

# **Interim Condensed Separate Financial Statements of Bank Pekao S.A. for the first half of 2022**



**Warsaw, August 2022**

*This document is a free translation of the Polish original. Terminology current in Anglo-Saxon countries has been used where practicable for the purposes of this translation in order to aid understanding. The binding Polish original should be referred to in matters of interpretation.*

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## I. Separate income statement

	NOTE	II QUARTER 2022 PERIOD FROM 01.04.2022 TO 30.06.2022	I HALF 2022 PERIOD FROM 01.01.2022 TO 30.06.2022	II QUARTER 2021 PERIOD FROM 01.04.2021 TO 30.06.2021 RESTATED	I HALF 2021 PERIOD FROM 01.01.2021 TO 30.06.2021 RESTATED
Interest income	6	2 904 262	5 038 247	1 285 852	2 616 694
Interest income calculated using the effective interest method		2 935 647	4 997 728	1 216 296	2 478 346
Financial assets measured at amortised cost		2 762 334	4 687 693	1 096 818	2 210 375
Financial assets measured at fair value through other comprehensive income		173 313	310 035	119 478	267 971
Other interest income related to financial assets measured at fair value through profit or loss		(31 385)	40 519	69 556	138 348
Interest expense	6	(424 208)	(567 453)	(8 311)	(61 821)
<b>Net interest income</b>		<b>2 480 054</b>	<b>4 470 794</b>	<b>1 277 541</b>	<b>2 554 873</b>
Fee and commission income	7	790 219	1 546 020	703 689	1 342 499
Fee and commission expense	7	(156 401)	(292 247)	(124 797)	(241 349)
<b>Net fee and commission income</b>		<b>633 818</b>	<b>1 253 773</b>	<b>578 892</b>	<b>1 101 150</b>
Dividend income	8	210 942	211 218	167 104	167 104
Result on financial assets and liabilities measured at fair value through profit or loss and foreign exchange result	9	(42 088)	6 127	63 093	89 458
Result on fair value hedge accounting		1 197	2 367	847	2 646
Result on derecognition of financial assets and liabilities not measured at fair value through profit or loss	10	(7 095)	(11 305)	23 194	34 007
Net allowances for expected credit losses	11	(471 566)	(615 077)	(138 374)	(335 539)
Operating income	12	21 565	48 961	25 461	43 343
Operating expenses	12	(197 017)	(225 109)	(29 696)	(43 786)
General administrative expenses and depreciation	13	(1 719 731)	(3 089 984)	(1 064 873)	(2 407 686)
Gains (losses) on subsidiaries	14	-	-	(170)	(170)
<b>PROFIT BEFORE INCOME TAX</b>		<b>910 079</b>	<b>2 051 765</b>	<b>903 019</b>	<b>1 205 400</b>
Income tax expense	15	(281 421)	(591 253)	(178 893)	(314 327)
<b>NET PROFIT</b>		<b>628 658</b>	<b>1 460 512</b>	<b>724 126</b>	<b>891 073</b>
Earnings per share (in PLN per share)	16				
basic for the period		2.39	5.56	2.75	3.39
diluted for the period		2.39	5.56	2.75	3.39

Notes to the financial statements presented on pages 12 – 71 constitute an integral part of the interim condensed separate financial statements.

## II. Separate statement of comprehensive income

	II QUARTER 2022 PERIOD FROM 01.04.2022 TO 30.06.2022	I HALF 2022 PERIOD FROM 01.01.2022 TO 30.06.2022	II QUARTER 2021 PERIOD FROM 01.04.2021 TO 30.06.2021 RESTATED	I HALF 2021 PERIOD FROM 01.01.2021 TO 30.06.2021 RESTATED
<b>Net profit</b>	<b>628 658</b>	<b>1 460 512</b>	<b>724 126</b>	<b>891 073</b>
<b>Other comprehensive income</b>				
<b>Items that are or may be reclassified subsequently to profit or loss:</b>				
Impact of revaluation of debt financial instruments and loan measured at fair value through other comprehensive income (net):	(293 039)	(753 450)	(273 836)	(475 455)
profit or loss on fair value measurement	(290 720)	(746 803)	(256 978)	(452 412)
profit or loss reclassification to income statement after derecognition	(2 319)	(6 647)	(16 858)	(23 043)
Impact of revaluation of derivative instruments hedging cash flows (net)	(987 309)	(1 787 652)	(100 101)	(371 872)
<b>Items that will never be reclassified to profit or loss:</b>				
Impact of revaluation of investments in equity instruments designated at fair value through other comprehensive income (net)	(45 946)	(67 255)	31 262	67 214
Remeasurements of the defined benefit liabilities (net)	14 251	14 251	-	-
<b>Other comprehensive income (net of tax)</b>	<b>(1 312 043)</b>	<b>(2 594 106)</b>	<b>(342 675)</b>	<b>(780 113)</b>
<b>Total comprehensive income</b>	<b>(683 385)</b>	<b>(1 133 594)</b>	<b>381 451</b>	<b>110 960</b>

Notes to the financial statements presented on pages 12 – 71 constitute an integral part of the interim condensed separate financial statements.

### III. Separate statement of financial position

	NOTE	30.06.2022	31.12.2021
<b>ASSETS</b>			
Cash and due from Central Bank	18	12 844 772	4 696 615
Loans and advances to banks	19	10 903 115	3 998 628
Derivative financial instruments (held for trading)	20	18 518 215	7 966 726
Hedging instruments		305 216	78 216
Loans and advances to customers	21	148 835 751	143 424 982
Securities	22	62 925 935	72 924 656
Assets pledged as security for liabilities	23	6 340 556	846 097
Assets held for sale		41 015	12 744
Investments in subsidiaries		1 577 425	1 577 425
Investments in associates		42 194	42 194
Intangible assets	24	1 269 519	1 445 830
Property, plant and equipment	25	1 556 852	1 745 152
Income tax assets	15	2 044 440	1 562 861
1. Current tax assets		652 705	198 129
2. Deferred tax assets		1 391 735	1 364 732
Other assets		1 453 719	953 087
<b>TOTAL ASSETS</b>		<b>268 658 724</b>	<b>241 275 213</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Liabilities</b>			
Amounts due to Central Bank		-	-
Amounts due to other banks	26	8 770 146	5 069 257
Financial liabilities held for trading	27	649 443	639 733
Derivative financial instruments (held for trading)	20	18 277 939	7 978 525
Amounts due to customers	28	203 543 856	195 451 091
Hedging instruments		4 505 571	2 221 732
Debt securities issued	29	2 734 427	178 573
Subordinated liabilities		2 782 515	2 761 474
Income tax liabilities		-	-
1. Current tax liabilities		-	-
2. Deferred tax liabilities		-	-
Provisions	30	1 035 983	935 987
Other liabilities		5 521 238	2 939 020
<b>TOTAL LIABILITIES</b>		<b>247 821 118</b>	<b>218 175 392</b>
<b>Equity</b>			
Share capital		262 470	262 470
Other capital and reserves		17 429 566	18 915 464
Retained earnings and net profit for the period		3 145 570	3 921 887
<b>TOTAL EQUITY</b>		<b>20 837 606</b>	<b>23 099 821</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>268 658 724</b>	<b>241 275 213</b>

Notes to the financial statements presented on pages 12 – 71 constitute an integral part of the interim condensed separate financial statements.

## IV. Separate statement of changes in equity

	SHARE CAPITAL	OTHER CAPITAL AND RESERVES					REVALUATION RESERVES	OTHER	RETAINED EARNINGS AND NET PROFIT FOR THE PERIOD	TOTAL EQUITY
		TOTAL OTHER CAPITAL AND RESERVES	SHARE PREMIUM	GENERAL BANKING RISK FUND	OTHER RESERVE CAPITAL					
Equity as at 1.01.2022	262 470	18 915 464	9 137 221	1 982 459	9 146 343	(1 583 686)	233 127	3 921 887	23 099 821	
<b>Comprehensive income</b>	-	<b>(2 594 106)</b>	-	-	-	<b>(2 594 106)</b>	-	<b>1 460 512</b>	<b>(1 133 594)</b>	
Remeasurements of the defined benefit liabilities (net of tax)	-	14 251	-	-	-	14 251	-	-	14 251	
Revaluation of debt securities and loans measured at fair value through other comprehensive income (net of tax)	-	(753 450)	-	-	-	(753 450)	-	-	(753 450)	
Revaluation of investments in equity instruments designated at fair value through other comprehensive income (net of tax)	-	(67 255)	-	-	-	(67 255)	-	-	(67 255)	
Revaluation of cash flow hedging financial instruments (net of tax)	-	(1 787 652)	-	-	-	(1 787 652)	-	-	(1 787 652)	
Net profit for the period	-	-	-	-	-	-	-	1 460 512	1 460 512	
<b>Appropriation of retained earnings</b>	-	<b>1 108 208</b>	-	-	<b>1 108 208</b>	-	-	<b>(2 236 829)</b>	<b>(1 128 621)</b>	
Dividend paid	-	-	-	-	-	-	-	(1 128 621)	(1 128 621)	
Profit appropriation	-	1 108 208	-	-	1 108 208	-	-	(1 108 208)	-	
<b>Equity as at 30.06.2022</b>	<b>262 470</b>	<b>17 429 566</b>	<b>9 137 221</b>	<b>1 982 459</b>	<b>10 254 551</b>	<b>(4 177 792)</b>	<b>233 127</b>	<b>3 145 570</b>	<b>20 837 606</b>	

Notes to the financial statements presented on pages 12 – 71 constitute an integral part of the interim condensed separate financial statements.

	SHARE CAPITAL	OTHER CAPITAL AND RESERVES					REVALUATION RESERVES	OTHER	RETAINED EARNINGS AND NET PROFIT FOR THE PERIOD	TOTAL EQUITY
		TOTAL OTHER CAPITAL AND RESERVES	SHARE PREMIUM	GENERAL BANKING RISK FUND	OTHER RESERVE CAPITAL					
<b>Equity as at 1.01.2021</b>	<b>262 470</b>	<b>21 573 419</b>	<b>9 137 221</b>	<b>1 982 459</b>	<b>8 852 566</b>	<b>1 368 046</b>	<b>233 127</b>	<b>2 811 482</b>	<b>24 647 371</b>	
<b>Comprehensive income</b>	-	<b>(2 941 850)</b>	-	-	-	<b>(2 941 850)</b>	-	<b>2 236 829</b>	<b>(705 021)</b>	
Remeasurements of the defined benefit liabilities (net of tax)	-	38 201	-	-	-	38 201	-	-	38 201	
Revaluation of debt securities and loans measured at fair value through other comprehensive income (net of tax)	-	(1 250 576)	-	-	-	(1 250 576)	-	-	(1 250 576)	
Revaluation of investments in equity instruments designated at fair value through other comprehensive income (net of tax)	-	6 802	-	-	-	6 802	-	-	6 802	
Revaluation of cash flow hedging financial instruments (net of tax)	-	(1 736 277)	-	-	-	(1 736 277)	-	-	(1 736 277)	
Net profit for the period	-	-	-	-	-	-	-	2 236 829	2 236 829	
<b>Appropriation of retained earnings</b>	-	<b>283 895</b>	-	-	<b>283 895</b>	-	-	<b>(1 126 424)</b>	<b>(842 529)</b>	
Dividend paid	-	-	-	-	-	-	-	(842 529)	(842 529)	
Profit appropriation	-	283 895	-	-	283 895	-	-	(283 895)	-	
<b>Other</b>	-	-	-	-	<b>9 882</b>	<b>(9 882)</b>	-	-	-	
Result on sales of investments in equity instruments designated at fair value through other comprehensive income (net of tax)	-	-	-	-	9 882	(9 882)	-	-	-	
<b>Equity as at 31.12.2021</b>	<b>262 470</b>	<b>18 915 464</b>	<b>9 137 221</b>	<b>1 982 459</b>	<b>9 146 343</b>	<b>(1 583 686)</b>	<b>233 127</b>	<b>3 921 887</b>	<b>23 099 821</b>	

Notes to the financial statements presented on pages 12 – 71 constitute an integral part of the interim condensed separate financial statements.



	SHARE CAPITAL	OTHER CAPITAL AND RESERVES					REVALUATION RESERVES	OTHER	RETAINED EARNINGS AND NET PROFIT FOR THE PERIOD	TOTAL EQUITY
		TOTAL OTHER CAPITAL AND RESERVES	SHARE PREMIUM	GENERAL BANKING RISK FUND	OTHER RESERVE CAPITAL					
<b>Equity as at 1.01.2021</b>	<b>262 470</b>	<b>21 573 419</b>	<b>9 137 221</b>	<b>1 982 459</b>	<b>8 852 566</b>	<b>1 368 046</b>	<b>233 127</b>	<b>2 811 482</b>	<b>24 647 371</b>	
<b>Comprehensive income</b>	-	<b>(780 113)</b>	-	-	-	<b>(780 113)</b>	-	<b>891 073</b>	<b>110 960</b>	
Remeasurements of the defined benefit liabilities (net of tax)	-	-	-	-	-	-	-	-	-	
Revaluation of debt securities and loans measured at fair value through other comprehensive income (net of tax)	-	(475 455)	-	-	-	(475 455)	-	-	(475 455)	
Revaluation of investments in equity instruments designated at fair value through other comprehensive income (net of tax)	-	67 214	-	-	-	67 214	-	-	67 214	
Revaluation of cash flow hedging financial instruments (net of tax)	-	(371 872)	-	-	-	(371 872)	-	-	(371 872)	
Net profit for the period	-	-	-	-	-	-	-	891 073	891 073	
<b>Appropriation of retained earnings</b>	-	<b>283 895</b>	-	-	<b>283 895</b>	-	-	<b>(283 895)</b>	-	
Dividend paid	-	-	-	-	-	-	-	-	-	
Profit appropriation	-	283 895	-	-	283 895	-	-	(283 895)	-	
<b>Equity as at 30.06.2021</b>	<b>262 470</b>	<b>21 077 201</b>	<b>9 137 221</b>	<b>1 982 459</b>	<b>9 136 461</b>	<b>587 933</b>	<b>233 127</b>	<b>3 418 660</b>	<b>24 758 331</b>	

Notes to the financial statements presented on pages 12 – 71 constitute an integral part of the interim condensed separate financial statements.

## V. Separate cash flow statement

	NOTE	I HALF 2022 PERIOD FROM 01.01.2022 TO 30.06.2022	I HALF 2021 PERIOD FROM 01.01.2021 TO 30.06.2021 RESTATED
<b>Cash flow from operating activities – indirect method</b>			
<b>Profit before income tax</b>		<b>2 051 765</b>	<b>1 205 400</b>
<b>Adjustments for:</b>		<b>5 652 987</b>	<b>252 284</b>
Depreciation and amortization	13	294 990	295 442
(Gains) losses on investing activities		(15 287)	(37 584)
Net interest income	6	(4 470 794)	(2 554 873)
Dividend income	8	(211 218)	(167 104)
Interest received		4 645 406	2 442 495
Interest paid		(460 714)	(101 740)
Income tax paid		(467 535)	(370 197)
Change in loans and advances to banks		(550 807)	555 912
Change in derivative financial instruments (assets)		(10 551 489)	1 273 538
Change in loans and advances to customers		(5 108 487)	1 204 011
Change in securities (including assets pledged as security for liabilities)		114 097	1 271 754
Change in other assets		(3 173 793)	(817 826)
Change in amounts due to banks		3 806 013	(1 443 278)
Change in financial liabilities held for trading		9 710	(197 798)
Change in derivative financial instruments (liabilities)		10 299 414	(1 352 100)
Change in amounts due to customers		8 103 320	453 124
Change in debt securities issued		(23 716)	(5 620)
Change in subordinated liabilities		21 040	(103)
Payments for short-term leases and leases of low-value assets		(545)	(405)
Change in provisions		99 996	(108 944)
Change in other liabilities		3 293 386	(86 420)
<b>Net cash flows from operating activities</b>		<b>7 704 752</b>	<b>1 457 684</b>
<b>Cash flow from investing activities</b>			
<b>Investing activity inflows</b>		<b>25 220 000</b>	<b>144 688 331</b>
Subsidy received for taking over the part of the activities of Idea Bank S.A. including purchased cash		-	193 904
Sale of securities measured at amortized cost and at fair value through other comprehensive income		25 075 091	144 415 440
Sale of intangible assets and property, plant and equipment		10 732	-
Dividend received	8	134 177	78 987
<b>Investing activity outflows</b>		<b>(20 784 778)</b>	<b>(142 539 818)</b>
Acquisition of associates		-	(42 193)
Acquisition of securities measured at amortized cost and at fair value through other comprehensive income		(20 657 238)	(142 300 519)
Acquisition of intangible assets and property, plant and equipment		(127 540)	(197 106)
<b>Net cash flows from investing activities</b>		<b>4 435 222</b>	<b>2 148 513</b>

	NOTE	I HALF 2022 PERIOD FROM 01.01.2022 TO 30.06.2022	I HALF 2021 PERIOD FROM 01.01.2021 TO 30.06.2021 RESTATED
<b>Cash flows from financing activities</b>			
<b>Financing activity inflows</b>		<b>2 560 345</b>	<b>-</b>
Due to loans and advances received from banks		-	-
Issue of debt securities		2 560 345	-
<b>Financing activity outflows</b>		<b>(202 648)</b>	<b>(647 496)</b>
Repayment of loans and advances received from banks		(139 929)	(113 535)
Redemption of debt securities		(5 977)	(475 728)
Payments for the principal portion of the lease liabilities		(56 742)	(58 233)
<b>Net cash flows from financing activities</b>		<b>2 357 697</b>	<b>(647 496)</b>
<b>Total net cash flows</b>		<b>14 497 671</b>	<b>2 958 701</b>
including effect of exchange rate fluctuations on cash and cash equivalents held		110 345	(34 114)
<b>Net change in cash and cash equivalents</b>		<b>14 497 671</b>	<b>2 958 701</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>8 273 507</b>	<b>7 296 349</b>
<b>Cash and cash equivalents at the end of the period</b>	32	<b>22 771 178</b>	<b>10 255 050</b>

Notes to the financial statements presented on pages 12 – 71 constitute an integral part of the interim condensed separate financial statements.

## **VI. Notes to the Interim Condensed Separate Financial Statements**

### **1. General information**

Bank Polska Kasa Opieki Spółka Akcyjna (hereafter 'Bank Pekao S.A.' or 'the Bank'), with its headquarters in Poland 00-844, Grzybowska Street 53/57 Warsaw, was incorporated on 29 October 1929 in the Commercial Register of the District Court in Warsaw and has been continuously operating since its incorporation.

Bank Pekao S.A. is registered in the National Court Registry – Enterprise Registry of the Warsaw District Court, XII Commercial Division of the National Court Registry in Warsaw under the reference number KRS 0000014843.

The Bank's shares are quoted on the Warsaw Stock Exchange (WSE). The Bank's securities, traded on regulated markets, are classified in the banking sector.

Bank Pekao S.A. is a universal commercial bank, offering a broad range of banking services on domestic financial markets, provided to retail and corporate clients, in compliance with the scope of services, set forth in the Bank's Articles of Association.

The Bank runs both PLN and forex operations, and it actively participates in both domestic and foreign financial markets. Moreover, acting through its subsidiaries, the Group provides stockbroking, leasing, factoring operations and offering other financial services.

According to IFRS 10 'Consolidated financial statements', the parent entity of Bank Pekao S.A. is Powszechny Zakład Ubezpieczeń S.A. (hereinafter 'PZU S.A.') with its registered office in Warsaw at Al. Jana Pawła II 24.

The share ownership structure of the Bank is presented in the Note 5.4 of the Report on the activities of Bank Pekao S.A. Group for the first half of 2022.

The Bank also prepares Consolidated Financial Statements of Bank Pekao S.A. Group.

### **2. Business combinations**

In 2021, the transaction of taking over the Idea Bank S.A. enterprise by Bank Pekao S.A., covering all its property rights and liabilities as at the end of the day of initiating resolution, took place, i.e. on 31 December 2020, excluding certain property rights and obligations indicated in the BGF decision in question. This transaction was described in detail in the separate financial statements of Bank Pekao S.A. for the year ended 31 December 2021.

### **3. Statement of compliance**

The Interim Condensed Separate Financial Statements of Bank Pekao S.A. for the first half of 2022 have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' (IAS 34) as adopted by the European Union and other applicable regulations.

These financial statements do not include all information and disclosures required for annual financial statements, and shall be read in conjunction with the separate financial statements of Bank Pekao S.A. for the year ended 31 December 2021.

The separate financial statements of Bank Pekao S.A. as at and for the year ended 31 December 2021 are available at the Bank's website [www.pekao.com.pl](http://www.pekao.com.pl).

In accordance with the Decree of the Ministry of Finance dated 29 March 2018 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent information required by the law of a non-Member State, the Bank is required to publish the financial report for the first half of 2022, i.e. current interim period.

These interim condensed separate financial statements were authorized for issue by the Management Board on 3 August 2022.

### 3.1. New standards, interpretations and amendments to published standards that have been approved and published by the European Union and are effective on or after 1 January 2022

STANDARD / INTERPRETATION	DESCRIPTION	IMPACT ASSESSMENT
<b>IFRS 3 (amendment)</b> 'Business combinations'	The amendments to IFRS 3 include: <ul style="list-style-type: none"> <li>Update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework,</li> <li>Add to IFRS 3 a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination, and</li> <li>Add to IFRS 3 an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.</li> </ul>	The standard's amendments did not have a material impact on the financial statements in the period of their first application.
<b>IAS 16 (amendment)</b> 'Property, plant and equipment'	The amendments to IAS 16 prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.	The standard's amendments did not have a material impact on the financial statements in the period of their first application.
<b>IAS 37 (amendment)</b> 'Provisions, contingent liabilities and contingent assets'	The amendments to IAS 37 specify that the 'cost of fulfilling' an onerous contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts.	The standard's amendments did not have a material impact on the financial statements in the period of their first application.

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

STANDARD / INTERPRETATION	DESCRIPTION	IMPACT ASSESSMENT
<b>MSSF 17</b> 'Insurance contracts'	The new standard requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 'Insurance Contracts' and related interpretations while applied. Date of application: annual periods beginning on or after 1 January 2023.	The Bank claims that the standard's amendments will not have a material impact on the financial statements in the period of its first application.
<b>IAS 1 (amendment)</b> 'Presentation of financial statement'	The amendments to IAS 1 include: <ul style="list-style-type: none"> <li>an entity is required to disclose its material accounting policy information instead of its significant accounting policies,</li> <li>clarification that accounting policy information may be material because of its nature, even if the related amounts are immaterial,</li> <li>clarification that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements, and</li> <li>clarification that if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.</li> </ul> Date of application: annual period beginning on or after 1 January 2023.	The Bank claims that the standard's amendments will not have a material impact on the financial statements in the period of its first application.
<b>IAS 8 (amendment)</b> 'Accounting policies, changes in accounting estimates and errors'	The amendments to IAS 8 include: <ul style="list-style-type: none"> <li>the definition of a change in accounting estimates is replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty,</li> <li>clarification that a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors,</li> <li>clarification that a change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognized as income or expense in the current period. The effect, if any, on future periods is recognized as income or expense in those future periods.</li> </ul> Date of application: annual periods beginning on or after 1 January 2023.	The Bank claims that the standard's amendments will not have a material impact on the financial statements in the period of its first application.

### 3.3. New standards, interpretations and amendments to published standards that have been published by the International Accounting Standards Board (IASB) and not yet approved by the European Union

STANDARD/ INTERPRETATION	DESCRIPTION	IMPACT ASSESSMENT
<b>IAS 1 (amendment)</b> 'Presentation of financial statements'	The amendments affect requirements in IAS 1 for the presentation of liabilities. In particular, these amendments clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Date of application: annual periods beginning on or after 1 January 2023.	The Bank claims that the standard's amendments will not have a material impact on the financial statements in the period of its first application.
<b>IAS 12 (amendment)</b> 'Income taxes'	The amendments introduce the requirement to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The amendments will mainly apply to transactions such as leases for the lessee and decommissioning obligations. Date of application: annual periods beginning on or after 1 January 2023.	The Bank is currently analyzing the impact of the standard's amendment on the financial statements in the period of its first application.
<b>MSSF 17 (amendment)</b> 'Insurance contracts' and <b>IFRS 9 (amendment)</b> 'Financial instrument's'	The main amendment regards entities that first apply IFRS 17 and IFRS 9 at the same time. The amendment regards financial assets for which comparative information is presented on initial application of IFRS 17 and IFRS 9, but where this information has not been restated for IFRS 9. Under the amendment, an entity is permitted to present comparative information about a financial asset as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset before. In applying the classification overlay to a financial asset, an entity is not required to apply the impairment requirements of IFRS 9. There are no changes to the transition requirements in IFRS 9. Date of application - an annual period beginning on or after 1 January 2023.	The Bank claims that the standard's amendments will not have a material impact on the financial statements in the period of its first application.

## 4. Significant accounting policies

### General information

The interim condensed separate financial statements have been prepared in Polish Zloty, and all amounts are stated in PLN thousand, unless indicated otherwise.

The financial statements have been prepared on a going concern basis on the assumption that the Bank will continue its business operations substantially unchanged in scope for a period of at least one year from the balance sheet date.

In the period of first half of 2022 the Bank did not amend its accounting policies in respect to valuation of assets and liabilities and profit measurement, except for the changes to the quantitative criteria described below for the determination of significant modifications and changes in the presentation of the depreciation of property, plant and equipment and intangible assets in the income statement.

