index Swap (OIS EUR) for fair value hedging that involves swapping the fixed interest rate for a variable interest rate

Nominal value (PLN thousand)	-	-	-	3 804 030	2 113 350	5 917 380
The average rate of fixed leg	-	-	-	4.36%	3.77%	

Overnight Index Swap (OIS USD) for fair value hedging that involves swapping the fixed interest rate for a variable interest rate

Nominal value (PLN thousand)	-	-	-	360 160	-	360 160
The average rate of fixed leg	-	-	-	3.30%	-	

Overnight Index Swap (OIS CHF) for fair value hedging that involves swapping the fixed interest rate for a variable interest rate

Nominal value (PLN thousand)	-	-	-	628 141	-	628 141
The average rate of fixed leg	-	-	-	-0.46%	-	

31.12.2024	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
------------	---------------	------------	-------------	-----------	--------------	-------

INTEREST RATE RISK

Interest Rate Swaps (IRS PLN) for fair value hedging that involves swapping the fixed interest rate for a variable interest rate

Nominal value (PLN thousand)	260 000	1 200 000	4 475 000	18 089 000	-	24 024 000
The average rate of fixed leg	0.37%	1.43%	1.45%	4.09%	-	

Interest Rate Swaps (IRS CZK) for fair value hedging that involves swapping the fixed interest rate for a variable interest rate

Nominal value (PLN thousand)	-	-	-	1 605 555	-	1 605 555
The average rate of fixed leg	-	-	-	3.30%	-	

Interest Rate Swaps (IRS EUR) for fair value hedging that involves swapping the fixed interest rate for a variable interest rate

Nominal value (PLN thousand)	-	-	200 831	10 710 274	-	10 911 105
The average rate of fixed leg	-	-	3.28%	4.11%	-	

Overnight Index Swap (OIS EUR) for fair value hedging that involves swapping the fixed interest rate for a variable interest rate

Nominal value (PLN thousand)	-	-	-	2 136 500	-	2 136 500
The average rate of fixed leg	-	-	-	4.03%	-	

Overnight Index Swap (OIS CHF) for fair value hedging that involves swapping the fixed interest rate for a variable interest rate

Nominal value (PLN thousand)	-	-	1 309 725	627 878	-	1 937 603
The average rate of fixed leg	-	-	-0.04%	-0.46%	-	

Designated hedging instruments and hedge ineffectiveness

All hedges: designated hedging instruments and hedge ineffectiveness.

31.12.2025	Nominal amount of the hedging instrument	Carrying amount of the hedging instrument		Line item in the statement of financial position that includes the hedging instrument	Changes in fair value of the hedging instrument used for calculating hedge ineffectiveness for the reporting period
		Assets	Liabilities		
Fair value hedge					
Interest rate risk - Interest rate swaps	40 723 019	731 697	132 461	Financial assets held for trading and hedging derivatives / Financial liabilities held for trading and hedging derivatives	686 564
31.12.2024	Nominal amount of the hedging instrument	Carrying amount of the hedging instrument		Line item in the statement of financial position that includes the hedging instrument	Changes in fair value of the hedging instrument used for calculating hedge ineffectiveness for the reporting period
		Assets	Liabilities		
Fair value hedge					
Interest rate risk - Interest rate swaps	40 614 763	391 896	526 464	Financial assets held for trading and hedging derivatives / Financial liabilities held for trading and hedging derivatives	300 479

Type of coverage, covered risk and products

The following table presents the type of coverage, the risk that is covered and the products being covered.

31.12.2025	Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item		Carrying amount of the hedged item		Line item in the statement of financial position in which the hedged item is included	The change in value of the hedged item used as the basis for recognising hedge ineffectiveness for the period	The accumulated amount of fair value hedge adjustments remaining in the statement of financial position for any hedged items that have ceased to be adjusted for hedging gains and losses
	Assets	Liabilities	Assets	Liabilities			
Interest rate risk - micro hedges							
Bonds issued with a fixed interest rate	-	(32 728)	-	9 577 121	Financial liabilities measured at amortised cost - Debt securities issued	10 663	-
Fixed interest rate loans received from European Investment Bank	-	(4 912)	-	623 534	Financial liabilities measured at amortised cost - Amounts due to banks - Loans and advances received	(5 564)	-
Subordinated bonds issued	-	(16 070)	-	1 710 159	Financial liabilities measured at amortised cost - Subordinated liabilities	16 070	-
Fixed interest rate housing and consumer portfolio denominated in CZK	-	-	-	-	Financial assets measured at amortised cost - Loans and advances to customers	32 591	(4 585)
Interest rate risk - hedging the fair value of a portfolio of financial assets and liabilities							
Deposits modelled with economic characteristics of fixed-rate deposits	-	305 818	-	28 894 123	Financial liabilities measured at amortised cost - Amounts due to customers - Deposits	(700 527)	16 499
31.12.2024	Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item		Carrying amount of the hedged item		Line item in the statement of financial position in which the hedged item is included	The change in value of the hedged item used as the basis for recognising hedge ineffectiveness for the period	The accumulated amount of fair value hedge adjustments remaining in the statement of financial position for any hedged items that have ceased to be adjusted for hedging gains and losses
	Assets	Liabilities	Assets	Liabilities			
Interest rate risk - micro hedges							
Bonds issued with a fixed interest rate	-	(22 065)	-	7 550 557	Financial liabilities measured at amortised cost - Debt securities issued	(78 364)	-
Fixed interest rate loans received from European Investment Bank	-	(10 476)	-	1 928 928	Financial liabilities measured at amortised cost - Amounts due to banks - Loans and advances received	(52 866)	-
Fixed interest rate housing and consumer portfolio denominated in CZK	-	-	-	-	Financial assets measured at amortised cost - Loans and advances to customers	42 511	(33 607)
Interest rate risk - hedging the fair value of a portfolio of financial assets and liabilities							
Deposits modelled with economic characteristics of fixed-rate deposits	-	(393 568)	-	31 199 411	Financial liabilities measured at amortised cost - Amounts due to customers - Deposits	(172 830)	(3 719)

The net impacts of fair value hedges are seen in the following table.

Fair value hedges	Ineffectiveness recognised in profit or loss		Line items in profit or loss (that include hedge ineffectiveness)
	2025	2024	
Interest rate risk	39 797	38 930	Net trading income - Gains or losses from hedge accounting

Cash flow hedge accounting

Nominal values of hedging derivatives

The nominal values and weighted average interest rates of hedging instruments are summarised in the table below.

31.12.2025	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
------------	---------------	------------	-------------	-----------	--------------	-------

INTEREST RATE RISK

Interest rate swaps (IRS) hedging cash flows arising from granted loans with a variable interest rate denominated in PLN

Nominal value (PLN thousand)	-	-	-	-	-	-
The average rate of fixed leg	-	-	-	-	-	

31.12.2024	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
------------	---------------	------------	-------------	-----------	--------------	-------

INTEREST RATE RISK

Interest rate swaps (IRS) hedging cash flows arising from granted loans with a variable interest rate denominated in PLN

Nominal value (PLN thousand)	-	300 000	2 440 000	-	-	2 740 000
The average rate of fixed leg	-	0.58%	1.00%	-	-	

Designated hedging instruments and hedge ineffectiveness

All hedges: designated hedging instruments and hedge ineffectiveness.

31.12.2025	Nominal amount of the hedging instrument	Carrying amount of the hedging instrument		Line item in the statement of financial position that includes the hedging instrument	Changes in fair value of the hedging instrument used for calculating hedge ineffectiveness for the reporting period
		Assets	Liabilities		

Cash flow hedges

Interest rate risk - Interest rate swaps	-	-	-	Financial assets held for trading and hedging derivatives / Financial liabilities held for trading and hedging derivatives	-
---	---	---	---	--	---

31.12.2024	Nominal amount of the hedging instrument	Carrying amount of the hedging instrument		Line item in the statement of financial position that includes the hedging instrument	Changes in fair value of the hedging instrument used for calculating hedge ineffectiveness for the reporting period
		Assets	Liabilities		

Cash flow hedges

Interest rate risk - Interest rate swaps	2 740 000	-	81 769	Financial assets held for trading and hedging derivatives / Financial liabilities held for trading and hedging derivatives	(73 865)
---	-----------	---	--------	--	----------

Type of coverage, covered risk and products

The following table presents the type of coverage, the risk that is covered and the products being covered.

31.12.2025	Carrying amount of the hedged item		Line item in the statement of financial position in which the hedged item is included	The change in value of the hedged item used as the basis for recognising hedge ineffectiveness for the period	Cash flow hedge reserve	The balances remaining in the cash flow hedge reserve and the foreign currency translation reserve from hedging relationships for which hedge accounting is no longer applied
	Assets	Liabilities				

Interest rate risk

Loans and advances to customers - loans at a variable interest rate indexed to the market rate	-	-	Financial assets measured at amortised cost - Loans and advances to customers	-	(25 946)	(25 946)
--	---	---	---	---	----------	----------

31.12.2024	Carrying amount of the hedged item		Line item in the statement of financial position in which the hedged item is included	The change in value of the hedged item used as the basis for recognising hedge ineffectiveness for the period	Cash flow hedge reserve	The balances remaining in the cash flow hedge reserve and the foreign currency translation reserve from hedging relationships for which hedge accounting is no longer applied
	Assets	Liabilities				

Interest rate risk

Loans and advances to customers - loans at a variable interest rate indexed to the market rate	2 740 000	-	Financial assets measured at amortised cost - Loans and advances to customers	73 678	(126 476)	(53 037)
--	-----------	---	---	--------	-----------	----------

The total result of cash flow hedge accounting recognised in the other comprehensive income

The following note presents other comprehensive income due to cash flow hedge and cost of hedge for the period from 1 January to 31 December 2025 and for the period from 1 January to 31 December 2024.

	Year ended 31 December	
	2025	2024
CASH FLOW HEDGE		
Other gross comprehensive income from cash flow hedge at the beginning of the period	(126 476)	(319 725)
Gains/losses included in other gross comprehensive income during the reporting period	(1 330)	(49 870)
The amount transferred in the period from other comprehensive income to profit and loss, including:	101 860	243 119
- net interest income, including:	101 860	243 119
<i>relationships for which hedge accounting continues to be applied</i>	74 769	192 737
<i>relationships for which hedge accounting is no longer applied</i>	27 091	50 382
Accumulated other gross comprehensive income from cash flow hedge at the end of the reporting period	(25 946)	(126 476)
Income tax on accumulated other comprehensive income at the end of the reporting period	7 562	24 031
Accumulated other net comprehensive income from cash flow hedge at the end of the reporting period	(18 384)	(102 445)
Impact on other comprehensive income in the reporting period (gross)	100 530	193 249
Income tax on cash flow hedges	(16 469)	(36 717)
Impact of cash flow hedge on other comprehensive income in the reporting period (net)	84 061	156 532

	Year ended 31 December	
	2025	2024
Gains (losses) recognised in comprehensive income (gross) during the reporting period, including:		
Unrealised gains (losses) included in other comprehensive income (gross)	100 530	193 249
Results of cash flow hedge accounting recognised in the income statement	(101 162)	(242 274)
- amount included as interest income/expenses in the income statement during the reporting period (Note 5), including:	(101 860)	(243 119)
<i>relationships for which hedge accounting continues to be applied</i>	(74 769)	(192 737)
<i>relationships for which hedge accounting is no longer applied</i>	(27 091)	(50 382)
- ineffective portion of hedge recognised included in other net trading income in the income statement (Note 8)	698	845
Impact on comprehensive income in the reporting period (gross)	(632)	(49 025)

Impact of the IBOR reform on hedge accounting

In preparing the 2019 financial statements, the Bank opted for early application of the amendments under Phase 1 of the interest rate benchmark reform: the amendments to IFRS 9/IAS 39 and IFRS 7. The amendments in question modified certain requirements for hedge accounting, allowing it to continue to be applied to hedging relationships covered by the amendments during the period of uncertainty before the hedged items or hedging instruments change as a result of the interest rate benchmark reform.

In 2021, the Bank has applied for the first time the amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures, IFRS 4 Insurance Contracts and IFRS 16 Leases under Interest Rate Benchmark Reform - Phase 2, published in August 2020.

Application of the above-mentioned Phase 1 measures allowed to maintain the hedge relationships despite uncertainty related to the value and timing of the hedged cashflows resulting from interest rate benchmark reform and lack of ability to separate reference interest rate component in case of IBOR related fair value hedges.

The Bank retained cumulative gains or losses in the cash flow hedge reserve for designated cash flow hedges related to IBORs subject to the interest rate benchmark reform despite the uncertainty caused by the interest rate benchmark reform related to the timing and amount of cash flows from the hedged items. In cases where the hedged future cash flows are no longer expected for reasons other than the interest rate benchmark reform, the cumulative gain or loss would be immediately reclassified to profit or loss.

The Bank will be taking advantage of the measures resulting from changes to IFRS 9/IAS 39 introduced within Phase 1 until uncertainty related to timing and amount of cashflows resulting from the interest benchmark reform ceases to impact the Bank. The above-mentioned uncertainty will be impacting the Bank until WIBOR related contracts are amended to include clauses regulating replacement of reference benchmark and establishing alternative reference rate including fixed spread as basis for contractual cashflows.

As a result of the Phase 2 amendments, in cases where the contractual terms of non-derivative financial instruments have been changed as a direct result of the interest rate benchmark reform and the new basis for determining contractual cash flows is economically equivalent to the previous basis (i.e. the basis immediately before the change), the Bank has changed the basis for determining contractual cash flows prospectively by changing the effective interest rate. Where additional changes were made that are not directly related to the reform, the relevant requirements under IFRS 9 were applied to such changes.

In cases where the interest rate benchmark reform resulted in conversion of the hedging instrument, the Bank updated the hedging documentation without terminating the hedge relationship.

Additionally for cashflow hedge relationships, if the hedged item was modified as a result of the interest rate benchmark reform, the cumulated profits or losses recognised in the cashflow hedge reserve related to IBOR hedge relations are treated as if they were calculated based on alternative reference rate.

At the end of 2025, derivative instruments designated in hedge relations are based on WIBOR, PRIBOR, EURIBOR, ESTR, SARON or SOFR rates.

The table below indicates the notional values and weighted average maturity of derivative instruments in hedging relationships that will be affected by the IBOR reform. Hedging derivative instruments provide a close approximation of the scope of risk exposure managed by the Bank through hedging relationships.

	31.12.2025		31.12.2024	
	Nominal value	Average weighted maturity (in years)	Nominal value	Average weighted maturity (in years)
Interest rate swap contracts (IRS)				
WIBOR 1M	809 000	3.46	84 000	2.74
WIBOR 3M	19 605 000	2.60	26 330 000	2.01
WIBOR 6M	-	-	350 000	0.46
Total	20 414 000		26 764 000	

20. Non-trading financial assets mandatorily at fair value through profit or loss

	31.12.2025	31.12.2024
Equity instruments	308 930	263 015
Other financial corporations	288 495	243 065
Non-financial corporations	20 435	19 950
Debt securities	12 229	31 204
Other financial corporations	12 229	31 204
Loans and advances to customers	390 780	486 850
Individual customers	352 298	434 565
Corporate customers	38 344	52 151
Public sector customers	138	134
Total non-trading financial assets mandatorily at fair value through profit or loss	711 939	781 069
Short-term (up to 1 year)	355 908	418 699
Long-term (over 1 year)	356 031	362 370

Credit quality of non-trading financial assets mandatorily at fair value through profit or loss according to internal rating system

Rating	Debt securities	
	31.12.2025	31.12.2024
1.4 - 1.6	12 229	31 204
Total carrying amount	12 229	31 204

Sub-portfolio	Loans and advances to customers	
	31.12.2025	31.12.2024
1	950	179
2	45 294	51 454
3	47 368	42 724
4	125 526	184 683
5	105 962	126 604
6	7 690	8 264
7	24 631	34 078
default	33 359	38 864
Total carrying amount	390 780	486 850

Rating system is described in Note 3.3.4.

21. Financial assets at fair value through other comprehensive income

31.12.2025	Carrying amount	Gross carrying amount including valuation to fair value				Accumulated impairment			
		Stage 1	Stage 2	Stage 3	POCI	Stage 1	Stage 2	Stage 3	POCI
Debt securities	33 295 067	32 976 778	326 538	39 367	-	(11 512)	(3 255)	(32 849)	-
Central banks	14 993 378	14 998 120	-	-	-	(4 742)	-	-	-
General governments	16 077 079	16 082 096	-	-	-	(5 017)	-	-	-
Credit institutions	665 965	666 211	-	-	-	(246)	-	-	-
Other financial corporations	374 766	330 317	38 557	39 367	-	(454)	(172)	(32 849)	-
Non-financial corporations	1 183 879	900 034	287 981	-	-	(1 053)	(3 083)	-	-
Loans and advances to customers	12 897 486	10 110 617	2 627 693	248 942	237	(2 440)	(32 022)	(55 512)	(29)
Individual customers	12 897 486	10 110 617	2 627 693	248 942	237	(2 440)	(32 022)	(55 512)	(29)
Total financial assets at fair value through other comprehensive income	46 192 553	43 087 395	2 954 231	288 309	237	(13 952)	(35 277)	(88 361)	(29)
Short-term (up to 1 year) gross	27 502 767								
Long-term (over 1 year) gross	18 827 405								

31.12.2024	Carrying amount	Gross carrying amount including valuation to fair value				Accumulated impairment			
		Stage 1	Stage 2	Stage 3	POCI	Stage 1	Stage 2	Stage 3	POCI
Debt securities	33 405 946	33 304 429	110 901	-	-	(8 202)	(1 182)	-	-
Central banks	14 494 118	14 496 343	-	-	-	(2 225)	-	-	-
General governments	16 651 480	16 654 016	-	-	-	(2 536)	-	-	-
Credit institutions	482 570	483 278	-	-	-	(708)	-	-	-
Other financial corporations	1 061 005	1 030 642	31 428	-	-	(580)	(485)	-	-
Non-financial corporations	716 773	640 150	79 473	-	-	(2 153)	(697)	-	-
Loans and advances to customers	15 908 001	12 547 599	3 245 551	194 694	505	(3 486)	(33 382)	(43 346)	(134)
Individual customers	15 908 001	12 547 599	3 245 551	194 694	505	(3 486)	(33 382)	(43 346)	(134)
Total financial assets at fair value through other comprehensive income	49 313 947	45 852 028	3 356 452	194 694	505	(11 688)	(34 564)	(43 346)	(134)
Short-term (up to 1 year) gross	25 072 155								
Long-term (over 1 year) gross	24 331 524								

As at 31 December 2025, the gross carrying amounts of debt securities with fixed interest rates amounted to PLN 28 513 605 thousand and debt securities with variable interest rates PLN 4 829 078 thousand (31 December 2024, respectively: PLN 23 851 344 thousand and PLN 9 563 986 thousand).

As at 31 December 2025, the above note includes government bonds pledged in sell/buy back transactions with a total value of PLN 103 079 thousand.

As at 31 December 2024, the above note includes government bonds pledged to the Bank Guarantee Fund, government bonds pledged in sell/buy back transactions and securities issued by the European Investment Bank serving as collateral in connection with securitization transactions with the total amount of PLN 846 304.

In accordance with the Act of 10 June 2016 on the Bank Guarantee Fund, the deposit guarantee scheme, and compulsory restructuring, as amended, as at 31 December 2024, the Group held treasury bonds recognised in the statement of financial position in the amount of PLN 229 641 thousand, with a nominal value of PLN 250 000 thousand. These bonds served as collateral for the guaranteed funds protection fund under the BGF and were deposited in a segregated account at the National Depository for Securities.

Movements in expected credit losses allowance on financial assets at fair value through other comprehensive income

31.12.2025	Stage 1	Stage 2	Stage 3	POCI	TOTAL
DEBT SECURITIES					
As at the beginning of the period	(8 202)	(1 182)	-	-	(9 384)
Changes affecting the profit and loss account, including:	(3 307)	(2 074)	(32 849)	-	(38 230)
<i>Transfer to Stage 1</i>	(573)	573	-	-	-
<i>Transfer to Stage 2</i>	1 671	(1 671)	-	-	-
<i>Transfer to Stage 3</i>	-	1 673	(1 673)	-	-
<i>Increases due to grants and acquisitions</i>	(28 489)	-	-	-	(28 489)
<i>Decreases due to derecognition</i>	24 849	271	-	-	25 120
<i>Changes due to changes in credit risk (net)</i>	(765)	(2 920)	(31 176)	-	(34 861)
Other movements	(3)	1	-	-	(2)
As at the end of the period	(11 512)	(3 255)	(32 849)	-	(47 616)
LOANS AND ADVANCES TO CUSTOMERS					
As at the beginning of the period	(3 486)	(33 382)	(43 346)	(134)	(80 348)
Changes affecting the profit and loss account, including:	613	(62)	(15 855)	189	(15 115)
<i>Transfer to Stage 1</i>	(15 749)	15 174	575	-	-
<i>Transfer to Stage 2</i>	1 352	(8 804)	7 452	-	-
<i>Transfer to Stage 3</i>	16	9 254	(9 270)	-	-
<i>Increases due to grants and acquisitions</i>	(209)	-	-	7	(202)
<i>Decreases due to derecognition</i>	674	3 665	6 580	104	11 023
<i>Changes due to changes in credit risk (net)</i>	14 529	(19 351)	(21 192)	78	(25 936)
Other movements	433	1 422	3 689	(84)	5 460
As at the end of the period	(2 440)	(32 022)	(55 512)	(29)	(90 003)
TOTAL	(13 952)	(35 277)	(88 361)	(29)	(137 619)
31.12.2024	Stage 1	Stage 2	Stage 3	POCI	TOTAL
DEBT SECURITIES					
As at the beginning of the period	(9 828)	(862)	-	-	(10 690)
Changes affecting the profit and loss account, including:	1 555	(321)	-	-	1 234
<i>Transfer to Stage 1</i>	(328)	328	-	-	-
<i>Transfer to Stage 2</i>	520	(520)	-	-	-
<i>Increases due to grants and acquisitions</i>	(25 956)	-	-	-	(25 956)
<i>Decreases due to derecognition</i>	26 996	441	-	-	27 437
<i>Changes due to changes in credit risk (net)</i>	323	(570)	-	-	(247)
Other movements	71	1	-	-	72
As at the end of the period	(8 202)	(1 182)	-	-	(9 384)
LOANS AND ADVANCES TO CUSTOMERS					
As at the beginning of the period	(7 064)	(38 640)	(35 969)	(35)	(81 708)
Changes affecting the profit and loss account, including:	3 141	3 887	(9 342)	(65)	(2 379)
<i>Transfer to Stage 1</i>	(16 504)	16 162	342	-	-
<i>Transfer to Stage 2</i>	2 011	(6 840)	4 829	-	-
<i>Transfer to Stage 3</i>	15	8 224	(8 239)	-	-
<i>Increases due to grants and acquisitions</i>	(214)	-	-	-	(214)
<i>Decreases due to derecognition</i>	742	3 543	6 024	-	10 309
<i>Changes due to changes in credit risk (net)</i>	17 091	(17 202)	(12 298)	(65)	(12 474)
Other movements	437	1 371	1 965	(34)	3 739
As at the end of the period	(3 486)	(33 382)	(43 346)	(134)	(80 348)
TOTAL	(11 688)	(34 564)	(43 346)	(134)	(89 732)

Explanation of changes in the financial instruments gross carrying amount including valuation to fair value impacting the changes on expected credit losses allowance

31.12.2025	Stage 1	Stage 2	Stage 3	POCI	TOTAL
DEBT SECURITIES					
As at the beginning of the period	33 304 429	110 901	-	-	33 415 330
Transfer to Stage 1	104 660	(104 660)	-	-	-
Transfer to Stage 2	(410 866)	410 866	-	-	-
Transfer to Stage 3	-	(40 501)	40 501	-	-
Increases due to grants and acquisitions	102 767 928	-	-	-	102 767 928
Decreases due to derecognition	(103 447 465)	(25 045)	-	-	(103 472 510)
Other movements	658 092	(25 023)	(1 134)	-	631 935
As at the end of the period	32 976 778	326 538	39 367	-	33 342 683
LOANS AND ADVANCES TO CUSTOMERS					
As at the beginning of the period	12 547 599	3 245 551	194 694	505	15 988 349
Transfer to Stage 1	2 477 865	(2 472 422)	(5 443)	-	-
Transfer to Stage 2	(2 444 816)	2 504 783	(59 967)	-	-
Transfer to Stage 3	(22 272)	(125 289)	147 561	-	-
Increases due to grants and acquisitions	871 661	-	-	125	871 786
Decreases due to derecognition	(2 873 586)	(453 559)	(19 962)	(355)	(3 347 462)
Other movements	(445 834)	(71 371)	(7 941)	(38)	(525 184)
As at the end of the period	10 110 617	2 627 693	248 942	237	12 987 489
TOTAL	43 087 395	2 954 231	288 309	237	46 330 172
31.12.2024	Stage 1	Stage 2	Stage 3	POCI	TOTAL
DEBT SECURITIES					
As at the beginning of the period	36 207 837	28 800	-	-	36 236 637
Transfer to Stage 1	31 424	(31 424)	-	-	-
Transfer to Stage 2	(139 086)	139 086	-	-	-
Increases due to grants and acquisitions	154 055 581	-	-	-	154 055 581
Decreases due to derecognition	(158 236 006)	(28 088)	-	-	(158 264 094)
Other movements	1 384 679	2 527	-	-	1 387 206
As at the end of the period	33 304 429	110 901	-	-	33 415 330
LOANS AND ADVANCES TO CUSTOMERS					
As at the beginning of the period	15 189 404	2 975 222	155 221	419	18 320 266
Transfer to Stage 1	2 026 350	(2 023 197)	(3 153)	-	-
Transfer to Stage 2	(2 804 014)	2 842 632	(38 618)	-	-
Transfer to Stage 3	(14 569)	(96 272)	110 841	-	-
Increases due to grants and acquisitions	1 225 837	-	-	-	1 225 837
Decreases due to derecognition	(878 365)	(186 064)	(23 373)	-	(1 087 802)
Other movements	(2 197 044)	(266 770)	(6 224)	86	(2 469 952)
As at the end of the period	12 547 599	3 245 551	194 694	505	15 988 349
TOTAL	45 852 028	3 356 452	194 694	505	49 403 679

In 2024 the item Other movements included among others the impact on non-substantial modification resulting from the recognition of suspending the execution of mortgage contracts granted in Polish currency (so-called "credit holidays").

