

# **Interim Condensed Separate Financial Statements of Bank Pekao S.A. for the first half of 2023**



**Warsaw, August 2023**

*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.*

I.	Separate income statement .....	3
II.	Separate statement of comprehensive income .....	4
III.	Separate statement of financial position .....	5
IV.	Separate statement of changes in equity .....	6
V.	Separate cash flow statement .....	9
VI.	Notes to the Interim Condensed Separate Financial Statements .....	11
1.	General information .....	11
2.	Business combinations .....	11
3.	Statement of compliance .....	11
4.	Significant accounting policies .....	15
5.	Accounting estimates .....	16
6.	Interest income and expense .....	17
7.	Fee and commission income and expense .....	20
8.	Result on financial assets and liabilities measured at fair value through profit or loss and foreign exchange result ..	20
9.	Result on derecognition of financial assets and liabilities not measured at fair value through profit or loss .....	21
10.	Net allowances for expected credit losses .....	21
11.	Other operating income and expenses .....	21
12.	General administrative expenses and depreciation .....	22
13.	Income tax .....	23
14.	Earnings per share .....	23
15.	Dividends .....	24
16.	Cash and balances with Central Bank .....	24
17.	Loans and advances to banks .....	24
18.	Derivative financial instruments (held for trading) .....	25
19.	Loans and advances to customers .....	26
20.	Securities .....	27
21.	Assets pledged as security for liabilities .....	29
22.	Intangible assets .....	30
23.	Property, plant and equipment .....	30
24.	Amounts due to other banks .....	31
25.	Financial liabilities held for trading .....	31
26.	Amounts due to customers .....	31
27.	Debt securities issued .....	31
28.	Provisions .....	32
29.	Contingent commitments and contingent assets .....	32
30.	Additional information to the separate cash flow statement .....	34
31.	Related party transactions .....	35
32.	Risk management and fair value .....	42
32.1.	Credit risk .....	42
32.2.	Legal risk regarding foreign currency mortgage loans in CHF .....	57
32.3.	Market risk .....	61
32.4.	Liquidity risk .....	63
32.5.	Operational risk .....	63
32.6.	Fair value of financial assets and liabilities .....	64
33.	Subsequent events .....	69

## I. Separate income statement

	NOTE	II QUARTER 2023 PERIOD FROM 01.04.2023 TO 30.06.2023	I HALF 2023 PERIOD FROM 01.01.2023 TO 30.06.2023	II QUARTER 2022 PERIOD FROM 01.04.2022 TO 30.06.2022 RESTATED	I HALF 2022 PERIOD FROM 01.01.2022 TO 30.06.2022 RESTATED
Interest income	6	4 353 047	8 379 031	2 903 581	5 038 541
Interest income calculated using the effective interest method		4 341 738	8 355 894	2 896 238	5 027 304
Financial assets measured at amortised cost		3 823 246	7 338 303	2 729 524	4 731 899
Financial assets measured at fair value through other comprehensive income		518 492	1 017 591	166 714	295 405
Other interest income related to financial assets measured at fair value through profit or loss		11 309	23 137	7 343	11 237
Interest expense	6	(1 444 925)	(2 777 700)	(423 527)	(567 747)
<b>Net interest income</b>		<b>2 908 122</b>	<b>5 601 331</b>	<b>2 480 054</b>	<b>4 470 794</b>
Fee and commission income	7	790 700	1 558 256	790 219	1 546 020
Fee and commission expense	7	(183 995)	(364 046)	(156 401)	(292 247)
<b>Net fee and commission income</b>		<b>606 705</b>	<b>1 194 210</b>	<b>633 818</b>	<b>1 253 773</b>
Dividend income		236 826	237 260	210 942	211 218
Result on financial assets and liabilities measured at fair value through profit or loss and foreign exchange result	8	143 086	301 436	(42 088)	6 127
Result on fair value hedge accounting		583	(133)	1 197	2 367
Result on derecognition of financial assets and liabilities not measured at fair value through profit or loss	9	12 526	9 594	(7 095)	(11 305)
Net allowances for expected credit losses	10	(254 555)	(363 130)	(471 566)	(615 077)
including: legal risk regarding foreign currency mortgage loans		(59 332)	(34 642)	(298 366)	(307 956)
Operating income	11	24 596	59 793	21 565	48 961
Operating expenses	11	(63 995)	(161 058)	(197 017)	(225 109)
including: legal risk regarding foreign currency mortgage loans		<b>(49 754)</b>	<b>(118 690)</b>	<b>(103 409)</b>	<b>(108 078)</b>
General administrative expenses and depreciation	12	(1 313 782)	(2 760 784)	(1 719 731)	(3 089 984)
<b>PROFIT BEFORE INCOME TAX</b>		<b>2 300 112</b>	<b>4 118 519</b>	<b>910 079</b>	<b>2 051 765</b>
Income tax expense	13	(438 757)	(883 498)	(281 421)	(591 253)
<b>NET PROFIT</b>		<b>1 861 355</b>	<b>3 235 021</b>	<b>628 658</b>	<b>1 460 512</b>
Earnings per share (in PLN per share)					
basic for the period	14	7.10	12.33	2.39	5.56
diluted for the period	14	7.10	12.33	2.39	5.56

Notes to the financial statements presented on pages 11 – 70 constitute an integral part of the interim condensed separate financial statements.

## II. Separate statement of comprehensive income

	II QUARTER 2023 PERIOD FROM 01.04.2023 TO 30.06.2023	I HALF 2023 PERIOD FROM 01.01.2023 TO 30.06.2023	II QUARTER 2022 PERIOD FROM 01.04.2022 TO 30.06.2022	I HALF 2022 PERIOD FROM 01.01.2022 TO 30.06.2022
<b>Net profit</b>	<b>1 861 355</b>	<b>3 235 021</b>	<b>628 658</b>	<b>1 460 512</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):	131 222	460 300	(293 039)	(753 450)
profit or loss on fair value measurement	137 116	469 484	(290 720)	(746 803)
profit or loss reclassification to income statement after derecognition	(5 894)	(9 184)	(2 319)	(6 647)
Impact of revaluation of derivative instruments hedging cash flows (net)	427 080	988 505	(987 309)	(1 787 652)
<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)	(5 004)	37 803	(45 946)	(67 255)
Remeasurements of the defined benefit liabilities (net)	(21 621)	(21 621)	14 251	14 251
<b>Other comprehensive income (net of tax)</b>	<b>531 677</b>	<b>1 464 987</b>	<b>(1 312 043)</b>	<b>(2 594 106)</b>
<b>Total comprehensive income</b>	<b>2 393 032</b>	<b>4 700 008</b>	<b>(683 385)</b>	<b>(1 133 594)</b>

Notes to the financial statements presented on pages 11 – 70 constitute an integral part of the interim condensed separate financial statements.