The accounting policies applied by the Bank in these interim condensed separate financial statements, apart from changes described above, are the same as those applied in the Separate Financial Statements of Bank Pekao S.A. for the year ended on 31 December 2021. Those accounting policies have been applied uniformly to all presented reporting periods.

The separate financial statements include the requirements of all the International Financial Reporting Standards and International Accounting Standards approved by the European Union and related interpretations. Changes in published standards and interpretations, which became effective on or after 1 January 2022, had no material impact on the Bank's financial statements.

The financial statements does not take into consideration interpretations and amendments to standards, pending approval by the European Union or approved by the European Union but came into force or shall come into force after the balance sheet date (Note 3.2 and Note 3.3). In the Bank's opinion, amendments to standards and interpretations will not have a material impact on the separate financial statements of the Bank.

### Comparability of financial data

In the interim condensed separate financial statements of Bank Pekao S.A. for the first half of 2022, the Bank made the following changes to the accounting principles:

- 1) a change in the quantitative criteria for determining significant modifications.

Due to entry into force on 1 January 2022 of the 'Recommendation R on the principles of credit exposure classification, estimation and recognition of expected credit losses and credit risk management' issued by the Polish Financial Supervision Authority. The Bank uses the criterion of extending the loan period by at least 1 year and at least doubling the residual period to the original maturity (meeting both conditions jointly) for all exposures, regardless of their classification to risk groups (before the change, this criterion applied to Stage 1 and Stage 2).

The above-mentioned changes of the accounting principles resulted in the identification of new POCI assets and the need to transform the comparable data in terms of the gross value of loans and advances to customers measured at amortized costs and the value of allowances for expected credit losses relating to these loans (presentation changes between Stage 3 and POCI assets), but they had no impact on the total net value of loans and advances to customers.

The impact of changes on the comparative data of the separate income statement is presented in the tables below.

SEPARATE STATEMENT OF FINANCIAL POSITION	DATA FOR 31.12.2021 BEFORE RESTATEMENT	RESTATEMENT	DATA FOR 31.12.2021 AFTER RESTATEMENT
Gross carrying amount of loans and advances to customers measured at amortized costs (Stage 3)	7 666 616	(278 466)	7 388 150
Gross carrying amount of loans and advances to customers measured at amortized costs (POCI assets)	785 391	166 567	951 958
Allowances for expected credit losses (Stage 3)	5 593 830	(149 633)	5 444 197
Allowances for expected credit losses (POCI assets)	192 927	37 734	230 661

SEPARATE STATEMENT OF FINANCIAL POSITION	DATA FOR 01.01.2021 BEFORE RESTATEMENT	RESTATEMENT	DATA FOR 01.01.2021 AFTER RESTATEMENT
Gross carrying amount of loans and advances to customers measured at amortized costs (Stage 3)	7 934 298	(285 266)	7 649 032
Gross carrying amount of loans and advances to customers measured at amortized costs (POCI assets)	6 565	181 671	188 236
Allowances for expected credit losses (Stage 3)	5 421 319	(103 595)	5 317 724

2) a change in the method of presenting the depreciation costs of property, plant and equipment and intangible assets.

The Bank has presented the above-mentioned costs under 'General administrative expenses and depreciation'. Before the change, they were presented in a separate item of the income statement 'Depreciation and amortization'.

In the Bank's opinion, the change in the presentation of the above-mentioned costs increases the transparency of the income statement from the point of view of its users.

3) a change in the method of presenting the debt collection costs in the income statement.

Following the change introduced in the financial statements for the year ended on 31 December 2021, the Bank recognized the above-mentioned costs under 'Other operating expenses'. Before the change, they were presented in the item 'General administrative expenses'.

The above-mentioned changes of the accounting principles made it necessary to transform the comparable data, but they did not affect the level of the presented financial result.

The impact of changes on the comparative data of the separate income statement is presented in the tables below.

SEPARATE INCOME STATEMENT	DATA FOR II QUARTER 2021 BEFORE RESTATEMENT	RESTATEMENT	DATA FOR II QUARTER 2021 AFTER RESTATEMENT
General administrative expenses	(923 141)	923 141	-
Depreciation and amortization	(149 384)	149 384	-
General administrative expenses and depreciation	-	(1 064 873)	(1 064 873)
Other operating expenses	(22 044)	(7 652)	(29 696)

SEPARATE INCOME STATEMENT	DATA FOR I HALF 2021 BEFORE RESTATEMENT	RESTATEMENT	DATA FOR I HALF 2021 AFTER RESTATEMENT
General administrative expenses	(2 126 612)	2 126 612	-
Depreciation and amortization	(295 442)	295 442	-
General administrative expenses and depreciation	-	(2 407 686)	(2 407 686)
Other operating expenses	(29 418)	(14 368)	(43 786)

4) a change in the method of presenting the items in the statement of comprehensive income, adjusting the presentation of individual components of this statement to the components presented in the statement of changes in equity.

Following the change introduced in the financial statements for the year ended on 31 December 2021, the items of the statement of comprehensive income are presented in net amounts. Before the change, they were presented as gross amounts with a separate item for income tax.

The above-mentioned changes made it necessary to transform the comparable data for the 6-month period ended on 30 June 2021, but they did not affect the level of the presented result of comprehensive income.

The impact of changes on the comparative data of the separate statement of comprehensive income is presented in the tables below.

SEPARATE STATEMENT OF COMPREHENSIVE INCOME	DATA FOR II QUARTER 2021 BEFORE RESTATEMENT	RESTATEMENT	DATA FOR II QUARTER 2021 AFTER RESTATEMENT
Change in fair value of financial assets measured at fair value through other comprehensive income:	(338 069)	338 069	-
profit or loss on fair value measurement	(317 257)	317 257	-
profit or loss reclassification to income statement after derecognition	(20 812)	20 812	-
Change in fair value of cash flow hedges	(123 581)	123 581	-
Tax on items that are or may be reclassified subsequently to profit or loss	87 713	(87 713)	-
Effects of the revaluation of investments in equity instruments designated at fair value through other comprehensive	38 595	(38 595)	-
Tax on items that will never be reclassified to profit or loss	(7 333)	7 333	-
Impact of revaluation of debt financial instruments and loan measured at fair value through other comprehensive income (net):	-	(273 836)	(273 836)
profit or loss on fair value measurement	-	(256 978)	(256 978)
profit or loss reclassification to income statement after derecognition	-	(16 858)	(16 858)
Revaluation of derivative instruments hedging cash flows (net)	-	(100 101)	(100 101)
Impact of revaluation of investments in equity instruments designated at fair value through other comprehensive income (net)	-	31 262	31 262
<b>Other comprehensive income (net of tax)</b>	<b>(342 675)</b>	<b>-</b>	<b>(342 675)</b>

SEPARATE STATEMENT OF COMPREHENSIVE INCOME	DATA FOR I HALF 2021 BEFORE RESTATEMENT	RESTATEMENT	DATA FOR I HALF 2021 AFTER RESTATEMENT
Change in fair value of financial assets measured at fair value through other comprehensive income:	(586 982)	586 982	-
profit or loss on fair value measurement	(558 534)	558 534	-
profit or loss reclassification to income statement after derecognition	(28 448)	28 448	-
Change in fair value of cash flow hedges	(459 101)	459 101	-
Tax on items that are or may be reclassified subsequently to profit or loss	198 756	(198 756)	-
Effects of the revaluation of investments in equity instruments designated at fair value through other comprehensive	82 980	(82 980)	-
Tax on items that will never be reclassified to profit or loss	(15 766)	15 766	-
Impact of revaluation of debt financial instruments and loan measured at fair value through other comprehensive income (net):	-	(475 455)	(475 455)
profit or loss on fair value measurement	-	(452 412)	(452 412)
profit or loss reclassification to income statement after derecognition	-	(23 043)	(23 043)
Revaluation of derivative instruments hedging cash flows (net)	-	(371 872)	(371 872)
Impact of revaluation of investments in equity instruments designated at fair value through other comprehensive income (net)	-	67 214	67 214
<b>Other comprehensive income (net of tax)</b>	<b>(780 113)</b>	<b>-</b>	<b>(780 113)</b>



5) change in presentation of securities in the cash flow statement.

Following the change introduced in the financial statements for the year ended on 31 December 2021, the items 'Change in financial assets held for trading' and 'Change in investment (placement) securities' were presented in the item 'Change in securities (including assets pledged as security for liabilities)'.

The above-mentioned changes made it necessary to transform the comparable data for the 6-month period ended on 30 June 2021, and they related to cash flows from operating activities, the total level of which did not change.

The impact of changes on the comparative data of the separate cash flow statement is presented in the table below.

SEPARATE CASH FLOW STATEMENT	DATA FOR I HALF 2021 BEFORE RESTATEMENT	RESTATEMENT	DATA FOR I HALF 2021 AFTER RESTATEMENT
Change in financial assets held for trading	759 451	(759 451)	-
Change in investment (placement) securities	512 303	(512 303)	-
Change in securities (including assets pledged as security for liabilities)	-	1 271 754	1 271 754

## 5. Accounting estimates

The preparation of interim financial statements in accordance with IFRS requires the Management Board of the Bank to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses.

Estimates and assumptions are reviewed on an ongoing basis by the Bank and rely on historic data and other factors including expectation of the future events which seems justified in given circumstances.

However, taking into account the significant uncertainty as to the further development of the economic situation, in particular due to the current geopolitical situation and the ongoing armed conflict in the eastern part of Europe, the estimates made may change in the future. The uncertainty of the estimates made by the Bank as at 30 June 2022 concerns mainly:

- forecasts regarding macroeconomic assumptions, in particular those relating to key economic indicators (i.e. the level of the expected economic slowdown, GDP, employment, housing prices, inflation, levels of market interest rates, possible disruptions in capital markets, etc.),
- possible business disruptions due to decisions made by public institutions, enterprises and consumers to help contain the spread of the virus Covid-19,
- the effectiveness of the support programs that have been designed to support businesses and consumers.

Significant accounting estimates that are affected by the aforementioned risk factors and the related uncertainties relate primarily to expected credit losses and the determination of the recoverable amount of non-financial assets.

Information on the assumptions made and the uncertainty related to the estimates made, connected to a significant risk of material adjustments to the financial statements for the next reporting period, is presented below.

### **Impairment of loans and advances to customers, expected credit losses**

At each balance sheet date the Bank assesses whether there is any objective evidence ('trigger') that credit exposures are impaired taking into consideration actual definition of Default. The definition of Default consistently considers all financial instruments. For financial instruments that are not impaired, the Bank assesses if credit risk has increased significantly since initial recognition.

If at balance sheet date credit risk concerning the financial instrument has not increase significantly since initial recognition, the Bank assesses impaired allowances for expected credit losses with regard to the financial instrument as an amount equal 12-month expected credit losses. Otherwise, the Bank assesses impaired allowances for expected credit losses with regard to the financial instrument as an amount equal expected credit losses over the expected life (lifetime horizon) of that financial instrument (lifetime expected credit losses).

In order to determine the expected credit losses, the Bank distinguishes individually significant exposures, in particular: all financial assets towards the borrower for which the Bank's total exposure as at the balance sheet date is at least PLN 4 million or PLN 1 million in the case of customers overdue more than 90 days or in the case of which the condition for restructuring has been met on at least one contract.

For all individually significant financial instruments, which are impaired as at balance sheet date, the Bank measures the impairment allowance (impairment credit loss) as part of individual assessment. The individual assessment is carried out by the Bank's employees and consists of individual verification of the default occurrence and projection of future cash flows from foreclosure, less costs incurred for obtaining and selling the collateral or other repayment resources. The Bank compares the estimated future cash flows applied for measurement of individual expected credit losses with the actual cash flows on a regular basis.

For all other financial instruments the Bank measures the allowance for expected credit losses according to IFRS 9, taking into account forecasts and expected future economic conditions in the context of credit risk.

**Impairment of non-current assets (including goodwill)**

At each balance sheet date the Bank reviews its non-current assets for indications of impairment. The Bank performs an impairment test of goodwill on a yearly basis or more often if impairment triggers occur.

Where such indications exist, the Bank makes a formal estimation of the recoverable value (of a given asset or – in the case of goodwill - all cash-generating units to which the goodwill relates). If the carrying amount of a given asset is in excess of its recoverable value, impairment is defined and a write-down is recorded to adjust the carrying amount to the level of its recoverable value. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value-in-use.

Estimation of the value-in-use of an asset (or cash generating unit) requires assumptions to be made regarding, among other, future cash flows which the Bank may obtain from the given asset (or cash generating unit), any changes in amount or timing of occurrence of these cash flows and other factors such as the lack of liquidity. The adoption of different measurement assumptions may affect the carrying amount of some of the Bank's non-current assets.

As at 30 June 2022, there was no need to make impairment allowances for non-current assets.

**Provisions for legal risk regarding foreign currency mortgage loans in CHF**

As at 30 June 2022 the Bank assessed the probability of the impact of legal risk regarding foreign currency mortgage loans in CHF on future expected cash flows from loan exposures and the probability of cash outflows.

Given the inconsistent judicial decisions regarding foreign currency mortgage loans in CHF and the short period of historical data regarding lawsuits related to the above-mentioned loans, the estimation of the provision required the Bank to adopt expert assumptions and is associated with significant uncertainty.

Details on the main assumptions used to estimate the provisions for legal risk regarding foreign currency mortgage loans in CHF are presented in Note 34.2.

**Provisions for commission refunds in the event of early repayment of loan**

As at 30 June 2022 the Bank assessed the legal risk arising from the judgment of the Court of Justice of the European Union (hereinafter the 'CJEU') on consumer loans and estimated the possible amount of cash outflow as a refund of commission to the customer in relation to early repayment of those loans (for loans prepaid before the judgment of the CJEU, i.e. before 11 September 2019).

The Bank also estimated the possible amount of cash outflow as a refund of commission to the customer in relation to early repayment of mortgage loans.

In addition, with regard to balance sheet exposures as at 30 June 2022, the Bank estimated the possible prepayments of these exposures in the future.

The estimates required the Bank to adopt expert assumptions primarily regarding the scale of complaints and amounts reimbursed for prepaid loans, as well as the expected scale of prepayments and future returns for balance sheet exposures, and are associated with significant uncertainty.

Details on the estimated provision for earlier repayments of consumer and mortgage loans are presented in Note 30.

**Fair value measurement**

The principles of estimating fair value of derivative instruments and unquoted debt securities measured at fair value did not change in relation to 31 December 2021.

## 6. Interest income and expense

### Interest income

	II QUARTER 2022			TOTAL
	FINANCIAL ASSETS MEASURED AT AMORTISED COST	FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS	
Interest income calculated using the effective interest method	2 762 334	173 313	-	2 935 647
Loans and advances	2 331 805	5 653	-	2 337 458
Interbank placements	112 668	-	-	112 668
Reverse repo transactions	54 172	-	-	54 172
Debt securities	263 689	167 660	-	431 349
Other interest income related to financial assets measured at fair value through profit or loss	-	-	(31 385)	(31 385)
Loans and other receivables from customers	-	-	2 423	2 423
Hedging derivatives	-	-	(38 728)	(38 728)
Debt securities held for trading	-	-	4 920	4 920
<b>Total</b>	<b>2 762 334</b>	<b>173 313</b>	<b>(31 385)</b>	<b>2 904 262</b>

	I HALF 2022			TOTAL
	FINANCIAL ASSETS MEASURED AT AMORTISED COST	FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS	
Interest income calculated using the effective interest method	4 687 693	310 035	-	4 997 728
Loans and advances	3 992 196	8 328	-	4 000 524
Interbank placements	150 667	-	-	150 667
Reverse repo transactions	78 405	-	-	78 405
Debt securities	466 425	301 707	-	768 132
Other interest income related to financial assets measured at fair value through profit or loss	-	-	40 519	40 519
Loans and other receivables from customers	-	-	3 827	3 827
Hedging derivatives	-	-	29 282	29 282
Debt securities held for trading	-	-	7 410	7 410
<b>Total</b>	<b>4 687 693</b>	<b>310 035</b>	<b>40 519</b>	<b>5 038 247</b>

	II QUARTER 2021			TOTAL
	FINANCIAL ASSETS MEASURED AT AMORTISED COST	FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS	
Interest income calculated using the effective interest method	1 096 818	119 478	-	1 216 296
Loans and advances	971 656	8 206	-	979 862
Interbank placements	(286)	-	-	(286)
Reverse repo transactions	340	-	-	340
Debt securities	125 108	111 272	-	236 380
Other interest income related to financial assets measured at fair value through profit or loss	-	-	69 556	69 556
Loans and other receivables from customers	-	-	107	107
Hedging derivatives	-	-	68 618	68 618
Debt securities held for trading	-	-	831	831
<b>Total</b>	<b>1 096 818</b>	<b>119 478</b>	<b>69 556</b>	<b>1 285 852</b>

	I HALF 2021			TOTAL
	FINANCIAL ASSETS MEASURED AT AMORTISED COST	FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS	
Interest income calculated using the effective interest method	2 210 375	267 971	-	2 478 346
Loans and advances	1 983 143	17 294	-	2 000 437
Interbank placements	(37)	-	-	(37)
Reverse repo transactions	361	-	-	361
Debt securities	226 908	250 677	-	477 585
Other interest income related to financial assets measured at fair value through profit or loss	-	-	138 348	138 348
Loans and other receivables from customers	-	-	214	214
Hedging derivatives	-	-	136 370	136 370
Debt securities held for trading	-	-	1 764	1 764
<b>Total</b>	<b>2 210 375</b>	<b>267 971</b>	<b>138 348</b>	<b>2 616 694</b>

### Interest expense

	II QUARTER 2022	I HALF 2022	II QUARTER 2021	I HALF 2021
Deposits from customers	(261 228)	(338 299)	8 480	(27 735)
Interbank deposits	(27 494)	(37 019)	(1 100)	(2 174)
Repo transactions	(59 859)	(90 026)	(8)	(26)
Loans and advances received	(1 952)	(2 966)	(358)	(720)
Leasing	(3 561)	(6 750)	(2 497)	(5 180)
Debt securities	(70 114)	(92 393)	(12 828)	(25 986)
<b>Total</b>	<b>(424 208)</b>	<b>(567 453)</b>	<b>(8 311)</b>	<b>(61 821)</b>

## 7. Fee and commission income and expense

### Fee and commission income

	II QUARTER 2022	I HALF 2022	II QUARTER 2021	I HALF 2021
Accounts maintenance, payment orders and cash transactions	184 102	379 198	180 957	351 018
Payment cards	188 291	353 834	147 209	282 456
Loans and advances	102 033	188 365	109 251	189 916
Margin on foreign exchange transactions with clients	188 330	372 466	139 332	264 526
Service and sell investment and insurance products	39 474	73 688	41 224	82 449
Securities operations	23 197	49 334	25 372	55 017
Custody activity	18 856	38 776	18 979	36 909
Guarantees, letters of credit and similar transactions	23 575	45 170	20 569	40 050
Other	22 361	45 189	20 796	40 158
<b>Total</b>	<b>790 219</b>	<b>1 546 020</b>	<b>703 689</b>	<b>1 342 499</b>

### Fee and commission expense

	II QUARTER 2022	I HALF 2022	II QUARTER 2021	I HALF 2021
Payment cards	(113 839)	(208 722)	(82 916)	(161 962)
Money orders and transfers	(6 489)	(12 464)	(5 337)	(10 630)
Securities and derivatives operations	(11 878)	(25 445)	(12 649)	(25 350)
Acquisition services	(12 967)	(24 085)	(12 162)	(22 417)
Custody activity	(6 066)	(12 656)	(6 394)	(12 186)
Accounts maintenance	(1 443)	(2 519)	(1 199)	(2 079)
Other	(3 719)	(6 356)	(4 140)	(6 725)
<b>Total</b>	<b>(156 401)</b>	<b>(292 247)</b>	<b>(124 797)</b>	<b>(241 349)</b>

## 8. Dividend income

	II QUARTER 2022	I HALF 2022	II QUARTER 2021	I HALF 2021
Subsidiaries	184 293	184 293	141 507	141 507
Associates	575	575	-	-
Issuers of securities measured at fair value through profit or loss	1	277	20	20
Issuers of equity instruments designated at fair value through other comprehensive income	26 073	26 073	25 577	25 577
<b>Total</b>	<b>210 942</b>	<b>211 218</b>	<b>167 104</b>	<b>167 104</b>

## 9. Result on financial assets and liabilities measured at fair value through profit or loss and foreign exchange result

	II QUARTER 2022	I HALF 2022	II QUARTER 2021	I HALF 2021
Gains (losses) on loans and advances to customers measured mandatorily at fair value through profit or loss	1 478	618	45	1 273
Gains (losses) on securities measured mandatorily at fair value through profit or loss	(21 628)	(17 657)	16 226	10 998
Foreign exchange result	(33 453)	16 304	72 406	71 771
Gains (losses) on derivatives	16 195	10 981	(31 026)	(7 405)
Gains (losses) on securities held for trading	(4 680)	(4 119)	5 442	12 821
<b>Total</b>	<b>(42 088)</b>	<b>6 127</b>	<b>63 093</b>	<b>89 458</b>

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

### Realized gains

	II QUARTER 2022	I HALF 2022	II QUARTER 2021	I HALF 2021
Financial assets measured at amortised cost	3 236	4 190	2 897	6 582
Financial assets measured at fair value through other comprehensive income	2 864	8 207	21 111	28 747
Financial liabilities measured at amortized cost	57	64	-	-
<b>Total</b>	<b>6 157</b>	<b>12 461</b>	<b>24 008</b>	<b>35 329</b>

### Realized losses

	II QUARTER 2022	I HALF 2022	II QUARTER 2021	I HALF 2021
Financial assets measured at amortised cost	(13 252)	(23 764)	(499)	(996)
Financial assets measured at fair value through other comprehensive income	-	-	(298)	(298)
Financial liabilities measured at amortized cost	-	(2)	(17)	(28)
<b>Total</b>	<b>(13 252)</b>	<b>(23 766)</b>	<b>(814)</b>	<b>(1 322)</b>

<b>Net realized profit/loss</b>	<b>(7 095)</b>	<b>(11 305)</b>	<b>23 194</b>	<b>34 007</b>
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## 11. Net allowances for expected credit losses

	II QUARTER 2022	I HALF 2022	II QUARTER 2021	I HALF 2021
Loans and other financial assets measured at amortized cost (*)	(174 336)	(325 220)	(267 954)	(468 562)
Debt securities measured at amortized cost	(597)	(46)	13 326	9 219
Loans measured at fair value through other comprehensive income	(946)	(37)	20 844	21 055
Debt securities measured at fair value through other comprehensive income	(3 696)	9 977	23 722	24 258
Off-balance sheet commitments	6 375	8 205	72 205	80 575
Provision for legal risk regarding foreign currency mortgage loans	(298 366)	(307 956)	(517)	(2 084)
<b>Total</b>	<b>(471 566)</b>	<b>(615 077)</b>	<b>(138 374)</b>	<b>(335 539)</b>

(\*) Item includes impairment losses on loans and advances to banks.

## 12. Other operating income and expenses

### Other operating income

	II QUARTER 2022	I HALF 2022	II QUARTER 2021	I HALF 2021
Gains on disposal of property, plant and equipment	4 225	6 501	9 175	9 627
Premises rental income, terminals and IT equipment	8 667	17 138	8 014	15 776
Compensation, recoveries, penalty fees and fines received	1 568	5 496	3 022	5 722
Miscellaneous income	1 488	5 877	2 565	6 058
Recovery of debt collection costs	3 994	9 384	2 352	3 546
Other	1 623	4 565	333	2 614
<b>Total</b>	<b>21 565</b>	<b>48 961</b>	<b>25 461</b>	<b>43 343</b>

### Other operating expenses

	II QUARTER 2022	I HALF 2022	II QUARTER 2021	I HALF 2021
Provision for liabilities disputable and other provisions (*)	(24 634)	(26 799)	(13 569)	(14 065)
Provision for legal risk regarding foreign currency mortgage loans	(103 409)	(108 078)	517	2 084
Credit and factoring debt collection costs	(6 780)	(14 788)	(7 652)	(14 368)
Loss on disposal of property, plant and equipment and intangible assets	(156)	(224)	(348)	(1 531)
Card transactions monitoring costs	(4 834)	(8 984)	(3 471)	(5 417)
Sundry expenses	(2 223)	(4 091)	(948)	(2 457)
Costs of litigation and claims	(2 441)	(4 158)	(658)	(1 492)
Impairment allowance on fixed assets, litigations and other assets	(47 330)	(47 385)	(51)	(120)
Compensation, penalty fees and fines	483	(1 058)	(753)	(1 024)
Other	(5 693)	(9 544)	(2 763)	(5 396)
<b>Total</b>	<b>(197 017)</b>	<b>(225 109)</b>	<b>(29 696)</b>	<b>(43 786)</b>

(\*) The item also includes the provision for commission refunds in case of early repayment of consumer loans paid before the CJEU judgment and a provision for commission refunds for prepaid mortgage loans (Note 30).