Credit quality of financial assets at fair value through other comprehensive income according to internal rating system

31.12.2025	Stage 1	Stage 2	Stage 3	POCI	TOTAL
Debt securities at fair value through other comprehensive income					
1.0 – 1.2	225 853	-	-	-	225 853
1.4 – 1.6	50 826	-	-	-	50 826
1.8 – 2.0	31 290 793	-	-	-	31 290 793
2.2 – 2.8	1 075 801	131 908	-	-	1 207 709
3.0 – 3.8	329 810	97 090	-	-	426 900
4.0 – 5.0	3 695	97 540	-	-	101 235
default	-	-	39 367	-	39 367
Gross carrying amount	32 976 778	326 538	39 367	-	33 342 683
Accumulated impairment	(11 512)	(3 255)	(32 849)	-	(47 616)
Total carrying amount	32 965 266	323 283	6 518	-	33 295 067
Loans and advances to customers at fair value through other comprehensive income					
1	4 045 642	187 524	-	-	4 233 166
2	5 535 791	1 025 934	-	-	6 561 725
3	362 587	594 118	-	-	956 705
4	150 480	425 527	-	-	576 007
5	16 117	211 253	-	-	227 370
6	-	23 774	-	-	23 774
7	-	159 563	-	-	159 563
default	-	-	248 942	237	249 179
Gross carrying amount	10 110 617	2 627 693	248 942	237	12 987 489
Accumulated impairment	(2 440)	(32 022)	(55 512)	(29)	(90 003)
Total carrying amount	10 108 177	2 595 671	193 430	208	12 897 486
31.12.2024	Stage 1	Stage 2	Stage 3	POCI	TOTAL
Debt securities at fair value through other comprehensive income					
1.0 – 1.2	873 443	-	-	-	873 443
1.8 – 2.0	31 247 163	-	-	-	31 247 163
2.2 – 2.8	808 163	-	-	-	808 163
3.0 – 3.8	360 631	79 473	-	-	440 104
4.0 – 5.0	15 029	31 428	-	-	46 457
Gross carrying amount	33 304 429	110 901	-	-	33 415 330
Accumulated impairment	(8 202)	(1 182)	-	-	(9 384)
Total carrying amount	33 296 227	109 719	-	-	33 405 946
Loans and advances to customers at fair value through other comprehensive income					
1	1 128 395	5 072	-	-	1 133 467
2	10 751 399	1 980 024	-	-	12 731 423
3	575 024	539 825	-	-	1 114 849
4	89 891	418 672	-	-	508 563
5	2 890	174 190	-	-	177 080
6	-	17 305	-	-	17 305
7	-	110 463	-	-	110 463
default	-	-	194 694	505	195 199
Gross carrying amount	12 547 599	3 245 551	194 694	505	15 988 349
Accumulated impairment	(3 486)	(33 382)	(43 346)	(134)	(80 348)
Total carrying amount	12 544 113	3 212 169	151 348	371	15 908 001

Rating system is described in Note 3.3.4.

Financial effect of collaterals

31.12.2025	Gross amount	Accumulated impairment	Accumulated impairment without cash flow from collaterals	Financial effect of collaterals
Balance sheet data				
Loans and advances to customers	12 987 489	(90 003)	(124 814)	34 811
Individual customers	12 987 489	(90 003)	(124 814)	34 811
Total balance sheet data	12 987 489	(90 003)	(124 814)	34 811
Total balance sheet data, Stage 3	248 942	(55 512)	(69 933)	14 421
Total balance sheet data, POCI	237	(29)	(44)	15
31.12.2024	Gross amount	Accumulated impairment	Accumulated impairment without cash flow from collaterals	Financial effect of collaterals
Balance sheet data				
Loans and advances to customers	15 988 349	(80 348)	(108 330)	27 982
Individual customers	15 988 349	(80 348)	(108 330)	27 982
Total balance sheet data	15 988 349	(80 348)	(108 330)	27 982
Total balance sheet data, Stage 3	194 694	(43 346)	(52 648)	9 302
Total balance sheet data, POCI	505	(134)	(220)	86

22. Financial assets at amortised cost

31.12.2025	Carrying amount	Gross carrying amount				Accumulated impairment			
		Stage 1	Stage 2	Stage 3	POCI	Stage 1	Stage 2	Stage 3	POCI
Debt securities	51 144 610	51 157 930	-	-	-	(13 320)	-	-	-
General governments	37 727 573	37 739 128	-	-	-	(11 555)	-	-	-
Credit institutions	7 373 046	7 374 198	-	-	-	(1 152)	-	-	-
Other financial corporations	6 043 991	6 044 604	-	-	-	(613)	-	-	-
Loans and advances to banks	17 232 959	17 225 137	9 022	-	-	(459)	(741)	-	-
Loans and advances to customers	109 548 063	93 104 209	15 737 660	2 943 636	613 665	(373 779)	(579 121)	(1 825 750)	(72 457)
Individual customers	53 815 419	46 231 878	7 256 958	1 667 136	423 988	(190 365)	(465 880)	(991 027)	(117 269)
Corporate customers	55 628 719	46 838 319	8 416 505	1 250 209	189 677	(183 274)	(107 676)	(819 853)	44 812
Public sector customers	103 925	34 012	64 197	26 291	-	(140)	(5 565)	(14 870)	-
Total financial assets at amortised cost	177 925 632	161 487 276	15 746 682	2 943 636	613 665	(387 558)	(579 862)	(1 825 750)	(72 457)
Short-term (up to 1 year) gross	55 817 271								
Long-term (over 1 year) gross	124 973 988								

31.12.2024	Carrying amount	Gross carrying amount				Accumulated impairment			
		Stage 1	Stage 2	Stage 3	POCI	Stage 1	Stage 2	Stage 3	POCI
Debt securities	37 373 491	37 379 620	-	-	-	(6 129)	-	-	-
General governments	24 966 741	24 970 435	-	-	-	(3 694)	-	-	-
Credit institutions	6 841 215	6 843 181	-	-	-	(1 966)	-	-	-
Other financial corporations	5 565 535	5 566 004	-	-	-	(469)	-	-	-
Loans and advances to banks	13 248 554	13 250 358	239	-	-	(2 043)	-	-	-
Loans and advances to customers	95 039 448	85 260 889	8 792 702	3 501 071	383 030	(397 123)	(505 002)	(1 980 590)	(15 529)
Individual customers	43 132 830	37 684 005	4 911 847	2 082 085	302 157	(212 319)	(436 636)	(1 123 660)	(74 649)
Corporate customers	51 783 198	47 528 440	3 813 785	1 389 788	80 873	(184 716)	(64 867)	(839 225)	59 120
Public sector customers	123 420	48 444	67 070	29 198	-	(88)	(3 499)	(17 705)	-
Total financial assets at amortised cost	145 661 493	135 890 867	8 792 941	3 501 071	383 030	(405 295)	(505 002)	(1 980 590)	(15 529)
Short-term (up to 1 year) gross	50 871 994								
Long-term (over 1 year) gross	97 695 915								

As at 31 December 2025, the gross carrying amounts of debt securities with fixed interest rates amounted to PLN 43 787 485 thousand and debt securities with variable interest rates PLN 7 370 445 thousand (31 December 2024, respectively: PLN 29 803 045 thousand and PLN 7 576 575 thousand).

As at 31 December 2025, the above note includes government bonds serving as collateral for liabilities to the Bank Guarantee Fund's bank guarantee and bank resolution funds and securities issued by the European Investment Bank serving as collateral in connection with securitisation transactions, with a total value of PLN 3 992 195 thousand.

As at 31 December 2024, the above note included government bonds serving as collateral for liabilities to the Bank Guarantee Fund's bank guarantee and bank resolution funds, government bonds serving as collateral for the guaranteed funds protection fund under the Bank Guarantee Fund, government bonds serving as collateral for loans received from the European Investment Bank, and securities issued by the European Investment Bank serving as collateral in connection with securitisation transactions, with a total value of PLN 3 507 734 thousand.

In accordance with the Act of 10 June 2016 on the Bank Guarantee Fund, the deposit guarantee scheme, and compulsory restructuring, as amended, as at 31 December 2024, the Group held treasury bonds recognised in the statement of financial position in the amount of PLN 397 110 thousand, with a nominal value of PLN 400 000 thousand. These bonds served as collateral for the guaranteed funds protection fund under the BGF and were deposited in a segregated account at the National Depository for Securities.

The item Loans and advances to customers also includes loans granted to microenterprises serviced by mBank S.A. Retail Banking.

Loans and advances to banks

	31.12.2025	31.12.2024
Term loans and advances	3 019 794	3 077 921
Reverse repo or buy/sell back	12 204 644	8 633 448
Other receivables	2 009 721	1 539 228
Total (gross) loans and advances to banks	17 234 159	13 250 597
Accumulated impairment	(1 200)	(2 043)
Total (net) loans and advances to banks	17 232 959	13 248 554
Short-term (up to 1 year) gross	13 192 066	9 764 876
Long-term (over 1 year) gross	4 042 093	3 485 721

The item Other receivables includes cash collaterals in the amount of PLN 524 454 thousand, placed with other banks under the derivative transactions concluded by the Bank (Note 36) (31 December 2024: PLN 603 278 thousand).

As at 31 December 2025, the variable rate loans to banks amounted to PLN 2 600 780 thousand and the fixed rate loans to banks amounted to PLN 419 014 thousand (31 December 2024: PLN 2 741 226 thousand and PLN 336 695 thousand, respectively).

An average interest rate for loans granted to other banks amounted to 3.79% (31 December 2024: 5.33%).

The following table presents receivables from Polish and foreign banks:

	31.12.2025		31.12.2024	
	Loans and advances to Polish banks	Loans and advances to foreign banks	Loans and advances to Polish banks	Loans and advances to foreign banks
Gross carrying amount	4 520 461	12 713 698	3 983 716	9 266 881
Accumulated impairment	(264)	(936)	(1 762)	(281)
Loans and advances to banks, net	4 520 197	12 712 762	3 981 954	9 266 600

Loans and advances to customers

Loans and advances to customers 31.12.2025	Gross carrying amount	including:		
		Individual customers	Corporate customers	Public sector customers
Current receivables	15 950 539	7 504 424	8 430 313	15 802
Term loans, including:	94 469 784	47 971 358	46 389 728	108 698
- housing and mortgage loans to natural persons	28 821 538	28 821 538		
Reverse repo or buy/sell back	1 215 287	-	1 215 287	-
Other loans and advances	446 547	-	446 547	-
Other receivables	317 013	104 178	212 835	-
Total gross carrying amount	112 399 170	55 579 960	56 694 710	124 500
	Accumulated impairment	including:		
		Individual customers	Corporate customers	Public sector customers
Current receivables	(1 049 356)	(775 290)	(273 993)	(73)
Term loans, including:	(1 797 259)	(989 251)	(787 506)	(20 502)
- housing and mortgage loans to natural persons	(182 271)	(182 271)		
Other loans and advances	(4 492)	-	(4 492)	-
Total accumulated impairment	(2 851 107)	(1 764 541)	(1 065 991)	(20 575)
Total gross carrying amount	112 399 170	55 579 960	56 694 710	124 500
Total accumulated impairment	(2 851 107)	(1 764 541)	(1 065 991)	(20 575)
Total carrying amount	109 548 063	53 815 419	55 628 719	103 925
Short-term (up to 1 year) gross	34 552 108			
Long-term (over 1 year) gross	77 847 062			

Loans and advances to customers 31.12.2024	Gross carrying amount	including:		
		Individual customers	Corporate customers	Public sector customers
Current receivables	15 379 977	7 596 751	7 774 262	8 964
Term loans, including:	80 950 066	37 284 849	43 529 469	135 748
- housing and mortgage loans to natural persons	20 474 945	20 474 945		
Reverse repo or buy/sell back	885 993	-	885 993	-
Other loans and advances	609 971	-	609 971	-
Other receivables	111 685	98 494	13 191	-
Total gross carrying amount	97 937 692	44 980 094	52 812 886	144 712
	Accumulated impairment	including:		
		Individual customers	Corporate customers	Public sector customers
Current receivables	(1 057 230)	(779 824)	(277 351)	(55)
Term loans, including:	(1 835 504)	(1 067 440)	(746 827)	(21 237)
- housing and mortgage loans to natural persons	(271 762)	(271 762)		
Other loans and advances	(5 510)	-	(5 510)	-
Total accumulated impairment	(2 898 244)	(1 847 264)	(1 029 688)	(21 292)
Total gross carrying amount	97 937 692	44 980 094	52 812 886	144 712
Total accumulated impairment	(2 898 244)	(1 847 264)	(1 029 688)	(21 292)
Total carrying amount	95 039 448	43 132 830	51 783 198	123 420
Short-term (up to 1 year) gross	35 922 769			
Long-term (over 1 year) gross	62 014 923			

As at 31 December 2025, gross amount of variable interest rate loans amounted to PLN 104 595 837 thousand and fixed interest rate loans amounted to PLN 7 803 333 thousand (31 December 2024: PLN 91 980 133 thousand and PLN 5 957 559 thousand, respectively). In 2025, an average interest rate for loans granted to customers (excluding reverse repos) amounted to 6.84% (in 2024: 7.20%).

In the item Loans and advances granted to individual customers were also included loans granted to microenterprises serviced by mBank S.A. Retail Banking.

As at 31 December 2025, the above note includes receivables in the amount of PLN 29 909 thousand from the National Depository of Securities CCP in connection with the Brokerage Office activity (31 December 2024: PLN 294 527 thousand).

In addition as at 31 December 2025 the item Other loans and advances includes cash collaterals in the amount of PLN 184 038 thousand placed by the Bank under derivatives transactions (Note 36) (31 December 2024: PLN 174 510 thousand).

The currency structure of housing and mortgage loans to natural persons

	31.12.2025	31.12.2024
Net housing and mortgage loans to natural persons (in PLN thousand), including:	28 639 267	20 203 183
- PLN	21 633 700	12 663 914
- CHF	73 778	665 588
- EUR	2 580 501	2 953 425
- CZK	4 329 583	3 880 208
- USD	17 462	32 841
- Other	4 243	7 207
Net housing and mortgage loans to natural persons in original currencies (main currencies in thousand), including:		
- PLN	21 633 700	12 663 914
- CHF	16 254	146 699
- EUR	610 524	691 183
- CZK	24 797 153	22 838 187
- USD	4 848	8 008

The table above presents currency breakdown of net carrying value of housing and mortgage loans measured at amortised cost granted to natural persons. The table above does not present housing and mortgage loans measured at fair value through other comprehensive income in the amount of PLN 12 897 486 thousand (31 December 2024: PLN 15 908 001 thousand), granted entirely in PLN (Note 21).

Credit quality of financial assets at amortised cost according to internal rating system

31.12.2025	Stage 1	Stage 2	Stage 3	POCI	TOTAL
Debt securities at amortised cost					
1.0 - 1.2	5 730 851	-	-	-	5 730 851
1.4 - 1.6	343 887	-	-	-	343 887
1.8 - 2.0	40 523 732	-	-	-	40 523 732
2.2 - 2.8	4 559 460	-	-	-	4 559 460
Total gross carrying amount	51 157 930	-	-	-	51 157 930
Total accumulated impairment	(13 320)	-	-	-	(13 320)
Total carrying amount	51 144 610	-	-	-	51 144 610
Loans and advances to banks at amortised cost					
1	16 759 322	42	-	-	16 759 364
2	451 011	-	-	-	451 011
3	12 691	-	-	-	12 691
4	2 113	-	-	-	2 113
7	-	8 980	-	-	8 980
Total gross carrying amount	17 225 137	9 022	-	-	17 234 159
Total accumulated impairment	(459)	(741)	-	-	(1 200)
Total carrying amount	17 224 678	8 281	-	-	17 232 959
Loans and advances to customers at amortised cost					
1	13 400 473	1 161 691	-	4 917	14 567 081
2	36 574 582	1 688 661	-	9 620	38 272 863
3	10 321 626	1 933 811	-	22 405	12 277 842
4	21 075 608	4 519 958	-	36 037	25 631 603
5	9 495 474	4 489 396	-	28 368	14 013 238
6	422 023	414 486	-	2 464	838 973
7	128 342	1 529 657	-	10 813	1 668 812
8	1 686 081	-	-	-	1 686 081
default	-	-	2 943 636	499 041	3 442 677
Total gross carrying amount	93 104 209	15 737 660	2 943 636	613 665	112 399 170
Total accumulated impairment	(373 779)	(579 121)	(1 825 750)	(72 457)	(2 851 107)
Total carrying amount	92 730 430	15 158 539	1 117 886	541 208	109 548 063

31.12.2024	Stage 1	Stage 2	Stage 3	POCI	TOTAL
Debt securities at amortised cost					
1.0 - 1.2	5 066 391	-	-	-	5 066 391
1.4 - 1.6	84 764	-	-	-	84 764
1.8 - 2.0	28 817 513	-	-	-	28 817 513
2.2 - 2.8	3 410 952	-	-	-	3 410 952
Total gross carrying amount	37 379 620	-	-	-	37 379 620
Total accumulated impairment	(6 129)	-	-	-	(6 129)
Total carrying amount	37 373 491	-	-	-	37 373 491
Loans and advances to banks at amortised cost					
1	9 226 984	235	-	-	9 227 219
2	4 002 500	2	-	-	4 002 502
3	16 187	-	-	-	16 187
4	4 687	2	-	-	4 689
Total gross carrying amount	13 250 358	239	-	-	13 250 597
Total accumulated impairment	(2 043)	-	-	-	(2 043)
Total carrying amount	13 248 315	239	-	-	13 248 554
Loans and advances to customers at amortised cost					
1	4 086 096	20 361	-	605	4 107 062
2	40 330 296	271 875	-	16 123	40 618 294
3	9 855 152	289 725	-	2 343	10 147 220
4	25 923 064	2 697 662	-	43 820	28 664 546
5	3 951 840	3 513 929	-	9 762	7 475 531
6	53 195	684 057	-	1 365	738 617
7	110 525	1 315 093	-	8 301	1 433 919
8	950 721	-	-	-	950 721
default	-	-	3 501 071	300 711	3 801 782
Total gross carrying amount	85 260 889	8 792 702	3 501 071	383 030	97 937 692
Total accumulated impairment	(397 123)	(505 002)	(1 980 590)	(15 529)	(2 898 244)
Total carrying amount	84 863 766	8 287 700	1 520 481	367 501	95 039 448

Rating system is described in Note 3.3.4.

Movements in expected credit losses allowance

31.12.2025	Stage 1	Stage 2	Stage 3	POCI	TOTAL
DEBT SECURITIES					
As at the beginning of the period	(6 129)	-	-	-	(6 129)
Changes affecting the profit and loss account, including:	(7 206)	-	-	-	(7 206)
<i>Increases due to grants and acquisitions</i>	(2 704)	-	-	-	(2 704)
<i>Decreases due to derecognition</i>	2 525	-	-	-	2 525
<i>Changes in credit risk (net)</i>	(7 027)	-	-	-	(7 027)
Other movements	15	-	-	-	15
As at the end of the period	(13 320)	-	-	-	(13 320)
LOANS AND ADVANCES TO BANKS					
As at the beginning of the period	(2 043)	-	-	-	(2 043)
Changes affecting the profit and loss account, including:	(3 521)	(739)	-	-	(4 260)
<i>Transfer to Stage 1</i>	(8)	8	-	-	-
<i>Transfer to Stage 2</i>	7	(7)	-	-	-
<i>Increases due to grants and acquisitions</i>	(1 173)	(3 653)	-	-	(4 826)
<i>Decreases due to derecognition</i>	833	3 411	-	-	4 244
<i>Changes in credit risk (net)</i>	(3 180)	(498)	-	-	(3 678)
Other movements	5 105	(2)	-	-	5 103
As at the end of the period	(459)	(741)	-	-	(1 200)
LOANS AND ADVANCES TO CUSTOMERS					
As at the beginning of the period	(397 123)	(505 002)	(1 980 590)	(15 529)	(2 898 244)
Changes affecting the profit and loss account, including:	23 346	(68 736)	(523 874)	7 054	(562 210)
<i>Transfer to Stage 1</i>	(375 170)	270 254	104 916	-	-
<i>Transfer to Stage 2</i>	124 317	(185 771)	61 454	-	-
<i>Transfer to Stage 3</i>	3 315	214 229	(217 544)	-	-
<i>Increases due to grants and acquisitions</i>	(203 756)	(39 967)	(234 784)	(34 444)	(512 951)
<i>Decreases due to derecognition</i>	184 246	130 833	344 670	(50 519)	609 230
<i>Changes in credit risk (net)</i>	290 394	(458 314)	(582 586)	92 017	(658 489)
Write-offs	-	-	768 415	52 553	820 968
Other movements	(2)	(5 383)	(89 701)	(116 535)	(211 621)
As at the end of the period	(373 779)	(579 121)	(1 825 750)	(72 457)	(2 851 107)
TOTAL	(387 558)	(579 862)	(1 825 750)	(72 457)	(2 865 627)

31.12.2024	Stage 1	Stage 2	Stage 3	POCI	TOTAL
DEBT SECURITIES					
As at the beginning of the period	(5 410)	-	-	-	(5 410)
Changes affecting the profit and loss account, including:	(673)	-	-	-	(673)
<i>Increases due to grants and acquisitions</i>	(2 916)	-	-	-	(2 916)
<i>Decreases due to derecognition</i>	1 795	-	-	-	1 795
<i>Changes in credit risk (net)</i>	448	-	-	-	448
Other movements	(46)	-	-	-	(46)
As at the end of the period	(6 129)	-	-	-	(6 129)
LOANS AND ADVANCES TO BANKS					
As at the beginning of the period	(2 362)	(32)	-	-	(2 394)
Changes affecting the profit and loss account, including:	(1 035)	234	-	-	(801)
<i>Transfer to Stage 1</i>	(32)	32	-	-	-
<i>Transfer to Stage 2</i>	54	(54)	-	-	-
<i>Increases due to grants and acquisitions</i>	(2 116)	(558)	-	-	(2 674)
<i>Decreases due to derecognition</i>	1 159	581	-	-	1 740
<i>Changes in credit risk (net)</i>	(100)	233	-	-	133
Other movements	1 354	(202)	-	-	1 152
As at the end of the period	(2 043)	-	-	-	(2 043)
LOANS AND ADVANCES TO CUSTOMERS					
As at the beginning of the period	(350 759)	(588 401)	(2 085 023)	53 399	(2 970 784)
Changes affecting the profit and loss account, including:	(46 778)	88 795	(549 220)	(13 255)	(520 458)
<i>Transfer to Stage 1</i>	(267 587)	261 558	6 029	-	-
<i>Transfer to Stage 2</i>	98 833	(157 344)	58 511	-	-
<i>Transfer to Stage 3</i>	4 212	264 229	(268 441)	-	-
<i>Increases due to grants and acquisitions</i>	(235 494)	(34 699)	(215 909)	(24 020)	(510 122)
<i>Decreases due to derecognition</i>	74 991	60 399	468 201	(121 505)	482 086
<i>Changes in credit risk (net)</i>	278 267	(305 348)	(597 611)	132 270	(492 422)
Write-offs	-	-	773 251	139 625	912 876
Other movements	414	(5 396)	(119 598)	(195 298)	(319 878)
As at the end of the period	(397 123)	(505 002)	(1 980 590)	(15 529)	(2 898 244)
TOTAL	(405 295)	(505 002)	(1 980 590)	(15 529)	(2 906 416)

Movements in expected credit losses resulting from changes in models are described in Note 3.3.6.2.2.