### III. Separate statement of financial position

	NOTE	30.06.2023	31.12.2022
<b>ASSETS</b>			
Cash and due from Central Bank	16	9 911 727	13 434 904
Loans and advances to banks	17	7 612 279	5 401 659
Derivative financial instruments (held for trading)	18	11 747 010	15 134 095
Hedging instruments		517 443	279 589
Loans and advances to customers	19	145 513 177	142 425 702
Securities	20	92 741 014	86 151 126
Assets pledged as security for liabilities	21	1 217 614	929 526
Assets held for sale		11 778	12 382
Investments in subsidiaries		1 742 425	1 742 425
Investments in associates		42 194	42 194
Intangible assets	22	1 437 699	1 407 781
Property, plant and equipment	23	1 671 832	1 501 069
Income tax assets		1 021 450	1 547 469
1. Current tax assets		-	267 289
2. Deferred tax assets	13	1 021 450	1 280 180
Other assets		1 420 038	1 694 590
<b>TOTAL ASSETS</b>		<b>276 607 680</b>	<b>271 704 511</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Liabilities</b>			
Amounts due to Central Bank		-	-
Amounts due to other banks	24	3 885 581	4 134 618
Financial liabilities held for trading	25	592 191	874 591
Derivative financial instruments (held for trading)	18	11 377 891	15 538 551
Amounts due to customers	26	222 128 149	210 988 577
Hedging instruments		1 962 607	3 176 413
Debt securities issued	27	1 183 637	5 893 923
Subordinated liabilities		2 786 341	2 789 132
Income tax liabilities		432 682	-
1. Current tax liabilities		432 682	-
2. Deferred tax liabilities	13	-	-
Provisions	28	1 562 558	1 394 068
Other liabilities		5 229 086	4 725 101
<b>TOTAL LIABILITIES</b>		<b>251 140 723</b>	<b>249 514 974</b>
<b>Equity</b>			
Share capital		262 470	262 470
Other capital and reserves		20 284 409	18 343 689
Retained earnings and net profit for the period		4 920 078	3 583 378
<b>TOTAL EQUITY</b>		<b>25 466 957</b>	<b>22 189 537</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>276 607 680</b>	<b>271 704 511</b>

Notes to the financial statements presented on pages 11 – 70 constitute an integral part of the interim condensed separate financial statements.

## IV. Separate statement of changes in equity

	SHARE CAPITAL	OTHER CAPITAL AND RESERVES						RETAINED EARNINGS AND NET PROFIT FOR THE PERIOD	TOTAL EQUITY
		TOTAL OTHER CAPITAL AND RESERVES	SHARE PREMIUM	GENERAL BANKING RISK FUND	OTHER RESERVE CAPITAL	REVALUATION RESERVES	OTHER		
<b>Equity as at 01.01.2023</b>	<b>262 470</b>	<b>18 343 689</b>	<b>9 137 221</b>	<b>1 982 459</b>	<b>10 254 551</b>	<b>(3 263 669)</b>	<b>233 127</b>	<b>3 583 378</b>	<b>22 189 537</b>
<b>Comprehensive income</b>	-	<b>1 464 987</b>	-	-	-	<b>1 464 987</b>	-	<b>3 235 021</b>	<b>4 700 008</b>
Remeasurements of the defined benefit liabilities (net of tax)	-	(21 621)	-	-	-	(21 621)	-	-	(21 621)
Revaluation of debt securities and loans measured at fair value through other comprehensive income (net of tax)	-	460 300	-	-	-	460 300	-	-	460 300
Revaluation of investments in equity instruments designated at fair value through other comprehensive income (net of tax)	-	37 803	-	-	-	37 803	-	-	37 803
Revaluation of cash flow hedging financial instruments (net of tax)	-	988 505	-	-	-	988 505	-	-	988 505
Other components of comprehensive income (net)	-	1 464 987	-	-	-	1 464 987	-	-	1 464 987
Net profit for the period	-	-	-	-	-	-	-	3 235 021	3 235 021
<b>Appropriation of retained earnings</b>	-	<b>475 733</b>	-	-	<b>475 733</b>	-	-	<b>(1 898 321)</b>	<b>(1 422 588)</b>
Dividend paid	-	-	-	-	-	-	-	(1 422 588)	(1 422 588)
Profit appropriation	-	475 733	-	-	475 733	-	-	(475 733)	-
<b>Other</b>	-	-	-	-	<b>894</b>	<b>(894)</b>	-	-	-
Result on sales of investments in equity instruments designated at fair value through other comprehensive income (net of tax)	-	-	-	-	894	(894)	-	-	-
<b>Equity as at 30.06.2023</b>	<b>262 470</b>	<b>20 284 409</b>	<b>9 137 221</b>	<b>1 982 459</b>	<b>10 731 178</b>	<b>(1 799 576)</b>	<b>233 127</b>	<b>4 920 078</b>	<b>25 466 957</b>

Notes to the financial statements presented on pages 11 – 70 constitute an integral part of the interim condensed separate financial statements.