## 13. General administrative expenses and depreciation

### Personnel expenses

	II QUARTER 2022	I HALF 2022	II QUARTER 2021	I HALF 2021
Wages and salaries	(430 297)	(847 227)	(393 069)	(903 515)
Insurance and other charges related to employees	(77 073)	(148 182)	(70 705)	(140 237)
Share-based payments expenses	(5 405)	(10 531)	(4 861)	(9 723)
<b>Total</b>	<b>(512 775)</b>	<b>(1 005 940)</b>	<b>(468 635)</b>	<b>(1 053 475)</b>

### Other administrative expenses

	II QUARTER 2022	I HALF 2022	II QUARTER 2021	I HALF 2021
Overheads (*)	(357 690)	(567 375)	(231 958)	(434 855)
Tax on certain financial institutions	(214 375)	(416 133)	(177 696)	(353 156)
Fee paid for the Protection Scheme	(440 302)	(440 302)	-	-
Contributions to the Bank Guarantee Fund, including:	(57 040)	(321 707)	(28 861)	(230 456)
to the resolution fund	-	(207 627)	-	(168 831)
to the banks' guarantee fund	(57 040)	(114 080)	(28 861)	(61 625)
Fees to cover costs of supervision over banks (KNF)	-	(26 407)	-	(23 875)
Other taxes and fees	(8 628)	(17 130)	(8 339)	(16 427)
<b>Total</b>	<b>(1 078 035)</b>	<b>(1 789 054)</b>	<b>(446 854)</b>	<b>(1 058 769)</b>

(\*) including: an increase in the II quarter of 2022 of the cost related to reclassification of part of IT expenses from intangible assets to administrative expenses in the amount of PLN 123.8 million.

### Depreciation

	II QUARTER 2022	I HALF 2022	II QUARTER 2021	I HALF 2021
Property, plant and equipment	(75 479)	(152 278)	(73 333)	(149 868)
Intangible assets (*)	(53 442)	(142 712)	(76 051)	(145 574)
<b>Total</b>	<b>(128 921)</b>	<b>(294 990)</b>	<b>(149 384)</b>	<b>(295 442)</b>

(\*) including: a decrease in the II quarter of 2022 in the cost related to reclassification of part of IT expenses from intangible assets to administrative expenses in the amount of PLN 41.0 million.

<b>Total administrative expenses and depreciation</b>	<b>(1 719 731)</b>	<b>(3 089 984)</b>	<b>(1 064 873)</b>	<b>(2 407 686)</b>
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## 14. Gains (losses) from subsidiaries

	II QUARTER 2022	I HALF 2022	II QUARTER 2021	I HALF 2021
Impairment allowances of share in subsidiaries	-	-	(170)	(170)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>(170)</b>	<b>(170)</b>

## 15. Income tax

	II QUARTER 2022	I HALF 2022	II QUARTER 2021	I HALF 2021
<b>INCOME STATEMENT</b>				
<b>Current tax</b>	<b>(9 464)</b>	<b>(9 761)</b>	<b>(125 529)</b>	<b>(296 466)</b>
Current tax charge in the income statement	-	-	(119 479)	(290 409)
Adjustments related to the current tax from previous years	(8 855)	(8 855)	(5 670)	(5 670)
Other taxes (e.g. withholding tax)	(609)	(906)	(380)	(387)
<b>Deferred tax</b>	<b>(271 957)</b>	<b>(581 492)</b>	<b>(53 364)</b>	<b>(17 861)</b>
Occurrence and reversal of temporary differences	(271 957)	(581 492)	(53 364)	(17 861)
<b>Tax charge in the separate income statement</b>	<b>(281 421)</b>	<b>(591 253)</b>	<b>(178 893)</b>	<b>(314 327)</b>
<b>EQUITY</b>				
<b>Deferred tax</b>	<b>307 762</b>	<b>608 494</b>	<b>80 380</b>	<b>182 990</b>
Income and costs disclosed in other comprehensive income:				
revaluation of financial instruments - cash flows hedges	231 591	419 326	23 480	87 229
fair value revaluation through other comprehensive income	68 737	176 735	64 233	111 527
<b>Tax on items that are or may be reclassified subsequently to profit or loss</b>	<b>300 328</b>	<b>596 061</b>	<b>87 713</b>	<b>198 756</b>
<b>Tax charge on items that will never be reclassified to profit or loss</b>	<b>7 434</b>	<b>12 433</b>	<b>(7 333)</b>	<b>(15 766)</b>
fair value revaluation through other comprehensive income – equity securities	10 777	15 776	(7 333)	(15 766)
remeasurements the defined benefit liabilities	(3 343)	(3 343)	-	-
<b>Total charge</b>	<b>26 341</b>	<b>17 241</b>	<b>(98 513)</b>	<b>(131 337)</b>

## 16. Earnings per share

### Basic earnings per share

Basic earnings per share are calculated by dividing the net profit attributable to equity holders of the Bank by the weighted average number of the ordinary shares outstanding during the period.

	II QUARTER 2022	I HALF 2022	II QUARTER 2021	I HALF 2021
Net profit	628 658	1 460 512	724 126	891 073
Weighted average number of ordinary shares in the period	262 470 034	262 470 034	262 470 034	262 470 034
Earnings per share (in PLN per share)	2.39	5.56	2.75	3.39



### Diluted earnings per share

Diluted earnings per share are calculated by dividing the net profit attributable to equity holders of the Bank by the weighted average number of the ordinary shares outstanding during the given period adjusted for all potential dilution of ordinary shares.

As at 30 June 2022 and 30 June 2021 here were no diluting instruments in the form of convertible bonds in the Bank.

	II QUARTER 2022	I HALF 2022	II QUARTER 2021	I HALF 2021
Net profit	628 658	1 460 512	724 126	891 073
Weighted average number of ordinary shares in the period	262 470 034	262 470 034	262 470 034	262 470 034
Weighted average number of ordinary shares for the purpose of calculation of diluted earnings per share	262 470 034	262 470 034	262 470 034	262 470 034
Diluted earnings per share (in PLN per share)	2.39	5.56	2.75	3.39

## 17. Dividends

On 15 June 2022, the Ordinary General Meeting of Bank Pekao S.A. adopted a resolution on the distribution of the Bank's profit for 2021. The amount of PLN 1 128 621 146.20 was allocated to the dividend for shareholders, with the amount of dividend per share being PLN 4.30. The dividend record date is 25 July 2022, and the dividend payment date is 4 August 2022.

## 18. Cash and balances with Central Bank

CASH AND DUE FROM CENTRAL BANK	30.06.2022	31.12.2021
Cash	4 626 766	3 699 679
Current account at Central Bank	8 224 798	996 944
Other	98	67
<b>Gross carrying amount</b>	<b>12 851 662</b>	<b>4 696 690</b>
Impairment allowances	(6 890)	(75)
<b>Net carrying amount</b>	<b>12 844 772</b>	<b>4 696 615</b>

## 19. Loans and advances to banks

Loans and advances to banks by product type

	30.06.2022	31.12.2021
Current accounts	1 406 898	804 530
Interbank placements	5 495 374	623 227
Loans and advances	865 772	295 134
Cash collaterals	2 248 386	1 463 058
Reverse repo transactions	698 972	583 012
Cash in transit	204 719	237 324
<b>Total gross amount</b>	<b>10 920 121</b>	<b>4 006 285</b>
Impairment allowances	(17 006)	(7 657)
<b>Total net amount</b>	<b>10 903 115</b>	<b>3 998 628</b>

## 20. Derivative financial instruments (held for trading)

### Fair value of trading derivatives

30.06.2022	ASSETS	LIABILITIES
Interest rate transactions		
Interest Rate Swaps (IRS)	15 972 381	16 006 501
Forward Rate Agreements (FRA)	15 505	18 328
Options	66 325	89 390
Other	849	839
Foreign currency and gold transactions		
Cross-Currency Interest Rate Swaps (CIRS)	196 953	126 916
Currency Forward Agreements	469 508	650 971
Currency Swaps (FX-Swap)	563 546	207 472
Options for currency and gold	133 273	111 732
Transactions based on equity securities and stock indexes		
Options	3 007	2 991
Other	-	-
Transactions based on commodities and precious metals		
Options	42 804	42 771
Other	1 054 064	1 020 028
<b>Total</b>	<b>18 518 215</b>	<b>18 277 939</b>

### Fair value of trading derivatives

31.12.2021	ASSETS	LIABILITIES
Interest rate transactions		
Interest Rate Swaps (IRS)	6 421 197	6 548 285
Forward Rate Agreements (FRA)	6 344	12 394
Options	22 481	24 224
Other	774	773
Foreign currency and gold transactions		
Cross-Currency Interest Rate Swaps (CIRS)	160 848	91 560
Currency Forward Agreements	298 984	393 369
Currency Swaps (FX-Swap)	215 953	114 043
Options for currency and gold	75 774	39 380
Transactions based on equity securities and stock indexes		
Options	21 094	21 094
Other	-	-
Transactions based on commodities and precious metals		
Options	15 785	15 350
Other	727 492	718 053
<b>Total</b>	<b>7 966 726</b>	<b>7 978 525</b>

## 21. Loans and advances to customers

### Loans and advances to customers by product type

	30.06.2022			TOTAL
	AMORTISED COST	FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	FAIR VALUE THROUGH PROFIT OR LOSS	
Mortgage loans	75 819 982	230 145	10 917	76 061 044
Current accounts	15 646 053	-	-	15 646 053
Operating loans	14 843 317	-	10 075	14 853 392
Investment loans	25 778 394	260 156	12 319	26 050 869
Cash loans	13 163 080	-	-	13 163 080
Payment cards receivables	1 074 483	-	-	1 074 483
Factoring	2 469 168	-	-	2 469 168
Other loans and advances	6 293 231	-	109 526	6 402 757
Reverse repo transactions	1 332 625	-	-	1 332 625
Cash in transit	47 496	-	-	47 496
<b>Gross carrying amount</b>	<b>156 467 829</b>	<b>490 301</b>	<b>142 837</b>	<b>157 100 967</b>
Impairment allowances (*) (**)	(8 265 216)	-	-	(8 265 216)
<b>Net carrying amount</b>	<b>148 202 613</b>	<b>490 301</b>	<b>142 837</b>	<b>148 835 751</b>

(\*) The impairment allowance for loans and advances to customers measured at fair value through other comprehensive income in the amount of PLN 6 221 thousand is included in the 'Revaluation reserve' item and does not reduce the carrying amount of the loan.

(\*\*) Including the provision for legal risk regarding foreign currency mortgage loans in the amount of PLN 700 583 thousand.

### Loans and advances to customers by product type

	31.12.2021			TOTAL
	AMORTISED COST	FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	FAIR VALUE THROUGH PROFIT OR LOSS	
Mortgage loans	75 935 962	231 000	12 035	76 178 997
Current accounts	11 952 728	-	-	11 952 728
Operating loans	13 730 659	-	13 720	13 744 379
Investment loans	24 257 384	115 141	14 979	24 387 504
Cash loans	13 432 675	-	-	13 432 675
Payment cards receivables	1 055 195	-	-	1 055 195
Factoring	2 271 262	-	-	2 271 262
Other loans and advances	6 464 266	-	119 645	6 583 911
Reverse repo transactions	969 705	-	-	969 705
Cash in transit	138 524	-	-	138 524
<b>Gross carrying amount</b>	<b>150 208 360</b>	<b>346 141</b>	<b>160 379</b>	<b>150 714 880</b>
Impairment allowances (*) (**)	(7 289 898)	-	-	(7 289 898)
<b>Net carrying amount</b>	<b>142 918 462</b>	<b>346 141</b>	<b>160 379</b>	<b>143 424 982</b>

(\*) The impairment allowance for loans and advances to customers measured at fair value through other comprehensive income in the amount of PLN 6 183 thousand is included in the 'Revaluation reserve' item and does not reduce the carrying amount of the loan.

(\*\*) Including the provision for legal risk regarding foreign currency mortgage loans in the amount of PLN 393 492 thousand.

**Loans and advances to customers by customer type**

	30.06.2022					TOTAL
	AMORTISED COST			FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (*)	FAIR VALUE THROUGH PROFIT OR LOSS	
	GROSS CARRYING AMOUNT	IMPAIRMENT ALLOWANCES (**)	NET CARRYING AMOUNT			
Corporate	76 273 599	(5 300 670)	70 972 929	490 301	21 146	71 484 376
Individuals	78 497 737	(2 845 455)	75 652 282	-	109 526	75 761 808
Budget entities	1 696 493	(119 091)	1 577 402	-	12 165	1 589 567
<b>Loans and advances to customers</b>	<b>156 467 829</b>	<b>(8 265 216)</b>	<b>148 202 613</b>	<b>490 301</b>	<b>142 837</b>	<b>148 835 751</b>

(\*) The impairment allowance for loans and advances to customers measured at fair value through other comprehensive income in the amount of PLN 6 221 thousand is included in the 'Revaluation reserve' item and does not reduce the carrying amount of the loan.

(\*\*) Including the provision for legal risk regarding foreign currency mortgage loans in the amount of PLN 700 583 thousand.

	31.12.2021					TOTAL
	AMORTISED COST			FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (*)	FAIR VALUE THROUGH PROFIT OR LOSS	
	GROSS CARRYING AMOUNT	IMPAIRMENT ALLOWANCES (**)	NET CARRYING AMOUNT			
Corporate	68 110 532	(4 749 439)	63 361 093	346 141	24 169	63 731 403
Individuals	80 128 543	(2 419 019)	77 709 524	-	119 645	77 829 169
Budget entities	1 969 285	(121 440)	1 847 845	-	16 565	1 864 410
<b>Loans and advances to customers</b>	<b>150 208 360</b>	<b>(7 289 898)</b>	<b>142 918 462</b>	<b>346 141</b>	<b>160 379</b>	<b>143 424 982</b>

(\*) The impairment allowance for loans and advances to customers measured at fair value through other comprehensive income in the amount of PLN 6 183 thousand is included in the 'Revaluation reserve' item and does not reduce the carrying amount of the loan.

(\*\*) Including the provision for legal risk regarding foreign currency mortgage loans in the amount of PLN 393 492 thousand.

## 22. Securities

	30.06.2022	31.12.2021
Debt securities held for trading	774 685	550 323
Debt securities measured at amortised cost	39 879 588	44 083 877
Debt securities measured at fair value through other comprehensive income	21 762 422	27 699 887
Equity instruments held for trading	1 661	1 061
Equity instruments designated for measurement at fair value through other comprehensive income	335 609	418 012
Equity instruments mandatorily measured at fair value through profit or loss	171 970	171 496
<b>Total</b>	<b>62 925 935</b>	<b>72 924 656</b>

**Debt securities held for trading**

	30.06.2022	31.12.2021
Debt securities issued by central governments	493 273	212 941
T- bills	-	-
T- bonds	493 273	212 941
Debt securities issued by banks	62 554	99 985
Debt securities issued by business entities	218 390	237 080
Debt securities issued by local governments	468	317
<b>Total</b>	<b>774 685</b>	<b>550 323</b>

**Debt securities measured at amortised cost**

	30.06.2022	31.12.2021
Debt securities issued by State Treasury	18 923 724	23 742 229
T-bills	-	-
T-bonds	18 923 724	23 742 229
Debt securities issued by central banks	28 675	20 893
Debt securities issued by banks	8 655 115	8 297 563
Debt securities issued by business entities	8 911 892	8 733 591
Debt securities issued by local governments	3 360 182	3 289 601
<b>Total</b>	<b>39 879 588</b>	<b>44 083 877</b>
including impairment of assets	(123 770)	(132 658)

**Debt securities measured at fair value through other comprehensive income**

	30.06.2022	31.12.2021
Debt securities issued by State Treasury	9 183 034	12 967 988
T-bills	-	-
T-bonds	8 931 164	12 717 808
other	251 870	250 180
Debt securities issued by central banks	-	-
Debt securities issued by banks	4 698 027	4 806 132
Debt securities issued by business entities	6 057 254	7 919 099
Debt securities issued by local governments	1 824 107	2 006 668
<b>Total</b>	<b>21 762 422</b>	<b>27 699 887</b>
including impairment of assets (*)	(75 858)	(86 243)

(\*) The impairment allowance for debt securities measured at fair value through other comprehensive income is included in the 'Revaluation reserve' item and does not reduce the carrying amount.

**Equity securities held for trading**

	30.06.2022	31.12.2021
Shares	1 661	1 061
<b>Total</b>	<b>1 661</b>	<b>1 061</b>

**Equity instruments designated for measurement at fair value through other comprehensive income**

	30.06.2022	31.12.2021
Shares	335 609	418 012
<b>Total</b>	<b>335 609</b>	<b>418 012</b>

**Equity instruments mandatorily measured at fair value through profit or loss**

	30.06.2022	31.12.2021
Shares	171 970	171 496
<b>Total</b>	<b>171 970</b>	<b>171 496</b>

## 23. Assets pledged as security for liabilities

TYPE OF TRANSACTION AS AT 30.06.2022	SECURITY	CARRYING VALUE OF ASSETS PLEDGED AS SECURITY FOR LIABILITIES)	NOMINAL VALUE OF ASSETS PLEDGED AS SECURITY FOR LIABILITIES	VALUE OF LIABILITIES SUBJECT TO SECURITY
Repo transactions	Bonds held for trading (measured at fair value through profit or loss)	44 426	51 930	44 420
Repo transactions	Bonds measured at amortised cost	5 646 417	5 570 000	5 300 193
Repo transactions	Bonds measured at fair value through other comprehensive income	649 713	703 080	649 406
<b>Total</b>		<b>6 340 556</b>	<b>6 325 010</b>	<b>5 994 019</b>

TYPE OF TRANSACTION AS AT 31.12.2021	SECURITY	CARRYING VALUE OF ASSETS PLEDGED AS SECURITY FOR LIABILITIES)	NOMINAL VALUE OF ASSETS PLEDGED AS SECURITY FOR LIABILITIES	VALUE OF LIABILITIES SUBJECT TO SECURITY
Repo transactions	Bonds held for trading (measured at fair value through profit or loss)	48 474	49 104	48 590
Repo transactions	Bonds measured at fair value through other comprehensive income	797 623	800 000	799 631
<b>Total</b>		<b>846 097</b>	<b>849 104</b>	<b>848 221</b>

Apart from assets pledged as security for liabilities presented separately in the financial statements, the Bank also identifies liabilities do not meet the criterion of separate presentation in accordance with IFRS 9.

TYPE OF TRANSACTION AS AT 30.06.2022	SECURITY	CARRYING VALUE OF ASSETS PLEDGED AS SECURITY FOR LIABILITIES	NOMINAL VALUE OF ASSETS PLEDGED AS SECURITY FOR LIABILITIES	VALUE OF LIABILITIES SUBJECT TO SECURITY
Coverage of Fund for protection of guaranteed assets to the benefit of the Bank Guarantee Fund	Bonds	788 934	740 000	-
Coverage of payment commitments to the guarantee fund for the Bank Guarantee Fund	Bonds	202 630	200 000	173 465
Coverage of payment commitments to the resolution fund for the Bank Guarantee Fund	Bonds	466 477	490 000	306 860
Lombard and technical loan	Bonds	5 037 874	5 797 643	-
Other loans	Bonds	317 015	315 200	266 360
Coverage of the Guarantee Fund for the Settlement of Stock Exchange Transactions to Central Securities Depository (KDPW)	Bonds, cash deposits	29 398	29 398	-
Derivatives	Bonds	147 199	145 288	105 478
Uncommitted Collateralized Intraday Technical Overdraft Facility Agreement	Bonds	28 370	32 764	-

TYPE OF TRANSACTION AS AT 31.12.2021	SECURITY	CARRYING VALUE OF ASSETS PLEDGED AS SECURITY FOR LIABILITIES	NOMINAL VALUE OF ASSETS PLEDGED AS SECURITY FOR LIABILITIES	VALUE OF LIABILITIES SUBJECT TO SECURITY
Coverage of Fund for protection of guaranteed assets to the benefit of the Bank Guarantee Fund	Bonds	781 770	740 000	-
Coverage of payment commitments to the guarantee fund for the Bank Guarantee Fund	Bonds	185 172	180 000	156 353
Coverage of payment commitments to the resolution fund for the Bank Guarantee Fund	Bonds	386 518	370 000	306 860
Lombard and technical loan	Bonds	5 480 924	5 800 164	-
Other loans	Bonds	300 272	297 700	276 327
Coverage of the Guarantee Fund for the Settlement of Stock Exchange Transactions to Central Securities Depository (KDPW)	Bonds, cash deposits	28 013	28 013	-
Derivatives	Bonds	187 753	182 509	152 687
Uncommitted Collateralized Intraday Technical Overdraft Facility Agreement	Bonds	39 029	32 196	-

## 24. Intangible assets

	30.06.2022	31.12.2021
Intangible assets, including:	1 215 980	1 392 291
research and development expenditures	3 300	2 711
licenses and patents	833 086	888 239
other	3 032	2 461
assets under construction	376 562	498 880
Goodwill	53 539	53 539
<b>Total</b>	<b>1 269 519</b>	<b>1 445 830</b>

## 25. Property, plant and equipment

	30.06.2022	31.12.2021
Non-current assets, including:	1 505 273	1 636 239
land and buildings	970 720	1 090 614
machinery and equipment	360 605	362 785
transport vehicles	68 964	73 328
other	104 984	109 512
Non-current assets under construction and prepayments	51 579	108 913
<b>Total</b>	<b>1 556 852</b>	<b>1 745 152</b>

In the period from 1 January to 30 June 2022 the Bank acquired 'Property, plant and equipment' amounted PLN 21 038 thousand (in 2021 - PLN 204 778 thousand), while the value of property, plant and equipment sold amounted to PLN 6 393 thousand (in 2021 - PLN 15 245 thousand).

In the period from 1 January to 30 June 2022 and in 2021 there have been no property, plant and equipment whose title is restricted and pledged as security for liabilities.

### Contractual commitments

As at 30 June 2022 the contractual commitments for the acquisition of property, plant and equipment amounted to PLN 12 430 thousand, (as at 31 December 2021 - PLN 8 498 thousand).

## 26. Amounts due to other banks

Amounts due to other banks by product type

	30.06.2022	31.12.2021
Current accounts	993 957	846 588
Interbank deposits and other liabilities	2 445 879	2 275 857
Loans and advances received	947 827	1 069 501
Repo transactions	4 057 510	848 221
Cash in transit	324 930	29 030
Lease liabilities	43	60
<b>Total</b>	<b>8 770 146</b>	<b>5 069 257</b>

## 27. Financial liabilities held for trading

Financial liabilities held for trading by issuer and product type

	30.06.2022	31.12.2021
Debt securities issued by central governments	649 443	639 733
T- bonds	649 443	639 733
<b>Total</b>	<b>649 443</b>	<b>639 733</b>

## 28. Amounts due to customers

Amounts due to customers by entity and product type

	30.06.2022	31.12.2021
Amounts due to corporate, including:	69 720 005	61 976 042
current accounts	59 757 544	60 070 598
term deposits and other liabilities	9 962 461	1 905 444
Amounts due to budget entities, including:	20 078 822	16 420 528
current accounts	14 818 583	16 369 501
term deposits and other liabilities	5 260 239	51 027
Amounts due to individuals, including:	110 684 195	116 346 648
current accounts	95 029 747	105 422 044
term deposits and other liabilities	15 654 448	10 924 604
Repo transactions	1 936 510	-
Cash in transit	756 604	320 304
Lease liabilities	367 720	387 569
<b>Total</b>	<b>203 543 856</b>	<b>195 451 091</b>

## 29. Debt securities issued

Debt securities issued by type

	30.06.2022	31.12.2021
Certificates of deposit	2 734 427	178 573
<b>Total</b>	<b>2 734 427</b>	<b>178 573</b>

The Bank redeems its own debt securities issued on a timely basis.



## 30. Provisions

Changes in provisions in the reporting period

I HALF 2022	PROVISIONS FOR LITIGATION AND CLAIMS (*)	RESTRUCTURING PROVISION	PROVISIONS FOR DEFINED BENEFIT PLANS	PROVISIONS FOR UNDRAWN CREDIT FACILITIES AND GUARANTEES ISSUED	OTHER PROVISIONS	TOTAL
<b>Opening balance</b>	<b>194 272</b>	<b>17 330</b>	<b>235 170</b>	<b>440 795</b>	<b>48 420</b>	<b>935 987</b>
Provision charges/revaluation	134 991	-	9 911	239 724	10 531	395 157
Provision utilization	(114)	-	-	(247 929)	-	(248 043)
Provision releases	(10 813)	(3 299)	(20 823)	-	(41)	(34 976)
Foreign currency exchange differences	756	-	-	4 696	-	5 452
Other changes	-	-	(17 594)	-	-	(17 594)
<b>Closing balance</b>	<b>319 092</b>	<b>14 031</b>	<b>206 664</b>	<b>437 286</b>	<b>58 910</b>	<b>1 035 983</b>
Short term	4 000	14 031	-	87 306	-	105 337
Long term	315 092	-	206 664	349 980	58 910	930 646

(\*) Including the provision for legal risk regarding foreign currency mortgage loans in CHF in the amount of PLN 217 434 thousand and a provision for early repayments of consumer and mortgage loans in the amount of PLN 35 653 thousand as at 30 June 2022.

2021	PROVISIONS FOR LITIGATION AND CLAIMS (*)	RESTRUCTURING PROVISION	PROVISIONS FOR DEFINED BENEFIT PLANS	PROVISIONS FOR UNDRAWN CREDIT FACILITIES AND GUARANTEES ISSUED	OTHER PROVISIONS	TOTAL
<b>Opening balance</b>	<b>166 800</b>	<b>81 078</b>	<b>289 971</b>	<b>468 231</b>	<b>46 701</b>	<b>1 052 781</b>
Increase due to acquisition of part of Idea Bank S.A. activity	392	-	-	1 608	-	2 000
Provision charges/revaluation	51 666	72 385	16 960	233 122	13 555	387 688
Provision utilization	(23 994)	(136 133)	(24 737)	-	(11 836)	(196 700)
Provision releases	(1 460)	-	-	(262 504)	-	(263 964)
Foreign currency exchange differences	587	-	-	338	-	925
Other changes	281	-	(47 024)	-	-	(46 743)
<b>Closing balance</b>	<b>194 272</b>	<b>17 330</b>	<b>235 170</b>	<b>440 795</b>	<b>48 420</b>	<b>935 987</b>
Short term	2 500	17 330	14 102	73 706	-	107 638
Long term	191 772	-	221 068	367 089	48 420	828 349

(\*) Including the provision for legal risk regarding foreign currency mortgage loans in CHF in the amount of PLN 113 369 thousand and a provision for early repayments of consumer loans in the amount of PLN 16 107 thousand as at 31 December 2021.

