INTERIM CONSOLIDATED REPORT

FOR THE PERIOD OF 3 MONTHS ENDED 31 MARCH 2025

BNP Paribas Bank Polska S.A. Capital Group

BNP PARIBAS

TABLE OF CONTENTS

SELECTED FINANCIAL DATA

Selected consolidated financial data		in PLN '000	in PLN '000	in EUR '000	in EUR '000
Statement of profit or loss	**Note**	**1Q 2025 from 01.01.2025 to 31.03.2025**	1Q 2024 from 01.01.2024 to 31.03.2024	**1Q 2025 from 01.01.2025 to 31.03.2025**	1Q 2024 from 01.01.2024 to 31.03.2024
Net interest income	8	**1,494,326**	1,401,976	**357,084**	324,449
Net fee and commission income	9	**327,489**	335,085	**78,257**	77,546
Profit before tax		**948,125**	800,515	**226,564**	185,257
Profit after tax		**741,448**	590,588	**177,176**	136,675
Total comprehensive income		**807,234**	624,413	**192,897**	144,503
Statement of cash flows		**1Q 2025 from 01.01.2025 to 31.03.2025**	1Q 2024 from 01.01.2024 to 31.03.2024	**1Q 2025 from 01.01.2025 to 31.03.2025**	1Q 2024 from 01.01.2024 to 31.03.2024
Total net cash flows		**(1,016,384)**	221,732	**(242,875)**	51,314
Ratios		**31.03.2025**	31.12.2024	**31.03.2025**	31.12.2024
Number of shares (items)	47	**147,799,870**	147,676,946	**147,799,870**	147,676,946
Earnings per share	18	**5.02**	4.00	**1.20**	0.93
Statement of financial position		**31.03.2025**	31.12.2024	**31.03.2025**	31.12.2024
Total assets		**165,015,233**	167,539,589	**39,440,530**	39,208,890
Loans and advances to customers measured at amortised cost	23	**86,749,188**	85,401,516	**20,734,049**	19,986,313
Loans and advances to customers measured at fair value through profit or loss	24	**400,537**	452,506	**95,733**	105,899
Total liabilities		**148,829,776**	152,145,533	**35,572,020**	35,606,256
Amounts due to customers	33	**127,009,766**	130,924,754	**30,356,788**	30,640,008
Share capital	47	**147,800**	147,800	**35,326**	34,589
Total equity		**16,185,457**	15,394,056	**3,868,510**	3,602,634
Capital adequacy		**31.03.2025**	31.12.2024	**31.03.2025**	31.12.2024
Total own funds		**15,932,570**	15,962,074	**3,808,067**	3,735,566
Total risk exposure		**98,425,014**	92,814,926	**23,524,705**	21,721,256
Total capital ratio		**16.19%**	17.20%	**16.19%**	17.20%
Tier 1 capital ratio		**13.05%**	13.80%	**13.05%**	13.80%

Selected separate financial data	in PLN '000	in PLN '000	in EUR '000	in EUR '000
Statement of profit or loss	**1Q 2025 from 01.01.2025 to 31.03.2025**	1Q 2024 from 01.01.2024 to 31.03.2024	**1Q 2025 from 01.01.2025 to 31.03.2025**	1Q 2024 from 01.01.2024 to 31.03.2024
Net interest income	**1,464,555**	1,374,355	**349,970**	318,057
Net fee and commission income	**308,323**	320,505	**73,677**	74,172
Profit before tax	**922,341**	784,738	**220,403**	181,606
Profit after tax	**722,471**	577,992	**172,642**	133,760
Total comprehensive income	**788,257**	611,817	**188,362**	141,588
Statement of financial position	**1Q 2025 from 01.01.2025 to 31.03.2025**	1Q 2024 from 01.01.2024 to 31.03.2024	**1Q 2025 from 01.01.2025 to 31.03.2025**	1Q 2024 from 01.01.2024 to 31.03.2024
Total net cash flows	**(1,015,082)**	221,770	**(242,564)**	51,323
Ratios	**31.03.2025**	31.12.2024	**31.03.2025**	31.12.2024
Number of shares (items)	**147,799,870**	147,676,946	**147,799,870**	147,676,946
Earnings per share	**4.89**	3.91	**1.17**	0.90
Statement of financial position	**31.03.2025**	31.12.2024	**31.03.2025**	31.12.2024
Total assets	**160,806,460**	163,087,501	**38,434,585**	38,166,979
Loans and advances to customers measured at amortised cost	**82,783,794**	81,189,258	**19,786,275**	19,000,528
Loans and advances to customers measured at fair value through profit or loss	**400,537**	452,506	**95,733**	105,899
Total liabilities	**144,722,127**	147,775,592	**34,590,245**	34,583,569
Amounts due to customers	**126,947,194**	130,830,128	**30,341,833**	30,617,863
Share capital	**147,800**	147,800	**35,326**	34,589
Total equity	**16,084,333**	15,311,909	**3,844,340**	3,583,410
Capital adequacy	**31.03.2025**	31.12.2024	**31.03.2025**	31.12.2024
Total own funds	**15,889,617**	15,916,910	**3,797,800**	3,724,996
Total risk exposure	**95,979,274**	90,554,074	**22,940,145**	21,192,154
Total capital ratio	**16.56%**	17.58%	**16.56%**	17.58%
Tier 1 capital ratio	**13.34%**	14.10%	**13.34%**	14.10%

For purposes of data translation into EUR, the following exchange rates are used by the Group:

For items of the statement of financial position, rates of the National Bank of Poland are applied:

- as of 31.03.2025 – EUR 1 = 4.1839

- as of 31.12.2024 – EUR 1 = 4.2730

For items of the statement of profit or loss and the statement of cash flows, the EUR exchange rate is calculated as the arithmetic average of the rates published by the National Bank of Poland as at the last day of each month in the period:

- for the period from 1.01.2025 to 31.03.2025 – EUR 1 = 4.1848

- for the period from 1.01.2024 to 31.03.2024 – EUR 1 = 4.3211

For details on calculation of profit (loss) per share please refer to Note 18.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	1Q 2025 from 01.01.2025 to 31.03.2025	1Q 2024 from 01.01.2024 to 31.03.2024 restated
Interest income	8	2,514,208	2,505,718
Interest income calculated with the use of effective interest rate method		2,309,219	2,334,001
interest income on financial instruments measured at amortised cost		2,084,081	2,148,682
interest income on financial instruments measured at fair value through other comprehensive income		225,138	185,319
Income of a similar nature to interest on instruments measured at fair value through profit or loss		204,989	171,717
Interest expense	8	(1,019,882)	(1,103,742)
Net interest income		**1,494,326**	**1,401,976**
Fee and commission income	9	391,135	402,926
Fee and commission expenses	9	(63,646)	(67,841)
Net fee and commission income		**327,489**	**335,085**
Dividend income		172	786
Net trading income	10	284,921	215,972
Result on investment activities	11	(2,374)	3,829
Result on hedge accounting	22	(2,591)	5,121
Result on derecognition of financial assets measured at amortized cost due to significant modification		(1,649)	(3,410)
Net allowances on expected credit losses of financial assets and provisions for contingent liabilities	12	(27,243)	(96,365)
Result on legal risk related to foreign currency loans	50	(64,905)	(21,000)
General administrative expenses	13	(848,846)	(795,273)
Depreciation and amortization	14	(127,416)	(125,804)
Other operating income	15	130,779	49,782
Other operating expenses	16	(113,096)	(64,985)
Operating result		**1,049,567**	**905,714**
Tax on financial institutions		(101,442)	(105,199)
Profit before tax		**948,125**	**800,515**
Income tax expenses	17	(206,677)	(209,927)
Net profit		**741,448**	**590,588**
attributable to equity holders of the Group		741,448	590,588
Earnings (loss) per share (in PLN per one share)			
Basic	18	5.02	4.00
Diluted	18	5.01	4.00

In the first quarter of 2025, the BNP Paribas Bank Polska Group generated a net profit of PLN 741,448 thousand, by PLN 150,860 thousand (i.e. by 25.5%) higher than that generated in the first quarter of 2024.

The Group's result on banking activities in the first quarter of 2025 amounted to PLN 2,117,977 thousand and was higher by PLN 173,821 thousand (i.e. by 8.9% YoY) compared to the first quarter of 2024.

The most important factors affecting the level of the result on banking activities in the periods compared were the macroeconomic conditions and the central banks' policy on interest rates, affecting, i.a., the economic activity of customers and the situation on financial markets. The most significant impacts on the Group's financial performance in the first quarter of 2025 were:

- the persistently high level of Narodowy Bank Polski (NBP) interest rates as a consequence of unchanged monetary policy by the Monetary Policy Council (MPC) in 2022. Since October 2023 and the end quarter of 2025, NBP interest rates remained unchanged (5.75% for reference rate). The high level of interest rates had a positive impact on the margins realised by banks in the first quarter of 2025 and 2024;
- continuation of easing cycle of European Central Bank's monetary policy, started in June 2024. By the end of March 2025, six interest rate cuts had taken place, resulting in a 150 bps decline in the deposit rate (to 2.5% at the end of the first quarter of 2025). These changes affected the narrowing of margins realised in EUR,
- lower, compared to the first quarter of 2025, negative result on derivatives under hedge accounting related to the scale and structure of hedging transactions and the expected pace and direction of interest rate movements. The interest income on IRS transactions improved in the first quarter of 2025 by PLN 62,681 thousand YoY (total on derivatives under fair value hedge accounting and under cash flow hedge accounting). The change in the fair value measurement of hedging transactions recognised separately in the result on hedge accounting was negative and amounted in the first quarter of 2025 to PLN -2,591 thousand (compared to a positive value in the first quarter of 2024 in the amount of PLN +5,121 thousand),
- the excess liquidity of the banking sector in Poland resulting from the good liquidity situation of customers and the persistently moderate demand for credit, both in the case of businesses and private individuals. The comfortable situation on the funding side of the Group's business enabled the optimisation of deposit margins and the generation of income from the placement of funds in financial market instruments, which had a positive impact on the Group's interest income in the first quarter of 2025;
- increased volatility of exchange rate and appreciation of the PLN against the EUR in the first quarter of 2025 (from the level of 4.2730 at 31 December 2024 to 4.1839 at 31 March 2025).

Elements of the regulatory environment that affected the Group’s results in the first quarter of 2025 compared to the first quarter of 2024 included an increase in the value of the annual contribution to the Bank Guarantee Fund (BFG) and the reinstatement of the quarterly contribution to the bank guarantee fund. The BFG costs incurred in the first quarter of 2025 were by PLN 30,719 thousand, or 22.6%, higher compared to the first quarter of 2024.

Total administrative expenses and depreciation and amortization incurred in the first quarter of 2025 were by PLN 55,185 thousand, or 6.0%, higher than in the corresponding period of 2024 (excluding the BFG costs by 3.1%). These both dynamics are lower than the growth rate of the result on banking activities recorded by the Group.

In the first quarter of 2025, a good quality of the loan portfolio had a positive impact on the level of profit before tax, and consequently on the low and negative result of allowances for expected credit losses of financial assets and provisions for contingent liabilities in the amount of PLN 27,243 thousand (improvement by PLN 69,122 thousand compared to the negative result in the first quarter of 2024).

A significant factor affecting the comparison of the level of the Group's net profit in the analysed periods is the impact of legal risk related to litigation concerning foreign currency housing loans - in the first quarter of 2025, it charged the Group's results with an amount of PLN 64,905 thousand, i.e. PLN 43,905 thousand (i.e. 209.1%) higher on a YoY basis.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	1Q 2025 from 01.01.2025 to 31.03.2025	1Q 2024 from 01.01.2024 to 31.03.2024
Net profit for the period		**741,448**	**590,588**
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss upon fulfilment of certain conditions		**66,004**	**34,825**
Measurement of financial assets measured through other comprehensive income	27	62,509	58,012
Deferred income tax on financial assets measured through other comprehensive income		(11,877)	(11,023)
Measurement of derivatives hedging gross cash flows	22	18,977	(15,017)
Deferred income tax on valuation of gross derivatives hedging cash flows		(3,605)	2,853
Items that will not be reclassified to profit or loss		**(218)**	**(1,000)**
Actuary valuation of employee benefits	7e	(269)	(1,234)
Deferred income tax on actuarial valuation of gross employee expenses		51	234
Other comprehensive income (net)		**65,786**	**33,825**
Total comprehensive income for the period		**807,234**	**624,413**
attributable to equity holders of the Group		807,234	624,413

The comprehensive income of Capital Group of BNP Paribas Bank Polska S.A. in the first quarter of 2025 was by PLN 182,821 thousand higher compared to the same period last year. This was mainly a result of the higher realised net profit by PLN 150,860 thousand (i.e. 25.5%).

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS	Note	31 March 2025	31 December 2024
Cash and balances at Central Bank	19	6,128,762	11,325,551
Amounts due from banks	20	12,124,261	7,872,375
Derivative financial instruments	21	2,625,107	2,440,116
Adjustment of fair value of hedging item	22	147,251	230,658
Loans and advances to customers measured at amortised cost	23	86,749,188	85,401,516
Loans and advances to customers measured at fair value through profit or loss	24	400,537	452,506
Securities measured at amortised cost	25	34,416,359	32,364,550
Securities measured at fair value through profit or loss	26	331,311	321,434
Securities measured at fair value through other comprehensive income	27	18,507,034	23,027,454
Intangible assets	28	934,403	975,114
Property, plant and equipment	29	918,007	946,971
Deferred tax assets		766,724	859,567
Current tax assets		834	1,515
Other assets	31	965,455	1,320,262
Total assets		**165,015,233**	**167,539,589**

LIABILITIES	Note	31 March 2025	31 December 2024
Amounts due to other banks	32	10,207,033	9,994,802
Derivative financial instruments	21	2,291,975	2,311,741
Adjustment of fair value of hedging and hedged item	22	184,550	260,025
Amounts due to customers	33	127,009,766	130,924,754
Subordinated liabilities	34	3,391,316	3,420,128
Lease liabilities	30	585,374	606,306
Other liabilities	35	3,245,723	2,296,756
Current tax liabilities		43,396	361,641
Provisions	36	1,870,643	1,969,380
Total liabilities		**148,829,776**	**152,145,533**

EQUITY	Note	31 March 2025	31 December 2024
Share capital	47	147,800	147,800
Supplementary capital		9,155,136	9,155,136
Other reserve capital		4,044,967	4,042,815
AT1 Capital Bonds		650,000	650,000
Revaluation reserve		(475,059)	(540,845)
Retained earnings		2,662,613	1,939,150
retained profit		1,921,165	(419,118)
net profit for the period		741,448	2,358,268
Total equity		**16,185,457**	**15,394,056**
Total liabilities and equity		**165,015,233**	**167,539,589**

The Group's total assets as at 31 March 2025 amounted to PLN 165,015,233 thousand, a decrease by PLN 2,524,356 thousand, i.e. 1.5%, compared with the end of 2024.

The most important change in the Group's asset structure compared to the end of 2024 were decrease in the share of both Cash and balances at Central Bank by 3.0 p.p. and securities portfolio by 1.0 p.p. At the same time, the share of receivables from banks increased by 2.6 p.p. and the credit portfolio (the sum of portfolios valued at amortized cost and at fair value) by 1.6 p.p.

The Group's asset structure was dominated by loans and advances to customers (sum of portfolios measured at amortised cost and at fair value), which accounted for 52.8% of total assets at the end of March 2025, compared to 51.2% at the end of 2024. The volume of net loans and advances increased by PLN 1,295,703 thousand (i.e. 1.5%). The portfolio of Institutional Clients increased by 2.5%, mainly as a result of a 2.5% increase in the corporate portfolio and a 8.8% increase in the non-bank financial entities portfolio. The portfolio of Individual clients remained at similar level compared to the end of 2024 (a slight decrease of PLN -54,066 thousand, or -0.2%, including a decrease in real estate loans by 0.3%).

The second largest asset item was securities, which accounted for 32.3% of total assets at the end of March 2025 (at the end of 2024: 33.3%). Compared to the end of 2024, the size of the securities portfolio decreased by PLN 2,458,734 thousand (i.e. by 4.4%). Securities measured at fair value through other comprehensive income decreased by PLN 4,520,420 thousand, i.e. by 19.6% (mainly NBP bills and bonds issued by other financial institutions), while securities measured at amortised cost increased by PLN 2,051,809 thousand, i.e. by 6.3% (mainly Treasury bonds).

The third largest asset item was amounts due from banks, whose share in total assets increased from 4.7% to 7.3% (an increase of PLN 4,251,886 thousand, i.e by 54.0%).

As at 31 March 2025, the Group's total liabilities amounted to PLN 148,829,776 thousand, a decrease of PLN 3,315,757 thousand i.e. by 2.2% compared to the end of 2024. The share of liabilities in the Group's total liabilities and equity amounted to 90.2% in the analysed period and decreased by 0.6 percentage points compared to the end of 2024.

The structure of liabilities is dominated by liabilities to customers. Their share as at 31 March 2025 decreased to 85.3% (-0.7 p.p.). In value terms, the volume of these liabilities decreased by PLN 3,914,988 thousand, i.e. by 3.0% compared to December 2024, (to PLN 127,009,766 thousand). Deposits from Institutional Customers decreased by 2.9% whereas deposits from Individual Customers increased by 8.4%.

Amounts due to banks recorded an increase of PLN 212,231 thousand, or 2.1%, compared with the end of 2024. Their share in total liabilities amounted to 6.9% at the end of March 2025 (compared with 6.6% at the end of last year).

The Group's equity as at 31 March 2025 amounted to PLN 16,185,457 thousand and increased by PLN 791,401 thousand, or 5.1%, compared with 31 December 2024. This increase was the result of higher retained earnings by PLN 723,463 thousand and an improvement of PLN 65,786 thousand in the revaluation reserve. The share of total equity in the Group's total liabilities and equity at the end of March 2025 amounted to 9.8% (compared with 9.2% at the end of last year).

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Supplementary capital	Other reserve capital	AT1 Capital Bonds	Revaluation reserve	Retained earnings		Total
						Retained profit	Net profit for the period	
Balance as of 1 January 2025	**147,800**	**9,155,136**	**4,042,815**	**650,000**	**(540,845)**	**(419,118)**	**2,358,268**	**15,394,056**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**65,786**	**-**	**741,448**	**807,234**
Net profit for the period	-	-	-	-	-	-	741,448	741,448
Other comprehensive income for the period	-	-	-	-	65,786	-	-	65,786
Distribution of retained earnings	**-**	**-**	**-**	**-**	**-**	**2,358,268**	**(2,358,268)**	**-**
Transfer of retained earnings pending approval	-	-	-	-	-	2,358,268	(2,358,268)	-
Payment of interest on AT1 capital bonds	**-**	**-**	**-**	**-**	**-**	**(17,985)**	**-**	**(17,985)**
Management stock options*	**-**	**-**	**2,152**	**-**	**-**	**-**	**-**	**2,152**
Balance as of 31 March 2025	**147,800**	**9,155,136**	**4,044,967**	**650,000**	**(475,059)**	**1,921,165**	**741,448**	**16,185,457**

* for details on the management stock options programme please refer to Note 38

	Share capital	Supplementary capital	Other reserve capital	AT1 Capital Bonds	Revaluation reserve	Retained earnings		Total
						Retained profit	Net profit for the period	
Balance as of 1 January 2024	**147,677**	**9,110,976**	**3,525,056**	**-**	**(566,754)**	**(368,226)**	**1,012,546**	**12,861,275**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**25,909**	**-**	**2,358,268**	**2,384,177**
Net profit for the period	-	-	-	-	-	-	2,358,268	2,358,268
Other comprehensive income for the period	-	-	-	-	25,909	-	-	25,909
Distribution of retained earnings	**-**	**45,963**	**511,362**	**-**	**-**	**(48,777)**	**(1,012,546)**	**(503,998)**
Distribution of retained earnings intended for capital	-	45,963	511,362	-	-	(48,777)	(508,548)	-
Dividends paid out	-	-	-	-	-	-	(503,998)	(503,998)
Issuance of shares	**123**	**-**	**-**	**-**	**-**	**-**	**-**	**123**
Issuance of AT1 capital bonds	**-**	**-**	**-**	**650,000**	**-**	**-**	**-**	**650,000**
Management stock options*	**-**	**-**	**6,397**	**-**	**-**	**-**	**-**	**6,397**
Other adjustments	**-**	**(1,803)**	**-**	**-**	**-**	**(2,115)**	**-**	**(3,918)**
Balance as of 31 December 2024	**147,800**	**9,155,136**	**4,042,815**	**650,000**	**(540,845)**	**(419,118)**	**2,358,268**	**15,394,056**

* for details on the management stock options programme please refer to Note 38

	Share capital	Supplementary capital	Other reserve capital	AT1 Capital Bonds	Revaluation reserve	Retained earnings		Total
						Retained profit	Net profit for the period	
Balance as of 1 January 2024	**147,677**	**9,110,976**	**3,525,056**	**-**	**(566,754)**	**(368,226)**	**1,012,546**	**12,861,275**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**33,825**	**-**	**590,588**	**624,413**
Net profit for the period	-	-	-	-	-	-	590,588	590,588
Other comprehensive income for the period	-	-	-	-	33,825	-	-	33,825
Distribution of retained earnings	**-**	**-**	**-**	**-**	**-**	**1,012,546**	**(1,012,546)**	**-**
Transfer of retained earnings pending approval	-	-	-	-	-	1,012,546	(1,012,546)	-
Management stock options*	**-**	**-**	**2,035**	**-**	**-**	**-**	**-**	**2,035**
Other adjustments	**-**	**-**	**-**	**-**	**-**	**(1,338)**	**-**	**(1,338)**
Balance as of 31 March 2024	**147,677**	**9,110,976**	**3,527,091**	**-**	**(532,929)**	**642,982**	**590,588**	**13,486,385**

* for details on the management stock options programme please refer to Note 38

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

CASH FLOWS FROM OPERATING ACTIVITIES:	Note	1Q 2025 from 01.01.2025 to 31.03.2025	1Q 2024 from 01.01.2024 to 31.03.2024
Net profit (loss)		**741,448**	**590,588**
Adjustments for:		**(3,663,800)**	**2,170,141**
Income tax expenses		206,677	209,927
Depreciation and amortization	14	127,416	125,804
Dividend income		(172)	(786)
Interest income	8	(2,514,208)	(2,505,718)
Interest expense	8	1,019,882	1,103,742
Change in provisions		(99,006)	(1,289)
Change in amounts due from banks		(69,999)	4,684,964
Change in assets due to derivative financial instruments		(101,584)	134,481
Change in loans and advances to customers measured at amortised cost		(1,312,634)	75,983
Change in loans and advances to customers measured at fair value through profit or loss		51,969	60,393
Change in amounts due to banks		286,127	(379,597)
Change in liabilities due to derivative financial instruments		(76,264)	(82,314)
Change in amounts due to customers		(3,879,919)	(2,286,168)
Change in other assets and deferred tax assets		350,464	(86,461)
Change in other liabilities and current tax liabilities		952,890	318,627
Other adjustments	39	(14,740)	(11,804)
Interest received		2,839,162	2,389,110
Interest paid		(985,493)	(1,157,008)
Tax paid		(444,037)	(421,519)
Lease payments for short-term leases not included in the lease liability measurement		(331)	(226)
Net cash flows from operating activities		**(2,922,352)**	**2,760,729**

CASH FLOWS FROM INVESTMENT ACTIVITIES:		1Q 2025 from 01.01.2025 to 31.03.2025	1Q 2024 from 01.01.2024 to 31.03.2024
Inflows		**60,244,671**	**52,095,010**
Sale and maturity of debt securities		60,227,107	52,079,948
Sale of intangible assets and property, plant and equipment		16,883	13,847
Dividends received and other inflows from investing activities		681	1,215
Outflows		**(58,143,925)**	**(54,635,940)**
Purchase of debt securities		(58,084,963)	(54,520,967)
Purchase of intangible assets and property, plant and equipment		(58,962)	(114,973)
Net cash flows from investment activities		**2,100,746**	**(2,540,930)**

CASH FLOWS FROM FINANCING ACTIVITIES:		1Q 2025 from 01.01.2025 to 31.03.2025	1Q 2024 from 01.01.2024 to 31.03.2024
Inflows		**220,158**	**485,172**
Long-term loans received and subordinated liabilities		220,158	485,172
Outflows		**(414,936)**	**(483,239)**
Repayment of long-term loans received		(360,951)	(460,163)
Repayment of lease liability		(35,981)	(23,045)
Payment of interest on AT1 equity bonds		(17,985)	-
Other financial expenses		(19)	(31)
Net cash flows from financing activities		**(194,778)**	**1,933**
TOTAL NET CASH AND CASH EQUIVALENTS		**(1,016,384)**	**221,732**
Cash and cash equivalents at the beginning of the period		**18,292,929**	**15,874,526**
Cash and cash equivalents at the end of the period:	37	**17,276,545**	**16,096,258**
Effect of exchange rate fluctuations on cash and cash equivalents		(160,961)	(59,746)

EXPLANATORY NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. IDENTIFICATION DATA

BNP Paribas Bank Polska S.A. („Bank" or „BNP Paribas") is the parent company in the Capital Group of BNP Paribas Bank Polska S.A. („Group").

The registered office of the Bank is located at Marcina Kasprzaka 2, 01-211 Warsaw. The Bank is registered in Poland, by the District Court for the capital city of Warsaw, 13th Commercial Division of the National Court Register, under number KRS 0000011571. The duration of the parent and the Group companies is unlimited.

2. DESCRIPTION OF THE CAPITAL GROUP

As of 31 March 2025, the BNP Paribas Bank Polska S.A. Capital Group comprised BNP Paribas Bank Polska S.A. as the parent and its subsidiaries. The Bank's share in the equity of subsidiaries is presented in brackets:

1) BNP PARIBAS TOWARZYSTWO FUNDUSZY INWESTYCYJNYCH S.A. („TFI" 100%),
2) BNP PARIBAS LEASING SERVICES SP. Z O.O. („LEASING" 100%),
3) BNP PARIBAS GROUP SERVICE CENTER S.A. („GSC" 100%).

In accordance with the principles of International Financial Reporting Standards, the interim condensed consolidated financial statements include all subsidiaries as of 31 March 2025.

BNP Paribas Bank Polska S.A. is an entity belonging to the BNP Paribas Capital Group with its registered office in Paris.

3. ACCOUNTING PRINCIPLES APPLIED FOR THE PURPOSE OF PREPARATION OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The Interim condensed consolidated financial statements for the first quarter of 2025 ended 31 March 2025 were prepared in accordance with the requirements of International Financial Reporting Standards, as adopted by the European Union ("EU IFRS"), in particular, in accordance with IAS 34.

The accounting principles applied in the first quarter of 2025 do not differ from the principles applicable in 2024, which are described in detail in the Consolidated financial statements of Bank BNP Paribas S.A. Capital Group for the year ended 31 December 2024, including new standards, interpretations and amendments to published standards that have been issued by the International Accounting Standards Board (IASB), have been endorsed by the European Union, have come into effect from 1 January 2025 and have been applied by the Group.

The interim condensed consolidated financial statements do not include all information and disclosures required in annual consolidated financial statements, and, therefore, should be read in conjunction with the Consolidated financial statements of BNP Paribas Bank Polska S.A. Capital Group for the year ended 31 December 2024.

The interim condensed consolidated financial statements have been prepared in Polish zloty and all values, unless otherwise indicated, are given in thousands of zlotys (PLN thousand).

The present interim condensed consolidated financial statements include the requirements of all International Accounting Standards approved by the European Union ("IAS"), International Financial Reporting Standards ("EU IFRS") and interpretations related to these standards, except for the standards and interpretations listed below that are awaiting approval by the European Union or have been approved, but entered into or will enter into force only after the balance sheet date.

In the period covered by the interim condensed consolidated financial statements, the Group did not use the option of earlier application of standards and interpretations, which were approved by the European Union, but will enter into force only after the balance sheet date.

3.1. New standards, interpretations and amendments to published standards that have been issued by the International Accounting Standards Board (IASB), have been endorsed by the European Union, are effective and have been applied by the Group

Standards / Interpretations	Date of issue/ publication	Date of entry into force in EU	Approved by the EU	Description of changes
Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Non-exchangeability of currencies	15.08.2023	01.01.2025	12.11.2024	The amendments specify how an entity should assess whether a currency is exchangeable into another currency and how it should determine the spot exchange rate in the absence of exchangeability. The amendments will not have a material impact on the Group's statements.

3.2. New standards, interpretations and amendments to these standards that have already been issued by the International Accounting Standards Board (IASB) but not yet approved by the European Union

Standards / Interpretations	Date of issue/ publication	Date of entry into force in EU	Approved by the EU	Description of changes
IFRS 18 Presentation and Disclosure of Information in Financial Statements	09.04.2024	01.01.2027	No	IFRS 18 introduces new presentation and disclosure requirements in the financial statements for all entities applying IFRS standards. The Group will analyze the impact of the standard on the financial statements.
Amendments to IFRS 9 and IFRS 7: Nature-dependent electricity contracts	18.12.2024	01.01.2026	No	The amendments include: ● clarifying the application of the 'own-use' requirements; ● permitting hedge accounting if these contracts are used as hedging instruments; and ● adding new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows. The changes will not have a material impact on the Group's financial statements.
IFRS 19: Subsidiaries without Public Accountability: Disclosures	09.05.2024	01.01.2027	No	IFRS 19 allows eligible entities to apply limited disclosure requirements while applying the recognition, measurement and presentation requirements of other IFRS accounting standards. The amendments will not have a material impact on the Group's statements.
Amendments to IFRS 9 and IFRS 7: Changes to the classification and measurement of financial instruments	30.05.2024	01.01.2026	No	The amendments clarify, among others, that the financial liability is derecognised on the settlement date and introduce an accounting policy choice to derecognise financial liabilities settled by means of an electronic payment system before the settlement date. The Group analyze the impact of the standard on the financial statements.

Annual Improvements to IFRS - Volume 11	18.07.2024	01.01.2026	No	The IASB's annual amendment cycle process deals with non-urgent but necessary clarifications and amendments to IFRSs. In July 2024, the International Accounting Standards Board issued 'Annual Improvements to IFRS - Volume 11'. The changes will not have a material impact on the Group's financial statements.

3.3. Changes in presentation of financial data

In comparison to the Interim condensed consolidated financial statements prepared for the first quarter ended 31 March 2024, the Group has changed the presentation of the following financial data:

- gain/loss on sale of securities measured at amortised cost

Consolidated income statement	1Q 2024 from 01.01.2024 to 31.03.2024 Before adjustment	Adjustment	1Q 2024 from 01.01.2024 to 31.03.2024 After adjustment
Result from trading activities (including result from exchange items)	213,253	2,719	215,972
Result from discontinued recognition of financial assets measured at amortized cost due to material modification	(691)	(2,719)	(3,410)

In the opinion of the Group, the presentation changes outlined above better reflect the economic nature of the above items and therefore provide more useful information to the recipients of the financial statements.

4. GOING CONCERN

The present Interim condensed consolidated financial statements have been prepared assuming that the companies within the Group will continue as a going concern in substantially the same scope, in the foreseeable future, i.e. within at least 12 months from the date of the reporting period end.

5. APPROVAL OF THE FINANCIAL STATEMENTS

The Interim condensed consolidated report of the BNP Paribas Bank Polska S.A. Capital Group for the first quarter of 2025 ended 31 March 2025 was approved for publication by the Management Board on 13 May 2025.

6. SEASONAL AND CYCLICAL NATURE OF BUSINESS

There are no significant seasonal or cyclical phenomena in the Group's operations.

7. ESTIMATES AND JUDGEMENTS

The Group makes judgements, estimates and assumptions that affect the values of assets and liabilities reported in the subsequent period. Judgements, estimates and assumptions, which are reviewed on an ongoing basis, are made based on prior experience and considering other factors, including expectations as to future events, which appear reasonable in specific circumstances.

a. Impairment of financial assets

The assessment of impairment of financial assets in accordance with IFRS 9 requires estimates and assumptions, especially in the areas of estimates of the value and timing of future cash flows, the value of collaterals established, or the assessment of a significant increase in credit risk.

The assessment of impairment in accordance with IFRS 9 covers financial assets measured at amortised cost and financial assets measured at fair value through other comprehensive income as well as contingent liabilities. The recognition of expected credit losses depends on the change in the level of credit risk recorded since the moment of initial recognition of the financial asset. Financial assets are subject to the assessment as to whether there are any events of default.

The requirements of IFRS 9 relating to impairment are based on the model of expected credit loss.

Financial instruments subject to the assessment in terms of impairment are classified into one of three stages based on the assessment of changes in credit quality observed since initial recognition:

- Stage 1: An allowance due to expected credit losses in 12-month horizon

If the credit risk did not increase significantly from the date of the initial recognition, and the event of default did not occur from the moment of granting the financial instrument, the Group recognizes an allowance for the expected credit loss within the next 12-month horizon.

- Stage 2: An allowance due to expected credit losses for the entire lifetime – no event of default identified

In the case of financial instruments, whose credit risk has increased significantly since the moment of their initial recognition, but no event of default occurred, an impairment allowance is created for the entire remaining financing period, considering the probability of the occurrence of the event of default.

- Stage 3: An allowance due to expected credit losses for the entire lifetime – event of default

In the case of financial instruments for which the event of default occurred, an allowance for the expected credit loss is created for the entire remaining financing period.

Criteria for stage classification

In order to assess whether there has been a significant increase in credit risk since the initial recognition of the financial instrument (Stage 2), the Group compares the risk of default during the expected period of financing granted as at the balance sheet date and the date of initial recognition.

The assessment consists in verifying whether the ratio of the cumulative PD as of the report date determined for the period from the report date to the maturity date and the cumulative PD as of the initial recognition date determined for the period from the report date to the maturity date exceeds the relative threshold for the change in the PD lifetime parameter. Exceeding the threshold results in classification into Stage 2. PD lifetime weighted by the probability of occurrence of individual macroeconomic scenarios is used for comparison.

The threshold amount is set at the level of homogeneous portfolios based on an analysis of loss levels for historical data. The analysis is designed to ensure high discriminatory power of the introduced allocation and its results are subject to verification for intuitiveness. The thresholds adopted at the Group range from 1.8 to 2.7 times PD lifetime growth relative to initial recognition, depending on the segment.

An important element of the allowance estimation process, affecting both the Stage classification and the parameters used in the allowance estimation process, is the internal credit risk rating system. The rating reflects an assessment of asset quality and key related risks, including an assessment of refinancing risk.

Refinancing risk is assessed periodically by the Group, both in the process of granting the financing and as part of cyclical monitoring performed throughout the financing period.

In the commercial real estate segment, among other things, the quality of the asset is examined, including: attractiveness of the location, age of the facility, occupancy level, terms and duration of leases, value of the property, LTV (Loan to Value) and DSCR (Debt Service Coverage Ratio) parameters.

In addition, in order to assess a significant increase in credit risk, the Group uses e.g.: information on delay in repayments (over 30 days of delay) and information from internal credit risk monitoring systems, such as warning letters and information about restructuring.

For exposures classified as Stage 2, if in subsequent periods the credit quality of the financial instrument improves and previous conclusions regarding a significant increase in credit risk since initial recognition are reversed, the exposure is reclassified from Stage 2 to Stage 1 and the allowance for expected credit losses for these financial instruments is calculated over a 12-month horizon.

For the purpose of identifying exposures eligible for Stage 3, the Group uses a single definition of defaulted exposures and a definition of impaired exposures, and classification is based on the principles of the default triggers.

The principal event of default is a delay in repayment of more than 90 days (or more than 30 days for exposures with granted facilities) of a material amount of a past due credit obligation. In addition, other indications are taken into account, including in particular:

- restructuring,
- granting of a facility where the exposure is granted a facility or restructured,
- granting of a facility without significant economic loss where at least one of the following conditions is met:
  - a large lump sum payment towards the end of the repayment schedule;
  - irregular repayment schedule, with significantly lower payments at the beginning of the repayment schedule;
  - significant grace period at the beginning of the repayment schedule;
  - exposures to an obligor that are subject to distress restructuring on more than one occasion.
- suspicion of fraud (including economic crime or any other criminal offence related to the credit exposure),
- information has been received about the submission of an application for restructuring proceedings within the meaning of the Act on Restructuring Law,
- filing of an application for commencing enforcement proceedings by the Group or becoming aware of the fact that enforcement proceedings against the debtor are being conducted in the amount which, in the opinion of the Group, may result in the loss of creditworthiness,
- becoming aware of the fact of filing of an application for declaring the debtor bankrupt (liquidation, consumer), putting the debtor into liquidation, dissolution or cancellation of the company, appointment of a curator, appointment of a receiver over the debtor's activity,
- filing of an application for bankruptcy proceedings, a declaration of bankruptcy or becoming aware of the dismissal of the bankruptcy application due to the fact that the debtor's assets are insufficient or sufficient only to meet the costs of the bankruptcy proceedings,
- termination of the credit agreement,
- submission an application to initiate enforcement proceedings against the customer,
- granting of a public moratorium under article 31fa of the Act of 2 March 2020, on special solutions related to the prevention, prevention and control of Covid-19, other infectious diseases and emergencies caused by them,
- financial difficulties identified during the customer monitoring/review process or on the basis of information obtained from the customer in the course of other activities,
- significant deterioration in customer rating.

In determining the materiality level of a past due credit obligation, the Group takes into account the thresholds contained in the "Regulation of the Minister of Finance, Investment and Development dated 3 October 2019 on the materiality level of a past due credit obligation".

A past due credit commitment is considered material when both materiality thresholds are exceeded together:

1) the amount of past due liabilities exceeds PLN 400 for retail exposures or PLN 2,000 for non-retail exposures, and
2) the share of past due liabilities in the exposure is greater than 1%.

Accordingly, the calculation of the number of overdue days for the purpose of determining a default event starts once both of the aforementioned thresholds are exceeded.

While reclassifying the exposure from Stage 3 to Stage 2 or Stage 1, the Group considers quarantine period, according to which a credit exposure with recognised objective trigger of impairment may only be reclassified into Stage 2 or Stage 1 if the customer has been servicing the receivable on time for a specified number of months. The required quarantine period differs depending on the customer type. Its length is determined by the Group on the basis of historical observations which allow for determining the period after which the probability of default decreases to the level comparable to that of other exposures classified to the portfolio with no indications of impairment.

With regard to the criteria for assignment to Stages, the Group implemented an indication based on the assessment of the relative change in the PD lifetime parameter.

Due to the ongoing war in Ukraine and the economic sanctions issued against Russia and Belarus, the Group analysed credit exposures directly related to these countries and, based on this, did not identify any significant exposures both in the portfolio of business and retail clients. At the same time, the Group monitors the situation of customers on an ongoing basis with a view to securing the credit portfolio by adequately reflecting the level of risk on these customers in the amount of allowances. The Group has identified institutional customers who are vulnerable to the effects of the situation in Ukraine, including, in particular, customers whose business is linked to the economies of the above countries (and thus may be exposed to the effects of war and imposed sanctions) and whose business is vulnerable to the embargo on Russian gas. These customers accounted for 282,885 thousand of exposure as of 31 March 2025 (as at 31 December 2024, the balance of exposure to these customers was PLN 286,246 thousand), and were classified in Stage 2, as customers for whom there was a significant increase in credit risk. The total allowance related to these customers amounted PLN 9,585 thousand (as at 31 December 2024, the balance of allowance related to the customers reclassified on this account was PLN 7,808 thousand).

With regard to the remaining segments, in the process of assigning Stages, the Group took into account the increased risk associated with customers with the greatest exposure to turbulence in the economic environment by transferring these exposures to Stage 2. The basis for identifying sensitive customers was:

- for the portfolio of loans secured by real estate in PLN, results of surveys conducted among customers using credit holidays,
- for the segment of other retail customers, available indicators that are indicative of the level of debt burden and the timeliness of servicing obligations with other institutions,
- for the portfolio of micro-entrepreneurs, the level of the customer's rating or, for a selected group of customers, borrowing to a degree that threatened the proper servicing of the credit/loan.

These customers represented PLN 592,192 thousand of exposure as at 31 March 2025 compared to PLN 628,057 thousand of exposure as at 31 December 2024. In addition to the reported items in Stage 2, for the portfolio of loans secured by real estate in PLN, the Bank applies an additional parameter adjustment for vulnerable customers using credit holidays (see the table on Post Model Adjustments applied for details).