	SHARE CAPITAL	OTHER CAPITAL AND 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	REVALUATION RESERVES			
<b>Equity as at 01.01.2022</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>
<b>Comprehensive income</b>	-	<b>(1 679 983)</b>	-	-	-	<b>(1 679 983)</b>	-	<b>1 898 320</b>	<b>218 337</b>
Remeasurements of the defined benefit liabilities (net of tax)	-	(8 536)	-	-	-	(8 536)	-	-	(8 536)
Revaluation of debt securities and loans measured at fair value through other comprehensive income (net of tax)	-	(640 348)	-	-	-	(640 348)	-	-	(640 348)
Revaluation of investments in equity instruments designated at fair value through other comprehensive income (net of tax)	-	(47 835)	-	-	-	(47 835)	-	-	(47 835)
Revaluation of cash flow hedging financial instruments (net of tax)	-	(983 264)	-	-	-	(983 264)	-	-	(983 264)
Other components of comprehensive income (net)	-	(1 679 983)	-	-	-	(1 679 983)	-	-	(1 679 983)
Net profit for the period	-	-	-	-	-	-	-	1 898 320	1 898 320
<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 31.12.2022</b>	<b>262 470</b>	<b>18 343 689</b>	<b>9 137 221</b>	<b>1 982 459</b>	<b>10 254 551</b>	<b>(3 263 669)</b>	<b>233 127</b>	<b>3 583 378</b>	<b>22 189 537</b>

Notes to the financial statements presented on pages 11 – 70 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 01.01.2022</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>	
<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)	
Other components of comprehensive income (net)	-	(2 594 106)	-	-	-	(2 594 106)	-	-	(2 594 106)	
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 11 – 70 constitute an integral part of the interim condensed separate financial statements.

## V. Separate cash flow statement

	NOTE	I HALF 2023 PERIOD FROM 01.01.2023 TO 30.06.2023	I HALF 2022 PERIOD FROM 01.01.2022 TO 30.06.2022
<b>Cash flow from operating activities – indirect method</b>			
<b>Profit before income tax</b>		<b>4 118 519</b>	<b>2 051 765</b>
<b>Adjustments for:</b>		<b>6 527 956</b>	<b>5 652 987</b>
Depreciation and amortization	12	290 882	294 990
(Gains) losses on investing activities		(18 591)	(15 287)
Net interest income	6	(5 601 331)	(4 470 794)
Dividend income		(237 260)	(211 218)
Interest received		8 383 266	4 645 406
Interest paid		(2 550 853)	(460 714)
Income tax paid		(267 150)	(467 535)
Change in loans and advances to banks		(84 606)	(550 807)
Change in derivative financial instruments (assets)		3 387 085	(10 551 489)
Change in loans and advances to customers		(3 057 279)	(5 108 487)
Change in securities (including assets pledged as security for liabilities)		222 744	114 097
Change in other assets		1 035 390	(3 173 793)
Change in amounts due to banks		(203 634)	3 806 013
Change in financial liabilities held for trading		(282 400)	9 710
Change in derivative financial instruments (liabilities)		(4 160 660)	10 299 414
Change in amounts due to customers		10 863 484	8 103 320
Change in debt securities issued		46 487	(23 716)
Change in subordinated liabilities		(2 791)	21 040
Payments for short-term leases and leases of low-value assets		(314)	(545)
Change in provisions		168 490	99 996
Change in other liabilities		(1 403 003)	3 293 386
<b>Net cash flows from operating activities</b>		<b>10 646 475</b>	<b>7 704 752</b>
<b>Cash flow from investing activities</b>			
<b>Investing activity inflows</b>		<b>664 883 313</b>	<b>25 220 000</b>
Sale of securities measured at amortized cost and at fair value through other comprehensive income		664 668 392	25 075 091
Sale of intangible assets and property, plant and equipment		5 042	10 732
Dividend received		209 879	134 177
<b>Investing activity outflows</b>		<b>(672 112 419)</b>	<b>(20 784 778)</b>
Acquisition of securities measured at amortized cost and at fair value through other comprehensive income		(671 671 995)	(20 657 238)
Acquisition of intangible assets and property, plant and equipment		(440 424)	(127 540)
<b>Net cash flows from investing activities</b>		<b>(7 229 106)</b>	<b>4 435 222</b>

	NOTE	I HALF 2023 PERIOD FROM 01.01.2023 TO 30.06.2023	I HALF 2022 PERIOD FROM 01.01.2022 TO 30.06.2022
<b>Cash flows from financing activities</b>			
<b>Financing activity inflows</b>		<b>750 000</b>	<b>2 560 345</b>
Issue of debt securities		750 000	2 560 345
<b>Financing activity outflows</b>		<b>(5 558 617)</b>	<b>(202 648)</b>
Repayment of loans and advances received from banks		(46 003)	(139 929)
Redemption of debt securities		(5 463 260)	(5 977)
Payments for the principal portion of the lease liabilities		(49 354)	(56 742)
<b>Net cash flows from financing activities</b>		<b>(4 808 617)</b>	<b>2 357 697</b>
<b>Total net cash flows</b>		<b>(1 391 248)</b>	<b>14 497 671</b>
including effect of exchange rate fluctuations on cash and cash equivalents held		(288 721)	110 345
<b>Net change in cash and cash equivalents</b>		<b>(1 391 248)</b>	<b>14 497 671</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>18 211 386</b>	<b>8 273 507</b>
<b>Cash and cash equivalents at the end of the period</b>	30	<b>16 820 138</b>	<b>22 771 178</b>

Notes to the financial statements presented on pages 11 – 70 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 Bank provides stockbroking, leasing, factoring operations and offering other financial services. The Bank's activities do not show any significant cyclical or seasonal changes.

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 Rondo Daszyńskiego 4, which is 34.2% owned by the State Treasury.

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

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 2023.

### 2. Business combinations

In first half of 2023 and in 2022, there were no business combinations.

### 3. Statement of compliance

The Interim Condensed Separate Financial Statements of Bank Pekao S.A. for the first half of 2023 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 2022.

The separate financial statements of Bank Pekao S.A. as at and for the year ended 31 December 2022 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 2023, i.e. current interim period.

These interim condensed separate financial statements were authorized for issue by the Management Board on 2 August 2023.