### Provisions for litigation and claims

Provisions for litigation and claims include court, administrative and other legal proceedings. Provisions for litigation and claims were estimated in the amount of expected outflow of resources embodying economic benefits.

Provisions for litigation and claims also include the part of total provision created for legal risk related to foreign currency mortgage loans in CHF, in part relating to exposures already repaid (fully or partially). Details about the above provisions are presented in Note 34.2 of these interim condensed separate financial statements.

#### *An issue related to the judgment of the Court of Justice of the European Union regarding consumer credit agreements*

On 11 September 2019, the Court of Justice of the European Union (hereinafter the 'CJEU') issued a judgment in Case C-383/18 concerning preliminary questions regarding the consumer's right to reduce the total cost of loan in the event of early repayment of consumer loan.

The Bank analyzed the legal risk resulting from the above judgment and in accordance with IAS 37 'Provisions, contingent liabilities and contingent assets,' assessed the probability of cash outflow as a refund of commission in connection with early repayment of loans made by borrowers before the abovementioned judgment of the CJEU.

For the purpose of estimating the aforementioned provision, the Bank performed an analysis of data on early repayment of loans and complaints. As a result of the above, the Bank has determined a matrix of probability of repayment depending on the amount of commission to be repaid and the period when the earlier repayment was made.

As at 30 June 2022 the provision regarding early repayment of consumer loans made before the judgment of the CJEU (i.e. before 11 September 2019) amounts to PLN 9.9 million (as at 31 December 2021 - PLN 16.1 million).

In the case of early repayment of consumer loans made by borrowers after the judgment of the CJEU (i.e. after 11 September 2019), the Bank automatically reduces the borrower's total cost of loan and returns the funds to the customer.

The Bank also reimburses its customers a part of the mortgage loan costs incurred, in the event of early full and partial repayment of the mortgage loan resulting in a shortening of the loan period, granted to consumers under a loan agreement concluded from 22 July 2017 (date of entry into force of the Act on Mortgage Loans and Supervision of Mortgage Brokers and Agents). As at 30 June 2022, the balance of the provision created for this purpose is PLN 31.4 million (including the amount of PLN 5.7 million for the current reimburses presented in the line 'Other liabilities').

Moreover, with regard to the balance sheet exposures of consumer loans and mortgage loans, as at 30 June 2022, the Bank estimated possible prepayments of these exposures in the future. Accordingly, the Bank included the amount of PLN 32.3 million in 'Other liabilities' (as at 31 December 2021 - PLN 13.8 million).

The performed estimates required the Bank to adopt expert assumptions and are associated with uncertainty. The Bank monitors the validity of all the assumptions adopted in the process of creating the aforementioned provision on an ongoing basis.

#### **Provisions for defined benefits plans**

Provisions for defined benefits plans consist of provisions for retirement benefits and death-in-service benefits. The present value of such obligations is measured by an independent actuary using the projected unit credit method.

#### **Other provisions**

Other provisions include in particular provisions for other employee benefits.

## **31. Contingent commitments**

#### **Court cases**

As at 30 June 2022 the following court cases for payment are pending with involvement of the Bank, that are important in view of the value of the object of litigation:

- 1) in the group of liabilities (against the Bank):
  - brought by the receiver for a joint stock company in liquidation bankruptcy – lawsuit for payment of compensation for a damage incurred as a result of the Bank's demanding immediate payment of the amounts due in virtue of payment of the price from the credit receivables transfer agreement and conducting debt enforcement collection of the portion of the price remaining for payment by a court enforcement officer, value of the object of litigation PLN 57 450 130 litigation initiation date – 30 April 2015, in the present factual and legal circumstances the Bank assesses the funds outflow risk as possible,
  - brought by a natural person – lawsuit for payment by the Bank of an amount charged by virtue of settlement of financial future or forward transactions, value of the object of litigation PLN 38 916 555.18, litigation initiation date – 2 October 2016, on 6 May 2019 the Regional Court in Warsaw issued a sentence ordering the Bank to pay the amount of PLN 3 392 349.18 and as to the remainder the Court dismissed the suit, the sentence is not legally valid, the Bank and the plaintiff appealed against the judgment. On the 16 December 2020 the Court of Appeal in Warsaw quashed the sentence of the Regional Court in its entirety and remitted the case to that Court. The Bank maintains its current assessment of the risk of outflow of found and, in terms of the amount awarded by the Regional Court, the Bank assesses the funds outflow risk as probable and in the remaining scope as possible,
  - brought by a legal person – lawsuit for payment of compensation for the loss of value of the leased assets, value of the object of litigation PLN 21 001 551, litigation initiation date – 10 March 2011, in the present factual and legal circumstances the Bank assesses the funds outflow risk as minor,
  - brought by a legal person – lawsuit for payment of damages for a tort and improper performance of a bank account agreement in connection with the execution of payment instructions from the plaintiff's bank accounts, value of the object of litigation PLN 14 579 152.50, litigation initiation date – 17 August 2015, in the present factual and legal circumstances, the Bank assesses the funds outflow risk as possible,
- 2) in the group of receivables (brought by the Bank):
  - Bank's lawsuit for payment against limited debtor by virtue of mortgage collateralizing repayment of the granted credit, value of the object of litigation PLN 132 877 901, litigation initiation date – 21 January 2016,
  - Bank's lawsuit for payment against limited debtor by virtue of mortgage collateralizing repayment of the Bank's receivables resulting from banking activities, value of the object of litigation PLN 46 695 088, litigation initiation date – 15 September 2010, invalid sentence of the Regional Court in Warsaw of 13 January 2015 awarding for the benefit of the Bank the amount of PLN 40 425 047,
  - proceedings on the Bank's appeal against the decision of the President of the Office of Competition and Consumer Protection of 16 October 2020, pursuant to which the provisions on the rules for determining exchange rates in the exchange rate table, used by the Bank in annexes to currency-denominated mortgage loan agreements, value of the

object of litigation PLN 21 088 807, litigation initiation date – 16 November 2020, on 14 July 2022 the Regional Court in Warsaw issued a sentence revoking the contested decision, the sentence is not final,

- Bank's lawsuit for payment against a legal person for improper performance of the agreement on the term and procedure of assigning receivables from leasing transactions and their redemption, value of the object litigation PLN 20 485 377.32, litigation initiation date – 12 June 2002.

None of the litigations pending in the first half of the year 2022 before the court, authority competent for arbitrary proceedings or a body of public administration posed a threat for financial liquidity of the Bank.

The Bank created provisions for litigations against the Bank entities which, according to the legal opinion, are connected with a risk of the funds outflow resulting from the fulfillment of the obligation. The value of the provisions as at 30 June 2022 is PLN 319 092 thousand (PLN 194 272 thousand as at 31 December 2021).

In addition, as at 30 June 2022 the Bank assessed the legal risk of foreign currency mortgage loans in CHF and created a provision related to this risk. Details are presented in Note 34.2.

### Financial commitments granted

Financial commitments granted by entity

	30.06.2022	31.12.2021
Financial commitments granted to:		
banks	1 171 149	1 406 317
customers	42 221 730	43 057 113
budget entities	856 897	321 534
<b>Total</b>	<b>44 249 776</b>	<b>44 784 964</b>

### Guarantees issued

Guarantees issued by entity

	30.06.2022	31.12.2021
Issued to banks:	3 816 578	4 016 315
guarantees	2 558 604	2 586 043
securities' underwriting guarantees	1 000 000	1 000 000
sureties	152 250	304 500
confirmed export letters of credit	105 724	125 772
Issued to customers	25 742 524	26 673 036
guarantees	13 628 592	14 129 020
securities' underwriting guarantees	2 274 674	2 865 321
sureties	9 839 258	9 678 695
Issued to budget entities:	1 141 933	1 401 817
guarantees	23 162	26 522
securities' underwriting guarantees	1 118 771	1 375 295
<b>Total</b>	<b>30 701 035</b>	<b>32 091 168</b>

### Off-balance sheet commitments received

Off-balance sheet commitments received by entity

	30.06.2022	31.12.2021
Financial received from:	741 070	520 417
banks	335 291	320 419
customers	405 779	199 998
budget entities	-	-
Guarantees received from:	26 067 396	22 650 478
banks	12 780 342	11 656 681
customers	11 761 684	9 828 379
budget entities	1 525 370	1 165 418
<b>Total</b>	<b>26 808 466</b>	<b>23 170 895</b>

Moreover, the Bank has the ability to obtain financing from National Bank of Poland secured securities.

## 32. Additional information to the separate cash flow statement

Cash and cash equivalents

	30.06.2022	30.06.2021
Cash and amounts due from Central Bank	12 844 772	7 606 188
Loans and receivables from banks with maturity up to 3 months	9 926 406	2 648 862
<b>Cash and Cash equivalents presented in the cash flow statement</b>	<b>22 771 178</b>	<b>10 255 050</b>

Restricted availability cash and cash equivalents as at 30 June 2022 amounted to PLN 8 217 908 thousand (PLN 4 036 926 thousand as at 30 June 2021).

## 33. Related party transactions

The transactions between the Bank and related parties are typical transactions arising from current operating activities conducted by the Bank. Such transactions mainly include loans, deposits, foreign currency transactions and guarantees.

### **The credit granting process applicable to the Bank's management and entities related to the Bank**

According to the Banking Act, credit transactions with Members of the Bank's Management Board and Supervisory Board, persons holding managerial positions at the Bank, with the entities related financially or organizationally therewith, shall be effected according to Regulation adopted by the Supervisory Board of the Bank.

The Regulation provides detailed decision-making procedures, applicable to transactions with such persons and entities, also defining the decision-making levels authorized to take decisions. In particular, the transactions with the Members of the Bank's Management Board or Supervisory Board or with an entity related therewith financially or organizationally, are subject to decisions taken by the Bank's Management Board and Supervisory Board.

Members of the Bank's Management Board and entities related therewith financially or organizationally may take advantage of credit products offered by the Bank on standard terms and conditions of the Bank. In particular, the Bank may not offer more advantageous credit interest rates to such persons or entities.

Credit risk assessment is performed using the methodology applied by the Bank, tailored to the client's segment and type of transaction.

In case of entities related to the Bank, the standard credit procedures are applied, with transaction-related decisions taken exclusively at level of the Bank's Head Office.

**Related party transactions**

Related party transactions as at 30 June 2022

NAME OF ENTITY	RECEIVABLES FROM LOANS, ADVANCES AND PLACEMENTS	SECURITIES	RECEIVABLES FROM REVALUATION OF DERIVATIVES	OTHER RECEIVABLES	LIABILITIES FROM LOANS AND DEPOSITS	LIABILITIES FROM REVALUATION OF DERIVATIVES	OTHER LIABILITIES
PZU S.A. – the Bank's parent entity	11 855	-	6 129	4 867	173 190	-	225 724
Entities of PZU S.A. Group excluding the Bank Pekao S.A. Group entities	2 306	-	5 216	10 983	239 177	280	-
<b>Bank Pekao S.A. Group entities</b>							
<b>Subsidiaries</b>							
Pekao Investment Banking S.A.	-	-	-	-	138 535	-	-
Pekao Leasing Sp. z o.o.	2 246 138	2 460 878	-	74 845	58 238	10 272	-
Pekao Faktoring Sp. z o.o.	1 754 028	799 603	-	-	10 515	-	-
Pekao Fundusz Kapitałowy Sp. z o.o. (in liquidation)	-	-	-	2	52 709	-	-
Centrum Kart S.A.	-	-	-	1 697	34 591	-	11 106
Pekao Financial Services Sp. z o.o.	-	-	-	-	13 809	-	-
Pekao Bank Hipoteczny S.A.	908 858	1 397 961	38 590	65 000	2 542	9 668	-
Pekao Property S.A. (in liquidation)	-	-	-	6 230	25 154	-	-
Pekao Direct Sp. z o.o.	-	-	-	-	14 374	-	8 207
FPB – Media Sp. z o.o. (in bankruptcy)	8 971	-	-	-	-	-	-
Pekao Investment Management S.A.	-	-	-	51 776	1 610	-	-
Pekao TFI S.A. (PIM S.A. subsidiary)	-	-	-	8 252	130 410	-	-
PEUF Sp. z o.o. (Pekao Leasing Sp. z o.o. subsidiary)	175	-	-	-	3 198	-	-
<b>Associates</b>							
Krajowy Integrator Płatności S.A.	-	-	-	14	27 433	-	-
<b>Total of Bank Pekao S.A. Group entities</b>	<b>4 918 170</b>	<b>4 658 442</b>	<b>38 590</b>	<b>207 816</b>	<b>513 118</b>	<b>19 940</b>	<b>19 313</b>
Key management personnel of the Bank Pekao S.A.	774	-	-	-	2 954	-	-
<b>Total</b>	<b>4 933 105</b>	<b>4 658 442</b>	<b>49 935</b>	<b>223 666</b>	<b>928 439</b>	<b>20 220</b>	<b>245 037</b>

## Related party transactions as at 31 December 2021

NAME OF ENTITY	RECEIVABLES FROM LOANS, ADVANCES AND PLACEMENTS	SECURITIES	RECEIVABLES FROM REVALUATION OF DERIVATIVES	OTHER RECEIVABLES	LIABILITIES FROM LOANS AND DEPOSITS	LIABILITIES FROM REVALUATION OF DERIVATIVES	OTHER LIABILITIES
PZU S.A. – the Bank 's parent entity	11 838	-	4 061	1 886	151 803	-	-
Entities of PZU S.A. Group excluding the Bank Pekao S.A. Group entities	618	-	209	5 578	181 649	802	48
<b>Bank Pekao S.A. Group entities</b>							
<b>Subsidiaries</b>							
Pekao Investment Banking S.A.	-	-	-	-	146 611	-	-
Pekao Leasing Sp. z o.o.	401 671	3 605 232	-	-	68 018	4 285	-
Pekao Faktoring Sp. z o.o.	1 213 995	953 362	-	-	7 476	-	-
Pekao Fundusz Kapitałowy Sp. z o.o. (in liquidation)	-	-	-	2	52 653	-	-
Centrum Kart S.A.	-	-	-	2 117	34 669	-	8 521
Pekao Financial Services Sp. z o.o.	-	-	-	7	15 314	-	-
Pekao Bank Hipoteczny S.A.	768 505	1 402 663	38 954	-	1 895	6 117	-
Pekao Property S.A. (in liquidation)	-	-	-	6 231	25 424	-	-
Pekao Direct Sp. z o.o.	-	-	-	-	16 151	-	7 594
FPB – Media Sp. z o.o. (in bankruptcy)	8 971	-	-	-	-	-	-
Pekao Investment Management S.A.	-	-	-	-	646	-	-
Pekao TFI S.A. (PIM S.A. subsidiary)	-	-	-	5 686	47 262	-	-
PEUF Sp. z o.o. (Pekao Leasing Sp. z o.o. subsidiary)	-	-	-	-	435	-	-
<b>Associates</b>							
Krajowy Integrator Płatności S.A.	-	-	-	7	50 743	-	-
<b>Total of Bank Pekao S.A. Group entities</b>	<b>2 393 142</b>	<b>5 961 257</b>	<b>38 954</b>	<b>14 050</b>	<b>467 297</b>	<b>10 402</b>	<b>16 115</b>
Key management personnel of the Bank Pekao S.A.	654	-	-	-	2 508	-	-
<b>Total</b>	<b>2 406 252</b>	<b>5 961 257</b>	<b>43 224</b>	<b>21 514</b>	<b>803 257</b>	<b>11 204</b>	<b>16 163</b>

Income and expenses from transactions with related parties for the period from 1 January 2022 to 30 June 2022

NAME OF ENTITY	INTEREST INCOME	INTERES EXPENSE	FEE AND COMMISSION INCOME	FEE AND COMMISSION EXPENSE	INCOME FROM DERIVATIVES AND OTHER	EXPENSES FROM DERIVATIVES AND OTHER
PZU S.A. – the Bank 's parent entity	(908)	(2 266)	8 999	(132)	1 047	(644)
Entities of PZU S.A. Group excluding the Bank Pekao S.A. Group entities	94	(1 501)	9 870	(157)	1 140	(12 418)
<b>Bank Pekao S.A. Group entities</b>						
<b>Subsidiaries</b>						
Pekao Investment Banking S.A.	-	(1 446)	270	-	9	(103)
Pekao Leasing Sp. z o.o.	57 631	(1 832)	9 913	-	675	(7 072)
Pekao Faktoring Sp. z o.o.	43 128	(188)	5 278	-	315	-
Pekao Fundusz Kapitałowy Sp. z o.o. (in liquidation)	-	(204)	86	-	4	-
Centrum Kart S.A.	-	-	719	-	4 667	(31 073)
Pekao Financial Services Sp. z o.o.	-	(17)	116	-	36	-
Pekao Bank Hipoteczny S.A.	41 597	(150)	925	-	556	(3 651)
Pekao Direct Sp. z o.o. (ex. Centrum Bankowości Bezpośredniej Sp. z o.o.)	(197)	-	5	(15 077)	1 069	(24 674)
Pekao Property S.A. (in liquidation)	-	-	43	-	3	-
Pekao Investment Management S.A.	-	(1)	9	-	-	-
Pekao TFI S.A. (PIM S.A. subsidiary)	-	(552)	37 633	-	-	-
PEUF Sp. z o.o. (Pekao Leasing Sp. z o.o. subsidiary)	-	-	6	-	14	-
<b>Associates</b>						
Krajowy Integrator Płatności S.A.	-	-	151	-	-	-
<b>Total of Bank Pekao S.A. Group entities</b>	<b>142 159</b>	<b>(4 390)</b>	<b>55 154</b>	<b>(15 077)</b>	<b>7 348</b>	<b>(66 573)</b>
Key management personnel of the Bank Pekao S.A.	22	(6)	-	-	-	-
<b>Total</b>	<b>141 367</b>	<b>(8 163)</b>	<b>74 023</b>	<b>(15 366)</b>	<b>9 535</b>	<b>(79 635)</b>

Income and expenses from transactions with related parties for the period from 1 January 2021 to 30 June 2021

NAME OF ENTITY	INTEREST INCOME	INTERES EXPENSE	FEE AND COMMISSION INCOME	FEE AND COMMISSION EXPENSE	INCOME FROM DERIVATIVES AND OTHER	EXPENSES FROM DERIVATIVES AND OTHER
PZU S.A. – the Bank 's parent entity	(889)	-	12 592	(223)	455	(59)
Entities of PZU S.A. Group excluding the Bank Pekao S.A. Group entities	(1)	(2)	11 369	(106)	1 062	(8 303)
<b>Bank Pekao S.A. Group entities</b>						
<b>Subsidiaries</b>						
Pekao Investment Banking S.A.	-	-	414	-	-	(102)
Pekao Leasing Sp. z o.o.	7 578	(390)	10 515	-	7 871	(172)
Pekao Faktoring Sp. z o.o.	7 649	(24)	4 992	-	222	(29)
Pekao Fundusz Kapitałowy Sp. z o.o. (in liquidation)	-	-	56	-	4	-
Centrum Kart S.A.	-	-	633	-	4 655	(29 876)
Pekao Financial Services Sp. z o.o.	-	-	102	-	37	-
Pekao Bank Hipoteczny S.A.	4 185	-	1 227	-	443	(1 788)
Pekao Direct Sp. z o.o. (ex. Centrum Bankowości Bezpośredniej Sp. z o.o.)	(137)	-	4	(13 376)	1 052	(22 380)
Pekao Property S.A. (in liquidation)	-	-	29	-	20	-
Dom Inwestycyjny Xelion Sp. z o.o.	-	-	162	-	119	-
Pekao Investment Management S.A.	-	-	15	-	-	-
Pekao TFI S.A. (PIM S.A. subsidiary)	-	-	36 806	-	-	-
<b>Associates</b>						
Krajowy Integrator Płatności S.A.	-	-	148	-	-	-
<b>Total of Bank Pekao S.A. Group entities</b>	<b>19 275</b>	<b>(414)</b>	<b>55 103</b>	<b>(13 376)</b>	<b>14 423</b>	<b>(54 347)</b>
Key management personnel of the Bank Pekao S.A.	25	-	-	-	-	-
<b>Total</b>	<b>18 410</b>	<b>(416)</b>	<b>79 064</b>	<b>(13 705)</b>	<b>15 940</b>	<b>(62 709)</b>



## Off-balance sheet financial liabilities and guarantees as at 30 June 2022

NAME OF ENTITY	GRANTED		RECEIVED	
	FINANCIAL	GUARANTEES	FINANCIAL	GUARANTEES
PZU S.A. – the Bank 's parent entity	2 757	106 994	-	-
Entities of PZU S.A. Group excluding the Bank Pekao S.A. Group entities	5 621	102 093	-	-
<b>Bank Pekao S.A. Group entities</b>				
<b>Subsidiaries</b>				
Pekao Investment Banking S.A.	63	-	-	-
Pekao Leasing Sp. z o.o.	2 705 673	10 048 470	-	-
Pekao Faktoring Sp. z o.o.	1 612 332	5 634 207	-	-
Centrum Kart S.A.	51	3 000	-	-
Pekao Financial Services Sp. z o. o.	60	987	-	-
Pekao Bank Hipoteczny S.A.	647 750	2 300 286	-	-
Pekao Direct Sp. z o.o.	62	-	-	-
Pekao TFI S.A. (PIM S.A. subsidiary)	120	-	-	-
<b>Associates</b>				
Krajowy Integrator Płatności S.A.	-	1 300	-	-
<b>Total of Bank Pekao S.A. Group entities</b>	<b>4 966 111</b>	<b>17 988 250</b>	<b>-</b>	<b>-</b>
Key management personnel of the Bank Pekao S.A.	253	-	-	-
<b>Total</b>	<b>4 974 742</b>	<b>18 196 037</b>	<b>-</b>	<b>-</b>

## Off-balance sheet financial liabilities and guarantees as at 31 December 2021

NAME OF ENTITY	GRANTED		RECEIVED	
	FINANCIAL	GUARANTEES	FINANCIAL	GUARANTEES
PZU S.A. – the Bank 's parent entity	2 735	107 148	-	-
Entities of PZU S.A. Group excluding the Bank Pekao S.A. Group entities	7 056	102 241	-	-
<b>Bank Pekao S.A. Group entities</b>				
<b>Subsidiaries</b>				
Pekao Investment Banking S.A.	84	-	-	-
Pekao Leasing Sp. z o.o.	3 493 892	11 112 799	-	-
Pekao Faktoring Sp. z o.o.	2 559 660	4 226 171	-	-
Centrum Kart S.A.	52	3 000	-	-
Pekao Financial Services Sp. z o. o.	60	969	-	-
Pekao Bank Hipoteczny S.A.	782 414	2 300 281	-	-
Pekao Direct Sp. z o.o.	63	-	-	-
Pekao TFI S.A. (PIM S.A. subsidiary)	113	-	-	-
<b>Total of Bank Pekao S.A. Group entities</b>	<b>6 836 338</b>	<b>17 643 220</b>	-	-
Key management personnel of the Bank Pekao S.A.	156	-	-	-
<b>Total</b>	<b>6 846 285</b>	<b>17 852 609</b>	-	-

**Remuneration expenses of the Bank's Management Board and Supervisory Board Members**

	VALUE OF BENEFITS	
	I HALF 2022	I HALF 2021
<b>Management Board of the Bank</b>		
Short-term employee benefits (*)	5 268	4 663
Post-employment benefits	-	410
Long-term benefits (**)	1 989	1 735
Share-based payments (***)	1 951	1 571
<b>Total</b>	<b>9 208</b>	<b>8 379</b>
<b>Supervisory Board of the Bank</b>		
Short-term employee benefits (*)	746	595
<b>Total</b>	<b>746</b>	<b>595</b>

(\*) Short-term employee benefits include: base salary, bonuses and other benefits due in next 12 months from the date of the balance sheet.

(\*\*) The item 'Other long-term benefit' includes: provisions for deferred bonus payments.

(\*\*\*) The value of share-based payments is a part of Personnel Expenses, recognized according to IFRS 2 during the reporting period in the income statement, representing the settlement of fair value of share options and shares, including phantom shares, granted to the Members of the Bank's Management Board.

The Bank's Management Board and Supervisory Board Members did not receive any remuneration from subsidiaries and associates in the period from 1 January to 30 June 2022 and in the period from 1 January to 30 June 2021.

## 34. Risk management and fair value

### 34.1. Credit risk

The general framework for the risk management, credit risk mitigation methods and rating models did not change substantially compared to those described in the in the Separate Financial Statements of the Bank Pekao S.A. for the year ended on 31 December 2021.

Due to the risk:

- related to the ongoing armed conflict in Eastern Europe and its potential consequences for the situation of enterprises and consumer moods,
- greater than expected increase in interest rates, which may translate into a high increase in the burden on certain customer groups,
- greater than expected economic slowdown due to growing cost pressure on entrepreneurs, and
- subsequent COVID-19 mutations and subsequent waves of the pandemic,

the Bank identifies increased credit risk, which was included in the estimation of impairment losses on credit exposures according to the principles described in the Separate Financial Statements of the Bank Pekao S.A. for the year ended on 31 December 2021.