Description of the methods used to determine the allowance for expected credit losses

The individual valuation is performed by the Group for individually significant financial assets, for which the event of default was identified. It consists in the individual determination of the allowance for expected credit losses. During the individual valuation, the Group determines expected future cash flows and impairment allowance is calculated as the difference between the present value (balance sheet amount) of a financial asset which is individually significant and the value of future cash flows generated by that asset, discounted using the effective interest method. Cash flows from collateral are taken into account for purposes of estimating future cash flows.

The following assets are measured collectively:

- classified as individually insignificant;
- classified as individually significant, for which the event of default was not identified.

The amount of collective impairment allowances is determined with the application of statistical methods for defined exposure portfolios which are homogenous from the perspective of credit risk. Homogeneous exposure portfolios are defined based on, among others, customer segment and type of credit products.

The criteria applied by the Group to define homogeneous portfolios are aimed at grouping exposures so that the credit risk profile is reflected as accurately as practicable and, consequently, so as to estimate the level of allowances for the expected credit losses on financial assets as objectively and adequately as possible. The amount of the allowance for expected credit losses in the collective method is determined under four macroeconomic scenarios. The final value of the allowance is determined as the average of these four calculations weighted by the probability of occurrence of a given scenario.

The weight of the base scenario is 50%, the weights of the negative and the severe scenarios are estimated based on the ratio of the current projected loss to the long-term average for the segment, and the weight of the positive scenario is derived from the weights of the negative and the severe scenarios. As of 31 March 2025, the weight of the severe scenario ranged from 0% to 5.46%, depending on the portfolio, and the pessimistic from 0% to 21.82%.

In the process of calculating the amount of allowances, the following parameters are used:

1) probability of default

The amount of the parameter for individual exposures is estimated using a model based on Markov chains. For its estimation, historical matrices of migration of exposures between risk classes are used. Risk classes are determined based on internal ratings. Migrations are determined within homogeneous portfolios defined by customer segment and product type.

The parameter values resulting from the above model are through-the-cycle. In order to ensure the point-in-time nature required by the IFRS9 standard, they are subsequently adjusted based on current forecasts of the macroeconomic environment. The adjustment made is based on econometric models built for individual segments based on time series. If it is not possible to build a model for a particular segment, a simplification based on the Box-Cox transformation is applied.

2) loss given default (LGD) ratio

The amount of the parameter for individual exposures is determined based on the probability of occurrence of individual recovery paths (return to regular repayments, full repayment of the obligation, commencement of hard recovery) and the expected levels of loss if a given path occurs. The probabilities of occurrence of individual paths are determined based on a Markov chain-based model and estimation based on historical data.

Loss levels are determined based on historically observed recoveries. They take into account recoveries linked to collateral allocated to a given exposure, repayments not linked to collateral, and recoveries expected from the sale of receivables.

Assignment of specific components is based on customer segment, product type, exposure characteristics, current number of days in default, contract status and number of months since the commencement of hard recovery. The parameters for recovery from the collateral are based on the customer segment, the type of collateral and the number of months since the commencement of hard collection.

The parameter values resulting from the above model are through-the-cycle. In order to ensure the point-in-time nature required by the IFRS9 standard, they are adjusted based on current forecasts of the macroeconomic environment. The adjustment made is based on econometric models built for individual segments, based on time series. If it is not possible to build a model for a particular segment, a simplification based on the Box-Cox transformation is applied - this does not apply to portfolios where expert values are used for parameter estimation due to the lack of sufficient historical observations.

3) the conversion factor of granted off-balance sheet liabilities to on-balance sheet receivables (CCF - credit conversion factor)

The amount of the parameter is determined based on average observed historical values. The parameter is estimated within homogeneous portfolios defined by customer segment and product type. For segments where there are not enough observations to determine the parameter, expert values are adopted.

For the CCF parameter, the Group demonstrated its lack of dependence on macroeconomic factors based on historical data.

4) prepayment factor (PPF)

The amount of the parameter is determined based on the prepayment curve assigning dependence on the months of existence of the credit exposure. The prepayment curve is estimated based on historical data by customer segment and product type. When calculating the expected credit loss, prepayment factor adjusts the balance sheet exposure resulting from the loan repayment schedule.

For the PPF parameter, the Group demonstrated its lack of dependence on macroeconomic factors based on historical data.

5) expected life of the loan (BRL – behavioural lifetime).

For exposures for which there is no contractual existence life-time, the behavioural lifetime of the loan is estimated. This value is assigned by customer segment and credit product type. The estimation of the behavioural life of a loan is based on building a profile of historically observed existence length in an exposure of a given type and fitting a logistic regression function to it. This function is then used to estimate the final value in a given segment.

In the first quarter of 2025, the Group made no changes to the process of calculating allowances.

In the first quarter of 2025, there was no material update of Post Model Adjustments retained in connection with the risk of customers who are particularly vulnerable to changes in the economic environment, as well as parameter adjustments for vulnerable customers using credit vacations – The group recognized net PLN 28 thousand in provisions created for this purpose.

Details are presented in the table below:

Type of Post Model Adjustment	31.12.2024	Change	31.03.2025
Clients particularly sensitive to changes in the economic environment	13,605	-	13,605
Farmers whose crops were affected by adverse weather events	51,258	-	51,258
Adjustment of parameters for sensitive customers using credit holidays	19,168	28	19,196
Adjustment for sensitive customers in commercial real estate segment	31,500	-	31,500
Adjustment for customers operating in sectors exposed to the German economy	72,800	-	72,800
Adjustment for changes in the LAG model estimated and planned for implementation	43,700	-	43,700
Total	**232,031**	**28**	**232,059**

In the first quarter of 2025, as part of adjusting the level of allowances to reflect expectations for future macroeconomic conditions, the level of allowances increased by PLN 5,679 thousand, which resulted from updating the forecasts of macroeconomic variables included in the IFRS 9 model used. In the quarterly cycle, the IFRS 9 model takes into account the revised projection of macroeconomic variables prepared by the Department of Economic and Sectoral Analysis.

Sensitivity of allowances

Allowances for the expected credit losses on financial assets are back-tested on a regular basis. The models of risk parameters used for purposes of estimating impairment allowances are covered by the model management process, which specifies the principles of their development, approval and monitoring (including model back-testing). Additionally, there is a validation unit in the Group, which is independent of the owners and users of the models. The tasks of the unit include: annual validation of risk parameters considered to be significant. The process of validation covers both qualitative and quantitative approach. The process of estimating impairment allowances is subject to periodic functional control and verified independently by the Bank's internal audit.

In order to calculate the sensitivity of the level of allowances related to the realisation of macroeconomic scenarios, the Bank used the method of changing the weights of the severe, pessimistic, baseline and optimistic scenarios in accordance with their application consistent with IFRS 9.

The impact of particular scenarios is presented in the table below:

Analysis/scenario	Change in the amount of allowance 31.03.2025	The percentage change in the amount of allowance 31.03.2025	Change in the amount of allowance 31.12.2024	The percentage change in the amount of allowance 31.12.2024
Pessimistic scenario – considering pessimistic and baseline scenarios only (optimistic scenario 0%, baseline scenario 50%, pessimistic scenario 40%, severe scenario 10%)	153,478	9%	153,455	8%
Optimistic scenario – considering optimistic and baseline scenarios only (optimistic scenario 50%, baseline scenario 50%, pessimistic scenario 0%, severe scenario 0%)	(57,591)	-3%	(64,098)	-3%
Baseline scenario – uniform distribution of optimistic and pessimistic scenarios(optimistic scenario 25%, baseline scenario 50%, pessimistic scenario 15%, severe scenario 10%)	55,336	3%	52,086	3%

The sensitivity of the level of allowances results directly from the counter-cyclical nature of the calculation of weights assigned to individual macroeconomic scenarios. Countercyclicality is expressed in reducing the weight for the pessimistic scenario as the recession deepens, and in reducing the impact of the optimistic scenario in the event of an "overheating" of the economy.

In addition, the impact of the estimated change in the level of allowances due to scenarios of changes in risk parameters is presented below.

Analysis/scenario	Change in the amount of allowance 31.03.2025	The percentage change in the amount of allowance 31.03.2025	Change in the amount of allowance 31.12.2024	The percentage change in the amount of allowance 31.12.2024
PD decrease by 10%	(82,586)	-5%	(84,835)	-5%
PD increase by 10%	82,586	5%	84,835	5%
LGD decrease by 10%	(179,988)	-10%	(184,501)	-10%
LGD increase by10%	155,756	9%	158,799	9%

The following table considers the impact of a change in the present value of estimated future cash flows for exposures subject to individual valuation.

Analysis/scenario	Change in the amount of allowance 31.03.2025	Percentage change in the amount of allowances for individually valued exposures 31.03.2025	Change in the amount of allowance 31.12.2024	Percentage change in the amount of allowances for individually valued exposures 31.12.2024
Decrease in present value of estimated future cash flows for individually assessable exposures by 10%	98,016	14%	89,941	13%
Increase in present value of estimated future cash flows for individually assessable exposures by 10%	(92,704)	-14%	(86,362)	-12%

Climate issues

When considering the need to disclose climate-related risks, the Group takes into account the requirements for determining materiality of financial information in paragraph 7 of IAS 1. According to these requirements, the Group should consider both quantitative factors and qualitative factors, as well as the interactions between the factors, when assessing whether or not the information is material.

The Group treats ESG risks, including climate risk, as a cross-cutting risk affecting traditional risks, including credit, liquidity and operational risks. As part of the Group 's risk identification and assessment framework, a separate group of risks related to environmental, social and corporate governance factors was defined. In the risk identification process, the significant impact of ESG factors on credit risk was recognised. As a result, ESG risks were incorporated into the internal risk management framework by including ESG risk as a subtype of credit risk in the Risk Management Strategy and Risk Appetite. In order to mitigate and control the risk, a framework for measuring ESG risk in the Bank's Internal Capital Assessment Process (ICAAP) has also been developed. The capital plan for 2022-2025 was supplemented with limits for ESG risk set based on the risk measurement made. ESG Risk Management Principles have also been developed, which include, inter alia, provisions for risk monitoring and reporting and stress testing.

In response to the requirements of the EBA/GL/2020/06 Guideline on lending and monitoring, the Group developed ESG assessment questionnaires, which were implemented in the lending process. The assessment is carried out for Customers for whom new financing or an increase in financing is being processed as well as in the case of a customer review. The purpose of the assessment is to identify any risks related to ESG factors affecting the financial position of the customers, as well as the impact of the customers' business activities on ESG factors (double materiality principle). Environmental risks are subject to special analysis by the Group. They may materialise through:

1) physical risks related to environmental degradation, as well as climate change, including the occurrence of:
   a) long-term climate change,
   b) extreme weather events,
2) transition (transformation) risks resulting from the need to adapt the economy to gradual climate change, in particular to the use of low-carbon and more environmentally sustainable solutions, including the occurrence of:
   a) regulatory risk (changes in climate and environmental policies),

b) technological risks (a technology with a less damaging effect on the climate or the environment replaces a more damaging technology, making it outdated),
c) changes in market sentiment and social norms,

3) liability risk arising from the Group’s exposure to counterparties that could potentially be held liable for the negative impact of their activities on environmental, social and corporate governance factors.

The assessment of the impact of long-term climate change and extreme weather events on the activities carried out by customers, is taken into account by the Group, in the process of granting and monitoring loans, in accordance with the following systematics:

Long-term climate changes:	Extreme weather events:
impact of higher temperatures	impact of heat waves
impact of temperature shocks	impact of cold waves
impact of changing wind patterns	impact of fires
impact of changing rain/snow-fall patterns and types	impacts of storms, tornadoes, etc.
impact of sea level rise	impact of droughts
impact of water stress (reduced access to water)	impact of heavy rain/snow-falls
impact of soil and coastal erosion	impact of floods
impact of soil degradation	impact of landslides

ESG risk assessment is one of the elements of a customer’s credit risk assessment. The result of the ESG risk analysis is taken into account in the credit decision and in the review of the customer and, in situations of high risk identification, in the rating assignment and update process.

The process of selecting counterparties with which the Group enters into business relationships also makes it possible to limit negative impacts in terms of ESG areas through, among other things, the sector policies in place, watch lists and exclusions and the KYC (know-your-customer) tool. The established sector policies enable the Group to control the impact of its financing and support customers operating in sensitive sectors. The purpose of the sector policies is to encourage customers to follow best practices and respect the social and environmental criteria set by the Group. At the same time, the Group has for a long time, through the policies in place and the analysis of controversies, introduced restrictions in its activities by avoiding material exposures to the sectors and Customers that will be most affected by climate change, e.g. through the materialisation of physical and transition risks.

However, the Group recognises that climate and environmental risks may represent a material risk to businesses and a systemic risk to the economy, so it is taking steps to collect relevant data on these risks.

b. Classification of financial instruments

When classifying financial instruments in accordance with IFRS 9, the Group used the assessment of business models for maintaining financial assets and assessing whether the contractual terms related to a financial asset resulted in cash flows that were solely payment of principal and interest on the principal amount remaining to be repaid.

c. Fair value of financial instruments

Fair value measurements of financial instruments classified as level 2 or 3 in the fair value hierarchy are estimated using valuation techniques (mark-to-model) that are consistent with market practice, and are parameterized based on reliable sources of market data obtained from Refinitiv and Bloomberg information systems, among others.

For linear and non-linear OTC derivatives, valuation methods are used based on replicating the payoffs of valued instruments with other instruments with similar characteristics for which market quotes are available from an active market. A Credit Valuation Adjustment (CVA) and Debit Valuation Adjustment (DVA) are also determined for this category of instruments, which are estimated based on the projected future exposure resulting from the transaction, the Bank's and the counterparty's credit ratings and the collateral submitted/accepted. In addition, the materiality of other fair value adjustments (X-Value Adjustments, XVA) is verified.

The fair value measurement of debt instruments not listed in an active market and loans and advances is determined using a method based on the present value of projected future cash flows or a method based on the expected recovery of a given exposure, which take into account estimates of unobservable risk factors, i.e. the size of the credit spread, the probability of the debtor's insolvency, the recovery rate.

For equity instruments not quoted in an active market, fair value measurements are determined using a method based on market multiples or a method based on the present value of projected future cash flows, which take into account estimates of unobserved risk factors, i.e. limited liquidity of the instrument, uncertainty related to the realization of assumed financial projections, market risk premium associated with an investment in a particular category of financial instruments.

d. Impairment of fixed assets

At the end of each reporting period, the Group verifies whether there is any objective impairment trigger concerning its fixed assets (including investments in subsidiaries). If such triggers have been identified, the Group estimates the recoverable amount. Recoverable amount corresponds to fair value less costs to sell or value in use of the asset or cash-generating unit, whichever is higher. Determination of the value in use of a fixed asset requires the Group to make assumptions as to the estimated amounts and dates of future cash flows that may be generated by the Group on the fixed asset. When estimating the fair value less costs to sell, the Group relies on available market data or valuations of independent appraisers, which generally are also based on estimates.

e. Provisions for retirement, disability and post-mortem benefit obligations

The Group creates provisions for retirement, disability and post-mortem severance pay ("severance"), in accordance with IAS 19. The provisions are calculated for each employee separately, using the actuarial method of projected unit credit as at the date of valuation. The calculations take a number of factors into account, including macroeconomic conditions, employee turnover, risk of death and others. The basis for calculating the provision for employees is the anticipated value of severance pay which the Group is to pay pursuant from the Remuneration Regulations in force at the Group.

The anticipated severance pay is calculated as the resultant of:

- the expected severance base, in accordance with the provisions of the Collective Bargaining Agreement,
- the expected increase in the severance base from the moment of valuation until the payment of severance,
- the expected entitlement to an individual benefit for each employee.

The projected value is discounted actuarially at the end of each reporting period. In accordance with the requirements of IAS 19, the financial discount rate for calculating the current value of liabilities related to employee benefits is determined on the basis of market yields on treasury bonds whose currency and maturity date are consistent with the currency and the estimated date of the benefit obligations.

The actuarial discount is the product of the financial discount, the probability of a person's continued employment at the Group until the severance is required, and the probability of the need for a particular benefit (e.g. the probability of acquiring a disability). The value of annual write-offs and the probability are projected with the use of models which take the following three risks into account:

- possibility of dismissal from work,
- risk of inability to work,
- risk of death.

The employee's possibility of termination is estimated trough a probability distribution, based on the Group’s statistical data. The likelihood of dismissal depends on the age of the employee and is constant throughout each year of work. The risks of death and disability were estimated based on analyses of the latest statistical data on life expectancy in Poland (for men and women) as well as historical data published by the Central Statistical Office and the Social Security Office.

Provisions resulting from actuarial valuation are updated quarterly.

f. Restructuring provision

Continuing the Banks's adaptation to the changing business environment, on 13 December 2023, another agreement was signed with the trade unions on the principles of conducting collective redundancies for 2024-2026. Accordingly, in 2023, a provision for liabilities to employees due to restructuring was created in the amount of PLN 48,446 thousand, as at 31 March 2025 the provision amounts to PLN 27,595 thousand (as at 31 December 2024 the provision amounted to PLN 35,704 thousand).

g. Deferred tax assets and liabilities

The deferred income tax liability is recognised in the full amount using the balance sheet method, due to positive temporary differences between the tax value of assets and liabilities, and their balance sheet value in the financial statements. Deferred tax assets are recognised for all negative temporary differences, as well as unused tax credits and unused tax losses carried forward to the subsequent years, in the amount in which it is probable that taxable income will be generated that will allow the use of the above mentioned differences, assets and losses.

Deferred income tax is determined using tax rates (and regulations) in force or at the end of the reporting period, which are expected to be effective at the time of realization of the related assets due to deferred income tax or settlement of liabilities due to deferred income tax.

If the temporary differences arose as a result of the recognition of an asset or liability resulting from a transaction that is not a business combination and which at the time of the conclusion did not affect the tax or accounting result, the deferred tax is not recognised.

In addition, a deferred tax provision is created for positive temporary differences arising from investments in subsidiaries or associates and investments in joint ventures - except the situations when the timing of temporary differences reversal is subject to control by the entity and when it is probable that in the foreseeable future, temporary differences will not be reversed. Deferred tax assets are recognised in the event of negative temporary differences from investments in subsidiaries or associates and investments in joint ventures, only to the extent that it is probable that in the foreseeable future the abovementioned temporary differences will be reversed and taxable income allowing to offset any negative temporary differences will be generated.

However, deferred tax assets are recognized for deductible temporary differences on investments in subsidiaries or associates and interests in joint ventures, only to the extent that it is probable that the aforementioned temporary differences will reverse in the foreseeable future and taxable income will be generated to offset the deductible temporary differences.

The balance sheet amount of the deferred tax asset is reviewed at the end of each reporting period and is reduced accordingly, and so far as it is no longer probable that taxable income sufficient for partial or total realization of the deferred tax asset will be realized. An unrecognised deferred tax asset is subject to reassessment at the end of each reporting period and is recognised up to an amount that reflects the probability of achieving future taxable income that will allow recovery of that asset. The Group offsets deferred tax assets with deferred tax provisions if and only if it has an enforceable legal title to compensate corresponding receivables and liabilities due to current tax and deferred income tax is related to the same taxpayer and the same tax authority.

Income tax related to the items recognised directly in equity is recognised in equity and in the statement of comprehensive income.

The Bank continues to hold deferred tax assets in relation to provisions set up in connection with:

- the settlement process regarding CHF-denominated loan agreements and the possibility of benefiting from a tax preference (waiver of CIT collection on redeemed loans under the Decree of the Minister of Finance of 11 March 2022, as amended).
- the cancellation of CHF-denominated loan agreements.

For details, see Note 50 Litigation, claims and administrative proceedings.

In the first quarter of 2025 and 2024, current income tax and deferred tax liabilities were calculated using the 19% rate.

Global minimum level of taxation

In connection with the obligation to implement into the Polish legal order the provisions of Council Directive (EU) 2022/2523 of 14 December 2022 on ensuring the global minimum level of taxation of multinational enterprise groups and large-scale domestic groups in the Union, the aim of which is to reduce corporate tax competition by establishing a global minimum tax, Poland passed the Act dated 6 November 2024 on top-up taxation of members of multinational and domestic enterprise groups (hereinafter: the ‘Act’). The Act entered into force on 1 January 2025.

The new tax is to be levied on constituent entities of international and domestic groups which have an annual revenue of EUR 750 million or more in their ultimate parent entity’s consolidated financial statements in at least two of the four fiscal years immediately preceding the tested fiscal year

Groups of companies subject to the global top-up tax will be required to calculate an Effective Tax Rate (ETR) on income for each jurisdiction in which they operate. In the event this rate is lower than 15%, an obligation to pay the top-up tax will arise.

As a result of the above, the Bank's foreign ultimate parent entity analyses previous years' data to allow for the calculation of the ETR for each jurisdiction in which its group operates.

In parallel with the aforementioned activities, a project has also been initiated in the Bank Capital Group to assess the impact of the provisions of the Act on the Bank's obligations in the Bank Capital Group, in particular the applicability of the so-called transitional safe harbours allowing the application of simplified rules for the calculation of the top-up tax, as well as the administrative obligations under the Act.

The Group is covered by this legislation and has carried out an assessment of its potential impact based on its financial statements.

In the Group's assessment, the top-up tax legislation will not result in the additional tax charge in 2025.

h. Provision for the return of commission due to early repayment of the loan

On 11 September 2019, the CJEU issued a judgment in which it was stated that Article 16 paragraph 1 of the Directive No. 2008/48/EC of the European Parliament and of the Council of 23 April 2008 on consumer loan agreements which repealed Council Directive No. 87/102/EEC should be interpreted in the following way: the consumer's right to reduce the total cost of a loan in the event of earlier repayment includes all costs that have been imposed on the consumer. The CJEU pointed out that a comparative analysis of the different language versions of Article 16 clause 1 of the Directive does not allow to clearly determine the exact scope of the reduction of the total cost of a loan envisaged by this provision, because some language versions of this provision suggest reducing the costs related to the remaining period of the contract, others suggest that the costs associated with this period constitute an indication for calculating the reduction, others still only refer to interest and costs due for the remaining period of the contract.

The judgment was issued following a question referred for a preliminary ruling by the Lublin-Wschód District Court based in Świdnik, which examined three disputes between the company Lexitor, which acquired the claims of three clients, and SKOK Stefczyka, Santander Consumer Bank and mBank, regarding the reduction of the total cost of consumer loans due to their earlier repayment. The Polish court had doubts about the interpretation of Article 16 paragraph 1 of Directive No. 2008/48/EC of the European Parliament and of the Council of 23 April 2008, and therefore asked the CJEU whether this provision concerns all costs or only those related to the duration of the contract.

As a result of the analysis concerning the impact of the judgment on the Group's revenues, in particular on relations expired before the judgment was issued, in 2019 the Group decided to create a provision for a proportional refund of commission in the event of early repayment of the loan in the amount of PLN 48,750 thousand. As at 31 March 2025 the provision amounted to PLN 9,348 thousand (as at 31 December 2024 the provision amounted to PLN 10,023 thousand). The provision was estimated based on the estimation of the total amount of the provision for the early repaid loans and the expected percentage of customers who will claim for a refund of the due part of the commission. Assuming that the percentage of customers would be 5 p.p. higher than the assumed level, the amount of the provision would be higher by PLN 12,500 thousand.

Simultaneously, the Group recognises its liability due to the proportional reimbursement of commissions in the event of their early repayment in the period from the date of the judgment of the CJEU on 11 September 2019 to 31 December 2019. As of 31 March 2025, this liability amounted to PLN 2,234 thousand (PLN 2,242 thousand as of 31 December 2024).

Additionally, the Group creates a provision to cover the partial reimbursements of loan commissions in the event of their early repayment. The estimate of the provision is based on the difference between the value of commissions to be reimbursed and the balance of unsettled commissions as at the expected date of early loan repayment. This provision is calculated as a percentage of commissions charged to the customer, which reflects the expected average difference between the amounts of commissions to be refunded to customers and the balance of outstanding commissions at the expected time of early repayment of the loan. This percentage is calculated based on the estimated level of early repayments and the expected timing of repayment.

In the event of early loan repayment, this provision is released and for newly sold loans a provision will be created on an ongoing basis. As of 31 March 2025, the provision amounted to PLN 37,011 thousand (PLN 39,810 thousand as of 31 December 2024).

The total amount of provisions and liabilities related to the CJEU judgment as of 31 March 2025 was PLN 48,592 thousand (as of 31 December 2024, the provision was PLN 52,074 thousand).

The created provision level is based on Group's estimates and may be changed.

The above provisions are presented by the Group under Provisions: Provision for litigation, while the Group presents the liability under Other liabilities: Sundry creditors.

i. Impact of legal risks arising from litigation related to mortgage loans in CHF

Impact of legal risk resulting from proceedings related to CHF mortgage loans and model used by the Group were presented in Note 50 Litigation, claims and administrative proceedings.

8. NET INTEREST INCOME

Interest income	1Q 2025 from 01.01.2025 to 31.03.2025	1Q 2024 from 01.01.2024 to 31.03.2024
Amounts due from banks	152,748	95,873
Loans and advances to customers measured at amortised cost, including:	1,631,125	1,702,198
non-banking financial institutions	61,854	34,030
retail customers	665,468	702,771
economic operators	787,417	851,522
including retail farmers	166,336	168,123
public sector institutions	1,138	1,025
leasing receivables	115,248	112,850
Loans and advances to customers measured at amortised cost through profit or loss	9,410	14,083
Debt instruments measured at amortised cost	299,699	218,665
Debt instruments measured at fair value through profit or loss	1,405	1,466
Debt instruments measured at fair value through other comprehensive income	225,138	185,319
Derivative instruments as part of fair value hedge accounting	189,016	153,277
Derivative instruments as part of cash flow hedge accounting	5,158	2,891
Securities purchased under repurchase agreements	509	131,946
Total interest income	**2,514,208**	**2,505,718**

Interest expense	1Q 2025 from 01.01.2025 to 31.03.2025	1Q 2024 from 01.01.2024 to 31.03.2024
Amounts due to banks	(164,664)	(185,224)
Amounts due to customers, including:	(583,026)	(621,603)
non-banking financial institutions	(37,213)	(36,240)
retail customers	(301,828)	(302,757)
conomic operators	(208,750)	(256,440)
including retail farmers	(2,038)	(3,114)
public sector institutions	(35,235)	(26,166)
Lease liabilities	(5,286)	(6,046)
Derivative instruments as part of fair value hedge accounting	(253,709)	(281,050)
Derivatives under cash flow hedge accounting	(11,719)	(9,053)
Securities sold subject to repurchase agreements	(1,478)	(766)
Total interest expense	**(1,019,882)**	**(1,103,742)**
Net interest income	**1,494,326**	**1,401,976**

Net interest income, which is the Group's main source of revenue, amounted in the first quarter of 2025 to PLN 1,494,326 thousand and was higher by PLN 92,350 thousand YoY, i.e. by 6.6%. Interest income realised in the first quarter of 2025 was slightly higher than in the first quarter of 2024 by PLN 8,490 thousand, i.e. by 0.3%, while interest expense decreased by PLN 83,860 thousand, i.e. by 7.6%.

A significant external factor influencing the level of net interest income is the central banks' interest rate policy. In the analysed period, the Monetary Policy Council (MPC) made no changes and since October 2023 the NBP's interest rate remained unchanged (reference rate of 5.75%). However, at the most recent April meeting, there was a noticeable change in the MPC's approach. NBP President Adam Glapiński stated that the Council is now convinced that there may be a space to ease monetary policy in Poland in the near future. At its meeting in May, the Council reduced the interest rates by 50 b.p.

At the same time, the European Central Bank continued its monetary easing cycle. By the end of March 2025, six interest rate cuts had taken place, resulting in a 150 bps decline in the deposit rate (to 2.5% at the end of the first quarter of 2025). In April 2025 the ECB decided to make another cut of 25 bps, to 2.25% for the deposit rate.

An estimate of the sensitivity of the Group's interest income to changes in interest rates is presented in Note 51 of the Consolidated Interim Report.

The average profitability of loan products in the first quarter of 2054 was slightly lower compared with the first quarter of 2024, whereas this decrease was clearly visible in the case of loans in EUR. The sum of interest income on loans and advances to customers measured at amortised cost and at fair value through profit or loss amounted to PLN 1,640,535 thousand in the first quarter of 2025 and was lower by PLN 75,746 thousand, or 4.4%, than the income realised in the first quarter of 2024.

The excess liquidity of the banking sector and changes in the level of market interest rates during analysed period contributed to a decrease in the cost of deposits. The moderate demand for credit from corporate and retail customers in 2024 and the Group's comfortable liquidity position (the net loans/deposits ratio at the end of the first quarter of 2025 was 68.86% compared to 69.28% at the end of the first quarter of 2024) favoured the optimisation of deposit margins. As a result, interest expense on amounts due to customers amounted to PLN 583,026 thousand in the first quarter of 2025 and were lower by PLN 38,577 thousand, or 6.2%, than the costs incurred in the first quarter of 2024.

Among the factors that positively influenced the level of interest income in the first quarter of 2025 compared with the first quarter of 2024 were the very good liquidity situation and the increase in the scale of the Group's operations reflected, inter alia, in the increase in the average value of the securities portfolio. Depending on the market situation and existing opportunities, the Group adjusts the structure of its liquid assets and its interbank operations. As a result, the Group recorded an increase in interest income on debt instruments measured at amortised cost and at fair value by a total of PLN 120,792 thousand, i.e. by 29.8% and an increase in interest income on amounts due from banks by PLN 56,875 thousand with a simultaneous drop in costs on amounts due to banks by PLN 20,560 thousand. The level of net interest income in the first quarter of 2025 was negatively impacted by a decrease in interest income from reverse repo transactions by PLN 131,437 thousand (the interest expense on repo transactions was higher by PLN 712 thousand YoY).

The level of net interest income is affected by the Group's use of fair value hedge accounting and (to a much lesser extent) cash flow hedge accounting. The change in the fair value measurement of hedging transactions is recognised in the result on hedge accounting. Interest on IRS transactions and hedged items is recognised in net interest income. The net interest income on hedging relationships (the sum of interest income and interest expense on derivatives under fair value and cash flow hedge accounting) in the first quarter of 2025 was negative at PLN 71,254 thousand, compared with a negative PLN 133,935 thousand in the first quarter of 2024 (a decrease in the negative impact of PLN 62,681 thousand YoY).

9. NET FEE AND COMMISSION INCOME

Fee and commission income	1Q 2025 from 01.01.2025 to 31.03.2025	1Q 2024 from 01.01.2024 to 31.03.2024
loans, advances and leases	64,773	75,575
account maintenance	56,715	55,992
cash service	7,584	7,208
cash transfers and e-banking	25,210	26,305
guarantees and documentary operations	18,132	22,141
asset management and brokerage operations	38,921	38,569
payment and credit cards	121,918	118,372
insurance mediation activity	44,958	42,519
product sale mediation and customer acquisition	2,989	3,372
other commissions	9,935	12,873
Total fee and commission income	**391,135**	**402,926**

Fee and commission expense	1Q 2025 from 01.01.2025 to 31.03.2025	1Q 2024 from 01.01.2024 to 31.03.2024
loans, advances and leases	(619)	(252)
account maintenance	(2,119)	(2,674)
cash service	(7,749)	(6,415)
cash transfers and e-banking	(690)	(899)
guarantee obligations and documentary operations	(1,444)	(458)
asset management and brokerage operations	(2,100)	(2,216)
payment and credit cards	(23,881)	(29,724)
insurance mediation activity	(8,283)	(5,756)
product sale mediation and customer acquisition	(5,136)	(7,956)
other commissions	(11,625)	(11,491)
Total fee and commission expense	**(63,646)**	**(67,841)**
Net fee and commission expense	**327,489**	**335,085**

The Group's net fee and commission income in the first quarter of 2025 amounted to PLN 327,489 thousand and was by PLN 7,596 thousand (i.e. by 2.3%) lower than that obtained in the first quarter of 2024. This was mainly the result of lower commission income on lending activities partly offset by increased commission income in the area of bank cards.

Fee and commission income amounted to PLN 391,135 thousand and was lower by PLN 11,791 thousand (i.e. 2.9%) compared to the first quarter of 2024, while commission expenses amounted to PLN 63,646 thousand and were lower by PLN 4,195 thousand (i.e. 6.2%).

The decrease in fee and commission income was mainly related to:

- loans, advances and leases - decrease by PLN 10,802 thousand, i.e. by 14.3% (among other things, due to lower income from undrawn commitments of corporate customers and loans granted to individual customers and farmers),
- guarantees and documentary operations – decrease by PLN 4,009 thousand, i.e. by 18.1%,
- other commissions - decrease by PLN 2,938 thousand, or 22.8% (primarily lower revenues from advisory services related to M&A transactions handled by the CIB line),
- cash transfers and e-banking services – decrease by PLN 1,095 thousand, i.e. by 4.2%.

The increase in fee and commission income was mainly related to:

- payment and credit card services - increase by PLN 3,546 thousand, i.e. by 3.0% primarily due to settlements related to cooperation with Euronet and higher revenues generated from the introduction of a new service in the second quarter of 2024 - card transactions in the form of cash transfers,
- insurance mediation activity - increase by PLN 2,439 thousand, i.e. by 5.7% (among other things due to higher revenues from insurance related to cash loans).

The decrease in commission and fee expenses was mainly due to the lower costs of payment and credit cards services by PLN 5,843 thousand, i.e. 19.7% (related to lower costs of commissions paid to organisations and entities servicing card transactions) and the costs of product sale mediation and customer acquisition by PLN 2,820 thousand, i.e. 35.4%. The decrease was partially offset by a higher costs of insurance mediation activity by 2,527 thousand, i.e. 43.9%.

10. NET TRADING INCOME (INCLUDING RESULT ON FOREIGN EXCHANGE)

Net trading income	1Q 2025 from 01.01.2025 to 31.03.2025	1Q 2024 from 01.01.2024 to 31.03.2024 restated
Equity instruments measured at fair value through profit or loss	28,291	12,928
Debt instruments measured at fair value through profit or loss	465	890
Derivative instruments and result on foreign exchange transactions	256,165	202,154
Result on financial instruments measured at fair value through profit or loss and foreign exchange differences, total	**284,921**	**215,972**
including margin on foreign exchange and derivative transactions with customers	**201,572**	**171,424**

The result on trading activities in first quarter of 2025 amounted to PLN 284,921 thousand, and it was higher by PLN 68,949 thousand, i.e. by 31.9% YoY. The level and volatility of this result are mainly shaped by the result on foreign exchange and derivative transactions with customers, the result on transactions concluded by the Corporate and Institutional Banking (CIB) and the Assets and Liability Management Division (ALMT) as well as the valuation of equity instruments.

The increase in trading income compared with the first quarter of 2024 (by PLN 30,148 thousand, i.e. 17.6%) was mainly related to the lower result on financial instruments transactions in the CIB and ALMT areas and higher margin on foreign exchange and derivative transactions with customers.

The result on equity instruments measured at fair value through profit or loss in the first quarter of 2025 was higher by PLN 15,363 thousand, i.e. by 118.8%, compared with the corresponding period of 2024 and amounted to PLN 28,291 thousand.

11. RESULT ON INVESTMENT ACTIVITIES

Result on investment activities	1Q 2025 from 01.01.2025 to 31.03.2025	1Q 2024 from 01.01.2024 to 31.03.2024
Debt instruments measured at fair value through other comprehensive income	(694)	-
Loans and advances to customers measured at fair value through profit or loss	(1,680)	3,829
Result on investment activities, total	**(2,374)**	**3,829**

There has been no change in the business models operating in the Group in the first quarter of 2025 and during 2024 and, consequently, there has been no change in the classification of financial assets.

The result on investment activities in the first quarter of 2025 was negative at PLN 2,374 thousand, compared with a positive result of PLN 3,829 thousand in the corresponding period of the previous year.

The change in the result on investment activities was mainly related to the result on valuation of the portfolio of loans and advances to customers measured at fair value through profit or loss, which was lower by PLN 5,509 thousand (PLN -1,680 thousand in the first quarter of 2025).

12. NET ALLOWANCES ON EXPECTED CREDIT LOSSES OF FINANCIAL ASSETS AND PROVISIONS FOR CONTINGENT LIABILITIES

Net allowances on expected credit losses of financial assets and provisions on contingent liabilities

1Q 2025 from 01.01.2025 to 31.03.2025	Stage 1	Stage 2	Stage 3	POCI	Total
Amounts due from banks	(1,664)	-	-	-	(1,664)
Loans and advances to customers measured at amortised cost	(10,839)	3,622	(15,724)	(1,956)	(24,897)
Contingent commitments granted	(1,104)	2,975	(2,547)	6	(670)
Securities measured at amortised cost	(12)	-	-	-	(12)
Total net allowances on expected credit losses of financial assets and provisions on contingent liabilities	**(13,619)**	**6,597**	**(18,271)**	**(1,950)**	**(27,243)**

Net allowances on expected credit losses of financial assets and provisions on contingent liabilities

1Q 2024 from 01.01.2024 to 31.03.2024	Stage 1	Stage 2	Stage 3	POCI	Total
Amounts due from banks	(30)	-	-	-	(30)
Loans and advances to customers measured at amortised cost	(6,663)	(39,687)	9,944	(30,093)	(66,499)
Contingent commitments granted	(3,327)	(25,882)	(680)	97	(29,792)
Securities measured at amortised cost	(44)	-	-	-	(44)
Total net allowances on expected credit losses of financial assets and provisions on contingent liabilities	**(10,064)**	**(65,569)**	**9,264**	**(29,996)**	**(96,365)**

The result of the allowance for expected credit losses of financial assets and provisions for contingent liabilities in the first quarter of 2025 was negative and amounted to PLN 27,243 thousand compared with a negative result of PLN 96,365 thousand in the first quarter of 2024.

Considering the main operating segments:

- the Retail and Business Banking segment recorded a negative result in the amount of PLN 7,663 thousand (an improvement of PLN 4,926 thousand),
- the SME Banking segment - a positive result in the amount of PLN 31,621 thousand (increase of the result by PLN 36,772 thousand), and
- the Corporate Banking segment (including CIB) – a negative result in the amount of PLN 48,746 thousand (increase of the result by PLN 29,627 thousand).

The key impact on the development of the cost of risk in the first quarter of 2025 was the continued good quality of loan servicing, in particular the high recoveries from the Stage 3 portfolio realised in the segment of Institutional customers. In addition, the cost of risk during the period was influenced by among others:

- an increase in provisions of PLN 5,679 thousand as part of updating forecasts of macroeconomic variables included in the IFRS9 model used.

Apart from the above-mentioned factors, the difference in the cost of risk compared with the corresponding period of 2024 was due to the fact that the result in the first quarter of 2024 was burdened by an increase of provisions for one Institutional customer in the amount of PLN 42 million, as a result of a rating deterioration.

In the first quarter of 2025 the Bank did not enter into any significant agreements regarding the sale of credit receivables. Details are presented in Note 42 Loan portfolio sale.

In the first quarter of 2024, the Group entered into agreements regarding the sale of credit receivables from the corporate clients portfolio. The gross carrying amount of sold portfolio valued at amortised cost amounted to PLN 72,485 thousand, the amount of impairment allowances related to the portfolio amounted to PLN 48,907 thousand. The contractual sale price of these portfolios was set at PLN 41,328 thousand. The net impact on the Group's result due to the sale of portfolios amounted to PLN 17,750 thousand and is presented in the line: Result of allowance for expected credit losses of financial assets and provision for contingent liabilities.

The cost of credit risk, expressed as the ratio of the allowance result to the average gross loans and advances to customers measured at amortised cost (calculated on an end-of-quarter basis), was positive 0.12% in the first quarter of 2025, compared with a positive 0.44% in the first quarter of 2024. Excluding the impact of the sale of portfolios, it is estimated that the cost of risk would have been positive 0.13% in the first quarter of 2025 compared with a positive 0.52% in the first quarter of 2024.