### 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 2023

STANDARD / INTERPRETATION	DESCRIPTION	IMPACT ASSESSMENT
<b>IFRS 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.	The Bank analyzed the products offered, whether they meet the definition of insurance contracts in the light of IFRS 17. The results of the analysis show that the products offered by the Bank do not carry significant insurance risk and are not insurance contracts. Thus, the new standard did not have a material impact on the financial statements in the period of their first application.
<b>IAS 1 (amendment)</b> 'Presentation of financial statement' and 'IFRS 2 Principles of Practice: Accounting Policy Disclosures' (amendment)	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>	The standard's amendments did not have a material impact on the financial statements in the period of their 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>	The standard's amendments did not have a material impact on the financial statements in the period of their 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.	The standard's amendments did not have a material impact on the financial statements in the period of their first application.
<b>IFRS 17 (amendment)</b> 'Insurance contracts' and <b>IFRS 9 (amendment)</b> 'Financial instruments'	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.	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

There were no new standards, interpretations and amendments to published standards that have been issued by IASB and have been approved by the European Union but are not yet effective.

### 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'	<p>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 is only affected by covenants with which an entity is required to comply on or before the reporting date. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months.</p> <p>Date of application: annual periods beginning on or after 1 January 2024.</p>	<p>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.</p>
<b>IFRS 16 (amendment)</b> 'Leases'	<p>The amendments to IFRS 16 specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retain. A sale and leaseback transaction involves the transfer of an asset by an entity (the seller-lessee) to another entity (the buyer-lessor) and the leaseback of the same asset by the seller-lessee.</p> <p>Date of application: annual periods beginning on or after 1 January 2024.</p>	<p>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.</p>
<b>IAS 12 (amendment)</b> 'Income taxes'	<p>The amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's ('OECD') international tax reform. The OECD published the Pillar Two model rules in December 2021 to ensure that large multinational companies would be subject to a minimum 15% tax rate.</p> <p>The amendments to IAS 12 include:</p> <ul style="list-style-type: none"> <li>• an exception to the requirements in IAS 12 that an entity does not recognise and does not disclose information about deferred tax assets and liabilities related to the OECD pillar two income taxes. An entity has to disclose that it has applied the exception,</li> <li>• a disclosure requirement that an entity has to disclose separately its current tax expense (income) related to pillar two income taxes,</li> <li>• a disclosure requirement that state that in periods in which pillar two legislation is enacted or substantively enacted, but not yet in effect, an entity discloses known or reasonably estimable information that helps users of financial statements understand the entity's exposure to pillar two income taxes arising from that legislation,</li> <li>• The requirement that an entity applies the exception and the requirement to disclose that it has applied the exception immediately upon issuance of the amendments and retrospectively in accordance with IAS 8. The remaining disclosure requirements are required for annual reporting periods beginning on or after 1 January 2023.</li> </ul> <p>Date of application: annual periods beginning on or after 1 January 2023.</p>	<p>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.</p>
<b>IAS 7 (amendment)</b> 'Statement of cash flows' and <b>IFRS 7 (amendment)</b> 'Financial instruments: Disclosures'	<p>The 'Supplier Finance Arrangements' (amendments to IAS 7 and IFRS 7) include:</p> <ul style="list-style-type: none"> <li>• do not define supplier finance arrangements. Instead, the amendments describe the characteristics of an arrangement for which an entity is required to provide the information. The amendments note that arrangements that are solely credit enhancements for the entity or instruments used by the entity to settle directly with a supplier the amounts owed are not supplier finance arrangements.</li> <li>• entities will have to disclose in the notes information that enables users of financial statements to assess how supplier finance arrangements affect an entity's liabilities and cash flows and to understand the effect of supplier finance arrangements on an entity's exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available to it,</li> <li>• adding to IAS 7 additional disclosure requirements about:             <ul style="list-style-type: none"> <li>➢ the terms and conditions of the supplier finance arrangements,</li> <li>➢ for the arrangements, as at the beginning and end of the reporting period:                 <ol style="list-style-type: none"> <li>a) the carrying amounts of financial liabilities that are part of the arrangement and the associated line item presented,</li> <li>b) the carrying amount of financial liabilities disclosed under a) for which suppliers have already received payment from the finance providers,</li> </ol> </li> </ul> </li> </ul>	<p>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.</p>

STANDARD/ INTERPRETATION	DESCRIPTION	IMPACT ASSESSMENT
	<ul style="list-style-type: none"> <li>c) the range of payment due dates of financial liabilities disclosed under a) and comparable trade payables that are not part of a supplier finance arrangement; and               <ul style="list-style-type: none"> <li>➤ the type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of the arrangement,</li> </ul> </li> <li>• add supplier finance arrangements as an example within the liquidity risk disclosure requirements in IFRS 7.</li> </ul> <p>Date of application: annual periods beginning on or after 1 January 2024.</p>	

### 3.4. Other expected regulatory changes

The Act on social financing for business ventures and support to borrowers 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 inter alia 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.

In the third quarter of 2022, NGR decided to select the WIRON index (Warsaw Interest Rate Overnight) as an alternative reference interest rate indicator, the input data of which is information representing overnight transactions.

Ultimately, WIRON is to become the key interest rate benchmark which will be used in financial contracts (e.g. loan agreements), financial instruments (e.g. debt securities or derivatives) and by investment funds (e.g. in setting management fees).

In addition, in the third quarter of 2022, NGR developed a schedule of the so-called Road Map, the purpose of which is to create a liquid market for cash and derivative financial instruments using the selected reference indicator for the Polish zloty (PLN), preparation operational and technical of all financial market participants (issuers, investors, market infrastructure institutions) to replace the WIBOR and WIBID benchmarks by WIRON, to carry out the required changes in Polish law and to build full awareness of the reform and its consequences among all financial market participants, especially consumers.

Due to the very many interrelated elements involved in the reform of benchmarks, the process will be staggered over time. NGR specified in the Road Map that with the effective cooperation of all parties involved, the reform of benchmarks in Poland will be fully implemented by the end of 2024, while the implementation by market participants of a new offer of financial products using the WIRON index is planned for 2023 and 2024.

## 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 2023 the Bank did not amend its accounting policies in respect to valuation of assets and liabilities and profit measurement, except for the changes in presentation in the income statement of interest income and expense on hedging derivatives, which were described below.

The accounting policies applied by the Bank in these interim condensed separate financial statements, apart from changes in presentation in the income statement of interest income and expense on hedging derivatives, are the same as those applied in the Separate Financial Statements of Bank Pekao S.A. for the year ended on 31 December 2022. Those accounting policies have been applied uniformly to all presented reporting periods.