Additionally, the Bank issued guidelines for the assessment of transactions with entities related to Ukraine, Belarus and Russia, taking into account the impact of the risk arising from the war on the territory of Ukraine. The guidelines define the requirements / restrictions with regard to providing financing to these entities and managing the existing loan portfolio. Modifying these requirements by adjusting them to the changing situation related to the war in Ukraine and using the experience gained in this area will be carried out in subsequent periods.

### Armed conflict in Ukraine

On 24 February 2022, there was an armed attack by Russia and Belarus on Ukraine. On the day the conflict broke out, the Bank launched increased monitoring of the situation of customers from Russia, Belarus and Ukraine.

In terms of credit risk, the Bank identifies the following threats:

- credit loss risk for exposures to entities from Russia, Belarus and Ukraine, with the Bank's exposure in this regard mostly covered by KUKI policies,
- the risk that the conflict will translate into deterioration of the economic and credit conditions for the rest of the portfolio (through the raw material price growth channel, disruption of economic relations, deterioration of consumer sentiment, etc.).

In the second quarter of 2022, the Bank selected clients operating in high-risk industries and increased their PD level (by 20%-50% depending on the risk assessment), which consequently led to an increase in the expected credit losses in the working portfolio by PLN 59 million. The analysis of the industries took into account the impact of the armed conflict in Ukraine. The impact was taken into account for loans with a total gross carrying amount of PLN 11 075 million. Higher risk industries included in particular land and pipeline transport, trade, rental and production of means of transport, production of metal products.

As at 30 June 2022, the Bank's balance sheet net exposure to countries involved in the conflict amounted to PLN 254 million (which represents 0.16% of the Bank's total exposure).

The tables below present the Bank's exposures to countries involved in the armed conflict in Ukraine as at 30 June 2022 and 31 December 2021.

30.06.2022	UKRAINE	RUSSIA	BELARUS	TOTAL
<b>Balance sheet exposures</b>				
Loans and advances to banks	-	-	143 324	143 324
Loans and advances to customers (including receivables from finance leases)	39 152	70	75 390	114 612
<b>Gross carrying amount</b>	<b>39 152</b>	<b>70</b>	<b>218 714</b>	<b>257 936</b>
Impairment allowances	(783)	(41)	(2 940)	(3 764)
<b>Net carrying amount</b>	<b>38 369</b>	<b>29</b>	<b>215 774</b>	<b>254 172</b>
<b>Off- balance sheet exposures</b>				
Financial commitments granted	177	11	81 742	81 930
Guarantees issued	-	70 209	-	70 209
<b>Total nominal value</b>	<b>177</b>	<b>70 220</b>	<b>81 742</b>	<b>152 139</b>
Impairment allowances of granted off-balance sheet liabilities	-	(7 021)	(817)	(7 838)

31.12.2021	UKRAINE	RUSSIA	BELARUS	TOTAL
<b>Balance sheet exposures</b>				
Loans and advances to banks	12 695	466	118 160	131 321
Loans and advances to customers (including receivables from finance leases)	42 660	67	84 400	127 127
<b>Gross carrying amount</b>	<b>55 355</b>	<b>533</b>	<b>202 560</b>	<b>258 448</b>
Impairment allowances	(871)	(6)	(1 242)	(2 119)
<b>Net carrying amount</b>	<b>54 484</b>	<b>527</b>	<b>201 318</b>	<b>256 329</b>
<b>Off- balance sheet exposures</b>				
Financial commitments granted	220	47	119 129	119 396
Guarantees issued	-	160 979	9 189	170 168
<b>Total nominal value</b>	<b>220</b>	<b>161 026</b>	<b>128 318</b>	<b>289 564</b>
Impairment allowances of granted off-balance sheet liabilities	(1)	(228)	(344)	(573)

In the Bank's opinion, as at the date of approval of these financial statements for publication, the situation does not threaten the assumption that the Bank will continue as a going concern for a period not shorter than one year from the balance sheet date. However, depending on the further development of the situation, it may have a negative impact on the future financial results of the Bank.

**Changes in the methodology of calculation an expected credit losses**

In the second quarter of 2022, the Bank introduced changes to the rules for calculating allowances related to the implementation of the updated Recommendation R of the Polish Financial Supervision Authority. The changes included:

- 1) The use of the so-called New Default Definition ('NDD') in line with the EBA/GL/2016/07 guidelines,
- 2) Updating the portfolio segmentation to bring it into line with NDD,
- 3) Reconstruction of the default probability ('PD') model to better reflect the risk level dependence of the exposure age for retail portfolios,
- 4) Reconstruction of the Transfer Logic ('TL') model in order to ensure that the thresholds for classification to Stage 2 remain unchanged during the term of the contract, as expected by the Polish Financial Supervision Authority,
- 5) Other changes related to the above (including recalibration of other models).

The main changes related to the implementation of NDD in the area of calculation an expected credit losses (in terms of the capital adequacy, NDD was implemented at the beginning of 2021) are: adjustment of segmentation (division of the portfolio into retail and non-retail clients with an additional division of retail clients into sub-portfolios by segment or product ) taking into account the relative threshold in the calculation of the days past due, adjustment of the absolute threshold in the calculation of days past due, adjustment of the rules of contagion of default exposures, taking into account the quarantine for qualitative premises and taking into account additional qualitative indications of unlikelihood to pay.

In area of segmentation, the division of portfolios for all relevant models used in the estimation of allowances was adjusted to the segmentation used under NDD, which was not ensured in the previous approach, where the segmentation for each model was independent. The alignment addresses the highest level of segmentation and ensures consistency in the application of NDD and all models used. At the lower level of segmentation, the divisions appropriate for the modeled observation / risk parameter are used.

In area of the PD model, changes are of a different nature for the modeled portfolios (for which the Bank has sufficient historical data and uses them to set risk parameters) and benchmark portfolios (for which it does not have sufficient data and determines risk parameters based on internal benchmarks extrapolated from other portfolios or external data). The main change for the modeled portfolios in relation to the current approach is the use of the migration matrix, instead of the survival analysis, to estimate the risk of default, which in a more consistent way allows for taking into account time dependencies such as the survival effect (quick entry into default loans with high PD and improvement of quality credit portfolio) or the effect of negative selection (faster repayment of good loans and remaining in the portfolio of loans with an average higher risk in the late years after origination). Additionally, migration matrices allow for effective use of historical data to determine the dependence of PD on credit age and are resistant to potential data disturbances, which is important when using long time series. For benchmark portfolios, the most important change consists in replacing the periodic expert assessment used so far with an algorithmic approach based on the long-term average loss ratio of the analyzed portfolio, or with the external rating of the exposure / client.

As regards the TL model, the approach was completely rebuilt in order to meet the requirements of Recommendation R. The measure of credit risk change was simplified, which is determined as the quotient of the average annual PD value over the exposure life horizon as at the reporting date and the initial recognition date determined in accordance with the previous paragraph. The increase in risk measured by this measure is considered significant if it exceeds the established threshold. This threshold is 2 increased by the calibration parameter 'a'. Calibration of parameter 'a' is performed separately for each homogeneous group of portfolios modeled to correspond to the Bank's risk appetite in the period at the time of origination the transaction. The parameter 'a' determined in a given quarter is assigned to all exposures that will be defined as initially recognized in the next quarter and parameter is constant during the life of the exposure. The described criterion of classification to Stage 2 allows to minimize the deviations of the exposure valuation from the hypothetical valuation in which the write-offs would be estimated as a change in the lifetime loss expected from the moment of initial recognition. The second quantitative criterion for classification into Stage 2 is the value of one-year PD determined using scoring / rating models above the level of 25%. This criterion results from the fact that the Bank granting loans does not accept the risk higher than approximately 10%. A 25% PD therefore by definition means a significant increase in credit risk. The last quantitative criterion for classification into Stage 2 is the benchmarking results based on NBP data and the average long-term DR (default rate) of a given portfolio. If the share of Stage 2 in the Bank is lower than the long-term average for the polish banking sector in a given portfolio (or three times DR), then the Bank classifies exposures into the Stage 2 until the value is reached, where the credits are moved in the order corresponding to their distance from Stage 2 in based on the other 2 criteria mentioned before. This approach ensures, to the minimum extent required, the consistency of the shares of Stages in the Bank with the average share in the banking sector. The described solution replaced the quantile regression used so far in order to statistically identify significant changes in risk. Each of the three criteria described is applied separately.

The other significant changes to the models concerned the consistency of segmentation for other models from NDD (the recovery rate / RR / and exposures at default / EAD / models) and the calculation of these risk parameters into NDD time series.

However, compared to the end of 2021, the Bank did not introduce any significant changes in portfolio quality forecasting and continues to use trend analysis for retail portfolios and quantitative / expert analysis for the other portfolios. In particular, due to the instability of internal and external conditions, the probability of the pessimistic scenario (50%) is still high.

In total, the changes described above did not have a significant impact on the level of expected credit losses on the date of implementation (end of April). The amount of impairment losses for the Bank decreased by PLN 3 million. Changes in the default definition resulted in decrease in the level of assets classified in Stage 3 by PLN 147 million gross carrying amount, mainly due to the implementation of a relative threshold (1%) in the calculation of days past due.

*Sensitivity analysis concerning the forecast of the macroeconomic situation*

The Bank determines expected credit losses taking into account three scenarios for the macroeconomic situation: base (assumed for the calculation as the most probable – 45%), optimistic (assuming positive changes in the quality of the portfolio in subsequent years as compared to the baseline scenario, with 5% probability of realization) and pessimistic (assuming negative changes in the situation in the following years compared to the baseline scenario, with a probability of 50%).

The changes in expected credit losses presented in the table below for exposures without impairment were designated as the difference between the expected credit losses calculated for a specific macroeconomic scenario and expected credit losses calculated taking into account all scenarios macroeconomic factors weighted with the probability of their realization (in accordance with IFRS 9).

30.06.2022	BASE SCENARIO	OPTIMISTIC SCENARIO	PESYMISTIC SCENARIO
Change in the level of expected credit losses for exposures without impairment (Stage 1 and 2), assuming 100% realization of the scenario	(171.9)	(1 013.1)	313.5

The table below presents the results of the ECL sensitivity analysis for the assumed changes in PD and RR/LGD parameters carried out separately for exposures subject to individual and group analysis. For the exposures included in the Bank analysis, the PD and recovery rate (1-RR=LGD) increase and decrease by 1% and 5% scenario were presented compared to the values used to calculate the expected credit loss as of date 30 June 2022. For the exposures analyzed individually, the estimated impact is presented as a reduction of recoveries from collaterals included in the debt collection scenario by 10%.

Changes in impairment allowances level (ECL) in different scenarios of changing the influencing parameters for the calculation of write-offs (in millions of zlotys).

PARAMETER DELTA	SCENARIO		
	GROUP ANALYSIS		INDIVIDUAL ANALYSIS
	PD CHANGE	RECOVERY RATE CHANGE (1-LGD)	RECOVERY RATE CHANGE
-10.0%	n/a	n/a	74.8
-5.0%	(88.9)	185.5	n/a
-1.0%	(17.5)	37.0	n/a
1.0%	18.0	(36.9)	n/a
5.0%	88.8	(180.8)	n/a

The tables below present the changes in impairment allowances and gross carrying amount of financial assets not measured at fair value through profit or loss by classes of financial assets.

	LOANS AND ADVANCES TO BANKS AND CENTRAL BANKS MEASURED AT AMORTISED COST (*)				TOTAL
	STAGE 1 (12M ECL)	STAGE 2 (LIFETIME ECL - NOT CREDIT- IMPAIRED)	STAGE 3 (LIFETIME ECL - CREDIT-IMPAIRED)		
			INDIVIDUAL ASSESSMENT	GROUP ASSESSMENT	
<b>GROSS CARRYING AMOUNT</b>					
GROSS CARRYING AMOUNT AS AT 1.01.2022	4 953 960	49 296	-	40	5 003 296
Transfer to Stage 1	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-
Transfer to Stage 3	(143 364)	-	143 364	-	-
New / purchased / granted financial assets	16 275 845	-	-	-	16 275 845
Financial assets derecognised, other than write-offs (repayments)	(2 121 873)	(49 187)	-	-	(2 171 060)
Financial assets written off (**)	-	-	(41)	-	(41)
Other, including changes resulting from exchange rates	36 984	1	-	(8)	36 977
<b>GROSS CARRYING AMOUNT AS AT 30.06.2022</b>	<b>19 001 552</b>	<b>110</b>	<b>143 323</b>	<b>32</b>	<b>19 145 017</b>
<b>IMPAIRMENT ALLOWANCE</b>					
IMPAIRMENT ALLOWANCE AS AT 1.01.2022	7 731	-	-	1	7 732
Transfer to Stage 1	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-
Transfer to Stage 3	(770)	-	770	-	-
New / purchased / granted financial assets	9 095	-	-	-	9 095
Financial assets derecognised, other than write-offs (repayments)	(256)	-	-	-	(256)
Financial assets written off (**)	-	-	(41)	-	(41)
Changes in level of credit risk (excluding the transfers between the Stages)	5 616	-	1 177	(1)	6 792
Other, including changes resulting from exchange rates	573	-	-	1	574
<b>IMPAIRMENT ALLOWANCE AS AT 30.06.2022</b>	<b>21 989</b>	<b>-</b>	<b>1 906</b>	<b>1</b>	<b>23 896</b>

(\*) Receivables from the Central Bank include a current account and deposits.

(\*\*) Including the value of contractual interest subject to partial write-off in the amount of PLN 41 thousand.

LOANS AND ADVANCES TO BANKS AND CENTRAL BANKS MEASURED AT AMORTISED COST (*)					
	STAGE 1 (12M ECL)	STAGE 2 (LIFETIME ECL - NOT CREDIT- IMPAIRED)	STAGE 3 (LIFETIME ECL - CREDIT-IMPAIRED)		TOTAL
			INDIVIDUAL ASSESSMENT	GROUP ASSESSMENT	
<b>GROSS CARRYING AMOUNT</b>					
<b>GROSS CARRYING AMOUNT AS AT 1.01.2021</b>	<b>3 071 277</b>	<b>168</b>	<b>-</b>	<b>86</b>	<b>3 071 531</b>
Increases due to the acquisition of part of the activities of Idea Bank S.A.	1 295 830	-	-	-	1 295 830
Transfer to Stage 1	-	-	-	-	-
Transfer to Stage 2	(49 187)	49 187	-	-	-
Transfer to Stage 3	-	-	-	-	-
New / purchased / granted financial assets	3 795 284	-	-	-	3 795 284
Financial assets derecognised, other than write-offs (repayments)	(3 138 440)	-	-	(3)	(3 138 443)
Financial assets written off (**)	-	-	-	-	-
Other, including changes resulting from exchange rates	(20 804)	(59)	-	(43)	(20 906)
<b>GROSS CARRYING AMOUNT AS AT 31.12.2021</b>	<b>4 953 960</b>	<b>49 296</b>	<b>-</b>	<b>40</b>	<b>5 003 296</b>
<b>IMPAIRMENT ALLOWANCE</b>					
<b>IMPAIRMENT ALLOWANCE AS AT 1.01.2021</b>	<b>3 504</b>	<b>-</b>	<b>-</b>	<b>4</b>	<b>3 508</b>
Transfer to Stage 1	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-
New / purchased / granted financial assets	1 641	-	-	-	1 641
Financial assets derecognised, other than write-offs (repayments)	(434)	-	-	-	(434)
Financial assets written off (**)	-	-	-	-	-
Changes in level of credit risk (excluding the transfers between the Stages)	8 265	-	-	(3)	8 262
Other, including changes resulting from exchange rates	(5 245)	-	-	-	(5 245)
<b>IMPAIRMENT ALLOWANCE AS AT 31.12.2021</b>	<b>7 731</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>7 732</b>

(\*) Receivables from the Central Bank include a current account and deposits.

(\*\*) Including the value of contractual interest subject to partial write-off in the amount of PLN 0 thousand.



TOTAL	LOANS AND ADVANCES TO CUSTOMERS MEASURED AT AMORTISED COST					LOANS AND ADVANCES TO CUSTOMERS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME			
	STAGE 1 (12M ECL)	STAGE 2 (LIFETIME ECL - NOT CREDIT- IMPAIRED)	STAGE 3 (LIFETIME ECL - CREDIT- IMPAIRED))		PURCHASED OR ORIGINATED CREDIT- IMPAIRED (POCI)	TOTAL	STAGE 1 (12M ECL)	STAGE 2 (LIFETIME ECL - NOT CREDIT- IMPAIRED)	TOTAL
			INDIVIDUAL ASSESSMENT	GROUP ASSESSMENT					
<b>GROSS CARRYING AMOUNT</b>									
<b>GROSS CARRYING AMOUNT AS AT 1.01.2022</b>	<b>118 099 230</b>	<b>23 769 022</b>	<b>4 115 014</b>	<b>3 273 136</b>	<b>951 958</b>	<b>150 208 360</b>	<b>115 140</b>	<b>231 001</b>	<b>346 141</b>
Transfer to Stage 1	8 297 937	(8 085 740)	(129 189)	(83 008)	-	-	-	-	-
Transfer to Stage 2	(6 862 085)	7 145 587	(3 538)	(279 964)	-	-	-	-	-
Transfer to Stage 3	(707 989)	(527 744)	272 493	963 240	-	-	-	-	-
New / purchased / granted financial assets	27 094 910	-	-	-	16 473	27 111 383	150 000	-	150 000
Financial assets derecognised, other than write-offs (repayments)	(19 677 121)	(1 691 288)	(107 858)	(176 969)	(65 702)	(21 718 938)	(2 753)	(5 094)	(7 847)
Financial assets written off (*)	-	-	(106 737)	(160 268)	(154)	(267 159)	-	-	-
Modifications not resulting in derecognition	(1 654)	(942)	-	(88)	(22)	(2 706)	-	-	-
Other, including changes resulting from exchange rates	436 977	237 345	143 102	124 664	194 801	1 136 889	(2 234)	4 241	2 007
<b>GROSS CARRYING AMOUNT AS AT 30.06.2022</b>	<b>126 680 205</b>	<b>20 846 240</b>	<b>4 183 287</b>	<b>3 660 743</b>	<b>1 097 354</b>	<b>156 467 829</b>	<b>260 153</b>	<b>230 148</b>	<b>490 301</b>
<b>IMPAIRMENT ALLOWANCE (**)</b>									
<b>IMPAIRMENT ALLOWANCE AS AT 1.01.2022</b>	<b>578 024</b>	<b>1 037 016</b>	<b>3 233 529</b>	<b>2 210 668</b>	<b>230 661</b>	<b>7 289 898</b>	<b>1 953</b>	<b>4 230</b>	<b>6 183</b>
Transfer to Stage 1	289 715	(228 760)	(34 548)	(26 407)	-	-	-	-	-
Transfer to Stage 2	(56 993)	150 951	(1 267)	(92 691)	-	-	-	-	-
Transfer to Stage 3	(28 132)	(58 699)	7 463	79 368	-	-	-	-	-
New / purchased / granted financial assets	100 397	-	-	-	2 649	103 046	1 880	-	1 880
Financial assets derecognised, other than write-offs (repayments)	(38 180)	(23 226)	(9 460)	(32 562)	(1 334)	(104 762)	-	-	-
Financial assets written off (*)	-	-	(106 737)	(160 268)	(154)	(267 159)	-	-	-
Changes in level of credit risk (excluding the transfers between the Stages) (***)	(190 121)	519 169	61 954	221 933	6 326	619 261	(533)	(1 310)	(1 843)
Other, including changes resulting from exchange rates	9 995	(36 240)	156 098	241 880	253 199	624 932	-	1	1
<b>IMPAIRMENT ALLOWANCE AS AT 30.06.2022</b>	<b>664 705</b>	<b>1 360 211</b>	<b>3 307 032</b>	<b>2 441 921</b>	<b>491 347</b>	<b>8 265 216</b>	<b>3 300</b>	<b>2 921</b>	<b>6 221</b>

(\*) Including the value of contractual interest subject to partial write-off in the amount of PLN 212 644 thousand.

(\*\*) The impairment allowance for loans and advances to customers measured at fair value through other comprehensive income is included in the Revaluation reserve' item and does not reduce the carrying amount of the loan.

(\*\*\*) Including the provision for legal risk regarding foreign currency mortgage loans in the amount of PLN 700 583 thousand.

The total value of undiscounted expected credit losses at the time of initial recognition of financial assets purchased or originated credit impaired in the period ended 30 June 2022 amounted to PLN 23 322 thousand.

TOTAL	LOANS AND ADVANCES TO CUSTOMERS MEASURED AT AMORTISED COST					LOANS AND ADVANCES TO CUSTOMERS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME			
	STAGE 1 (12M ECL)	STAGE 2 (LIFETIME ECL - NOT CREDIT- IMPAIRED)	STAGE 3 (LIFETIME ECL - CREDIT-IMPAIRED)		PURCHASED OR ORIGINATED CREDIT- IMPAIRED (POCI)	TOTAL	STAGE 1 (12M ECL)	STAGE 2 (LIFETIME ECL - NOT CREDIT- IMPAIRED)	TOTAL
			INDIVIDUAL ASSESSMENT	GROUP ASSESSMENT					
<b>GROSS CARRYING AMOUNT</b>									
GROSS CARRYING AMOUNT AS AT 01.01.2021	101 192 289	24 774 086	4 849 092	3 085 206	6 565	133 907 238	783 128	805 590	1 588 718
Change in accounting policies	-	-	(164 697)	(120 569)	181 671	(103 595)	-	-	-
<b>GROSS CARRYING AMOUNT AS AT 01.01.2021 (AFTER CHANGE)</b>	<b>101 192 289</b>	<b>24 774 086</b>	<b>4 684 395</b>	<b>2 964 637</b>	<b>188 236</b>	<b>133 803 643</b>	<b>783 128</b>	<b>805 590</b>	<b>1 588 718</b>
Increases due to the acquisition of part of the activities of Idea Bank S.A.	11 188 837	-	-	-	872 105	12 060 942	-	-	-
Transfer to Stage 1	6 563 081	(6 389 159)	(6 517)	(167 405)	-	-	-	-	-
Transfer to Stage 2	(10 497 665)	10 721 885	(20 136)	(204 084)	-	-	(49 972)	49 972	-
Transfer to Stage 3	(489 541)	(965 872)	(37 886)	1 493 299	-	-	-	-	-
New / purchased / granted financial assets	37 891 534	-	-	-	8 206	37 899 740	-	-	-
Financial assets derecognised, other than write-offs (repayments)	(27 389 455)	(4 452 498)	(554 419)	(700 539)	(277 592)	(33 374 503)	(612 649)	(622 051)	(1 234 700)
Financial assets written off (*)	-	-	(134 776)	(283 116)	(26)	(417 918)	-	-	-
Modifications not resulting in derecognition	(2 150)	(999)	(2)	(214)	-	(3 365)	-	-	-
Other, including changes resulting from exchange rates	(357 700)	81 579	184 355	170 558	161 029	239 821	(5 367)	(2 510)	(7 877)
<b>GROSS CARRYING AMOUNT AS AT 31.12.2021</b>	<b>118 099 230</b>	<b>23 769 022</b>	<b>4 115 014</b>	<b>3 273 136</b>	<b>951 958</b>	<b>150 208 360</b>	<b>115 140</b>	<b>231 001</b>	<b>346 141</b>
Including the gross carrying amount as at 31 December 2021 loans and credits from the acquisition of some of the activities of Idea Bank S.A.	5 679 719	751 651	19 285	339 364	757 506	7 547 525	-	-	-
<b>IMPAIRMENT ALLOWANCE</b>									
IMPAIRMENT ALLOWANCE AS AT 1.01.2021	385 919	1 145 274	3 449 508	1 971 811	3 486	6 955 998	5 460	22 808	28 268
Change in accounting policies	-	-	(35 045)	(68 550)	-	(103 595)	-	-	-
<b>IMPAIRMENT ALLOWANCE AS AT 1.01.2021 (AFTER CHANGE)</b>	<b>385 919</b>	<b>1 145 274</b>	<b>3 414 463</b>	<b>1 903 261</b>	<b>3 486</b>	<b>6 852 403</b>	<b>5 460</b>	<b>22 808</b>	<b>28 268</b>
Transfer to Stage 1	232 141	(179 601)	(1 490)	(51 050)	-	-	-	-	-
Transfer to Stage 2	(21 578)	(81 339)	(7 708)	110 625	-	-	(1 138)	1 138	-
Transfer to Stage 3	(60 000)	(130 781)	(192 898)	383 679	-	-	-	-	-
New / purchased / granted financial assets	202 528	-	-	-	2 573	205 101	-	-	-
Financial assets derecognised, other than write-offs (repayments)	(55 966)	(53 967)	(42 646)	(51 062)	(49 294)	(252 935)	(3 885)	(19 259)	(23 144)
Financial assets written off (*)	-	-	(134 776)	(283 116)	(26)	(417 918)	-	-	-
Changes in level of credit risk (excluding the transfers between the Stages) (***)	(125 603)	248 946	102 905	320 893	162 247	709 388	2 918	(2 369)	549
Other, including changes resulting from exchange rates	20 583	88 484	95 679	(122 562)	111 675	193 859	(1 402)	1 912	510
<b>IMPAIRMENT ALLOWANCE AS AT 31.12.2021</b>	<b>578 024</b>	<b>1 037 016</b>	<b>3 233 529</b>	<b>2 210 668</b>	<b>230 661</b>	<b>7 289 898</b>	<b>1 953</b>	<b>4 230</b>	<b>6 183</b>

(\*) Including the value of contractual interest subject to partial write-off in the amount of PLN 152 837 thousand.