Explanation of changes in the gross carrying amount impacting the changes on expected credit losses allowance

31.12.2025	Stage 1	Stage 2	Stage 3	POCI	TOTAL
DEBT SECURITIES					
As at the beginning of the period	37 379 620	-	-	-	37 379 620
Increases due to grants and acquisitions	12 810 511	-	-	-	12 810 511
Decreases due to derecognition	(9 974 219)	-	-	-	(9 974 219)
Other movements	10 942 018	-	-	-	10 942 018
As at the end of the period	51 157 930	-	-	-	51 157 930
LOANS AND ADVANCES TO BANKS					
As at the beginning of the period	13 250 358	239	-	-	13 250 597
Transfer to Stage 1	365	(365)	-	-	-
Transfer to Stage 2	(13 215)	13 215	-	-	-
Increases due to grants and acquisitions	165 049 891	67 638	-	-	165 117 529
Decreases due to derecognition	(159 936 408)	(63 850)	-	-	(160 000 258)
Other movements	(1 125 854)	(7 855)	-	-	(1 133 709)
As at the end of the period	17 225 137	9 022	-	-	17 234 159
LOANS AND ADVANCES TO CUSTOMERS					
As at the beginning of the period	85 260 889	8 792 702	3 501 071	383 030	97 937 692
Transfer to Stage 1	7 536 454	(7 501 051)	(35 403)	-	-
Transfer to Stage 2	(19 187 932)	19 434 309	(246 377)	-	-
Transfer to Stage 3	(220 758)	(1 409 926)	1 630 684	-	-
Increases due to grants and acquisitions	112 531 541	4 771 587	782 449	376 181	118 461 758
Decreases due to derecognition	(79 891 036)	(6 195 908)	(1 483 103)	(42 552)	(87 612 599)
Write-offs	-	-	(768 415)	(52 553)	(820 968)
Other movements	(12 924 949)	(2 154 053)	(437 270)	(50 441)	(15 566 713)
As at the end of the period	93 104 209	15 737 660	2 943 636	613 665	112 399 170
TOTAL	161 487 276	15 746 682	2 943 636	613 665	180 791 259

31.12.2024	Stage 1	Stage 2	Stage 3	POCI	TOTAL
DEBT SECURITIES					
As at the beginning of the period	25 533 214	-	-	-	25 533 214
Increases due to grants and acquisitions	14 174 380	-	-	-	14 174 380
Decreases due to derecognition	(7 688 260)	-	-	-	(7 688 260)
Other movements	5 360 286	-	-	-	5 360 286
As at the end of the period	37 379 620	-	-	-	37 379 620
LOANS AND ADVANCES TO BANKS					
As at the beginning of the period	10 476 792	1 805	-	-	10 478 597
Transfer to Stage 1	2 289	(2 289)	-	-	-
Transfer to Stage 2	(4 614)	4 614	-	-	-
Increases due to grants and acquisitions	130 979 419	55 718	-	-	131 035 137
Decreases due to derecognition	(127 770 417)	(57 531)	-	-	(127 827 948)
Other movements	(433 111)	(2 078)	-	-	(435 189)
As at the end of the period	13 250 358	239	-	-	13 250 597
LOANS AND ADVANCES TO CUSTOMERS					
As at the beginning of the period	74 385 576	9 896 117	3 518 309	223 737	88 023 739
Transfer to Stage 1	7 265 306	(7 230 857)	(34 449)	-	-
Transfer to Stage 2	(9 616 565)	9 881 388	(264 823)	-	-
Transfer to Stage 3	(229 776)	(1 685 800)	1 915 576	-	-
Increases due to grants and acquisitions	98 891 787	2 791 037	475 333	260 011	102 418 168
Decreases due to derecognition	(78 358 448)	(3 855 714)	(1 163 637)	9 917	(83 367 882)
Write-offs	-	-	(773 251)	(139 625)	(912 876)
Other movements	(7 076 991)	(1 003 469)	(171 987)	28 990	(8 223 457)
As at the end of the period	85 260 889	8 792 702	3 501 071	383 030	97 937 692
TOTAL	135 890 867	8 792 941	3 501 071	383 030	148 567 909

The contractual amount outstanding of financial assets written off during 2025, in respect of which the Bank continues to undertake enforcement and recovery activities, amounted in 2025 to PLN 12 374 thousand (in 2024: PLN 64 106 thousand).

In 2025, the following changes, which influenced the staging assessment, were reflected in the calculation of expected credit losses.

In the first half of 2025:

- the redevelopment of the transfer logic model involves a revision of the methodology for determining the thresholds for transitions to Stage 2 — replacing the approach based on the quantile of the distribution of changes in the lifetime PD parameter with a classification-based method aimed at minimizing misclassification into the respective stages. The updated version of the model has also been adapted to the planned changes in the default definition;
- recalibration of the long-term default probability model consisting of re-estimation of the model parameters with the data sample adjusted to the planned changes in the default definition and expanded to include observations from the most recent periods.

The above changes resulted in reclassification of credit exposure portfolio of PLN 1 723.2 million from Stage 2 to Stage 1 and PLN 8 632.1 million from Stage 1 to Stage 2.

In the second half of 2025:

- introduction of a collective stage assignment to address climate and environmental risks. This includes the following portfolios:
 - Mortgage loans (individuals and small businesses) secured by houses with poor energy efficiency, particularly vulnerable to transition risk,
 - Corporate customers operating in emissions-intensive sectors.

Through the collective stage assignment, credit exposure portfolio of PLN 3 225.4 million was transferred from Stage 1 to Stage 2. The impact of this change on the level of expected credit losses was recognized as a creation of provisions in the amount of PLN 26.7 million (negative impact on the result).

In 2024 the item Other movements includes among others the effect of gross carrying amount adjustments for legal risk costs related to foreign currency loans (Note 34) and losses on non-substantial modification resulting from the recognition of suspending the execution of mortgage contracts granted in Polish currency (so-called "credit holiday").

Financial effect of collaterals

31.12.2025	Gross amount	Accumulated impairment	Accumulated impairment without cash flow from collaterals	Financial effect of collaterals
Balance sheet data				
Loans and advances to banks	17 234 159	(1 200)	(4 319)	3 119
Loans and advances to customers, including:	112 399 170	(2 851 107)	(3 529 265)	678 158
Individual customers	55 579 960	(1 764 541)	(1 838 881)	74 340
<i>- housing and mortgage loans to natural persons</i>	28 821 538	(182 271)	(227 160)	44 889
Corporate customers	56 694 710	(1 065 991)	(1 669 678)	603 687
Public sector customers	124 500	(20 575)	(20 706)	131
Total balance sheet data	129 633 329	(2 852 307)	(3 533 584)	681 277
Total balance sheet data, Stage 3	2 943 636	(1 825 750)	(2 218 064)	392 314
Total balance sheet data, POCI	613 665	(72 457)	(181 073)	108 616
Off-balance sheet data				
Loan commitments and other commitments	44 141 051	(140 525)	(173 111)	32 586
Guarantees, banker's acceptances, documentary and commercial letters of credit	9 326 959	(42 219)	(70 640)	28 421
Total off-balance sheet data	53 468 010	(182 744)	(243 751)	61 007
Total off-balance sheet data, Stage 3	135 715	(50 011)	(71 152)	21 141
Total off-balance sheet data, POCI	13 392	5 486	(1 769)	7 255

31.12.2024	Gross amount	Accumulated impairment	Accumulated impairment without cash flow from collaterals	Financial effect of collaterals
Balance sheet data				
Loans and advances to banks	13 250 597	(2 043)	(7 897)	5 854
Loans and advances to customers, including:	97 937 692	(2 898 244)	(3 480 221)	581 977
Individual customers	44 980 094	(1 847 264)	(1 922 647)	75 383
<i>- housing and mortgage loans to natural persons</i>	20 474 945	(271 762)	(318 288)	46 526
Corporate customers	52 812 886	(1 029 688)	(1 536 222)	506 534
Public sector customers	144 712	(21 292)	(21 352)	60
Total balance sheet data	111 188 289	(2 900 287)	(3 488 118)	587 831
Total balance sheet data, Stage 3	3 501 071	(1 980 590)	(2 380 228)	399 638
Total balance sheet data, POCI	383 030	(15 529)	(89 881)	74 352
Off-balance sheet data				
Loan commitments and other commitments	37 559 597	(113 339)	(130 382)	17 043
Guarantees, banker's acceptances, documentary and commercial letters of credit	9 006 631	(74 436)	(98 430)	23 994
Total off-balance sheet data	46 566 228	(187 775)	(228 812)	41 037
Total off-balance sheet data, Stage 3	187 157	(90 862)	(100 668)	9 806
Total off-balance sheet data, POCI	5 509	637	(1 457)	2 094

23. Investments in subsidiaries

31 December 2025

No.	Name of the company	Country of registration	Assets	Liabilities	Revenues	Net profit / (loss)	% interest held	Carrying value
1.	Bot4Business Sp. z o.o.	Poland	3 622	-	230	61	100.00	3 622
2.	BRE Property Partner Sp. z o.o. in liquidation	Poland	425	4	3	(51)	100.00	472
3.	Digital Operations S.A.	Poland	31 465	1 692	25 053	8 291	100.00	28 837
4.	Digital Teammates S.A.	Poland	2 404	371	4 757	637	100.00	1 926
5.	G-Invest Sp. z o.o.	Poland	7 625	33	213	86	100.00	6 709
6.	HCM Deck Sp. z o.o.	Poland	14 944	1 628	12 877	(1 125)	17.60	1 225
7.	mBank Hipoteczny S.A.	Poland	11 006 181	10 147 588	113 625	(667)	100.00	815 753
8.	mBox Sp z o.o.	Poland	824	5	88	(3)	100.00	819
9.	mElements S.A.	Poland	66 534	38 219	22 615	634	100.00	28 315
10.	Mercury Financial S.A.	Poland	12 039	1 344	3 255	634	100.00	10 655
11.	mFaktoring S.A.	Poland	3 377 058	3 093 563	86 537	33 348	100.00	286 615
12.	mFinanse S.A.	Poland	310 527	156 347	149 850	48 394	100.00	50 454
13.	mInvestment Banking S.A.	Poland	14 047	5 716	14 599	1 753	100.00	6 769
14.	mLeasing Sp. z o.o.	Poland	16 772 449	15 473 687	510 666	169 944	100.00	1 300 919
15.	mServices Sp. z o.o.	Poland	17 056	10 458	16 961	1 641	100.00	6 334
16.	mTFI S.A.	Poland	44 740	12 040	40 990	15 107	100.00	32 700
17.	mZakupy Sp. z o.o.	Poland	80 428	2 941	9 468	798	100.00	77 486

2 659 610

31 December 2024

No.	Name of the company	Country of registration	Assets	Liabilities	Revenues	Net profit / (loss)	% interest held	Carrying value
1.	BRE Property Partner Sp. z o.o.	Poland	779	11	22	(136)	100.00	768
2.	Future Tech Fundusz Inwestycyjny Zamknięty	Poland	220 820	169	8 144	15 244	100.00	220 651
3.	G-Invest Sp. z o.o.	Poland	7 555	50	287	123	100.00	6 709
4.	mBank Hipoteczny S.A.	Poland	11 028 277	10 196 451	86 102	(11 339)	100.00	782 626
5.	mBox Sp z o.o.	Poland	851	29	150	851	100.00	821
6.	mElements S.A.	Poland	39 854	12 173	15 732	1 037	100.00	27 681
7.	mFaktoring S.A.	Poland	3 055 019	2 805 224	74 549	25 059	100.00	253 832
8.	mFinanse S.A.	Poland	285 989	170 262	111 037	24 029	100.00	19 725
9.	mInvestment Banking S.A.	Poland	11 648	4 670	2 677	1 590	100.00	5 398
10.	mLeasing Sp. z o.o.	Poland	16 004 386	14 876 221	480 160	195 284	100.00	1 133 041
11.	mServices Sp. z o.o.	Poland	14 114	6 265	17 173	3 857	100.00	8 432
12.	mTFI S.A.	Poland	28 961	11 368	25 629	6 312	100.00	17 593
13.	mZakupy Sp. z o.o.	Poland	83 654	7 001	5 071	4 567	100.00	82 064

2 559 341

Changes in investments in subsidiaries

	31.12.2025	31.12.2024
As at the beginning of the period	2 559 341	2 196 262
Increase	46 225	64 595
Decrease	(228 402)	-
Changes resulting from the application of the equity method, including:	285 883	287 083
- recognised in the income statement	257 516	250 442
- recognised in the other components of equity	28 367	36 641
Change of valuation of investment in subsidiaries not measured at equity method	(3 437)	11 401
As at the end of the period	2 659 610	2 559 341

Decrease in 2025 relates to the redemption of investment certificates in Future Tech Fundusz Inwestycyjny Zamknięty.

24. Non-current assets and disposal groups classified as held for sale and liabilities held for sale

In December 2024, the Bank started the process of selling properties that were previously presented as fixed assets (buildings in Bielsko-Biała, Rybnik, Rzeszów and Aleksandrów Łódzki) and property in Warsaw at Królewska 14 St. which was an investment property. Accordingly, all above properties have been reclassified to Non-current assets classified as held for sale. Along with properties, liabilities arising from perpetual usufruct of land have been transferred to this item. In the second quarter of 2025, all of the above-mentioned properties were sold.

In the third quarter of 2025 the Bank began the process of selling the property in Bydgoszcz, and as a result, it was reclassified under these items along with the obligation arising from the perpetual usufruct of the land.

Non-current assets held for sale	31.12.2025	31.12.2024
Fixed asset	10 779	10 105
Investment properties	-	92 705
Total non-current assets held for sale	10 779	102 810
Liabilities classified as held for sale	31.12.2025	31.12.2024
Financial liabilities measured at amortised cost, including:	529	30 940
<i>Lease liabilities</i>	529	30 940
Total liabilities classified as held for sale	529	30 940

25. Intangible assets

	31.12.2025	31.12.2024
Patents, licences and similar assets, including:	1 536 694	1 386 893
<i>- computer software</i>	1 387 334	1 221 028
Intangible assets under development	432 124	347 869
Total intangible assets	1 968 818	1 734 762

Movements in intangible assets

Movements in intangible assets from 1 January to 31 December 2025	Patents, licences and other similar assets		Intangible assets under development	Total intangible assets
		Computer software		
Gross value of intangible assets as at the beginning of the period	2 284 774	1 951 244	347 869	2 632 643
Increase due to:	455 885	385 917	537 186	993 071
- purchase	62 047	42	396 230	458 277
- transfer from intangible assets under development	393 672	385 758	-	393 672
- development costs	-	-	103 439	103 439
- other increases	166	117	37 517	37 683
Decrease due to:	(351 514)	(307 324)	(452 931)	(804 445)
- liquidation	(348 097)	(306 436)	-	(348 097)
- transfer to intangible assets given to use	-	-	(393 672)	(393 672)
- other decreases	(3 417)	(888)	(59 259)	(62 676)
Gross value of intangible assets as at the end of the period	2 389 145	2 029 837	432 124	2 821 269
Accumulated amortisation as at the beginning of the period	(897 881)	(730 216)	-	(897 881)
Amortisation for the period due to:	45 430	87 713	-	45 430
- amortisation	(303 539)	(218 627)	-	(303 539)
- other increases	(125)	(96)	-	(125)
- liquidation	348 092	306 436	-	348 092
- other decreases	1 002	-	-	1 002
Accumulated amortisation as at the end of the period	(852 451)	(642 503)	-	(852 451)
Net value of intangible assets as at the end of the period	1 536 694	1 387 334	432 124	1 968 818

Movements in intangible assets from 1 January to 31 December 2024	Patents, licences and other similar assets		Intangible assets under development	Total intangible assets
		Computer software		
Gross value of intangible assets as at the beginning of the period	2 036 529	1 718 394	305 099	2 341 628
Increase due to:	424 508	371 767	475 260	899 768
- purchase	40 979	120	350 050	391 029
- transfer from intangible assets under development	383 529	371 647	-	383 529
- development costs	-	-	89 144	89 144
- other increases	-	-	36 066	36 066
Decrease due to:	(176 263)	(138 917)	(432 490)	(608 753)
- liquidation	(175 615)	(138 469)	-	(175 615)
- transfer to intangible assets given to use	-	-	(383 529)	(383 529)
- other decreases	(648)	(448)	(48 961)	(49 609)
Gross value of intangible assets as at the end of the period	2 284 774	1 951 244	347 869	2 632 643
Accumulated amortisation as at the beginning of the period	(827 746)	(705 738)	-	(827 746)
Amortisation for the period due to:	(70 135)	(24 478)	-	(70 135)
- amortisation	(244 734)	(161 893)	-	(244 734)
- liquidation	174 445	137 300	-	174 445
- other decreases	154	115	-	154
Accumulated amortisation as at the end of the period	(897 881)	(730 216)	-	(897 881)
Net value of intangible assets as at the end of the period	1 386 893	1 221 028	347 869	1 734 762

26. Tangible assets

	31.12.2025	31.12.2024
Fixed assets, including:	453 976	428 302
- land	-	100
- buildings and structures	-	11 611
- equipment	278 068	231 407
- vehicles	9	-
- other fixed assets	175 899	185 184
Fixed assets under construction	79 616	76 360
Right-of-use, including:	540 294	607 429
- real estate	502 219	561 813
- perpetual usufruct of land	-	847
- vehicles	37 484	44 477
- other	591	292
Total tangible assets	1 073 886	1 112 091

Movements in fixed assets

Movements in fixed assets from 1 January to 31 December 2025	Land	Buildings and structures	Equipment	Vehicles	Other fixed assets	Fixed assets under construction	Total
Gross value of fixed assets as at the beginning of the period	100	40 080	675 272	31	463 776	76 360	1 255 619
Increase due to:	-	-	128 244	9	40 509	109 485	278 247
- purchase	-	-	80 846	9	1 354	91 267	173 476
- transfer from fixed assets under construction	-	-	46 733	-	38 752	-	85 485
- other increases	-	-	665	-	403	18 218	19 286
Decrease due to:	(100)	(40 080)	(93 202)	-	(31 684)	(106 229)	(271 295)
- sale	-	-	(27 332)	-	(10 995)	-	(38 327)
- liquidation	-	-	(61 095)	-	(17 891)	-	(78 986)
- transfer to fixed assets	-	-	-	-	-	(85 485)	(85 485)
- transfer to non-current assets held for sale	(100)	(40 080)	(4 405)	-	(248)	-	(44 833)
- other decreases	-	-	(370)	-	(2 550)	(20 744)	(23 664)
Gross value of fixed assets as at the end of the period	-	-	710 314	40	472 601	79 616	1 262 571
Accumulated depreciation as at the beginning of the period	-	(15 119)	(443 865)	(31)	(278 592)	-	(737 607)
Depreciation for the period due to:	-	15 119	11 619	-	(18 110)	-	8 628
- depreciation charge	-	(387)	(80 261)	-	(45 061)	-	(125 709)
- other increases	-	-	(573)	-	(391)	-	(964)
- sale	-	-	27 217	-	9 239	-	36 456
- liquidation	-	-	60 578	-	15 679	-	76 257
- transfer to non-current assets held for sale	-	15 506	4 336	-	221	-	20 063
- other decreases	-	-	322	-	2 203	-	2 525
Accumulated depreciation as at the end of the period	-	-	(432 246)	(31)	(296 702)	-	(728 979)
Impairment losses as at the beginning of the period	-	(13 350)	-	-	-	-	(13 350)
- decrease	-	13 350	-	-	-	-	13 350
Impairment losses as at the end of the period	-	-	-	-	-	-	-
Net value of fixed assets as at the end of the period	-	-	278 068	9	175 899	79 616	533 592

Movements in fixed assets from 1 January to 31 December 2024	Land	Buildings and structures	Equipment	Vehicles	Other fixed assets	Fixed assets under construction	Total
Gross value of fixed assets as at the beginning of the period	202	68 590	595 209	47	452 245	81 321	1 197 614
Increase due to:	-	-	126 101	-	34 247	91 978	252 326
- purchase	-	-	77 679	-	3 450	77 752	158 881
- transfer from fixed assets under construction	-	-	48 245	-	30 797	-	79 042
- other increases	-	-	177	-	-	14 226	14 403
Decrease due to:	(102)	(28 510)	(46 038)	(16)	(22 716)	(96 939)	(194 321)
- sale	-	-	(7 241)	(16)	(623)	-	(7 880)
- liquidation	-	-	(34 512)	-	(20 885)	-	(55 397)
- transfer to fixed assets	-	-	-	-	-	(79 042)	(79 042)
- transfer to non-current assets held for sale	(102)	(28 510)	(3 295)	-	(469)	-	(32 376)
- other decreases	-	-	(990)	-	(739)	(17 897)	(19 626)
Gross value of fixed assets as at the end of the period	100	40 080	675 272	31	463 776	76 360	1 255 619
Accumulated depreciation as at the beginning of the period	-	(28 396)	(396 552)	(47)	(259 505)	-	(684 500)
Depreciation for the period due to:	-	13 277	(47 313)	16	(19 087)	-	(53 107)
- depreciation charge	-	(1 309)	(92 449)	-	(41 427)	-	(135 185)
- sale	-	-	7 184	16	520	-	7 720
- liquidation	-	-	34 375	-	20 723	-	55 098
- transfer to non-current assets held for sale	-	14 586	2 707	-	468	-	17 761
- other decreases	-	-	870	-	629	-	1 499
Accumulated depreciation as at the end of the period	-	(15 119)	(443 865)	(31)	(278 592)	-	(737 607)
Impairment losses as at the beginning of the period	-	(16 910)	-	-	-	-	(16 910)
- decrease	-	3 560	-	-	-	-	3 560
Impairment losses as at the end of the period	-	(13 350)	-	-	-	-	(13 350)
Net value of fixed assets as at the end of the period	100	11 611	231 407	-	185 184	76 360	504 662

The recoverable value of impaired fixed assets is the net sale price determined on the basis of market prices for similar assets.

Movements in right-of-use assets

Movements in right-of-use from 1 January to 31 December 2025	Real estate	Perpetual usufruct of land	Vehicles	Other	Total
Gross value of right-of-use as at the beginning of the period	1 149 061	925	64 273	1 512	1 215 771
Increase due to:	82 265	-	11 126	536	93 927
- new contracts	8 553	-	10 079	-	18 632
- modification of contracts	72 448	-	986	532	73 966
- other increases	1 264	-	61	4	1 329
Decrease due to:	(31 435)	(925)	(4 086)	-	(36 446)
- termination of contracts	(16 548)	-	(3 679)	-	(20 227)
- modification of contracts	(14 887)	-	(407)	-	(15 294)
- other decreases	-	(925)	-	-	(925)
Gross value of right-of-use as at the end of the period	1 199 891	-	71 313	2 048	1 273 252
Accumulated depreciation as at the beginning of the period	(587 248)	(78)	(19 796)	(1 220)	(608 342)
Depreciation for the period due to:	(110 424)	78	(14 033)	(237)	(124 616)
- depreciation charge	(129 022)	(7)	(17 087)	(233)	(146 349)
- other increases	(820)	-	(44)	(4)	(868)
- modification of contracts	4 619	85	339	-	5 043
- termination of contracts	14 799	-	2 759	-	17 558
Accumulated depreciation as at the end of the period	(697 672)	-	(33 829)	(1 457)	(732 958)
Net value of right-of-use as at the end of the period	502 219	-	37 484	591	540 294

Movements in right-of-use from 1 January to 31 December 2024	Real estate	Perpetual usufruct of land	Vehicles	Other	Total
Gross value of right-of-use as at the beginning of the period	1 126 149	2 271	55 836	1 591	1 185 847
Increase due to:	91 896	-	25 734	4	117 634
- new contracts	5 539	-	24 926	-	30 465
- modification of contracts	86 357	-	808	4	87 169
Decrease due to:	(68 984)	(1 346)	(17 297)	(83)	(87 710)
- termination of contracts	(36 031)	-	(16 531)	(77)	(52 639)
- modification of contracts	(30 958)	(334)	(674)	-	(31 966)
- transfer to non-current assets held for sale	-	(1 012)	-	-	(1 012)
- other decreases	(1 995)	-	(92)	(6)	(2 093)
Gross value of right-of-use as at the end of the period	1 149 061	925	64 273	1 512	1 215 771
Accumulated depreciation as at the beginning of the period	(493 309)	(157)	(21 653)	(1 040)	(516 159)
Depreciation for the period due to:	(93 939)	79	1 857	(180)	(92 183)
- depreciation charge	(130 076)	(26)	(14 330)	(235)	(144 667)
- other increases	1 068	1	50	4	1 123
- modification of contracts	896	-	641	-	1 537
- termination of contracts	34 173	-	15 496	51	49 720
- transfer to non-current assets held for sale	-	104	-	-	104
Accumulated depreciation as at the end of the period	(587 248)	(78)	(19 796)	(1 220)	(608 342)
Net value of right-of-use as at the end of the period	561 813	847	44 477	292	607 429

27. Investment properties

The Investment property item included the value of the building at 14 Królewska St. in Warsaw. As of 31 December 2024, due to the commencement of the sales process, the property was reclassified to the position of Non-current assets and disposal groups classified as held for sale. The property was sold in June 2025.