Changes in published standards and interpretations, which became effective on or after 1 January 2023, 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 2023, the Bank changed the accounting principles in the method of presenting in the income statement of interest income and expenses on hedging derivatives, including them with interest on hedged items.

In the opinion of the Bank, the change in the presentation of the above-mentioned interest income and expenses better reflects the nature of these transactions and increases the transparency of the income statement from the point of view of its users.

The changes in the accounting principles indicated above made it necessary to restate the comparative data, but they did not affect the level of the presented financial result.

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

SEPARATE INCOME STATEMENT	DATA FOR II QUARTER 2022 BEFORE RESTATEMENT	RESTATEMENT	DATA FOR II QUARTER 2022 AFTER RESTATEMENT
Interest income	2 904 262	(681)	2 903 581
Interest income calculated using the effective interest method	2 935 647	(39 409)	2 896 238
Financial assets measured at amortised cost	2 762 334	(32 810)	2 729 524
Financial assets measured at fair value through other comprehensive income	173 313	(6 599)	166 714
Other interest income related to financial assets measured at fair value through profit or loss	(31 385)	38 728	7 343
Interest expense	(424 208)	681	(423 527)

SEPARATE INCOME STATEMENT	DATA FOR I HALF 2022 BEFORE RESTATEMENT	RESTATEMENT	DATA FOR I HALF 2022 AFTER RESTATEMENT
Interest income	5 038 247	294	5 038 541
Interest income calculated using the effective interest method	4 997 728	29 576	5 027 304
Financial assets measured at amortised cost	4 687 693	44 206	4 731 899
Financial assets measured at fair value through other comprehensive income	310 035	(14 630)	295 405
Other interest income related to financial assets measured at fair value through profit or loss	40 519	(29 282)	11 237
Interest expense	(567 453)	(294)	(567 747)

## 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.

Estimates and related assumptions are subject to ongoing verification. Changes in accounting estimates are recognized prospectively from the period in which the estimate was changed.

Significant accounting estimates 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 recognizes impaired allowances for expected credit losses with regard to the financial instrument as an amount equal 12-month expected credit losses. Otherwise, the Bank recognizes 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 carrying 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.

Sensitivity analysis of expected credit losses is presented in the Note 32.1.

### **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 assets 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 assets (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 2023, there was no need to make impairment allowances for non-current assets, including goodwill.

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

As at 30 June 2023 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 unfavourable jurisprudence line 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 the Note 32.2.

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

As at 30 June 2023 the Bank estimated the possible amount of cash outflow as a refund of commission to the customer in relation to early repayment of consumer 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 2023, the Bank estimated the possible prepayments of these exposures in the future, which is reflected in the reduction of the gross carrying amount of these exposures.

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 the Note 28.

#### **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 2022.

#### **Costs of modifying PLN mortgage loan agreements with regard to possible suspension of repayment**

In connection with the entry into force in 2022 of the Act on social financing for business ventures and support to borrowers, enabling consumers with PLN mortgage loan agreements to suspend their repayments, the Bank estimates the costs associated with modification of these agreements in this respect, taking into account the expertly determined participation ratio. Details are presented in the Note 6.

## 6. Interest income and expense

### Interest income

	II QUARTER 2023			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	3 823 246	518 492	-	4 341 738
Loans and advances (in this receivables from financial leases)	2 892 537	5 077	-	2 897 614
Interbank placements	201 012	-	-	201 012
Reverse repo transactions	99 410	-	-	99 410
Debt securities	630 287	513 415	-	1 143 702
Other interest income related to financial assets measured at fair value through profit or loss	-	-	11 309	11 309
Loans and other receivables from customers	-	-	4 785	4 785
Debt securities held for trading	-	-	6 524	6 524
<b>Total</b>	<b>3 823 246</b>	<b>518 492</b>	<b>11 309</b>	<b>4 353 047</b>

**Interest income**

	I HALF 2023			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	7 338 303	1 017 591	-	8 355 894
Loans and advances (in this receivables from financial leases)	5 622 393	10 925	-	5 633 318
Interbank placements	389 145	-	-	389 145
Reverse repo transactions	181 068	-	-	181 068
Debt securities	1 145 697	1 006 666	-	2 152 363
Other interest income related to financial assets measured at fair value through profit or loss	-	-	23 137	23 137
Loans and other receivables from customers	-	-	9 134	9 134
Debt securities held for trading	-	-	14 003	14 003
<b>Total</b>	<b>7 338 303</b>	<b>1 017 591</b>	<b>23 137</b>	<b>8 379 031</b>

	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	2 729 524	166 714	-	2 896 238
Loans and advances	2 298 955	5 653	-	2 304 608
Interbank placements	112 668	-	-	112 668
Reverse repo transactions	54 172	-	-	54 172
Debt securities	263 729	161 061	-	424 790
Other interest income related to financial assets measured at fair value through profit or loss	-	-	7 343	7 343
Loans and other receivables from customers	-	-	2 423	2 423
Debt securities held for trading	-	-	4 920	4 920
<b>Total</b>	<b>2 729 524</b>	<b>166 714</b>	<b>7 343</b>	<b>2 903 581</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	4 731 899	295 405	-	5 027 304
Loans and advances	4 036 544	8 328	-	4 044 872
Interbank placements	150 667	-	-	150 667
Reverse repo transactions	78 405	-	-	78 405
Debt securities	466 283	287 077	-	753 360
Other interest income related to financial assets measured at fair value through profit or loss	-	-	11 237	11 237
Loans and other receivables from customers	-	-	3 827	3 827
Debt securities held for trading	-	-	7 410	7 410
<b>Total</b>	<b>4 731 899</b>	<b>295 405</b>	<b>11 237</b>	<b>5 038 541</b>

*Modification of expected cash flows related to mortgage loan agreements in PLN*

According to par. 5.4.3 of IFRS 9, introduced in July 2022 by the Act on social financing for business ventures and support to borrowers, rights for customers to suspend their loan repayments constitutes a modification of the expected cash flows and 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 from the loan 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, and recognition in the financial results the cost related to the modification of PLN mortgage loan agreements granted to consumers due to the suspension of loan repayments.