(\*\*) The impairment allowance for loans and advances to customers measured at fair value through other comprehensive income is included in the 'Revaluation reserve' item and does not reduce the carrying amount of the loan.

(\*\*\*) Including the provision for legal risk regarding foreign currency mortgage loans in the amount of PLN 393 492 thousand.

The total value of undiscounted expected credit losses at the time of initial recognition of financial assets purchased or originated credit impaired in the period ended 31 December 2021 amounted to PLN 11 026 thousand.

CORPORATE	LOANS AND ADVANCES TO CUSTOMERS MEASURED AT AMORTISED COST						LOANS AND ADVANCES TO CUSTOMERS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME		
	STAGE 1 (12M ECL)	STAGE 2 (LIFETIME ECL - NOT CREDIT-IMPAIRED)	STAGE 3 (LIFETIME ECL - CREDIT-IMPAIRED)		PURCHASED OR ORIGINATED CREDIT-IMPAIRED (POCI)	TOTAL	STAGE 1 (12M ECL)	STAGE 2 (LIFETIME ECL - NOT CREDIT-IMPAIRED)	TOTAL
			INDIVIDUAL ASSESSMENT	GROUP ASSESSMENT					
<b>GROSS CARRYING AMOUNT</b>									
GROSS CARRYING AMOUNT AS AT 1.01.2022	52 889 881	9 405 133	3 932 707	987 001	895 810	68 110 532	115 140	231 001	346 141
Transfer to Stage 1	2 068 253	(1 931 980)	(129 189)	(7 084)	-	-	-	-	-
Transfer to Stage 2	(4 010 290)	4 016 300	-	(6 010)	-	-	-	-	-
Transfer to Stage 3	(524 976)	(235 586)	263 754	496 808	-	-	-	-	-
New / purchased / granted financial assets	21 545 645	-	-	-	15 566	21 561 211	150 000	-	150 000
Financial assets derecognised, other than write-offs (repayments)	(13 193 021)	(529 797)	(107 121)	(59 093)	(45 819)	(13 934 851)	(2 753)	(5 094)	(7 847)
Financial assets written off	-	-	(102 825)	(62 919)	(154)	(165 898)	-	-	-
Modifications not resulting in derecognition	(495)	(484)	-	-	-	(979)	-	-	-
Other, including changes resulting from exchange rates	255 916	90 845	137 765	51 650	167 408	703 584	(2 234)	4 241	2 007
<b>GROSS CARRYING AMOUNT AS AT 30.06.2022</b>	<b>59 030 913</b>	<b>10 814 431</b>	<b>3 995 091</b>	<b>1 400 353</b>	<b>1 032 811</b>	<b>76 273 599</b>	<b>260 153</b>	<b>230 148</b>	<b>490 301</b>
<b>IMPAIRMENT ALLOWANCE (*)</b>									
IMPAIRMENT ALLOWANCE AS AT 1.01.2022	441 010	269 399	3 064 631	761 837	212 562	4 749 439	1 953	4 230	6 183
Transfer to Stage 1	107 742	(68 983)	(34 548)	(4 211)	-	-	-	-	-
Transfer to Stage 2	(43 499)	47 185	-	(3 686)	-	-	-	-	-
Transfer to Stage 3	(13 147)	(10 453)	3 001	20 599	-	-	-	-	-
New / purchased / granted financial assets	81 209	-	-	-	1 922	83 131	1 880	-	1 880
Financial assets derecognised, other than write-offs (repayments)	(29 321)	(4 694)	(9 460)	(12 185)	(9)	(55 669)	-	-	-
Financial assets written off	-	-	(102 825)	(62 919)	(154)	(165 898)	-	-	-
Changes in level of credit risk (excluding the transfers between the Stages)	(82 052)	75 405	47 504	101 020	14 236	156 113	(533)	(1 310)	(1 843)
Other, including changes resulting from exchange rates	9 050	6 013	160 394	111 869	246 228	533 554	-	1	1
<b>IMPAIRMENT ALLOWANCE AS AT 30.06.2022</b>	<b>470 992</b>	<b>313 872</b>	<b>3 128 697</b>	<b>912 324</b>	<b>474 785</b>	<b>5 300 670</b>	<b>3 300</b>	<b>2 921</b>	<b>6 221</b>

(\*) The impairment allowance for loans and advances to customers measured at fair value through other comprehensive income is included in the 'Revaluation reserve' item and does not reduce the carrying amount of the loan.

CORPORATE	LOANS AND ADVANCES TO CUSTOMERS MEASURED AT AMORTISED COST						LOANS AND ADVANCES TO CUSTOMERS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME		
	STAGE 1 (12M ECL)	STAGE 2 (LIFETIME ECL - NOT CREDIT-IMPAIRED)	STAGE 3 (LIFETIME ECL - CREDIT-IMPAIRED)		PURCHASED OR ORIGINATED CREDIT-IMPAIRED (POCI)	TOTAL	STAGE 1 (12M ECL)	STAGE 2 (LIFETIME ECL - NOT CREDIT-IMPAIRED)	TOTAL
			INDIVIDUAL ASSESSMENT	GROUP ASSESSMENT					
<b>GROSS CARRYING AMOUNT</b>									
GROSS CARRYING AMOUNT AS AT 1.01.2021	39 083 311	9 411 630	4 630 879	492 025	3 047	53 620 892	783 128	805 590	1 588 718
Change in accounting policies	-	-	(163 715)	(14 527)	135 826	(42 416)	-	-	-
<b>GROSS CARRYING AMOUNT AS AT 01.01.2021 (AFTER CHANGE)</b>	<b>39 083 311</b>	<b>9 411 630</b>	<b>4 467 164</b>	<b>477 498</b>	<b>138 873</b>	<b>53 578 476</b>	<b>783 128</b>	<b>805 590</b>	<b>1 588 718</b>
Increases due to the acquisition of part of the activities of Idea Bank S.A.	10 945 224	-	-	-	839 930	11 785 154	-	-	-
Transfer to Stage 1	3 122 476	(3 111 612)	(4 338)	(6 526)	-	-	-	-	-
Transfer to Stage 2	(5 873 860)	5 890 252	(7 312)	(9 080)	-	-	(49 972)	49 972	-
Transfer to Stage 3	(204 070)	(370 770)	(24 993)	599 833	-	-	-	-	-
New / purchased / granted financial assets	23 762 925	-	-	-	2 551	23 765 476	-	-	-
Financial assets derecognised, other than write-offs (repayments)	(17 707 440)	(2 273 497)	(544 401)	(105 010)	(260 179)	(20 890 527)	(612 649)	(622 051)	(1 234 700)
Financial assets written off	-	-	(133 604)	(50 925)	-	(184 529)	-	-	-
Modifications not resulting in derecognition	(154)	189	-	-	-	35	-	-	-
Other, including changes resulting from exchange rates	(238 531)	(141 059)	180 191	81 211	174 635	56 447	(5 367)	(2 510)	(7 877)
<b>GROSS CARRYING AMOUNT AS AT 31.12.2021</b>	<b>52 889 881</b>	<b>9 405 133</b>	<b>3 932 707</b>	<b>987 001</b>	<b>895 810</b>	<b>68 110 532</b>	<b>115 140</b>	<b>231 001</b>	<b>346 141</b>
Including the gross carrying amount as at 31 December 2021 loans and credits from the acquisition of some of the activities of Idea Bank S.A.	5 572 909	672 163	19 285	338 739	744 682	7 347 778	-	-	-
<b>IMPAIRMENT ALLOWANCE (*)</b>									
IMPAIRMENT ALLOWANCE AS AT 1.01.2021	249 670	242 905	3 266 152	455 971	1 568	4 216 266	5 460	22 808	28 268
Change in accounting policies	-	-	(34 804)	(7 612)	-	(42 416)	-	-	-
<b>IMPAIRMENT ALLOWANCE AS AT 1.01.2021 (AFTER CHANGE)</b>	<b>249 670</b>	<b>242 905</b>	<b>3 231 348</b>	<b>448 359</b>	<b>1 568</b>	<b>4 173 850</b>	<b>5 460</b>	<b>22 808</b>	<b>28 268</b>
Transfer to Stage 1	59 839	(56 567)	(989)	(2 283)	-	-	-	-	-
Transfer to Stage 2	(16 075)	23 137	(2 540)	(4 522)	-	-	(1 138)	1 138	-
Transfer to Stage 3	(12 831)	(36 976)	(175 755)	225 562	-	-	-	-	-
New / purchased / granted financial assets	149 155	-	-	-	247	149 402	-	-	-
Financial assets derecognised, other than write-offs (repayments)	(42 525)	(24 694)	(39 337)	(15 011)	(48 943)	(170 510)	(3 886)	(19 259)	(23 145)
Financial assets written off	-	-	(133 604)	(50 925)	-	(184 529)	-	-	-
Changes in level of credit risk (excluding the transfers between the Stages)	45 777	91 549	91 952	61 012	164 867	455 157	2 918	(2 369)	549
Other, including changes resulting from exchange rates	8 000	30 045	93 556	99 645	94 823	326 069	(1 401)	1 912	511
<b>IMPAIRMENT ALLOWANCE AS AT 31.12.2021</b>	<b>441 010</b>	<b>269 399</b>	<b>3 064 631</b>	<b>761 837</b>	<b>212 562</b>	<b>4 749 439</b>	<b>1 953</b>	<b>4 230</b>	<b>6 183</b>

(\*) The impairment allowance for loans and advances to customers measured at fair value through other comprehensive income is included in the 'Revaluation reserve' item and does not reduce the carrying amount of the loan.

MORTGAGE LOANS TO INDIVIDUAL CLIENTS	LOANS AND ADVANCES TO CUSTOMERS MEASURED AT AMORTISED COST					TOTAL
	STAGE 1 (12M ECL)	STAGE 2 (LIFETIME ECL - NOT CREDIT- IMPAIRED)	STAGE 3 (LIFETIME ECL - CREDIT-IMPAIRED)		PURCHASED OR ORIGINATED CREDIT- IMPAIRED (POCI)	
			INDIVIDUAL ASSESSMENT	GROUP ASSESSMENT		
<b>GROSS CARRYING AMOUNT</b>						
<b>GROSS CARRYING AMOUNT AS AT 1.01.2022</b>	<b>52 988 858</b>	<b>12 450 355</b>	<b>39 498</b>	<b>1 125 296</b>	<b>35 291</b>	<b>66 639 298</b>
Transfer to Stage 1	5 758 476	(5 704 374)	-	(54 102)	-	-
Transfer to Stage 2	(1 643 141)	1 861 920	(3 538)	(215 241)	-	-
Transfer to Stage 3	(86 050)	(176 567)	8 733	253 884	-	-
New / purchased / granted financial assets	3 122 034	-	-	-	-	3 122 034
Financial assets derecognised, other than write-offs (repayments)	(3 900 609)	(819 167)	(734)	(62 707)	(7 105)	(4 790 322)
Financial assets written off	-	-	(2 446)	(27 428)	-	(29 874)
Modifications not resulting in derecognition	(472)	(222)	-	(20)	(4)	(718)
Other, including changes resulting from exchange rates	173 069	174 377	5 214	68 190	11 887	432 737
<b>GROSS CARRYING AMOUNT AS AT 30.06.2022</b>	<b>56 412 165</b>	<b>7 786 322</b>	<b>46 727</b>	<b>1 087 872</b>	<b>40 069</b>	<b>65 373 155</b>
<b>IMPAIRMENT ALLOWANCE</b>						
<b>IMPAIRMENT ALLOWANCE AS AT 1.01.2022</b>	<b>28 023</b>	<b>449 437</b>	<b>29 276</b>	<b>605 081</b>	<b>15 756</b>	<b>1 127 573</b>
Transfer to Stage 1	127 738	(117 017)	-	(10 721)	-	-
Transfer to Stage 2	(143)	55 305	(1 267)	(53 895)	-	-
Transfer to Stage 3	(1 700)	(10 358)	4 456	7 602	-	-
New / purchased / granted financial assets	154	-	-	-	371	525
Financial assets derecognised, other than write-offs (repayments)	(745)	(5 390)	-	(10 121)	(725)	(16 981)
Financial assets written off	-	-	(2 446)	(27 428)	-	(29 874)
Changes in level of credit risk (excluding the transfers between the Stages)	(101 445)	405 247	11 792	80 980	(2 201)	394 373
Other, including changes resulting from exchange rates	57	(42 594)	(4 939)	123 622	2 441	78 587
<b>IMPAIRMENT ALLOWANCE AS AT 30.06.2022</b>	<b>51 939</b>	<b>734 630</b>	<b>36 872</b>	<b>715 120</b>	<b>15 642</b>	<b>1 554 203</b>

MORTGAGE LOANS TO INDIVIDUAL CLIENTS	LOANS AND ADVANCES TO CUSTOMERS MEASURED AT AMORTISED COST					TOTAL
	STAGE 1 (12M ECL)	STAGE 2 (LIFETIME ECL - NOT CREDIT- IMPAIRED)	STAGE 3 (LIFETIME ECL - CREDIT-IMPAIRED)		PURCHASED OR ORIGINATED CREDIT- IMPAIRED (POCI)	
			INDIVIDUAL ASSESSMENT	GROUP ASSESSMENT		
<b>GROSS CARRYING AMOUNT</b>						
GROSS CARRYING AMOUNT AS AT 1.01.2021	50 205 103	12 755 580	67 546	958 608	127	63 986 964
Change in accounting policies	-	-	(767)	(53 535)	28 833	(25 469)
<b>GROSS CARRYING AMOUNT AS AT 01.01.2021 (AFTER CHANGE)</b>	<b>50 205 103</b>	<b>12 755 580</b>	<b>66 779</b>	<b>905 073</b>	<b>28 960</b>	<b>63 961 495</b>
Increase due to acquisition of part of Idea Bank S.A. activity	43 943	-	-	-	9 521	53 464
Transfer to Stage 1	2 890 196	(2 785 520)	(2 174)	(102 502)	-	-
Transfer to Stage 2	(3 967 270)	4 114 023	(11 328)	(135 425)	-	-
Transfer to Stage 3	(126 806)	(401 215)	(6 697)	534 718	-	-
New / purchased / granted financial assets	9 628 918	-	-	-	492	9 629 410
Financial assets derecognised, other than write-offs (repayments)	(5 751 479)	(1 376 460)	(8 940)	(92 764)	(2 615)	(7 232 258)
Financial assets written off	-	-	-	(8 723)	-	(8 723)
Modifications not resulting in derecognition	(818)	(434)	(2)	(39)	-	(1 293)
Other, including changes resulting from exchange rates	67 071	144 381	1 860	24 958	(1 067)	237 203
<b>GROSS CARRYING AMOUNT AS AT 31.12.2021</b>	<b>52 988 858</b>	<b>12 450 355</b>	<b>39 498</b>	<b>1 125 296</b>	<b>35 291</b>	<b>66 639 298</b>
<b>IMPAIRMENT ALLOWANCE</b>						
IMPAIRMENT ALLOWANCE AS AT 1.01.2021	20 116	520 518	44 334	347 504	(13)	932 459
Change in accounting policies	-	-	(82)	(25 387)	-	(25 469)
<b>IMPAIRMENT ALLOWANCE AS AT 1.01.2021 (AFTER CHANGE)</b>	<b>20 116</b>	<b>520 518</b>	<b>44 252</b>	<b>322 117</b>	<b>(13)</b>	<b>906 990</b>
Transfer to Stage 1	63 479	(45 277)	(439)	(17 763)	-	-
Transfer to Stage 2	(393)	(145 470)	(4 913)	150 776	-	-
Transfer to Stage 3	(5 750)	(21 986)	(10 985)	38 721	-	-
New / purchased / granted financial assets	7 653	-	-	-	41	7 694
Financial assets derecognised, other than write-offs (repayments)	(1 066)	(6 820)	(3 168)	(11 827)	(135)	(23 016)
Financial assets written off	-	-	-	(8 723)	-	(8 723)
Changes in level of credit risk (excluding the transfers between the Stages)	(55 132)	94 076	4 021	124 273	3 199	170 437
Other, including changes resulting from exchange rates	(884)	54 396	508	7 507	12 664	74 191
<b>IMPAIRMENT ALLOWANCE AS AT 31.12.2021</b>	<b>28 023</b>	<b>449 437</b>	<b>29 276</b>	<b>605 081</b>	<b>15 756</b>	<b>1 127 573</b>

LOANS AND ADVANCES TO CUSTOMERS MEASURED AT AMORTISED COST						
OTHER LOANS AND ADVANCE TO INDIVIDUAL CLIENTS	STAGE 1 (12M ECL)	STAGE 2 (LIFETIME ECL - NOT CREDIT- IMPAIRED)	STAGE 3 (LIFETIME ECL - CREDIT-IMPAIRED)		PURCHASED OR ORIGINATED CREDIT- IMPAIRED (POCI)	TOTAL
			INDIVIDUAL ASSESSMENT	GROUP ASSESSMENT		
<b>GROSS CARRYING AMOUNT</b>						
<b>GROSS CARRYING AMOUNT AS AT 1.01.2022</b>	<b>10 501 357</b>	<b>1 775 440</b>	<b>30 776</b>	<b>1 160 820</b>	<b>20 852</b>	<b>13 489 245</b>
Transfer to Stage 1	462 446	(440 624)	-	(21 822)	-	-
Transfer to Stage 2	(1 163 734)	1 222 447	-	(58 713)	-	-
Transfer to Stage 3	(96 092)	(115 590)	5	211 677	-	-
New / purchased / granted financial assets	2 429 333	-	-	-	907	2 430 240
Financial assets derecognised, other than write-offs (repayments)	(2 296 877)	(325 452)	(5)	(55 171)	(12 779)	(2 690 284)
Financial assets written off	-	-	(1 467)	(69 848)	-	(71 315)
Modifications not resulting in derecognition	(687)	(236)	-	(68)	(18)	(1 009)
Other, including changes resulting from exchange rates	(24 115)	(28 553)	123	4 747	15 503	(32 295)
<b>GROSS CARRYING AMOUNT AS AT 30.06.2022</b>	<b>9 811 631</b>	<b>2 087 432</b>	<b>29 432</b>	<b>1 171 622</b>	<b>24 465</b>	<b>13 124 582</b>
<b>IMPAIRMENT ALLOWANCE</b>						
<b>IMPAIRMENT ALLOWANCE AS AT 1.01.2022</b>	<b>103 728</b>	<b>314 039</b>	<b>27 591</b>	<b>843 744</b>	<b>2 344</b>	<b>1 291 446</b>
Transfer to Stage 1	53 202	(41 727)	-	(11 475)	-	-
Transfer to Stage 2	(12 382)	47 491	-	(35 109)	-	-
Transfer to Stage 3	(13 284)	(37 889)	6	51 167	-	-
New / purchased / granted financial assets	18 987	-	-	-	355	19 342
Financial assets derecognised, other than write-offs (repayments)	(8 084)	(12 106)	-	(10 255)	(601)	(31 046)
Financial assets written off	-	-	(1 467)	(69 848)	-	(71 315)
Changes in level of credit risk (excluding the transfers between the Stages)	(3 597)	36 973	2 657	39 782	(5 709)	70 106
Other, including changes resulting from exchange rates	884	353	644	6 308	4 530	12 719
<b>IMPAIRMENT ALLOWANCE AS AT 30.06.2022</b>	<b>139 454</b>	<b>307 134</b>	<b>29 431</b>	<b>814 314</b>	<b>919</b>	<b>1 291 252</b>

LOANS AND ADVANCES TO CUSTOMERS MEASURED AT AMORTISED COST						
OTHER LOANS AND ADVANCE TO INDIVIDUAL CLIENTS	STAGE 1 (12M ECL)	STAGE 2 (LIFETIME ECL - NOT CREDIT- IMPAIRED)	STAGE 3 (LIFETIME ECL - CREDIT-IMPAIRED)		PURCHASED OR ORIGINATED CREDIT- IMPAIRED (POCI)	TOTAL
			INDIVIDUAL ASSESSMENT	GROUP ASSESSMENT		
<b>GROSS CARRYING AMOUNT</b>						
<b>GROSS CARRYING AMOUNT AS AT 1.01.2021</b>	<b>9 868 644</b>	<b>2 468 403</b>	<b>38 628</b>	<b>1 634 565</b>	<b>3 387</b>	<b>14 013 627</b>
Change in accounting policies	-	-	(215)	(52 507)	17 012	(35 710)
<b>GROSS CARRYING AMOUNT AS AT 01.01.2021 (AFTER CHANGE)</b>	<b>9 868 644</b>	<b>2 468 403</b>	<b>38 413</b>	<b>1 582 058</b>	<b>20 399</b>	<b>13 977 917</b>
Increases due to the acquisition of part of the activities of Idea Bank S.A.	13 985	-	-	-	4 889	18 874
Transfer to Stage 1	456 959	(398 577)	(5)	(58 377)	-	-
Transfer to Stage 2	(605 284)	666 359	(1 496)	(59 579)	-	-
Transfer to Stage 3	(158 665)	(193 886)	(6 192)	358 743	-	-
New / purchased / granted financial assets	4 385 232	-	-	-	5 163	4 390 395
Financial assets derecognised, other than write-offs (repayments)	(3 330 118)	(786 525)	(1 080)	(502 766)	(3 454)	(4 623 943)
Financial assets written off	-	-	(1 081)	(223 467)	(26)	(224 574)
Modifications not resulting in derecognition	(1 178)	(754)	-	(175)	-	(2 107)
Other, including changes resulting from exchange rates	(128 218)	20 420	2 217	64 383	(6 119)	(47 317)
<b>GROSS CARRYING AMOUNT AS AT 31.12.2021</b>	<b>10 501 357</b>	<b>1 775 440</b>	<b>30 776</b>	<b>1 160 820</b>	<b>20 852</b>	<b>13 489 245</b>
<b>IMPAIRMENT ALLOWANCE</b>						
<b>IMPAIRMENT ALLOWANCE AS AT 1.01.2021</b>	<b>113 225</b>	<b>375 356</b>	<b>26 986</b>	<b>1 168 338</b>	<b>1 931</b>	<b>1 685 836</b>
Change in accounting policies	-	-	(159)	(35 551)	-	(35 710)
<b>IMPAIRMENT ALLOWANCE AS AT 1.01.2021 (AFTER CHANGE)</b>	<b>113 225</b>	<b>375 356</b>	<b>26 827</b>	<b>1 132 787</b>	<b>1 931</b>	<b>1 650 126</b>
Transfer to Stage 1	106 126	(75 121)	-	(31 005)	-	-
Transfer to Stage 2	(4 952)	40 836	(255)	(35 629)	-	-
Transfer to Stage 3	(41 379)	(71 819)	(6 194)	119 392	-	-
New / purchased / granted financial assets	45 719	-	-	-	2 284	48 003
Financial assets derecognised, other than write-offs (repayments)	(12 186)	(22 402)	(141)	(24 222)	(215)	(59 166)
Financial assets written off	-	-	(1 081)	(223 467)	(26)	(224 574)
Changes in level of credit risk (excluding the transfers between the Stages)	(106 313)	63 156	6 788	135 491	(350)	98 772
Other, including changes resulting from exchange rates	3 488	4 033	1 647	(229 603)	(1 280)	(221 715)
<b>IMPAIRMENT ALLOWANCE AS AT 31.12.2021</b>	<b>103 728</b>	<b>314 039</b>	<b>27 591</b>	<b>843 744</b>	<b>2 344</b>	<b>1 291 446</b>



	DEBT SECURITIES MEASURED AT AMORTISED COST (*)					DEBT SECURITIES MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (*)		
	STAGE 1 (12M ECL)	STAGE 2 (LIFETIME ECL - NOT CREDIT-IMPAIRED)	STAGE 3 (LIFETIME ECL - CREDIT- IMPAIRED)	PURCHASED OR ORIGINATED CREDIT-IMPAIRED (POCI)	TOTAL	STAGE 1 (12M ECL)	STAGE 2 (LIFETIME ECL - NOT CREDIT- IMPAIRED)	TOTAL
			INDIVIDUAL ASSESSMENT					
<b>GROSS CARRYING AMOUNT</b>								
<b>GROSS CARRYING AMOUNT AS AT 1.01.2022</b>	<b>43 824 305</b>	<b>318 725</b>	<b>34 554</b>	<b>38 951</b>	<b>44 216 535</b>	<b>28 408 483</b>	<b>89 027</b>	<b>28 497 510</b>
Transfer to Stage 1	243 690	(243 690)	-	-	-	25 833	(25 833)	-
Transfer to Stage 2	(78 096)	78 096	-	-	-	(149 496)	149 496	-
Transfer to Stage 3	-	-	-	-	-	-	-	-
New / purchased / granted financial assets	3 650 675	-	-	-	3 650 675	17 014 127	-	17 014 127
Financial assets derecognised, other than write-offs (repayments)	(2 722 870)	(37 364)	-	-	(2 760 234)	(23 033 140)	(11 830)	(23 044 970)
Modifications not resulting in derecognition	-	-	-	-	-	-	-	-
Other, including changes resulting from exchange rates	537 653	(9)	1 573	6 061	545 278	(56 086)	1 554	(54 532)
<b>GROSS CARRYING AMOUNT AS AT 30.06.2022</b>	<b>45 455 357</b>	<b>115 758</b>	<b>36 127</b>	<b>45 012</b>	<b>45 652 254</b>	<b>22 209 721</b>	<b>202 414</b>	<b>22 412 135</b>
<b>IMPAIRMENT ALLOWANCE (**)</b>								
<b>IMPAIRMENT ALLOWANCE AS AT 1.01.2022</b>	<b>60 621</b>	<b>7 625</b>	<b>34 554</b>	<b>29 858</b>	<b>132 658</b>	<b>83 230</b>	<b>3 073</b>	<b>86 303</b>
Transfer to Stage 1	936	(936)	-	-	-	107	(107)	-
Transfer to Stage 2	(5 114)	5 114	-	-	-	(9 127)	9 127	-
Transfer to Stage 3	-	-	-	-	-	-	-	-
New / purchased / granted financial assets	7 568	-	-	-	7 568	4 086	-	4 086
Financial assets derecognised, other than write-offs (repayments)	(1 365)	(48)	-	-	(1 413)	(7 179)	(100)	(7 279)
Changes in level of credit risk (excluding the transfers between the Stages)	(481)	(5 628)	-	-	(6 109)	(7 625)	841	(6 784)
Other, including changes resulting from exchange rates	474	-	1 573	(8 502)	(6 455)	(2)	-	(2)
<b>GROSS CARRYING AMOUNT AS AT 30.06.2022</b>	<b>62 639</b>	<b>6 127</b>	<b>36 127</b>	<b>21 356</b>	<b>126 249</b>	<b>63 490</b>	<b>12 834</b>	<b>76 324</b>

(\*) Debt securities presented in the statement of financial position under 'Securities' and 'Assets pledged as security for liabilities'.