13. GENERAL ADMINISTRATIVE COSTS

General administrative expenses	1Q 2025 from 01.01.2025 to 31.03.2025	1Q 2024 from 01.01.2024 to 31.03.2024
Personnel expenses	(401,432)	(379,126)
Marketing expenses	(26,688)	(17,006)
IT and telecom expenses	(71,532)	(70,409)
Short-term lease and operating costs	(23,238)	(20,235)
Other non-personnel expenses	(41,284)	(49,721)
Outsourced services from other contracts and consulting services	(85,774)	(93,884)
Business travels	(2,690)	(2,166)
ATM and cash handling expenses	(7,675)	(7,592)
Costs of outsourcing services related to leasing operations	(278)	(319)
Bank Guarantee Fund fee	(166,419)	(135,700)
Polish Financial Supervision Authority fee	(21,836)	(19,115)
Total general administrative expenses	**(848,846)**	**(795,273)**

The Group's general administrative expenses (including depreciation and amortization) in the first quarter of 2025 amounted to PLN 976,262 thousand, an increase of PLN 55,185 thousand, or 6.0%, compared with the first quarter of 2024.

Employee costs increased by PLN 22,306 thousand, or 5.9%, as a result of an increase of base salaries by PLN 12,843 thousand (annual increase in base salaries from March), salary surcharges by PLN 2,115 thousand as well as higher costs of provision for future liabilities for unused annual holidays and retirement benefits by PLN 4,192 thousand. The increase in employee costs related to the salary increase was partially offset by a decrease in the Group's headcount by 228 active FTEs YoY.

The cost of fees to the BFG in the first quarter of 2025 was higher by PLN 30,719 thousand, i.e. by 22.6% compared with the same period of the previous year:

- the annual contribution to the banks' forced restructuring fund for 2025 was set at PLN 156,118 thousand (taking into account the amount of contribution adjustments for 2023 and 2024) and was higher by PLN 20,418 thousand YoY; these contributions are paid in the first quarter of each year;
- the contribution to the banks' guarantee fund amounted to PLN 10,301 thousand in the first quarter of 2025 (in the period from 2Q 2022 to 4Q 2024, the Bank did not incur the cost of this contribution, in accordance with the decision of the BFG to suspend the collection of this contribution).

Marketing costs increased by PLN 9,682 thousand, i.e. by 56.9%, mainly as a result of more marketing campaigns (an increase in the cost of promotion and advertising in the media), higher costs of event organisation (an increase in the market prices of these services and the number of events organised), an increase in the cost of sponsorship activities (e.g. IMAX cinema network, BNP Paribas Kino Letnie Sopot-Zakopane festival).

The decrease in the level of costs in the first quarter of 2025 compared to the first quarter of 2024 was recorded in the following categories:

- other non-personnel expenses – a decrease of PLN 8,437 thousand, i.e. by 17.0%, of which:
  - other consulting services – a decrease of PLN 3,822 thousand;
  - notary and court fees – a decrease of PLN 1,935 thousand (lower costs of litigation concerning CHF loans: PLN 9,334 thousand in the first quarter of 2025 vs. PLN 11,066 thousand in the first quarter of 2024);
- external services due to other contracts and consulting – a decrease of PLN 8,110 thousand (i.e. by 8.6%), resulting from lower costs of advisory services regarding CHF loans (by PLN 15,067 thousand), with a corresponding increase in the following costs of:
  - services provided by the Group – an increase of PLN 4,743 thousand,
  - other consulting services – an increase of PLN 2,883 thousand.

Total costs related to legal support of court cases concerning CHF loans in the 3 months of 2025 amounted to PLN 15,339 thousand (in the 3 months of 2024: PLN 32,137 thousand) and were included in the lines: Outsourced services from other contracts and consulting – in the amount of PLN 6,005 thousand (PLN 21,072 thousand in the first quarter of 2024) and Other non-personnel expenses (notary and court fees) – in the amount of PLN 9,334 thousand (PLN 11,066 thousand in the first quarter of 2024).

14. DEPRECIATION AND AMORTIZATION

Depreciation and amortization	1Q 2025 from 01.01.2025 to 31.03.2025	1Q 2024 from 01.01.2024 to 31.03.2024
Property, plant and equipment	(51,710)	(54,520)
Intangible assets	(75,706)	(71,284)
Total depreciation and amortization	**(127,416)**	**(125,804)**

Depreciation and amortization expenses in the first quarter of 2025 amounted to PLN 127,416 thousand and were higher than in the first quarter of 2024 by PLN 1,612 thousand, or 1.3%, including:

- intangible assets increased by PLN 4,422 thousand - mainly as a result of an increase in software amortization costs related to the Bank's further transformation and digitalisation and the expenditure incurred for this purpose, as well as the acceleration of the amortization of certain IT systems,
- property, plant and equipment decreased by PLN 2,810 thousand.

Depreciation and amortization costs within the Capital Group remained at a comparable level YoY.

The Bank's capital expenditure in the first quarter of 2025 amounted to PLN 38,160 thousand and was lower by PLN 34,527 thousand, or 47.5%, than the expenditure incurred in the first quarter of 2024. The decrease mainly related to computer hardware and software and expenditure on staff costs of external employees.

The amount of capital expenditure is adapted to the Bank's current needs and capabilities. All projects are analysed from the point of view of rationality and impact on the financial and business situation of the Bank and the Group.

15. OTHER OPERATING INCOME

Other operating income	1Q 2025 from 01.01.2025 to 31.03.2025	1Q 2024 from 01.01.2024 to 31.03.2024
Sale or liquidation of property, plant and equipment and intangible assets	19,806	638
Release of write-offs on other receivables	1,332	845
Sale of goods and services	2,951	2,153
Decrease of provisions for litigation and claims and other liabilities	62,186	2,000
Recovery of debt collection costs	4,585	5,539
Recovered indemnities	71	31
Income from leasing operations	16,916	16,215
Other operating income	22,932	22,361
Total other operating income	**130,779**	**49,782**

Other operating income in the first quarter of 2025 amounted to PLN 130,779 thousand and was higher by PLN 80,997 thousand, or 162.7%, compared with the same period in 2024.

The level of other operating income was mainly impacted by:

- higher by PLN 60,186 thousand income from the decrease of provisions for litigation and other liabilities (decrease of provisions for legal risks related to relations with the Bank's Partners and provisions for potential litigation costs in the processes of revoking loan agreements),
- higher by PLN 19,168 thousand income from the sale or liquidation of fixed assets, intangible assets, related to the sale of real estate in Gdańsk.

16. OTHER OPERATING EXPENSES

Other operating expenses	1Q 2025 from 01.01.2025 to 31.03.2025	1Q 2024 from 01.01.2024 to 31.03.2024
Loss on sale or liquidation of property, plant and equipment and intangible assets	(3,500)	(4,343)
Impairment allowance on other receivables	(1,147)	(2,364)
On account of provisions for litigation and other liabilities	(16,456)	(8,814)
Debt collection	(8,723)	(9,300)
Donations granted	(5,676)	(4,428)
Costs of leasing operations	(13,546)	(11,309)
Indemnities, penalties and fines	(337)	(607)
Other operating income	(63,711)	(23,820)
Total other operating expenses	**(113,096)**	**(64,985)**

Other operating expenses include the cost of provisions for unauthorized transactions in the amount of PLN 20 million and the costs of settlements and enforcement of court judgments paid to the Bank's Partners in the amount of PLN 23 million.

Other operating expenses in the first quarter of 2025 amounted to PLN 113,096 thousand and were higher by PLN 48,111 thousand (i.e. 74.0%) compared with the same period of 2024.

The level of other operating expenses was mainly impacted by:

- higher by PLN 39,891 thousand (i.e. by 167.5%) other operating expenses (including costs of settlements and enforcement of court judgments paid to the Bank's Partners and the creation of a provision for the costs of unauthorised customer transactions),
- higher by PLN 7,642 thousand (i.e. by 86.7%) costs of creating provisions for litigation and other liabilities,
- higher by PLN 2,237 thousand (i.e. by 19.8%) costs of leasing activities,
- higher by PLN 1,248 thousand (i.e. 28.2%) costs from donations made (including a donation to the BNP Paribas Foundation in February 2025),
- lower by PLN 1,217 thousand (i.e. by 51.5%) costs related to impairment losses on other receivables.

17. INCOME TAX EXPENSE

	1Q 2025 from 01.01.2025 to 31.03.2025	1Q 2024 from 01.01.2024 to 31.03.2024
Current income tax	(129,263)	(105,950)
Deferred income tax	(77,414)	(103,977)
Total income tax	**(206,677)**	**(209,927)**
Profit before income tax	948,125	800,515
Statutory tax rate	19%	19%
Effective tax rate	22%	26%
Income taxes on gross profit	**(180,144)**	**(152,098)**
Taxable permanent differences, including:	**(26,533)**	**(57,829)**
Receivables written-off	(322)	(9,330)
Representation costs	(223)	(189)
PFRON	(521)	(470)
Prudential fee to the Bank Guarantee Fund	(31,620)	(19,995)
Tax on financial institutions	(19,274)	(25,783)
Allowance for research and development	12,256	12,502
Provisions for claims on CHF loans*	5,723	(4,079)
Provisions for legal risk	4,699	(221)
Tax on interest recognised in equity	3,417	-
Other differences	(668)	(10,264)
Total income / tax expense of the Group	**(206,677)**	**(209,927)**

*For details, see Note 50 Litigation, claims and administrative proceedings.

18. EARNINGS PER SHARE

	1Q 2025 from 01.01.2025 to 31.03.2025	1Q 2024 from 01.01.2024 to 31.03.2024
Basic		
Net profit	741,448	590,588
Weighted average number of ordinary shares (units)	147,799,870	147,676,946
Basic earnings (loss) per share (in PLN per one share)	5.02	4.00
Diluted		
Net profit used in determining diluted earnings per share	741,448	590,588
Weighted average number of ordinary shares (units)	147,799,870	147,676,946
Adjustments for:		
- stock options	94,751	125,402
Weighted average number of ordinary shares for the diluted earnings per share (units)	147,894,621	147,802,348
Diluted earnings (loss) per share (in PLN per one share)	5.01	4.00

In accordance with IAS 33 the Bank prepares the calculation of diluted net profit per share, taking into account the shares issued conditionally under incentive schemes described in Note 38. The calculation does not take into account those elements of the incentive schemes which had antidilutive effect in the presented reporting periods and which may potentially affect the dilution of profit per share in the future.

The basic earnings per share is calculated by dividing the net profit by the weighted average number of ordinary shares during the period.

The diluted earnings per share is calculated based on the ratio of net profit to the weighted average number of ordinary shares adjusted as if all potential dilutive ordinary shares had been converted to shares. The Bank has one category of dilutive potential ordinary shares: share options. Dilutive shares are calculated as the number of shares that would be issued if all share options were exercised at the market price determined as the average annual closing price of the Bank's shares.

19. CASH AND CASH BALANCES AT CENTRAL BANK

Cash and cash equivalents	31.03.2025	31.12.2024
Cash and other balances	2,364,255	2,382,814
Account in the National Bank of Poland	3,764,674	8,943,135
Gross cash and cash equivalents	**6,128,929**	**11,325,949**
Impairment allowances	(167)	(398)
Total cash and balances at Central Bank	**6,128,762**	**11,325,551**

Change of allowances on expected credit losses of amounts due from Central Bank	1Q 2025 from 01.01.2025 to 31.03.2025	1Q 2024 from 01.01.2024 to 31.03.2024
Opening balance	**(398)**	**(790)**
Net changes in credit risk	231	(14)
Closing balance	**(167)**	**(804)**

20. AMOUNTS DUE FROM BANKS

Amounts due from banks	31.03.2025			31.12.2024		
	Gross balance sheet value	Impairment allowance	Net balance sheet value	Gross balance sheet value	Impairment allowance	Net balance sheet value
Current accounts	11,066,575	(567)	11,066,008	6,824,686	(391)	6,824,295
Interbank deposits	81,000	-	81,000	142,509	-	142,509
Loans and advances	304,156	(454)	303,702	203,173	(105)	203,068
Other receivables	674,867	(1,316)	673,551	702,534	(31)	702,503
Total amounts due from banks	**12,126,598**	**(2,337)**	**12,124,261**	**7,872,902**	**(527)**	**7,872,375**

Other receivables as of 31 March 2025 also include receivables from cash collateral in the amount of PLN 636,178 thousand (PLN 701,960 thousand as of 31 December 2024).

Change of impairment allowances on amounts due from banks	1Q 2025 from 01.01.2025 to 31.03.2025	1Q 2024 from 01.01.2024 to 31.03.2024
Opening balance	**(527)**	**(729)**
Increases due to acquisition or origination	(2,767)	(677)
Decreases due to derecognition	1,320	1,219
Changes resulting from the change in credit risk (net)	(449)	(559)
Other changes (including foreign exchange differences)	86	3
Closing balance	**(2,337)**	**(743)**

As at 31 March 2025 and 31 December 2024, amounts due from other banks were classified as Stage 1.

21. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments	Nominal value	Fair value	Fair value
31.03.2025		Assets	Liabilities
Currency derivatives			
Foreign Exchange Forward (FX Forward + NDF)	13,901,565	67,844	1,088,604
Currency Swap (FX Swap)	27,576,953	1,628,917	354,027
Currency Interest Rate Swaps (CIRS)	5,222,405	78,472	54,279
OTC currency options	6,132,967	22,093	73,895
Total currency derivatives	**52,833,890**	**1,797,326**	**1,570,805**
Interest rate derivatives			
Interest Rate Swap	76,891,739	753,720	647,703
FRA contracts	836,780	-	318
OTC interest rate options	9,304,773	31,127	31,682
Total interest rate derivatives	**87,033,292**	**784,847**	**679,703**
Other derivatives			
OTC commodity swaps	1,131,253	42,934	41,467
Currency Spot (FX Spot)	1,129,549	-	-
Total other derivatives	**2,260,802**	**42,934**	**41,467**
Total trading derivatives	**142,127,984**	**2,625,107**	**2,291,975**
including: measured using models	142,127,984	2,625,107	2,291,975

Derivative financial instruments	Nominal value	Fair value	Fair value
31.12.2024		Assets	Liabilities
Currency derivatives			
Foreign Exchange Forward (FX Forward + NDF)	14,469,317	37,255	906,062
Currency Swap (FX Swap)	32,426,711	1,271,409	302,283
Currency Interest Rate Swaps (CIRS)	5,326,035	44,928	26,099
OTC currency options	5,830,272	15,179	66,341
Total currency derivatives	**58,052,335**	**1,368,771**	**1,300,785**
Interest rate derivatives			
Interest Rate Swap	73,389,031	1,002,488	944,444
FRA contracts	1,922,850	22	159
OTC interest rate options	9,492,475	40,739	41,417
Total interest rate derivatives	**84,804,356**	**1,043,249**	**986,020**
Other derivatives			
OTC commodity swaps	1,167,654	28,096	24,936
Currency Spot (FX Spot)	1,243,941	-	-
Total other derivatives	**2,411,595**	**28,096**	**24,936**
Total trading derivatives	**145,268,286**	**2,440,116**	**2,311,741**
including: measured using models	145,268,286	2,440,116	2,311,741

22. HEDGE ACCOUNTING

As at 31 March 2025, the Group used fair value hedge **(macro fair value hedge)**.

Hedging relationship description	The hedges are used against interest rate risk, specifically changes in the fair value of fixed-rate assets and liabilities resulting from changes in a specific reference rate.
Hedged items	Fixed-rate PLN, EUR and USD current accounts are the hedged items.
Hedging instruments	Hedging instruments include standard IRS transactions, i.e. plain vanilla IRS in PLN, EUR and USD, in which the Bank receives a fixed interest rate and pays a floating rate based on WIBOR 6M, WIBOR 3M, EURIBOR 6M, EURIBOR 3M, EUR ESTR, USD SOFR.

Hedge item	Nominal value	Fair value	
		Assets	Liabilities
31.03.2025	17,659,997	-	17,426,557
31.12.2024	18,848,110	-	18,603,684

IRS	Nominal value	Fair value	
		Assets	Liabilities
31.03.2025	17,659,997	113,696	460,175
31.12.2024	18,848,110	128,395	560,884

Presentation of result on the hedged and hedging transactions	The change in fair value of hedging instruments is recognised in the Result on hedge accounting. Interest on IRS transactions and current accounts is recognised in Interest income.

The liabilities in the item "Differences from hedge accounting" include the adjustment of the value of hedged instruments (deposits) amounting to:

31.03.2025 -PLN 413,370 thousand

31.12.2024 -PLN 482,813 thousand

and the difference in valuation to fair value of hedged items for which the hedging relationship was terminated during its term, amounting to:

31.03.2025 -PLN 70,869 thousand

31.12.2024 -PLN 98,875 thousand

The below table presents derivative hedging instruments at their nominal value by residual maturity dates as at 31 March 2025 and 31 December 2024:

31.03.2025

Hedging derivatives	Fair value		Nominal value					
	positive	negative	< 1 month	from 1 to 3 months	from 3 months to 1 year	1 – 5 years	> 5 years	Total
Interest rate agreements								
Swap (IRS)	113,696	460,175	1,045,975	3,060,973	2,545,975	6,868,634	4,138,440	17,659,997
Hedging derivatives - total	**113,696**	**460,175**	**1,045,975**	**3,060,973**	**2,545,975**	**6,868,634**	**4,138,440**	**17,659,997**

31.12.2024

Hedging derivatives	Fair value		Nominal value					
	positive	negative	< 1 month	from 1 to 3 months	from 3 months to 1 year	1 – 5 years	> 5 years	Total
Interest rate agreements								
Swap (IRS)	128,395	560,884	977,636	3,653,415	3,739,030	6,941,727	3,536,302	18,848,110
Hedging derivatives - total	**128,395**	**560,884**	**977,636**	**3,653,415**	**3,739,030**	**6,941,727**	**3,536,302**	**18,848,110**

In the first quarter of 2025 and 2024, the hedging relationships presented proved effective.

As at 31 March 2025, the Group does not apply fair value hedge accounting for PLN fixed-rate loans (**macro fair value hedge**).

The hedging relationship that existed as at 31 December 2024 expired in March 2025.

Hedging relationship description	The hedges are used against interest rate risk, specifically changes in the fair value of fixed-rate assets and liabilities resulting from changes in a specific reference rate.
Hedged items	The hedged items were fixed-rate loans in PLN.
Hedging instruments	Hedging instruments were the standard IRS transactions, i.e. plain vanilla IRS denominated in PLN, in which the Bank received a floating rate based on WIBOR 3M and paid a fixed interest rate.

Hedged item	Nominal value	Fair value	
		Assets	Liabilities
31.12.2024	1,025,000	1,075,119	-

IRS	Nominal value	Fair value	
		Assets	Liabilities
31.12.2024	1,025,000	-	46,206

Presentation of result on the hedged and hedging transactions	The change in fair value of hedging transactions was recognised in the Result on hedge accounting. Interest on IRS transactions and hedged items were recognised in Interest income.

Also included in assets under "Fair value adjustment of hedged and hedging items" was an adjustment to the value of hedged instruments (loans) amounting to:

31.12.2024 -PLN 367 thousand

The below table presents derivative hedging instruments at their nominal value by residual maturity dates as at 31 December 2024:

31.12.2024

Hedging derivatives	Fair value		Nominal value					
	positive	negative	< 1 month	from 1 to 3 months	from 3 months to 1 year	1-5 years	> 5 years	Total
Interest rate agreements								
Swap (IRS)	-	46,206	275,000	750,000	-	-	-	1,025,000
Hedging derivatives - total	**-**	**46,206**	**275,000**	**750,000**	**-**	**-**	**-**	**1,025,000**

In 2024, the hedging relationships presented proved effective.

Additionally, the Group applies **micro fair value hedge** accounting as of 31 March 2025.

Hedging relationship description	The hedges are used against interest rate risk, specifically changes in the fair value of fixed-rate assets and liabilities resulting from changes in a specific reference rate.
Hedged items	The hedged items are: fixed coupon bonds in EUR and USD.
Hedging instruments	Hedging instruments are the standard IRS transactions, i.e. plain vanilla IRS, denominated in EUR and USD, in which the Bank pays a fixed interest rate and receives a floating rate based on EURIBOR 3M, EUR ESTR and USD SOFR.

Hedged items	Nominal value	Fair value	
		Assets	Liabilities
31.03.2025	9,176,909	9,362,899	-
31.12.2024	9,319,699	9,362,899	-

IRS	Nominal value	Fair value	
		Assets	Liabilities
31.03.2025	9,176,909	28,406	101,782
31.12.2024	9,319,699	102,630	120,190

Presentation of result on the hedged and hedging transactions	The change in fair value of hedging transactions is recognised in the Result on hedge accounting. Interest on IRS transactions and hedged items is recognised in Interest income.

The below table presents derivative hedging instruments at their nominal value by residual maturity dates as at 31 March 2025 and 31 December 2024:

31.03.2025

Hedging derivatives	Fair value		Nominal value					
	positive	negative	< 1 month	1-3 months	3 months - 1 year	1-5 years	> 5 years	Total
Interest rate agreements								
Swap (IRS)	28,406	101,782	-	-	-	3,164,557	6,012,352	9,176,909
Hedging derivatives - total	**28,406**	**101,782**	**-**	**-**	**-**	**3,164,557**	**6,012,352**	**9,176,909**

31.12.2024

Hedging derivatives	Fair value		Nominal value					
	positive	negative	< 1 month	1-3 months	3 months - 1 year	1-5 years	> 5 years	Total
Interest rate agreements								
Swap (IRS)	102,630	120,190	-	-	562,175	3,110,437	5,647,087	9,319,699
Hedging derivatives - total	**102,630**	**120,190**	**-**	**-**	**562,175**	**3,110,437**	**5,647,087**	**9,319,699**

Amounts recognised in the profit or loss account under **fair value hedge** accounting:

Fair value	1Q 2025 from 01.01.2025 to 31.03.2025	1Q 2024 from 01.01.2024 to 31.03.2024
Net interest income on hedging derivative instruments	189,016	153,277
Net interest expense on derivative hedging instruments	(253,709)	(281,050)
Change in fair value of hedging transactions recognised in the Result on hedge accounting, including:	(2,578)	5,086
change in fair value of hedging instruments	85,366	(14,685)
change in fair value of hedged instruments	(87,944)	19,771

In the first quarter of 2025 and 2024, the hedging relationships presented proved effective.

Additionally, the Group applies **cash flow hedge** accounting as of 31 March 2025.

Hedging relationship description	The hedges are used against interest rate risk, specifically no changes in the interest cash flows on the hedged item, resulting from the changes in a specific reference rate.
Hedged items	The hedged items are: Floating rate bond WZ1131 and WZ0330.
Hedging instruments	Hedging instruments include standard IRS transactions, i.e. plain vanilla IRS in which the Bank receives a fixed rate and pays a floating rate based on WIBOR 6M.

Hedged item	Nominal value	Fair value	
		Assets	Liabilities
31.03.2025	1,325,000	242,340	-
31.12.2024	625,000	602,037	-

IRS	Nominal value	Fair value	
		Assets	Liabilities
31.03.2025	1,325,000	5,149	106,831
31.12.2024	625,000	-	114,433

Presentation of result on the hedged and hedging transactions	The change in fair value of derivative hedging instruments designated as hedging of cash flows is recognised directly in the Revaluation reserve in the part constituting the effective part of the hedge. The ineffective part of the hedge is recognised in the statement of profit or loss under Result on hedge accounting.

The below table presents derivative hedging instruments at their nominal value by residual maturity dates as of 31 March 2025 and 31 December 2024:

31.03.2025

Hedging derivatives	Fair value		Nominal value					
	positive	negative	< 1 month	1-3 months	3 months-1 year	1-5 years	> 5 years	Total
Interest rate agreements								
Swap (IRS)	5,149	106,831	-	-	-	700,000	625,000	1,325,000
Hedging derivatives – total	**5,149**	**106,831**	**-**	**-**	**-**	**700,000**	**625,000**	**1,325,000**

31.12.2024

Hedging derivatives	Fair value		Nominal value					
	positive	negative	positive	negative	positive	negative	positive	negative
Interest rate agreements								
Swap (IRS)	-	114,433	-	-	-	-	625,000	625,000
Hedging derivatives – total	**-**	**114,433**	**-**	**-**	**-**	**-**	**625,000**	**625,000**

Hedging cash flows	1Q 2025 from 01.01.2025 to 31.03.2025	1Q 2024 from 01.01.2024 to 31.03.2024
Interest income on hedging derivatives	5,158	2,891
Interest expense on hedging derivatives	(11,719)	(9,053)
Change in fair value measurement of hedging transactions presented in result on hedge accounting, including:	(13)	35
change in fair value of hedging instruments	(13)	35

Changes in revaluation reserve due to valuation of derivative hedging instruments in **cash flow hedge** accounting.

Interest rate risk	1Q 2025 from 01.01.2025 to 31.03.2025	1Q 2024 from 01.01.2024 to 31.03.2024
Balance at the beginning of the period	**(112,125)**	**(101,987)**
Hedging gains or losses recognised in other comprehensive income during the reporting period	18,977	(15,017)
Balance at the end of the period	**(93,148)**	**(117,004)**

In the first quarter of 2025 and in 2024, the hedging relationships presented proved effective.

23. LOANS AND ADVANCES TO CUSTOMERS MEASURED AT AMORTISED COST

31.03.2025			
Loans and advances to customers measured at amortised cost	Gross balance sheet amount	Allowance	Net balance sheet amount
Loans and advances for			
Non-banking financial entities	**4,103,233**	**(31,678)**	**4,071,555**
current account loans	3,310,077	(24,410)	3,285,667
investment loans	424,223	(4,745)	419,478
other loans	368,933	(2,523)	366,410
Retail customers	**32,814,970**	**(774,537)**	**32,040,433**
mortgage loans	20,148,451	(268,094)	19,880,357
other loans	12,666,519	(506,443)	12,160,076
Corporate customers	**45,733,348**	**(1,482,535)**	**44,250,813**
current account loans	20,428,493	(785,542)	19,642,951
investment loans	18,267,706	(518,542)	17,749,164
other loans	7,037,149	(178,451)	6,858,698
including retail farmers	**7,622,677**	**(318,700)**	**7,303,977**
current account loans	4,936,896	(172,338)	4,764,558
investment loans	2,676,553	(145,253)	2,531,300
other loans	9,228	(1,109)	8,119
Public sector institutions	**69,895**	**(1,632)**	**68,263**
current account loans	46,997	(1,292)	45,705
investment loans	22,684	(338)	22,346
other loans	214	(2)	212
Lease receivables	**6,438,909**	**(120,785)**	**6,318,124**
Total loans and advances to customers measured at amortised cost	**89,160,355**	**(2,411,167)**	**86,749,188**

31.12.2024

Loans and advances to customers measured at amortised cost	Gross balance sheet amount	Allowance	Net balance sheet amount
Loans and advances for			
Non-banking financial entities	**3,770,228**	**(28,960)**	**3,741,268**
current account loans	2,955,015	(23,666)	2,931,349
investment loans	428,858	(4,786)	424,072
other loans	386,355	(508)	385,847
Retail customers	**32,858,093**	**(763,594)**	**32,094,499**
mortgage loans	20,207,062	(271,971)	19,935,091
other loans	12,651,031	(491,623)	12,159,408
Corporate customers	**44,643,855**	**(1,537,878)**	**43,105,977**
current account loans	19,592,707	(822,522)	18,770,185
investment loans	18,002,369	(528,263)	17,474,106
other loans	7,048,779	(187,093)	6,861,686
including retail farmers	**7,769,080**	**(361,727)**	**7,407,353**
current account loans	5,028,136	(197,256)	4,830,880
investment loans	2,730,561	(163,321)	2,567,240
other loans	10,383	(1,150)	9,233
Public sector institutions	**67,960**	**(516)**	**67,444**
current account loans	44,577	(453)	44,124
investment loans	23,165	(60)	23,105
other loans	218	(3)	215
Lease receivables	**6,519,624**	**(127,296)**	**6,392,328**
Total loans and advances to customers measured at amortised cost	**87,859,760**	**(2,458,244)**	**85,401,516**

At the end of March 2025, gross loans and advances to customers (the sum of portfolios measured at amortised cost and at fair value) amounted to PLN 89,637,437 thousand, an increase of PLN 1,250,182 thousand or 1.4% compared to the end of 2024.

The gross portfolio of loans and advances measured at amortised cost in the period under review amounted to PLN 89,160,355 thousand and increased by PLN 1,300,595 thousand, or 1.5%, compared to the end of 2024.

Structure of gross loans and advances measured at amortised cost

Gross loans and advances to retail customers amounted to PLN 32,814,970 thousand at the end of March 2025. PLN 32,814,970 thousand and remaining at similar level compared with the end of 2024 (slight decrease by PLN 43,123 thousand, or 0.1%). Their share in the loan portfolio measured at amortised cost during the period under review was 36.8% (down 0.6 p.p. compared to the end of 2024). Real estate loans, which amounted to PLN 20,148,451 thousand at the end of March 2025, represent 61.4% of the credit exposure of individual customers. The structure of housing loans is dominated by loans granted in PLN (98.0%). Loans granted in CHF accounted for only 1.9% of housing loans (compared to the end of last year, the share of CHF fell by 0.1 pp).

The gross portfolio of loans and advances to corporate customers (excluding farmers) amounted to PLN 38,110,671 thousand (an increase of PLN 1,235,896 thousand, or 3.4%, compared with the end of 2024). Their share in the analysed loan portfolio at the end of March 2025 was 42.7% (+0.8 pp. compared with the end of 2024). Overdrafts account for 40.6% of the loan portfolio (up 1.2 p.p. compared to the end of last year) and investment loans 40.9% (down 0.5% compared to the end of 2024).

The volume of loans to individual farmers at the end of March 2025 amounted to PLN 7,622,677 thousand, recording a 1.9% decrease compared to December 2024.

Lease receivables amounted to PLN 6,438,909 thousand (1.2% decreased compared to the end of 2024). Their share in the loan portfolio measured at amortised cost in the period under review was 7.2% compared with 7.4% at the end of 2024.

The volume of loans granted to non-banking financial entities and public sector institutions totalled PLN 4,173,128 thousand, recording a 8.7% increase compared with December 2024.

Net loans and advances to customers by Stages

31.03.2025	Stage 1	Stage 2	Stage 3	POCI	Total
Gross loans and advances to customers measured at amortized cost	**76,797,475**	**9,440,633**	**2,802,131**	**120,116**	**89,160,355**
Non-banking financial entities	3,910,870	183,122	9,046	195	4,103,233
Retail customers	29,735,840	2,318,133	726,724	34,273	32,814,970
Corporate customers:	38,023,108	5,727,057	1,897,535	85,648	45,733,348
including retail farmers	6,378,249	875,350	348,491	20,587	7,622,677
Public sector entities:	36,431	33,464	-	-	69,895
Lease receivables	5,091,226	1,178,857	168,826	-	6,438,909
Impairment allowance on loans and advances for:	**(365,548)**	**(558,056)**	**(1,468,173)**	**(19,390)**	**(2,411,167)**
Non-banking financial entities	(11,486)	(12,928)	(7,165)	(99)	(31,678)
Retail customers	(91,563)	(187,081)	(493,104)	(2,789)	(774,537)
Corporate customers:	(245,998)	(309,996)	(910,039)	(16,502)	(1,482,535)
including retail farmers	(73,065)	(44,198)	(199,093)	(2,344)	(318,700)
Public sector entities	(154)	(1,478)	-	-	(1,632)
Lease receivables	(16,347)	(46,573)	(57,865)	-	(120,785)
Net loans and advances to customers measured at amortised cost	**76,431,927**	**8,882,577**	**1,333,958**	**100,726**	**86,749,188**

31.12.2024	Stage 1	Stage 2	Stage 3	POCI	Total
Gross loans and advances to customers measured at amortized cost	**75,613,352**	**9,366,867**	**2,763,641**	**115,900**	**87,859,760**
Non-banking financial entities	3,656,211	104,738	9,070	209	3,770,228
Retail customers	29,641,536	2,477,237	704,447	34,873	32,858,093
Corporate customers:	37,108,525	5,592,195	1,862,317	80,818	44,643,855
including retail farmers	6,466,106	896,275	391,583	15,116	7,769,080
Public sector entities:	58,752	9,208	-	-	67,960
Lease receivables	5,148,328	1,183,489	187,807	-	6,519,624
Impairment allowance on loans and advances for:	**(355,893)**	**(565,099)**	**(1,510,780)**	**(26,472)**	**(2,458,244)**
Non-banking financial entities	(10,238)	(11,463)	(7,152)	(107)	(28,960)
Retail customers	(87,484)	(196,969)	(476,276)	(2,865)	(763,594)
Corporate customers:	(240,467)	(308,767)	(965,144)	(23,500)	(1,537,878)
including retail farmers	(74,904)	(47,840)	(236,922)	(2,061)	(361,727)
Public sector entities	(252)	(264)	-	-	(516)
Lease receivables	(17,452)	(47,636)	(62,208)	-	(127,296)
Net loans and advances to customers measured at amortised cost	**75,257,459**	**8,801,768**	**1,252,861**	**89,428**	**85,401,516**

31.03.2025	Stage 2	Stage 3	Total
Gross POCI loans and advances to customers measured at amortized cost	**31,480**	**88,636**	**120,116**
Non-banking financial entities	3	192	195
Retail customers	23,428	10,845	34,273
Corporate customers:	8,049	77,599	85,648
including retail farmers	1,592	18,995	20,587
Impairment allowance on loans and advances for:	**(187)**	**(19,203)**	**(19,390)**
Non-banking financial entities	-	(99)	(99)
Retail customers	(81)	(2,708)	(2,789)
Corporate customers:	(106)	(16,396)	(16,502)
including retail farmers	-	(2,344)	(2,344)
Total net POCI loans and advances to customers measured at amortized cost	**31,293**	**69,433**	**100,726**

31.12.2024	Stage 2	Stage 3	Total
Gross POCI loans and advances to customers measured at amortized cost	**31,942**	**83,958**	**115,900**
Non-banking financial entities	4	205	209
Retail customers	23,907	10,966	34,873
Corporate customers:	8,031	72,787	80,818
including retail farmers	1,261	13,855	15,116
Impairment allowance on loans and advances for:	**(190)**	**(26,282)**	**(26,472)**
Non-banking financial entities	-	(107)	(107)
Retail customers	(87)	(2,778)	(2,865)
Corporate customers:	(103)	(23,397)	(23,500)
including retail farmers	-	(2,061)	(2,061)
Total net POCI loans and advances to customers measured at amortized cost	**31,752**	**57,676**	**89,428**

The ratio of non-performing exposures classified as Stage 3 and POCI within gross loans and advances to customers measured at amortised cost remained unchanged compared to the end of 2024, standing at 3.2% at the end of March 2025. The coverage of these exposures by allowances amounted to 51.5% at the end of March 2025, a decrease of 2.5 percentage points compared to the end of 2024.

Allowances on expected credit losses for loans and advances measured at amortised cost

Change in allowance for expected credit losses	Stage 1	Stage 2	Stage 3	POCI	Total
Opening balance as at 1 January 2025	**(355,893)**	**(565,099)**	**(1,510,780)**	**(26,472)**	**(2,458,244)**
Increase due to acquisition or origination	(45,009)	(21,769)	(32,102)	-	(98,880)
Decrease due to derecognition	21,671	4,432	61,324	1,428	88,855
Changes resulting from the change in credit risk (net)	12,499	20,971	(65,178)	1,760	(29,948)
Use of allowances	-	(3)	68,151	3,765	71,913
Other changes (including foreign exchange differences)	1,184	3,412	10,412	129	15,137
Closing balance as of 31 March 2025	**(365,548)**	**(558,056)**	**(1,468,173)**	**(19,390)**	**(2,411,167)**

Change in allowance for expected credit losses	Stage 1	Stage 2	Stage 3	POCI	Total
Opening balance as at 1 January 2024	**(331,889)**	**(603,475)**	**(1,543,091)**	**(38,862)**	**(2,517,317)**
Increase due to acquisition or origination	(38,857)	(26,090)	(17,588)	-	(82,535)
Decrease due to derecognition	8,241	12,766	31,763	51	52,821
Changes resulting from the change in credit risk (net)	23,953	(26,365)	(60,526)	(24,611)	(87,549)
Use of allowances	-	320	24,503	23,690	48,513
Other changes (including foreign exchange differences)	702	1,503	8,657	70	10,932
Closing balance as of 31 March 2024	**(337,850)**	**(641,341)**	**(1,556,282)**	**(39,662)**	**(2,575,135)**

Gross amount of foreign currency mortgage loans for retail customers (in PLN '000)

Loans by currency	31.03.2025	31.12.2024
CHF	375,469	406,207
EUR	19,819	20,928
PLN	19,752,973	19,779,708
USD	190	219
Total	**20,148,451**	**20,207,062**

31.03.2025

Value of CHF loan portfolio	Gross balance sheet value	including CHF exposures	Allowance	including CHF exposures
Loans and advances for:				
Non-banking financial entities	**4,103,233**	**-**	**(31,678)**	**-**
current account loans	3,310,077	-	(24,410)	-
investment loans	424,223	-	(4,745)	-
other loans	368,933	-	(2,523)	-
Retail customers	**32,814,970**	**381,174**	**(774,537)**	**(120,725)**
mortgage loans	20,148,451	375,469	(268,094)	(117,661)
other loans	12,666,519	5,705	(506,443)	(3,064)
Corporate customers	**45,733,348**	**29,042**	**(1,482,535)**	**(8,660)**
current account loans	20,428,493	22,388	(785,542)	(2,446)
investment loans	18,267,706	6,654	(518,542)	(6,214)
other loans	7,037,149	-	(178,451)	-
including retail farmers	**7,622,677**	**128**	**(318,700)**	**(11)**
current account loans	4,936,896	128	(172,338)	(11)
investment loans	2,676,553	-	(145,253)	-
other loans	9,228	-	(1,109)	-
Public sector institutions	**69,895**	**-**	**(1,632)**	**-**
current account loans	46,997	-	(1,292)	-
investment loans	22,684	-	(338)	-
other loans	214	-	(2)	-
Lease receivables	**6,438,909**	**22,765**	**(120,785)**	**(14,648)**
Total loans and advances	**89,160,355**	**432,981**	**(2,411,167)**	**(144,033)**

31.12.2024

Value of CHF loan portfolio	Gross balance sheet value	including CHF exposures	Allowance	including CHF exposures
Loans and advances for:				
Non-banking financial entities	**3,770,228**	**-**	**(28,960)**	**-**
current account loans	2,955,015	-	(23,666)	-
investment loans	428,858	-	(4,786)	-
other loans	386,355	-	(508)	-
Retail customers	**32,858,093**	**413,149**	**(763,594)**	**(126,534)**
mortgage loans	20,207,062	406,207	(271,971)	(122,514)
other loans	12,651,031	6,942	(491,623)	(4,020)
Corporate customers	**44,643,855**	**32,485**	**(1,537,878)**	**(9,964)**
current account loans	19,592,707	24,742	(822,522)	(2,930)
investment loans	18,002,369	7,743	(528,263)	(7,034)
other loans	7,048,779	-	(187,093)	-
including retail farmers	**7,769,080**	**212**	**(361,727)**	**(20)**
current account loans	5,028,136	212	(197,256)	(20)
investment loans	2,730,561	-	(163,321)	-
other loans	10,383	-	(1,150)	-
Public sector institutions	**67,960**	**-**	**(516)**	**-**
current account loans	44,577	-	(453)	-
investment loans	23,165	-	(60)	-
other loans	218	-	(3)	-
Lease receivables	**6,519,624**	**23,156**	**(127,296)**	**(14,329)**
Total loans and advances	**87,859,760**	**468,790**	**(2,458,244)**	**(150,827)**

24. LOANS AND ADVANCES TO CUSTOMERS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	31.03.2025	31.12.2024
Subsidised loans	400,537	452,506
Total loans and advances to customers measured at fair value through profit or loss	**400,537**	**452,506**

The table below presents a comparison of the fair value of subsidised loans with their gross balance sheet value, which would have been recognised if the Group - in accordance with the requirements of IFRS 9 - did not measure these portfolios to fair value through profit or loss.