	31.12.2025	31.12.2024
Gross value as at the beginning of the period	-	111 964
Decrease due to:	-	(111 964)
- transfer to non-current assets held for sale	-	(92 705)
- revaluation losses from fair value adjustments	-	(19 259)
As at the end of the period	-	-

28. Other assets

	31.12.2025	31.12.2024
Other financial assets, including:	1 277 109	1 057 547
Debtors, including:	1 114 896	907 451
- settlements of cash deposit machines and cash sorting companies	716 059	584 077
- settlements of payment cards	5 888	4 382
Accrued income	84 887	106 233
Interbank balances	39 024	36 422
Settlements of securities transactions	38 302	7 441
Other non-financial assets, including:	661 627	657 817
Other accruals	120 409	118 684
Inventories	1 582	2 496
Non-financial receivables due to final verdicts in legal proceedings relating to loans in foreign currencies	539 636	536 637
Total other assets	1 938 736	1 715 364
Short-term (up to 1 year)	1 813 639	1 593 973
Long-term (over 1 year)	125 097	121 391

In 2025 and in 2024, the item Settlements of the securities transaction relates entirely to the settlements of securities transactions in connection with the Brokerage Office activity.

Other financial assets

	31.12.2025	31.12.2024
Gross other financial assets, including:	1 309 313	1 084 624
- not past due	1 294 037	1 070 689
- past due from 1 to 90 days	3 501	4 288
- past due over 90 days	11 775	9 647
Provisions for impaired assets (negative amount)	(32 204)	(27 077)
Net other financial assets	1 277 109	1 057 547

Movements of impairment allowance for other assets

	31.12.2025	31.12.2024
As at the beginning of the period	(27 077)	(24 010)
Change in the period due to:	(5 127)	(3 067)
- increase of provisions	(7 613)	(4 584)
- release of provisions	1 631	212
- write-offs	835	1 306
- foreign exchange differences	-	(1)
- others	20	-
As at the end of the period	(32 204)	(27 077)

29. Financial liabilities measured at amortised cost

Amounts due to other banks and customers

31.12.2025	Amounts due to banks	Amounts due to customers	including:		
			Individual customers	Corporate customers	Public sector customers
Deposits	1 382 126	228 315 753	164 550 738	62 657 289	1 107 726
Current accounts	635 731	189 797 314	140 834 552	47 897 671	1 065 091
Term deposits	137 979	37 347 848	23 716 186	13 589 027	42 635
Repo or sell/buy back transactions	608 416	1 170 591	-	1 170 591	-
Loans and advances received	623 534	-	-	-	-
Other financial liabilities	444 067	951 402	262 445	688 614	343
Liabilities in respect of cash collaterals	339 708	632 164	47 657	584 164	343
Other	104 359	319 238	214 788	104 450	-
Total financial liabilities measured at amortised cost	2 449 727	229 267 155	164 813 183	63 345 903	1 108 069
Short-term (up to 1 year)	1 821 587	229 065 490			
Long-term (over 1 year)	628 140	201 665			

31.12.2024	Amounts due to banks	Amounts due to customers	including:		
			Individual customers	Corporate customers	Public sector customers
Deposits	891 327	199 864 131	141 988 882	57 034 385	840 864
Current accounts	609 880	162 806 974	117 236 227	44 794 664	776 083
Term deposits	103 164	36 126 854	24 752 655	11 309 418	64 781
Repo or sell/buy back transactions	178 283	930 303	-	930 303	-
Loans and advances received	1 928 928	-	-	-	-
Other financial liabilities	265 012	911 625	258 715	652 327	583
Liabilities in respect of cash collaterals	135 321	587 753	37 719	549 451	583
Other	129 691	323 872	220 996	102 876	-
Total financial liabilities measured at amortised cost	3 085 267	200 775 756	142 247 597	57 686 712	841 447
Short-term (up to 1 year)	2 457 388	200 565 950			
Long-term (over 1 year)	627 879	209 806			

In the item Amounts due to individual customers the Bank also presents liabilities to microenterprises provided by Retail Banking of mBank S.A.

The average interest rate for loans obtained from banks in 2025 amounted to 2.59% (31 December 2024: 2.15%).

The Bank did not note any violations of contractual terms related to liabilities in respect of loans received.

As at 31 December 2025 and 31 December 2024, the majority of the deposits from retail and corporate customers bore fixed interest rates. The average interest rate for amounts due to customers (excluding repos) amounted to 1.43% (31 December 2024: 1.56%).

As at 31 December 2025, loans and advances received include loans received from European Investment Bank amounting to PLN 623 534 thousand (31 December 2024: PLN 1 928 928 thousand). As at 31 December 2024 the loans were collateralised with treasury bonds, which have been disclosed as pledged assets under Note 22 and Note 36.

Lease liabilities

	31.12.2025	31.12.2024
Lease liabilities	673 056	763 400

Undiscounted Lease liabilities breakdown by maturity dates is presented in Note 3.8.1.

Debt securities issued

31.12.2025 Debt securities issued by type	Nominal value (currency of issue)	Carrying amount of the liability by maturity date					Total carrying amount
		up to 1 month	from 1 to 3 months	from 3 to 12 months	from 1 to 5 years	more than 5 years	
Bonds, including:		184 927	108 107	405 354	7 977 123	3 052 813	11 728 324
- PLN	2 067 573	54 441	108 107	384 859	607 752	852 956	2 008 115
- EUR	2 282 462	130 486	-	20 495	7 369 371	2 199 857	9 720 209
Total		184 927	108 107	405 354	7 977 123	3 052 813	11 728 324

31.12.2024 Debt securities issued by type	Nominal value (currency of issue)	Carrying amount of the liability by maturity date					Total carrying amount
		up to 1 month	from 1 to 3 months	from 3 to 12 months	from 1 to 5 years	more than 5 years	
Bonds, including:		210 409	93 773	145 973	5 896 649	2 715 693	9 062 497
- PLN	1 365 065	68 054	93 773	92 168	551 937	469 953	1 275 885
- EUR	1 802 422	142 355	-	53 805	5 344 712	2 245 740	7 786 612
Total		210 409	93 773	145 973	5 896 649	2 715 693	9 062 497

The Bank has not registered any contractual conditions infringement related to liabilities due to debt security issuance.

Movements in debt securities issued

Movements from 1 January to 31 December	2025	2024
As at the beginning of the period	9 062 497	7 625 479
Additions (issue)	3 087 662	2 556 988
Disposals (redemptions)	(354 570)	(1 007 258)
Exchange differences	(84 048)	(115 299)
Other changes	16 783	2 587
Debt securities issued as at the end of the period	11 728 324	9 062 497

As at 31 December 2025 the item Debt securities issued includes among other liabilities from the issue of credit linked notes related to synthetic securitisation transactions with a total carrying amount of PLN 2 151 203 thousand (as at 31 December 2024: PLN 1 511 939 thousand).

The synthetic securitisation transactions were carried out on a portfolio of corporate, small and medium enterprises loans and retail loans in total initial nominal value of PLN 31.6 billion (as at 31 December 2024: PLN 27.8 billion). The nominal value of securitisation portfolio as at 31 December 2025 amounted to PLN 18.5 billion (as at 31 December 2024: PLN 20.2 billion).

Issues in 2025

- On 3 December 2025, the Bank issued, under the EMTN Programme, senior non-preferred bonds with a total nominal value of EUR 500 000 thousand, which is equivalent to PLN 2 115 600 thousand based on the average NBP exchange rate as of 3 December 2025, with a maturity date of 3 December 2032 (with an early redemption option at the issuer's discretion on 3 March 2031). For the first 5.25 years from the issue date, the bonds bear interest at a fixed rate, and for the final year at a floating rate based on EURIBOR 3M plus a margin.

These bonds have been admitted to trading on the regulated market of the Luxembourg Stock Exchange.

- On 27 October 2025, the Bank exercised the option to increase the portfolio's notional amount (ramp-up option) under the synthetic securitization transaction executed 6 November 2024 from around PLN 5 236.7 million up to an amount of almost PLN 7 000.0 million. As a result of exercising the option, the notional amount of the paid CLN bonds increased to PLN 560.0 million from an initial value of PLN 418.9 million.
- On 21 October 2025, mBank executed a synthetic securitization transaction on a portfolio of corporate loans, consisting mainly of projects financing renewable energy sources, with a total nominal value of PLN 3 778.4 million.

As part of the transaction, the Bank issued CLN bonds with a total nominal value of PLN 831.0 million.

In connection with the transaction, the Bank established collateral for the bondholders, which was deposited with an independent trustee institution.

Redemptions in 2025

- On 22 January 2025, 22 April 2025, 22 July 2025 and 22 October 2025 mBank partially redeemed CLN bonds in the amount of EUR 19 960 thousand. The redemption resulted from the amortisation of the securitised portfolio and related to the synthetic securitisation transaction executed in December 2022.
- On 27 May 2025, 26 August 2025 and 26 November 2025, mBank partially redeemed CLN bonds in the amount of PLN 269 553 thousand. The redemption resulted from the amortisation of the securitised portfolio and related to the synthetic securitisation transaction executed in September 2023.

Issues in 2024

- On 27 September 2024, the Bank issued senior preferred notes under the EMTN Programme in the total nominal value of EUR 500 000 thousand, which is the equivalent of PLN 2 138 050 thousand at the average NBP exchange rate as of 27 September 2024, maturing on 27 September 2030 (with an option of early redemption at the issuer's request on 27 September 2029). The bonds bear interest at a fixed rate for five years from the issue date and a variable rate of EURIBOR 3M plus a margin throughout the sixth year.

These bonds were admitted to trading on the regulated market of the Luxembourg Stock Exchange.

- On 6 November 2024 mBank concluded a synthetic securitisation transaction carried out on a portfolio of corporate loans in total nominal value of PLN 5 236.8 million. The Bank has the option to increase the nominal value of the transaction up to the maximum amount of PLN 7 000.0 million once, subject to investor's approval ("ramp-up option").

As part of the transaction, mBank issued credit linked notes in total nominal value of PLN 560.0 million. On the day of issue, credit linked notes were paid in the amount of PLN 418.9 million. Upon exercise of the ramp-up option, the paid-up amount of the credit linked notes will be able to increase to a maximum amount of PLN 560.0 million.

As part of the transaction, the Bank provided security to the bondholders, which was deposited with an independent custodian institution.

Redemptions in 2024

- On 22 January 2024, 22 April 2024, 22 July 2024 and 22 October 2024 mBank partially redeemed credit linked notes in the amount of PLN 369 037 thousand. The notes are connected with synthetic securitisation transaction performed in March 2022, their partial redemption is a result of depreciation of securitised portfolio.
- On 22 July 2024 and 22 October 2024 mBank partially redeemed credit linked notes in the amount of EUR 11 578 thousand. The notes are connected with synthetic securitisation transaction performed in December 2022, their partial redemption is a result of depreciation of securitised portfolio.
- On 4 October 2024, the Bank redeemed fixed rate bonds issued by the Bank on 5 April 2019 under the Euro Medium Term Note Program with a total nominal value of CHF 125 000 thousand.

Subordinated liabilities

31.12.2025	Nominal value	Currency	Terms of interest rate (%)	Effective interest rate (%)	Redemption date	Carrying amount as at the end of the period
Commerzbank AG	250 000	CHF	Comp. SARON + CAS + 2.75%	2.77	21.03.2028	1 135 774
Investors not associated with mBank	550 000	PLN	6M WIBOR + 1.8%	6.45	10.10.2028	557 779
Investors not associated with mBank	400 000	EUR	till 25.09.2030: 4.7784% from 25.09.2030: EUR Swap 5Y + 2.5%	4.85	25.09.2035 ¹⁾	1 710 159
						3 403 712

31.12.2024	Nominal value	Currency	Terms of interest rate (%)	Effective interest rate (%)	Redemption date	Carrying amount as at the end of the period
Commerzbank AG	250 000	CHF	Comp. SARON + CAS + 2.75%	3.28	21.03.2028	1 135 444
Investors not associated with mBank	550 000	PLN	6M WIBOR + 1.8%	7.80	10.10.2028	559 339
Investors not associated with mBank	200 000	PLN	6M WIBOR + 1.95%	7.96	10.10.2030 ²⁾	203 460
Investors not associated with mBank	750 000	PLN	6M WIBOR + 2.1%	8.25	17.01.2025	777 294
						2 675 537

¹⁾ The issue conditions assume the possibility of early redemption of bonds with a nominal value of EUR 400 000 thousand on any business day from 25 June 2030 to 25 September 2030 inclusive.

²⁾ The issue conditions assume the possibility of early redemption of bonds with a nominal value of PLN 200 000 thousand on 10 October 2025.

Movements in subordinated liabilities

Movements from 1 January to 31 December	2025	2024
As at the beginning of the period	2 675 537	2 714 928
Increases (issue)	1 699 160	-
Decreases (redemption)	(950 000)	-
Exchange differences	(8 404)	(36 030)
Other changes	(12 581)	(3 361)
Subordinated liabilities as at the end of the period	3 403 712	2 675 537
Short-term (up to 1 year)	50 851	791 262
Long-term (over 1 year)	3 352 861	1 884 275

On 29 March 2018, the Polish Financial Supervision Authority gave consent for qualifying funds from subordinated loan in the amount of CHF 250 000 thousand, taken on 21 March 2018, as instrument in the Bank's Tier II capital. The amount of CHF 250 000 thousand according to the average exchange rate of the National Bank of Poland of 29 March 2018 is the equivalent of PLN 893 200 thousand.

On 9 October 2018, mBank S.A. issued two series of subordinated bonds with a total nominal value of PLN 750 000 thousand. 1 100 pieces of 10-year subordinated bonds with a nominal value of PLN 500 thousand each were issued, with maturity on 10 October 2028, and 400 pieces of 12-year subordinated bonds with a nominal value of PLN 500 thousand each, with maturity on 10 October 2030.

The Bank applied to the Polish Financial Supervision Authority for permission to include in the supplementary capital of the Bank, in accordance with art. 127 par. 3 point 2 letter b) of the Banking Law Act, a monetary liability in the amount of PLN 750 000 thousand obtained by the Bank for the above-mentioned subordinated bond issue. The Bank obtained such consent on 28 November 2018.

On 25 June 2025, the Bank issued eurobonds with a total nominal value of EUR 400 000 thousand, with a maturity date of 25 September 2035, and an option for early redemption after 5 years from the issue date. The subordinated bonds were classified as Tier II capital instruments of the Bank's own funds upon obtaining the relevant approval from the Polish Financial Supervision Authority on 29 August 2025.

On 17 January 2025, in accordance with the terms of the issue, the Bank redeemed subordinated bonds issued on 17 December 2014, with a total value of PLN 750 000 thousand. The bonds were redeemed by the Bank at their maturity date. Under the PFSA decision, the proceeds from the bond issue were included in the Bank's own funds as Tier II capital instruments, subject to amortization during the last five years before maturity in accordance with Article 64 of the CRR Regulation.

On 10 October 2025, following the approval of the Polish Financial Supervision Authority and upon meeting the conditions specified in the terms of issuance, the Bank carried out an early redemption of 400 subordinated bonds with a 12-year maturity, originally issued on 9 October 2018, with a total nominal value of PLN 200 000 thousand.

30. Other liabilities

	31.12.2025	31.12.2024
Other financial liabilities, including:	3 141 169	2 665 351
Interbank settlements	1 688 916	1 298 257
Creditors, including:	1 055 055	965 619
- settlements of payment cards	52 061	69 654
- liabilities payable to BFG	433 049	363 217
Accrued expenses	397 198	401 475
Other non-financial liabilities, including:	1 898 626	1 331 319
Tax liabilities	188 922	135 619
Deferred income	697 190	256 584
Provisions for holiday equivalents	41 790	35 915
Provisions for other liabilities to employees	238 695	222 761
Non-financial liabilities due to final verdicts in legal proceedings relating to loans in foreign currencies	721 230	678 025
Other	10 799	2 415
Total other liabilities	5 039 795	3 996 670

The item Deferred income includes, among others, commissions received in advance for future insurance intermediation services related to policies distributed by the Group, amounting to PLN 443.3 million. The received remuneration will be recognised proportionally over the duration of the respective insurance intermediation agreements, i.e. until 31 December 2037. This remuneration results from the cooperation agreement between mBank and UNIQA in the area of insurance intermediation, concluded in May 2025.

Cash flows resulting from financial liabilities are presented under the Note 3.8.1. Liabilities payable to BFG, as a rule, are payable whenever requested by BFG and have been shown under short-term liabilities. The other components of presented liabilities are short-term liabilities.

31. Provisions

	31.12.2025	31.12.2024
Provisions for legal proceedings, including:	1 663 059	2 913 310
- provisions for legal proceedings relating to loans in foreign currencies	1 590 357	2 856 705
- provisions for remaining legal proceedings	72 702	56 605
Provisions for off-balance sheet commitments and guarantees given	182 744	187 775
Provisions for post-employment benefits	47 568	39 750
Other provisions	78 432	61 310
Provisions, total	1 971 803	3 202 145

Estimated cash flows due to created provisions for legal proceedings and other provisions are expected to occur over 1 year period.

The description regarding legal risk provisions related to mortgage and housing loans granted to individual customers in foreign currencies is presented in Note 34.

The item Other provisions at the end of 2025 included, among others, the provision for the reimbursement of bridging insurance costs charged to customers who were granted mortgage loans for the period before the mortgage was registered in the land register, amounting to PLN 17 997 thousand (31 December 2024: PLN 18 948 thousand).

Movements in provisions

Change from 1 January to 31 December 2025	Provisions for legal proceedings relating to loans in foreign currencies	Other provisions for remaining legal proceedings	Other provisions
Provisions as at the beginning of the period	2 856 705	56 605	61 310
Change in the period, due to:	(1 266 348)	16 097	17 122
- increase of provisions	1 096 850	40 201	22 820
- release of provisions	(578)	(23 378)	(800)
- utilisation	(2 637 943)	(773)	(4 894)
- reclassification to other positions	285 200	-	-
- foreign exchange differences	(9 877)	47	(4)
Provisions as at the end of the period	1 590 357	72 702	78 432

Change from 1 January to 31 December 2024	Provisions for legal proceedings relating to loans in foreign currencies	Other provisions for remaining legal proceedings	Other provisions
Provisions as at the beginning of the period	1 819 606	120 181	72 657
Change in the period, due to:	1 037 099	(63 576)	(11 347)
- increase of provisions	1 959 807	27 690	470
- release of provisions	(808)	(11 079)	(875)
- utilisation	(881 521)	(79 988)	(20 190)
- reclassification to other positions	301	-	9 136
- foreign exchange differences	(40 680)	(199)	112
Provisions as at the end of the period	2 856 705	56 605	61 310

Movements in provisions for loan commitments and guarantees

31.12.2025	Stage 1	Stage 2	Stage 3	POCI	TOTAL
LOAN COMMITMENTS					
As at the beginning of the period	42 632	39 806	29 508	1 393	113 339
Changes affecting the profit and loss account, including:	12 223	22 205	(3 264)	(488)	30 676
<i>Transfer to Stage 1</i>	41 692	(40 797)	(895)	-	-
<i>Transfer to Stage 2</i>	(11 372)	14 493	(3 121)	-	-
<i>Transfer to Stage 3</i>	(56)	(1 751)	1 807	-	-
<i>Increases due to grants and acquisitions</i>	42 562	14 605	20 093	1 921	79 181
<i>Decreases due to derecognition</i>	(21 245)	(15 860)	(24 808)	(2 569)	(64 482)
<i>Changes in credit risk (net)</i>	(39 358)	51 515	3 660	160	15 977
Other movements	(131)	72	(3 888)	457	(3 490)
As at the end of the period	54 724	62 083	22 356	1 362	140 525
GUARANTEES AND OTHER FINANCIAL FACILITIES					
As at the beginning of the period	12 230	2 882	61 354	(2 030)	74 436
Changes affecting the profit and loss account, including:	(943)	7 539	(33 635)	8	(27 031)
<i>Transfer to Stage 1</i>	3 262	(3 262)	-	-	-
<i>Transfer to Stage 2</i>	(5 261)	5 263	(2)	-	-
<i>Transfer to Stage 3</i>	(60)	(332)	392	-	-
<i>Increases due to grants and acquisitions</i>	21 197	5 837	6 631	-	33 665
<i>Decreases due to derecognition</i>	(14 226)	(4 471)	(28 279)	-	(46 976)
<i>Changes in credit risk (net)</i>	(5 855)	4 504	(12 377)	8	(13 720)
Other movements	(265)	(31)	(64)	(4 826)	(5 186)
As at the end of the period	11 022	10 390	27 655	(6 848)	42 219
TOTAL	65 746	72 473	50 011	(5 486)	182 744

31.12.2024	Stage 1	Stage 2	Stage 3	POCI	TOTAL
LOAN COMMITMENTS					
As at the beginning of the period	43 742	36 429	22 178	752	103 101
Changes affecting the profit and loss account, including:	(1 045)	3 416	6 967	828	10 166
<i>Transfer to Stage 1</i>	33 137	(32 152)	(985)	-	-
<i>Transfer to Stage 2</i>	(5 997)	8 118	(2 121)	-	-
<i>Transfer to Stage 3</i>	(84)	(2 107)	2 191	-	-
<i>Increases due to grants and acquisitions</i>	53 301	10 383	15 328	1 177	80 189
<i>Decreases due to derecognition</i>	(27 265)	(13 827)	(45 112)	(926)	(87 130)
<i>Changes in credit risk (net)</i>	(54 137)	33 001	37 666	577	17 107
Other movements	(65)	(39)	363	(187)	72
As at the end of the period	42 632	39 806	29 508	1 393	113 339
GUARANTEES AND OTHER FINANCIAL FACILITIES					
As at the beginning of the period	4 458	1 344	92 890	(3 650)	95 042
Changes affecting the profit and loss account, including:	7 785	1 545	(31 472)	(189)	(22 331)
<i>Transfer to Stage 1</i>	764	(764)	-	-	-
<i>Transfer to Stage 2</i>	(602)	602	-	-	-
<i>Transfer to Stage 3</i>	(26)	(53)	79	-	-
<i>Increases due to grants and acquisitions</i>	15 190	2 720	16 645	-	34 555
<i>Decreases due to derecognition</i>	(4 344)	(1 199)	(27 085)	-	(32 628)
<i>Changes in credit risk (net)</i>	(3 197)	239	(21 111)	(189)	(24 258)
Other movements	(13)	(7)	(64)	1 809	1 725
As at the end of the period	12 230	2 882	61 354	(2 030)	74 436
TOTAL	54 862	42 688	90 862	(637)	187 775

Movements in provisions for post-employment benefits

Period from 1 January to 31 December 2025	Pension and disability provisions	Provisions for death severance	Provisions for the Social Benefit Fund	Total
Provisions for post-employment benefits				
At the beginning of the period	23 458	4 036	12 256	39 750
Change in the period, due to:	3 704	286	3 828	7 818
Provisions created	1 389	89	557	2 035
Interest expense	1 211	211	621	2 043
Actuarial gains and losses recognised in other comprehensive income (Note 17), due to:	1 821	257	4 180	6 258
- change in financing assumptions	607	94	736	1 437
- change in demographic assumptions	345	(59)	168	454
- other changes	869	222	3 276	4 367
Benefits paid	(717)	(271)	(1 530)	(2 518)
At the end of the period	27 162	4 322	16 084	47 568
Short-term (up to 1 year)	3 919	352	281	4 552
Long-term (over 1 year)	23 243	3 970	15 803	43 016

Period from 1 January to 31 December 2024	Pension and disability provisions	Provisions for death severance	Provisions for the Social Benefit Fund	Total
Provisions for post-employment benefits				
At the beginning of the period	17 504	3 521	7 532	28 557
Change in the period, due to:	5 954	515	4 724	11 193
Provisions created	1 020	75	328	1 423
Interest expense	1 014	204	408	1 626
Actuarial gains and losses recognised in other comprehensive income (Note 17), due to:	4 571	350	5 217	10 138
- change in financing assumptions	2 530	431	1 058	4 019
- change in demographic assumptions	503	(332)	951	1 122
- other changes	1 538	251	3 208	4 997
Benefits paid	(651)	(114)	(1 229)	(1 994)
At the end of the period	23 458	4 036	12 256	39 750
Short-term (up to 1 year)	3 298	326	228	3 852
Long-term (over 1 year)	20 160	3 710	12 028	35 898

The discount rate is one of the key assumptions used in the actuarial valuation of provisions for post-employment benefits. If the discount rate used in the calculation of these provisions as at 31 December 2025 was decreased by 0.5 p.p., the value of the provisions would increase by PLN 2 974 thousand, and in the case of an increase of the discount rate by 0.5 p.p. the value of the provisions would fall by PLN 2 676 thousand (31 December 2024: PLN 2 387 thousand and PLN 2 157 thousand, respectively).