(\*\*) The impairment allowance for debt securities measured at fair value through other comprehensive income is included in the 'Revaluation reserve' item and does not reduce the carrying amount.

	DEBT SECURITIES MEASURED AT AMORTISED COST (*)					DEBT SECURITIES MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (**)		
	STAGE 1 (12M ECL)	STAGE 2 (LIFETIME ECL - NOT CREDIT- IMPAIRED)	STAGE 3 (LIFETIME ECL - CREDIT-IMPAIRED)  INDIVIDUAL ASSESSMENT	PURCHASED OR ORIGINATED CREDIT- IMPAIRED (POCI)	TOTAL	STAGE 1 (12M ECL)	STAGE 2 (LIFETIME ECL - NOT CREDIT- IMPAIRED)	TOTAL
<b>GROSS CARRYING AMOUNT</b>								
GROSS CARRYING AMOUNT AS AT 1.01.2021	27 563 173	38 433	32 971	-	27 634 577	44 461 777	144 385	44 606 162
Increases due to the acquisition of part of the activities of Idea Bank S.A.	15 080	-	-	40 266	55 346	312 513	-	312 513
Transfer to Stage 1	-	-	-	-	-	-	-	-
Transfer to Stage 2	(288 318)	288 318	-	-	-	(14 500)	14 500	-
Transfer to Stage 3	-	-	-	-	-	-	-	-
New / purchased / granted financial assets	22 744 496	-	-	-	22 744 496	217 165 328	-	217 165 328
Financial assets derecognised, other than write-offs (repayments)	(6 758 618)	(8 108)	-	-	(6 766 726)	(233 548 610)	(70 243)	(233 618 853)
Modifications not resulting in derecognition	-	-	-	-	-	-	-	-
Other, including changes resulting from exchange rates	548 492	82	1 583	(1 315)	548 842	31 975	385	32 360
<b>GROSS CARRYING AMOUNT AS AT 31.12.2021</b>	<b>43 824 305</b>	<b>318 725</b>	<b>34 554</b>	<b>38 951</b>	<b>44 216 535</b>	<b>28 408 483</b>	<b>89 027</b>	<b>28 497 510</b>
<b>IMPAIRMENT ALLOWANCE (**)</b>								
IMPAIRMENT ALLOWANCE AS AT 1.01.2021	41 944	582	32 971	(5)	75 492	72 240	3 102	75 342
Transfer to Stage 1	-	-	-	-	-	-	-	-
Transfer to Stage 2	(7 041)	7 041	-	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-	-	-	-
New / purchased / granted financial assets	38 077	-	-	-	38 077	52 251	-	52 251
Financial assets derecognised, other than write-offs (repayments)	(5 190)	-	-	-	(5 190)	(29 210)	(98)	(29 308)
Changes in level of credit risk (excluding the transfers between the Stages)	(7 288)	3	-	-	(7 285)	(12 053)	69	(11 984)
Other, including changes resulting from exchange rates	119	(1)	1 583	29 863	31 564	2	-	2
<b>GROSS CARRYING AMOUNT AS AT 31.12.2021</b>	<b>60 621</b>	<b>7 625</b>	<b>34 554</b>	<b>29 858</b>	<b>132 658</b>	<b>83 230</b>	<b>3 073</b>	<b>86 303</b>

(\*) Debt securities presented in the statement of financial position under 'Securities' and 'Assets pledged as security for liabilities'.

(\*\*) The impairment allowance for debt securities measured at fair value through other comprehensive income is included in the 'Revaluation reserve' item and does not reduce the carrying amount.

**Moratoria and portfolio guarantees implemented due to COVID-19**

In 2022, the Bank continued to use loan repayment programs and portfolio guarantee agreements with Bank Gospodarstwa Krajowego (BGK) and European Investment Fund (EIF), limiting the effects of COVID-19, described in the financial statements of the Bank Pekao S.A. for the year ended on 31 December 2021.

As at 30 June 2022, the gross carrying amount of the loan portfolio covered by the above-mentioned moratoria (active and expired) amounted to PLN 11 004 million (PLN 11 644 million as at 31 December 2021) and 58 443 customers were covered by moratoria (59 061 customers as at 31 December 2021). The gross carrying amount of the loan portfolio subject to active moratoria as at 30 June 2022 was PLN 79 million (as at 31 December 2021, PLN 40 million). The negative result on insignificant modifications recognized in the first half of 2022 related to these moratoria amounted to PLN –1.0 million (in the 2021 year PLN -3.1 million) and was recognized in the net interest income.

As at 30 June 2022, the gross carrying amount of the loan portfolio covered by BGK's and EIF's portfolio guarantees limiting the effects of COVID-19 was PLN 7 371 million (as at 31 December 2021 PLN 5 987 million) and guarantees covered 11 395 customers (9 817 customers as at 31 December 2021).

## 34.2. Legal risk regarding foreign currency mortgage loans in CHF

### 1) Adopted accounting principles

The Bank recognizes that the legal risk related to the outstanding portfolio of foreign currency mortgage loans in CHF as at 30 June 2022 affects the expected cash flows from this portfolio and the level of expected credit loss within the meaning of IFRS 9 that can be incurred by the Bank.

However, with regard to the repaid portfolio of foreign currency mortgage loans in CHF, the Bank applies IAS 37 and recognizes provisions allocated to this part of the portfolio under 'Provisions' and 'Other operating expenses'.

### 2) Portfolio characteristics

Bank Pekao S.A. has not granted loans in CHF to the public since 2003. Almost the entire current portfolio of loans in CHF for individuals was taken over by Bank Pekao S.A. in the process of partial division of Bank BPH S.A. (loans granted before August 2006).

As at 30 June 2022, the Bank had a portfolio of foreign currency mortgage loans in CHF with a total gross carrying amount of PLN 2 402 million (i.e. CHF 512.1 million) compared to PLN 2 436.1 million (i.e. CHF 547.6 million) as at 31 December 2021.

The tables below present the structure and quality of the CHF loan portfolio for individuals:

	30.06.2022					TOTAL
	STAGE 1 (12M ECL)	STAGE 2 (LIFETIME ECL - NOT CREDIT- IMPAIRED)	STAGE 3 (LIFETIME ECL - CREDIT-IMPAIRED)		PURCHASED OR ORIGINATED CREDIT-IMPAIRED (POCI)	
			INDIVIDUAL ASSESSMENT	GROUP ASSESSMENT		
<b>Gross carrying amount, of which:</b>	<b>882</b>	<b>1 935 703</b>	<b>27 588</b>	<b>431 375</b>	<b>6 408</b>	<b>2 401 956</b>
denominated in CHF	882	1 934 491	27 588	431 089	6 408	2 400 458
indexed to CHF	-	1 212	-	286	-	1 498
<b>Impairment allowances, of which: (*)</b>	<b>(8)</b>	<b>(482 349)</b>	<b>(20 650)</b>	<b>(369 509)</b>	<b>(1 331)</b>	<b>(873 847)</b>
denominated in CHF	(8)	(482 325)	(20 650)	(369 359)	(1 331)	(873 673)
indexed to CHF	-	(24)	-	(150)	-	(174)
<b>Carrying amount, of which:</b>	<b>874</b>	<b>1 453 354</b>	<b>6 938</b>	<b>61 866</b>	<b>5 077</b>	<b>1 528 109</b>
denominated in CHF	874	1 452 166	6 938	61 730	5 077	1 526 785
indexed to CHF	-	1 188	-	136	-	1 324

(\*) Including the provision for legal risk regarding foreign currency mortgage loans in the amount of PLN 700 583 thousand.

	31.12.2021					TOTAL
	STAGE 1 (12M ECL)	STAGE 2 (LIFETIME ECL - NOT CREDIT- IMPAIRED)	STAGE 3 (LIFETIME ECL - CREDIT-IMPAIRED)		PURCHASED OR ORIGINATED CREDIT-IMPAIRED (POCI)	
			INDIVIDUAL ASSESSMENT	GROUP ASSESSMENT		
<b>Gross carrying amount, of which:</b>	<b>2 078</b>	<b>2 022 279</b>	<b>18 588</b>	<b>386 690</b>	<b>6 504</b>	<b>2 436 139</b>
denominated in CHF	2 078	2 020 374	18 588	386 263	6 504	2 433 807
indexed to CHF	-	1 905	-	427	-	2 332
<b>Impairment allowances, of which: (*)</b>	<b>(1)</b>	<b>(231 524)</b>	<b>(15 447)</b>	<b>(299 331)</b>	<b>(6 504)</b>	<b>(552 807)</b>
denominated in CHF	(1)	(231 505)	(15 447)	(299 118)	(6 504)	(552 575)
indexed to CHF	-	(19)	-	(213)	-	(232)
<b>Carrying amount, of which:</b>	<b>2 077</b>	<b>1 790 755</b>	<b>3 141</b>	<b>87 359</b>	<b>-</b>	<b>1 883 332</b>
denominated in CHF	2 077	1 788 869	3 141	87 145	-	1 881 232
indexed to CHF	-	1 886	-	214	-	2 100

(\*) Including the provision for legal risk regarding foreign currency mortgage loans in the amount of PLN 393 492 thousand.

As at 30 June 2022 the average LTV for CHF loans to individuals granted by the Bank amounted to 31.8% (33.7% as at 31 December 2021), with an average LTV for the whole portfolio of mortgage loans of 48.8% (51.8% as at 31 December 2021).

### 3) Court proceedings related to foreign currency mortgage loans in CHF

On 3 October 2019, the Court of Justice of the European Union (hereinafter the 'CJEU') issued a ruling on a CHF-indexed loan granted by another bank, in which it interpreted the provisions of Council Directive 93/13 / EEC of 5 April 1993 on unfair terms in consumer loans based on the CHF indexed loan agreement. The CJEU indicated the consequences of recognizing the possible abusiveness of conversion clauses by the domestic court, without examining the possible abusiveness of contractual provisions at all. The CJEU did not prejudge that in the event that a domestic court finds possible abusiveness, the court should automatically declare the entire contract invalid. The assessment in this respect remains to be decided by the national court, but the CJEU has not ruled out the possibility of filling the gap resulting from the abusive nature of conversion clauses by means of domestic regulations.

The ruling of the CJEU constitutes general guidelines for Polish courts. Final decisions made by Polish courts are made on the basis of EU regulations interpreted in accordance with the CJEU judgment, taking into account the provisions of domestic law and the analysis of the individual circumstances of each case. At the same time, it is difficult to talk about a formed line of jurisprudence in cases of mortgage loans in CHF, which is often confirmed by mutually exclusive judgments of common courts, as well as legal inquiries to the CJEU and the Supreme Court to resolve doubts.

In particular, attention should be paid to the application submitted on 29 January 2021 by the First President of the Supreme Court to the full composition of the Civil Chamber of the Supreme Court to resolve legal issues related to FX mortgage loans in CHF, relating in particular to the following aspects:

- 1) whether the abusive provisions relating to the method of determining the currency rate in an indexed or denominated loan agreement can be replaced by provisions of civil or customary law,
- 2) if it is impossible to establish a binding exchange rate for a foreign currency in a denominated loan agreement, the agreement may bind the parties in the remaining scope,
- 3) if it is impossible to establish a binding exchange rate for a foreign currency in the loan agreement, the agreement may bind the parties in the remaining scope,
- 4) whether the balance theory or the theory of two conditions will apply in the event of cancellation of the loan agreement,
- 5) which is the moment to start the limitation period in the event that the bank makes a claim against the borrower for the repayment of the loan,
- 6) whether it is possible for banks and borrowers to receive remuneration for using the funds.

In the Bank's opinion, the ruling of the Supreme Court in the above issues may have a significant impact on the further shaping of the line of judicial decisions in this regard. However, it is not certain whether and when the full Civil Chamber will adopt a resolution on the above-mentioned legal questions.

On 7 May 2021, a resolution was adopted by the Supreme Court composed of seven judges, after the resolution of the legal issue in the case III CZP 6/21 in the Civil Chamber, indicating that:

- a prohibited contractual provision (Art.385 (1) § 1 of the Civil Code) is from the outset, by operation of law, ineffective in favor of the consumer, who may subsequently give informed and free consent to this provision and thus restore its effectiveness retroactively,
- if the loan agreement cannot be binding without an ineffective provision, the consumer and the lender are entitled to separate claims for the reimbursement of cash benefits provided in the performance of the agreement (Art. 410 § 1 in

conjunction with Art. 405 of the Civil Code). The lender may request the return of the benefit from the moment the loan agreement becomes permanently ineffective.

The resolution in question was given the force of a legal principle, therefore in the scope of resolved issues, it is binding in other cases examined by common courts as well as by the Supreme Court.

In addition, there is a trend in the market related to the referral by common courts of inquiries regarding various types of doubts arising to the Supreme Court, which may also affect the future directions of judicial decisions.

As at 30 June 2022, 2 006 individual court cases were pending against the Bank regarding foreign currency mortgage loans in CHF, which were granted in previous years, with the total value of the claim in the amount of PLN 562.7 million (as at 31 December 2021, the number of cases was 1 435, and the corresponding value of the dispute is PLN 377 million). The main cause of the dispute, as indicated by the plaintiffs, concerns the questioning of the provisions of the loan agreement with regard to the Bank's application of conversion rates and results in claims regarding the partial or complete invalidity of the loan agreements. In first half of 2022, the Bank received 227 unfavorable court judgments in cases brought by borrowers, including 29 final judgments and 9 favorable court judgments, including 2 final judgments (in 2021: 106 unfavorable court judgments, including 15 final judgments stating the invalidity of the loan agreement and 8 favorable court judgments, including 4 final judgments).

#### 4) Provision related to foreign currency mortgage loans in CHF - assumptions and calculation methodology

As at 30 June 2022, the level of the provision for the above-mentioned legal risk related to foreign currency mortgage loans in CHF estimated by the Bank amounted to PLN 918 million and increased compared to the level of these provisions as at 31 December 2021.

The above amount includes the provision for individual pending litigation to which the Bank is a party in the amount of PLN 289.7 million as at 30 June 2022 (PLN 208.8 million as at 31 December 2021) and the portfolio provision for other foreign currency mortgage loan agreements in CHF, which are subject to legal risk related to the nature of these agreements, in the amount of PLN 628.3 million as at 30 June 2022 (PLN 298.1 million as at 31 December 2021).

With regard to the portfolio provision, as at 30 June 2022, the Bank based its calculations on 3 possible scenarios in order to best account for the various possible solutions which are currently being analyzed in the banking sector, in the estimation.

The calculation of the provision performed by the Bank as at 30 June 2022 was based on the following scenarios:

- 1) the baseline scenario - considered as the most probable, in which based on the analysis of the number and trend of the lawsuits to date, the Bank estimates the number of borrowers who will bring lawsuits against the Bank regarding the questioning of the loan agreement and the probability of losing the lawsuits, as well as possible financial consequences in the event of losing a court case, accepting as possible settlement:
  - invalidation of the entire agreement for a foreign currency mortgage loan in CHF as a result of recognizing the indexation clause as illegal, which the decision is considered to be the most probable,
  - recognition that the clauses contained in the loan agreement constitute prohibited contractual provisions resulting in the determination of the loan balance in PLN and the interest rate on the loan based on the LIBOR rate, the so-called 'defrancation',
  - recognizing the valorization clause as abusive and replacing the Bank's exchange rate table in its content with the average exchange rate of the National Bank of Poland,
  - dismissal of the claim.

In the baseline scenario as at 30 June 2022, the Bank took into account the current state of the macroeconomic environment, including the currently observed trends in court judgments regarding foreign currency mortgage loans in CHF, consequently, increasing the expected number of litigation cases by around 40% compared to the assumptions made as at 31 December 2021. As a result, the Bank estimates that in total around 17% of foreign currency borrowers (with both active and repaid loans) have filed or will file lawsuits against the Bank.

Moreover, the Bank updated the expectations, including the probability distribution of possible dispute resolution and the amount of expected financial consequences in the event of losing a court case, taking into account the statistics for currently pending disputes. In particular, the share of loan agreement cancellation in possible settlement scenarios increased to 90% (compared to 80% at the end of 2021). In this scenario, the Bank does not assume any settlements with customers.

- 2) settlement scenario – as a possible scenario of events in the Bank's opinion in the current market conditions, in which the majority of customers (approximately 85% of the portfolio value) will qualify for the option of settlements with the Bank based on solutions implemented in the banking sector, as proposed by the Chairman of the Polish Financial Supervision Authority.

In the settlement scenario, the financial effects for the Bank are equal to the sum of the differences between the current balance of the foreign currency mortgage loan in CHF and the balance of the hypothetical loan in PLN based on the WIBOR rate increased by the margin of the loan granted at the same time and for the same period as the loan in CHF and repaid by the borrower in accordance with the repayments made on the CHF loan. As a result, with the current market parameters, the Bank's costs of concluding settlements would amount to approximately PLN 550 million. For contracts currently in dispute, the Bank assesses the possible propensity of customers to withdraw the lawsuit and conclude a settlement, taking into account the ratio of the benefit that can be achieved by the customer from the settlement to the potential benefit from the lawsuit (including the costs of pursuing a lawsuit) and the expected resolution of the dispute.

- 3) negative scenario - as a possible scenario to occur in a situation of a significant deterioration of the macroeconomic environment, in particular in terms of a significant intensification and deepening of the negative trend regarding unfavorable jurisprudence and common courts of law regarding foreign currency mortgage loans in CHF, the number of possible claims will be twice as high as assumed in the baseline scenario, with a simultaneous greater likelihood with regard to unfavorable court judgments. Moreover, with regard to the probability distribution of possible settlements of disputes in this scenario, the Bank also assumed a higher probability of invalidity of the entire agreement of a foreign currency CHF mortgage loan (at the level of 95% of decisions - unchanged compared to those adopted in 2021). In this scenario, the Bank does not assume any settlements with customers.

Although the subject of legal risk related to the CHF loan portfolio is one of the key topics in the banking sector in recent years, there is still a history of data on the scale of lawsuits (in particular in the field of final judgments), and whether the line of court jurisprudence in this area is not stabilized. All of the above causes that the process of determining the level of the provision requires each time the Bank adopts many expert assumptions based on professional judgment.

Subsequent rulings and possible sectoral solutions that will appear on the Polish market with regard to FX mortgage loans in CHF, may have an impact on the amount of the provision determined by the Bank and cause the need to change individual assumptions made in calculations. In connection with the above uncertainty, it is possible that the amount of the provision will change in the future.

In line with the above principles, as at 30 June 2022, the Bank allocated the total amount of the provision in the amount of PLN 918 million as follows:

1. PLN 700.6 million for current and future disputes regarding balance sheet exposures, recognized as an element of impairment allowances for loan receivables in correspondence with 'Net allowances for expected credit losses' (PLN 393.5 million as at 31 December 2021),
2. PLN 217.4 million for current and future legal disputes regarding repaid exposures, recognized as provisions in correspondence with 'Other operating expenses' (PLN 113.4 million as at 31 December 2021).

A summary of the recognition of the provision for legal risk related to FX mortgage loans in CHF in the statement of financial position and profit and loss is presented in the tables below.

STATEMENT OF FINANCIAL POSITION	30.06.2022	31.12.2021
<b>Impairment allowances for loan exposures, including:</b>	<b>700 583</b>	<b>393 492</b>
Individual provisions	228 044	167 442
Portfolio provisions	472 539	226 050
<b>Provisions for litigation and claims, including:</b>	<b>217 434</b>	<b>113 369</b>
Individual provisions	61 689	41 307
Portfolio provisions	155 745	72 062
<b>Total</b>	<b>918 017</b>	<b>506 861</b>

INCOME STATEMENT	II QUARTER 2022	I HALF 2022	II QUARTER 2021	I HALF 2021
Net allowances for expected credit losses	(298 366)	(307 956)	(517)	(2 084)
Other operating expenses	(103 409)	(108 078)	517	2 084
<b>Total</b>	<b>(401 775)</b>	<b>(416 034)</b>	<b>-</b>	<b>-</b>

### *Sensitive analysis*

The Bank performed a sensitivity analysis in relation to the significant assumptions of the provision calculation, where a change in the level of individual parameters would have the following impact on the amount of the provision for the legal risk of foreign currency mortgage loans in CHF.

Impact on the provision level in the event of changes to the assumptions (with other elements of the calculation unchanged):

PARAMETR	SCENARIO	IMPACT ON THE PROVISION LEVEL on 30.06.2022
Number of lawsuits	+20%	153 649
	-20%	(153 420)
Probability of failure	+10 p.p. (no more than 100%)	74 422
	-10 p.p.	(90 705)
Probability of a contract invalidity scenario	+10 p.p. (no more than 100%)	72 695
	-10 p.p.	(88 809)

PARAMETR	SCENARIO	IMPACT ON THE PROVISION LEVEL on 31.12.2021
Number of lawsuits	+20%	87 010
	-20%	(62 797)
Probability of failure	+10 p.p. (no more than 100%)	50 506
	-10 p.p.	(35 216)
Probability of a contract invalidity scenario	+10 p.p. (no more than 100%)	46 287
	-10 p.p.	(30 577)

### 34.3. Market risk

#### Market risk of the trading book

The model of market risk measurement has not changed in relation to the one described in the Separate Financial Statements of the Bank Pekao S.A. for the year ended on 31 December 2021.

The table below presents the market risk exposure of the trading portfolio of the Bank measured by Value at Risk as at 30 June 2022 and as at 31 December 2021.

	30.06.2022	MINIMUM VALUE	AVERAGE VALUE	MAXIMUM VALUE
foreign currency exchange risk	57	14	118	1 296
interest rate risk	3 573	1 680	2 643	4 107
Trading portfolio	3 667	1 719	2 596	3 990

	31.12.2021	MINIMUM VALUE	AVERAGE VALUE	MAXIMUM VALUE
foreign currency exchange risk	409	13	75	433
interest rate risk	2 306	801	2 155	4 072
Trading portfolio	2 331	810	2 190	3 892

#### Interest rate risk of the banking book

The banking book interest rate risk management process has not changed significantly in relation to the one described in the Separate Financial Statements of the Bank Pekao S.A. for the year ended on 31 December 2021.

The continuation of dynamic increases in interest rates recorded in the first half of 2022 had an impact on i.a. an increase in deposits' rate and resulted on decrease of the sensitivity of NII under a scenario of an interest rates down. A significant increase in the volume of loans with a fixed or periodically fixed interest rate had a similar effect. The Bank continued its efforts to maintain a balanced structural exposure to interest rate risk, which results in stabilization of the sensitivity of economic value of the Bank's equity.

The table below presents the sensitivity of contractual interest income (NII) to the interest rate change by 100 b.p. and sensitivity of economic value of the Bank's equity (EVE) to the interest rate change by 200 b.p. (standard regulatory shock excluding the risk profile of own funds) as at 30 June 2022 and as at 31 December 2021.

SENSITIVITY IN % (*)	30.06.2022	31.12.2021
NII	(4.24)	(7.38)
EVE	(6.36)	(6.31)

(\*) The Bank takes into account the risk profile of own funds in the estimates of the sensitivity of the economic value of the Bank's equity in internal analyses.

**Currency risk**

The foreign currency exchange risk management process has not changed significantly in relation to the one described in the Separate Financial Statements of the Bank Pekao S.A. for the year ended on 31 December 2021.

The tables below present the Bank's foreign currency risk profile measured by Value at Risk and currency position.

**Value at Risk**

CURRENCY	30.06.2022	31.12.2021
Currencies total (*)	357	829

(\*) VaR presented in 'Currencies total' is VaR for the whole portfolio, and includes correlations among currencies.