	Gross balance sheet value	Fair value
31.03.2025	477,082	400,537
31.12.2024	527,495	452,506

Subsidised loans measured at fair value	Stage 1	Stage 2	Stage 3	Total
31.03.2025	307,653	79,047	13,837	400,537
31.12.2024	347,269	86,634	18,603	452,506

25. SECURITIES MEASURED AT AMORTISED COST

31.03.2025

Securities	Gross balance sheet value	Impairment allowance	Net balance sheet value
issued by domestic banks	4,331,484	(55)	4,331,429
issued by other financial entities	8,188,511	(22)	8,188,489
issued by central governments – treasury bonds	21,861,822	(85)	21,861,737
issued by non-financial entities – bonds	4,155	(4,155)	-
issued by local governments – municipal bonds	34,732	(28)	34,704
Total securities measured at amortised cost	**34,420,704**	**(4,345)**	**34,416,359**

31.12.2024

Securities	Gross balance sheet value	Impairment allowance	Net balance sheet value
issued by domestic banks	4,312,778	(55)	4,312,723
issued by other financial entities	7,270,226	(20)	7,270,206
issued by central governments – treasury bonds	20,747,460	(81)	20,747,379
issued by non-financial entities – bonds	4,155	(4,155)	-
issued by local governments – municipal bonds	34,265	(23)	34,242
Total securities measured at amortised cost	**32,368,884**	**(4,334)**	**32,364,550**

31.03.2025	Stage 1	Stage 2	Stage 3	**Total**
Securities	**34,416,549**	**-**	**4,155**	**34,420,704**
issued by domestic banks	4,331,484	-	-	4,331,484
issued by other financial entities	8,188,511	-	-	8,188,511
issued by central governments – treasury bonds	21,861,822	-	-	21,861,822
issued by non-financial entities – bonds	-	-	4,155	4,155
issued by local governments – municipal bonds	34,732	-	-	34,732
Impairment allowances on securities	**(190)**	**-**	**(4,155)**	**(4,345)**
issued by domestic banks	(55)	-	-	(55)
issued by other financial entities	(22)	-	-	(22)
issued by central governments – treasury bonds	(85)	-	-	(85)
issued by non-financial entities – bonds	-	-	(4,155)	(4,155)
issued by local governments – municipal bonds	(28)	-	-	(28)
Total net securities measured at amortised cost	**34,416,359**	**-**	**-**	**34,416,359**

31.12.2024	Stage 1	Stage 2	Stage 3	Total
Securities	**32,364,729**	**-**	**4,155**	**32,368,884**
issued by domestic banks	4,312,778	-	-	4,312,778
issued by other financial entities	7,270,226	-	-	7,270,226
issued by central governments – treasury bonds	20,747,460	-	-	20,747,460
issued by non-financial entities – bonds	-	-	4,155	4,155
issued by local governments – municipal bonds	34,265	-	-	34,265
Impairment allowances on securities	**(179)**	**-**	**(4,155)**	**(4,334)**
issued by central governments – treasury bonds	(81)	-	-	(81)
issued by non-financial entities – bonds	-	-	(4,155)	(4,155)
issued by local governments – municipal bonds	(23)	-	-	(23)
Total net securities measured at amortised cost	**32,364,550**	**-**	**-**	**32,364,550**

26. SECURITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

Securities measured at fair value through profit or loss	31.03.2025	31.12.2024
Bonds convertible for non-financial entities bonds	93,695	80,284
Equity instruments	236,326	239,821
Units	487	509
Certificates issued by non-financial entities	803	820
Total securities measured at fair value through profit or loss	**331,311**	**321,434**

27. SECURITIES MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Debt securities	31.03.2025	31.12.2024
NBP bills	-	4,997,605
Bonds issued by banks	2,669,808	2,629,766
Treasury bonds issued by central governments	6,086,492	4,303,712
Bonds issued by other financial institutions	9,750,734	11,096,371
Securities measured at fair value through other comprehensive income	**18,507,034**	**23,027,454**

The valuation of debt securities measured at fair value through other comprehensive income is based on the discounted cash flow model using current market interest rates, taking into account the issuer's credit risk in the amount corresponding to the parameters observed on the market for transactions with similar credit risk parameters and similar time horizon. The measurement does not take into account assumptions that cannot be observed directly on the market.

28. INTANGIBLE ASSETS

Intangible assets	31.03.2025	31.12.2024
Licenses	690,665	702,525
Other intangible assets	93,209	95,671
Expenditure on intangible assets	150,529	176,918
Total intangible assets	**934,403**	**975,114**

In the first quarter of 2025, the net carrying amount of "Intangible assets" acquired by the Group amounted to PLN 41,050 thousand (in the first quarter of 2024: PLN 78,324 thousand), while the net carrying amount of the disposed of and liquidated components amounted to PLN 2 thousand (in the first quarter of 2024 there were no disposals and liquidations of "Intangible assets").

The Group identifies impairment triggers for intangible assets which are not transferred to utilisation yet, i.e. those under development, on an ongoing basis.

As at 31 March 2025, the Group had significant contractual obligations incurred in connection with the acquisition of intangible assets in the amount of PLN 7,940 thousand (PLN 17,506 thousand as of 31 December 2024).

29. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment	31.03.2025	31.12.2024
Fixed assets, including:	380,644	377,685
land and buildings	70,998	71,366
IT equipment	142,864	139,677
office equipment	35,261	35,448
other, including leasehold improvements	131,521	131,194
Fixed assets under construction	6,968	28,006
Right of use, including:	530,395	541,280
land and buildings	500,575	508,669
cars	28,748	31,406
IT equipment	962	1,084
other, including leasehold improvements	110	121
Total property, plant and equipment	**918,007**	**946,971**

In the first quarter of 2025, the net balance sheet amount of the components included in property, plant and equipment acquired by the Group was PLN 17,612 thousand (in the first quarter of 2024 it amounted to PLN 36,546 thousand), while the net balance sheet value of sold and liquidated components amounted to PLN 480 thousand (in the first quarter of 2024 it amounted to PLN 412 thousand).

As of 31 March 2025, the Group had significant contractual liabilities incurred in connection with the acquisition of property, plant and equipment in the amount of PLN 10,506 thousand (PLN 541 thousand as of 31 December 2024).

30. LEASES

Group as a lessee

The Group is a party to lease agreements with respect to underlying asset components such as:

- real estate,
- motor vehicles,
- land, including the right of perpetual usufruct of land,
- CDMs,
- equipment items,
- IT equipment.

The lease period of motor vehicles ranges from 1 to 5 years. The contracts contain extension options. The Group also concludes leaseback agreements for motor vehicles.

The Group is a party to real estate lease agreements. The contracts are concluded for a definite period from 1 to 30 years and for an indefinite period. The lease period is defined as the irrevocable lease period, together with the periods during which there is an option to extend the lease, if such an option is sufficiently likely, and the periods during which there is an option to terminate the lease, if such an option is sufficiently likely.

When determining the irrevocable lease period, in the case of an agreement for an indefinite period of time, the Bank takes into account the period of depreciation of adaptations in third-party fixed assets related to the leased asset as one of the conditions.

The agreements provide for variable lease fees depending on the index (e.g. GUS, HICP).

The Group is a party to land lease agreements for an indefinite period, and the right of perpetual usufruct of land received for a period of 40 to 100 years. Lease payments are valorised in accordance with the Land Management Act.

	1Q 2025 from 01.01.2025 to 31.03.2025	1Q 2024 from 01.01.2024 to 31.03.2024
Lease expenses recognized in the statement of profit or loss	**(32,689)**	**(34,161)**
interest on lease liabilities	(5,286)	(6,046)
depreciation of right of use assets	(26,921)	(27,916)
expenses related to short-term lease (recognized in general administrative expenses)	(482)	(199)

Undiscounted lease payments by maturity	31.03.2025	31.12.2024
< 1 year	137,200	137,633
1-5 years	392,699	404,965
> 5 years	142,244	151,812
Total	**672,143**	**694,410**

	31.03.2025	31.12.2024
Book value of liabilities due to discounted lease payments	**585,374**	**606,306**

31. OTHER ASSETS

Other assets:	31.03.2025	31.12.2024
Receivables from contracts with customers:		
sundry debtors	472,036	629,661
accrued income	89,251	101,494
payment card settlements	57,999	27,250
social insurance settlements	1,252	1,841
Other:		
interbank and intersystem settlements	88,851	373,626
deferred expenses	134,520	103,577
tax and other regulatory receivables	25,504	21,399
other lease receivables	62,358	63,857
other	83,983	64,638
Total other assets (gross)	**1,015,754**	**1,387,343**
Impairment allowances on other receivables from other debtors	(50,299)	(67,081)
Total other assets (net)	**965,455**	**1,320,262**
including financial assets*	**632,197**	**1,029,154**

* Financial assets include all items of Other Assets except: Accrued income, Deferred expenses, Tax and other regulatory receivables, Other

32. AMOUNTS DUE TO OTHER BANKS

Amounts due to other banks	31.03.2025	31.12.2024
Current accounts	571,451	619,766
Interbank deposits	5,026	-
Loans and advances received	7,949,639	8,300,332
Other liabilities	1,680,917	1,074,704
Total amounts due to other banks	**10,207,033**	**9,994,802**

Also presented under Other liabilities are liabilities to banks from cash collateral in the amount of PLN 1,579,845 thousand (PLN 1,038,897 thousand as at 31 December 2024) and liabilities from securities sold subject to repurchase agreements in the amount of PLN 68,259 thousand (PLN 23,722 thousand as at 31 December 2024).

In the first quarter of 2025 and in the entire 2024, there were no breaches of contractual provisions and covenants related to the Group's financial position and disclosure obligations. High inflation and changes in interest rates did not create a risk of breach of contractual provisions in the long-term contracts the Group has signed.

33. AMOUNTS DUE TO CUSTOMERS

Amounts due to customers	31.03.2025	31.12.2024
Non-banking financial institutions	**5,295,441**	**5,433,611**
Current accounts	2,117,948	2,561,846
Term deposits	2,719,683	2,412,093
Loans and advances received	450,028	449,955
Other liabilities	7,782	9,717
Retail customers	**55,467,595**	**55,184,397**
Current accounts	29,753,532	29,692,494
Term deposits	25,176,292	24,966,589
Other liabilities	537,771	525,314
Corporate customers	**62,300,626**	**66,970,279**
Current accounts	45,619,831	51,165,328
Term deposits	16,164,669	15,238,714
Other liabilities	516,126	566,237
including Retail farmers	**4,054,596**	**4,318,283**
Current accounts	3,833,277	4,119,103
Term deposits	204,239	179,281
Other liabilities	17,080	19,899
Public sector customers	**3,946,104**	**3,336,467**
Current accounts	2,116,809	2,881,865
Term deposits	1,827,449	452,788
Other liabilities	1,846	1,814
Total amounts due to customers	**127,009,766**	**130,924,754**

Liabilities to customers at the end of March 2025 amounted to PLN 127,009,766 thousand, down by PLN 3,914,988 thousand or 3.0% compared to the end of 2024.

By entity, a decrease in liabilities of business entities and non-bank financial entities was recorded. The largest volume decrease concerned business entities, whose liabilities amounted to PLN 62,300,626 thousand and decreased by PLN 4,669,653 thousand, i.e. by 7.0% compared with the balance as at the end of 2024. This occurred as a result of the decrease in the volume of funds held in current accounts (by PLN 5,545,497 thousand), partially offset by the increase in term deposits (by PLN 925,955 thousand). The share of this segment in the structure of total amounts due to customers decreased to 49.1% against 51.2% at the end of December 2024.

Liabilities to individual customers increased slightly by PLN 283,198 thousand, i.e. by 0.5% compared with the end of 2024, and amounted to PLN 55,467,595 thousand at the end of March 2025. At the same time, the share of deposits from individual customers in the structure of liabilities to total customers increased to 43.7% against 42.1% at the end of 2024.

The volumes of liabilities to budget sector institutions increased in the first quarter of 2025 compared to the end of 2024 by: PLN 609,637 thousand (i.e. by 18.3%) and liabilities to non-bank financial entities decreased by PLN 138,170 thousand (i.e. by 2.5%), respectively.

The share of current accounts in the structure of total liabilities to customers amounted to 62.7% at the end of March 2025, registering a decrease of 3.2 p.p. compared with the end of 2024. Funds deposited in current accounts amounted to PLN 79,608,120 thousand and decreased by PLN 6,693,413 thousand or 7.8%. The decrease was influenced mostly by lower balances in the accounts of business entities (by PLN 5,545,497 thousand, i.e. 10.8%).

The share of term deposits in the structure of liabilities to customers in the analysed period amounted to 36.1% and increased by 3.2 percentage points compared to the end of 2024. In value terms, term deposits increased by PLN 2,817,909 thousand to PLN 45,888,093 thousand, up 6.5% compared to December 2024.

The total share of other liabilities and loans and advances received in total in the structure of liabilities to customers amounted to 1.2% and did not change significantly compared to the end of 2024. Their total volume amounted to PLN 1,513,553 thousand.

34. SUBORDINATED LIABILITIES

Subordinated liabilities	31.03.2025	31.12.2024
	3,391,316	**3,420,128**

Change in the balance of subordinated liabilities	1Q 2025 from 01.01.2025 to 31.03.2025	1Q 2024 from 01.01.2024 to 31.03.2024
Opening balance	**3,420,128**	**4,336,072**
Change in the balance of interest, commissions and fees settled by EIR	2,538	3,464
Foreign exchange differences	(31,350)	(48,090)
Closing balance	**3,391,316**	**4,291,446**

35. OTHER LIABILITIES

Other liabilities	31.03.2025	31.12.2024
Liabilities due to contracts with customers		
Sundry creditors	259,154	568,811
Payment card settlements	393,891	210,545
Deferred income	85,176	83,825
Escrow account liabilities	559	544
Social insurance settlements	24,349	23,324
Other liabilities		
Interbank and intersystem settlements	1,212,649	232,555
Provisions for non-personnel expenses	834,574	690,230
Provisions for other employees-related liabilities	128,955	264,665
Provision for unused annual holidays	45,491	40,794
Other regulatory liabilities	164,219	76,324
Other lease liabilities	38,250	7,200
Other	58,456	97,939
Total other liabilities	**3,245,723**	**2,296,756**
including financial liabilities*	**1,928,852**	**1,042,979**

*Financial liabilities include all items of Other liabilities except: Deferred income, Provisions for non-personnel expenses, Provisions for other employees-related liabilities, Provision for unused annual holidays, Other regulatory liabilities, Other.

36. PROVISIONS

	31.03.2025	31.12.2024
Provision for restructuring	33,323	41,825
Provision for retirement benefits and similar obligations	25,586	24,841
Expected credit losses of contingent liabilities	156,446	156,861
Provisions for litigation and claims	1,620,876	1,696,299
Other provisions	34,412	49,554
Total provisions	**1,870,643**	**1,969,380**

Change in provisions for restructuring	1Q 2025 from 01.01.2025 to 31.03.2025	1Q 2024 from 01.01.2024 to 31.03.2024
Opening balance	**41,825**	**64,050**
Provisions utilization	(8,502)	(10,549)
Closing balance	**33,323**	**53,501**

Change in provisions for pensions and similar obligations	1Q 2025 from 01.01.2025 to 31.03.2025	1Q 2024 from 01.01.2024 to 31.03.2024
Opening balance	**24,841**	**20,783**
Provisions recognition	1,102	1,950
Provisions utilization	(357)	(411)
Closing balance	**25,586**	**22,322**

Change in expected credit losses of contingent liabilities	1Q 2025 from 01.01.2025 to 31.03.2025	1Q 2024 from 01.01.2024 to 31.03.2024
Opening balance	**156,861**	**141,931**
Provisions recognition	16,893	15,006
Provisions release	(11,965)	(2,602)
Changes resulting from changes in credit risk (net)	(4,259)	17,389
Other changes	(1,084)	(151)
Closing balance	**156,446**	**171,573**

Change in provisions for litigation and similar liabilities	1Q 2025 from 01.01.2025 to 31.03.2025	1Q 2024 from 01.01.2024 to 31.03.2024
Opening balance	**1,696,299**	**1,282,655**
Provisions recognition	67,708	68,798
Provisions utilization	(88,415)	(33,938)
Provisions release	(5,528)	(625)
Other changes, including foreign exchange differences	(49,188)	(54,618)
Closing balance	**1,620,876**	**1,262,272**

As at 31 March 2025 the balance of provisions for litigation and similar liabilities consisted of the following: provisions for litigation related to CHF mortgage loans in the amount of PLN 1,516,903 thousand, provisions for reimbursement of commissions for early repayment of loans in the amount of PLN 46,358 thousand and provisions for other litigation and similar liabilities in the amount of PLN 57,615 thousand.

As at 31 December 2024 the balance of provisions for litigation and similar liabilities consisted of the following: provisions for litigation related to CHF mortgage loans in the amount of PLN 1,564,168 thousand, provisions for reimbursement of commissions for early repayment of loans in the amount of PLN 49,832 thousand and provisions for other litigation and similar liabilities in the amount of PLN 82,300 thousand.

Change in other provisions	1Q 2025 from 01.01.2025 to 31.03.2025	1Q 2024 from 01.01.2024 to 31.03.2024
Opening balance	**49,554**	**31,951**
Provisions recognition	20,010	10
Provisions utilization	(10,152)	(287)
Provisions release	(25,000)	-
Closing balance	**34,412**	**31,674**

37. CASH AND CASH EQUIVALENTS

For the purpose of preparation of the statement of cash flows, the balance of cash and cash equivalents comprises the following balances with maturity shorter than three months.

Cash and cash equivalents	31.03.2025	31.12.2024
Cash and balances at Central Bank (Note 19)	6,128,762	11,325,551
Current accounts of banks and other receivables	11,066,783	6,824,869
Interbank deposits	81,000	142,509
Total cash and cash equivalents	**17,276,545**	**18,292,929**

38. SHARE BASED PAYMENTS

The Bank has adopted the “Remuneration policy for individuals with a material impact on the risk profile of BNP Paribas S.A.".

The principles and assumptions contained in the Policy guarantee the existence of a rational, balanced and controllable remuneration policy, consistent with the accepted risk level, standards and values of the Bank and relevant laws and regulations, in particular the Minister of Finance, Funds and Regional Policy Regulation dated 8 June 2021 on the risk management system, internal control system and remuneration policy in banks and recommendations included in the CRD5 Directive.

Pursuant to the Remuneration policy for Individuals with a significant impact on the BNP Paribas S.A. Bank's risk profile applied in the Bank, from 2020 (excluding persons who have terminated their cooperation with the Bank) the applicable financial instrument in which part of the variable remuneration is paid is ordinary shares (change from phantom shares).

The 2022 variable remuneration convertible into a financial instrument was granted in actual shares of the Bank.

On 9 December 2021, the Supervisory Board approved a modified Remuneration Policy for persons with material impact on the risk profile of the Bank. The changes consisted mainly in adjusting the provisions of the Policy to the Ordinance of the Minister of Finance, Funds and Regional Policy of 8 June 2021 on the risk management system and internal control system and remuneration policy in banks and the guidelines contained in the CRD5 Directive and consisted, among others, in extending the deferral period.

Phantom share-based programme

As at 31 December 2019, there was a variable remuneration scheme in force, granted in the form of a financial instrument - phantom shares, which was settled in subsequent periods.

The variable remuneration granted in form of phantom shares was paid as cash equivalent with a value corresponding to the number of shares granted. The payment was made after the expiry of the retention period.

Financial instruments (phantom shares) - programme amendments in 2024.

	1Q 2024 from 01.01.2024 to 31.03.2024	
	units	value (PLN '000)
Opening balance	**3,262**	**203**
granted in the period	(3,262)	(203)
Closing balance	**-**	**-**

In the first quarter of 2024, the phantom share-based programme was fully settled.

Programme based on the Bank's shares

There is variable remuneration scheme in place for the Bank's employees with a significant impact on risk profile under the Bank's share-based programme. The variable remuneration is divided into a part granted in the form of a financial instrument (Bank shares) and the remaining part granted in cash.

The right to variable remuneration expressed in the form of the Bank's shares is granted by issuing subscription warrants in a number corresponding to the number of shares granted, one warrant entitles to acquire one share. The payment of the variable remuneration expressed in the form of the Bank's shares, i.e. taking up the Bank's shares through the exercise of rights from subscription warrants, takes place after the expiry of the retention period.

The Bank will grant the participants of the Incentive Scheme subscription warrants, which will result in the right to acquire a new Series M and Series N shares issued by the Bank under the conditional share capital increase. The rights to acquire Series M and Series N shares shall be granted taking into account the principles of dividing the variable remuneration into the non-deferred and deferred portions, as defined in the Remuneration Policy and the regulations adopted on its basis. Series M and Series N shares will constitute a component of variable remuneration for persons having a significant impact on the Bank's risk profile within the meaning of the Regulation of the Minister of Finance, Funds and Regional Policy of 8 June 2021.

In order to implement the Incentive Programme, the Extraordinary General Meeting of the Bank also adopted resolutions on the issue of subscription warrants and conditional increase of the share capital through the issue of Series M shares and Series N shares, depriving the existing shareholders of the subscription right to warrants and to Series M and Series N shares, amending the Bank's Articles of Association and dematerialising and applying for the admission of Series M and Series N shares to trading on a regulated market.

The amount and the division into the non-deferred and deferred portions of variable remuneration for employees identified as MRT is determined in accordance with the Bank's Remuneration Policy and regulations adopted on its basis. The regulations contain information on the annual bonus levels assigned to particular appraisals:

1. the part constituting at least 50% is assigned in the form of the Bank's shares (which will be acquired by exercising rights from subscription warrants);
2. the part of variable remuneration not less than 40% of that remuneration is deferred. The deferral period is at least 5 years for Senior Management and a minimum of 4 years and a maximum of 5 years for employees other than Senior Management. The maximum deferral period of 5 years is applied in the case of an assignment of Variable Remuneration that exceeds a particularly high amount.

In order to ensure uniform and lawful conditions for the acquisition of the right to remuneration and its payment, remuneration shall be paid to persons having a material impact on the risk profile of the Bank taking into account the principles of suitability, proportionality and non-discrimination.

The Bank's rules include the possibility to withhold or limit the payment of variable remuneration where the Bank does not meet the combined buffer requirement:

1. The Bank shall be prohibited from paying assigned variable remuneration in excess of the maximum amount to be paid (the so-called MDA) in a situation where the Bank does not meet the combined buffer requirement within the meaning and under the rules set out in Articles 55 and 56 of the Act on macro-prudential supervision.

2. In the event when the Bank does not meet the combined buffer requirement, then before the MDA is calculated, the Bank:

- does not undertake commitments to pay variable remuneration or discretionary pension benefits;
- does not make variable remuneration payments if the obligation to pay them arose during the period in which the Bank did not meet the combined buffer requirement.

If the legal relationship between the Bank and a given person having a material impact on the Bank's risk profile ceases to exist or if the position is excluded from the list, the remuneration is paid provided that the requirements specified in the Remuneration Policy for persons having a material impact on the risk profile of BNP Paribas Bank Polska S.A. are met.

A person is entitled to variable remuneration, provided that he/she has not been charged and is not subject to criminal or disciplinary sanctions.

In 2025, for the variable remuneration granted for 2020 - 2024 and in connection with the forecast of the variable remuneration for 2024, which will be granted in 2025, in the part concerning shares to be issued in the future, the Bank has recognized in the capitals an amount of PLN 2,152 thousand. At the same time, an amount of PLN 32,442 thousand (recognised in the previous years) is presented in capital.

Financial instruments (shares - deferred portion) changes in 2025 and 2024 determined in relation to the deferred part of the variable remuneration for 2020 - 2024 are presented in the table below.

	1Q 2025 from 01.01.2025 to 31.03.2025		1Q 2024 from 01.01.2024 to 31.03.2024	
	units	value (PLN ‘000)	units	value (PLN ‘000)
Opening balance	**131,976**	**9,087**	**142,158**	**8,750**
granted in the period	30,539	3,035	34,426	3,412
executed during the period	-	-	(44,608)	(3,075)
Closing balance	**162,515**	**12,122**	**131,976**	**9,087**

The table below presents the terms and conditions of the Share/Warrants Purchase Plan for 2025.

Type of transaction under IFRS 2	Share-based payments
Program announcement date	31 January 2020 – the Resolution of the Supervisory Board approving the Remuneration Policy.
The commencement date for granting of shares	12 March 2025
The end date for granting shares	24 March 2025

39. ADDITIONAL INFORMATION REGARDING THE STATEMENT OF CASH FLOW

Cash flows from operating activities – other adjustments	1Q 2025 from 01.01.2025 to 31.03.2025	1Q 2024 from 01.01.2024 to 31.03.2024
FX differences from subordinated loans	(31,350)	(48,090)
Securities measurement through profit or loss	17,082	48,217
Allowance for securities	12	43
Other adjustments	(19,499)	(11,974)
Cash flows from operating activities – total other adjustments	**(33,755)**	**(11,804)**

40. CONTINGENT LIABILITIES

The following table presents the value of liabilities granted and received by the Bank.

Contingent liabilities	31.03.2025	31.12.2024
Contingent commitments granted	**35,213,397**	**36,666,533**
financial commitments	22,383,660	23,269,197
guarantees	12,829,737	13,397,336
Contingent commitments received	**54,072,483**	**55,172,867**
financial commitments	75,590	551,870
guarantees	53,996,893	54,620,997

41. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Based on the methods used to determine fair value, the Group classifies particular assets and liabilities into the following categories:

Level 1

Assets and liabilities measured on the basis of market quotations available on active markets for identical instruments.

Level 2

Assets and liabilities measured using valuation techniques based on directly or indirectly observed market quotations or other information based on market quotations.

Level 3

Assets and liabilities measured using valuation techniques where input data is not based on observable market data.

The Group periodically (at least quarterly) assigns individual assets and liabilities to particular levels of the fair value hierarchy. The basis for classification to particular levels of the valuation hierarchy is the input data used for the valuation, i.e. market quotes or other information. The lowest level of input data used for the valuation, having a significant impact on determining the fair value, determines the classification of an asset or liability to a particular hierarchy level.

If the input data is changed to data classified to another level, e.g. as a result of changes in the valuation methodology or changes in market data sources, the Group transfers the asset or liability to the appropriate level of measurement in the reporting period in which the change occurred.

In the first quarter of 2025 and in 2024, no changes were made to the rules for classification into valuation levels.

As at 31 March 2025, particular instruments were included in the following valuation levels:

1) the first level: Treasury bonds and bonds issued by European Investment Bank (fair value is determined directly by reference to published active market quotations), quoted shares;

2) the second level: bonds issued by PFR, interest rate options in EUR, USD and GBP, FX options maturing within 2 years, base interest rate and FX swaps denominated in G7 currencies maturing within 15 years, and base interest rate and FX swaps denominated in other currencies maturing within 10 years, FRA maturing within 2 years, FX Forward, NDF and FX swaps denominated in G7 currencies maturing within 10 years, FX Forward transactions, NDF and FX swaps denominated in other currencies maturing within 3 years, commodity swaps maturing within 1 year, interest rate swaps denominated in G7 currencies, interest rate swaps denominated in other currencies maturing within 10 years, structured instruments (whose fair value is determined using measurement techniques which are based on available, verifiable market data);

3) the third level: interest rate options in PLN, FX options maturing over 2 years, base interest rate and FX swaps denominated in G7 currencies maturing over 15 years, base interest rate and FX swaps denominated in other currencies maturing over 10 years, FRA contracts maturing over 2 years, FX Forward transactions, NDF and FX swaps denominated in G7 currencies maturing over 10 years, FX Forward transactions, NDF and FX swaps denominated in other currencies maturing over 3 years, commodity swaps maturing over 1 year, interest rate swaps denominated in other currencies than G7 currencies maturing over 10 years, structured instruments (whose fair value is determined using measurement techniques (models) which are not based on available, verifiable market data), derivatives for which significant Fair Value Correction or Credit Value Adjustment was created and corporate bonds other than CATALYST-listed ones, shares which are not listed on the WSE and other exchanges, subsidised loans (fair value determined using measurement techniques which are not based on available, verifiable market data, i.e. in cases other than those described in 1 and 2).

The table below presents classification of assets and liabilities measured at fair value in the consolidated financial statements into three categories:

31.03.2025	Level 1	Level 2	Level 3	Total
Assets measured at fair value:	**18,508,144**	**2,569,106**	**933,990**	**22,011,240**
Derivative financial instruments	-	2,341,512	283,595	2,625,107
Hedging instruments	-	147,251	-	147,251
Financial instruments measured at fair value through other comprehensive income	18,507,034	-	-	18,507,034
Financial instruments measured at fair value through profit or loss	1,110	80,343	249,858	331,311
Loans and advances to customers measured at fair value through profit or loss	-	-	400,537	400,537
Liabilities measured at fair value:	**-**	**2,776,981**	**183,783**	**2,960,764**
Derivative financial instruments	-	2,108,192	183,783	2,291,975
Hedging instruments	-	668,789	-	668,789

31.12.2024	Level 1	Level 2	Level 3	Total
Assets measured at fair value:	**23,028,600**	**2,607,196**	**836,739**	**26,472,535**
Derivative financial instruments	-	2,297,901	142,215	2,440,116
Hedging instruments	-	231,025	-	231,025
Financial instruments measured at fair value through other comprehensive income	23,027,454	-	-	23,027,454
Financial instruments measured at fair value through profit or loss	1,146	78,270	242,018	321,434
Loans and advances to customers measured at fair value through profit or loss	-	-	452,506	452,506
Liabilities measured at fair value:	**-**	**3,015,629**	**137,825**	**3,153,454**
Derivative financial instruments	-	2,173,916	137,825	2,311,741
Hedging instruments	-	841,713	-	841,713

In the first quarter of 2025, no events of a change in valuation level from 1 to 2, 1 to 3, 2 to 1 and 3 to 1 were recorded.

Changes from level 2 to 3 and level 3 to 2 have been noted.

In the same period of 2024, no events of a change in valuation level from 1 to 2, 1 to 3, 2 to 1 and 3 to 1 were recorded.

Changes from level 2 to 3 and level 3 to 2 have been noted.

In the first quarter of 2025, there were 6 events of valuation level change from 2 to 3. In all cases, this was due to an increase in the BCVA adjustment (in 2 cases) or a change in the terms of the transaction (extension of time to maturity in the other 4 cases).

The following table shows the valuation of these transactions at the beginning and end of the reporting period:

1Q 2025 from 01.01.2025 to 31.03.2025	Derivative financial instruments – assets	Derivative financial instruments – liabilities
Opening balance	233,153	780
Closing balance	126,374	-

In the same period of 2024, there was 1 case of a 2-3 valuation change. The reason was the BCVA correction

The following table shows the valuation of these transactions at the beginning and end of the reporting period:

1Q 2024 from 01.01.2024 to 31.03.2024	Derivative financial instruments – assets	Derivative financial instruments – liabilities
Opening balance	25,257	-
Closing balance	13,270	-

In the first quarter of 2025, there were 41 events of derivatives for which the valuation level changed from 3 to 2. In all cases, this was due to a shortening of the time to maturity of the transaction.

The following table shows the valuation of these transactions at the beginning and end of the reporting period:

1Q 2025 from 01.01.2025 to 31.03.2025	Derivative financial instruments – assets	Derivative financial instruments – liabilities
Opening balance	65,577	53,279
Closing balance	82,103	70,744

In the same period of 2024, there were 49 derivative cases for which the valuation level changed from 3 to 2.

In all cases this was caused by a shortening of the time to the maturity of the transaction.

The following table shows the valuation of these transactions at the beginning and end of the reporting period:

1Q 2024 from 01.01.2024 to 31.03.2024	Derivative financial instruments – assets	Derivative financial instruments – liabilities
Opening balance	40,050	81,063
Closing balance	40,713	88,972

The fair value of level 2 and 3 financial instruments is determined using the measurement techniques consistent with market practice, the parameterisation of which is carried out on the basis of reliable data sources. Valuation techniques used include valuation models (e.g., Black-Scholes), cash flow discounting, and estimation of volatility planes.

The input data used for purposes of valuation of level 2 and 3 instruments include foreign exchange rates, yield curves, reference rates, changes in foreign exchange rates, reference rates, stock market indices and stock prices, swap points, basis spreads, stock market index values and futures prices.

For financial instruments classified as level 3, unobservable parameters are estimates including market quotes that are not observable and cannot be corroborated by observable data in commonly quoted ranges, margins for credit risk and liquidity risk, probabilities of default, recovery rates, and premiums and discounts covering other risks specific to the instrument being valued.

The table presented below shows changes in the measurement of level 3 assets and liabilities as well as amounts charged to profit and loss account.

1Q 2025 from 01.01.2025 to 31.03.2025	Derivative financial instruments – assets	Financial assets measured at fair value	Derivative financial instruments – liabilities	Hedging instruments – liabilities
Opening balance	**142,215**	**694,524**	**137,825**	**-**
Total gains/losses recognized in:	141,380	(2,586)	45,958	-
statement of profit or loss	141,380	(2,586)	45,958	-
Purchase	-	16,001	-	-
Sale	-	(8,001)	-	-
Settlement / Expiry	-	(49,543)	-	-
Closing balance	**283,595**	**650,395**	**183,783**	**-**
Unrealized gains/losses recognized in profit or loss related to assets and liabilities at the end of the period	**141,380**	**(2,586)**	**45,958**	**-**

1Q 2024 from 01.01.2024 to 31.03.2024	Derivative financial instruments – assets	Financial assets measured at fair value	Derivative financial instruments – liabilities	Hedging instruments – liabilities
Opening balance	**501,891**	**885,166**	**365,888**	**73,721**
Total gains/losses recognized in:	1,164	11,713	(32,840)	(18,646)
statement of profit or loss	1,164	11,713	(32,840)	(18,646)
Purchase	-	2,258	-	-
Settlement / Expiry	-	(63,545)	-	-
Closing balance	**503,055**	**835,592**	**333,048**	**55,075**
Unrealized gains/losses recognized in profit or loss related to assets and liabilities at the end of the period	**1,164**	**11,713**	**(32,840)**	**(18,646)**

The table presented below shows the effect of unobservable factors on the value of financial instruments classified to level three.

Type of derivatives	31.03.2025 fair value according to		31.12.2024 fair value according to	
	the positive scenario	the negative scenario	the positive scenario	the negative scenario
Derivatives[1]	128,498	119,267	5,347	10,588
Commercial bonds[2]	79,288	77,753	66,323	65,658
Stocks and Shares[3]	163,128	147,592	169,605	153,452
Loans[4]	405,483	395,582	457,479	447,578

[1]scenario: rating change of +3/-3 notches

[2]scenario: change in credit spread by -50bp/+50bp

[3]scenario: change in valuation of +5%/-5%

[4]scenario: change in discount rate by -50bp/+50bp

The Group measures the fair value by discounting all contractual cash flows related to transactions, with the use of yield curves characteristic of each transaction group. Where no repayment schedule is agreed for a product, it is assumed that the fair value is equal to the carrying amount of the transaction, or, in case of revolving products, the curves derived from the liquidity profile of these products and the expected behavioural duration of these exposures are used.

The yield curve used for fair value measurement of liabilities (such as customer and interbank deposits) and receivables (such as loans to customers and interbank deposits) of the Group comprises:

- the credit risk free yield curve,
- the cost of obtaining financing above the credit risk free yield curve,
- the market margin that reflects credit risk for receivables.

The yield curve for fair value measurement of loans is constructed through classification of loans into sub-portfolios depending on the product type and currency as well as customer segmentation. A margin is determined for each sub-portfolio taking into account credit risk. The margin is determined with the use of credit risk parameters of a given customer determined in the process of calculating the impairment of financial instruments.

The current credit risk margin and the current liquidity margin, the values of which are not quoted on an active market, are the non-observable parameters for all the categories.

The following table presents the book value and fair value of those financial assets and liabilities that are not reported in the Group's statement of financial position at their fair value, as well as the level of valuation classification.

31.03.2025	Book value	Fair value	Level
Financial assets			
Cash and cash balances at Central Bank	6,128,762	6,128,762	3
Amounts due from banks	12,124,261	11,579,215	3
Loans and advances to customers measured at amortised cost	86,749,188	86,328,701	3
Securities measured at amortised cost	34,416,359	32,724,310	1.3
Other financial assets	632,197	632,197	3
Financial liabilities			
Amounts due to banks	10,207,033	10,634,777	2.3
Amounts due to customers	127,009,766	126,216,367	3
Subordinated liabilities	3,391,316	3,855,385	3
Lease liabilities	585,374	585,374	3
Other financial liabilities	1,928,852	1,928,852	3

31.12.2024	Book value	Fair value	Level
Financial assets			
Cash and cash balances at Central Bank	11,325,551	11,325,551	3
Amounts due from banks	7,872,375	7,496,612	3
Loans and advances to customers measured at amortised cost	85,401,516	84,899,593	3
Securities measured at amortised cost	32,364,550	30,365,556	1.3
Other financial assets	1,029,154	1,029,154	3
Financial liabilities			
Amounts due to banks	9,994,802	10,554,417	2.3
Amounts due to customers	130,924,754	130,219,390	3
Subordinated liabilities	3,420,128	3,879,943	3
Lease liabilities	606,306	606,306	3
Other financial liabilities	1,042,979	1,042,979	3

1) Amounts due from banks and amounts due to banks

Amounts due from banks and amounts due to banks include interbank deposits and interbank settlements. The fair value of fixed and floating rate deposits/placements is based on discounted cash flows determined by reference to money market interest rates for items with similar credit risk and residual maturity.

2) Loans and advances to customers

The estimated fair value of loans and advances is the discounted value of future cash flows to be received, using the current market rates adjusted by financing cost and by actual or estimated credit risk margins.

The fair value of loans and advances covered by the Law on Community Financing for Business Ventures and Borrower Assistance takes into account the impact of changes in repayment schedules resulting from the introduction of loan vacations.

3) Securities measured at amortised cost

The fair value of securities measured at amortised cost was determined by reference to the published quoted prices in an active market for quoted securities (first level of measurement or a second level in case of reduced liquidity). However, for unquoted securities, fair value was determined using valuation techniques not based on available market data (third level of measurement).

4) Liabilities due to subordinated loan

Liabilities include subordinated loans. The fair value of the floating rate loan is based on discounted cash flows determined by reference to money market interest rates for items with similar credit risk and residual maturity.

5) Liabilities due to customers

The fair value of fixed and floating rate deposits is based on discounted cash flows determined by reference to money market interest rates adjusted by the actual cost of securing funds over the past three months. For demand deposits, it is assumed that the fair value is equal to their carrying amount.

6) Lease liabilities

The fair value of lease liabilities was determined as equal to their balance sheet value.

42. LOAN PORTFOLIO SALE

In the first quarter of 2025, the Bank concluded agreements for the sale of the retail loan portfolio.

Under the provisions of IFRS 9, the sale of a financial asset due to an increase in credit risk does not result in a change of the business model.

As a consequence, the Bank continues to maintain the portfolio of these loans under a business model that aims to hold the financial asset to generate contractual cash flows.

The gross carrying amount of the sold portfolio measured at amortised cost was PLN 1,668 thousand, the amount of impairment allowances created was PLN 1,264 thousand.

The contractual price for the sale of these portfolios was set at PLN 551 thousand. The net impact on the Bank's result due to the sale of portfolios amounted to PLN 147 thousand and is presented in the line Net allowances on expected credit losses of financial assets and provisions for contingent liabilities.

43. SECURITIZATION

On 28 March 2024, the Bank entered into an agreement with the International Finance Corporation (‘IFC’, ‘Investor’) for a synthetic securitisation transaction executed on a portfolio of corporate loans/loans with a total value of PLN 2,180,097 thousand as at 31 December 2023. The main purpose of the transaction is to release capital that the Bank will use to finance climate projects (climate change mitigation projects focusing mainly on renewable energy, energy efficiency and green project financing).

As part of the transaction, the Bank transferred a significant part of the credit risk from the selected securitised portfolio to the Investor. The securitised selected loan portfolio remains on the Bank's books.

As at 31 March 2025, the value of the transaction portfolio included in the balance sheet and off-balance sheet amounted to PLN 718,990 thousand.

The closing date of the transaction according to the agreement is 31 December 2031.

The risk transfer of the securitised portfolio is implemented through a credit protection instrument in the form of a financial guarantee issued by the Investor up to PLN 70,395 thousand as at 31 March 2025. Costs on account of this guarantee are presented in Commission expenses - Guarantee commitments and documentary operations.