32. Deferred income tax assets and liabilities

Assets and liabilities for deferred income tax are calculated for all temporary differences in accordance with the balance sheet method, using an effective income tax rate that is expected to be in force in the year in which the tax obligation arises, i.e. 30% in 2026, 26% in 2027 and 23% in subsequent years (19% in 2024).

Assets and liabilities for deferred income tax are not recognised as short term assets and liabilities.

Changes in assets and liabilities for deferred income tax are presented below:

Deferred income tax assets	As at 01.01.2025	Recognised in the income statement	Recognised in other comprehensive income	Other changes	As at 31.12.2025
Interest accrued	45 171	8 030	-	-	53 201
Valuation of derivative financial instruments	260 487	168 779	(16 469)	-	412 797
Valuation of securities	243 195	141 823	(26 525)	-	358 493
Provisions for impairment of loans and advances	479 924	163 417	-	-	643 341
Provisions for employee benefits	56 341	31 548	2 561	-	90 450
Other provisions	653 442	(137 279)	-	-	516 163
Prepayments/accruals	57 960	42 280	-	-	100 240
Difference between tax and book value of tangible and intangible assets	146 068	17 669	-	-	163 737
Other negative temporary differences	40 669	154 656	-	(64)	195 261
Total, gross	1 983 257	590 923	(40 433)	(64)	2 533 683
Offsetting effect	(1 206 598)				(1 898 080)
Total, net	776 659				635 603

Deferred income tax liabilities	As at 01.01.2025	Recognised in the income statement	Recognised in other comprehensive income	Other changes	As at 31.12.2025
Interest accrued	(103 974)	(44 350)	-	-	(148 324)
Valuation of derivative financial instruments	(289 291)	(233 388)	-	-	(522 679)
Valuation of securities	(346 613)	(276 882)	(15 431)	-	(638 926)
Interest and fees received in advance	(142 078)	(73 408)	-	-	(215 486)
Difference between tax and book value of tangible and intangible assets	(256 170)	(34 924)	-	-	(291 094)
Other positive temporary differences	(68 472)	(15 781)	2 682	-	(81 571)
Total, gross	(1 206 598)	(678 733)	(12 749)	-	(1 898 080)
Offsetting effect	1 206 598				1 898 080
Total, net	-				-

Deferred income tax assets	As at 01.01.2024	Recognised in the income statement	Recognised in other comprehensive income	Other changes	As at 31.12.2024
Interest accrued	57 543	(12 372)	-	-	45 171
Valuation of derivative financial instruments	547 539	(250 335)	(36 717)	-	260 487
Valuation of securities	235 924	29 123	(21 852)	-	243 195
Provisions for impairment of loans and advances	504 930	(25 006)	-	-	479 924
Provisions for employee benefits	44 811	9 603	1 927	-	56 341
Other provisions	308 529	344 913	-	-	653 442
Prepayments/accruals	51 295	6 665	-	-	57 960
Difference between tax and book value of tangible and intangible assets	190 928	(44 860)	-	-	146 068
Other negative temporary differences	47 732	(6 770)	-	(293)	40 669
Total, gross	1 989 231	50 961	(56 642)	(293)	1 983 257
Offsetting effect	(1 227 688)				(1 206 598)
Total, net	761 543				776 659

Deferred income tax liabilities	As at 01.01.2024	Recognised in the income statement	Recognised in other comprehensive income	Other changes	As at 31.12.2024
Interest accrued	(102 160)	(1 814)	-	-	(103 974)
Valuation of derivative financial instruments	(460 254)	170 963	-	-	(289 291)
Valuation of securities	(250 770)	(83 313)	(12 530)	-	(346 613)
Interest and fees received in advance	(78 906)	(63 172)	-	-	(142 078)
Difference between tax and book value of tangible and intangible assets	(258 608)	2 438	-	-	(256 170)
Other positive temporary differences	(76 990)	8 518	-	-	(68 472)
Total, gross	(1 227 688)	33 620	(12 530)	-	(1 206 598)
Offsetting effect	1 227 688				1 206 598
Total, net	-				-

Deferred income tax included in the income statement	As of 31 December	
	2025	2024
Interest accrued	(36 320)	(14 186)
Valuation of derivative financial instruments	(64 609)	(79 372)
Valuation of securities	(135 059)	(54 190)
Provisions for impairment of loans and advances	163 417	(25 006)
Provisions for employee benefits	31 548	9 603
Other provisions	(137 279)	344 913
Prepayments/accruals	42 280	6 665
Interest and fees received in advance	(73 408)	(63 172)
Difference between tax and book value of tangible and intangible assets	(17 255)	(42 422)
Other temporary differences	138 875	1 748
Total deferred income tax included in the income statement (Note 15)	(87 810)	84 581

The Bank evaluated the recoverability of deferred tax assets. Following the rules of IAS 12 paragraph 28 and 29, the Bank recognised deferred tax assets to the extent that it is probable that the Bank will have sufficient taxable profits in the future periods or tax planning opportunities are available that will create taxable profit in future periods.

As at 31 December 2025, the Bank recognised deferred tax assets of PLN 209 676 thousand arising from the ongoing settlement program for customers with foreign currency loans denominated in CHF (item Other provisions) (31 December 2024: PLN 284 736 thousand).

The Bank recognises deferred tax liabilities or assets related to temporary differences arising from investments in subsidiaries and affiliated except that the implementation of the temporary differences is controlled by the Bank and it is probable that in the foreseeable future, these differences will not be reversed. As at 31 December 2025, the Bank did not include settlements on temporary differences in the total amount of PLN 2 142 680 thousand incurred due to investments in subsidiaries and affiliated companies in deferred tax calculation (31 December 2024: PLN 1 799 974 thousand).

33. Contingent liabilities

Proceedings before court, arbitration body or public administration authority

The Bank monitors the status of all court cases brought against entities of the Bank, including the status of court rulings regarding loans in foreign currencies in terms of shaping of and possible changes in the line of verdicts of the courts, as well as the level of required provisions for legal proceedings.

As at 31 December 2025, the total value of claims in court proceedings (trials) pending in which the Bank was defendant amounted to PLN 5 540.3 million, of which PLN 4 225.0 million related to court cases concerning loans indexed to foreign currencies (31 December 2024: PLN 10 622.0 million and PLN 8 973.4 million respectively). The total value of claims in court proceedings (trials) pending in which the Bank was claimants as at 31 December 2025 was PLN 8 090.6 million, of which PLN 7 683.9 million related to court cases concerning loans indexed to foreign currencies (31 December 2024: PLN 9 340.7 million and PLN 8 962.3 million respectively).

The Bank creates provisions for litigations, which as a result of the risk assessment involve a probable outflow of funds from fulfilling the liability and when a reliable estimate of the amount of the liability can be made. The amount of provisions is determined taking into account the amounts of outflow of funds calculated on the basis of scenarios of potential settlements of disputable issues and their probability estimated by the Bank based on the previous decisions of courts in similar cases and the experience of the Bank.

The value of provisions for litigations as at 31 December 2025 amounted to PLN 1 663 059 thousand of which PLN 1 590 357 thousand concerns provisions for legal proceedings relating to loans in foreign currencies (at 31 December 2024: PLN 2 913 310 thousand and PLN 2 856 705 thousand respectively). A potential outflow of funds due to the fulfilment of the obligation takes place at the moment of the final resolution of the cases by the courts, which is beyond the control of the Bank.

Information on the most important court proceedings

1. A lawsuit filed by LPP S.A.

On 17 May 2018, mBank S.A. received a lawsuit filed by LPP S.A. with its registered office in Gdańsk seeking damages amounting to PLN 96 307 thousand on account of interchange fee. In the lawsuit, LPP S.A. petitioned the court for awarding the damages jointly from mBank S.A. and from other domestic bank.

The plaintiff accuses the two sued banks as well as other banks operating in Poland of taking part in a collusion breaching the Competition and Consumer Protection Act and the Treaty on the Functioning of the European Union. In the plaintiff's opinion, the collusion took the form of an agreement in restriction of competition in the market of acquiring services connected with settling clients' liabilities towards the plaintiff on account of payments for goods purchased by them with payment cards in the territory of Poland.

On 16 August 2018 mBank S.A. has submitted its statement of defence and requested that the action should be dismissed. The court accepted the Defendants' requests to summon sixteen banks to join the proceedings and ordered that the banks be served with the summons. Two banks have notified of their intention to intervene in the case as an indirect intervener. In a judgment dated 27 January 2023, the District Court in Warsaw dismissed LPP S.A.'s lawsuit in its entirety. The verdict is not final, on 27 March 2023 LPP S.A. has filed an appeal, to which the Bank filed a response on 26 June 2023. By its judgment of 3 November 2023, the Court of Appeal in Warsaw dismissed the appeal of LPP S.A. On 13 March 2024, mBank S.A. received LPP S.A.'s cassation appeal, to which mBank S.A. submitted a response. The case is awaiting the assignment of a hearing date before the Supreme Court.

As at 31 December 2025, the Bank did not recognise a provision in this respect.

2. A lawsuit filed by Orlen S.A.

On 7 February 2020, mBank S.A. received a lawsuit filed by Orlen S.A. with its registered office in Płock seeking damages amounting to PLN 635 681 thousand on account of interchange fee. In the lawsuit, Orlen S.A. petitioned the court for awarding the damages jointly from mBank S.A. and other domestic bank and also from Master Card Europe and VISA Europe Management Services.

The plaintiff accuses the two sued banks as well as other banks operating in Poland of taking part in a collusion breaching the Competition and Consumer Protection Act and the Treaty on the Functioning of the European Union, i.e. a collusion restricting competition in the market of acquiring services connected with settling clients' liabilities towards the plaintiff on account of card payments for goods and services purchased by clients on the territory of Poland.

On 28 May 2020, mBank S.A. filed a response to the lawsuit and moved for a dismissal of a claim. The Court allowed for the motions of Defendants to summon 16 banks to participate in the case and preordained the service of a summoning motion to the banks. Two banks have notified of their intention to intervene in the case as an indirect intervener. On 19 December 2025, the District Court in Warsaw issued a judgment dismissing the claim. Orlen has the right to appeal against this judgment.

As at 31 December 2025, the Bank did not recognise a provision in this respect.

3. Individual court proceedings concerning indexation clauses

Detailed information on individual court cases against the Bank regarding CHF indexed loans is provided in Note 34.

4. Legal proceedings against the Group regarding mortgage loan agreements with interest based on WIBOR

As of 31 December 2025, there were 274 lawsuits pending against the Group with a total value in dispute of PLN 64.1 million, initiated by the Group's customers, in which the customers challenge that the mortgage agreement was based on a floating interest rate structure and the rules for setting the WIBOR benchmark rate. The Group disputes the validity of the claims raised in these cases. The case law to date is favourable to the Group. As of 31 December 2025, the Group had received 9 final judgments in court cases involving WIBOR-based clauses. All of them were favourable to the Group.

These lawsuits seek to challenge WIBOR as the basis for variable interest rates. In addition, the manner in which consumers were provided with instructions and information about the volatility of the index is being challenged.

The Bank's position is that the clients' claims are unfounded, in particular in view of the fact that WIBOR is an official index whose administrator has received the relevant approvals required by law, among others from the Polish Financial Supervision Authority, and the process of its determination, carried out by the administrator (an independent entity not affiliated with the Bank), is in accordance with the law and is also subject to supervisory review by the Polish Financial Supervision Authority. The Commission confirmed WIBOR's compliance with the requirements of the law. An analogous position was also

presented by the Financial Stability Committee, which comprises representatives of the National Bank of Poland, the Polish Financial Supervision Authority, the Ministry of Finance and the Bank Guarantee Fund.

In these proceedings, the Bank performs an individual assessment of the risk of losing the case and, on this basis, decides whether a provision should be recognised.

Legal issues concerning the question of the use of the WIBOR index as the basis for variable interest rates in mortgage loans are the subject of preliminary questions submitted by a Polish court to the CJEU (reference C-471/24). On 12 February 2026 the CJEU announced a verdict in this case where:

- with respect to the first question, concerning whether national courts have jurisdiction to examine WIBOR-plus-margin clauses, the Court answered in the affirmative,
- with respect to the second question, concerning what information regarding the variable interest rate and the reference benchmark the bank is required to provide to the consumer, the Court held that the bank is not obligated to disclose the methodology for determining WIBOR; the bank must fulfil its information obligations resulting from legal regulations,
- In response to the third question, concerning whether a variable interest rate clause based on WIBOR may be unfair, the Court replied that:
 - while any failure to comply with the transparency requirement is one of the factors to be taken into account in assessing the unfairness of a contractual term, it follows from Article 4(2) of Directive 93/13 that failure to comply with that requirement cannot in itself render that term unfair,
 - the bank's failure to provide information on the specific characteristics of WIBOR, including its lack of transactionality or the bank's transmission of input data, does not mean that the variable interest rate clause is abusive, provided that WIBOR was in compliance with the BMR Regulation on the date of conclusion of the agreement,
- the Court did not address the fourth question concerning the potential consequences of a finding that a WIBOR-based variable interest rate clause is unfair.

5. Legal proceedings against the Bank regarding the sanction of free credit

As of 31 December 2025, there were 1 262 lawsuits pending against the Bank, with a total value in dispute of PLN 35.8 million, relating to the sanction of free credit. The Bank disputes the validity of the claims raised in these cases. The case law to date is predominantly favourable to the Bank. As of 31 December 2025, 141 court cases concerning the sanction of free credit have been finally concluded. In 114 cases, judgments were passed favourably for the Bank, and in 10 cases, judgments were unfavourable. 17 proceedings ended favourably for the Bank for other reasons, including the withdrawal of a lawsuit by a customer.

The institution of the sanction of free credit is regulated in Article 45 of the Consumer Credit Act, according to which, in the event of a breach by the creditor of the provisions of the Act listed therein, the consumer, after submitting a written statement to the creditor, shall repay the credit without interest and other credit costs due to the creditor within the time limit and in the manner agreed in the credit agreement, and if no such manner has been agreed, shall repay the credit in equal instalments, payable monthly, from the date of the conclusion of the credit agreement. Pursuant to Article 45(5) of the Consumer Credit Act, the entitlement to the sanction of free credit expires one year after the execution of the credit agreement.

In these proceedings, the Bank performs an individual assessment of the risk of losing the case and, on this basis, decides whether a provision should be recognised.

Legal issues concerning the institution of the sanction of free credit are the subject of numerous preliminary questions addressed by Polish courts to the CJEU, concerning, inter alia, the admissibility of interest on the financed costs of credit and information obligations against this background, the proportionality of the sanction of free credit in relation to the degree of infringement (cases: C-566/24, C-472/23, C-831/24, C-774/24), the interpretation of the one-year time limit for the submission of a declaration on the use of the sanction of free credit (C-566/24), the admissibility of the assignment of claims arising from a consumer credit agreement and the obligation of the court to examine the assignment agreement ex officio from the point of view of the abusive nature of the provisions contained therein (C-80/24). Furthermore, the interpretation of the provisions on the institution of the sanction of free credit, concerning, inter alia, the interpretation of the one-year time limit for the submission of the declaration on the use of the sanction of free credit and the admissibility of interest on non-interest costs, is also the subject of legal issues referred to the Supreme Court (case ref. II Ca 825/24). In case C-472/23, on 13 February 2025, the CJEU issued a ruling in which it indicated that if the calculation of the actual annual interest rate on a loan was based on contract terms that later turned out to be unfair, such a calculation does not constitute a breach of the information obligation. As to the question whether a modification clause, providing for the possibility of changing the fee during the contract, violates the information obligations, the CJEU indicated that the national

court should assess whether the contract clause violates the requirements of precision and if it could prevent the consumer from assessing the scope of his obligation, it may be considered a violation of the information obligation. As to the question whether each infringement, regardless of the degree of infringement, justifies the application of a free credit sanction from the point of view of the principles of proportionality the CJEU pointed out that Directive 2008/48 does not preclude the free credit sanction, as long as the infringement may undermine the consumer's ability to assess the scope of their obligation. On 9 October 2025, CJEU issued a judgment in Case C-80/24, confirming that there are no legal obstacles preventing consumers from assigning their claims, based on the sanction of a free-of-charge credit, to specialised entities. In litigation between assignees and banks, courts are not required to examine the assignment agreements ex officio.

Tax inspections

In 2025 the Bank was not a subject to tax authorities inspection.

Tax authorities may carry out inspections and verify records of economic operations recorded in the accounting books within 5 years from the end of the tax year in which tax returns were submitted, determine additional tax liabilities and impose related penalties. In the opinion of the Management Board, there are no circumstances indicating the likelihood of significant tax liabilities arising in this respect.

Proceedings initiated by the Polish Financial Supervision Authority (PFSA)

On 6 February 2025, the Polish Financial Supervision Authority started administrative proceedings against mBank S.A. with regard to imposing an administrative penalty under Article 138 (3) (3a) of the Banking Law Act of 29 August 1997 ("Banking Law Act") or Article 138 (7aa) (1) of the Banking Law Act. Administrative proceedings were started in connection with a suspected breach of Article 8 (1) in conjunction with Article 26 (1) of the Regulation of the Minister of Finance of 24 September 2012 on the Procedure and Conditions of Conduct for Investment Firms, Banks Referred to in Article 70 (2) of the Act on Trading in Financial Instruments, and Custodian Banks, and Article 83c (1) of the Act of 29 July 2005 on Trading in Financial Instruments, and Article 9c (1) (4) of the Banking Law. In the course of the proceedings, requests for clarification are issued, to which the mBank responds in a timely manner by submitting the required documentation and comprehensive explanations. At the current stage of the proceeding, due to the nature of the case, it is not possible to reliably estimate its potential effects.

Proceedings initiated by the Office of Competition and Consumer Protection (UOKiK)

- Proceedings for considering provisions of a master agreement as abusive instituted ex officio on 12 April 2019. The proceedings concern amendment clauses stipulating circumstances under which the Bank is authorised to amend the terms and conditions of the agreement, including the amount of fees and commissions. In the opinion of the President of the Office of Competition and Consumer Protection (UOKiK), the amendment clauses used by the Bank give it an unlimited right to unilaterally and freely change the manner of performing the agreement. As a consequence, the UOKiK President represents the view that the clauses used by mBank define the rights and obligations of consumers contrary to good morals and grossly violate their interest and, thus, are abusive. The Bank does not agree with this stance. The proceedings have been extended to 31 August 2026. At the current stage of the proceeding, due to the nature of the case, it is not possible to reliably estimate its potential effects.
- By way of the decision of 8 July 2022 the President of the Office of Competition and Consumer Protection (UOKiK) instigated proceedings on the application of practices violating consumers' collective interests, consisting in a failure to refund the cost of transactions which consumers reported as unauthorised or to restore account balances that would have existed had such transactions not been executed under the procedure and within the time limit specified in the Payment Services Act, as well as practices consisting in providing consumers with incorrect information on the Bank's verification of whether a payment instrument was used correctly in response to customer reports.

The President of the Office of Competition and Consumer Protection accuses the Bank of not refunding the amount of an unauthorised payment transaction despite the lack of grounds justifying the refusal to refund, i.e. suspicion of fraud on the part of the customer or expiration of the claim due to the expiry of the deadline. In its arguments, the Bank emphasises that art. 46 section 1 of the Act of 19 August 2011 on Payment Services (hereinafter referred to as "UUP") does not apply to authorised transactions, and that the obligation to return pursuant to art. 46 section 1 of the UUP does not apply to situations where the payer is liable for an unauthorised transaction.

The essence of the proceedings initiated by the President of the Office of Competition and Consumer Protection is to determine under what circumstances the payment service provider is obliged to refund the transaction amount within D+1. According to the President of the Office of Competition and Consumer Protection, such an obligation arises whenever the consumer reports that, in his opinion, an unauthorised transaction has occurred. The Bank considers this position to be unjustified, as such an obligation arises only when an unauthorised transaction has actually taken place and the Bank is responsible for the unauthorised transaction under the provisions of the UUP.

Moreover, the Bank is of the opinion that the information provided to consumers regarding the Bank's lack of liability for the reported transaction is true. The Bank's liability for transactions reported as unauthorised transactions is not absolute, and the Bank's obligation to refund the transaction amount becomes effective only in situations where an unauthorised transaction actually occurs and there is no occurrence of one of the cases excluding the Bank's liability.

At the current stage of the proceeding, it is not possible to reliably estimate its potential effects. In May 2025, the Bank entered into discussions with the Office of Competition and Consumer Protection (UOKiK) to develop the content of a commitment decision.

Proceedings initiated by the Personal Data Protection Office (UODO)

On 23 September 2024, the President of the Personal Data Protection Office ("UODO") initiated administrative proceedings regarding the potential violation of personal data protection regulations by the Bank. The subject of the proceedings is the potential violation of Article 28, Section 3, and Article 30, Section 1, Point d of the Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016, on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC ("GDPR"). In the Bank's opinion, there was no violation of GDPR regulations in the matter under investigation. The Bank explained its legal position in the letters sent to the President of UODO and emphasised its intention to cooperate closely with the President of UODO. At the current stage of the proceedings, it is not possible to reliably estimate the potential penalty.

Contingent liabilities granted and received relating to financing and guarantees

Information on the value of contingent liabilities granted and received regarding financing and guarantees is presented in Note 35.

34. Legal risk related to mortgage and housing loans granted to individual customers indexed to CHF and other foreign currencies

Introduction

In recent years, a significant number of individual customers who entered into mortgage and housing loan agreements with the Bank in Swiss francs (CHF) or other foreign currencies, challenged in court some of the provisions or entire agreements on the basis of which the Bank granted these loans. In case law, there were divergences regarding the legal classification of contractual clauses introducing indexation mechanisms and the legal consequences of recognizing them as unfair. Currently, the judgments being issued are almost exclusively unfavourable to the Bank.

The carrying amount of mortgage and housing loans granted to natural persons in CHF as of 31 December 2025 amounted to PLN 73.8 million (i.e. CHF 16.3 million) compared to PLN 665.6 million (i.e. CHF 146.7 million) as of 31 December 2024.

The carrying amount of mortgage and housing loans granted to natural persons in other foreign currencies by mBank in Poland as of 31 December 2025 amounted to PLN 774.2 million, compared to PLN 1 170.0 million in 31 December 2024.

The volume of the portfolio of loans indexed to CHF granted to natural persons in Poland (i.e., the sum of loan tranches disbursed to customers), taking into account the exchange rate on the date of disbursement of individual loan tranches, amounted to PLN 19.5 billion (85.5 thousand loan agreements). The volume of the portfolio of loans indexed to other foreign currencies granted to natural persons in Poland, taking into account the exchange rate on the date of disbursement of individual loan tranches, amounted to PLN 4.1 billion (13.4 thousand loan agreements).

	31.12.2025		31.12.2024	
	PLN billion	Number of loan contracts (thousand)	PLN billion	Number of loan contracts (thousand)
The volume of the portfolio (disbursed amounts) of loans indexed to CHF granted to natural persons in Poland that were active taking into account the exchange rate on the date of disbursement of individual loan tranches	1.8	6.0	4.8	16.4
The volume of the portfolio (disbursed amounts) of loans indexed to other foreign currencies granted to natural persons in Poland that were active taking into account the exchange rate on the date of disbursement of individual loan tranches	1.8	5.5	2.2	6.7
The volume of the portfolio (disbursed amounts) of loans indexed to CHF granted to natural persons in Poland that were inactive taking into account the exchange rate on the date of disbursement of individual loan tranches, of which:	17.7	79.5	14.7	69.1
- Fully repaid loans	5.7	33.1	6.6	37.4
- Settled loans	8.0	32.4	5.5	22.9
- Loans after final verdict	4.0	14.0	2.6	8.8

Due to the significance of the legal issues related to the foreign currencies loan portfolio for the financial position of mBank Group as at 31 December 2025, detailed information is presented below regarding court proceedings and significant rulings, which, in the Bank's assessment, may have affected the development

of case law in matters concerning ruling on loans indexed to foreign currencies, the Bank's policy regarding settlements offered to clients, accounting principles for the recognition of legal risk related to these court cases and the settlement program, as well as information on the impact of legal risk related to these court cases on the balance sheet and profit or loss account of mBank Group and the methodology used to determine this impact.

Individual court cases against the Bank concerning loans indexed to CHF and other foreign currencies

As of 31 December 2025, the Bank observed currently pending individual lawsuits regarding 5 856 loan agreements indexed to CHF including of which 4 400 active loan agreements and 1 456 repaid loan agreements (as of 31 December 2024: 15 996 of which 12 547 active and 3 449 repaid loans). Additionally, as of 31 December 2025, the Bank observed individual lawsuits regarding 496 loan agreements indexed to other foreign currencies including of which 396 active loan agreements and 100 repaid loan agreements (as of 31 December 2024: 683 of which 578 active and 105 repaid loans).