**Currency position**

30.06.2022	BALANCE SHEET OPERATIONS		OFF-BALANCE SHEET OPERATIONS- DERIVATIVES		NET POSITION
	ASSETS	LIABILITIES	LONG POSITION	SHORT POSITION	
EUR	36 951 592	29 019 214	21 862 629	29 860 901	(65 894)
USD	7 990 493	11 441 591	14 258 123	10 821 593	(14 568)
CHF	2 698 626	703 210	1 517 749	3 521 035	(7 870)
GBP	508 023	1 230 871	782 494	59 067	579
NOK	285 981	79 224	5 159	211 158	758
SEK	84 659	82 369	8 246	10 068	468
CAD	62 454	84 331	27 537	4 954	706
DKK	42 493	22 413	14 932	35 292	(280)
CZK	37 969	36 024	421 351	421 864	1 432
RON	27 406	12 085	440 817	455 120	1 018
CNY	7 701	35 154	717 763	693 578	(3 268)
HRK	1 482	2 880	63 404	60 904	1 102
HUF	52 741	26 250	228 513	254 910	94
Other currencies	41 254	49 968	86 854	79 376	(1 236)
<b>Total</b>	<b>48 792 874</b>	<b>42 825 584</b>	<b>40 435 571</b>	<b>46 489 820</b>	<b>(86 959)</b>

31.12.2021	BALANCE SHEET OPERATIONS		OFF-BALANCE SHEET OPERATIONS- DERIVATIVES		NET POSITION
	ASSETS	LIABILITIES	LONG POSITION	SHORT POSITION	
EUR	26 160 459	22 457 154	23 688 101	27 364 260	27 146
USD	9 436 872	9 554 934	8 151 754	7 986 501	47 191
CHF	2 494 821	636 752	2 306 275	4 162 218	2 126
GBP	375 375	1 159 021	824 835	39 707	1 482
NOK	309 595	69 547	3 810	243 324	534
SEK	82 107	92 680	21 740	11 066	101
CAD	47 538	73 851	29 296	2 713	270
DKK	44 844	28 647	7 702	24 039	(140)
CZK	40 875	30 127	320 348	327 500	3 596
RON	26 910	16 286	256 645	271 019	(3 750)
CNY	135 717	31 846	617 757	721 252	376
HRK	839	1 703	128 240	127 123	253
HUF	4 965	28 886	352 172	328 232	19
Other currencies	43 836	50 293	87 759	80 089	1 213
<b>Total</b>	<b>39 204 753</b>	<b>34 231 727</b>	<b>36 796 434</b>	<b>41 689 043</b>	<b>80 417</b>



### 34.4. Liquidity risk

The liquidity risk management process has not changed significantly in relation to that described in the Separate Financial Statements of the Bank Pekao S.A. for the year ended on 31 December 2021. The liquidity attention state introduced in the Bank at the end of February 2022, due to the escalation of the armed conflict in Ukraine, which contributed to the turmoil in the financial markets and changed the model of customer behavior, was cancelled in May 2022 after the situation stabilized. The liquidity situation of the Bank remains fully safe and stable with liquidity ratios remain at a high and safe level.

Regulatory liquidity long-term norms and LCR and NSFR (\*)

SUPERVISORY LIQUIDTY NORMS		LIMIT	30.06.2022	31.12.2021
LCR	Liquidity coverage ratio	100%	148%	174%
NSFR	Net stable funding ratio	100%	137%	143%

(\*) The values of regulatory liquidity ratios have been determined in accordance with the principles set out by the Commission Delegated Regulation (EU) 2015/61 of 10 October 2014 to supplement Regulation No. 575/2013 of the European Parliament and the Council with regard to liquidity coverage requirement for credit institutions.

The tables below present adjusted liquidity gap:

30.06.2022	UP TO 1 MONTH	BETWEEN 1 AND 3 MONTHS	BETWEEN 3 MONTHS AND 1 YEAR	BETWEEN 1 AND 5 YEARS	OVER 5 YEARS	TOTAL
Assets	60 808 484	7 696 626	26 435 805	103 061 808	70 656 001	268 658 724
Equity and liabilities	29 835 995	12 278 595	27 184 654	49 959 143	149 400 337	268 658 724
Off-balance sheet assets/liabilities (net)	(4 935 445)	(2 752 906)	(28 634)	2 973 028	4 492 188	(251 769)
<b>Periodic gap</b>	<b>26 037 044</b>	<b>(7 334 875)</b>	<b>(777 483)</b>	<b>56 075 693</b>	<b>(74 252 148)</b>	<b>(251 769)</b>
<b>Cumulated gap</b>	<b>-</b>	<b>18 702 169</b>	<b>17 924 686</b>	<b>74 000 379</b>	<b>(251 769)</b>	<b>-</b>

31.12.2021	UP TO 1 MONTH	BETWEEN 1 AND 3 MONTHS	BETWEEN 3 MONTHS AND 1 YEAR	BETWEEN 1 AND 5 YEARS	OVER 5 YEARS	TOTAL
Assets	55 193 367	4 787 899	29 432 189	85 139 844	66 721 914	241 275 213
Equity and liabilities	18 717 962	13 133 264	28 507 977	40 112 869	140 803 141	241 275 213
Off-balance sheet assets/liabilities (net)	(10 635 666)	442 575	1 530 173	3 610 881	4 443 841	(608 196)
<b>Periodic gap</b>	<b>25 839 739</b>	<b>(7 902 790)</b>	<b>2 454 385</b>	<b>48 637 856</b>	<b>(69 637 386)</b>	<b>(608 196)</b>
<b>Cumulated gap</b>	<b>-</b>	<b>17 936 949</b>	<b>20 391 334</b>	<b>69 029 190</b>	<b>(608 196)</b>	<b>-</b>

### 34.5. Operational risk

There have been no significant changes in the operational risk management process in relation to the one described in the Separate Financial Statements of the Bank Pekao S.A. for the year ended on 31 December 2021.

### 34.6. Fair value of financial assets and liabilities

#### Financial instruments that are measured at fair value in the separate statement of financial position of the Bank

The process of measuring financial instruments at fair value has not changed significantly in relation to the one described in the Separate Financial Statements of the Bank Pekao S.A. for the year ended on 31 December 2021.

Assets and liabilities measured at fair value in breakdown by fair value hierarchy levels

30.06.2022	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
<b>Assets:</b>	<b>532 210</b>	<b>19 073 897</b>	<b>38 096</b>	<b>19 644 203</b>
Financial assets held for trading	532 210	250 806	37 756	820 772
Derivative financial instruments, including:	-	18 517 875	340	18 518 215
Banks	-	3 746 846	340	3 747 186
Customers	-	14 771 029	-	14 771 029
Hedging instruments, including:	-	305 216	-	305 216
Banks	-	221 564	-	221 564
Customers	-	83 652	-	83 652
Securities measured at fair value through other comprehensive income	6 869 249	8 484 006	7 394 489	22 747 744
Securities measured at fair value through profit or loss	-	-	171 970	171 970
Loans and advances to customers measured at fair value through other comprehensive income	-	-	490 301	490 301
Loans and advances to customers measured at fair value through profit or loss	-	-	142 837	142 837
<b>Liabilities:</b>	<b>649 443</b>	<b>22 782 746</b>	<b>764</b>	<b>23 432 953</b>
Financial liabilities held for trading	649 443	-	-	649 443
Derivative financial instruments, including:	-	18 277 175	764	18 277 939
Banks	-	3 364 082	-	3 364 082
Customers	-	14 913 093	764	14 913 857
Hedging instruments, including:	-	4 505 571	-	4 505 571
Banks	-	850 713	-	850 713
Customers	-	3 654 858	-	3 654 858

31.12.2021	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
<b>Assets:</b>	<b>8 379 381</b>	<b>21 630 764</b>	<b>8 228 193</b>	<b>38 238 338</b>
Financial assets held for trading	225 288	273 510	101 060	599 858
Derivative financial instruments, including:	-	7 960 866	5 860	7 966 726
Banks	-	1 597 589	5 860	1 603 449
Customers	-	6 363 277	-	6 363 277
Hedging instruments, including:	-	78 216	-	78 216
Banks	-	63 402	-	63 402
Customers	-	14 814	-	14 814
Securities measured at fair value through other comprehensive income	8 154 093	13 318 172	7 443 257	28 915 522
Securities measured at fair value through profit or loss	-	-	171 496	171 496
Loans and advances to customers measured at fair value through other comprehensive income	-	-	346 141	346 141
Loans and advances to customers measured at fair value through profit or loss	-	-	160 379	160 379
<b>Liabilities:</b>	<b>639 733</b>	<b>10 200 257</b>	<b>-</b>	<b>10 839 990</b>
Financial liabilities held for trading	639 733	-	-	639 733
Derivative financial instruments, including:	-	7 978 525	-	7 978 525
Banks	-	1 256 582	-	1 256 582
Customers	-	6 721 943	-	6 721 943
Hedging instruments, including:	-	2 221 732	-	2 221 732
Banks	-	836 833	-	836 833
Customers	-	1 384 899	-	1 384 899

## Change in fair value of financial assets measured at fair value according to Level 3 by the Bank

I HALF 2022	FINANCIAL ASSETS HELD FOR TRADING	DERIVATIVE FINANCIAL INSTRUMENTS (ASSETS)	LOANS AND ADVANCES TO CUSTOMERS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	LOANS AND ADVANCES TO CUSTOMERS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS	SECURITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS	SECURITIES MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	DERIVATIVE FINANCIAL INSTRUMENTS (LIABILITIES)
<b>Opening balance</b>	<b>101 060</b>	<b>5 860</b>	<b>346 141</b>	<b>160 379</b>	<b>171 496</b>	<b>7 443 257</b>	<b>-</b>
Increases, including:	1 006 958	849	159 624	1 306	474	3 442 061	-
Reclassification from other levels	19 071	849	-	-	-	1 766 643	-
Transactions made in 2022	-	-	-	-	-	-	-
Acquisition/Granting	985 745	-	151 084	5	-	1 567 596	-
Settlement/Redemption	-	-	-	-	-	-	-
Gains on financial instruments	2 142	-	8 540	1 301	474	107 822	-
recognized in the income statement	2 142	-	8 540	1 301	474	93 014	-
recognized in revaluation reserves	-	-	-	-	-	14 808	-
Decreases, including:	(1 070 262)	(6 369)	(15 464)	(18 848)	-	(3 490 829)	764
Reclassification to other levels	(50 439)	(1 455)	-	-	-	(1 603 275)	-
Settlement/Redemption	(13 309)	(3 044)	(10 118)	(18 848)	-	(865 783)	-
Sale/Repayment	(1 006 696)	-	-	-	-	(759 424)	-
Losses on financial instruments	182	(1 870)	(5 346)	-	-	(262 347)	764
recognized in the income statement	182	(1 870)	-	-	-	(75 046)	764
recognized in revaluation reserves	-	-	(5 346)	-	-	(187 301)	-
<b>Closing balance</b>	<b>37 756</b>	<b>340</b>	<b>490 301</b>	<b>142 837</b>	<b>171 970</b>	<b>7 394 489</b>	<b>764</b>
<b>Unrealized income from financial instruments held in portfolio at the end of the period, recognized in:</b>	<b>195</b>	<b>(509)</b>	<b>(2 673)</b>	<b>1 250</b>	<b>-</b>	<b>(210 207)</b>	<b>(764)</b>
Income statement:	195	(509)	2 673	1 250	-	16 610	(764)
net interest income	38	-	2 710	982	-	28 588	-
net allowances for expected credit losses	-	-	(37)	-	-	(11 978)	-
result on financial assets and liabilities held for trading	157	(509)	-	268	-	-	(764)
Other comprehensive income	-	-	(5 346)	-	-	(226 817)	-

**Change in fair value of financial assets measured at fair value according to Level 3 by the Bank**

2021	FINANCIAL ASSETS HELD FOR TRADING	DERIVATIVE FINANCIAL INSTRUMENTS (ASSETS)	LOANS AND ADVANCES TO CUSTOMERS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	LOANS AND ADVANCES TO CUSTOMERS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS	SECURITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS	SECURITIES MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	DERIVATIVE FINANCIAL INSTRUMENTS (LIABILITIES)
<b>Opening balance</b>	<b>45 102</b>	<b>1 712</b>	<b>1 588 718</b>	<b>187 001</b>	<b>160 486</b>	<b>11 060 545</b>	<b>-</b>
Increases, including:	6 734 857	11 973	98 563	764	11 010	7 079 960	4 390
Increase due to acquisition of part of Idea Bank S.A. activity	-	4 453	-	-	-	85 309	4 390
Reclassification from other levels	32 977	-	-	-	-	788 236	-
Transactions made in 2021	-	-	52 830	764	-	-	-
Acquisition/Granting	6 695 078	-	-	-	-	6 069 481	-
Settlement/Redemption	-	-	-	-	-	-	-
Gains on financial instruments	6 802	7 520	45 733	-	11 010	136 934	-
recognized in the income statement	6 752	7520	45 733	-	11 010	133 480	-
recognized in revaluation reserves	50	-	-	-	-	3 454	-
Decreases, including:	(6 678 899)	(7 825)	(1 341 140)	(27 386)	-	(10 697 248)	4 390
Reclassification to other levels	(209)	-	-	-	-	(298 662)	3 696
Settlement/Redemption	(23 299)	(7 825)	(1 112 890)	(23 634)	-	(4 540 470)	694
Sale/Repayment	(6 647 015)	-	(203 001)	-	-	(5 814 004)	-
Losses on financial instruments	(8 376)	-	(25 249)	(3 752)	-	(44 112)	-
recognized in the income statement	3 194	-	-	(3 752)	-	(62)	-
recognized in revaluation reserves	(11 570)	-	(25 249)	-	-	(44 050)	-
<b>Closing balance</b>	<b>101 060</b>	<b>5 860</b>	<b>346 141</b>	<b>160 379</b>	<b>171 496</b>	<b>7 443 257</b>	<b>-</b>
<b>Unrealized income from financial instruments held in portfolio at the end of the period, recognized in:</b>	<b>(11 172)</b>	<b>2 102</b>	<b>(7 421)</b>	<b>(3 782)</b>	<b>-</b>	<b>(257 171)</b>	<b>-</b>
Income statement:	(11 172)	2 102	(652)	(3 782)	-	(5 928)	-
net interest income	486	-	1 690	273	-	14 660	-
net allowances for expected credit losses	-	-	(2 342)	-	-	(20 588)	-
result on financial assets and liabilities held for trading	(11 658)	2 102	-	(4 055)	-	-	-
Other comprehensive income	-	-	(6 769)	-	-	(251 243)	-

Transfers of instruments between fair value hierarchy levels are based on changes in availability of active market quotations at the end of the reporting periods.

In the period from 1 January to 30 June 2022 the following transfers of financial instruments between the levels of the fair value hierarchy were made:

- from Level 3 to Level 2: corporate and municipal bonds which were valued based on information on the prices of comparable financial instruments, corporate, municipal and treasury bonds with immaterial impact of the estimated credit parameters on the valuation, and equity derivative instruments for which impact of the estimated volatility on the valuation was immaterial,
- from Level 2 to Level 3: corporate and municipal bonds, as well as currency and interest rate derivatives, for which impact of estimated credit parameters was material.

### Financial instruments that are not measured at fair value in the separate statement of financial position of the Bank

The process of valuation of financial instruments that are not presented at fair value in the financial statements has not changed significantly in relation to the one described in the Separate Financial Statements of the Bank Pekao S.A. for the year ended on 31 December 2021.

Assets and liabilities not measured at fair value in the financial statement in breakdown by fair value hierarchy levels

30.06.2022	CARRYING AMOUNT	FAIR VALUE	OF WHICH:		
			LEVEL 1	LEVEL 2	LEVEL 3
<b>Assets</b>					
Cash and due from Central Bank	12 844 772	12 802 731	4 626 766	8 175 868	97
Loans and advance to banks	10 903 115	10 902 083	-	7 609 696	3 292 387
Loans and advances to customers measured at amortised cost	148 202 613	146 625 688	-	1 332 403	145 293 285
Debt securities measured at amortised cost	45 526 005	40 093 461	21 809 729	12 932 141	5 351 591
Other assets	1 453 719	1 453 719	-	-	1 453 719
<b>Total Assets</b>	<b>218 930 224</b>	<b>211 877 682</b>	<b>26 436 495</b>	<b>30 050 108</b>	<b>155 391 079</b>
<b>Liabilities</b>					
Amounts due to Central Bank	-	-	-	-	-
Amounts due to other banks	8 770 146	8 792 008	-	4 843 579	3 948 429
Amounts due to customers	203 543 856	203 273 730	-	-	203 273 730
Debt securities issued	2 734 427	2 711 396	-	2 711 396	-
Subordinated liabilities	2 782 515	2 768 290	-	2 768 290	-
Other liabilities	5 521 238	5 521 238	-	-	5 521 238
<b>Total Liabilities</b>	<b>223 352 182</b>	<b>223 066 662</b>	<b>-</b>	<b>10 323 265</b>	<b>212 743 397</b>

Assets and liabilities not measured at fair value in the financial statement in breakdown by fair value hierarchy levels

31.12.2021	CARRYING AMOUNT	FAIR VALUE	OF WHICH:		
			LEVEL 1	LEVEL 2	LEVEL 3
<b>Assets</b>					
Cash and due from Central Bank	4 696 615	4 696 690	3 699 679	997 011	-
Loans and advance to banks	3 998 628	4 016 614	-	2 009 615	2 006 999
Loans and advances to customers measured at amortised cost	142 918 462	141 575 498	-	969 694	140 605 804
Debt securities measured at amortised cost	44 083 877	41 642 642	22 344 963	2 650 127	16 647 552
Other assets	953 087	953 087	-	-	953 087
<b>Total Assets</b>	<b>196 650 669</b>	<b>192 884 531</b>	<b>26 044 642</b>	<b>6 626 447</b>	<b>160 213 442</b>
<b>Liabilities</b>					
Amounts due to Central Bank	-	-	-	-	-
Amounts due to other banks	5 069 257	5 085 732	-	3 110 410	1 975 322
Amounts due to customers	195 451 091	195 111 971	-	-	195 111 971
Debt securities issued	178 573	177 144	-	177 144	-
Subordinated liabilities	2 761 474	2 747 964	-	2 747 964	-
Other liabilities	2 939 020	2 939 020	-	-	2 939 020
<b>Total Liabilities</b>	<b>206 399 415</b>	<b>206 061 831</b>	<b>-</b>	<b>6 035 518</b>	<b>200 026 313</b>

## 35. Subsequent events

On 14 July 2022, the Act on social financing for business ventures and support to borrowers (the 'Act') was signed, as a result of which events after the balance sheet date have occurred/will occur affecting the Bank's future financial results, i.e.:

### 1) the right to suspend loan repayment for consumers with PLN mortgage loan agreements

Pursuant to the Act, consumers with PLN mortgage loan agreements were granted the right to suspend loan repayment under the following conditions:

- a) from 1 August 2022 to 30 September 2022 – for a period of two months,
- b) from 1 October 2022 to 31 December 2022 - for a period of two months,
- c) from 1 January 2023 to 31 December 2023 - one month in each calendar quarter.

Pursuant to the requirements of the International Financial Reporting Standard 9 'Financial Instruments' ('IFRS 9'), the entitlement for customers to suspend their loan repayments introduced by the provisions of the Act requires the adjustment of the gross carrying amount of the abovementioned loans by designating and recognizing in the Bank's financial result the estimated cost resulting from the above-mentioned permissions as the difference between:

- 1) the present value of the expected cash flows from the loan portfolio that meets the criteria of the Act (gross carrying amount of this portfolio),
- 2) the present value of the expected cash flows of the portfolio, determined based on the modified cash flows taking into account the terms of the Act (i.e. the possibility of suspending the repayment of loan installments within the specified time frame with the simultaneous extension of the loan period) discounted with the current effective interest rate of the above-mentioned portfolio,

taking into account the estimated level of participation of eligible customers who, in the Bank's opinion, will exercise this right.

The Bank assumed expertly that the estimated participation rate (using the rights resulting from the Act) would be 85%.

As a result of the above, the Bank estimated the cost related to the modification of PLN mortgage loan agreements granted to consumers due to the suspension of their loan repayments at the gross amount of PLN 2 338 195 thousand. This cost will be recognized in the Bank's results in the third quarter of 2022, which will result in a negative financial result for the third quarter of 2022.

If we assume that the participation ratio is 100%, the above cost would amount to PLN 2 750 817 thousand.

Due to the fact that the above calculation is an estimate of the expected use by customers of the rights resulting from the Act, and the actual implementation will take place in the period specified in the Act, i.e. from the third quarter of 2022 to the end of 2023 under the conditions specified in the Act, it is necessary will periodically update the above-mentioned calculations - in particular with regard to the estimated level of customer participation - and recognition of any revaluation in the current financial results of the Bank.

### 2) payment to the Borrowers Support Fund

Under the Act, lenders were required to make additional contributions to the Borrowers Support Fund in the total amount of PLN 1.4 billion by 31 December 2022. The exact payment date and the amount of the fee for a given lender will be determined by a resolution by the Council of the Borrowers Support Fund, and the determination of the fee level for a given bank will be primarily impacted by the following factors:

- a) the share of a given bank in the gross book value of the portfolio of housing loans where the delay in repayment of principal or interest exceeds 90 days compared to the entire banking sector in Poland,
- b) possible exclusion from the obligation to make payments to the Borrowers Support Fund some lenders that do not meet the regulatory capital and liquidity requirements.

Taking into account the limited availability of data on the above factors, in particular the possible exclusion from the obligation to make payments to the Borrowers Support Fund, the Bank was not able to reliably estimate its share in the additional payment to the Borrowers Support Fund.

The final amount of the payment to the Borrowers Support Fund by the Bank will be known after its determination by the Council of the Borrowers Support Fund.

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3) introduction of a substitute for the WIBOR reference index

The Act provides for the possibility of introducing a substitute for the WIBOR reference index, with the details of the substitute and the date of its introduction being determined by a dedicated regulation of the Minister of Finance.

In connection with the above, in July 2022, a national working group for the reform of reference indexes ('NGR') was established from representatives of the Ministry of Finance, the National Bank of Poland, the Office of the Polish Financial Supervision Authority, as well as the largest banks, insurance companies and investment companies.

The purpose of NGR is to prepare a new index and a schedule for its implementation in such a way as to ensure the security of the financial system.

As at the date of approval of these financial statements, taking into account the early stage of work related to the introduction of a substitute for the WIBOR benchmark, the Bank was not able to reliably estimate the possible impact of this planned change.

03.08.2022	Leszek Skiba	President of the Management Board	The original Polish document is signed with a qualified electronic signature
Date	Name/Surname	Position/Function	Signature
03.08.2022	Jaroslaw Fuchs	Vice President of the Management Board	The original Polish document is signed with a qualified electronic signature
Date	Name/Surname	Position/Function	Signature
03.08.2022	Marcin Gadomski	Vice President of the Management Board	The original Polish document is signed with a qualified electronic signature
Date	Name/Surname	Position/Function	Signature
03.08.2022	Jerzy Kwieciński	Vice President of the Management Board	The original Polish document is signed with a qualified electronic signature
Date	Name/Surname	Position/Function	Signature
03.08.2022	Paweł Strączyński	Vice President of the Management Board	The original Polish document is signed with a qualified electronic signature
Date	Name/Surname	Position/Function	Signature
03.08.2022	Błażej Szczeci	Vice President of the Management Board	The original Polish document is signed with a qualified electronic signature
Date	Name/Surname	Position/Function	Signature
03.08.2022	Wojciech Werochowski	Vice President of the Management Board	The original Polish document is signed with a qualified electronic signature
Date	Name/Surname	Position/Function	Signature
03.08.2022	Piotr Zborowski	Vice President of the Management Board	The original Polish document is signed with a qualified electronic signature
Date	Name/Surname	Position/Function	Signature
03.08.2022	Magdalena Zmitrowicz	Vice President of the Management Board	The original Polish document is signed with a qualified electronic signature
Date	Name/Surname	Position/Function	Signature



## Glossary

**IFRS** – International Financial Reporting Standards – the standards, interpretations and their structure adopted by the International Accounting Standards Board (IASB).

**IAS** – International Accounting Standards – previous name of the standards forming part of the current IFRS.

**IFRIC** – International Financial Reporting Interpretations Committee – the committee operating under the International Accounting Standards Board publishing interpretations of IFRS.

**CIRS** – Currency Interest Rate Swap – the transaction exchange of principal amounts and interest payments in different currencies between two counterparties.

**IRS** – Interest Rate Swap – the agreement between two counterparties, under which the counterparties pay each other (at specified intervals during the contract life) interest on contractual principal of the contract, charged at a different interest rate.

**FRA** – Forward Rate Agreement – the contract under which two counterparties fix the interest rate that will apply in the future for a specified amount expressed in currency of the transaction for a predetermined period.

**CAP** – the financial agreement, which limits the risk borne by lender on a variable interest rate, exposed to the potential loss as a result of increase in interest rates. Cap option is a series of call options on interest rates, in which the issuer guarantees the buyer the compensation of the additional interest costs, that the buyer must pay if the interest rate on loan increases above the fixed interest rate.

**FLOOR** – the financial agreement, which limits the risk of incurring losses resulting from decrease in interest rates by the lender providing the loan at a variable interest rate. Floor option is a series of put options on interest rates, in which the issuer guarantees the interest to be paid on the loan if the interest rate on the loan decreases below the fixed interest rate.

**PD** – Probability Default – the parameter used in Internal Ratings-Based Approach which determines the likelihood that the debtor will be unable to meet its obligation. PD is a financial term describing the likelihood of a default over an one year time horizon.

**LGD** – Loss Given Default – the percentage of loss over the total exposure when bank's counterparty goes to default.

**EAD** – Exposure at Default.

**EL** – Expected Loss.

**Life-time ECL** – Lifetime Expected Credit Loss.

**CCF** – Credit Conversion Factor.

**VaR** – Value at Risk – the risk measure by which the market value of an asset or portfolio may be reduced for a given assumptions, probability and time horizon.

**ICAAP** – Internal Capital Adequacy Assessment Process – the process of assessing internal capital adequacy.

**FVH** – fair value hedge accounting.

**CFH** – cash flow hedge accounting.