As at 31 March 2025, the conclusion of the transaction has the effect of increasing the consolidated Common Equity Tier 1 (CET1) ratio by 0.05 p.p., Tier 1 capital ratio by 0.06 p.p. and the consolidated total capital ratio (TCR) by 0.07 p.p. in relation to the BNP Paribas Bank Polska S.A. Capital Group reported data.

The transaction meets the material risk transfer requirements of the CRR Regulation and has been structured as meeting the STS criteria (simple, transparent and standard securitisation) under Regulation 2021/557.

The Bank acted as facilitator of the transaction.

44. RELATED PARTY TRANSACTIONS

BNP Paribas Bank Polska S.A. operates within the BNP Paribas Bank Polska S.A. Capital Group.

BNP Paribas Bank Polska S.A. is the parent in the BNP Paribas Bank Polska S.A. Capital Group.

The ultimate parent company is BNP Paribas S.A., based in Paris.

As of 31 March 2025, the Capital Group of BNP Paribas Bank Polska S.A. comprised BNP Paribas Bank Polska S.A. as the parent company, and its subsidiaries:

1. BNP PARIBAS TOWARZYSTWO FUNDUSZY INWESTYCYJNYCH S.A. („TFI”).
2. BNP PARIBAS LEASING SERVICES SP. Z O.O. („LEASING”).
3. BNP PARIBAS GROUP SERVICE CENTER S.A. („GSC”).

All transactions between the Bank and its related parties were entered into as part of daily operations and included mainly loans, deposits, transactions with reference to derivative instruments as well as income and expenses related to advisory and financial intermediation services.

Transactions with shareholders of BNP Paribas Bank Polska S.A. and related parties

31.03.2025	BNP Paribas S.A. Paris	BNP Paribas Fortis S.A.	Other entities from the capital group of BNP Paribas S.A.	Key personnel	Total
Assets	**13,661,967**	**9**	**175,827**	**1,421**	**13,839,224**
Receivables on current accounts, loans and deposits	11,644,514	1	156,397	1,383	**11,802,295**
Derivative financial instruments	1,870,021	8	1,537	-	**1,871,566**
Derivative hedging instruments	147,251	-	-	-	**147,251**
Other assets	181	-	17,893	38	**18,112**
Liabilities	**12,990,489**	**58,018**	**921,789**	**4,141**	**13,974,437**
Loans received	3,127,035	-	276,561	-	**3,403,596**
Current accounts and deposits	5,266,591	58,017	629,856	4,141	**5,958,605**
Subordinated liabilities	3,391,316	-	-	-	**3,391,316**
Derivative financial instruments	536,750	1	352	-	**537,103**
Derivative hedging instruments	668,789	-	-	-	**668,789**
Other liabilities	8	-	15,020	-	**15,028**
Contingent liabilities					
Financial commitments granted	-	-	206,521	2,235	**208,756**
Guarantee commitments	309,617	78,046	459,043	-	**846,706**
Commitments received	318,328	122,240	668,186	-	**1,108,754**
Derivative instruments (nominal value)	64,657,010	18,989	262,390	-	**64,938,389**
Hedging derivative instruments (nominal value)	28,161,906	-	-	-	**28,161,906**
Statement of profit or loss	**313,001**	**(156)**	**(5,657)**	**29**	**307,217**
1Q 2025 from 01.01.2025 to 31.03.2025					
Interest income	124,943	84	4,720	45	**129,792**
Interest expense	(143,108)	(240)	(6,690)	(16)	**(150,054)**
Fee and commission income	-	-	526	-	**526**
Net trading income	366,634	-	(415)	-	**366,219**
Other operating income	-	-	26,895	-	**26,895**
Other operating expense	-	-	(8,544)	-	**(8,544)**
General administrative expenses	(35,468)	-	(22,149)	-	**(57,617)**

31.12.2024	BNP Paribas S.A. Paris	BNP Paribas Fortis S.A.	Other entities from the capital group of BNP Paribas S.A.	Key personnel	Total
Assets	**9,367,983**	**1,663**	**194,294**	**2,584**	**9,566,524**
Receivables on current accounts, loans and deposits	7,466,281	1,663	167,344	2,520	**7,637,808**
Derivative financial instruments	1,670,668	-	8,614	-	**1,679,282**
Derivative hedging instruments	231,025	-	-	-	**231,025**
Other assets	9	-	18,336	64	**18,409**
Liabilities	**13,396,820**	**26,789**	**1,033,503**	**1,973**	**14,459,085**
Loans received	3,363,979	-	278,432	-	**3,642,411**
Current accounts and deposits	5,020,715	26,789	722,019	1,973	**5,771,496**
Subordinated liabilities	3,420,128	-	-	-	**3,420,128**
Derivative financial instruments	750,285	-	2,356	-	**752,641**
Derivative hedging instruments	841,713	-	-	-	**841,713**
Other liabilities	-	-	30,696	-	**30,696**
Contingent liabilities					
Financial commitments granted	-	-	294,101	1,145	**295,246**
Guarantee commitments	430,288	86,650	662,905	-	**1,179,843**
Commitments received	440,132	121,264	2,270,042	-	**2,831,438**
Derivative instruments (nominal value)	75,378,215	-	184,840	-	**75,563,055**
Hedging derivative instruments (nominal value)	29,817,809	-	-	-	**29,817,809**
Statement of profit or loss	**167,118**	**(468)**	**16,410**	**6**	**183,066**
1Q 2024 from 01.01.2024 to 31.03.2024					
Interest income	139,902	-	36,664	32	**176,598**
Interest expense	(168,892)	(468)	(16,161)	(26)	**(185,547)**
Fee and commission income	-	-	631	-	**631**
Net trading income	224,602	-	30	-	**224,632**
Other operating income	-	-	20,568	-	**20,568**
Other operating expenses	-	-	(4,832)	-	**(4,832)**
General administrative expenses	(28,494)	-	(20,490)	-	**(48,984)**

Remuneration of the Management Board and Supervisory Board

Remuneration of the Management Board	1Q 2025 from 01.01.2025 to 31.03.2025	1Q 2024 from 01.01.2024 to 31.03.2024
Short-term employee benefits	6,124	6,104
Long-term benefits	2,919	1,964
Share-based payments*	5,322	4,754
Total	**14,365**	**12,822**

* includes an amount recognised in the Bank's capital linked to the Bank's shares taken up in the future (in accordance with the variable remuneration policy)

Remuneration of the Supervisory Board	1Q 2025 from 01.01.2025 to 31.03.2025	1Q 2024 from 01.01.2024 to 31.03.2024
Short-term employee benefits	423	430
Total	**423**	**430**

45. CONSOLIDATED CAPITAL ADEQUACY RATIO

	31.03.2025	31.12.2024
Total own funds	15,941,611	15,962,074
Total risk exposure	97,871,171	92,814,926
Total capital ratio	16.29%	17.20%
Tier 1 capital ratio	13.13%	13.80%

46. OPERATING SEGMENTS

Segment reporting

The Bank has divided its activities and applied the identification of income and expenses and assets and liabilities into the following reportable operating segments:

- Retail and Business Banking,
- Small and Medium-Sized Enterprises (SME),
- Corporate Banking,
- Corporate and Institutional Banking (CIB),
- Other Operations, including ALM Treasury and the Corporate Centre.

In addition, it has been presented performance related to:

- Agro customers, i.e. individual farmers and agro-food sector enterprises,
- the Personal Finance.

Although the aforesaid segment performance overlaps with that of the basic operating segments, it is additionally monitored separately for purposes of the Group's management reporting.

The abovementioned segmentation reflects the principles of customer classification to each segment in line with the business model adopted by the Group, which are based on entity and financial criteria (in particular the amount of turnover, level of credit exposure and assets collected) and the type of business. The detailed rules for assigning customers to specific segments are governed by the Group's internal regulations.

The Group's management performance is monitored by considering all items of the statement of profit or loss of the particular segment, to the level of gross profit, i.e. for each segment revenue, expenses and net impairment losses are reported. Management revenue takes into account cash flows between customer segments and the asset liability management unit, measured by reference to internal transfer prices of funds based on market prices and liquidity margins for each maturity and currency. Management expenses of the segments include direct operating expenses and expenses allocated using the allocation model adopted by the Group. Additionally, the management performance of the segments take into account amounts due to each business line for services between such lines.

The Group's operations are conducted in Poland only. As no considerable differences in the risks, which might be affected by the geographical location of the Bank's branches, can be identified, no geographical disclosures have been presented.

The Group applies consistent, detailed principles to all identified segments. As regards the revenue, in addition to standard items, components of the net interest income of the segments have been identified, to include external and internal revenue and expenses. As regards operating expenses, the Group's indirect expenses are allocated to each segment in the Expense allocation (internal) item. Considering the profile of the Group's business, no material seasonal or cyclical phenomena are identified. The Group provides financial services, the demand for which is stable, and the effect of seasonality is immaterial.

Characteristics of operating segments

Retail and Business Banking Segment covers comprehensive services to retail customers, including private banking customers, as well as business clients (microenterprises). The scope of financial services offered by this area includes maintenance of current and deposit accounts, acceptance of term deposits, granting mortgage loans, cash loans, mortgage advances, overdrafts, loans to microenterprises, issuing debit and credit cards, cross-border cash transfers, foreign exchange transactions, sale of insurance products as well as other services of lesser importance to the Group's income. Additionally, the performance of the Retail and Business Banking Segment includes: performance of brokerage services and distribution and storage of investment fund units.

Retail and Business Banking customers are served through the Bank's branches and alternative channels, i.e. online banking, mobile banking and telephone banking, the Premium Banking channel and Wealth Management. In addition, sales of selected products is carried out through financial intermediaries both nationwide and locally.

Personal Finance Segment is responsible for development of product offering and management of financial services provided to consumers, with the following major products: cash loans, car loans, instalment loans and credit cards. The aforesaid products are distributed through the Retail and Business Banking branch network as well as external distribution channels.

SME Banking Segment and Corporate Banking Segment provide services to business customers and offer a wide range of services to companies, as well as corporate clients, financial institutions and public sector entities. Distribution network for Corporate Banking is based on Regional Corporate Banking Centres located in Warsaw, Łódź, Gdańsk, Poznań, Wrocław, Katowice, Kraków and Lublin. As part of the Regional Corporate Banking Centers, there are Corporate Banking Centers located in the largest business centres in Poland, ensuring a wide geographical and sector coverage. After-sales service for the clients of the Corporate Banking segment is also carried out by the Telephone Business Service Center and in the online banking system.

The main products provided to Business Customers include cash management and global trade finance services – comprehensive services related to import and export LCs, bank guarantees and documentary collection, supply chain and exports financing, acceptance of deposits (from overnight to term deposits), financing in the form of, inter alia, overdrafts, revolving and investment loans, loans from the group of agribusiness financing products, financial market products, including the conclusion of customer foreign exchange and derivative transactions, leasing and factoring products, as well as specialised services such as real estate financing, structured financing for mid-caps, investment banking and related services for public sector entities: organisation of municipal bond issues, forfaiting, dedicated cash management solutions.

The Corporate and Institutional Banking (CIB) Segment supports sales of products of the Group, dedicated to the largest Polish enterprises including services provided to key clients.

Other Banking Operations of the Group are performed mainly through the Asset and Liability Management Division (ALM Treasury). The main objective of the Division is ensuring an appropriate and stable level of funding to guarantee the security of the Bank's operations and compliance with the standards defined in the applicable laws. The ALM Treasury assumes responsibility for liquidity management at the Bank, setting internal and external reference prices, management of the interest rate risk inherent in the Group's balance sheet as well as the operational and structural currency risk. The ALM Treasury focuses on both prudential (compliance with external and internal regulations) and optimisation aspects (financing cost management and generating profit on management of the Group's items from the statement of financial position).

The Other Operations segment includes also direct costs of the support functions, which have been allocated to segments in the Expense allocation (internal) item, as well as results that may not be assigned to any of the aforementioned segments (to include equity investment, gains/losses on own accounts and customer accounts not allocated to a specific segment).

31.03.2025	Retail and Business Banking	SME Banking	Corporate Banking	CIB	Other Operations	Total	including Agro customers	including Personal Finance
Statement of profit or loss for the period of 3 months ended 31.03.2025*								
Net interest income	815,189	152,977	379,489	25,174	121,498	**1,494,326**	181,459	177,273
external interest income	936,339	125,517	443,176	96,043	913,132	**2,514,208**	286,018	373,503
external interest expenses	(402,775)	(75,429)	(132,518)	(2,522)	(406,639)	**(1,019,882)**	(37,945)	(50,206)
internal interest income	890,776	188,215	424,896	3,433	(1,507,319)	**-**	129,747	-
internal interest expenses	(609,152)	(85,326)	(356,065)	(71,781)	1,122,324	**-**	(196,361)	(146,024)
Net fee and commission income	193,814	32,274	92,925	9,292	(817)	**327,489**	30,934	38,273
Dividend income	-	-	103	-	69	**172**	103	-
Net trading income (including result on foreign exchange)	28,683	20,809	101,826	88,635	44,969	**284,921**	18,864	(78)
Result on investment activities	-	-	-	-	(2,374)	**(2,374)**	-	-
Result on hedge accounting	-	-	-	-	(2,591)	**(2,591)**	-	-
Other operating income and expenses	(13,013)	1,267	(121)	-	29,550	**17,683**	(535)	(1,965)
Result from derecognition of financial assets measured at amortized cost due to material modification	(240)	(1,379)	-	-	(30)	**(1,649)**	342	(843)
Result of allowance for expected credit losses of financial assets and provisions for contingent liabilities	(7,663)	31,621	(43,473)	(5,273)	(2,454)	**(27,243)**	25,245	(17,132)
Result on legal risk related to foreign currency loans	(64,905)	-	-	-	-	**(64,905)**	-	-
General administrative expenses	(334,086)	(42,251)	(165,252)	(30,141)	(277,116)	**(848,846)**	(4,234)	(89,071)
Depreciation and amortization	(29,267)	(368)	(18,478)	(4,533)	(74,769)	**(127,416)**	(60)	(4,419)
Expense allocation (internal)	(223,619)	(62,488)	(58,577)	1,206	343,478	**-**	-	(24,643)
Operating result	**364,893**	**132,462**	**288,442**	**84,360**	**179,413**	**1,049,567**	**252,118**	**77,395**
Tax on financial institutions	(49,839)	(8,399)	(34,014)	(6,066)	(3,124)	**(101,442)**	-	(13,299)
Profit before income tax	**315,054**	**124,063**	**254,428**	**78,294**	**176,289**	**948,125**	**252,118**	**64,096**
Income tax expense	-	-	-	-	-	**(206,677)**	-	-
Net profit for the period						**741,448**		
Statement of financial position as of 31.03.2025*								
Segment assets	44,086,890	6,618,311	33,609,163	6,892,195	73,808,674	**165,015,233**	14,246,373	15,128,875
Segment liabilities	75,860,671	16,935,106	41,925,555	-	14,108,445	**148,829,776**	12,351,684	-

* As the figures have been rounded and presented in PLN ‘000, in some cases their total may not correspond to the exact grand total.

31.03.2024	Retail and Business Banking	SME Banking	Corporate Banking	CIB	Other Operations	Total	including Agro customers	including Personal Finance
Statement of profit or loss for the period of 3 months ended 31.03.2024*								
Net interest income	777,146	153,811	393,286	27,430	50,303	**1,401,976**	181,114	184,522
external interest income	983,305	141,452	460,820	100,851	819,288	**2,505,718**	312,253	364,913
external interest expenses	(398,138)	(89,292)	(172,570)	(3,441)	(440,301)	**(1,103,742)**	(41,101)	(45,561)
internal interest income	822,696	198,547	471,131	3,844	(1,496,218)	**-**	126,722	-
internal interest expenses	(630,717)	(96,897)	(366,095)	(73,823)	1,167,533	**-**	(216,759)	(134,830)
Net fee and commission income	185,274	34,092	94,579	18,921	2,218	**335,085**	34,329	44,107
Dividend income	-	-	92	-	694	**786**	92	-
Net trading income (including result on foreign exchange)	28,377	20,131	85,358	60,554	21,551	**215,972**	18,095	(20)
Result on investment activities	-	-	-	-	3,829	**3,829**	-	-
Result on hedge accounting	-	-	-	-	5,121	**5,121**	-	-
Other operating income and expenses	(8,237)	(97)	(835)	(13)	(6,022)	**(15,203)**	(118)	(2,169)
Result from derecognition of financial assets measured at amortized cost due to material modification	(399)	(292)	-	-	(2,719)	**(3,410)**	191	(666)
Result of allowance for expected credit losses of financial assets and provisions for contingent liabilities	(12,589)	(5,151)	(40,782)	(37,591)	(251)	**(96,365)**	(58)	(12,336)
Result on legal risk related to foreign currency loans	(21,000)	-	-	-	-	**(21,000)**	-	-
General administrative expenses	(316,210)	(43,691)	(151,691)	(30,754)	(252,926)	**(795,273)**	(4,684)	(81,603)
Depreciation and amortization	(31,379)	(514)	(17,981)	(4,402)	(71,528)	**(125,804)**	(73)	(4,280)
Expense allocation (internal)	(210,118)	(54,369)	(49,618)	(70)	314,174	**-**	-	(31,311)
Operating result	**390,865**	**103,920**	**312,408**	**34,075**	**64,444**	**905,714**	**228,888**	**96,244**
Tax on financial institutions	(47,834)	(6,680)	(31,991)	(6,827)	(11,866)	**(105,199)**	**-**	(13,676)
Profit before income tax	**343,031**	**97,240**	**280,417**	**27,248**	**52,578**	**800,515**	**228,888**	**82,568**
Income tax expense	-	-	-	-	-	**(209,927)**	-	-
Net profit for the period						**590,588**		
Statement of financial position as of 31.03.2024*								
Segment assets	44,241,900	6,745,374	31,188,298	5,089,125	80,274,894	**167,539,589**	14,475,650	15,135,293
Segment liabilities	76,154,055	17,670,878	45,168,667	-	13,151,934	**152,145,533**	12,650,778	-

* As the figures have been rounded and presented in PLN ‘000, in some cases their total may not correspond to the exact grand total.

47. THE SHAREHOLDER'S STRUCTURE OF BNP PARIBAS BANK POLSKA S.A.

The table below shows the Bank's shareholding structure as at 31 March 2025, including those holding at least 5% of the total number of votes at the General Meeting of Shareholders:

Shareholder	Number of shares	Percentage interest in share capital	Number of votes at the general shareholders' meeting	Percentage share in the total number of votes at the general shareholders' meeting
BNP Paribas, total:	120,124,392	81.28%	120,124,392	81.28%
BNP Paribas directly	84,634,166	57.26%	84,634,166	57.26%
BNP Paribas Fortis SA/NV directly	35,490,226	24.01%	35,490,226	24.01%
Other shareholders	27,675,478	18.72%	27,675,478	18.72%
Total	**147,799,870**	**100.00%**	**147,799,870**	**100.00%**

* Due to rounding, individual values may not add up.

There were no changes in the Bank's shareholding structure in the first quarter of 2025.

As of 31 March 2025, the Bank's share capital amounted to PLN 147,799,870 thousand.

The share capital is divided into 147,799,870 shares with the par value of PLN 1.00 each, including: 15,088,100 A series shares, 7,807,300 B series shares, 247,329 C series shares, 3,220,932 D series shares, 10,640,643 E series shares, 6,132,460 F series shares, 8,000,000 G series shares, 5,002,000 H series shares, 28,099,554 I series shares, 2,500,000 J series shares, 10,800,000 K series shares, 49,880,600 L series shares, 302,636 M series shares and 78,316 N series shares.

Four B series registered shares in the Bank are preference shares with respect to payment of the full par value per share in the event of the Bank's liquidation, once the creditors' claims have been satisfied, with priority over payments per ordinary shares, which, after the rights attached to the preference shares have been exercised, may be insufficient to cover the total par value of those shares.

The total number of votes resulting from all the Bank's shares was 147,799,870 votes. The number of votes resulting from the M series shares granted in 2024 was 44,608 votes and from the N series shares 78,316 votes respectively.

The amount of the conditional share capital increase after the issue of M and N series shares is PLN 1,395,048.

Intention of BNP Paribas regarding the liquidity of the Bank's shares

In accordance with the information received from BNP Paribas S.A. - the Bank's main shareholder – BNP Paribas SA declares its intention to increase the number of the Bank's free float shares to at least 25% in the future.

BNP Paribas Bank Polska shares held by the members of the Bank's Management Board and Supervisory Board

Summary of the holdings of Bank shares and share entitlements by members of the Bank's Management Board and Supervisory Board as at the date of submission of the Financial Statements for the first quarter of 2025 (14 May 2025) and the report for 2024 (13 March 2025) is presented below.

MEMBER OF THE BANK'S MANAGEMENT BOARD	SHARES	SUBSCRIPTION WARRANTS[1]	SALE OF SHARES	SHARES	SUBSCRIPTION WARRANTS[2]
	13.03.2025	13.03.2025		14.05.2025	14.05.2025
Przemysław Gdański	39,366	8,280	-	47,646	8,203
André Boulanger	-	5,953	-5,953	-	5,163
Małgorzata Dąbrowska	-	-	-	-	1,208
Wojciech Kembłowski	-	3,671	-3,671	-	3,590
Piotr Konieczny	-	455	-	455	1,571
Magdalena Nowicka	-	2,392	-	2,392	2,632
Volodymyr Radin	-	1,364	-	1,364	2,333
Agnieszka Wolska	4,095	2,443	-	6,538	2,905

MEMBER OF THE BANK'S SUPERVISORY BOARD	SHARES	SUBSCRIPTION WARRANTS[1]	SALE OF SHARES	SHARES	SUBSCRIPTION WARRANTS[2]
	13.03.2025	13.03.2025		14.05.2025	14.05.2025
Jean-Charles Aranda	-	1,828	-	1,828	770

1) A5 series subscription warrants taken up on 21.03.2024. - one A5 series warrant entitles to acquire one M series ordinary bearer share of BNP Paribas Bank Polska S.A., at the issue price of PLN 1.00 per share and B2 series - one B2 series warrant entitles to take up one N series ordinary bearer share of BNP Paribas Bank Polska S.A., at the issue price of PLN 1.00 per share.
2) Subscription warrants taken up on 24.03.2025: series A6 - one series A6 warrant entitles to take up one series M ordinary bearer share of BNP Paribas Bank Polska S.A., at the issue price of PLN 1.00 per share; and series B3 - one series B3 warrant entitles to take up one series N ordinary bearer share of BNP Paribas Bank Polska S.A., at the issue price of PLN 1.00 per share.

The other members of the Supervisory Board did not declare their ownership of the Bank's shares/entitlements as of 14 May 2025, which has not changed since the date of the 2024 report (13 March 2025).

48. DIVIDENDS PAID

The Annual General Meeting of the Bank on 15 April 2025 adopted a resolution on the payment of a dividend from the net profit made in 2024. Based on that, the Bank paid a dividend in the amount of PLN 1,162,340,659.26, i.e. PLN 7.86 per share. The dividend covers all shares issued by the Bank, i.e. 147,799,870 shares.

The dividend date was set for 22 April 2025 and the dividend payment date for 9 May 2025.

49. DISTRIBUTION OF RETAINED EARNINGS

In accordance with the Resolution No. 7 of the Annual General Meeting of the Bank dated 15 April 2025 on distribution of the profit of BNP Paribas Bank Polska Spółka Akcyjna and payment of a dividend for the financial year 2024 from the net profit generated in 2024 in the amount of PLN 2,320,797,922.26 (two billion three hundred twenty million seven hundred ninety seven thousand nine hundred and twenty two zlotys and twenty six groszy) the Bank will allocate PLN 1,162,340,659.26 to dividend, PLN 658,457,263.00 is planned to be allocated to the reserve capital and the remaining part remains as undistributed profit.

50. LITIGATION, CLAIMS AND ADMINISTRATIVE PROCEEDINGS

Legal risk

As of 31 March 2025, there were no proceedings in the court, arbitration tribunal or state administration authorities regarding liabilities or receivables of the Bank, the value of which would exceed 10% of the Bank's equity.

Court decision regarding calculation of the interchange fee

On 6 October 2015, the Court of Appeals issued a decision regarding calculation of the interchange fee by banks acting in agreement. Thus, the decision of the first instance (Regional) Court of 2013 was changed by dismissing the banks' appeals in whole, while upholding the appeal brought by the Office of Competition and Consumer Protection (UOKiK), which had questioned a considerable reduction in the fines by the first instance court. This denotes that the penalty imposed under the first decision of the President of UOKiK of 29 December 2006 was upheld. It involved a fine levied on 20 banks, including Bank BGŻ S.A. and Fortis Bank Polska S.A., for practices limiting competition by calculating interchange fees on Visa and MasterCard transactions in Poland in agreement.

The total fine levied on Bank BGŻ BNP Paribas S.A. (presently BNP Paribas Bank Polska S.A.) amounted to PLN 12,554 thousand and included:

- a fine for the practice of Bank Gospodarki Żywnościowej in the amount of PLN 9,650 thousand; and
- a fine for the practice of Fortis Bank Polska S.A. (FBP) in the amount of PLN 2,895 thousand.

The penalty was paid by the Bank on 19 October 2015. The Bank prepared a last resort appeal against the aforesaid court decision and brought it on 25 April 2016. On 25 October 2017, the Supreme Court overruled the judgment of the Court of Appeal and remitted the case. Acquisition of the core business of RBPL did not change the situation of the Bank as RBPL was not a party to this claim.

On 23 November 2020, the Court of Appeal quashed the judgment of the first instance court and remitted the case for re-examination. In November 2022, the first hearing was held. The case is pending.

Corporate claims against the Bank (interchange fee)

As of 31 March 2024 the Bank received:

- 33 requests for settlement from companies (merchants), due to interchange fees paid in relation to the use of payment cards, (two from companies which submitted their requests twice and, one from the company which submitted its request three times and one from a company which submitted two requests for different payment methods). The total amount of these claims was PLN 1,028,020 thousand, including PLN 1,018,050 thousand where the Bank had joint responsibility with other banks.
- 4 requests for mediation before the PFSA. The requests were sent to the Bank by the same entrepreneurs who had previously submitted requests for a settlement attempt. The total value of claims arising from the above applications amounts to PLN 40,290 thousand, of which PLN 37,790 thousand relates to joint liability with other banks.
- Most of the settlement requests after the Bank's refusal to enter into negotiations did not end up in court.

Litigation and claims of investment fund participants in connection with the performance of the function of investment fund depositary.

As of 31 March 2025, the Bank had received a total of 179 individual lawsuits and six collective lawsuits by investment fund participants, related to the performance of the function of investment fund depositary (including the performance of this function by Raiffeisen Bank Polska S.A.).

The total amount of claims under the above-mentioned lawsuits is PLN 208,045 thousand. The total amount of provision is PLN 2,800 thousand.

The first two group lawsuits were filed by participants of the Retail Parks Fund Closed Investment Fund of Non-Public Assets in Liquidation (hereinafter RPF Fund), respectively: on behalf of 397 participants, value of claims: PLN 96,221 thousand and on behalf of 181 participants, value of claims: PLN 25,302 thousand.

Other group lawsuits concern the determination of the Bank's liability for the Bank's operations as depositary of the following funds: 3) PSF 2 Closed Investment Fund of Non-Public Assets (on behalf of 17 fund participants; no indication of the amount of claims), 4) PSF Closed Investment Fund of Non-Public Assets (on behalf of 81 fund participants; no indication of the amount of claims), 5) EPEF Closed Investment Fund of Non-Public Assets (lawsuit filed on behalf of 42 fund participants; the amount of claims – PLN 128 thousand) and 6) PSF Lease Closed Investment Fund of Non-Public Assets (on behalf of 38 fund participants; the amount of claims: PLN 8,988 thousand).

The allegations raised in the lawsuits focus, in particular, on the improper performance by Raiffeisen Bank Polska S.A., and then the Bank, of its obligations to ensure that the value of an investment fund's net assets and the value of net assets per investment certificate are calculated in accordance with the law and the investment fund's statute, and the obligation to verify the compliance of an investment fund's operations with the law governing investment funds or with the statute. The Bank's position is that the claims of fund participants against tha Bank are unfounded.

By 31 March 2025, there were a total of **15 non-final judgments of the courts** of first instance:

- 1 judgment unfavourable to the Bank (the Court in the case concerning the InMedica fund awarded the amount of: PLN 64 thousand in favour of the plaintiff due to improper diversification of the fund's assets);
- 14 judgments in favour of the Bank (actions of individual fund participants dismissed due to lack of prerequisites for the Bank's liability for damages).

Administrative proceedings of the Polish Financial Supervision Authority for the imposition of a penalty in connection with the performance of the function of depositary of investment funds

On 28 September 2022 the Polish Financial Supervision Authority initiated administrative proceedings for the imposition of an administrative penalty against the Bank pursuant to Article 232(1a) of the Act on Investment Funds and Management of Alternative Investment Funds, in connection with the Bank's suspected breach of the provisions of the aforementioned Act during the period 31 January 2017 to 31 August 2019, by failing to exercise due diligence on the factual and legal acts carried out by two investment funds, PSF Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych and PSF 2 Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych, to ensure that the net asset value of these funds and the net asset value per investment certificate were calculated in accordance with the law and the statutes of these funds.

By decision of 14 June 2024, the Polish Financial Supervision Authority imposed a fine of PLN 1,000 thousand on the Bank for breach of obligations related to ensuring that the net asset value of the funds and the net asset value per investment certificate are calculated in accordance with the law, for valuation dates falling between 31 October 2018 and 31 July 2019. In its rationale for the decision, the PFSA indicated that the breach of the aforementioned depositary duties consisted mainly of: i.) not obtaining full information on the financial situation of the issuers of the bonds that the funds were purchasing, which resulted in the Depositary not being able to fully assess the bond issuers' ability to redeem the bonds, ii.) not performing an analysis of the impact of circumstances regarding the financial situation of bond issuers on the rationale for impairment losses on bonds and the final fair value measurement of bonds, iii.) fail to investigate the reasons for negative capital on the part of bond issuers and the possible impact of these circumstances on the bond issuers' ability to repay their bond redemption obligations. The PFSA dismissed the proceedings in part to ensure that the net asset value of these funds and the net asset value per investment certificate are calculated in accordance with the statutes of these funds for the asset valuation days falling between 31 October 2018 and 31 July 2019, and in part to ensure that the net asset value of these funds and the net asset value per investment certificate are calculated in accordance with the law and the statutes of these funds for the asset valuation days falling between 31 January 2017 and 30 October 2018 (acting as depositary by Raiffeisen Bank Polska S.A.) and from 1 August 2019 to 31 August 2019.

On 4 July 2024 the Bank applied for reconsideration of the case by the Polish Financial Supervision Authority.

The Bank has created a provision in the amount of the penalty imposed.

The Polish Financial Supervision Authority has informed the Bank that the proceedings to determine the aforementioned application are scheduled to be completed in June 2025.

On 7 December 2022, the Polish Financial Supervision Authority initiated administrative proceedings for the imposition of a penalty under Article 232(1a) of the Act on Investment Funds and Management of Alternative Investment Funds, in connection with the Bank's suspected breach of the provisions of the aforementioned Act in the years 2017 - 2019, by failing to exercise continuous control over the factual and legal actions carried out Retail Parks Fund Non-Public Assets Closed-End Investment Fund, in connection with the valuation of the fund's assets, aimed at ensuring that the net asset value of the fund and the net asset value per investment certificate are calculated in accordance with the law.

By decision of 14 June 2024, the Polish Financial Supervision Authority imposed a fine of PLN 500 thousand on the Bank for breach of duties related to ensuring that the fund's net asset value and the net asset value per investment certificate were calculated in accordance with the law, for the valuation days falling on 30 November 2018 and 28 February 2019.

In the justification for the decision, the PFSA indicated that the breach of the above-mentioned duties of the Depositary consisted primarily in the failure to conduct a thorough analysis of the circumstances affecting the determination of the situation of the issuers of the bonds purchased by the fund and to obtain sufficient information on the circumstances affecting this situation.

As a result the Depositary did not recognise the legitimacy of making impairment allowances for the bonds in an appropriate amount and the valuation of the bonds was inadequate to their actual value. The PFSA dismissed the proceedings in the part concerning the suspected breach in the period from 1 January 2017 to 30 October 2018.

On 4 July 2024 the Bank has applied for reconsideration of the case by the Polish Financial Supervision Authority.

The Bank has created a provision in the amount of the penalty imposed.

The Polish Financial Supervision Authority informed the Bank that the proceedings for the recognition of the aforementioned application are scheduled to be completed in May 2025.

Proceedings on practices violating collective consumer interests - unauthorised transactions

On 8 July 2022, the Office of Competition and Consumer Protection (UOKiK) initiated proceedings related to the practices violating the collective interests of consumers. The UOKiK alleges that the Bank, upon receipt of a consumer complaint regarding an unauthorised transaction, does not automatically return funds to customers within the D+1 deadline, but instead conducts an initial clarification procedure to determine whether the transaction in question should be considered as accepted/conducted by the customer. The second allegation of the UOKiK relates to the Bank providing inappropriate information to customers when rejecting complaints about the disputed transaction. When rejecting such complaints, the Bank explained that, according to its systems, the transaction is considered authorised, because it has been confirmed in accordance with the provisions of the contract applicable to the customer, including through elements that only he/she should be aware of, and thus, if the customer questions this the situation should be considered as customer negligence.

The UOKiK made similar allegations against more than a dozen other banking sector entities.

In August and December 2024 as well as in March 2025, the UOKiK requested additional information. The proceedings were extended until 11 August 2025.

Proceedings for practices violating the collective interests of consumers - credit holidays

On 5 September 2022, the Bank received the UOKiK's decision to initiate proceedings against practices that violate the collective interests of consumers by limiting the possibility to apply for a mortgage loan withholding by limiting one application to 2 months, whereas the customer should be able to apply for all periods at the same time (up to 8 months).

The Bank disagreed with the allegations and has sent its reply to UOKiK, in which it pointed that the Bank accepted and processed all individual applications applied by customers (for any number of months). Thus, there was no violation of the collective interests of consumers, as the Bank did not deprive customers of their rights, but only failed to fully automate the electronic application as of the effective date of the law. At the same time, the Bank informed UOKiK that it had changed the questioned practice by launching a new application form in GOonline e-banking on 8 September 2022, allowing customers to apply for any/all periods simultaneously (up to 8 months).

<u>On 17 January 2023, the Bank received the Decision of the UOKiK, in which:</u>

- it recognized the questioned practice as violating the collective interests of consumers;
- the practice was found to be abandoned;
- it ordered publication of the decision;
- it imposed a penalty on the Bank in the amount of PLN 2,721 thousand (reduced by 50% (30% - for cessation of the practice, 20% as a result of initiating a meeting and expressing willingness to cooperate).

On 17 February 2023, the Bank has appealed the decision to the Competition and Consumer Protection Court. On 8 December 2023, the court delivered to the Bank the UOKiK's response to the Bank's appeal, filed with the UOKiK on 28 August 2023.

The Bank has created a provision in the amount of the penalty imposed.

On 24 March 2025, the Court announced its judgment dismissing the Bank's appeal.

The bank has filed a motion to justify the judgment.

Court proceedings concerning the institution of free credit sanctions referred to in Article 45 of the Consumer Credit Act of 12 May 2011 ('u.k.k.')

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.

The first lawsuits related to customers' use of the free credit sanction institution started to be received by the Bank in 2021. As at 31 March 2025, the Bank had received 935 lawsuits with a total litigation value of PLN 19,817 thousand.

The Bank disputes the validity of the claims raised in these cases. The jurisprudence to date is overwhelmingly in favour of the Bank.

The majority of court proceedings are pending before courts of first instance. There were 93% of favourable judgements in finalised cases as at 31 March 2025.

Out of all the cases pending against the Bank: 647 are at first instance, 136 are at the second instance stage, while 152 have been finalised.

The use of the sanction of free credit is also alleged in the Bank's debt collection proceedings. As at 31 March 2025, the plea in question has been raised in 37 such cases.

Legal issues concerning the institution of the sanction of free credit are the subject of numerous preliminary questions addressed by Polish courts to the Court of Justice of the European Union (CJEU), concerning:

- the admissibility of interest on non-interest credit costs and the information obligations incumbent on financial institutions in this regard (C-566/24 and C-744/24),
- the interpretation of the one-year time limit for declaring the sanction of free credit (Case C-566/24),
- the scope of the consumer's information on the early repayment procedure (Cases C-566/24, C-831/24) and the consumer's right of withdrawal (Case C-566/24),
- examination by the court of its own motion of the creditor's infringement of provisions other than those specified in the declaration of free credit (Case C-831/24),
- 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)
- the permissible method of determining the consideration to which a consumer is entitled under an assignment agreement (Case C-600/24),
- the application of the sanction of free credit in the light of the principle of proportionality (C-566/24, C-831/24).

On 24 October 2024, the Court of Justice (EU) handed down its judgment in Case C-339/23 (Horizon). The CJEU ruled that the provisions of Directive 2008/48/EC of the European Parliament and of the Council of 23 April 2008 on credit agreements for consumers and repealing Council Directive 87/102/EEC allow the Member States to introduce various sanctions for failure to carry out a consumer credit assessment and for breach of the information obligations set out in the Directive. The CJEU did not analyse the Polish legislation or identify a specific sanction for breaching the obligation to carry out a consumer creditworthiness assessment, noting that the choice of sanctions is up to the Member State, provided that they are effective, proportionate and dissuasive. In Article 45 u.k.k., the legislator did not provide for the possibility of applying a free credit sanction for a bank's breach of its obligation to examine the consumer's creditworthiness.

On February 13, 2025, the CJEU issued a judgment in case C-472/23, concerning the impact of overstating the annual percentage rate of charge, i.e., APR (as a result of provisions providing for interest on non-interest costs being declared unlawful), on the breach of the information obligation by the lender, which may result in the application of the free credit sanction, the principles of formulating clauses providing for the conditions for changing fees and commissions, and the proportionality of national regulations providing for a uniform sanction for each breach of information obligations. The CJEU ruled:

1. the fact that the value of the APR quoted in the credit agreement was inflated as a result of the recognition of certain contractual terms as abusive does not in itself constitute a breach of the information obligation imposed on the lender which may result in the application of the free credit sanction,

2. clauses in a credit agreement which provide for a change in the amount of charges payable under the agreement shall be set out in a clear and comprehensible manner, so that a reasonably well-informed and reasonably observant and diligent consumer is able to ascertain the circumstances justifying any increase in charges and the effect of such circumstances on the change in charges,

3. the principle of the proportionality of penalties does not preclude national legislation which, in the event of a breach of an information obligation imposed on the lender, provides for a unified penalty consisting in the removal of the lender's right to interest and charges, irrespective of the individual gravity of such a breach, in so far as that breach is likely to affect the consumer's ability to assess the extent of his obligation.

The interpretation of the provisions on the institution of free credit sanctions is also the subject of legal issues referred for consideration by the Supreme Court, concerning: the interpretation of the one-year time limit for the submission of the declaration on the use of free credit sanctions, as well as the admissibility of interest on non-interest costs and the possibility of applying free credit sanctions on this account (ref. III CZP 3/25).

Lawsuits concerning mortgage loan agreements with interest rates based on WIBOR

In the first quarter of 2022, the first media reports of lawsuits against banks challenging WIBOR in loan agreements (with allegations that clauses relating to WIBOR are abusive, or alternatively that the agreement is invalid) appeared in Poland. These lawsuits seek to challenge WIBOR as the basis for variable interest rates. In addition, the extent to which and the manner in which consumers are provided with instructions and information about the volatility of the index as well as the methods of calculating the index and the factors influencing its change are undermined.

In January 2023, the Bank received the first lawsuits challenging the WIBOR and variable interest rate clauses based on the WIBOR benchmark in the mortgage loan agreements.

By 31 March 2025, the Bank had received a total of 73 lawsuits (two lawsuit was withdrawn). The lawsuits were filed on behalf of consumers and relate to mortgage loan agreements in PLN, only 1 lawsuit was filed by an entrepreneur and relates to a revolving credit agreement.