As of 31 December 2025, mBank received and executed final rulings in individual lawsuits concerning 14 203 loan agreements indexed to CHF (31 December 2024: 8 916 loans), out of which 168 rulings were favourable or partially favourable to the Bank and 14 035 rulings were unfavourable (31 December 2024: 118 rulings favourable or partially favourable and 8 798 unfavourable). Additionally, as of 31 December 2025, mBank received final rulings in individual lawsuits concerning 240 loan agreements indexed to other foreign currencies (31 December 2024: 102 loans), out of which 5 rulings were favourable or partially favourable to the Bank and 235 rulings were unfavourable (31 December 2024: 5 rulings favourable or partially favourable and 97 unfavourable).

In total so far, approximately 97% of unfavourable verdicts led to the invalidation of the loan agreement, others led to the conversion of the agreement into PLN + LIBOR/WIBOR and substitution of FX clause by the fixing rate of the NBP.

Class action against mBank S.A. concerning indexation clauses

On 4 April 2016, a lawsuit was filed against the Bank by the Municipal Consumer Ombudsman representing a group of 1 731 individuals – retail banking customers who entered into mortgage loan agreements indexed to CHF.

On 6 November 2024, the Court of First Instance handed down a judgment in which it discontinued the proceedings with respect to the class members who had reached settlements and those who had obtained judgments in individual cases, and to the remaining extent declared the agreements invalid.

On 4 July 2025, the Court of Appeal in Łódź issued a judgment in which it overturned the first-instance court's ruling with regard to the claims of certain members of the Group in respect of whom, despite the conclusion of a settlement or obtaining a judgment in individual proceedings, the Court of First Instance had declared the agreements invalid. The case was dismissed in relation to these participants. In its judgment, the court also accepted mBank's request, excluded from the proceedings individuals who, after the first-instance court's ruling in 2024, entered into settlements with the Bank, or those who obtained final rulings in individual proceedings. The Bank's appeal was dismissed in the remaining scope. The Court of Appeal concurred with the position of the first-instance court and upheld the judgment declaring the invalidity of the loan agreements concluded by the remaining members of the Group. The judgment is final. As a result, nearly half of the participants chose to resolve the dispute amicably by entering into settlements with the bank. The Bank has complied with the judgment in respect of all members of the group covered by it.

On 7 November 2025, the Bank filed a cassation appeal in the part concerning 14 borrowers, in whose cases according to the Bank different factual circumstances obtained, arising from a change of the contract currency during the course of performance.

Information on the most important court proceedings regarding loans indexed to foreign currency

In recent years, jurisprudence on loans indexed to foreign currency exchange rates has undergone significant harmonization, primarily due to rulings by the Court of Justice of the European Union (CJEU) and the Supreme Court (SC). This process has led to the development of a consistent line of case law, which is largely favourable to consumers.

Among the many rulings, the CJEU judgment of 3 October 2019, in case C-260/18 should be highlighted, in which it indicated that the issue of the abusiveness of contracts should be decided by national courts. The CJEU pointed that the invalidity of a contract may be unfavourable for the client and ruled out the possibility of applying general provisions referring to custom or principles of equity. In its judgment of 15 June 2023, in case C-520/21, the CJEU ruled that bank is not entitled to demand compensation from the consumer beyond the return of the principal paid for the performance of that agreement and beyond the payment of statutory default interest from the date of the demand for payment.

In its resolution of 16 February 2021, in case III CZP 11/20, the Supreme Court stated that in the event of the invalidity of a loan agreement, the appropriate method for settling the parties' claims is the theory of two conditions, which involves the separate settlement of claims of both parties to the loan agreement – the borrower and the bank. This position was subsequently developed in case law, including in the resolution of 7 May 2021 (III CZP 6/21) and in the resolution of the full Civil Chamber of 25 April 2024 (III CZP 25/22), which emphasized that a consumer's declaration of lack of consent to be bound by an abusive clause does not require any special form.

In its judgment of 19 June 2025 in case C-396/24, the CJEU addressed, among other things, the entrepreneur's right to demand from the consumer the return of the full nominal amount of the loan granted, regardless of the amount of repayments made by the consumer in performance of that agreement and regardless of the remaining amount to be repaid. The Court emphasized that in the event of the invalidity of a contract containing abusive clauses, the national court should employ all necessary measures to protect the consumer from particularly harmful consequences that may arise from the invalidity of the contract. The Court expressed a negative view on the current practice of Polish courts insofar as it allows the entrepreneur to demand the full nominal amount of the loan from the consumer, based on the so-called theory of two conditions. According to this theory, where a term of the credit agreement deemed unfair leads to the invalidity of that agreement, the entrepreneur has the right to demand from the consumer the return of the full nominal amount of the loan granted, regardless of the repayments already made by the consumer under that agreement and regardless of the remaining amount to be repaid. The judgment raises interpretative doubts regarding the possibility and scope of potential modification or replacement of the theory of two of two conditions in the case law of Polish courts. Against this background, in case C- 510/25, the Polish court has referred new preliminary questions to the CJEU concerning the rules for settling the parties' accounts under a void credit agreement. This question may influence current settlement practices and contribute to the further development of case law in Poland.

On 14 December 2023, the CJEU in case C-28/22 not permissible is situation in which the limitation period for the business entity's claims begins to run only from the date on which the contract becomes permanently ineffective, while the limitation period for the consumer's claims begins to run at the moment when he/she learned or should have learned about the unfair nature of the contract provision giving rise to invalidity.

In turn, in its judgment of 11 December 2025 in case C 767/24, the Court held that the consumer's submission of a set off declaration does not amount to an implied waiver of the limitation period defence.

These judgments have opened up a debate for national courts as to what moment should be considered as the beginning of the limitation period for a bank's claim. Issues related to this matter are currently the subject of numerous preliminary questions in the CJEU, including cases, C-752/24 and in the joined cases C 261/25 and C 262/25. The bank is monitoring the development of case law in this area.

On 6 February 2025, the draft act on special solutions for the recognition of cases concerning credit agreements denominated or indexed to the CHF was posted on the website of the Government Legislative Center. On 1 July 2025, the Ministry of Justice published a revised draft of the bill. This draft already takes into account the position expressed by the Court of Justice of the European Union in its judgment of 19 June 2025 in case C-396/24. On 16 October 2025, the first reading of the bill took place, after which it was referred for further work in committee. The Bank will follow the legislative process.

Settlement program

On 26 September 2022, the Bank decided to launch the settlement program for borrowers who have active CHF indexed loan including borrowers currently in court dispute with the Bank based on the assumptions presented by the PFSA's Chairman. Over time, the program was expanded to cover all loans indexed to foreign currencies.

Settlements terms are individually negotiated with customers.

Settlements, due to the noticeable effectiveness of this process, are mainly signed out of court mode. However, for any client who expresses such a wish, the Bank allows for the conclusion of a court settlement or at an arbitration court.

As of 31 December 2025, the Bank concluded 33 376 settlements (as of 31 December 2024: 22 902 settlements).

Accounting policies for recognising the effect of legal risk related to court cases concerning mortgage and housing loans to individual customers in foreign currencies and the voluntary settlement program

The Group recognises the impact of the legal risk related to court cases concerning indexation clauses in mortgage and housing loans in foreign currencies and settlements offered to CHF borrowers as reflected under:

- IFRS 9 "Financial instruments" in relation to active loans and settlements, and
- IAS 37 "Provisions, contingent liabilities and contingent assets" in relation to repaid loans.

Mortgage and housing loans to customers that are subject to court proceedings are within the scope of IFRS 9. Under IFRS 9, these loans are measured at amortised cost using the effective interest rate.

Legal claims filed by borrowers, including invalidity claims, impact the Bank's estimate of the expected life of the loan and the expected cash flows. In particular, the Bank takes into account the risk that the remaining life of the loan may be shorter than the contractual term, or the Bank may not receive some of the contractual cash flows, and in case of invalidity verdict, the Bank will be obliged to settle the mutual benefits of the parties. In addition, settlements offered by the Bank to borrowers (including those who have not previously made legal claims), also affect the amount and timing of expected cash flows from these loans.

Therefore, the Bank believes that the appropriate way to recognise the impact of legal risk with respect to active loans and the expected impact of the settlement program offered to borrowers is to revise the cash flow estimates associated with the loans and reduce the gross carrying amount of the loans in accordance with IFRS 9 paragraph B5.4.6.

In relation to repaid loans and loans, for which the estimated adjustment in cash flows is higher than the carrying amount, the Bank recognises provisions for legal proceedings in accordance with IAS 37 "Provisions, contingent liabilities and contingent assets".

According to IAS 37 the amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of reporting period. The best estimate of the expenditure required to settle the present obligation is the amount that the Bank would rationally pay to settle the obligation at the end of the reporting period or to transfer it to a third party at that time. This amount is discounted at the balance sheet date.

For repaid loans, there is no asset that could be adjusted therefore any potential liability arising from the legal risks has to be accounted for under IAS 37. As the provisions being measured in case of repaid loans involves a large population of items, the Bank applies "expected value" method in which the obligation is estimated by weighting all possible outcomes by their associated probabilities.

The above estimates are determined by the judgement of the Bank, supplemented by experience of similar events and opinions of independent experts. The evidence considered includes any additional evidence provided by events after the end of the reporting period.

The details of the methodology and calculation related to credit loans indexed to CHF and to other foreign currencies and settlement program are described further in this note.

Upon receiving unfavourable court rulings in cases related to loans indexed to foreign currencies, the Bank derecognises from its balance sheet the assets and provisions associated with both active and repaid loans covered by these rulings, and recognizes the assets and liabilities arising from these rulings accordingly. These assets and liabilities do not constitute financial assets or financial liabilities within the meaning of IFRS 9 and are presented, respectively, as Non-financial receivables due to final verdicts in legal proceedings relating to loans in foreign currencies (in the Note 28 Other assets) and Non-financial liabilities due to final verdicts in legal proceedings relating to loans in foreign currencies (in the Note 30 Other liabilities). Non financial receivables resulting from final court rulings are assessed for impairment in accordance with the principles applicable to non financial assets, and impairment losses on these receivables are recognized in the income statement under Costs of legal risk related to foreign currency loans. As of 31 December 2025 the non financial receivables resulting from final court rulings amounted to the net amount of PLN 539 636 thousand and the non-financial liabilities due to final verdicts in legal proceedings relating to loans in foreign currencies amounted to PLN 721 230 thousand (as of 31 December 2024: PLN 536 637 thousand and PLN 678 025 thousand, respectively).

The impact of the legal risk related to court cases concerning indexation clauses in mortgage and housing loans in foreign currencies and the voluntary settlement program

The methodology used to calculate the impact of the legal risk related to court cases concerning indexation clauses in mortgage and housing loans in foreign currencies and the settlement program is based on historical observations and due to the lack of market data and partially on expert assumption that are highly judgmental and with a high range of possible values. It is possible that the impact of the legal risk will need to be adjusted significantly in the future, particularly that important parameters used in calculations are significantly interdependent.

The cumulative impact of legal risk associated with litigation related to indexation clauses in foreign currencies mortgages and housing loans and the settlement program included in the mBank Group's statement of financial position is shown in the table below.

	31.12.2025	31.12.2024
Impact of legal risk concerning lawsuits and settlement program related to active loans recognised as a reduction of gross carrying amount of loans, including loans in:	1 890 406	4 115 786
- CHF	1 494 256	3 802 760
- USD	40 780	85 603
- EUR	253 501	138 751
- GBP	-	196
- PLN	101 869	88 476
Impact of legal risk concerning individual lawsuits related to repaid loans and low value active loans recorded as provisions for legal proceedings	1 581 500	2 847 739
The cumulative impact of legal risk associated with litigation related to indexation clauses mortgages and housing loans in foreign currencies and settlement program	3 471 906	6 963 525

The impact of legal risk concerning loans in PLN amounting to PLN 101.9 million, presented in the table above, refers to contracts that were historically indexed to foreign currencies and are currently denominated in PLN.

Total costs of legal risk related to foreign currency loans recognised in the income statement for the year 2025 amounted to PLN 2 039.7 million (in 2024: PLN 4 307.0 million). They are mainly due to, updates to the projected number of lawsuits, and the cost of the settlement program as well as updates remaining model parameters.

Methodology of calculating the impact of the legal risk related to individual court cases regarding credit loans indexed to CHF

The methodology of calculating the impact of the legal risk related to individual court cases concerning both active and repaid loans applied by the Bank depends on numerous assumptions that take into account historical data adjusted with the Bank's expectations regarding the future. The most important assumptions are an expected population of borrowers who will file a lawsuit against the Bank, the distribution of expected verdicts judged by the courts and the loss to be incurred by the Bank in case of losing the case in court and the expected level of settlement acceptance.

Expected population of borrowers who will file a lawsuit

The population of borrowers who will file a lawsuit against the Bank has been projected based on the Bank's litigation history and assumptions about the influx of new cases over the full projection period.

For the purpose of calculating the impact of legal risk mBank assumes that approximately 3.5 thousand CHF borrowers including 0.6 thousand with active loans and 2.9 thousand with repaid loans, will file a lawsuit against the Bank in the future (as of 31 December 2024: 5.3 thousand of which 1.7 thousand active and 3.6 thousand repaid loans). Moreover, the Bank assumed that some portion of CHF borrowers will sign settlements. These assumptions, due to significant uncertainties surrounding CHF cases as well as other external factors that may shape clients' preferences to file the lawsuits, is highly judgmental and may be a subject to an adjustment in future. If an additional 100 borrowers with active loans indexed to CHF filed a lawsuit against the Bank and the loan was invalidated in its entirety, the impact of the legal risk would increase by approximately PLN 31.1 million (while other relevant assumptions remain constant) as compared to 31 December 2025, reducing gross carrying amount of the loans. If an additional 100 borrowers with repaid loans indexed to CHF filed a lawsuit against the Bank and the loan was invalidated in its entirety, the impact of the legal risk would increase by approximately PLN 7.7 million (while other relevant assumptions remain constant) increasing the provisions for legal proceedings.

The Bank estimates that 0.6 thousand borrowers with active CHF indexed loans will not decide to sue the Bank or sign a settlement with the Bank in the future and 28.8 thousand borrowers with repaid CHF indexed loans will not sue the Bank in future. In the Bank's opinion this will be influenced by the following factors: clients' expectations regarding future costs of PLN loans, changes in jurisprudence in CHF loan cases, tax solutions regarding settlements, costs and duration of court proceedings, individual factors (in particular the loan repayment period and the current amount of debt). The population of borrowers who will not decide to sue the Bank is not a direct estimate, but is the result of the difference between the estimate of the population of clients already in dispute with the Bank or intending to do so and the estimate of the population of clients who decide to settle and the number of clients with an active CHF credit agreement and borrowers who have already repaid their loans.

Distribution of expected court rulings

The expected distribution of court rulings was based on final judgments issued in recent cases against the Bank. As of 31 December 2025, the Bank assumed a loss in 100% of pending or future lawsuits (in comparison to 99% as of 31 December 2024). In the loss scenario Bank took into account only scenario for termination of court proceedings in which the contract is invalid in its entirety, as removing the exchange rate clause would be too far-reaching change (assuming that the clause specifies the main subject of the contract).

The Bank estimates that if all Bank's originated loan agreements currently under individual court proceedings were declared invalid the pre-tax cost, without taking into account possible settlements, could reach ca. PLN 2.6 billion (compared to PLN 3.5 billion cumulative impact of legal risk associated with litigation related to indexation clauses mortgages and housing loans in foreign currencies as at 31 December 2025). Overall losses would be higher or lower depending on the final court verdicts.

Risk of statute of limitations on principal

In the calculation and accounting of the legal risk effects related to individual court cases concerning loans indexed to CHF, the risk of the statute of limitations on the Bank's claims for the return of the disbursed capital has been taken into account. According to the resolution of the Full Court of the Civil Chamber of the Supreme Court dated 25 April 2024, the beginning of the statute of limitations period starts from the day following the day the first letter from the borrower challenging the loan agreement is received by the bank. Based on the available information regarding the statements made by clients in which the agreement was challenged the Bank determined probabilities for these contracts which range from 5% to 50%, assuming that the Bank's claims would be considered time-barred, despite the fact that restitution claim could have been filed by the Bank before the expiration of 3 years from the date of the borrower's lawsuit. If assumed that individual probabilities will change by +/- 1 percentage point and all other relevant assumptions remained unchanged, the impact of the legal risk would change by PLN 1.9 million, of which PLN 1.3 million would change the gross carrying amount of loans and PLN 0.6 million provisions for legal proceedings.

Probability of settlement acceptance

The Bank assumed the probability of accepting settlements based on the results of an actively conducted settlement program and available market data and based on its own projections. As of 31 December 2025, the Bank assumed that it would conclude 2.7 thousand settlements in the future which accounts for approximately 45% of active portfolio (as of 31 December 2024: 6.5 thousand, approximately 39%), including the borrowers who already filed a lawsuit against the Bank.

Methodology of calculating the impact of the legal risk related to the other foreign currencies loans

In order to calculate the legal risk costs related to loans indexed to currencies other than CHF, the methodology described above for calculating the impact of the legal risk related to individual cases concerning loans indexed to CHF was used and it was applied to the whole population of loans indexed to other foreign currencies. The distribution of expected court rulings used is the same as for individual cases in CHF.

As of 31 December 2025, the Bank recognised the impact of legal risk of loans indexed to other foreign currencies in the amount of PLN 508.1 million.

35. Off-balance sheet liabilities

Off-balance sheet liabilities of the Bank comprise: loan commitments, guarantees and other financial facilities, other liabilities.

The amounts and dates by which the Bank will be obliged to realise its off-balance sheet financial liabilities by granting loans or other monetary services are presented in the table below.

Loan commitments, guarantees and other financial facilities and other commitments

31.12.2025	Nominal amount of off-balance loan commitments, guarantees and other financial facilities and other commitments under IFRS 9 impairment				Provisions on off-balance loan commitments, guarantees and other financial facilities and other commitments under IFRS 9 impairment			
	Stage 1	Stage 2	Stage 3	POCI	Stage 1	Stage 2	Stage 3	POCI
Loan commitments	38 482 199	5 586 270	66 190	6 392	54 724	62 083	22 356	1 362
Guarantees and other financial facilities	7 681 659	1 568 775	69 525	7 000	11 022	10 390	27 655	(6 848)

31.12.2024	Nominal amount of off-balance loan commitments, guarantees and other financial facilities and other commitments under IFRS 9 impairment				Provisions on off-balance loan commitments, guarantees and other financial facilities and other commitments under IFRS 9 impairment			
	Stage 1	Stage 2	Stage 3	POCI	Stage 1	Stage 2	Stage 3	POCI
Loan commitments	34 595 332	2 382 268	81 141	898	42 632	39 806	29 508	1 393
Guarantees and other financial facilities	8 124 634	771 370	106 016	4 611	12 230	2 882	61 354	(2 030)
Other commitments	499 958	-	-	-	-	-	-	-

Additionally, as at 31 December 2025, the Bank, in accordance with the CRR Regulation, includes in the calculation of the total risk exposure amount and capital adequacy ratios an additional amount of PLN 5 773 417 thousand relating to contractual arrangements arising from binding credit offers submitted to clients, undrawn conditional credit tranches and undrawn conditional guarantee lines.

Off-balance loan commitments, guarantees, other financial facilities, other commitments and provisions for off-balance loan commitments and guarantees by internal rating system levels

31.12.2025	Stage 1	Stage 2	Stage 3	POCI	TOTAL
Nominal value of off-balance loan commitments, guarantees, other financial facilities and other commitments subject to impairment in accordance with IFRS 9					
1	11 220 250	166 233	-	4 815	11 391 298
2	14 259 601	1 497 791	-	38	15 757 430
3	7 521 228	878 141	-	105	8 399 474
4	9 159 757	2 916 186	-	273	12 076 216
5	3 474 736	1 335 039	-	151	4 809 926
6	248 645	68 252	-	9	316 906
7	49 943	293 403	-	66	343 412
8	229 698	-	-	-	229 698
default	-	-	135 715	7 935	143 650
Total nominal values	46 163 858	7 155 045	135 715	13 392	53 468 010
Provisions for off-balance loan commitments, guarantees, other financial facilities and other commitments subject to impairment in accordance with IFRS 9					
Total provisions	65 746	72 473	50 011	(5 486)	182 744

31.12.2024	Stage 1	Stage 2	Stage 3	POCI	TOTAL
Nominal value of off-balance loan commitments, guarantees, other financial facilities and other commitments subject to impairment in accordance with IFRS 9					
1	6 073 039	26 059	-	2 693	6 101 791
2	17 915 349	403 938	-	47	18 319 334
3	6 790 872	370 283	-	109	7 161 264
4	10 417 358	1 193 518	-	346	11 611 222
5	1 200 540	988 468	-	115	2 189 123
6	10 175	64 049	-	10	74 234
7	54 008	107 323	-	46	161 377
8	758 583	-	-	-	758 583
default	-	-	187 157	2 143	189 300
Total nominal values	43 219 924	3 153 638	187 157	5 509	46 566 228
Provisions for off-balance loan commitments, guarantees, other financial facilities and other commitments subject to impairment in accordance with IFRS 9					
Total provisions	54 862	42 688	90 862	(637)	187 775

Rating system is described in Note 3.3.4.

The following table presents the Bank's off-balance sheet commitments granted and received as well as nominal value of open positions of derivative transactions of the Bank as at 31 December 2025 and as at 31 December 2024.

Guarantees are presented in the table below based on the contractual maturity date. Financial guarantees can be called immediately.

31.12.2025	Up to 1 year	From 1 to 5 years	More than 5 years	Total
Contingent liabilities granted and received	31 115 970	22 444 712	8 353 161	61 913 843
Commitments granted	28 011 452	17 883 949	7 572 609	53 468 010
Financing	24 001 187	13 508 040	6 631 824	44 141 051
- loan commitments	24 001 187	13 508 040	6 631 824	44 141 051
Guarantees and other financial facilities	4 010 265	4 375 909	940 785	9 326 959
- guarantees and standby letters of credit	4 010 265	4 375 909	940 785	9 326 959
Commitments received	3 104 518	4 560 763	780 552	8 445 833
Guarantees received	3 104 518	4 560 763	780 552	8 445 833
Derivative financial instruments (nominal value of contracts)	275 728 879	303 929 001	27 142 352	606 800 232
Interest rate derivatives	149 435 685	296 607 861	26 849 913	472 893 459
Currency derivatives	120 521 401	6 321 809	3 804	126 847 014
Market risk derivatives	5 771 793	999 331	288 635	7 059 759
Total off-balance sheet items	306 844 849	326 373 713	35 495 513	668 714 075

31.12.2024	Up to 1 year	From 1 to 5 years	More than 5 years	Total
Contingent liabilities granted and received	31 549 014	19 367 147	5 341 287	56 257 448
Commitments granted	27 330 999	14 674 822	4 560 407	46 566 228
Financing	22 874 946	10 630 514	3 554 179	37 059 639
- <i>loan commitments</i>	22 874 946	10 630 514	3 554 179	37 059 639
Guarantees and other financial facilities	3 956 095	4 044 308	1 006 228	9 006 631
- <i>guarantees and standby letters of credit</i>	3 956 095	4 044 308	1 006 228	9 006 631
Other commitments	499 958	-	-	499 958
Commitments received	4 218 015	4 692 325	780 880	9 691 220
Financial commitments received	732 537	-	-	732 537
Guarantees received	3 485 478	4 692 325	780 880	8 958 683
Derivative financial instruments (nominal value of contracts)	298 034 508	346 711 685	34 885 674	679 631 867
Interest rate derivatives	177 361 942	340 018 743	34 763 017	552 143 702
Currency derivatives	117 138 845	4 728 587	4 579	121 872 011
Market risk derivatives	3 533 721	1 964 355	118 078	5 616 154
Total off-balance sheet items	329 583 522	366 078 832	40 226 961	735 889 315

The carrying amounts of derivatives are presented in the Note 19.

As at 31 December 2025, commitments received by the Bank in the amount of PLN 8 445 833 thousand (31 December 2024: PLN 9 691 220 thousand), related mainly to guarantees received as collateral of loans and advances granted.

36. Pledged assets

Assets may be pledged as collateral for repo or sell/buy back transactions, derivative contracts with other banks. Collateral may be also placed due to stock market derivatives such as futures, options and participation in stock market.

Collateral may be placed in different form (e.g. cash, securities and pledged assets).

Similarly, customers establish collateral on their assets to secure the transaction with the Bank. If securities are subject to collateral (in buy/sell back transaction) they can be re-pledged in the opposite transaction (sell/buy back).

Moreover the Bank accepts collaterals in the form of properties (esp. real estates) related to credit type transactions like loans, credit lines, banking guarantees.

The table below presents the breakdown of the measures possible to pledge by the main items of the statement of financial position of the Bank. Treasury securities are the main component of the Bank's liquidity collateral that can be eligible to pledge.