As at 30 June 2023, the Bank updated the above-mentioned estimates for:

- 1) current status as at the balance sheet date of the portfolio covered by the above-mentioned entitlements, i.e. the volume of loan agreements that meet the criteria for exercising the entitlements in the second half of 2023, and
- 2) the expected level of participation rate (use of rights under the Act) for the following months of 2023, i.e. taking into account the existing participation rate (participation level in terms of loan volume 69% as at 30 June 2023) and the observed trends, the Bank estimated the participation rate for 2023 at the level of 72%,
- 3) allocation of 60% of the suspended payments by borrowers using credit holidays for early loan repayment (compared to the previously estimated level of 50%).

The Bank maintained the originally adopted estimates with respect to use of the maximum repayment suspension period provided for in the Act.

Due to the fact that the above calculation is an estimate of the expected exercise 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. to the end of 2023 under the conditions specified in the Act, the final cost related to the above-mentioned modifications may change and will be charged to the Bank's current financial results.

**Interest expense**

	<b>II QUARTER 2023</b>	<b>I HALF 2023</b>	<b>II QUARTER 2022</b>	<b>I HALF 2022</b>
Deposits from customers	(1 210 910)	(2 329 140)	(260 547)	(338 593)
Interbank deposits	(21 037)	(42 560)	(27 494)	(37 019)
Repo transactions	(105 847)	(156 439)	(59 859)	(90 026)
Loans and advances received	(5 025)	(10 093)	(1 952)	(2 966)
Leasing	(5 074)	(9 392)	(3 561)	(6 750)
Debt securities	(97 032)	(230 076)	(70 114)	(92 393)
<b>Total</b>	<b>(1 444 925)</b>	<b>(2 777 700)</b>	<b>(423 527)</b>	<b>(567 747)</b>

## 7. Fee and commission income and expense

### Fee and commission income

	II QUARTER 2023	I HALF 2023	II QUARTER 2022	I HALF 2022
Accounts maintenance, payment orders and cash transactions	145 705	307 536	184 102	379 198
Payment cards	203 951	399 863	187 310	352 034
Loans and advances	114 952	209 725	98 018	177 388
Margin on foreign exchange transactions with clients	185 501	361 053	188 330	372 466
Service and sell investment and insurance products	40 514	79 314	39 474	73 688
Securities operations	38 825	76 681	27 212	60 311
Custody activity	17 043	34 111	18 856	38 776
Guarantees, letters of credit and similar transactions	21 670	44 000	23 575	45 170
Other	22 539	45 973	23 342	46 989
<b>Total</b>	<b>790 700</b>	<b>1 558 256</b>	<b>790 219</b>	<b>1 546 020</b>

### Fee and commission expense

	II QUARTER 2023	I HALF 2023	II QUARTER 2022	I HALF 2022
Payment cards	(124 580)	(242 357)	(110 821)	(203 063)
Money orders and transfers	(5 967)	(13 067)	(6 489)	(12 464)
Securities and derivatives operations	(13 766)	(30 672)	(11 878)	(25 445)
Acquisition services	(24 317)	(49 017)	(12 967)	(24 085)
Custody activity	(5 328)	(10 409)	(6 066)	(12 656)
Accounts maintenance	(1 407)	(2 598)	(1 443)	(2 519)
Other	(8 630)	(15 926)	(6 737)	(12 015)
<b>Total</b>	<b>(183 995)</b>	<b>(364 046)</b>	<b>(156 401)</b>	<b>(292 247)</b>

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

	II QUARTER 2023	I HALF 2023	II QUARTER 2022	I HALF 2022
Gains (losses) on loans and advances to customers measured mandatorily at fair value through profit or loss	(3 410)	(2 364)	1 478	618
Gains (losses) on securities measured mandatorily at fair value through profit or loss	9 787	25 268	(21 628)	(17 657)
Foreign exchange result	94 389	177 538	(33 453)	16 304
Gains (losses) on derivatives	33 631	88 182	16 195	10 981
Gains (losses) on securities held for trading	8 689	12 812	(4 680)	(4 119)
<b>Total</b>	<b>143 086</b>	<b>301 436</b>	<b>(42 088)</b>	<b>6 127</b>

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

### Realized gains

	II QUARTER 2023	I HALF 2023	II QUARTER 2022	I HALF 2022
Financial assets measured at amortised cost	8 971	12 234	3 236	4 190
Financial assets measured at fair value through other comprehensive income	7 381	11 519	2 864	8 207
Financial liabilities measured at amortized cost	-	-	57	64
<b>Total</b>	<b>16 352</b>	<b>23 753</b>	<b>6 157</b>	<b>12 461</b>

### Realized losses

	II QUARTER 2023	I HALF 2023	II QUARTER 2022	I HALF 2022
Financial assets measured at amortised cost	(3 681)	(13 909)	(13 252)	(23 764)
Financial assets measured at fair value through other comprehensive income	(105)	(181)	-	-
Financial liabilities measured at amortized cost	(40)	(69)	-	(2)
<b>Total</b>	<b>(3 826)</b>	<b>(14 159)</b>	<b>(13 252)</b>	<b>(23 766)</b>

<b>Net realized profit/loss</b>	<b>12 526</b>	<b>9 594</b>	<b>(7 095)</b>	<b>(11 305)</b>
---------------------------------	---------------	--------------	----------------	-----------------

## 10. Net allowances for expected credit losses

	II QUARTER 2023	I HALF 2023	II QUARTER 2022	I HALF 2022
Receivables from banks and the central bank	1 295	287	(12 160)	(15 631)
Loans and other financial assets measured at amortized cost (*)	(174 527)	(309 051)	(460 542)	(617 545)
Debt securities measured at amortized cost	(59 332)	(34 642)	(298 366)	(307 956)
Loans measured at fair value through other comprehensive income	578	(6 962)	(597)	(46)
Debt securities measured at fair value through other comprehensive income	2 561	2 820	(946)	(37)
Off-balance sheet commitments	12 969	12 216	(3 696)	9 977
Provision for legal risk regarding foreign currency mortgage loans	(97 431)	(62 440)	6 375	8 205
<b>Total</b>	<b>(254 555)</b>	<b>(363 130)</b>	<b>(471 566)</b>	<b>(615 077)</b>

(\*) In 2023 the Bank sold loans with a total gross carrying amount of PLN 264 458 thousand. The realized gross result on the transaction was PLN 8 550 thousand.