In the case of the Bank's products offered to consumers, only mortgage loans and certain products for Wealth customers are based on the WIBOR reference index. The total value of the subject of litigation in ongoing court proceedings is PLN 19,070 thousand, of which PLN 4,136,384 thousand is covered by a demand for payment. Most of the court proceedings are pending before the courts of first instance. In four cases, judgments of the court of first instance favourable to the bank were issued, two of which is legally binding

In addition, in 19 debt collection cases brought by the Bank, customers have raised arguments challenging WIBOR as a reference index.

The vast majority of lawsuits are submitted along with applications for injunctive relief by withholding the interest portion of the instalment based on the WIBOR interest rate for the duration of the lawsuit. The majority of applications are dismissed by the courts (62 out of 69 applications for security were dismissed).

As at 31 March 2025, there is only one ruling granting the application for security after the Bank's appeal was dismissed.

The Bank's position is that the clients' claims are unjustified, 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 assessment 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.

According to data from the Polish Bank Association (as at the end of March 2025), there are currently 1,755 court proceedings underway in which customers are appealing against contractual provisions providing for interest rates based on the WIBOR reference rate. In 152 judgments out of 159 passed, the courts of first instance have issued rulings in favour of the banks. 100 proceedings have been finally concluded, including one final judgment unfavourable to the bank (however, the invalidity of the agreement was due to reasons other than the WIBOR index).

In an order of 31 May 2024 in a case brought by borrowers against PKO BP SA, the Regional Court of Częstochowa addressed legal questions to the CJEU concerning the possibility of examining contractual provisions concerning variable interest rates based on the WIBOR index, the bank's information obligations regarding variable interest rate risk and the possibility of continuing a loan agreement based on a fixed margin if contractual provisions concerning variable interest rates based on the WIBOR are considered unfair. The case registered under case number C-471/24 has not yet been decided.

Administrative proceedings of the Polish Financial Supervision Authority regarding the imposition of a penalty

On 22 November 2023 the Polish Financial Supervision Authority initiated administrative proceeding against BNP Paribas Bank Polska S.A. in respect of the imposition of a penalty under Article 176i(1)(4) of the Act on Trading in Financial Instruments. At the current stage of the proceedings, it is not possible to reliably estimate the size of the potential penalty.

Litigation concerning CHF credit agreements in the banking sector

According to data from the Polish Bank Association, the number of pending lawsuits relating to CHF-indexed/denominated loan agreements at the end of March 2025 was over 166 thousand compared to over 169 thousand at the end of 2024.

Proceedings instigated by the Bank's customers being parties to CHF denominated loan agreements

The gross balance sheet value of residential mortgage loans granted to retail customers in CHF as at 31 March 2025 amounted to PLN 375,469 thousand, compared with PLN 406,207 thousand at the end of 2024.

As at 31 March 2025, the number of active foreign currency and CHF-denominated loans amounted to 8,3 thousand.

As at 31 March 2025, the Bank was a defendant in 6,469 (417 new cases in 2025) pending court proceedings (including legally finalised cases, customers brought a total of 10,008 claims against the Bank), in which they demand either that a foreign currency or CHF-denominated mortgage loan agreement be declared invalid or that the agreement be declared permanently ineffective and the amounts paid to date be repaid. The claims are based on the presence of abusive provisions in the agreement which do not allow the agreement to be sustained (Article 385[1] of the Civil Code); the Bank is not a party to any collective claim involving such loan agreements.

The total value of the claims asserted in the currently pending cases as at 31 March 2025 amounted to PLN 3,429,290 thousand (PLN 3,495,835 thousand as at 31 December 2024), and in the legally concluded cases to PLN 1,374,657 thousand (PLN 1,141,019 thousand as at 31 December 2024).

By 31 March 2025, in 3,539 finalised proceedings, there were 1,012 judgments in favour of the Bank, including 664 in connection with court settlements, and in 2,527 cases the courts ruled against the Bank, declaring the loan agreement invalid or permanently ineffective.

The Bank continuously assesses the impact of legal risks related to pending court proceedings involving denominated or foreign currency loans, taking into account the current status of judgments in cases against the Bank and the line of jurisprudence.

The Polish courts, despite the different indications resulting from the rulings of Court of Justice (EU) (C-19/20 and C-932/19), in the vast majority rule on the invalidity or ineffectiveness of credit agreements.

The total impact of legal risk related to litigation recognised in the Bank's statements as at 31 March 2025 was PLN 2,987,597 thousand (PLN 3,238,760 thousand as at 31 December 2024), with an impact of PLN 64,905 thousand on the Bank's statement of profit or loss in the first quarter of 2025 (PLN 795,728 thousand in 2024).

Changes in the total impact of legal risks related to litigation in the first quarter of 2025 are presented in the table below (in PLN thousand):

Total impact of legal risk	1Q 2025 from 01.01.2025 to 31.03.2025	1Q 2024 from 01.01.2024 to 31.03.2024
Opening balance	**3,238,760**	**3,404,016**
Increase in the profit and loss account	64,905	21,000
Utilization	(213,484)	(195,145)
Exchange rate differences	(102,584)	(172,483)
Closing balance	**2,987,597**	**3,057,388**

In the first quarter of 2025, the Bank used PLN 91,818 thousand from the estimated impact of legal risk of CHF loans in connection with settlements reached (in the first quarter of 2024, the Bank used PLN 79,374 thousand on this account).

In the first quarter of 2025, the Bank used PLN 121,666 thousand from the estimated impact of legal risk of CHF loans in connection with final judgments received declaring loan agreements invalid (in the first quarter of 2024, the Bank used PLN 115,771 thousand on this account).

The total impact of legal risk related to litigation is presented in the table below (in PLN thousand):

31.03.2025	Gross carrying value (before adjustment for legal risk)	Impact of legal risks	Gross carrying value (after adjustment for legal risk)
CHF mortgage loans for individuals	1,846,163	1,470,694	375,469
Impact of legal risk recognized as provisions for litigation	-	1,516,903	-
Total impact of legal risk		**2,987,597**	

31.12.2024	Gross carrying value (before adjustment for legal risk)	Impact of legal risks	Gross carrying value (after adjustment for legal risk)
CHF mortgage loans for individuals	2,080,799	1,674,592	406,207
Impact of legal risk recognized as provisions for litigation	-	1,564,168	-
Total impact of legal risk		**3,238,760**	

In estimating the impact of legal risk, the Bank takes into account, among other things, the estimated number of future lawsuits, the number of lawsuits filed, the probability of losing the case, and the Bank's estimated loss in the event of an unfavourable judgment. In addition, the Bank included in the model the estimated number of settlements that will be made with customers. The amount of the estimated impact of the legal risk associated with the settlements was PLN 127,231 thousand from the total impact estimate.

The Bank estimates the probability of losing a case based on historical judgments, separately for the foreign currency and denominated loan portfolios. Due to the observed volatility in case law, the Bank, when estimating the probability of an adverse judgment, takes into account judgments made after 31 December 2020.

In estimating the loss in the event of a judgment declaring the loan invalid, the Bank assumes that the customer is obliged to return the capital paid out without taking into account other benefits from the consumer (remuneration for the use of the capital or valorisation), that the Bank is obliged to return the sum of the capital and interest instalments repaid together with the statutory default interest awarded and that the Bank writes off the credit exposure. The loss estimate takes into account the time value of money.

The accounting effect of signing a settlement agreement with a customer is the derecognition of a CHF loan, recognition of a new loan in PLN and the recognition of a result from the derecognition and the recording of settlements with customers.

The accounting effect of the final judgment declaring the loan agreement invalid is the derecognition of CHF loan exposure and the recording of settlements with customers due to the declaration of invalidity of the agreement.

Should the assumed average loss change by +/- 5%, with all other significant assumptions unchanged, the amount of the estimated impact would change by +/- PLN 96,704 thousand.

The Bank conducted a sensitivity analysis of the model used to estimate the number of lawsuits lost. A change in this estimate would have the following impact on the estimated loss due to legal risk related to CHF loans.

Parameter	Scenario	Impact on Bank's loss due to legal risk
Percentage of lost cases	+5 p.p.	+PLN 72,270 thousand
	-5 p.p.	-PLN 99,526 thousand

The Bank conducted a sensitivity analysis of the model used to estimate the number of future lawsuits.

A change in the number of future lawsuits would have the following impact on the estimated loss due to legal risk related to CHF loans.

Parameter	Scenario	Impact on Bank's loss due to legal risk
Number of future lawsuits	+20%	+PLN 41,055 thousand
	-20%	-PLN 41,055 thousand

Additionally, according to the Bank's assessment if 1% of customers with CHF loans filed a lawsuit against the Bank, the loss due to legal risk would increase by approx. PLN 31,924 thousand.

When calculating the expected loss on legal risk related to CHF loans, the Bank takes into account the available historical data, including the content of judgments in concluded cases. The Bank monitors the number of collected certificates and the changing number of lawsuits in order to update the estimated impact of legal risk of foreign currency loans accordingly

The current line of jurisprudence in cases involving actions by CHF borrowers is unfavourable to banks, but nevertheless some legal issues are still not clarified, in particular the qualification of loans as foreign currency loans. The above issues are relevant to the assessment of the risks associated with proceedings involving part of the Bank's portfolio

The Bank monitors the courts' rulings on an ongoing basis and will adjust the level of estimated impact of legal risk to the current case-law. At the same time, the Bank is aware that the assumptions made are subject to a subjective assessment of the current situation, which may change in the future. In determining the value of the estimated impact of legal risk, the Bank relies on all information available at the date of signing the financial statements.

At the same time, the Bank has taken into account the right to recognise a deferred tax asset in connection with the entitlement to apply a tax preference in respect of settlements falling within the scope of the Ordinance of the Minister of Finance of 11 March 2022, as amended by the Ordinance of 20 December 2022, in force until the end of 2024, on the abandonment of the collection of income tax on certain income (revenue) related to a residential mortgage loan.

As at 31 December 2024, the Bank held assets of PLN 38,165 thousand, of which PLN 14,302 thousand was realised in the first quarter of 2025. At the end of March 2025, based on the current estimate of the impact of the legal risk associated with foreign currency loans, the Bank recognises PLN 20,703 thousand in assets with an expected realisation by the end of 2025.

In addition, the Bank based on:

- the ruling of the Supreme Administrative Court on the tax treatment of returned interest related to cancelled foreign currency loan agreements and the exchange rate differences arising in relation to these loans, recognised in previous years, as well as the individual interpretation, according to which statutory interest for late payment ordered by the court consists of a tax-deductible cost for the Bank on the date of payment and
- analyses made of the impact of the above items on the estimate of deferred income tax,

recognised deferred tax assets.

As at 31 December 2024, the amount of this asset was PLN 143,911 thousand, of which the Bank realised an asset of PLN 11,160 thousand in the first quarter of 2025 in connection with the settlement of the cancellation of CHF loans for 2024, which was recognised in the CIT 2024 return. As at 31 March 2025, the value of the asset in connection with anticipated cancellations is PLN 153,332 thousand.

Case law of the Court of Justice (EU)

On 12 January 2024, the CJEU issued its decision in Case **C-488/23**, concerning the admissibility of the judicial valorisation of a bank's consideration in the form of the paid-out capital of a loan. Referring to Case C-520/21, the CJEU pointed out that, where a credit agreement is declared invalid in its entirety as a result of the elimination of abusive clauses from it, the provisions of Directive 93/13 preclude a judicial interpretation of the law of a Member State according to which a credit institution is entitled to demand from the consumer, in addition to reimbursement of the capital disbursed pursuant to the credit agreement and statutory default interest from the date of the demand for payment, compensation consisting in a judicial adjustment of the benefit of the capital disbursed in the event of a material change in the purchasing power of money after that capital has been paid to the consumer.

On 25 April 2024, the CJEU issued its judgments in Cases **C-484/21** and **C-561/21**, concerning the running of limitation periods for actions raised on the basis of claims of prohibited terms.

In the first judgment, the CJEU stated that the provisions of Directive 93/13 preclude:

- the limitation period for a claim for reimbursement of expenses incurred by the consumer when concluding a contract with the trader in respect of a term which has been found unfair by a final court ruling subsequent to the payment of those expenses started to run from the date of that payment, irrespective of whether the consumer was or could have been aware of the unfair nature of the term at the time of that payment or before that term was declared invalid by the judgment,
- the limitation period for a claim for reimbursement of costs incurred by a consumer on the basis of a term in a contract with a trader which has been found unfair by a final judgment of a court shall start to run on the day on which the national supreme court delivered an earlier judgment, in a separate case, declaring a standard term corresponding to that term in that contract unfair.

In the second judgment, the CJEU ruled that the provisions of Directive 93/13:

- do not preclude the limitation period for a claim for the reimbursement of costs incurred by a consumer in respect of a contractual term declared unfair by a final judgment of a court following payment of those costs from running from the date on which the judgment becomes final, subject to the trader being able to prove that the consumer knew or could have known of the unfair nature of the term in question prior to that judgment,
- preclude the running of the limitation period for a claim for reimbursement of the costs incurred by a consumer in respect of a term in a contract concluded with a trader, the unfair nature of which has been established by a final court judgment subsequent to the payment of those costs, from starting on an earlier date on which the national supreme court has, in separate cases, delivered judgments declaring unfair the terms corresponding to the relevant term of that contract,
- preclude the limitation period for a claim for reimbursement of costs incurred by a consumer on the basis of a term of a contract concluded with a trader which has been declared unfair by a final court judgment from running from the date of certain judgments of the CJEU which confirmed in principle the compatibility with European Union law of the limitation periods for claims for reimbursement.

The CJEU confirmed that a consumer's claim to establish the unfairness of contractual terms is not time-barred, whereas a consumer's restitutionary claims (for reimbursement of benefits provided on the basis of unfair contractual terms) may be time-barred, provided that the time limits set in national law do not make it impossible or excessively difficult for the consumer to pursue claims under Directive 93/13. The CJEU confirmed that the limitation period for a consumer's restitutionary claim cannot start to run before the consumer has become aware of the unfair nature of the contractual term in question. In particular, the time limit cannot start to run already on the date of the consumer's undue performance or on the date of a judgment of the CJEU (e.g. in Case C-260/18) or the Supreme Court in another similar case (without the involvement of that consumer), if at that time the consumer had no knowledge of the unfair nature of the condition.

According to the CJEU, the starting date of the limitation period of a consumer's claim may be, in particular, the date on which the court issues a final judgment in a case involving the consumer, if it was only on that date that the consumer became aware of the unfair nature of the term in question. Due to the scope of the preliminary questions, the CJEU did not rule on the limitation period of the Bank's claims.

On 24 October 2024, it delivered its judgment in Case **C-347/23**, concerning the concept of consumer. According to the CJEU, Directive 93/13 must be interpreted as meaning that an individual who concludes a mortgage credit contract to finance the purchase of a single residential property with a view to renting it out for a consideration falls within the concept of consumer within the meaning of the Directive if that individual is acting for purposes which are outside his trade, business or profession. The mere fact that that natural person seeks to derive an income from the management of that property cannot, in itself, lead to the exclusion of that person from the concept of consumer.

In the first quarter of 2025, the Bank did not record any significant decisions of the Court of Justice (EU) affecting proceedings initiated by the Bank's customers who entered into foreign currency and CHF-denominated loan agreements.

Resolution of the Supreme Court of 25 April 2024

On 25 April 2024, the entire Civil Chamber of the Supreme Court adopted the so-called ‘large resolution on Swiss franc loans issue’, resolving the key legal issues, file III CZP 25/22 according to which:

1) If a provision of an index-linked or denominated loan agreement relating to the method of determining the foreign currency exchange rate consists of an unauthorised contractual term and is not binding, that provision cannot, in the current state of the law, be regarded as being replaced by another method of determining the foreign currency exchange rate which results from legal or customary provisions.

2) If it is not possible to establish a foreign currency exchange rate that is binding on the parties in an indexed or denominated loan agreement, the agreement shall also not be otherwise binding.

3) Where, in the execution of a loan agreement which is not binding due to the illegal nature of its terms, the bank has provided the borrower with all or part of the amount of the loan and the borrower has made repayments of the loan, independent claims for the repayment of the wrongful performance arise in favour of each party.

4) If a loan agreement is not binding because of the illegal nature of its terms, the limitation period for the bank's claim for repayment of sums paid out in respect of the loan begins, as a general rule, from the day following the day on which the borrower questioned the bank about its bindingness to the terms of the agreement.

5) If a loan agreement is not binding because of the illegal nature of its terms, there is no legal basis for either party to claim interest or other remuneration for the use of its funds during the period between the time when the wrongful service was provided and the time when repayment of that service is delayed.

The resolution was passed by a majority. There were separate dissenting opinions from 6 of the 17 judges, primarily as to whether the agreement should be upheld after the elimination of the conversion clauses. In its wording, the resolution refers only to the effects of declaring conversion clauses in indexed or denominated loan agreements abusive (without prejudging the abusiveness of such clauses). The resolution does not apply to foreign currency loans, where the conversion clauses are of an optional nature and as such are not necessary for the execution of the loan agreement.

In the justification for the resolution, published in September 2024, the Supreme Court:

1) distinguished between indexed, denominated and foreign currency loans, indicating that a foreign currency loan should refer to a loan whose amount is denominated in a foreign currency, with disbursement by the bank and repayment by the borrower in the same currency. This type of loans is not the subject of the resolution,
2) confirmed that the limitation period of the bank's claims does not start to run on the date of disbursement of the loan, but only from the date on which the consumer challenged the validity of the agreement with the bank,
3) stated that the consumer's will not to be bound by an illicit provision may be expressed in any way, including by implication,
4) pointed out that exercising the right of set-off makes it possible, partially, to prevent the negative consequences of the limitation period for claims, since, according to Article 502 of the Civil Code, the limitation of a claim does not exclude its set-off if, at the time when the set-off became possible, the limitation period had not yet expired,
5) pointed out that if the defendant has not yet taken action to actualise the claim, raising a plea of set-off may take place not only in the first phase of the trial: the legislator takes into account the necessity of addressing an appropriate request for payment, and then only after the expiry of two weeks from the receivable becoming due, the subject loses the right to raise a plea of set-off. Finally, the defendant may defend himself or herself by filing a counterclaim or by making use of the institution of an anti-enforcement action.

It should be emphasised that the position of the Supreme Court expressed in the justification does not unequivocally resolve previous divergences in case law regarding the definition of a foreign currency loan[1].

However, as the Supreme Court indicated in its reasons for the resolution, this type of credit is not subject to questions from the First President of the Supreme Court.

The Supreme Court noted that in the case of foreign currency loans in which there is no problem of abusiveness in determining the exchange rate at the time of disbursement of the loan by the bank, or in which, as a result of the removal of this abusiveness, the agreement is still in force in a form in which, in principle, repayment of the loan in foreign currency is possible, it may be assumed that Article 358 § 2 of the Civil Code, as the relevant dispositive provision, applies to the conversion of the exchange rate (i.e. the agreement may be continued using the average exchange rate of the National Bank of Poland).

The above approach of the full Chamber of the Supreme Court was reflected in the separate opinion submitted by SSN Dariusz Pawłyszcze to the judgment of the Supreme Court of 25 June 2024, ref. II CSKP 1765/22 (in the Bank case). In the grounds for the separate opinion, published in February 2025, the judge drew attention to the different construction of the Bank's loan agreements and indicated that Resolution III CZP 25/22 does not apply to foreign currency loans, since under such agreements the possibility of repayment in PLN (using the exchange rate tables of the bank concerned) constitutes only an entitlement of the borrower.

Supreme Court case law on CHF denominated and foreign currency loans

On 28 February 2025, a seven-judge panel of the Civil Chamber of the Supreme Court issued a resolution in Case III CZP 126/22, in which it indicated that a bank loan agreement (Article 69(1) of the Act of 29 August 1997. - Banking Law, consolidated text: Journal of Laws 2024, item 1646), is a mutual agreement within the meaning of Article 487 § 2 of the Civil Code.

On 5 March 2025, a seven-judge panel of the Civil Chamber of the Supreme Court issued a resolution in Case III CZP 37/24, in which it indicated that, in the case of claiming from a bank the return of a benefit made on the basis of a credit agreement that turned out to be unbinding, the bank is not entitled to the right of retention under Article 496 in connection with Article 497 of the Civil Code. The Supreme Court in this formation has assumed that a credit agreement is not a mutual contract. This indicates an internal divergence in the jurisdiction of the Supreme Court, as one composition considers a credit agreement to be a mutual contract, while another composition of the same Chamber considers the opposite.

As of the end of March 2025, 244 cassation appeals have been filed with the Supreme Court in cases of CHF loans granted by the Bank, 48 appeals have been accepted by the Supreme Court for examination and are awaiting substantive decision, as to 137 cassation appeals, the Supreme Court has issued a decision on refusal to accept for examination. Five cases have been sent back for examination, while in 11 it dismissed the cassation appeal.

1 Cf. Supreme Court judgment of 20 May 2022, ref. II CSKP 713/22, Supreme Court order of 24 June 2022, ref. I CSKP 2822/22, Supreme Court judgment of 26 January 2023, ref. II CSKP 408/22, Supreme Court judgment of 31 January 2023, ref. II CSKP 334/22, Supreme Court judgment of 15 September 2023, ref. II CSKP 1356/22, Supreme Court judgment of 9 May 2024, ref. II CSKP 2416/22 and Supreme Court judgment of 25 July 2024, ref. II CSKP 1424/22.

Proposed legislation on specific arrangements for the resolution of matters concerning consumer loan agreements denominated or indexed to CHF

In February 2025, a draft of a new Act on special solutions for the recognition of cases concerning loan agreements denominated or indexed to CHF concluded with consumers was published. The Act concerns claims related to a credit agreement concluded with a consumer denominated or indexed to CHF (not applicable to foreign currency loans). The key mechanisms provided for in the Act include:

- the suspension of the consumer's obligation to fulfil his or her obligations under the loan agreement as soon as the lawsuit is served on the bank,
- making a first-instance judgment awarding a monetary benefit to a consumer enforceable as soon as a judgment rendered in closed session is announced or served on the defendant bank,
- removing time limits on raising a set-off, removing interpretative doubts as to whether a declaration of set-off can be made and accepted by a legal representative,
- allowing the Bank's restitution claim to be submitted during proceedings initiated by the consumer,
- granting tax benefits to parties who decide to withdraw appeals addressed to the courts,
- the possibility of hearing the parties in CHF loans-related cases in writing and the exclusion of restrictions on hearing witnesses outside the courtroom in a remote meeting,
- the introduction of a review (so-called pre-court) of cassation appeals accepted by the Supreme Court for examination in CHF loans-related cases, prior to the unification of the jurisprudential line in these cases.

Adoption of the law is tentatively scheduled for the second quarter of 2025. The planned date for the adoption of the draft by the Council of Ministers is set for the second quarter of 2025.

Individual settlements offered by the Bank

Since December 2021, the Bank is involved in individual negotiation processes with its customers with whom the Bank is in dispute or about whom there is a reasonable risk of entering into a dispute. The Bank took this parameter into account when updating the total impact of legal risk.

As of 31 March 2025, the Bank has made individual settlement proposals to 14,040 customers (13,915 customers as of 31 December 2024) and 6,601 customers accepted the terms of the proposals presented (6,202 in 2024) out of which 5,995 settlements were signed (5,550 in 2024).

51. FINANCIAL RISK MANAGEMENT

CREDIT RISK

Credit risk is inherent in the core financial operations of the Group, the scope of which includes both lending and providing funding with the use of capital market products. Consequently, credit risk is identified as the risk with the highest potential to affect the present and future profits and equity of BNP Paribas. Proof of the key nature of credit risk is its 57% share in the total economic capital estimated by the Group for purposes of covering major risks involved in the Bank’s operations, in addition to its 87% share in the total value of regulatory capital.

Credit risk management is primarily aimed at implementation of the Group’s strategy through a harmonious increase in the loan portfolio, accompanied by maintenance of the credit risk appetite at an acceptable level.

Credit risk management principles adopted by the Group include:

- each credit transaction requires comprehensive credit risk assessment expressed in internal rating or scoring;
- in-depth and careful financial analysis serves as the basis for regarding the customer’s financial information and collateral-related data as reliable; prudential analyses performed by the Group always take into account a safety margin;
- as a rule, financing is provided based on the customer’s ability to generate cash flows that ensure payment of liabilities to the Group;
- credit risk assessment is additionally verified by credit risk assessment personnel, independent of the business;
- pricing terms of a credit transaction have to take account of the risk involved in such a transaction;
- credit risk is diversified with regard to geographical regions, industries, products and customers;
- credit decisions may only be taken by competent employees;
- the Group enters credit transactions only with known customers and long-term relationships are the basis for cooperation with customers;
- the customer and the transactions made with the customer are monitored transparently from the perspective of the customer, in a manner strengthening the relationship between the Bank and the customer;

Concentration risk is the Bank's risk inherent to its statutory operations, which is appropriately defined and managed.

The Management Board assesses the concentration risk policy in terms of its application. In particular, it analyses the efficiency and adequacy of the principles applied in the context of the current and planned operations and risk management strategy. The adequacy of the concentration risk management is reviewed if any material changes are observed in the Group's environment or if the risk management strategy is modified. The appropriate assessment of the concentration risk of the Group is highly dependent on correct identification of all key concentration risks.

In justified cases, the Group identifies concentration risk when planning its new activities involving the development and launch of new products, services, expansion to new markets, considerable alterations of products and services or market changes.

Credit portfolio diversification is one of the key credit risk management tools. The Group avoids excessive credit concentration, as it increases the risk. Possible losses pose a considerable threat, and therefore the concentration level should be monitored, controlled and reported to the Group's management. Key concentration risk mitigation tools include risk identification and measurement mechanisms and exposure limits in individual Bank portfolio segments and in subsidiaries. These tools enable internal differentiation of the loan portfolio and mitigation of negative effects of adverse changes in the economy.

A significant concentration area (aspect) is the one whose share in the Group's balance sheet total is equal or higher than 10% or 5% of the net profit planned for a given year. In such cases, a given concentration area (aspect) is subject to analyses, reporting and management under the concentration risk management process.

An important potential source of credit risk is the high concentration of the Bank's credit exposures in individual entities or groups of entities with capital and organisational links. In order to mitigate it, EU Regulation No 575/2013 sets a limit on the Bank's maximum exposure. In accordance with Article 395 of EU Regulation No 575/2013: An institution shall not take on an exposure to a client or group of connected clients the value of which, after taking into account the effect of the credit risk mitigation in accordance with Articles 399 to 403, exceeds 25% of its Tier 1 capital. If such a client is a credit institution or if the group of connected clients includes one or more credit institutions, the value shall not exceed 25% of the credit institution's Tier 1 capital or EUR 150 million, whichever is higher, provided that the sum of the exposure values to all connected clients that are not credit institutions, after taking into account the effect of the credit risk mitigation in accordance with Articles 399 to 403, does not exceed 25% of the credit institution's Tier 1 capital.

As at the end of March 2025: the limits set out in Article 395 of the EU Regulation No. 575/2013 with respect to BNP Paribas S.A Group entities - were not exceeded, the Bank's exposure represented 7.86% of Tier 1 capital on a consolidated basis.

With regard to the limit of exposure to entities outside the BNP Paribas S.A. Group, the limits were not exceeded, the largest exposure represented 21.46% of Tier 1 capital on a consolidated basis.

Concentration risk tolerance in the Group is determined by a system of internal limits, including both assumed development directions and speed of the Group's business, an acceptable level of credit risk and liquidity, as well as external conditions, macroeconomic and sectoral perspective. Among others, internal limits for credit concentration risk are determined for:

- selected sectors / industries;
- exposures denominated in foreign currencies;
- customer segments (intra-bank customer segmentation);
- loans secured with a given type of collateral;
- geographical regions;
- average probability of default;
- exposures with a specified rating (the Group's internal rating scale);
- exposures with a specified debt-service-to-income ratio;
- exposures with a specified loan-to-value ratio

Activities that limit Group's exposure to concentration risk may include systemic measures and one-off / specific decision and transactions. Systemic measures that limit concentration risk include:

- reduction of the scope of crediting of determined customer types through credit policy adjustment;
- reduction of limits charged with concentration risk;
- diversification of asset types on the level of the Group's statement of financial position;
- change of business strategy to ensure prevention of excessive concentration;
- diversification of accepted collateral types.

The Group's concentration risk mitigation activities of a single/specific decision and transaction nature include the following:

- reduction of further transactions with a given customer or a group of related customers;
- sale of selected assets/loan portfolios;
- securitization of assets;
- establishing of new collateral types (e.g. credit derivatives, guarantees, sub-participation, and insurance contracts) for existing or new credit exposures.

The industry concentration analysis covers all the Group's credit exposures to institutional customers. The Group defines industries based on the Polish Classification of Business Activities. The structure of the Group's exposure to industries analysed at the end of March 2025, is characterised by concentration towards the following industries: Agriculture, Forestry, Hunting and Fishing, Industrial Processing and Wholesale and Retail Trade. At the end of March 2025, the share of Industrial Processing reached 22.0% and decreased by 0.2 p.p. compared to the end of 2024 while the share of the Agriculture, Forestry, Hunting and Fishing industry decreased by 0.8 p.p. compared to the end of 2024 and amounted to 16.0% of industry exposure. In addition, the share of the Wholesale and Retail Trade, including Car Repair industry at the end of March 2025 increased by 0.9 p.p. compared to the end of 2024 and amounted to 15.2%.

A table showing the breakdown of loans measured at amortised cost and those measured at fair value through profit or loss by industry of activity (gross carrying value at 31 March 2025 and 31 December 2024) is presented below.

	Exposure*	Exposure*	Share of impaired loans	Share of impaired loans
Industry	31.03.2025	31.12.2024	31.03.2025	31.12.2024
INDIVIDUAL CLIENTS	**32,815,199**	**32,858,354**	**2.3%**	**2.3%**
CORPORATE CLIENTS:	**56,745,693**	**55,453,912**	**3.8%**	**3.9%**
AGRICULTURE, FORESTRY, HUNTING AND FISHING	9,105,841	9,320,401	4.4%	4.8%
MINING AND QUARRYING	54,406	51,861	0.1%	0.2%
MANUFACTURING	12,511,095	12,310,338	6.9%	5.8%
PRODUCTION AND SUPPLY OF ELECTRICITY, GAS, STEAM, HOT WATER AND AIR CONDITIONING SUPPLY	1,165,268	961,471	0.2%	0.2%
WATER SUPPLY; SEWERAGE, WASTE MANAGEMENT AND REMEDIATION ACTIVITIES	172,639	150,724	1.3%	1.9%
CONSTRUCTION	2,564,897	2,369,279	5.8%	6.9%
WHOLESALE AND RETAIL TRADE; REPAIR OF MOTOR VEHICLES AND MOTORCYCLES	8,616,135	7,916,807	3.0%	3.7%
TRANSPORTATION AND STORAGE	3,040,835	2,829,260	3.1%	3.6%
ACCOMMODATION AND FOOD SERVICE ACTIVITIES	395,979	391,006	10.0%	12.4%
INFORMATION AND COMMUNICATION	2,980,339	2,962,091	0.6%	0.6%
FINANCIAL AND INSURANCE ACTIVITIES	3,531,572	3,111,541	0.3%	0.4%
REAL ESTATE ACTIVITIES	5,965,758	6,059,204	3.6%	3.7%
PROFESSIONAL, SCIENTIFIC, AND TECHNICAL ACTIVITIES	3,206,482	3,421,499	2.4%	2.3%
ADMINISTRATIVE AND SUPPORT SERVICE ACTIVITIES	1,592,957	1,729,697	1.4%	1.4%
PUBLIC ADMINISTRATION AND DEFENSE; COMPULSORY SOCIAL SECURITY	58,262	59,098	0.0%	0.0%
EDUCATION	158,270	151,045	2.3%	2.6%
HUMAN HEALTH AND SOCIAL WORK ACTIVITIES	1,412,940	1,448,251	1.5%	1.4%
ARTS, ENTERTAINMENT, AND RECREATION	34,408	33,657	3.4%	3.0%
OTHER ACTIVITIES	177,610	176,682	3.9%	4.5%
Total	**89,560,892**	**88,312,266**	**3.3%**	**3.3%**

*Financial data have been rounded and presented in PLN '000, and therefore, in some cases, the totals may not correspond exactly to the total sum.

The Group manages the risk of collateral concentration. For this purpose, the Group introduced limits for the involvement of particular types of collateral, ensuring their appropriate diversification. As at the end of March 2025 and at the end of 2024 the limits were not exceeded.

The structure of overdue receivables

The structure of the loan portfolio (measured at amortised cost and measured at fair value through profit or loss) divided into impaired exposures and not impaired exposures along with the level of arrears in repayment are presented in the tables below.

31.03.2025

Structure of overdue receivables (net balance sheet value)	without impairment				with impairment	Total
	0 days	1-30 days	31-60 days	61-90 days		
Current account loans	30,667,848	1,211,154	23,012	13,928	686,835	32,602,777
Investment loans	17,891,081	325,374	2,909	326	370,130	18,589,820
Real estate loans for individual customers	19,693,562	70,882	4,296	1,541	110,076	19,880,357
Other loans	9,526,199	54,197	6,169	1,563	170,519	9,758,647
Lease receivables	6,052,795	122,488	16,298	15,582	110,961	6,318,124
Total	**83,831,485**	**1,784,095**	**52,684**	**32,940**	**1,448,521**	**87,149,725**

*Financial data have been rounded and presented in PLN '000, and therefore, in some cases, the totals may not correspond exactly to the total sum.

31.12.2024

Structure of overdue receivables (net balance sheet value)	without impairment				with impairment 1-30 days	Total 31-60 days
	0 days	1-30 days	31-60 days	0 days		
Current account loans	28,580,038	2,191,968	28,600	10,298	571,444	31,382,348
Investment loans	17,639,868	345,646	3,738	2,034	380,194	18,371,480
Real estate loans for individual customers	19,730,330	85,924	6,570	3,061	109,206	19,935,091
Other loans	9,541,295	50,922	4,794	1,315	174,449	9,772,775
Lease receivables	6,196,303	62,499	5,014	2,913	125,599	6,392,328
Total	**81,687,834**	**2,736,959**	**48,716**	**19,621**	**1,360,892**	**85,854,022**

* Financial data have been rounded and presented in PLN '000, and therefore, in some cases, the totals may not correspond exactly to the total sum.

With regard to the mortgage loan portfolio, the Bank defines the DSTI (debt service to income) ratio as the ratio of the total annual cost of servicing credit and non-credit financial commitments (from which the retail customer cannot withdraw, i.e. arising, inter alia, from legislation or having a permanent and irrevocable nature) to the total annual income of the retail customer. In accordance with its mortgage lending policy, the Bank sets maximum levels for the DSTI ratio by following the requirements of Recommendation S. The Bank monitors the level of the DSTI ratio during annual credit policy reviews, as well as in dedicated ad hoc analyses.

At the end of March 2025, the Bank does not observe increased credit risk for new loan production as well as the existing mortgage loan portfolio. Both Vintage ratios and NPL (non-performing loan) levels in the mortgage segment are stable at levels no higher than those observed in the Polish banking market.

Due to the ongoing war in Ukraine and the economic sanctions issued against Russia and Belarus, the Bank analysed credit exposures directly related to these countries and, on this basis, did not identify significant exposures in both the corporate and retail portfolios.

At the same time, the Bank monitors the situation of customers on an ongoing basis with a view to securing the loan portfolio and maintaining its high quality. Preventive actions taken in the first quarter of 2022 are continued. As part of these activities, institutional customers whose business activity is:

- linked to the economies of the above countries and thus may be vulnerable to war and imposed sanctions,
- particularly vulnerable to inflation,
- vulnerable to the Russian gas embargo.

For the selection of the war-exposed loan portfolio, the Bank takes into account, inter alia, the following factors:

- export/import to/from countries at risk,
- capital or organisational links with Russian or Belarusian citizens,
- transport services provided in countries at risk or logistic channels passing through countries at risk,
- production carried out in countries at risk,
- investments in fixed assets and capital investments in countries at risk,
- existence of commercial contracts in countries at risk (especially construction contracts),
- employment of workers from Russia, Ukraine or Belarus,
- distribution of Russian and Belarusian goods or services (risk of boycott of goods).

In the case of inflation, on the basis of information provided by the Economic and Sectoral Analysis Department, the Bank selected industries that were particularly sensitive. The share of salaries and third-party service costs in operating costs (as the main drivers of inflation) and the gross margin were taken into account. An increased risk threshold was defined for each of these factors. Information on the possibility of passing on price increases to customers was also included in the sensitivity assessment.

The group of customers selected on this basis was subject to further detailed analysis in order to identify activities with a higher level of risk. The risk assessment is updated on a semi-annual basis.

Forbearance practices

The Group treats its exposures as forborne if the obligor is provided with a forbearance due to economic reasons (financial difficulties), including any forbearance granted for exposures with identified impairment triggers. In case the forbearance is granted for a customer with a material economic loss, the Bank classifies such a customer as default.

A facility is understood as the occurrence of at least one of the following events:

- a change to the repayment schedule, especially extending the loan maturity date;
- cancellation of overdue amounts (e.g. capitalization of an overdue amount, which can be repaid at a later date);
- redemption of principal, interest or fees;
- consolidation of loans into one new product, if the amounts of payments of the consolidated loan are lower than the sum of payments of these loans separately before the consolidation occurred;
- decrease of the base interest rate or margin;
- originating a new loan to repay the existing debt;
- conversion of an existing credit;
- amendment or waiver of significant provisions of the agreement (e.g. a condition of the agreement that was breached as a result of financial difficulties);
- additional collateral presented by the Borrower (if present together with another event meeting the definition of a facility) or sale of the collateral agreed with the Bank, with the proceeds from the repayment of the collateral being used to repay the Bank's loan obligation.

The above events are treated as facilities granted for economic reasons only in the situation of customer's current financial difficulties or, in the event of changes on the market environment, or such difficulties may occur in the future.

For retail customers, non-reporting individual farmers and companies with simplified accounting, the event of financial difficulties is identified in a situation when:

- the exposure is subject to debt collection; or
- the exposure is not subject to debt collection but there is evidence (provided by the customer or obtained in the decision-making process) that the customer is facing financial difficulties or may be facing them in the near future.

For other customers:

- the client with the default status, or
- the client with the indicated rating meeting the defined financial criteria.

The Bank also has dedicated criteria regarding financial difficulty for clients from the Real Estate segment.

A material economic loss is defined by the Bank as the drop of present value of expected cash flows, resulting from forbearance granted, equal or higher than 1%. The drop of the present value is calculated in accordance with the below formula:

$$\frac{NPV_0 - NPV_1}{NPV_0}$$

where:

NPV0 – the present value of expected cash flows (including interest and fees / commissions) prior to the introduction of changes in loan terms, discounted with the original effective interest rate, NPV1 – the present value of expected cash flows (including interest and fees / commissions), after the introduction of changes in the loan terms, discounted using the original effective interest rate. In the case of consolidation of many loans for the original interest rate for the purpose of assessing the significance of economic loss, the average EIR weighted with the gross balance sheet exposure at the moment of granting the facility is assumed.

The change in the present value of expected cash flows shall be calculated at the level of single exposure.

In justified cases resulting from complex restructuring measures for a given client (e.g. priority repayment of loans with a collateral of a low value), it is permissible to calculate NPV at the level of a client.

The forborne status is no longer assigned if the following conditions have been satisfied:

- exposure reclassified to performing portfolio as a result of the analysis of financial situation (in case of corporate portfolio), which proved that the customer does not meet the criteria for being classified to the impaired portfolio;
- the exposure has not been considered impaired for 24 months in a row;
- none of the exposures to the customer are past due by more than 30 days;
- the obligor has been making regular and considerable payments for at least a half of the trial period.

The revocation of forborne status shall take place in accordance with the aforementioned conditions, while the extension of the period of exit from forborne status shall require a credit decision by the competent credit decision-makers, in other cases the status shall be revoked automatically.

COUNTRY RISK

Within credit risk, the Bank additionally distinguishes country risk, which covers all risks related to conclusion of financial agreements with foreign parties, assuming that it is possible that economic, social or political events will have an adverse effect on creditworthiness of the Bank’s obligors in that country or where intervention of a foreign government could prevent the obligor (which could also be the government itself) from discharging his liabilities.

The Bank’s policy concerning country risk has been conservative. Country limits have been reviewed periodically and the limit level modified to precisely match the anticipated business needs and risk appetite of the Bank.