31.12.2025	Assets			Fair value of collateral received in form of securities related with buy/sell back transactions			Assets available for pledge (3+6)
	Total assets	Pledged assets	Eligible for pledge assets	Received	Reused	Available for pledge	
	1	2	3	4	5	6	7
Debt securities (Note 19, 20, 21 and 22), including:	87 937 015	5 763 961	77 677 459	13 268 040	1 715 366	11 552 674	89 230 133
- <i>NBP bills</i>	14 993 378	-	14 993 378	-	-	-	14 993 378
- <i>Government bonds</i>	56 939 443	3 177 702	53 761 741	13 268 040	1 715 366	11 552 674	65 314 415
- <i>Mortgage bonds</i>	4 495 143	-	-	-	-	-	-
- <i>Other non-treasury securities</i>	11 509 051	2 586 259	8 922 340	-	-	-	8 922 340
Cash collaterals (due to derivatives transactions) (Note 22)	708 492	708 492	-	-	-	-	-
Other assets	189 222 674	-	-	-	-	-	-
Total	277 868 181	6 472 453	77 677 459	13 268 040	1 715 366	11 552 674	89 230 133

31.12.2024	Assets			Fair value of collateral received in form of securities related with buy/sell back transactions			Assets available for pledge (3+6)
	Total assets	Pledged assets	Eligible for pledge assets	Received	Reused	Available for pledge	
	1	2	3	4	5	6	7
Debt securities (Note 19, 20, 21 and 22), including:	71 986 988	5 154 775	62 997 805	9 951 696	1 261 145	8 690 551	71 688 356
- NBP bills	14 494 118	-	14 494 118	-	-	-	14 494 118
- Government bonds	42 538 690	3 371 714	39 166 976	9 951 696	1 261 145	8 690 551	47 857 527
- Mortgage bonds	3 812 421	-	-	-	-	-	-
- Other non-treasury securities	11 141 759	1 783 061	9 336 711	-	-	-	9 336 711
Cash collaterals (due to derivatives transactions) (Note 22)	777 788	777 788	-	-	-	-	-
Other assets	169 503 609	-	-	-	-	-	-
Total	242 268 385	5 932 563	62 997 805	9 951 696	1 261 145	8 690 551	71 688 356

The value of treasury securities presented as pledged assets, except for collaterals due to sell/buy back transactions, includes the Bank's collateral of liabilities due to the loan received from the EIB (only in 2024), collateral for the guaranteed deposits fund under the Bank Guarantee Fund – BFG (only in 2024) and collateral for the payment commitment to the BFG guarantee fund and forced restructuring fund. The note also includes securities issued by EIB that secure CLN bonds issued.

37. Registered share capital

The total number of ordinary shares as at 31 December 2025 was 42 525 841 shares (31 December 2024: 42 496 973 shares) of PLN 4 nominal value each. All issued shares were fully paid up.

REGISTERED SHARE CAPITAL (THE STRUCTURE) AS AT 31 DECEMBER 2025						
Share type	Type of preference	Type of limitation	Number of shares	Series / face value of issue in PLN	Paid up	Registered on
ordinary bearer*	-	-	9 989 000	39 956 000	fully paid in cash	1986
ordinary registered*	-	-	11 000	44 000	fully paid in cash	1986
ordinary bearer	-	-	2 500 000	10 000 000	fully paid in cash	1994
ordinary bearer	-	-	2 000 000	8 000 000	fully paid in cash	1995
ordinary bearer	-	-	4 500 000	18 000 000	fully paid in cash	1997
ordinary bearer	-	-	3 800 000	15 200 000	fully paid in cash	1998
ordinary bearer	-	-	170 500	682 000	fully paid in cash	2000
ordinary bearer	-	-	5 742 625	22 970 500	fully paid in cash	2004
ordinary bearer	-	-	270 847	1 083 388	fully paid in cash	2005
ordinary bearer	-	-	532 063	2 128 252	fully paid in cash	2006
ordinary bearer	-	-	144 633	578 532	fully paid in cash	2007
ordinary bearer	-	-	30 214	120 856	fully paid in cash	2008
ordinary bearer	-	-	12 395 792	49 583 168	fully paid in cash	2010
ordinary bearer	-	-	16 072	64 288	fully paid in cash	2011
ordinary bearer	-	-	36 230	144 920	fully paid in cash	2012
ordinary bearer	-	-	35 037	140 148	fully paid in cash	2013
ordinary bearer	-	-	36 044	144 176	fully paid in cash	2014
ordinary bearer	-	-	28 867	115 468	fully paid in cash	2015
ordinary bearer	-	-	41 203	164 812	fully paid in cash	2016
ordinary bearer	-	-	31 995	127 980	fully paid in cash	2017
ordinary bearer	-	-	24 860	99 440	fully paid in cash	2018
ordinary bearer	-	-	13 385	53 540	fully paid in cash	2019
ordinary bearer	-	-	16 673	66 692	fully paid in cash	2020
ordinary bearer	-	-	17 844	71 376	fully paid in cash	2021
ordinary bearer	-	-	48 611	194 444	fully paid in cash	2022
ordinary bearer	-	-	31 672	126 688	fully paid in cash	2023
ordinary bearer	-	-	31 806	127 224	fully paid in cash	2024
ordinary bearer	-	-	28 868	115 472	fully paid in cash	2025
Total number of shares			42 525 841			
Total registered share capital				170 103 364		
Nominal value per share (PLN)		4				

* As at the end of the reporting period

In 2025, the National Depository of Securities has registered 28 868 shares of mBank, which were issued as part of the conditional increase in the share capital of the Bank by issuance of shares with no subscription rights for the existing shareholders in order to enable beneficiaries of the incentive programmes to take up shares in mBank. As a result of the above registration, in 2025 mBank's share capital increased by PLN 115 472.

The shareholders holding over 5% of the share capital and votes at the General Meeting are:

- Commerzbank AG which held 69.02% of the share capital and votes at the General Meeting of mBank S.A. as at 31 December 2025, and
- Nationale-Nederlanden Otwarty Fundusz Emerytalny, the funds of which held 5.29% of the share capital and votes at the General Meeting of mBank S.A. (according to the list of shareholders registered during the proceedings of the 17th Extraordinary General Meeting of the Bank, which took place on 18 September 2025).

38. Share premium

Share premium is formed from the share premium obtained from the issue of shares reduced by the direct costs incurred with that issue. This capital is intended to cover all losses that may result from the business activity of the Bank.

The increase of share premium in 2025 and 2024 results from the issue of shares under incentive programmes described under Note 44.

39. Retained earnings

Retained earnings include other supplementary capital, other reserve capital, general banking risk reserve, profit (loss) from the previous years and profit/loss for the current year.

Other supplementary capital, other reserve capital and general banking risk reserve are created from profit for the current year and their aim is described in the by-laws or in other regulations of the law.

	31.12.2025	31.12.2024
Other supplementary capital	7 871 171	8 030 621
Other reserve capital	43 457	40 356
General banking risk reserve	1 115 143	1 115 143
Profit from the previous years	3 651 551	1 401 758
Profit for the current year	3 547 319	2 235 675
Total retained earnings	16 228 641	12 823 553

According to the Polish legislation, each bank is required to allocate 8% of its net profit to a statutory undistributable other supplementary capital until this supplementary capital reaches 1/3 of the share capital.

In addition, the Bank transfers some of its net profit to the general banking risk reserve to cover unexpected risks and future losses. The general banking risk reserve can be distributed only on consent of shareholders at a general meeting.

40. Other components of equity

	31.12.2025	31.12.2024
Exchange differences on translation of foreign operations	(31 022)	(32 911)
Unrealised gains (foreign exchange gains)	17 133	7 168
Unrealised losses (foreign exchange losses)	(48 155)	(40 079)
Cash flow hedges	(18 384)	(102 445)
Unrealised losses	(25 946)	(126 476)
Deferred income tax	7 562	24 031
Valuation of debt financial instruments at fair value through other comprehensive income	166 096	(14 241)
Unrealised gains on debt instruments	277 719	151 804
Unrealised losses on debt instruments	(33 604)	(129 982)
Deferred income tax	(78 019)	(36 063)
Actuarial gains and losses relating to post-employment benefits	(25 480)	(21 783)
Actuarial gains	129	386
Actuarial losses	(33 280)	(27 279)
Deferred income tax	7 671	5 110
Share of other comprehensive income of entities under the equity method	2 700	(25 667)
Share of other comprehensive income of subsidiaries and associates	2 700	(25 667)
Valuation of investment properties	-	11 436
Gains from valuation of investment properties	-	14 118
Deferred income tax	-	(2 682)
Total other components of equity	93 910	(185 611)

41. Additional equity components

On 6 December 2024, the Bank issued capital bonds with a total nominal value of PLN 1.5 billion (AT1 Bonds).

The AT1 Bonds were issued as capital bonds within the meaning of the Act on Bonds of 15 January 2015, in order to qualify them as additional instruments in Tier I capital (Additional Tier I). The bonds meet the requirements resulting from, among others, Article 52 of Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 (CRR Regulation). On 31 December 2024, the Bank received a decision of the Polish Financial Supervision Authority on the consent to qualify the bonds to own funds as additional instruments in Tier I capital.

The interest rate on AT1 Bonds is fixed for a period of five years, then set for subsequent five-year periods as the sum of the current PLN Swap 5Y rate and a fixed credit margin of 6.00 percentage points. The interest rate for the first five-year period is 10.63% per annum. Interest payments may be made only from Available Distributable Items.

AT1 Bonds are bonds without a specified redemption date, entitling to receive interest for an indefinite period, provided that the Bank may make an earlier redemption based on conditions stipulated in the Terms & Conditions.

AT1 Bonds have a built-in loss absorption mechanism, in the form of a temporary reduction of the nominal value of the bond (temporary write-down) with a discretionary mechanism to increase the current nominal value of the bond (write-up). Furthermore, the Bank, in each case, at its discretion, may decide to write down all or part of the interest.

AT1 Bonds are bearer bonds. AT1 Bonds were introduced to the alternative trading system on Catalyst operated by the Warsaw Stock Exchange.

Calculation of the Available Distributable Items (ADI) in accordance with art. 4 sec. 1 point 128 of CRR Regulation

In accordance with Article 4(1)(128) of CRR Regulation, the "available distributable items" means the amount of the profits at the end of the last financial year plus any profits brought forward and reserves available for that purpose before distributions to holders of own funds instruments less any losses brought forward, profits which are non-distributable pursuant to provisions in legislation or the institution's bye-laws and sums placed to non-distributable reserves in accordance with applicable national law or the statutes of the institution, such profits, losses and reserves being determined on the basis of the individual accounts of the institution and not on the basis of the consolidated accounts.

The definition of the Available Distributable Items	Name of an item in equity	31.12.2025	31.12.2024
Profits at the end of the last financial year	Profit for the current year	3 547 319	2 235 675
Profits brought forward	Undivided profit for the previous years	3 651 551	1 401 758
The reserve capital available for distribution before distributions to holders of own funds instruments	Other supplementary capital (before the division of the profit of the previous year) Other reserve capital General banking risk reserve	9 029 771	9 186 120
Losses brought forward	-	-	-
Profits which are non-distributable pursuant to provisions in legislation or the institution's by-laws	General banking risk reserve	(1 115 143)	(1 115 143)
Amounts placed to non-distributable reserves in accordance with applicable national law or the statutes of the institution	Other reserve capital	(43 457)	(40 356)
TOTAL AVAILABLE DISTRIBUTABLE ITEMS		15 070 041	11 668 054

Indication and explanation of significant differences between the published information on the forecast of the issuer's financial liabilities as of the last day of the fiscal year and the issuer's financial liabilities arising from the issuer's accounting books as of that date

The forecasted value of the issuer's financial liabilities as at 31 December 2025 published on 30 December 2024 in accordance with Article 35(1a) of Act on Bonds was PLN 234.5 billion. The value of the issuer's financial liabilities resulting from the issuer's accounting books as at 31 December 2025 amounted to PLN 252.4 billion.

The forecasted value of the financial liabilities of the issuer's capital group as at 31 December 2025 published on 30 December 2024 in accordance with Article 35(1c) of Act on Bond was PLN 236.9 billion. The value of the financial liabilities of the issuer's capital group resulting from the consolidated financial statements of the capital group as at 31 December 2025 amounted to PLN 254.7 billion.

The increase in financial liabilities was driven by customer deposit balances and the volumes of issued debt securities and subordinated liabilities exceeding the levels assumed in the forecast. These changes reflect the expansion of the Bank's operational activities, resulting in higher funding requirements and an increase in capital needs.

Forecasts of the financial liabilities of the issuer and the issuer's capital group were not verified by the auditor.

42. Dividend per share

On 27 March 2025, the 38th Annual General Meeting of mBank S.A. adopted resolution regarding the profit share for 2024. The net profit earned by mBank S.A. in 2024, amounting to PLN 2 235 675 201.87 is decided to remain undivided. The Annual General Meeting of mBank S.A. also decided to leave the profit from the previous years in the amount of PLN 1 401 756 971.49 undivided. The Annual General Meeting of mBank S.A did not decide about dividend payment.

43. Explanatory notes to the statement of cash flows

Cash and cash equivalents

Amount of cash and cash equivalents is described in Note 18.

Supplementary information to the cash flow statement

Explanation of differences between the change in the balances resulting from the balance sheet and the change disclosed in the cash flows from operating activities

31.12.2025	Loans and advances to banks	Financial assets and liabilities held for trading, hedging derivatives and fair value changes of the hedged items in portfolio hedge of interest rate risk	Loans and advances to customers	Securities at fair value through other comprehensive income	Securities measured at amortised cost	Non-trading securities mandatorily at fair value through profit or loss	Other assets (including non-current assets held for sale)
Change in the balance of the statement of financial position	(3 984 405)	(1 344 308)	(11 402 030)	110 879	(13 771 119)	(26 940)	(131 341)
The difference between the interest accrued and paid in cash in the period	17 741	34 639	(449 878)	867 999	462 694	-	-
Valuation included in other comprehensive income	-	100 530	60 041	162 252	-	-	-
Exclusion of non-current assets classified as held for sale	-	-	-	-	-	-	(115 843)
Valuation of non-current assets classified as held for sale	-	-	-	-	-	-	23 812
Exclusion of unrealised gains or losses from investing activities	-	-	-	-	-	68 562	-
Other changes	-	-	-	-	-	-	19 016
Change in cash flows from operating activity	(3 966 664)	(1 209 139)	(11 791 867)	1 141 130	(13 308 425)	41 622	(204 356)

31.12.2025	Amounts due to banks	Amounts due to customers	Lease liabilities	Debt securities issued	Subordinated liabilities	Other liabilities (including liabilities held for sale) and provisions
Change in the balance of the statement of financial position	(635 540)	28 491 399	(90 344)	2 665 827	728 175	(217 628)
The difference between the interest accrued and paid in cash in the period	(4 364)	31 441	-	(38 744)	(9 756)	-
Exchange differences	(9 998)	-	-	84 048	8 404	-
Exclusion of changes in cash flow from financing activity	1 323 833	-	166 121	(2 733 092)	(749 160)	-
Exclusion of changes in cash flow from investing activity	-	-	-	-	-	(31 426)
Exclusion of liabilities classified as held for sale	-	-	517	-	-	30 304
Exclusion of increase in lease liabilities	-	-	(79 214)	-	-	-
Valuation of incentive programmes recognised in income statement	-	-	-	-	-	14 746
Actuarial valuation of post-employment benefits provisions recognised in other comprehensive income	-	-	-	-	-	(6 258)
Other changes	-	-	-	-	-	(2 042)
Change in cash flows from operating activity	673 931	28 522 840	(2 920)	(21 961)	(22 337)	(212 304)

31.12.2024	Loans and advances to banks	Financial assets and liabilities held for trading, hedging derivatives and fair value changes of the hedged items in portfolio hedge of interest rate risk	Loans and advances to customers	Securities at fair value through other comprehensive income	Securities measured at amortised cost	Non-trading securities mandatorily at fair value through profit or loss	Other assets (including non-current assets held for sale)
Change in the balance of the statement of financial position	(2 772 351)	(298 437)	(7 539 073)	2 820 001	(11 845 687)	(69 664)	51 223
The difference between the interest accrued and paid in cash in the period	(21 435)	299 468	(179 890)	1 018 622	286 542	-	-
Valuation included in other comprehensive income	-	193 249	88 748	117 038	-	-	-
Exclusion of non-current assets classified as held for sale	-	-	-	-	-	-	102 810
Exclusion of unrealised gains or losses from investing activities	-	-	-	-	-	56 315	-
Other changes	-	-	-	-	-	-	16 512
Change in cash flows from operating activity	(2 793 786)	194 280	(7 630 215)	3 955 661	(11 559 145)	(13 349)	170 545

31.12.2024	Amounts due to banks	Amounts due to customers	Lease liabilities	Debt securities issued	Other liabilities (including liabilities held for sale) and provisions
Change in the balance of the statement of financial position	(260 941)	15 658 617	(110 842)	1 437 018	(756 547)
The difference between the interest accrued and paid in cash in the period	188	58 843	-	64 336	-
Exchange differences	62 317	-	-	115 299	-
Exclusion of changes in cash flow from financing activity	4 340	-	172 977	(1 549 730)	-
Exclusion of changes in cash flow from investing activity	-	-	-	-	31 143
Exclusion of liabilities classified as held for sale	-	-	30 940	-	(30 940)
Exclusion of increase in lease liabilities	-	-	(64 182)	-	-
Valuation of incentive programmes recognised in income statement	-	-	-	-	14 193
Actuarial valuation of post-employment benefits provisions recognised in other comprehensive income	-	-	-	-	(10 138)
Other changes	-	-	-	-	(1 626)
Change in cash flows from operating activity	(194 096)	15 717 460	28 893	66 923	(753 915)

Interests received and paid from operating activities

	Year ended 31 December	
	2025	2024
Interest income, including:		
Loans and advances to banks	1 701 502	2 147 777
Loans and advances to customers	8 750 802	8 645 933
Debt securities	2 149 934	1 690 728
Other interest income	359 261	224 040
Total interest income	12 961 499	12 708 478
Interest expenses, including:		
Settlements with banks due to deposits received	(137 257)	(106 692)
Settlements with customers due to deposits received	(3 061 170)	(3 059 346)
Debt securities issued	(617 372)	(539 853)
Derivative instruments	(535 643)	(1 309 994)
Other interest expenses	(10 032)	(5 278)
Total interest expenses	(4 361 474)	(5 021 163)

Cash flows from investing activities

In 2025 and in 2024, cash flows from investment activities mainly related to the settlements regarding the purchase of intangible and tangible assets.

Cash flows from financing activities

Cash flows from financing activities mainly related to the settlements regarding the issue and redemption of debt securities and to the settlements of long-term loans received from the European Investment Bank (Note 29). Moreover, cash flows from financing activities included the settlements related to the issue and redemption of subordinated liabilities and the issue of capital bonds AT1 as well as payments associated with these bonds.

The following table presents the change in liabilities as part of financial activities.

	As at 01.01.2025	Cash flows	Change not connected with cash flows	As at 31.12.2025
Loans and advances received from banks (Note 29)	1 928 928	(1 323 833)	18 439	623 534
Lease liabilities (Note 29)	763 400	(166 121)	75 777	673 056
Debt securities issued (Note 29)	9 062 497	2 733 092	(67 265)	11 728 324
Subordinated liabilities (Note 29)	2 675 537	629 737	98 438	3 403 712
Total liabilities from financing activities	14 430 362	1 872 875	125 389	16 428 626

	As at 01.01.2024	Cash flows	Change not connected with cash flows	As at 31.12.2024
Loans and advances received from banks (Note 29)	1 938 343	(4 340)	(5 075)	1 928 928
Lease liabilities (Note 29)	874 242	(172 977)	62 135	763 400
Debt securities issued (Note 29)	7 625 479	1 549 730	(112 712)	9 062 497
Subordinated liabilities (Note 29)	2 714 928	(167 539)	128 148	2 675 537
Total liabilities from financing activities	13 152 992	1 204 874	72 496	14 430 362

Exchange differences and accrued interest were included in the change not related to cash flows.

The total cash outflow from leases (including cash flow related to short-term lease contracts, low-value asset lease contracts that are not short-term contracts and variable components of lease liabilities that are disclosed in cash flows from operating activities) amounted to PLN 169 888 thousand (in 2024: PLN 176 392 thousand).

44. Share-based incentive programmes

Incentive programme for the Management Board Members and key staff of mBank Group – mBank Risk Takers

On 7 June 2018, the Supervisory Board, acting in line with the recommendation of the Remuneration Committee of the Supervisory Board and the decision of the Annual General Meeting of mBank S.A. of 9 May 2018, adopted the mBank S.A. Incentive Programme Rules.

In 2025, the incentive programme in wording adopted by the resolution of 13 June 2023 of the Supervisory Board was applicable. The programme is in force since 1 January 2018 until the day on which the earlier of the following events occur: expiry of the 10-year period from the date of recording the last of the warrants taken up by programme participants in the securities account or taking up all shares.

Eligible persons under the programme include persons holding positions identified as having a material impact on the Bank's risk profile pursuant to the Risk Takers Identification Policy, referred to as Risk Takers I or Risk Takers II, excluding Risk Takers II – Members of the Management Board of mBank Hipoteczny S.A. and Members of the Management Board of mTFI S.A., as these entities apply different incentive programmes.

Risk Taker I means a Member of the Management Board of the Bank. Risk Taker II means a person holding a position identified as having a material impact on the Bank's risk profile pursuant to the Risk Takers Identification Policy, including a person holding a position of a Management Board Member in an mBank Group subsidiary.

On the terms and conditions stipulated in the Remuneration Regulations and Policy of employees with a significant impact on the risk profile of mBank (referred to as Risk Takers Remuneration Policy), Risk Takers will be able to acquire warrants free of charge and, by way of exercising the rights arising from the warrants, to acquire shares.

Bonus for Risk Takers I

The Supervisory Board determines the bonus amount for a given calendar year for each Management Board Member individually, based on the assessment of the achievement of the defined objectives. The contents of the goal cards for the given year, the definition of each objective, the method of determining the objective's achievement, and the decision regarding the evaluation result are determined by the Supervisory Board. The assessment result is calculated as a weighted average of the evaluations from the calendar year for which the Bonus is granted and two years before this year, in accordance with the rules set out in the Remuneration Policy for employees having a material impact on the Bank's risk profile.

If a Management Board Member's assessment reaches 100%, their bonus amounts to eight times the monthly base salary. The base salary is calculated as the average of the monthly salaries for the given calendar year. An assessment above or below 100% results in a proportionate percentage adjustment of the bonus.

As a rule, one of the conditions for the payment of variable remuneration components to Management Board Members is an assessment of at least 50%. However, the Supervisory Board, taking into account external macroeconomic, fiscal, and regulatory factors, has the right to award a bonus to a Management Board Member who has achieved all of their objectives below this threshold.

Taking into account external macroeconomic, fiscal and regulatory factors, as well as one-off events such as transactions significant in terms of costs or results, or other events arising from the actions of public administration or regulatory authorities, which are independent of the Management Board Members or over which a Management Board Member has limited influence, the Supervisory Board may decide to increase or decrease the bonus calculated on the basis of the assessment by up to 20%.

The bonus consists of the non-deferred part (40% of the bonus) and the deferred part (60% of the bonus).

Both the deferred part and the non-deferred part are divided into equal portions: 50% paid in cash and 50% paid in subscription warrants. The non-deferred part in cash is paid in the year when the bonus is granted. The other half of the non-deferred part (50%) is paid in subscription warrants, not earlier than after the lapse of 12 months from the date on which the consolidated financial statements of mBank Group S.A. for a given calendar year are approved.

The deferred part, both the cash portion and the subscription warrant portion, is paid in five equal annual tranches. In each tranche, the cash portion is paid once the consolidated financial statements of mBank Group for the previous calendar year have been approved, and the subscription warrant portion is paid not earlier than after the lapse of 12 months from the date on which the consolidated financial statements of mBank Group S.A. are approved.

Bonus for Risk Takers II

The Bank's Management Board for a Risk Taker II, who is the Bank's employee, or by a subsidiary's Supervisory Board for Risk Taker II, who is a Member of the Management Board of mBank Group subsidiary determines the bonus amount for a given calendar year on the basis of assessment of MbO achievement for the period of the last three calendar years, the Economic Profit of mBank Group and the result of a business line, subsidiary or organisational unit, adjusted for the cost of risk, the cost of capital and liquidity risk in a long-term perspective. Gross underperformance of objectives within the assessment constitutes grounds for reducing or not awarding the bonus.

The bonus consists of the non-deferred part (60% of the bonus) and the deferred part (40% of the bonus). If the bonus for Risk Taker II was granted in the amount of at least EUR 180 thousand, non-deferred part is 40% and deferred part is 60% of the bonus. Both the deferred part and the non-deferred part are divided into equal portions: 50% paid in cash and 50% paid in subscription warrants. The non-deferred part in cash is paid in the year when the bonus is granted. The other half of the non-deferred part (50%) is paid in subscription warrants (excluding Risk Takers II – Members of the Management Board of mBank Hipoteczny S.A. and Members of the Management Board of mTFI S.A.), not earlier than after the lapse of 12 months from the date on which the consolidated financial statements of mBank S.A. Group for a given calendar year are approved.