## 11. Other operating income and expenses

### Other operating income

	II QUARTER 2023	I HALF 2023	II QUARTER 2022	I HALF 2022
Gains on disposal of property, plant and equipment	6 408	7 391	4 225	6 501
Premises rental income, terminals and IT equipment	9 278	17 945	8 667	17 138
Compensation, recoveries, penalty fees and fines received	1 751	4 180	1 568	5 496
Miscellaneous income	3 221	18 669	1 488	5 877
Recovery of debt collection costs	2 931	7 827	3 994	9 384
Other	1 007	3 781	1 623	4 565
<b>Total</b>	<b>24 596</b>	<b>59 793</b>	<b>21 565</b>	<b>48 961</b>

**Other operating expenses**

	II QUARTER 2023	I HALF 2023	II QUARTER 2022	I HALF 2022
Provision for liabilities disputable and other provisions (*)	9 661	9 661	(24 634)	(26 799)
Provision for legal risk regarding foreign currency mortgage loans	(49 754)	(118 690)	(103 409)	(108 078)
Credit and factoring debt collection costs	(9 475)	(16 581)	(6 780)	(14 788)
Loss on disposal of property, plant and equipment and intangible assets	(387)	(523)	(156)	(224)
Card transactions monitoring costs	(5 358)	(10 244)	(4 834)	(8 984)
Sundry expenses	(852)	(2 079)	(2 223)	(4 091)
Costs of litigation and claims	(5 893)	(10 821)	(2 441)	(4 158)
Impairment allowance on fixed assets, litigations and other assets	(257)	(228)	(47 330)	(47 385)
Compensation, penalty fees and fines	(360)	(795)	483	(1 058)
Other	(1 320)	(10 758)	(5 693)	(9 544)
<b>Total</b>	<b>(63 995)</b>	<b>(161 058)</b>	<b>(197 017)</b>	<b>(225 109)</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 28).

## 12. General administrative expenses and depreciation

**Personnel expenses**

	II QUARTER 2023	I HALF 2023	II QUARTER 2022	I HALF 2022
Wages and salaries	(536 446)	(984 689)	(430 297)	(847 227)
Insurance and other charges related to employees	(99 023)	(180 691)	(77 073)	(148 182)
Share-based payments expenses	(5 772)	(11 544)	(5 405)	(10 531)
<b>Total</b>	<b>(641 241)</b>	<b>(1 176 924)</b>	<b>(512 775)</b>	<b>(1 005 940)</b>

**Other administrative expenses**

	II QUARTER 2023	I HALF 2023	II QUARTER 2022	I HALF 2022
Overheads	(299 974)	(617 914)	(357 690)	(567 375)
Tax on certain financial institutions	(217 664)	(436 987)	(214 375)	(416 133)
Fee paid for the Protection Scheme	-	-	(440 302)	(440 302)
Contributions to the Bank Guarantee Fund, including:	-	(188 215)	(57 040)	(321 707)
to the resolution fund	-	(188 215)	-	(207 627)
to the banks' guarantee fund	-	-	(57 040)	(114 080)
Fees to cover costs of supervision over banks (KNF)	-	(29 564)	-	(26 407)
Other taxes and fees	(8 702)	(20 298)	(8 628)	(17 130)
<b>Total</b>	<b>(526 340)</b>	<b>(1 292 978)</b>	<b>(1 078 035)</b>	<b>(1 789 054)</b>

**Depreciation**

	II QUARTER 2023	I HALF 2023	II QUARTER 2022	I HALF 2022
Property, plant and equipment	(77 641)	(153 829)	(75 479)	(152 278)
Intangible assets (*)	(68 560)	(137 053)	(53 442)	(142 712)
<b>Total</b>	<b>(146 201)</b>	<b>(290 882)</b>	<b>(128 921)</b>	<b>(294 990)</b>

<b>Total administrative expenses and depreciation</b>	<b>(1 313 782)</b>	<b>(2 760 784)</b>	<b>(1 719 731)</b>	<b>(3 089 984)</b>
---	--------------------	--------------------	--------------------	--------------------

## 13. Income tax

	II QUARTER 2023	I HALF 2023	II QUARTER 2022	I HALF 2022
<b>INCOME STATEMENT</b>				
<b>Current tax</b>	<b>(468 680)</b>	<b>(968 198 )</b>	<b>(9 464)</b>	<b>(9 761)</b>
Current tax charge in the income statement	(478 098)	(977 343)	-	-
Adjustments related to the current tax from previous years	10 221	10 221	(8 855)	(8 855)
Other taxes (e.g. withholding tax)	(803)	(1 076)	(609)	(906)
<b>Deferred tax</b>	<b>29 923</b>	<b>84 700</b>	<b>(271 957)</b>	<b>(581 492)</b>
Occurrence and reversal of temporary differences	29 923	84 700	(271 957)	(581 492)
<b>Tax charge in the separate income statement</b>	<b>(438 757)</b>	<b>(883 498)</b>	<b>(281 421)</b>	<b>(591 253)</b>
<b>EQUITY</b>				
<b>Current tax</b>				
<b>Deferred tax</b>	<b>(124 715)</b>	<b>(343 639)</b>	<b>307 762</b>	<b>608 494</b>
Income and costs disclosed in other comprehensive income:				
revaluation of financial instruments - cash flows hedges	(100 180)	(231 872)	231 591	419 326
fair value revaluation through other comprehensive income	(30 780)	(107 971)	68 737	176 735
<b>Tax on items that are or may be reclassified subsequently to profit or loss</b>	<b>(130 960)</b>	<b>(339 843)</b>	<b>300 328</b>	<b>596 061</b>
<b>Tax charge on items that will never be reclassified to profit or loss</b>	<b>6 245</b>	<b>(3 796)</b>	<b>7 434</b>	<b>12 433</b>
fair value revaluation through other comprehensive income – equity securities	1 173	(8 868)	10 777	15 776
remeasurements the defined benefit liabilities	5 072	5 072	(3 343)	(3 343)
<b>Total charge</b>	<b>(563 472)</b>	<b>(1 227 137)</b>	<b>26 341</b>	<b>17 241</b>

## 14. 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 2023	I HALF 2023	II QUARTER 2022	I HALF 2022
Net profit	1 861 355	3 235 021	628 658	1 460 512
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)	7.10	12.33	2.39	5.56

### 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 2023 and 30 June 2022 here were no diluting instruments in the form of convertible bonds in the Bank.