As at the end of March 2025, 82% of the Bank's exposures to countries other than Poland were transactions related to the Bank's foreign lending activities, treasury transactions (including placement and derivative transactions) amounted to 12% and the remainder (6%) was foreign trade transactions (letters of credit and guarantees). France concentrated 42% of exposures, Italy 17%, Luxembourg 13%, the Netherlands and Germany 7% each, Spain 6%. The remaining exposures were concentrated around Austria, Belgium, Mexico and Turkey.

The Bank had no material credit exposures in Russia, Ukraine and Belarus.

COUNTERPARTY RISK

Counterparty risk is the credit risk concerning the counterparty transactions in case of which the amount of liability may change in time depending on market parameters. Therefore, the counterparty risk is related to transactions on instruments whose value may change over time depending on such factors as interest rates or foreign exchange rates.

The counterparty risk was calculated for the following types of transactions included in the Bank's trading book: foreign exchange transactions, interest rate swap transactions, FX options, interest rate options and commodity derivatives.

At the end of March 2025, the Bank's exposure to the counterparty risk due to concluded derivative transactions was PLN 2.9 billion. Corporate and financial clients constituted 78% of the exposure, while the remaining 22% were banks.

In connection with the ongoing war in Ukraine and the economic sanctions issued against Russia and Belarus, the Bank observes increased volatility in market risk parameters, which translates into fluctuations in counterparty risk exposure. The Bank assesses counterparty risk on an ongoing basis by conducting reviews of the portfolio of clients in case of whom this risk exists. The Bank maintains the application of its basic principle of "Know Your Customer". Due to the non-standard situation, some clients were asked for additional information related to the change in business. The Bank also takes into account the higher volatility of the above parameters in risk assessment when entering into new transactions.

The Bank have not observed significant changes in the materialisation of counterparty risk.

INTEREST RATE RISK IN THE BANKING PORTFOLIO

As part of interest rate risk management in the banking portfolio, the Group distinguishes structural elements consisting of interest-free current accounts and the Bank's capital as well as other commercial items. In terms of structural elements, the Group secures a significant portion of them by long-term positions (bonds, interest rate exchange transactions). Regarding other commercial items, the Group’s intention is to reduce interest rate risk.

Thanks to the medium- and long-term investments of the structural elements, the Group's supervisory outlier test of interest income sensitivity (SOT NII) remains below 5% of Tier1 capital. At the end of March 2025, the SOT NII stood at 3.95%. At the same time, the supervisory outlier test for the economic value of equity (SOT EVE) remains significantly below the regulatory limit of 15% of Tier1 capital. At the end of March 2025, the maximum SOT EVE was 6.33%.

The use of interest rate limits remained stable in the first quarter of 2025.

In order to limit the volatility of the Bank's result, fair value hedge accounting and cash flow hedge accounting are applied. The type of hedging relationship depends on the current balance sheet structure and the interest rate risk profile of the banking book.

The table below presents - in PLN thousand - the sensitivity of interest income over a period of 1 year to an immediate shift in market rates by 100 basis points assuming the most likely change in product structure, especially in the corporate clients segment.

Immediate shift of interest rates by 100 bps:	31.03.2025	31.12.2024
Up	314,331	318,327
Down	(317,651)	(321,877)

Immediate shift of interest rates by 100 bps:	31.03.2025	31.12.2024
Up	208,934	239,631
Down	(212,249)	(243,182)

The war in Ukraine did not generally affect the way interest rate risk is managed in the banking book.

Impact of the benchmark reform on BNP Paribas Bank Polska S.A.

In connection with the plan to replace the WIBOR interest rate benchmark with a new reference index, the Polish Financial Supervision Authority established the National Working Group (‘NGR’) at the request of financial market participants. The work of the NGR is supervised and coordinated by the NGR Steering Committee. In September 2022 the NGR Steering Committee has selected the WIRON index as the recommended index to replace the existing WIBOR reference index.

According to the information from the NGR Steering Committee of 25 October 2023, there has been a change in the Roadmap's original deadline for conversion (1 January 2025) by indicating that conversion will be carried out at the end of 2027.

A public consultation was held as part of the 2024 review and analysis of alternative indices to WIBOR, considering both WIRON and other possible Risk Free Rate type indexes. As a result, on 18 December 2024, the NGR Steering Committee identified an index with the technical name WIRF- as the target reference index. Participants in the consultation as justification for the high ratings for the WIRF- index proposal mainly pointed to: the homogeneity of the trading resource, the relatively low volatility of this index proposal and the highest probability, in their opinion, of creating a derivatives market for such a target index and plotting a forward curve. In addition, it was noted that the WIRF- index proposal is characterised by the lowest but sufficient trading resource.

In line with the decision of the NGR Steering Committee on 24 January 2025, the technical name WIRF- has been changed to the target name POLSTR (Polish Short Term Rate).

The administrator of POLSTR, within the meaning of Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016. (BMR Regulation), will be a subsidiary of the Warsaw Stock Exchange S.A. - WSE Benchmark S.A., which has been entered in the register of the European Securities and Markets Authority. Ultimately, POLSTR is expected to become a key interest rate benchmark within the meaning of the BMR Regulation.

As a consequence of the 2024 review and analysis of the Risk Free Rate alternatives to WIBOR, the NGR Steering Committee on 28 March 2025 updated the Roadmap for the process of replacing the WIBOR and WIBID benchmarks (the ‘Roadmap’). The Roadmap assumes that the publication of POLSTR will commence in the second quarter of this year, which will allow the application of POLSTR in the Polish financial market to begin. In parallel, standards for the use of POLSTR in banking products, debt instruments and derivatives will be defined. The first treasury bond issue based on POLSTR is scheduled for December this year. This will be followed by the launch of a wide range of financial products using POLSTR and a POLSTR-based compound rate in the first half of 2026.

The Roadmap also assumes the development of a market for the issuance of own bonds based on POLSTR and OIS derivatives, which, once sufficient liquidity is achieved, will enable the construction of a forward curve for POLSTR.

In 2026, the rationale for the occurrence of a regulatory event[2] will be reviewed . The occurrence of a regulatory event will result in the issuance of a Regulation of the Minister of Finance indicating the substitute for the key reference index WIBOR and the corrective spread and the date of their application. The Regulation of the Minister of Finance will apply to contracts and financial instruments not subject to contractual conversion. The Roadmap assumes readiness to discontinue the development and publication of WIBID and WIBOR from the beginning of 2028.

Structured work is underway at the Bank to adapt its operations to the changes associated with the replacement of the WIBOR interest rate benchmark. This work is supervised and coordinated by the relevant steering committee. Internal work includes activities related to the planned implementation of the new index in terms of documentation, communication and the Bank's IT systems. Persons designated by the Bank also participate directly in the work of the NGR. Following the decisions of the NGR Steering Committee, the Bank decided to withdraw the WIRON / WIRON compound rate from the Bank's product offering.

As at 31 March 2025 the Bank has identified:

- WIBOR-based financial assets in PLN million by index tenor:

ON	1W	1M	3M	6M	1Y	Total
264	48	13,718	30,984	9,895	16	54,925

- financial liabilities based on WIBOR and WIBID in PLN million, broken down by index tenor:

ON	1W	1M	3M	6M	1Y	Total
2,801	70	3,879	5,636	5	5	12,396

The Bank also had interest rate swaps (CIRS/IRS/FRA) on its banking book based on WIBOR 3M with a total nominal value of PLN 3,855 million, of which PLN 3,855 million under fair value hedge accounting, and based on WIBOR 6M with a total nominal value of PLN 8,938 million, of which PLN 7,588 million under hedge accounting.

The Bank also had financial assets based on WIRON of PLN 0.38 million and financial liabilities based on WIRON of PLN 0.26 million.

In the Bank's assessment, the actions outlined in the Roadmap will enable the reform to be carried out in an orderly manner, in line with the formal requirements of the BMR Regulation and the relevant Polish regulations.

In the Bank's perspective, the establishment of an appropriate method for determining spread adjustment and its application, the development of an efficient derivatives market and the issuance of Treasury debt based on a new benchmark are very important elements of the Roadmap. The Bank assumes that the implementation of the Roadmap will significantly reduce the risks related to the reforms that may materialise over time:

- high uncertainty regarding the valuation of on-balance sheet and off-balance sheet items,
- early closure of IRS contracts by central clearing houses in the case of absence of valuation options,
- abrupt and difficult to manage changes in financial institutions' interest rate risk exposures,
- questioning of flows arising from the application of spread adjustments that do not ensure economic equivalence in settlements between parties.

At present, it is not possible to identify any rationale for ending the publication of the EURIBOR index. Thus, the flows resulting from this index are exchanged between the counterparties under the current rules.

MARKET RISK

Market risk exposure in the trading book during the first quarter of 2025 was maintained at a relatively low level. Interest rate risk in the trading book, measured by the sensitivity to a 1 basis point movement in interest rate curves, was at a maximum of PLN 74 thousand and EUR 70 thousand in the reported period. The average VaR measure for interest rate risk in first quarter of 2025 remained at the same level as in the previous quarter at approximately PLN 2.2 million. The average utilisation of the VaR limit for the open interest rate position in the trading book was at 29% of the allocated limit.

[2] as defined in Article 23c(1) of Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or for measuring the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014

Foreign exchange risk was kept at a low level, i.e. an average of 10% utilisation of the allocated VaR limit, and, as with interest rate risk, did not make a significant contribution to the overall risk level, which shows that the Bank maintains a relatively low market risk profile. The Bank maintained a small open position in foreign exchange and interest rate options to ensure the serviceability of customer transactions.

LIQUIDITY RISK

During the first quarter of 2025, the Group maintained supervisory measures of short- and long-term liquidity significantly above regulatory and internal limits. The Group's LCR averaged 286.8% during the first quarter of 2025. The maximum LCR was 286.8% and the minimum was 275.2%.

The Bank's main sources of funding are liabilities to customers and the Bank's capital. To a lesser extent, medium and long-term credit lines received, including subordinated loans, mainly from the BNP Paribas Group.

Throughout the period, the Group's liquidity ratios were at a very safe level. At the end of the first quarter of 2025, the Group recorded a decrease in corporate deposits of PLN 3.7 billion (from the end of 2024) and a slight decrease in retail deposits of PLN 0.2 billion. The Bank's net loans increased by PLN 1.6 billion. In the case of retail customers, there was a slight increase and this was mainly due to a small production of mortgage loans.

The Group's objective was to optimise its portfolio of non-bank customer deposits, which are still its primary source of funding.

The impact of the war in Ukraine has not affected the Bank's liquidity position.

OPERATIONAL RISK

The Bank's operational risk is defined in accordance with the requirements of the Polish Financial Supervision Authority included in Recommendation M and the requirements of the CRR Regulation[3], as the risk of loss resulting from inadequate or failed internal procedures, human resources and systems or from external events, which includes - but is not limited to - legal risk, model risk or information and communication technology (ICT) risk, but excludes strategic and reputational risk. The Bank also recognizes as operational risk events and losses the consequences of the materialization of compliance risk[4]. Operational risk as such is inherent in any banking operations. The Bank identifies the operational risk as permanently significant.

Operational risk management strategy and policy

Operational risk management consists in employment of measures aimed at operational risk identification, analysis, monitoring, control, reporting and mitigating. Such measures take into account the structures, processes, resources and scopes of responsibilities for the said processes at various organizational levels, at three lines of defence. The operational risk management strategy has been described in the Operational Risk and Internal Control Management Strategy of BNP Paribas Bank Polska S.A., which is reviewed annually and approved by the Management Board of the Bank and accepted by the Supervisory Board. The Operational Risk Policy of BNP Paribas Bank Polska S.A., adopted by the Risk Committee of the Bank, constitutes organizational framework and standards for operational risk management. It addresses all aspects of the Bank's operations in addition to defining the Bank's objectives and the methods of their achievement as regards the quality of operational risk management as well as compliance with legal requirements set out in the recommendations and resolutions issued by national financial supervision authorities and applicable legislation at both national and European Union level. The Bank's operational risk management objectives include, in particular, compliance with high operational risk management that guarantee security of customer deposits, the Bank's equity, stability of its financial performance as well as maintenance of the operational risk level within the range of the operational risk appetite and tolerance defined by the Bank. When developing the operational risk management system, the Bank complies with the applicable legal requirements, in particular, with the recommendations and resolutions of the Polish Financial Supervision Authority and the standards adopted by the BNP Paribas Group.

In accordance with the Policy, the Bank's operational risk management instruments include:

- identification and assessment of operational risk, including through gathering information on operational events, assessment of the risk in processes and products, operational risk and control self-assessment, operational risk assessment for contracts with external suppliers (outsourcing) and determination of key risk indicators;
- setting the operational risk appetite and limits at the level of the whole Bank and individual business areas; analysing operational risk, including analysis of operational risk scenarios, its monitoring and ongoing control;
- operational risk reporting.

[3] 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.
[4] Compliance risk refers to the risk of the consequences of non-compliance with laws, internal regulations and market standards in the processes operating at the Bank.

Compliance with the operational risk strategy is verified by the Bank's Management Board periodically and, if necessary, the required adjustments are made in order to improve the processes of operational risk management. To this end, the Management Board of the Bank is regularly provided with information concerning the scale and types of operational risk to which the Bank is exposed, its effects and methods of operational risk management. In particular, both the Bank's Management Board and Supervisory Board are informed on a regular basis of the development of the operational risk appetite measures set out in the Operational Risk Management Strategy.

As part of the implementation of the Operational Risk Management and Internal Control Strategy, the Bank undertook new initiatives and continued a number of operational risk mitigation activities in the first quarter of 2025. Actions were taken to strengthen and improve the quality of processes and to optimise and increase the effectiveness of the internal control environment, including the control mechanisms and processes assigned to this type of risk. In particular, the Bank focused on strengthening processes and tools for preventing and combating fraud against the Bank, including cybercrime. The measures implemented served, inter alia, on combating credit fraud and reducing the risk of unauthorised transactions, as well as continuing the programme to raise awareness of fraud risks in order to reduce them. The Bank monitored its exposure to legal risk on an ongoing basis, including risks arising from pending litigation on CHF-denominated loans, in order to respond adequately to changes in the level of risk.

Due to the ongoing military conflicts, the Bank monitored potential risks to the Bank on an ongoing basis, including those relating to security and ensuring business continuity.

The Bank's Management Board and the Risk Committee of the Supervisory Board are informed about the effectiveness of the solutions implemented by the Bank in this regard.

Internal environment

The Bank precisely defines the division of responsibilities for operational risk management, which is adapted to the organisational structure. As part of the second line of defence, comprehensive supervision of the organisation of operational risk management standards and methods is exercised by the Operational Risk, Internal Control and Anti-Fraud Division operating within the Risk area. The Division's responsibilities include operational risk management, anti-fraud issues against the Bank and the supervision of internal controls, including the control of personal data protection processes.

Development and implementation of the Bank's strategy with respect to insurance as a risk mitigation technique is the responsibility of the Bank's Internal Services Division, while the Security and Management of Business Continuity Division is in charge of business continuity management.

As part of the legal risk management process, the Legal Division monitors, identifies and performs analyses of changes to laws of general application and their effect on the Group's operations and is involved in court and administrative proceedings which affect the Group. The Compliance Monitoring Department is responsible for daily non-compliance risk analysis in addition to development of appropriate risk controls and their improvement.

Risk management

The Bank places a strong focus on identification and assessment of the factors that trigger its present exposure to operational risk in relation to banking products. It is the Bank's objective to reduce the operational risk level through improvement of its internal processes as well as mitigating the risk inherent in the process of launching new products and services and outsourcing operations to third parties.

In accordance with the Operational Risk Management Policy of BNP Paribas Bank Polska S.A., the operational risk analysis is aimed at acquiring an understanding of the interdependence between the risk generating factors and operational event types, and it is performed primarily with the objective to define the operational risk profile.

The operational risk profile is an assessment of the level of significance of this risk, understood as the scale and structure of operational risk exposures, determining the exposure levels to this risk (i.e. operational losses), expressed in the structural dimensions selected by the Bank and the scale dimensions. Periodic assessment and review of the Bank's operational risk profile is based on an analysis of the Bank's current risk parameters, changes and risks occurring in the Bank's environment, implementation of the business strategy, as well as the adequacy of the organizational structure and the effectiveness of the risk management and internal control system. The analysis of the operational risk profile also considers the Bank's subsidiaries.

Internal control system

The purpose of internal control is effective risk control, including risk prevention or early detection. The role of the internal control system is to achieve general and specific objectives of the internal control system, which should be considered at the design stage of control mechanisms. The principles of the internal control system are described in the "Policy on internal control at BNP Paribas Bank Polska S.A." document, approved by the Bank's Management Board. This document describes the main principles, organizational framework and standards for the functioning of the control environment at the Bank, complying with the PFSA requirements provided in Recommendation H and the Regulation of the Minister of Finance, Funds and Regional Policy of 8 June 2021 on the risk management system and the internal control system, the remuneration policy in banks. Detailed internal regulations concerning specific areas of the Bank's activity are adapted to the specifics of the Bank's operations. The appropriate organizational units of the Bank, in accordance with the scope of the tasks assigned to them, are responsible for developing detailed regulations relating to the area of internal control.

The internal control system at the Bank is based on the 3 defence lines model, which consists of:

- 1st line of defence, which consists of organizational units from particular areas of banking and support areas,
- 2nd line of defence, which consists of organizational units responsible for risk management, regardless of the risk management related to the first line defence, and the compliance unit,
- 3rd line of defence, which is independent and objective internal audit unit.

The Bank ensures internal control through independent monitoring of compliance with control mechanisms, including on-going verification and testing.

Monitoring and reporting

The Bank periodically monitors the efficiency of the operational risk management system and its appropriateness for its current risk profile. The organization of the operational risk management system is reviewed as part of periodic control exercised by the Internal Audit Division, which is not directly involved in the operational risk management process but provides professional and unbiased opinions supporting achievement of the Bank’s objectives. The operational risk management system is overseen, and its appropriateness and efficiency are assessed by the Supervisory Board.

Capital requirements due to operational risk

In accordance with the requirements of the CRR3 Regulation, the Bank determines regulatory capital for operational risk on a consolidated basis, based on the new standardised approach for operational risk.

Subsidiaries

In accordance with supervisory regulations, the Bank oversees the operational risks associated with the activities of its subsidiaries, covering them with an Operational risk management strategy and periodically assessing the consistency of the operational risk management strategies and policies of the entities within the Group. Operational risk management in subsidiaries is carried out within dedicated units/persons appointed for this purpose. The manner and methods of operational risk management in subsidiaries are organised adequately to the scope of activity of an entity and its business profile, in accordance with the rules in force in the Group.

Risks arising from the ongoing military conflicts

In terms of operational risk management, the Bank analyses the risks related to the consequences of the war activities in Ukraine and in the Middle East (including, in particular, cyber or physical attacks targeting the payment or banking infrastructure that may result in business continuity disruptions) on an ongoing basis, and continues to take appropriate measures to ensure the security of both the Bank's employees and customers and to ensure the uninterrupted execution of processes related to its operations, i.a. by introducing additional security measures and increased monitoring of the ICT infrastructure.

52. CAPITAL ADEQUACY MANAGEMENT

Capital adequacy management is aimed to ensure the Bank’s compliance with macro-prudential regulations defining capital requirements related to the risks incurred by the Bank, quantified in the form of the capital ratio.

Since 1 January 2014, banks have been subject to new principles applicable to calculation of capital ratios, following the implementation of Regulation No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on macro-prudential requirements for credit institutions and investment firms, as amended by Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 (CRR2) in relation to leverage ratio, net stable funding ratio, own funds and eligible liabilities requirements, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements as amended by Regulation (EU) 2024/1623 of the European Parliament and of the Council of May 31, 2024 (CRR3) amending Regulation (EU) No. 575/2013 with respect to requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and minimum capital threshold.

Starting in January 2025, the Bank uses the following methods for determining the capital requirement under Pillar I: the updated standardized approach for credit risk, the new standardized approach for operational risk, and the standardized approach for market risk.

As part of the realized implementation project, the Bank made the necessary adjustments to the calculation of the capital requirement for credit risk, as mentioned below.

- Under the new class of exposures secured by real estate mortgages and ADC exposures, the Bank:
  - implemented new definitions, in particular the concept of exposure related to income-generating real estate (known as IPRE exposure) and exposure related to the acquisition, development and construction of land (known as ADC exposure);
  - developed a data collection process for determining eligibility criteria for mortgage collateral;
  - updated the rules for assigning risk weights and segmenting individual exposures within an exposure class;
  - adjusted the process for the new property valuation rules and updated the internal model for their valuation.
- Under off-balance sheet exposures, the Bank:
  - implemented a process related to the identification of obligations with contractors, according to the new definitions;
  - updated the segmentation of off-balance sheet exposures into new stages and the credit conversion factors (CCFs) assigned to them.
- Under exposures to institutions, the Bank:
  - implemented a new SCRA method for institutions for which it does not have external rating information;
  - updated the rules for assigning risk weights to externally rated institutions.
- Under the specialised financing exposures, the Bank:
  - implemented a process for segmenting specialised finance exposures into appropriate subcategories;
  - adjusted the rules for assigning risk weights and developed a process for collecting project information.
- Under retail exposures, the Bank:
  - identified exposures to the transactor for which it assigns a preferential risk weight;
  - adapted the classification of retail exposures to the updated definition.
- Under equity exposures, the Bank:
  - considered the new treatment of equity exposures in terms of assigning risk weights.

The Bank considers the transitional legislation that allows for a preferential approach for specific exposure classes and rules for assigning a credit conversion factor for off-balance sheet exposures. In addition, the Bank monitors on an ongoing basis the register of documents published by the EBA, which clarify individual issues related to the changes arising from the CRR 3 Regulation.

The Bank has also made changes in the area of operational risk, including the implementation of a new standardised method for calculating the operational risk requirement and updating the operational risk management framework by making the necessary regulatory and definition adjustments to the requirements set out in the CRR3 Regulation.

As a result of the postponement of the entry into force of the modified rules for determining the capital requirement for the trading book, under the so-called FRTB (Fundamental Review of Trading Book), the standardised approach will be used for market risk under the rules in force before 1 January 2025. This means that for interest rate risk the requirement is determined on the basis of the maturity approach, the requirement for foreign exchange risk on the basis of the standardised approach and for non-linear risks arising from holding positions in option instruments on the basis of the delta-plus approach.

The introduction of the above changes to the rules for determining capital requirements (assuming data as at 31 December 2024 for the purposes of calculation) resulted in an increase in risk-weighted assets by PLN 3,340,004 thousand and a change in the Bank's capital ratios by -46 bps for CET1, -48 bps for Tier 1 and -60 bps for the Total Capital Ratio.

On 23 December 2020, Commission Delegated Regulation (EU) 2020/2176 of 12 November 2020, amending Delegated Regulations (EU) No 241/2014 as regards the deduction of software assets from Common Equity Tier 1 items, entered into force. As at 31 March 2025 the adjustment in Common Equity Tier 1 capital related to other intangible assets amounted to PLN 467,630 thousand.

The capital ratios, capital requirements and equity have been calculated in accordance with the aforesaid Regulation with the use of national options.

Pursuant to the Act of 5 August 2015 on macroprudential supervision of the financial system and crisis management in the financial sector (Journal of Laws 2015, item 1513, as amended), an additional buffer of 2.5% was introduced starting from 1 January 2019.

The Polish Financial Supervision Authority, in a release dated 20 November 2023, announced that, based on the provisions of the Act of 5 August 2015 on macroprudential supervision of the financial system and crisis management in the financial system and after taking into account the opinion of the Financial Stability Committee, it confirmed the identification of ten banks as other systemically important institutions (O-SII).

On 16 September 2024, the Bank received for information a request from the Polish Financial Supervision Authority regarding the expression of an opinion by the Financial Stability Committee regarding the amendment of the Commission's decision of 4 October 2016, as amended by the Commission's decision of 19 December 2017, to impose on the Bank (on a consolidated and individual basis) a buffer of another systemically important institution equivalent to 0.25% of the total risk exposure amount calculated in accordance with Article 92(3) of Regulation (EU) No 575/2013. By its decision of 6 December 2024, the Polish Financial Supervision Authority amended the decision of 4 October 2016 imposing on the Bank a buffer of another systemically important institution in an amount equivalent to 0.50% of the total risk exposure amount calculated in accordance with Article 92(3) of Regulation (EU) No 575/2013 of the European Parliament and of the Council.

The Polish Financial Supervision Authority, by letter dated 16 December 2024, informed that in the supervisory assessment process the Bank's sensitivity to the possible materialisation of stress scenarios affecting the level of own funds and risk exposures was evaluated as low. On the basis of the 2024 supervisory stress tests conducted by the Polish Financial Supervision Authority and in accordance with the instruction, the total capital charge recommended under Pillar II offset by the capital buffer requirement was set at 0.00 p.p. on a separate and on a consolidated basis.

The Bank-specific countercyclical buffer rate, determined in accordance with the provisions of the Act of 5 August 2015 on macro-prudential supervision of the financial system and crisis management in the financial system, as a weighted average of the countercyclical buffer rates applicable in the jurisdictions where the Bank's relevant credit exposures are located, was 0 bps at 31 March 2025. The value of the ratio was affected by the application of Article 2.5(b) of Commission Delegated Regulation (EU) No 1152/2024 according to which foreign exposures, whose aggregate does not exceed 2% of the aggregate of the general credit, trading book and securitisation exposures of that institution are allocated to the institution's home Member State. The countercyclical buffer rate for credit exposures in the territory of the Republic of Poland that applied at the end of 31 March 2025 was 0%.

The level of Tier 1 capital and total capital ratio (TCR) on a consolidated basis were above the requirements applicable to the Capital Group as at 31 March 2025. Pursuant to the Resolution of the Bank's Annual General Meeting of 16 April 2024, the Bank's profit for 2023, amounting to PLN 1,007,828 thousand, was assigned to dividend payment in the amount of PLN 503,998 thousand and reserve capital in the amount of PLN 503,830 thousand.

On 16 September 2024, the Bank communicated to BNP Paribas S.A (the lender) that it had made use of its right to exercise its option to make an early repayment of the Tier II loans in the amounts of PLN 440 million and EUR 40 million concluded under separate agreements on 29 December 2015. On 30 November 2024, the Bank communicated to BNP Paribas Succursale de Luxembourg (the lender) that it had exercised its right of early repayment of the Tier II loan in the amount of EUR 60 million concluded under an agreement on 22 November 2016.

By a decision dated 31 December 2024, the Polish Financial Supervision Authority approved the Bank's classification of capital instruments constituting series A capital bonds with ISIN code PLO164300017, in the number of 1,300 (in words: one thousand three hundred) units, with a nominal value of PLN 500,000 each, and with a total value of PLN 650,000,000, as Additional Tier 1 (AT1) capital instruments. The Capital Bonds issued by the Bank on 28 November 2024 are instruments with no fixed maturity date, entitling the Bank to receive interest for an indefinite period, subject to the Bank's ability to redeem them early under the terms and conditions of issue. The Capital Bonds have been acquired exclusively by BNP Paribas S.A., based in Paris.

At the same time, the Capital Group complies with the legal requirements under the Act of 5 August 2015 on macroprudential supervision of the financial system and crisis management in the financial sector.

31.03.2025	The minimum supervisory consolidated solvency ratios of the Group	Consolidated capital adequacy ratios of the Group
CET I	7.50%	12.39%
Tier I	9.00%	13.05%
Total Capital Ratio	11.00%	16.19%
31.12.2024		
CET I	7.50%	13.10%
Tier I	9.00%	13.80%
Total Capital Ratio	11.00%	17.20%

Requirement of a minimum level of own funds and eligible liabilities (MREL)

On 20 June 2023, the Bank received a letter from the BGF regarding the joint decision of the resolution authorities, i.e. the Single Resolution Board ("SRB") and the BGF on the minimum level of own funds and eligible liabilities ("MREL").

The joint decision indicates that the Group's restructuring plan envisages a Single Point of Entry (SPE) strategy for the mandatory restructuring. The Group's preferred tool for mandatory restructuring is the open bank bail-in tool).

On 31 May 2024, the Bank received an updated letter from the BFG regarding the MREL requirement. The MREL requirement for the Bank has been set at an individual level at 16.02% of the total risk exposure ("TREA") and 5.91% of the total exposure measure ("TEM"). This requirement is binding from 31 May 2024.

MREL requirement applies at individual level.

The entire MREL requirement should be met in the form of own funds and liabilities meeting the criteria set out in Article 98 of the BGF Act, which transposes Article 45f(2) BRRD. According to the BGF's expectations, the part of MREL corresponding to the recapitalisation amount ("RCA") will be met in the form of AT1, T2 instruments and other subordinated eligible liabilities acquired directly or indirectly by the parent company. The Bank meets the mentioned requirement.

At the same time, the BGF indicated that Common Equity Tier 1 ("CET1") instruments held by the Bank for the purposes of the combined buffer requirement cannot be counted towards the MREL requirement expressed as a percentage of TREA. This rule does not apply to the MREL requirement expressed as a TEM percentage.

On 12 September 2024, 29 October 2024 and 19 December 2024, the Bank entered into agreements with BNP Paribas S.A. to raise Senior Non Preferred loans of EUR 142 million, EUR 60 million and EUR 100 million, respectively. The above loans were recognised for the purposes of meeting the MREL ratios in relation to TREA and TEM.

As of 31 March 2025, the Bank meets the defined requirements of MREL-TREA and MREL-TEM.

53. MANAGEMENT OF BNP PARIBAS BANK POLSKA S.A.

Composition of the Bank's Supervisory Board as of 31 March 2025:

FULL NAME	OFFICE HELD IN THE SUPERVISORY BOARD OF THE BANK
Lucyna Stańczak-Wuczyńska	Chairman of the Supervisory Board independent member
Francois Benaroya	Vice-Chairman of the Supervisory Board
Jean – Charles Aranda	Member of the Supervisory Board
Małgorzata Chruściak	Independent Member of the Supervisory Board
Sophie Heller	Member of the Supervisory Board
Monika Kaczorek	Independent Member of the Supervisory Board
Vincent Metz	Member of the Supervisory Board
Piotr Mietkowski	Member of the Supervisory Board
Khatleen Pauwels	Member of the Supervisory Board
Jacques Rinino	Independent Member of the Supervisory Board
Mariusz Warych	Independent Member of the Supervisory Board

There were no changes to the composition of the Bank's Supervisory Board in the period of 1 January - 31 March 2025.

On 15 April 2025, the Bank's Annual General Meeting appointed Ms Bożena Leśniewska as an independent member of the Bank's Supervisory Board, with effect from 15 April 2025 until the end of the current five-year joint term of office of the Supervisory Board members.

On 28 April 2025 Mr. Mariusz Warych announced that he would resign as Chairman of the Audit Committee of the Supervisory Board from 28 June 2025.

On 6 May 2025, Mr François Benaroya announced that he would no longer be a member of the Audit Committee of the Supervisory Board on 28 June 2025.

On 7 May 2025, the Supervisory Board appointed Mr Jacques Rinino as a member of the Audit Committee of the Supervisory Board on 28 June 2025.

On 7 May 2025, the Supervisory Board appointed Ms. Monika Kaczorek as Chairman of the Audit Committee of the Supervisory Board on 28 June 2025.

Composition of the Bank's Management Board as of 31 March 2025:

FULL NAME	OFFICE HELD IN THE MANAGEMENT BOARD OF THE BANK
Przemysław Gdański	President of the Management Board
André Boulanger	Vice-President of the Management Board
Małgorzata Dąbrowska	Vice-President of the Management Board
Wojciech Kembłowski	Vice-President of the Management Board
Piotr Konieczny	Vice-President of the Management Board
Magdalena Nowicka	Vice-President of the Management Board
Volodymyr Radin	Vice-President of the Management Board
Agnieszka Wolska	Vice-President of the Management Board

There were no changes to the composition of the Bank's Management Board in the period of 1 January - 31 March 2025 up to the date of signing of this financial statements.

54. MAJOR EVENTS IN THE BNP PARIBAS BANK POLSKA S.A. CAPITAL GROUP IN THE FIRST QUARTER OF 2025

12.03.2025

The Bank's Management Board's proposal regarding the distribution of net profit for 2024.

Recommendation of the Bank's Management Board regarding the distribution of the Bank's net profit for 2024 in the amount of PLN 2,320,797,922.26 by:

- allocation of PLN 1,162,334,504.88 (approx. 50% of net profit) for dividend payment, i.e. PLN 7.86 dividend per share,
- allocation of the amount of PLN 658,463,417.38 to reserve capital,
- retaining the amount of PLN 500,000,000 as undistributed.

The Bank's Supervisory Board provided a positive opinion on the Management Board's proposal, which will be submitted to the Bank's Annual General Meeting.

On 14 March 2025, the Bank received an Individual Recommendation from the Polish Financial Supervision Authority (PFSA) regarding the fulfilment of criteria for the payment of a dividend up to 50% of the net profit generated in 2024. Additionally, due to the good quality of the loan portfolio, the potential dividend payout rate was increased to 75%.

The recommendation of the Bank's Management Board, of which the Bank reported in current report No. 2/2025 of 12 March 2025, is in line with the recommendation received from the PFSA.

27.03.2025

Information on the amount of the annual contribution to the bank resolution fund for 2025, **set by the Bank Guarantee Fund** (BGF) for the BNP Paribas Bank Polska S.A., in the amount of **PLN 156,118 thousand.**

55. FACTORS WHICH, IN THE BANK'S OPINION, WILL AFFECT THE RESULT OF THE CAPITAL GROUP IN THE PERSPECTIVE OF AT LEAST THE FOLLOWING QUARTER

The most significant external factors that, in the Bank's opinion, may affect the Group's performance in future periods include:

- **Tightening of United States Trade Policy.** Donald Trump has noticeably tightened trade protectionist policies after becoming US president. At the beginning of April, reciprocal tariffs were announced, resulting in additional tariffs on imports from 75 countries. The tariff rate for the European Union was set at 20%. For countries that did not implement retaliatory tariffs (including the EU), the effective date was initially postponed by 90 days (July 8). Nevertheless, the tightening of trade policy by the US will be unfavourable from the European Union's point of view. Indeed, the US is the largest recipient of goods produced in the EU, accounting for around 20% of non-EU exports. In 2023 alone, EU exports to the US amounted to just over EUR 500 billion. At the same time, sales across the Atlantic represent only 3% of the GDP of the EU as a whole. This means that a fall in US demand of 10%, would only weaken the EU economy by 0.3%. Although the ultimate impact of such a scale of decline in US demand would likely be greater due to its effect on employment and company profits in Europe, it would probably not threaten a deep recession on the Old Continent. Among the countries most exposed to the negative impact of American tariffs are Ireland, Belgium, Slovakia, the Netherlands, and Germany. Poland does not belong to this group. The United States is only the eighth largest recipient of Polish exports, accounting for about 3% of total foreign sales. As a result, American demand is responsible for only 1.5% of Poland's generated GDP.
- **Trade war between the US and China**. The only country that decided to impose retaliatory tariffs on the US was China. Donald Trump, as promised, responded to this move by raising tariffs. Currently, tariffs on Chinese products are 145%. In return, US imports to China are subject to a 125% tariff. As a result, the economic relationship between the world's two largest economies has deteriorated rapidly increasing the risk of a prolonged conflict with potentially massive global consequences.
- **The war in Ukraine.** Initially, the war in Ukraine strongly affected the Polish economy, mainly through increased energy prices, trade disruptions and a massive inflow of refugees. Now, it appears that the direct effects of the war are gradually fading. Energy prices, although still higher than before the war, are already more stable, and Polish industry and the labour market have adapted to the new operating conditions. However, the war is still affecting fiscal policy. This year, defence spending is expected to settle at around 5% of GDP.
- **Global economic conditions.** According to the April edition of the International Monetary Fund's (IMF) World Economic Outlook, global economic growth will be 2.8% in 2025, and 3.0% YoY in 2026, below the historical average (2000-19) of 3.7%. The Fund forecasts a significant slowdown in US growth from 2.8% in 2024 to 1.8% in 2025, and a slight recovery in the euro area and an increase in real GDP growth from 0.8% to 0.9%. At the same time, the IMF assesses that inflation will continue to fall towards inflation targets. Price dynamics are projected to return to levels targeted by monetary authorities sooner in advanced economies than in emerging and developing economies. For Poland, the IMF expects GDP to grow by 3.2% in 2025. At the same time, average annual inflation will remain relatively high this year - in the range of 4.3%.
- **Monetary policy implemented by major central banks**. Alongside the geopolitical situation, the main factor influencing the global rate of recovery is the policies of the major central banks. In 2025. The European Central Bank continues its monetary policy easing cycle. In April, it decided to cut interest rates again by 25 bps, to 2.25% for the deposit rate. In the communication accompanying the ECB's April decision, the Governing Council removed the section indicating that monetary policy in the euro area remained restrictive. However, the market did not take this as a signal that a correction in the Council's stance was coming. The Governing Council repeated in the communication that further ECB decisions will depend on incoming data and will be taken 'from meeting to meeting'. However, given that, as a result of the deterioration in sentiment - due to the introduction of trade barriers by the US - economic growth in the euro area is likely to weaken in the second quarter, it appears that the ECB will continue its cycle of interest rate cuts until at least July. In the US, on the other hand, the Federal Open Market Operations Committee (FOMC) is keeping monetary policy parameters unchanged. Changes in Donald Trump's trade policy have significantly increased uncertainty about the pace of economic growth and price levels in the US. The market is currently pricing in two/three interest rate cuts this year, with the first taking place as early as July/August.
- **Activities of the Central Bank of Poland.** In May, the Monetary Policy Council (MPC) decided to reduce the NBP reference rate by 50bps to 5.25%, and this is probably not the end of monetary policy easing in Poland. Price pressures in the domestic economy have clearly eased over the past few months and, as a result, CPI inflation is expected to fluctuate around 3% in the second half of this year, and next year it will approach the 2.5% inflation target of the National Bank of Poland. In this light, it seems that the MPC's next moves are only a matter of time, although the probability of interest rate cuts in June is rather low. The baseline scenario assumes that the next reduction in interest rates will take place in July. Taking into account the remarks of the NBP Governor Adam Glapiński, it seems that at this point it is not yet a foregone conclusion whether further easing of the monetary policy will be a series of adjustments to the level of interest rates or whether we will face a steady cycle of cuts at (almost) every upcoming MPC meeting. Although it is difficult to predict the exact path of interest rates coming down from

current levels, it is estimated that the monetary policy easing process will end in the first half of next year, and the NBP reference rate will fall to 3.50%.