The deferred part, both the cash portion and the subscription warrant portion, is paid in equal annual tranches. In each tranche, the cash portion is paid once the consolidated financial statements of mBank Group for the previous calendar year have been approved, and the subscription warrant portion is paid not earlier than after the lapse of 12 months from the date on which the consolidated financial statements of mBank S.A. Group for a given calendar year are approved.

The deferral period for both the cash portion and the subscription warrants portion for Risk Takers II, which positions were identified as senior management staff (applies to Managing Directors and Members of Management Boards of mBank Group subsidiaries) is 5 years, for other Risk Takers II is 4 years.

In case when the bonus amount determined for a Risk Taker II (not applied Risk Takers II identified as senior management staff) for a given calendar year does not exceed one-third of their total annual remuneration or the equivalent of EUR 50.000 in PLN, the bonus may be paid fully in cash in a non-deferred form based on a Management Board decision.

The deferred bonus part for Risk Takers I and Risk Takers II is assessed in terms of its determination and payment. The Supervisory Board of mBank with respect to the Management Board of mBank, the Management Board of mBank with respect to the Bank's employees or the Supervisory Board of mBank Group subsidiary with respect to Members of the subsidiary's Management Board may decide to withhold the full amount or to reduce the amount of a deferred tranche if it concludes that in a time horizon longer than one financial year, i.e. a period of at least 3 years, the Risk Taker had a direct and negative impact on the financial result or the market position of the Bank or subsidiary, violated the rules and standards adopted in mBank Group or directly contributed to significant financial losses, where at least one of the scorecard components has not been met or any of the premises, stipulated in Article 142 especially (2) of the Banking Law Act, has occurred.

If the circumstances, referred to above, occur at the stage of determining the Risk Taker bonus amount, the Supervisory Board of mBank, the Supervisory Board of the subsidiary, the Management Board of mBank may decide not to grant a bonus for a given calendar year or to reduce it.

Moreover, persons holding positions identified as having a material impact on the Bank's risk profile may be obliged, under the rules and within the time limit determined by the decision of the Supervisory Board of mBank, the Supervisory Board of the subsidiary or the Management Board of mBank, to return the bonus granted and paid for a given calendar year (i.e. the non-deferred part and all deferred parts) if he/she has violated rules and standards adopted in mBank Group, has materially violated the generally applicable law or has directly contributed to significant financial losses being the consequence of his/her deliberate adverse actions to the detriment of mBank Group or the subsidiary or has contributed to financial sanctions being imposed on the Bank or subsidiary by supervisory bodies under a final and unappealable decision.

The decision determining the occurrence of the described events may be taken by the end of the calendar year when the last tranche of the deferred part of the bonus granted for the year in which the event occurred is paid.

The table below presents change in the number of share warrants related to the 2018 incentive programme for Management Board Members of the Bank and for key managers of mBank - employees with a significant impact on the risk profile of mBank.

	31.12.2025		31.12.2024	
	Number of warrants	Weighted average exercise price (in PLN)	Number of warrants	Weighted average exercise price (in PLN)
Outstanding at the beginning of the period	63 868		76 770	
Granted during the period	20 198		18 904	
Forfeited during the period	-		-	
Exercised during the period*	28 868	4	31 806	4
Expired during the period	40		-	
Outstanding at the end of the period	55 158		63 868	
Exercisable at the end of the period	-		-	

* In 2025, the weighted average price of the shares was PLN 833.81 (in 2024 PLN 620.15).

Summary of the impact of the incentive programme on the Bank's statement of financial position and income statement

Share-based payments settled in shares

The table below presents changes in other reserve capital generated by the above-mentioned incentive programme for share-based payments settled in mBank S.A. shares.

	31.12.2025	31.12.2024
Incentive programmes		
As at the beginning of the period	40 356	35 652
- value of services provided by the employees	14 746	14 193
- settlement of exercised options	(11 645)	(9 489)
As at the end of the period	43 457	40 356

Cash-settled share-based payments

In 2025 and 2024, the Bank did not incur any costs in respect of cash-settled share-based payments.

45. Transactions with related entities

mBank S.A. is the parent entity of mBank S.A. Group and Commerzbank AG is the ultimate parent of the Group as well as the direct parent of mBank S.A.

All transactions between the Bank and related entities were typical and routine transactions concluded on terms, which not differ from arm's length terms, and their nature, terms and conditions resulted from the current operating activities conducted by the Bank. Transactions concluded with related entities as a part of regular operating activities include loans, deposits and foreign currency transactions.

The Bank provides standard financial services to the Bank's key management personnel, Members of the Supervisory Board of the Bank and close members of their families, which include maintaining bank accounts, taking deposits, granting loans or other financial services. In the Bank's opinion, these transactions are concluded on market terms.

Pursuant to the Banking Law, the extension of a loan, cash advance, bank guarantee or other guarantee to the Members of the Management Board and Supervisory Board of the Bank, persons holding managerial positions at the Bank as well as at entities related financially or organisationally therewith, is governed by the by-laws adopted by the Supervisory Board of mBank S.A.

The by-laws set out detailed rules and debt limits for loans, cash advances, bank guarantees, and other guarantees in relation to aforementioned persons and entities which are consistent with the Bank's internal regulations defining the competences of granting credit decisions concerning retail and corporate clients of the Bank. A decision to grant a loan, cash advances, bank guarantee or other guarantee to a Member of the Management Board and Supervisory Board of the Bank, person holding managerial position at the Bank or an entity related financially or organisationally therewith in excess of the limits set by the Banking Law is taken by the resolution of the Management Board and by the resolution of the Supervisory Board.

The terms and conditions of such loans, cash advances, bank guarantees or other guarantees, including in particular those related to interest rates as well as fees and commissions, cannot be more advantageous than the terms and conditions offered by the Bank to its retail or corporate clients, respectively.

The table below presents the values of transactions between the Bank and Members of the Supervisory Board and the Management Board of mBank, key executive management of mBank, Members of the Supervisory Board and the Management Board of Commerzbank and other related persons and entities, as well as with transactions with other Commerzbank AG Group entities. The amounts of transactions include assets, liabilities and related costs and income as at 31 December 2025 and 31 December 2024.

As at the end of the period	Members of Supervisory Board, Management Board and key management personnel of mBank as well as Supervisory Board and Management Board of Commerzbank AG		Other related companies and persons*		mBank's subsidiaries		Commerzbank AG		Other companies of the Commerzbank AG Group	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024	31.12.2025	31.12.2024	31.12.2025	31.12.2024	31.12.2025	31.12.2024
Statement of Financial Position										
Assets	5 503	6 607	1 014	1 188	26 105 323	24 094 535	388 289	506 446	24	16
Liabilities	15 146	12 099	17 790	4 242	430 212	373 660	1 544 619	1 649 831	114 776	93 436
Income Statement										
Interest income	320	373	550	127	1 393 540	1 409 510	95 019	94 094	-	-
Interest expenses	(388)	(305)	(445)	(101)	(3 123)	(5 900)	(38 819)	(50 730)	(1 643)	(1 319)
Fee and commission income	36	28	14	35	19 727	15 363	7 275	6 467	58	55
Fee and commission expenses	-	-	-	-	(337 357)	(280 654)	-	-	(20 117)	-
Other operating income	-	-	-	-	14 564	13 275	2 179	2 202	-	-
Overhead costs, amortisation and other operating expenses	-	-	-	-	(50 518)	(44 748)	(7 732)	(7 294)	-	(11 530)
Contingent liabilities granted and received										
Liabilities granted	607	872	86	104	4 717 997	2 883 846	2 360 788	2 068 805	2 039	1 992
Liabilities received	-	-	-	-	-	-	1 421 895	1 912 420	-	-

* Other related persons and entities include close family members of Members of the Supervisory and the Management Board of mBank, key executive management of mBank, Members of the Supervisory Board and the Management Board of Commerzbank, entities controlled or jointly controlled by above mentioned persons.

Management Board of mBank S.A.

As at 31 December 2025, the Management Board of mBank S.A. performed functions in the following composition:

1. Cezary Kocik – President of the Management Board,
2. Krzysztof Bratos – Vice-President of the Management Board, Head of Retail Banking,
3. Krzysztof Dąbrowski – Vice-President of the Management Board, Head of Operations and IT,
4. Marek Lusztyn – Vice-President of the Management Board, Head of Risk,
5. Julia Nusser – Vice-President of the Management Board, Head of Compliance and HR,
6. Adam Pers – Vice-President of the Management Board, Head of Corporate and Investment Banking,
7. Pascal Ruhland – Vice-President of the Management Board, Chief Financial Officer.

Changes in the Management Board of mBank S.A.

- The Management Board of mBank S.A. announces that on 17 November 2025, the Bank's Supervisory Board adopted a resolution to suspend, as of 17 November 2025, Ms. Julia Nusser, Vice President of the Management Board of mBank S.A. responsible for Compliance and HR, from performing her duties as a member of the Bank's Management Board until 31 March 2026, due to an illness temporarily preventing her from fulfilling her role.

Supervisory Board of mBank S.A.

As at 31 December 2025, the composition of the Supervisory Board of mBank S.A. was as follows:

1. Agnieszka Słomka-Gołębiowska – Chairwoman,
2. Bernhard Spalt – Vice-Chairman,
3. Hans-Georg Beyer,
4. Tomasz Bieske,
5. Aleksandra Gren,
6. Sabrina Kensy,
7. Thomas Schaufler,
8. Carsten Schmitt,
9. Dorota Snarska-Kuman,
10. Aleksandra Sroka-Krzyżak.

Changes in the Supervisory Board of mBank S.A.

- On 14 October 2024 Mrs. Bettina Orlopp resigned from membership in the Bank's Supervisory Board with the effective date of 27 February 2025.
- On 28 February 2025, the Supervisory Board appointed Mr. Carsten Schmitt to the Supervisory Board of mBank S.A. as of 28 February 2025 for the position of member of the Supervisory Board.
- On 2 July 2025, Mr. Mirosław Godlewski submitted his resignation from the position of member of the Supervisory Board, effective 17 September 2025.
- On 18 September 2025, the Supervisory Board appointed Ms. Dorota Snarska-Kuman, Ms. Aleksandra Sroka-Krzyżak and Ms. Sabrina Kensy to the Supervisory Board of mBank S.A. as of 18 September 2025 for the position of member of the Supervisory Board.
- On 3 February 2026 Mrs. Aleksandra Sroka-Krzyżak resigned from membership in the Bank's Supervisory Board with the effective date of 25 February 2026.

Remuneration of the Management Board and Supervisory Board Members

The table below presents the information on the salaries, bonuses and benefits paid to the Members of the Management Board of the Bank who were performing their functions at the end of 2025 and at the end of 2024, remuneration of the former Management Board Members and remuneration of Supervisory Board Members.

Remuneration paid (in PLN)	2025	2024
mBank Management Board		
Basic salary	14 400 000	12 287 419
Other benefits	4 531 446	3 709 940
Bonus for the previous year	2 160 000	1 418 666
Deferred bonus	958 002	662 400
Remuneration of the former Management Board Members		
Basic salary	-	1 708 953
Other benefits	11 389	462 410
Bonus for the previous year	280 000	622 203
Deferred bonus	699 061	788 400
Compensation (non-competition)	-	828 695
mBank Supervisory Board		
Basic salary	1 959 982	1 763 649

The total compensation of members of the Management Board consists of basic salary, bonuses, termination payments of management agreement, prohibition of competitiveness payment, insurance costs and accommodation costs.

The above-mentioned benefits are short-term employee benefits.

The total remuneration received in 2025 by Bank's Management Board members was PLN 22 049 thousand (2024: PLN 21 990 thousand).

In accordance with the Bank's remuneration system, the members of the Management Board of the Bank may be eligible to receive bonuses for the year 2025, which would be paid out from 2026. Therefore, a provision was created for the payment of a cash bonus for 2025 for the members of the Management Board, which amounted to PLN 5 006 thousand as at 31 December 2025 (31 December 2024: PLN 5 975 thousand). The final decision concerning the level of the bonus will be taken by the Remuneration and Nomination Committee of the Supervisory Board by 26 February 2026.

In 2025 and 2024, the members of the Management Board of mBank S.A. did not receive compensation for their role as members of the management boards and supervisory boards of the Bank's related companies.

The total compensation of Members of the Supervisory Board, the Management Board and other key executive management of the Bank that perform their duties in 2025 amounted to PLN 36 232 thousand (2024: PLN 34 132 thousand).

Detailed information on the remuneration of individual Members of the Management Board and the Supervisory Board, as well as the composition of the Management Board and the Supervisory Board, was presented in the Management Board Report on the Performance of mBank S.A. Group in Chapter 10.8. "Composition, powers and procedures of the Management Board and the Supervisory Board".

Information regarding proprietary position in Bank shares by Members of the Management Board and by Members of the Supervisory Board

As at 31 December 2025, the Bank's shares were held by five Members of the Management Board: Mr. Krzysztof Bratos – 1 633 shares, Mr. Krzysztof Dąbrowski – 1 491 shares, Mr. Marek Lusztyn – 3 196 shares, Ms. Julia Nusser – 256 shares and Mr. Pascal Ruhland – 256 shares.

As at 31 December 2024, the Bank's shares were held by three Members of the Management Board: Mr. Krzysztof Bratos – 1 069 shares, Mr. Krzysztof Dąbrowski – 1 609 shares and Mr. Marek Lusztyn – 2 267 shares.

46. Acquisitions and disposals

In the second quarter of 2025, consolidation of Future Tech Fundusz Inwestycyjny Zamknięty (an entity 100% owned by mBank, consolidated within the mBank S.A. Group until May 2025, the "Fund") was discontinued due to the Bank's acquisition of shares and interests in companies held by the Fund and the redemption of investment certificates in the Fund. The Fund was liquidated and removed from the register of investment funds as of 11 September 2025.

47. Capital adequacy

One of the Bank's main tasks is to ensure an adequate level of capital. As part of the capital management strategy, the Bank creates a framework and guidelines for the effective planning and use of the capital base, which:

- are compliant with external and internal regulations in force,
- guarantee a continuity of financial targets achievement, ensuring an appropriate rate of return for shareholders,
- ensure the maintenance of a strong capital basis being a fundamental support for business development.

The capital management strategy in mBank is based on two pillars:

- aiming at optimal level and structure of own funds, assuring capital adequacy above the capital strategic targets (established above minimum requirement taking into account the risk appetite at approved level) as well as ensuring coverage against all material risks identified in mBank's activity,
- effective use of the capital base, guaranteeing achievement of expected returns, including return on regulatory capital and IFRS equity and thus creating stable basis for strengthening capital in future periods.

Above pillars of the capital management allow to maintain business development while meeting the supervisory requirements in the long perspective.

Capital ratios

The adequacy assessment of the capital base, including among others: the calculation of capital ratios and the leverage ratio, the own funds and the total capital requirement in mBank was made according to the following regulations:

- Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on the conditions for the authorisation and prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (Official Journal of the European Union, L 176/338, 2013, as amended – Directive CRD),
- the Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and amending Regulation (EU) No 648/2012 (Official Journal of the European Union, L 176/1, 2013, as amended – CRR Regulation),
- the Commission Implementing Regulation (EU) 2024/3177 of 29 November 2024 laying down implementing technical standards for the application of Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to supervisory reporting of institutions and repealing Commission Implementing Regulation (EU) No 2021/451, (Official Journal of the European Union, L 2024/3117 of 27 December 2024, as amended – ITS Regulation),
- the Banking Act of 29 August 1997 (Journal of Laws of 2024, item 1646, as amended),
- the Act of 5 August 2015 on Macroprudential Supervision of the Financial System and Crisis Management (Journal of Laws of 2025, item 819, as amended).

As a result of the Act on Macroprudential Supervision over the Financial System and Crisis Management in the Financial System (the Act) that entered into force in 2015 and transposed the CRD Directive provisions to the Polish prudential regulations, as of 31 December 2025 Bank was obliged to ensure adequate own funds to meet conservation buffer of 2.5% of the total risk exposure amount (31 December 2024: 2.5%).

As of the end of 2025 the countercyclical capital buffer rate set for relevant exposures in Poland in accordance with the Ordinance of the Minister of Finance of 18 September 2024 amounted to 1%. At the end of 2024 year CCB rate was 0%. In accordance with the Ordinance of the Minister of Finance of 25 September 2025, from September 2026 this ratio will amount to 2% of the total relevant risk exposure for positions located in Poland. mBank specific countercyclical capital buffer calculated in accordance with the provisions of the Act as the weighted average of the countercyclical buffer rates that apply in the countries where the relevant credit exposures of the Bank are located, amounted to 1.02 p.p. as at 31 December 2025 (31 December 2024: 10 b.p.). The value of the indicator, besides exposures located in Poland, was predominantly affected by the exposures of mBank's foreign branches in the Czech Republic and Slovakia, where the countercyclical buffer rates as at 31 December 2025 were 1.25% and 1.5% (31 December 2024: 1.25% and 1.5%, respectively).

In 2016 the Bank received an administrative decision of the PFSA that identified mBank as other systemically important institutions (O-SII) and imposed a capital buffer of the total risk exposure amount. Pursuant to the PFSA decision of 29 October 2020 the Bank was obliged to maintain the capital buffer of 0.5% of the total risk exposure, calculated in accordance with article 92(3) of the CRR Regulation, to be maintained on individual and consolidated levels. The value of the buffer specified in the administrative decision applies as of 31 December 2025.

Consequently, the all-in-one combined buffer requirement set for the Bank as at 31 December 2025 amounted to 4.02% of the total risk exposure amount (31 December 2024: 3.10%).

During 2025 and 2024 capital ratios on the individual level were above the required values taking into account the abovementioned components.

The table below presents the required and reported levels of capital ratios for the mBank S.A. Group as at 31 December 2025 and 31 December 2024. As at 31 December 2024, restated data are presented. The restatement results from the retrospective inclusion the net result for the fourth quarter of 2024 and own funds as at 31 December 2024, after the approval of the annual financial statements for 2024 by the General Meeting of Shareholders on 27 March 2025.

mBank	31.12.2025		31.12.2024		
	Required level	Reported level	Required level	Reported level	Restated level
Total capital ratio (TCR)	12.02%	19.38%	11.10%	18.21%	19.49%
Tier I ratio (T1 ratio)	10.02%	17.06%	9.10%	16.71%	17.99%
Common Equity Tier I ratio (CET1 ratio)	8.52%	15.68%	7.60%	15.05%	16.33%

The stand-alone leverage ratio, calculated in accordance with the provisions of the CRR Regulation and Commission Delegated Regulation (EU) 2015/62 of 10 October 2014, amending Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to the leverage ratio, including fully phased-in definition of Tier I capital amounted to 6.71% as at 31 December 2025. As at 31 December 2024 originally reported leverage ratio level amounted to 6.43% and restated level amounted to 6.92%. The restatement of the originally reported data results for the retrospective inclusion of the net result for the fourth quarter 2024.

The Bank is also subject to the requirements for own funds and eligible liabilities ("MREL") referred to in Article 98(1) of the BFG Act, transposing the provisions of Article 45 of the Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms in this respect. As at 31 December 2025 the Bank met the applicable minimum requirements.

Own Funds

In accordance with the CRR Regulation, own funds consist of Common Equity Tier I capital, Additional Tier I capital and Tier II capital.

Common Equity Tier I capital of mBank contains:

- capital instruments and the related share premium accounts,
- retained earnings,
- accumulated other comprehensive income and other reserves,
- funds for general banking risk,
- independently reviewed profits net of any foreseeable charge or dividend,
- regulatory adjustments.

Additional Tier I capital of mBank contains value of capital bonds issued included in Additional equity components.

Tier II capital of mBank contains capital instruments and the related share premium accounts (subordinated liabilities including amortization during the last five years of the maturity of the instruments concerned).

The own funds of mBank as at 31 December 2025 amounted to PLN 21 023 909 thousand and Tier I capital amounted to PLN 18 503 012 thousand while the Common Equity Tier I capital amounted to PLN 17 003 012 thousand (as at 31 December 2024 it was PLN 17 595 721 thousand, PLN 16 237 574 thousand and PLN 14 737 574 thousand respectively).

In connection with the issue of capital bonds by mBank on 6 December 2024, as at 31 December 2024 value of the additional Tier I capital amounted to PLN 1 500 000 thousand.

Total risk exposure amount (TREA)

The total risk exposure amount contains:

- risk weighted exposure amounts for credit risk, counterparty credit risk, securitisation transactions, dilution risk and free deliveries,
- risk exposure amount for market risk, containing position risk, foreign exchange risk and commodities risk,
- risk exposure amount for operational risk,
- risk exposure amount for credit valuation adjustment,
- other risk exposure.

As at 31 December 2025 the AIRB approach was applied to the calculation of own funds requirements for credit and counterparty credit risk for the following portfolios:

- mBank corporate portfolio,
- mBank retail mortgage loan portfolio,
- mBank real estate-related specialised lending exposures for income properties (IRB slotting approach),
- mBank retail non-mortgage exposures,
- mBank retail microenterprises mortgage loan portfolio,
- other commercial banks exposures.

The total risk exposure amount of mBank as of 31 December 2025 amounted to PLN 108 462 745 thousand including PLN 84 854 985 thousand of risk-weighted exposure amount for credit risk, counterparty credit risk (31 December 2024: PLN 90 267 395 thousand and 76 402 632 thousand respectively).

ICAAP and internal capital

The ICAAP (Internal Capital Adequacy Assessment Process) implemented in mBank aims at adjusting own funds to the level and the profile of risk arising from mBank's operations.

These resources are at safe level. The value of Bank's internal funds in regulatory approach is higher than value required to cover the total Bank's capital requirement calculated in line with CRR Regulation. Similarly, in the economic approach, the capital resources in a form of own funds or risk coverage potential, are higher than internal capital estimated for Bank in line with Regulation of the Minister of Finance, Funds and Regional Policy of 27 July 2021 on the detailed manner of estimation of internal capital and the Bank's review of the strategy and procedures for the estimation and ongoing maintenance of internal capital.

CAPITAL ADEQUACY	31.12.2025	31.12.2024
Common Equity Tier I Capital	17 003 012	14 737 574
Tier I capital	18 503 012	16 237 574
Total Own Funds	21 023 909	17 595 721
Risk weighted exposure amounts for credit, counterparty credit, dilution risk and free deliveries, including:	84 854 985	76 402 632
- under standardised approach	21 437 785	22 906 017
- under AIRB approach	58 333 436	48 468 112
- securitisation transactions	5 082 919	5 023 261
- risk exposure amount for contributions to the default fund of a CCP	846	5 242
Total risk exposure amount for position, foreign exchange and commodities risks	1 042 556	1 140 759
Total risk exposure amount for operational risks	22 289 537	12 562 518
Total risk exposure amount for credit valuation adjustments	275 667	161 486
Total risk exposure amount	108 462 745	90 267 395
Common Equity Tier I capital ratio	15.7%	16.3%
Tier I capital ratio	17.1%	18.0%
Total capital ratio	19.4%	19.5%
OWN FUNDS	31.12.2025	31.12.2024
Common Equity Tier I (CET1) capital before regulatory adjustments	18 920 277	16 263 740
Capital instruments and the related share premium accounts	3 637 445	3 625 801
Retained earnings, including:	3 651 550	1 401 757
- profit from the previous years	3 651 550	1 401 757
Accumulated other comprehensive income (and other reserves)	8 008 538	7 885 364
Funds for general banking risk	1 115 143	1 115 143
Independently reviewed interim profits net of any foreseeable charge or dividend	2 507 601	2 235 675
Common Equity Tier I (CET1) capital: regulatory adjustments	(1 917 265)	(1 526 166)
Additional value adjustments (negative amount)	(54 012)	(54 778)
Intangible assets (net of related tax liability) (negative amount)	(1 269 835)	(1 136 264)
Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	18 384	102 446
Negative amounts resulting from the calculation of expected loss amounts	(282 897)	(346 048)
Exposure amount of the securitisation positions (negative amount) which qualify for a RW of 1250%, where the institution opts for the deduction alternative	(30 444)	(39 697)
Other regulatory adjustments	(298 461)	(51 825)
Common Equity Tier I (CET1) capital	17 003 012	14 737 574
Additional Tier I (AT1) capital	1 500 000	1 500 000
Tier I capital (T1 = CET1 + AT1)	18 503 012	16 237 574
Tier II (T2) capital before regulatory adjustments	2 520 897	1 358 147
Capital instruments and the related share premium accounts	2 520 897	1 358 147
Tier II (T2) capital: regulatory adjustments	-	-
Tier II (T2) capital	2 520 897	1 358 147
Total capital (TC = T1 + T2)	21 023 909	17 595 721

The data as of 31 December 2024 has been restated due to the retrospective inclusion of the net result for Q4 2024 in own funds.

48. Events after the balance sheet date

From 31 December 2025, until the date of approval of this financial statement, no events occurred that would require additional disclosure in this financial statement.