- **The performance of the Polish zloty against key currencies**. The first quarter of 2025 was characterised by a strong appreciation of the Polish zloty. The EUR/PLN exchange rate fell from around 4.27 to 4.14 in mid-February. In March, the exchange rate oscillated around 4.20. At the beginning of 2025, the Polish zloty benefited from the persistently positive sentiment on global markets. This was mainly due to growing expectations for the announced peace negotiations between the US and Russia over the war in Ukraine. The large spread between market interest rates in Poland and the euro area remained favourable for the domestic currency. The Polish zloty's appreciation was also supported by a better economic situation in Poland than in the euro area. However, taking into account the more dovish rhetoric coming from the MPC recently, it is believed that the difference in interest rates is currently less favorable for the zloty. Moreover, the risk factor remains the US tariff policy, the tightening of which could have a negative impact on the Polish currency.
- **Evolution of economic activity in Poland.** In the fourth quarter of 2024, Polish's Gross Domestic Product increased by 1.4% q/q (seasonally-adjusted) and by 3.4% y/y. Household consumption increased by 3.5% y/y and was an important factor behind economic growth at the end of last year. The increase in inventories (+3.4 p.p. to GDP growth) also significantly contributed to the economic expansion at the end of 2024. Gross fixed capital formation decreased significantly by 6.9% y/y. With exports up by 0.2% y/y and imports by 3.5% y/y, the foreign trade balance reduced the economic growth rate in the fourth quarter of 2024 by 1.6 p.p. The risk of the economy overheating in the coming quarters is limited. After the data on economic activity turned out to be unexpectedly good in January, the February and March economic statistics quickly overshadowed optimism about the scale of economic growth in Poland at the beginning of the year. Preliminary estimates show that the GDP growth rate in the first quarter will be similar to that recorded at the end of last year. Measures aimed at increasing security in the European Union (ReArm Europe/Readiness 2030), as well as loosening fiscal policy in Germany, mean that the strength of the economic recovery in Poland may surprise slightly upwards in the coming quarters. We estimate that these factors could increase the country's GDP by about 0.5% over the next 2 years. On the other hand, the tariffs imposed by the United States on the European Union pose a potential risk of a decline in economic activity. While Polish's direct ties with the U.S. are not very close, the negative impact of tariffs on European value chains can be significant..
- **Situation on the domestic labour market.** The upward pressure on wages in Poland is gradually decreasing. In the first quarter of 2025, wages in the corporate sector grew by an average of 8.3% YoY, compared with over 12% YoY in the corresponding period in 2024. Taking inflation into account, wages increased by around 3.5% YoY in real terms. The registered unemployment rate remains around 5%. A further slowdown in wage growth is expected in the coming months of this year.
- **Inflation trajectory.** In the first quarter of 2025, CPI inflation in Poland remained at 4.9% and in April it slowed to 4.2% y/y. Core inflation will continue to gradually moderate in the coming months, supported by robust but not very fast GDP growth and slowing wage growth. Labour costs will grow at a slower pace in the coming months, as indicated by, m.in the surveys of enterprises. As far as CPI inflation is concerned, energy prices will have a significant impact on its final shape. The current regulations assume that from July the capacity fee will be reinstated on electricity bills (it may increase inflation by 0.3 p.p.), while the mechanism of freezing electricity prices will be completed in September (potentially approx. +0.6 p.p. to inflation). Taking into account the changes in the wholesale electricity market, it can be assumed that the latter factor will ultimately not affect the prices paid by households. Headline inflation is forecast to average 3.7% this year. On the other hand, in the second half of 2025, the annual price growth rate will be around 3-3.5%.
- **Public finance imbalances.** According to the Central Statistical Office (CSO), the deficit of the public finance sector in Poland in 2024 increased to 6.6% of GDP compared to a deficit of 5.3% of GDP in 2023. The increase in the deficit compared to previous years is due to, among other things, an increase in defence spending, higher outlays for social benefits and salary increases in the budget area. The excessive deficit procedure imposed on Poland by the European institutions obliges Poland to reduce the budget gap to 3% of GDP by 2028. According to the European Commission, the accumulated high fiscal deficits and lower nominal GDP growth rate will increase the public debt-to-GDP ratio in the following years from 55.3% in 2024 to 62.4% in 2025. The increase in the debt ratio will be an additional argument for fiscal discipline in the coming years.
- **Sentiment on the main financial markets.** One of the main factors that will influence market sentiment in the coming months will be US trade policy and the possible risks of tightening it. The decisions of Donald Trump's administration may be reflected in both the currency and stock markets. The next steps of the ECB and the Federal Reserve will also be important for financial markets. The continuation of the cycle of interest rate cuts in the euro area and the start of the cycle in the USA may stimulate risk appetite, also positively affecting the markets of Central and Eastern Europe, including the Polish zloty. Locally, the war in Ukraine will remain the focus of market attention. This is of particular importance in the context of the exchange rate of the Polish currency. In the event of increased risk aversion, the Polish zloty, like other emerging market currencies, may lose value.

- **WIBOR-based loans.** The dispute over WIBOR-based loans gained media exposure in late 2022. In July 2023, the Office of the Polish Financial Supervision Authority (UKNF) published a position paper in which it emphasised that, in the UKNF's view, there are no grounds to question the credibility and legality of WIBOR, in particular in the context of the use of this index in mortgage contracts in Polish currency. According to the Association of Polish Banks (ZBP, as at the end of March 2025), there are currently about 1,800 court proceedings in which customers are challenging contractual provisions providing for interest rates based on the WIBOR reference index. The most important interest rate index for PLN loans with variable interest rates was removed from the loan agreement for the first time ever by the court in Suwałki on 4 October 2024 (non-final judgment). According to experts, including the ZBP, this ruling does not pose a risk to the existing line of case law. All finalised proceedings have resulted in rulings in favour of the banks.
- **Draft of the new Swiss franc mortgage law.** In February 2025, a draft of a new Act on special solutions for the recognition of cases concerning credit agreements denominated or indexed to CHF concluded with consumers was published. The Act concerns claims related to a credit agreement concluded with a consumer denominated or indexed to CHF (not applicable to foreign currency loans). The key mechanisms provided for in the bill include:
  - suspension of the consumer's obligation to fulfil the obligations under the credit agreement as soon as the lawsuit is delivered to the bank,
  - make the judgment at first instance ordering the consumer to pay a monetary benefit enforceable as soon as the judgment delivered in closed session is pronounced or served on the defendant bank,
  - removal of time limits on raising a set-off, removal of interpretative doubts as to whether a declaration of set-off can be made and accepted by a legal representative,
  - allowing a request for the Bank's restitution claim to be made during proceedings initiated by the consumer,
  - granting tax benefits to parties who choose to withdraw appeals addressed to the courts,
  - the possibility of hearing parties in Swiss franc cases in writing, and the exclusion of limitations on examining witnesses outside the courtroom during a remote hearing
  - the introduction of a renewed verification (the so-called pre-court screening) of cassation appeals accepted by the Supreme Court for examination in Swiss franc cases, before the unification of case law in these matters.

  The law is tentatively scheduled to be adopted in the second quarter of 2025.
- **New reference index**. The first attempt to designate an alternative interest rate benchmark to WIBOR failed. After the National Working Group (NGR) designated WIRON as the successor to WIBOR in the early autumn of 2022, concerns arising about its calculation methodology put the plan on hold. After two rounds of consultation, the NGR presented WIRF- as the new indicator for loan agreements in December 2024. Following a decision by the NGR Steering Committee on 24 January 2025, the technical name of WIRF- was changed to POLSTR (Polish Short Term Rate). As a consequence of the review and analysis of the Risk Free Rate alternatives to WIBOR carried out in 2024, the NGR Steering Committee on 28 March 2025 updated the Roadmap for the process of replacing the WIBOR and WIBID reference indices (the ‘Roadmap’), which assumes that the publication of POLSTR will commence in the second quarter of 2025, which will allow POLSTR to start being used in the Polish financial market. In parallel, standards for the use of POLSTR in banking products, debt instruments and derivatives will be defined. The first POLSTR-based treasury bond issue is scheduled for December 2025. This will be followed by the launch of a wide range of financial products using POLSTR and a POLSTR-based compound rate in the first half of 2026. In 2026, there will be a review of the rationale for the occurrence of a regulatory event that will result in the issuance of a Regulation of the Minister of Finance indicating a substitute for the WIBOR key reference index and a corrective spread and the date of their application. The Regulation of the Minister of Finance will apply to contracts and financial instruments not subject to contractual conversion. The Roadmap assumes readiness to discontinue the development and publication of WIBID and WIBOR from the beginning of 2028.
- **Long-term funding ratio.** In 2023, the Polish Financial Supervision Authority announced that in order to change the structure of mortgage funding, it plans to introduce a new long-term funding ratio (WFD) for banks. The proposed changes aim to reduce the risks associated with the current mortgage funding structure by increasing the funding of long-term mortgages primarily with long-term debt instruments. On 17 July 2024, the PFSA announced that it had adopted the WFD Recommendation on the Long-Term Funding Ratio and expects that from the end of 2026, banks will be required to maintain this ratio at a minimum of 40%, meaning that they will have to issue PLN 7-8 billion of debt securities per year (i.e. by the end of 2026, banks will have to issue around PLN 15 billion of additional instruments).
- **Operational digital resilience**. According to a report by Check Point Software Technologies, the financial sector is ranked second in terms of the frequency of hacking attacks in Poland. With the growing importance of digital channels in dealing with customers, banks are particularly vulnerable to cyber risks. This risk has been escalated as a consequence of the outbreak of war in Ukraine in February 2022. In response to the growing cyber risks, the European Commission's “DORA” (Digital Operational Resilience Act) regulation came into force in 2023. The main objective of the regulation is to address systemic risks posed by providers of key ICT services in the financial sector. The regulation consolidates regulatory requirements and introduces direct supervision of ICT providers by European financial regulators. The obligations imposed on the sector by DORA became effective on January 17, 2025.

- **Free credit sanction.** The Financial Stability Committee identified the application of Article 45 of the Consumer Credit Law, known as the sanction of free credit, as a new systemic risk in the national financial system during a meeting held on March 21, 2025. One of the main problems concerning SKD is the lack of gradation despite the fact that the violations listed in the Consumer Credit Law are diverse in nature and severity. The number of court cases involving SKD reached just under 15,000 at the end of 2024, with the problem expected to increase further in 2025. However, the data shows that currently about 90% of cases end in favourable settlements for banks. Work is currently underway on a draft of a new law on consumer credit, which should lead to the regulation of SKD as an institution with an effective, but proportional to the scale of violations.

56. SUBSEQUENT EVENTS

7.04.2025

Issue of Series M shares under conditional share capital increase and change in the value of share capital of BNP Paribas Bank Polska S.A.

Pursuant to the relevant statements of the Central Securities Depository (KDPW) and resolutions of the Management Board of the Warsaw Stock Exchange (WSE) - the Bank's current report No. 9/2025 – on 7 April 2025, the following registration with the KDPW and the admission to trading by the WSE took place:

- 20,223 ordinary bearer shares of the Bank, series M (Series M Shares) with a nominal value of PLN 1 each and the recording of these shares in the securities accounts of the entitled persons.

Series M shares were issued as part of a conditional increase in the Bank's share capital pursuant to Resolution No. 5 of the Bank's Extraordinary General Meeting of 31 January 2020, as amended by Resolution No. 37 of the Bank's Annual General Meeting of 29 June 2020. Series M shares were subscribed for in exercise of the rights under Series A5 registered subscription warrants subscribed for earlier, each of which entitled to subscribe for one Series M share.

Pursuant to the second sentence of Article 451 § 2 of the Commercial Companies Code, the award of Series M Shares became effective upon their entry in the securities accounts of the entitled persons.

Accordingly, pursuant to Article 451 § 2 in conjunction with Article 452 § 1 of the Commercial Companies Code, the rights were acquired from 20,223 Series M Shares with a nominal value of PLN 20,223 and **an increase in the Bank's share capital** from PLN 147,799,870 **to PLN 147,820,093** which is divided into 147,820,093 shares with a nominal value of PLN 1 each.

8.04.2025

Issue of Series N shares under conditional share capital increase and change in the value of share capital of BNP Paribas Bank Polska S.A.

Pursuant to the relevant statements of the Central Securities Depository (KDPW) and resolutions of the Management Board of the Warsaw Stock Exchange (WSE) - the Bank's current report No. 11/2025 – on 8 April 2025, the following registration with the KDPW and the admission to trading by the WSE took place:

- 60,398 ordinary bearer shares of the Bank, series N (Series N Shares) with a nominal value of PLN 1 each and the recording of these shares in the securities accounts of the entitled persons.

Series N shares were issued as part of a conditional increase in the Bank's share capital pursuant to Resolution No. 39 of the Bank's Annual General Meeting of 27 June 2022. Series N shares were subscribed for in exercise of the rights under Series B2 registered subscription warrants subscribed for earlier, each of which entitled to subscribe for one Series N share.

Pursuant to the second sentence of Article 451 § 2 of the Commercial Companies Code, the award of Series N Shares became effective upon their entry in the securities accounts of the entitled persons.

Accordingly, pursuant to Article 451 § 2 in conjunction with Article 452 § 1 of the Commercial Companies Code, the rights were acquired from 60,398 Series N Shares with a nominal value of PLN 60,398 and **an increase in the Bank's share capital** from PLN 147,820,093 **to PLN 147,880,491** which is divided into 147,880,491 shares with a nominal value of PLN 1 each.

15.04.2025	**Annual General Meeting of BNP Paribas Bank Polska S.A.** Adoption of a resolution regarding, among others, the dividend payment for 2024 Under the above Resolution, the Bank will pay a dividend of PLN 1,162,340,659.26, i.e. PLN 7.86 per share. The dividend covers all shares issued by the Bank, i.e. 147,880,491 shares. Dividend date: 22 April 2025, dividend payment date: 9 May 2025.
29.04.2025	Entry into the **National Court Register of amendments to the Statute of BNP Paribas Bank Polska S.A.** resulting from: ● from the increase of the Bank's share capital to the amount of PLN 147,880,491 as a result of the acquisition of series M shares and series N shares by authorized persons, ● from the amendments to the Bank's Articles of Association adopted by Resolution No. 36 by the Annual General Meeting of the Bank on 15 April 2025.
9.05.2025	**Minimum requirement for own funds and eligible liabilities (MREL) set for BNP Paribas Bank Polska S.A.** The MREL requirement for the Bank was set on individual basis at 15.93% of the total risk exposure (TREA) and 5.91% of the total exposure measure (TEM). At the same time, the Banking Guarantee Fund (BGF) indicated that the Tier 1 capital (CET1) instruments kept by the Bank for the purposes of the combined buffer requirement cannot be included in the MREL expressed as a percentage of TREA. This rule does not apply to the MREL requirement expressed as a percentage of TEM. The Bank was obliged to meet the requirement immediately after receiving the information. As at the date of receipt of the BGF letter, the Bank complied with the MREL requirements specified in the letter.

Changes in the composition of the Bank's Supervisory Board in the first quarter of 2025 and up to the date of signing of this financial statements are described in Note 53 Management of BNP Paribas Bank Polska S.A.

II INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS

Interim condensed separate statement of profit or loss

	1Q 2025 from 01.01.2025 to 31.03.2025	1Q 2024 from 01.01.2024 to 31.03.2024 restated
Interest income	2,434,417	2,417,404
Interest income calculated with the use of effective interest rate method	2,229,428	2,245,687
interest income on financial instruments measured at amortised cost	2,004,290	2,060,368
interest income on financial instruments measured at fair value through other comprehensive income	225,138	185,319
Income of a similar nature to interest on instruments measured at fair value through profit or loss	204,989	171,717
Interest expense	(969,862)	(1,043,049)
Net interest income	**1,464,555**	**1,374,355**
Fee and commission income	371,213	388,297
Fee and commission expense	(62,890)	(67,792)
Net fee and commission income	**308,323**	**320,505**
Dividend income	172	786
Net trading income (including result on foreign exchange)	285,115	216,110
Result on investment activities	(2,374)	3,829
Result on fair value hedge accounting	(2,591)	5,121
Result from derecognition of financial assets measured at amortized cost due to material modification	(1,649)	(3,410)
Result of allowance for expected credit losses of financial assets and provisions for contingent liabilities	(30,216)	(94,858)
Result on legal risk related to foreign currency loans	(64,905)	(21,000)
General administrative expenses	(817,433)	(766,334)
Depreciation and amortization	(127,367)	(125,816)
Other operating income	102,997	25,482
Other operating expenses	(90,844)	(44,833)
Operating result	**1,023,783**	**889,937**
Tax on financial institutions	(101,442)	(105,199)
Profit before tax	**922,341**	**784,738**
Income tax expenses	(199,870)	(206,746)
Net profit	**722,471**	**577,992**
attributable to equity holders of the Bank	722,471	577,992
Earnings (loss) per share (in PLN per one share)		
Basic	4.89	3.91
Diluted	4.89	3.91

Interim condensed separate statement on comprehensive income

	1Q 2025 from 01.01.2025 to 31.03.2025	1Q 2024 from 01.01.2024 to 31.03.2024
Net profit for the period	**722,471**	**577,992**
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss upon fulfilment of certain conditions	**66,004**	**34,825**
Measurement of gross financial assets measured at fair value through other comprehensive income	62,509	58,012
Deferred income tax on the valuation of gross financial assets measured through other comprehensive income	(11,877)	(11,023)
Measurement of cash flow hedge accounting derivatives	18,977	(15,017)
Deferred income tax on valuation of gross derivatives hedging cash flows	(3,605)	2,853
Items that will not be reclassified to profit or loss	**(218)**	**(1,000)**
Actuary valuation of employee benefits	(269)	(1,234)
Deferred income tax on actuarial valuation of gross personnel expenses	51	234
Other comprehensive income (net)	**65,786**	**33,825**
Total comprehensive income	**788,257**	**611,817**
attributable to equity holders of the Bank	788,257	611,817

Interim condensed separate statement on financial position

ASSETS	31 March 2025	31 December 2024
Cash and balances at Central Bank	6,128,762	11,325,551
Amounts due from banks	12,042,485	7,789,297
Derivative financial instruments	2,625,107	2,440,116
Adjustment of hedged and hedging item fair value	147,251	230,658
Loans and advances to customers measured at amortised cost	82,783,794	81,189,258
Loans and advances to customers measured at fair value through profit or loss	400,537	452,506
Securities measured at amortised cost	34,416,359	32,364,550
Securities at fair value through profit or loss	330,824	320,925
Securities measured at fair value through other comprehensive income	18,507,034	23,027,454
Investments in subsidiaries	108,426	108,426
Intangible assets	937,128	978,163
Property, plant and equipment	917,277	946,796
Deferred tax assets	587,563	685,634
Other assets	873,913	1,228,167
Total assets	**160,806,460**	**163,087,501**
LIABILITIES	31 March 2025	31 December 2024
Amounts due to Central Bank	6,251,381	5,757,872
Amounts due to other banks	2,291,975	2,311,741
Derivative financial instruments	184,550	260,025
Adjustment of hedging and hedged item fair value	126,947,194	130,830,128
Amounts due to customers	3,391,316	3,420,128
Subordinated liabilities	585,225	606,204
Lease liabilities	3,163,740	2,262,300
Other liabilities	36,786	358,468
Current tax liabilities	1,869,960	1,968,726
Total liabilities	**144,722,127**	**147,775,592**
EQUITY	31 March 2025	31 December 2024
Share capital	147,800	147,800
Supplementary capital	9,110,976	9,110,976
Other reserve capital	4,026,357	4,024,205
AT1 equity bonds	650,000	650,000
Revaluation reserve	(475,298)	(541,084)
Retained earnings	2,624,498	1,920,012
retained profit	1,902,027	(400,786)
net profit for the period	722,471	2,320,798
Total equity	**16,084,333**	**15,311,909**
Total liabilities and equity	**160,806,460**	**163,087,501**

Interim condensed separate statement of changes in equity

						Retained earnings		
	Share capital	Supplementary capital	Other reserve capital	AT1 equity bonds	Revaluation reserve	Retained profit	Net profit for the period	Share capital
Balance as of 1 January 2025	**147,800**	**9,110,976**	**4,024,205**	**650,000**	**(541,084)**	**(400,786)**	**2,320,798**	**15,311,909**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**65,786**	**-**	**722,471**	**788,257**
Net profit for the period	-	-	-	-	-	-	722,471	722,471
Other comprehensive income for the period	-	-	-	-	65,786	-	-	65,786
Distribution of retained earnings	**-**	**-**	**-**	**-**	**-**	**2,320,798**	**(2,320,798)**	**-**
Transfer of retained earnings pending approval	-	-	-	-	-	2,320,798	(2,320,798)	-
Interest payment on AT1 capital bonds	**-**	**-**	**-**	**-**	**-**	**(17,985)**	**-**	**(17,985)**
Management stock options*	**-**	**-**	**2,152**	**-**	**-**	**-**	**-**	**2,152**
Balance as of 31 March 2025	**147,800**	**9,110,976**	**4,026,357**	**650,000**	**(475,298)**	**1,902,027**	**722,471**	**16,084,333**

* for details on the management stock options programme please refer to Note 38 in the Interim condensed consolidated financial statements for the first quarter of 2025.

	Share capital	Supplementary capital	Other reserve capital	AT1 equity bonds	Revaluation reserve	Retained earnings: Retained profit	Retained earnings: Net profit for the period	Share capital
Balance as of 1 January 2024	**147,677**	**9,110,976**	**3,513,978**	**-**	**(566,964)**	**(400,786)**	**1,007,828**	**12,812,709**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**25,880**	**-**	**2,320,798**	**2,346,678**
Net profit for the period	-	-	-	-	-	-	2,320,798	2,320,798
Other comprehensive income for the period	-	-	-	-	25,880	-	-	25,880
Distribution of retained earnings	**-**	**-**	**503,830**	**-**	**-**	**-**	**(1,007,828)**	**(503,998)**
Distribution of earnings intended for capital	-	-	503,830	-	-	-	(503,830)	-
Dividends paid out	-	-	-	-	-	-	(503,998)	(503,998)
Share issue	**123**	**-**	**-**	**-**	**-**	**-**	**-**	**123**
Issuance of AT1 capital bonds	**-**	**-**	**-**	**650,000**	**-**	**-**	**-**	**650,000**
Management stock options*	**-**	**-**	**6,397**	**-**	**-**	**-**	**-**	**6,397**
Balance as of 31 December 2024	**147,800**	**9,110,976**	**4,024,205**	**650,000**	**(541,084)**	**(400,786)**	**2,320,798**	**15,311,909**

* for details on the management stock options programme please refer to Note 38 in the Interim condensed consolidated financial statements for the first quarter of 2025.

	Share capital	Supplementary capital	Other reserve capital	AT1 equity bonds	Revaluation reserve	Retained earnings: Retained profit	Retained earnings: Net profit for the period	Share capital
Balance as of 1 January 2024	**147,677**	**9,110,976**	**3,513,978**	**-**	**(566,964)**	**(400,786)**	**1,007,828**	**12,812,709**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**33,825**	**-**	**577,992**	**611,817**
Net profit for the period	-	-	-	-	-	-	577,992	577,992
Other comprehensive income for the period	-	-	-	-	33,825	-	-	33,825
Distribution of retained earnings	**-**	**-**	**-**	**-**	**-**	**1,007,828**	**(1,007,828)**	**-**
Transfer of retained earnings pending approval	-	-	-	-	-	1,007,828	(1,007,828)	-
Management stock options*	**-**	**-**	**2,035**	**-**	**-**	**-**	**-**	**2,035**
Balance as of 31 March 2024	**147,677**	**9,110,976**	**3,516,013**	**-**	**(533,139)**	**607,042**	**577,992**	**13,426,561**

* for details on the management stock options programme please refer to Note 38 in the Interim condensed consolidated financial statements for the first quarter of 2025.

Interim condensed separate statement on cash flows

CASH FLOWS FROM OPERATING ACTIVITIES:	1Q 2025 from 01.01.2025 to 31.03.2025	1Q 2024 from 01.01.2024 to 31.03.2024
Net profit (loss)	**722,471**	**577,992**
Adjustments for:	**(3,733,708)**	**2,204,616**
Income tax expenses	199,870	206,746
Depreciation and amortization	127,367	125,816
Dividend income	(172)	(786)
Interest income	(2,434,417)	(2,417,404)
Interest expense	969,862	1,043,049
Change in provisions	(99,035)	(1,030)
Change in amounts due from banks	(69,999)	4,684,964
Change in assets due to derivative financial instruments	(101,584)	134,481
Change in loans and advances to customers measured at amortised cost	(1,559,498)	(26,162)
Change in loans and advances to customers measured at fair value through profit or loss	51,969	60,393
Change in amounts due to banks	477,200	(244,233)
Change in liabilities related to derivative financial instruments	(76,264)	(82,314)
Change in amounts due to customers	(3,847,865)	(2,284,396)
Change in other assets and deferred tax assets	355,095	(64,939)
Change in other liabilities and current income tax liabilities	903,593	304,625
Other adjustments	(14,971)	(11,785)
Interest received	2,759,880	2,301,225
Interest paid	(935,496)	(1,096,350)
Tax paid	(438,912)	(427,058)
Lease payments with reference to short-term leases not included in the lease liability measurement	(331)	(226)
Net cash flows from operating activities	**(3,011,237)**	**2,782,608**

CASH FLOWS FROM INVESTING ACTIVITIES:	1Q 2025 from 01.01.2025 to 31.03.2025	1Q 2024 from 01.01.2024 to 31.03.2024
Inflows	**60,244,162**	**52,094,581**
Sale and repurchase of securities	60,227,107	52,079,948
Sale of intangible assets and property, plant and equipment	16,883	13,847
Dividends received and other inflows from investing activities	172	786
Outflows	**(58,143,625)**	**(54,635,822)**
Purchase of securities	(58,084,963)	(54,520,952)
Purchase of intangible assets and property, plant and equipment	(58,662)	(114,870)
Net cash flows from investment activities	**2,100,537**	**(2,541,241)**

CASH FLOWS FROM FINANCING ACTIVITIES:	1Q 2025 from 01.01.2025 to 31.03.2025	1Q 2024 from 01.01.2024 to 31.03.2024
Inflows	**-**	**-**
Outflows	**(104,382)**	**(19,597)**
Repayment of long-term loans received and subordinated liabilities	(50,588)	3,290
Repayment of leasing liabilities	(35,809)	(22,887)
Interest payment on AT1 equity bonds	(17,985)	-
Net cash flows from financing activities	**(104,382)**	**(19,597)**
TOTAL NET CASH AND CASH EQUIVALENTS	**(1,015,082)**	**221,770**
Cash and cash equivalents at the beginning of the period	**18,209,851**	**15,801,272**
Cash and cash equivalents at the end of the period	**17,194,769**	**16,023,042**
Effect of exchange rate fluctuations on cash and cash equivalents	(160,961)	(59,746)

EXPLANATORY NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS

1. ACCOUNTING PRINCIPLES APPLIED FOR THE PURPOSE OF PREPARATION OF THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS

The Interim condensed separate financial statements for the first quarter of 2025 ended 31 March 2025 were prepared in accordance with the requirements of International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34"), as adopted by the European Union as well as in accordance with other applicable regulations.

The accounting policies applied in the first quarter of 2025 are no different from those in force in 2024, which are described in details in the Separate Financial Statements of BNP Paribas Bank Polska S.A. for the year ended 31 December 2024, considering new standards, interpretations and amendments to published standards that have been issued by the International Accounting Standards Board (IASB), have been approved by the European Union, became applicable from 1 January 2024 and have been applied by the Bank.

The interim condensed separate financial statements have been prepared in Polish zloty and all values, unless otherwise indicated, are given in thousands of zlotys (PLN '000).

The interim condensed separate financial statements do not include all information and disclosures required for the annual financial statements, and therefore should be read in conjunction with the Interim condensed consolidated financial statements for the first quarter of 2025 and with the Separate financial statements of the BNP Paribas Bank Polska S.A. for the year ended 31 December 2024, which was approved by the Management Board of the Bank on 12 March 2025.

The accounting principles and methods of performing accounting estimates adopted in the preparation of the interim condensed separate financial statements of the Bank are consistent with the accounting principles adopted for the Group's interim condensed consolidated financial statements, which are described in Notes 3 and 7 in the Interim condensed consolidated financial statements for the first quarter of 2025.

Compared to the Interim condensed separate financial statements prepared for the first quarter ended 31 March 2024, the Bank has changed the presentation:

- gain/loss on sale of securities measured at amortised cost

Separate income statement	1Q 2024 from 01.01.2024 to 31.03.2024 Before adjustment	Adjustment	1Q 2024 from 01.01.2024 to 31.03.2024 After adjustment
Result from trading activities (including result from exchange items)	213,391	2,719	216,110
Result from discontinued recognition of financial assets measured at amortized cost due to material modification	(691)	(2,719)	(3,410)

In the opinion of the Bank, the presentation changes outlined above better reflect the economic nature of the above items and therefore provide more useful information to the recipients of the financial statements.

2. GOING CONCERN

The present interim condensed separated financial statements have been prepared assuming that the Bank will continue as a going concern in substantially the same scope, in the foreseeable future, i.e. within at least 12 months from the date of the reporting period end.

3. NET ALLOWANCES ON EXPECTED CREDIT LOSSES OF FINANCIAL ASSETS AND PROVISIONS FOR CONTINGENT LIABILITIES

Net allowances on expected credit losses of financial assets and provisions on contingent liabilities

1Q 2025 from 01.01.2025 to 31.03.2025	Stage 1	Stage 2	Stage 3	POCI	Total
Amounts due from banks	(1,664)	-	-	-	(1,664)
Loans and advances to customers measured at amortised cost	(12,327)	5,192	(18,779)	(1,956)	(27,870)
Contingent commitments granted	(1,104)	2,975	(2,547)	6	(670)
Securities measured at amortized cost	(12)	-	-	-	(12)
Total net allowances on expected credit losses of financial assets and provisions on contingent liabilities	**(15,107)**	**8,167**	**(21,326)**	**(1,950)**	**(30,216)**

Net allowances on expected credit losses of financial assets and provisions on contingent liabilities

1Q 2024 from 01.01.2024 to 31.03.2024	Stage 1	Stage 2	Stage 3	POCI	Total
Amounts due from banks	(30)	-	-	-	(30)
Loans and advances to customers measured at amortised cost	(5,391)	(39,827)	10,319	(30,093)	(64,992)
Contingent commitments granted	(3,327)	(25,882)	(680)	97	(29,792)
Securities measured at amortised cost	(44)	-	-	-	(44)
Total net allowances on expected credit losses of financial assets and provisions on contingent liabilities	**(8,792)**	**(65,709)**	**9,639**	**(29,996)**	**(94,858)**

4. LITIGATION AND ADMINISTRATIVE PROCEEDINGS

Legal risk

As at 31 March 2025, there were no proceedings pending in any court, arbitration authority or state administration bodies concerning the Bank's liabilities or receivables, whose value would exceed 10% of the Bank's equity.

The following litigation and administrative proceedings in which the Bank is a party are currently pending:

- interchange fees-related claims from entrepreneurs,
- claims from investment fund participants related to the performance of the investment fund depositary function
- administrative proceedings of the Polish Financial Supervision Authority for the imposition of a penalty in connection with the performance of the function of depositary for investment funds,
- proceedings for practices in violation of the collective interests of consumers - unauthorised transactions,
- proceedings for practices in violation of the collective interests of consumers – credit holidays,
- proceedings concerning the institution of the free credit sanction referred to in Article 45 of the Act of 12 May 2011, on Consumer Credit ('the Consumer Credit Act').
- litigation relating to mortgage loan agreements with interest rates based on WIBOR,
- administrative proceedings of the Polish Financial Supervision Authority for the imposition of a penalty,
- litigation concerning CHF loan agreements in the banking sector.

Details of litigation and administrative proceedings are presented in Note 50 in the Interim condensed consolidated financial statements for the first quarter of 2025 ended 31 March 2025.

5. OTHER SIGNIFICANT DISCLOSURES

The following significant disclosures related to the Interim condensed separate financial statements for the first quarter of 2025 are described in the Interim condensed consolidated financial statements for the first quarter ended 31 March 2025:

1) Information on the restructuring provision recognised by the Bank in Notes 7 f and 36,
2) Disclosures on fair value in Note 41,
3) Disclosures on significant estimates and events affecting the statement of financial position and the Bank's results, in particular the impact of legal risks arising from litigation relating to CHF mortgages and the securitisation transaction in Notes 43 and 50,
4) Significant events in the BNP Paribas Bank Polska S.A. Group in the first quarter of 2025 in Note 54,
5) Significant events after the balance sheet date in Note 56.

6. RELATED PARTY TRANSACTIONS

BNP Paribas Bank Polska S.A. is a member of the BNP Paribas Bank Polska S.A. Capital Group.

BNP Paribas Bank Polska S.A. is the parent company of the BNP Paribas Bank Polska S.A. Capital Group.

The ultimate parent company is BNP Paribas S.A. based in Paris.

As of 31 March 2025 the Capital Group of BNP Paribas Bank Polska S.A. comprised BNP Paribas Bank Polska S.A. as the parent company and its subsidiaries:

1) BNP PARIBAS TOWARZYSTWO FUNDUSZY INWESTYCYJNYCH S.A. („TFI”),
2) BNP PARIBAS LEASING SERVICES SP. Z O.O. („LEASING”),
3) BNP PARIBAS GROUP SERVICE CENTER S.A. („GSC”),

All transactions between the Bank and its related parties were entered into as part of its daily operations and included mainly loans, deposits, transactions in derivative instruments as well as income and expenses related to advisory and financial intermediation services.

Transactions with shareholders of BNP Paribas Bank Polska S.A. and related parties.

31.03.2025	BNP Paribas Paris	BNP Paribas Fortis S.A.	Other entities from the capital group of BNP Paribas S.A.	Key personnel	Subsidiaries	Total
Assets	**13,661,967**	**9**	**128,286**	**1,421**	**2,884,760**	**16,676,443**
Receivables on current accounts, loans and deposits	11,644,514	1	115,628	1,383	2,883,186	**14,644,712**
Derivative financial instruments	1,870,021	8	1,537	-	-	**1,871,566**
Hedging derivative instruments	147,251	-	-	-	-	**147,251**
Other assets	181	-	11,121	38	1,574	**12,914**
Liabilities	**9,863,454**	**58,018**	**644,751**	**4,141**	**19,380**	**10,589,744**
Current accounts and deposits	5,266,591	58,017	629,856	4,141	19,188	**19,188**
Subordinated liabilities	3,391,316	-	-	-	-	**3,391,316**
Derivative financial instruments	536,750	1	352	-	-	**537,103**
Hedging derivative instruments	668,789	-	-	-	-	**668,789**
Other liabilities	8	-	14,543	-	192	**14,743**
Contingent liabilities						
Financial commitments granted	-	-	206,521	2,235	-	**208,756**
Guarantees granted	309,617	78,046	459,043	-	878,619	**1,725,325**
Commitments received	318,328	122,240	668,186	-	675,354	**1,784,108**
Derivative financial instruments (nominal value)	64,657,010	18,989	262,390	-	-	**64,938,389**
Derivative hedging financial instruments (nominal value)	28,161,906	-	-	-	-	**28,161,906**
Statement of profit or loss	**349,726**	**(156)**	**11,355**	**29**	**68,252**	**429,206**
1Q 2025 from 01.01.2025 to 31.03.2025						
Interest income	124,943	84	4,076	45	46,398	**175,546**
Interest expense	(106,383)	(240)	(2,232)	(16)	-	**(108,871)**
Fee and commission income	-	-	-	-	3,810	**3,810**
Fee and commission expense	-	-	-	-	(174)	**(174)**
Net trading income	366,634	-	(415)	-	-	**366,219**
Other operating income	-	-	22,823	-	18,274	**41,097**
Other operating expenses	-	-	(8,544)	-	-	**(8,544)**
General administrative expenses	(35,468)	-	(4,353)	-	(56)	**(39,877)**

31.12.2024	BNP Paribas Paris	BNP Paribas Fortis S.A.	Other entities from the capital group of BNP Paribas S.A.	Key personnel	Subsidiaries	Total
Assets	**9,367,983**	**1,663**	**103,956**	**2,584**	**2,716,736**	**12,192,922**
Receivables on current accounts, loans and deposits	7,466,281	1,663	84,274	2,520	2,714,035	**10,268,773**
Derivative financial instruments	1,670,668	-	8,614	-	-	**1,679,282**
Hedging derivative instruments	231,025	-	-	-	-	**231,025**
Other assets	9	-	11,068	64	2,701	**13,842**
Liabilities	**10,032,841**	**26,789**	**753,218**	**1,973**	**35,259**	**10,850,080**
Current accounts and deposits	5,020,715	26,789	722,019	1,973	34,772	**5,806,268**
Subordinated liabilities	3,420,128	-	-	-	-	**3,420,128**
Derivative financial instruments	750,285	-	2,356	-	-	**752,641**
Hedging derivative instruments	841,713	-	-	-	-	**841,713**
Other liabilities	-	-	28,843	-	487	**29,330**
Contingent liabilities						
Financial commitments granted	-	-	294,101	1,145	-	**295,246**
Guarantees granted	430,288	86,650	662,905	-	897,330	**2,077,173**
Commitments received	440,132	121,264	2,270,042	-	857,821	**3,689,259**
Derivative financial instruments (nominal value)	75,378,215	-	184,840	-	-	**75,563,055**
Derivative hedging financial instruments (nominal value)	29,817,809	-	-	-	-	**29,817,809**
Statement of profit or loss	**215,480**	**(468)**	**35,001**	**6**	**56,280**	**306,299**
1Q 2024 from 01.01.2024 to 31.03.2024						
Interest income	139,561	-	35,676	32	35,283	**210,552**
Interest expense	(120,189)	(468)	(10,050)	(26)	-	**(130,733)**
Fee and commission income	-	-	-	-	3,597	**3,597**
Fee and commission expense	-	-	-	-	(434)	**(434)**
Net trading income	224,602	-	30	-	-	**224,632**
Other operating income	-	-	17,836	-	17,890	**35,726**
Other operating expense	-	-	(4,807)	-	-	**(4,807)**
General administrative expenses	(28,494)	-	(3,684)	-	(56)	**(32,234)**

Remuneration of the Management Board and Supervisory Board

Management Board	1Q 2025 from 01.01.2025 to 31.03.2025	1Q 2024 from 01.01.2024 to 31.03.2024
Short-term employee benefits	5,774	5,426
Long-term benefits	2,529	1,964
Share-based payments*	5,322	4,754
Total	**13,625**	**12,144**

*includes an amount recognized in the Bank's capital linked to the Bank's shares taken up in the future (in accordance with the variable remuneration policy)

Supervisory Board	1Q 2025 from 01.01.2025 to 31.03.2025	1Q 2024 from 01.01.2024 to 31.03.2024
Short-term employee benefits	423	430
Total	**423**	**430**

7. SEPARATE CAPITAL ADEQUACY RATIO

	31.03.2025	31.12.2024
Total own funds	15,889,617	15,916,910
Total risk exposure	95,979,274	90,554,074
Total capital ratio	16.56%	17.58%
Tier 1 capital ratio	13.34%	14.10%

8. SEASONAL OR CYCLICAL NATURE OF BUSINESS

There are no significant seasonal or cyclical phenomena in the Bank's operations.

9. DIVIDEND PAID

The Annual General Meeting of the Bank on 15 April 2025 adopted a resolution on the payment of a dividend from the net profit made in 2024. Based on that, the Bank paid a dividend in the amount of PLN 1,162,340,659.26, i.e. PLN 7.86 per share. The dividend covers all shares issued by the Bank, i.e. 147,799,870 shares.

The dividend date was set for 22 April 2025 and the dividend payment date for 9 May 2025.

10. DISTRIBUTION OF RETAINED EARNINGS

In accordance with the Resolution No. 7 of the Annual General Meeting of the Bank dated 15 April 2025 on distribution of the profit of BNP Paribas Bank Polska Spółka Akcyjna and payment of a dividend for the financial year 2024 from the net profit generated in 2024 in the amount of PLN 2,320,797,922.26 (two billion three hundred and twenty million seven hundred and ninety-seven thousand nine hundred and twenty-two zlotys and twenty-six groszy) the Bank will allocate PLN 1,162,340,659.26 to dividend, PLN 658,457,263.00 is planned to be allocated to the reserve capital and the remaining part remains undistributed profit.

11. CONTINGENT LIABILITIES

The following table presents the value of liabilities granted and received.

Contingent liabilities	31.03.2025	31.12.2024
Contingent commitments granted	**33,367,543**	**34,611,132**
financial commitments	21,416,425	22,111,126
guarantees	11,951,118	12,500,006
Contingent commitments received	**54,072,483**	**55,172,867**
financial commitments	75,590	551,870
guarantees	53,996,893	54,620,997

12. SUBSEQUENT EVENTS

Subsequent events are described in Note 56 of the Interim consolidated report for the first quarter of 2025 ended 31 March 2025.

SIGNATURES OF THE MANAGEMENT BOARD MEMBERS OF BNP PARIBAS BANK POLSKA S.A.

13.05.2025	**Przemysław Gdański** President of the Management Board	qualified electronic signature
13.05.2025	**André Boulanger** Vice-President of the Management Board	qualified electronic signature
13.05.2025	**Małgorzata Dąbrowska** Vice-President of the Management Board	qualified electronic signature
13.05.2025	**Wojciech Kembłowski** Vice-President of the Management Board	qualified electronic signature
13.05.2025	**Piotr Konieczny** Vice-President of the Management Board	qualified electronic signature
13.05.2025	**Magdalena Nowicka** Vice-President of the Management Board	qualified electronic signature
13.05.2025	**Volodymyr Radin** Vice-President of the Management Board	qualified electronic signature
13.05.2025	**Agnieszka Wolska** Vice-President of the Management Board	qualified electronic signature

Warsaw, 13 May 2025