	II QUARTER 2023	I HALF 2023	II QUARTER 2022	I HALF 2022
Net profit	1 861 355	3 235 021	628 658	1 460 512
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)	7.10	12.33	2.39	5.56

## 15. Dividends

On 6 June 2023, the Ordinary General Meeting of Bank Pekao S.A. adopted a resolution on the distribution of the Bank's profit for 2022 in the amount of PLN 1 898 320 125.62. The amount of PLN 1 422 587 584.28 was allocated to the dividend for shareholders and PLN 475 732 541.34 for the reserve capital. The amount of dividend per share was PLN 5.42. The dividend record date was 4 July 2023, and the dividend payment date was 18 July 2023.

## 16. Cash and balances with Central Bank

CASH AND DUE FROM CENTRAL BANK	30.06.2023	31.12.2022
Cash	3 815 099	4 316 723
Current account at Central Bank	6 102 473	7 935 484
Deposits	-	1 190 408
Other	86	110
<b>Gross carrying amount</b>	<b>9 917 658</b>	<b>13 442 725</b>
Impairment allowances	(5 931)	(7 821)
<b>Net carrying amount</b>	<b>9 911 727</b>	<b>13 434 904</b>

## 17. Loans and advances to banks

Loans and advances to banks by product type

	30.06.2023	31.12.2022
Current accounts	693 215	946 452
Interbank placements	5 024 129	668 335
Loans and advances	668 158	381 114
Cash collaterals	909 629	2 159 979
Reverse repo transactions	199 857	755 684
Other	139 625	511 305
<b>Total gross amount</b>	<b>7 634 613</b>	<b>5 422 869</b>
Impairment allowances	(22 334)	(21 210)
<b>Total net amount</b>	<b>7 612 279</b>	<b>5 401 659</b>

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

### Fair value of trading derivatives

30.06.2023	ASSETS	LIABILITIES
Interest rate transactions		
Interest Rate Swaps (IRS)	10 183 282	10 009 830
Forward Rate Agreements (FRA)	37 658	40 034
options	84 475	91 986
other	2 594	706
Foreign currency and gold transactions		
Cross-Currency Interest Rate Swaps (CIRS)	111 388	161 758
Currency Forward Agreements	476 478	337 179
Currency Swaps (FX-Swap)	495 654	398 975
options for currency and gold	16 518	33 856
Transactions based on equity securities and stock indexes		
options	1 111	1 107
Transactions based on commodities and precious metals		
options	15 761	15 742
other	322 091	286 718
<b>Total</b>	<b>11 747 010</b>	<b>11 377 891</b>

### Fair value of trading derivatives

31.12.2022	ASSETS	LIABILITIES
Interest rate transactions		
Interest Rate Swaps (IRS)	13 486 595	13 347 045
Forward Rate Agreements (FRA)	40 125	36 501
options	98 847	109 757
other	4 541	183
Foreign currency and gold transactions		
Cross-Currency Interest Rate Swaps (CIRS)	192 004	790 078
Currency Forward Agreements	467 135	316 513
Currency Swaps (FX-Swap)	353 402	469 236
options for currency and gold	49 910	38 713
Transactions based on equity securities and stock indexes		
options	1 810	1 804
Transactions based on commodities and precious metals		
options	-	-
other	439 726	428 721
<b>Total</b>	<b>15 134 095</b>	<b>15 538 551</b>

## 19. Loans and advances to customers

Loans and advances to customers by product type

	30.06.2023			TOTAL
	AMORTISED COST	FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	FAIR VALUE THROUGH PROFIT OR LOSS	
Mortgage loans	70 998 848	50 072	7 953	71 056 873
Current accounts	16 240 253	-	-	16 240 253
Operating loans	16 485 697	-	7 751	16 493 448
Investment loans	27 098 897	110 395	9 323	27 218 615
Cash loans	13 078 146	-	-	13 078 146
Payment cards receivables	1 142 336	-	-	1 142 336
Factoring	2 378 140	-	-	2 378 140
Other loans and advances	3 756 201	-	174 119	3 930 320
Reverse repo transactions	3 344 419	-	-	3 344 419
Other	121 479	-	-	121 479
<b>Gross carrying amount</b>	<b>154 644 416</b>	<b>160 467</b>	<b>199 146</b>	<b>155 004 029</b>
Impairment allowances (*) (**)	(9 490 852)	-	-	(9 490 852)
<b>Carrying amount</b>	<b>145 153 564</b>	<b>160 467</b>	<b>199 146</b>	<b>145 513 177</b>

(\*) The impairment allowance for loans and advances to customers measured at fair value through other comprehensive income in the amount of PLN 1 656 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 1 550 703 thousand.

	31.12.2022			TOTAL
	AMORTISED COST	FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	FAIR VALUE THROUGH PROFIT OR LOSS	
Mortgage loans	72 086 231	49 685	9 262	72 145 178
Current accounts	15 075 455	-	-	15 075 455
Operating loans	14 639 351	-	11 647	14 650 998
Investment loans	26 768 715	253 697	11 396	27 033 808
Cash loans	12 767 146	-	-	12 767 146
Payment cards receivables	1 090 998	-	-	1 090 998
Factoring	2 526 639	-	-	2 526 639
Other loans and advances	5 148 383	-	151 615	5 299 998
Reverse repo transactions	1 337 846	-	-	1 337 846
Other	37 490	-	-	37 490
<b>Gross carrying amount</b>	<b>151 478 254</b>	<b>303 382</b>	<b>183 920</b>	<b>151 965 556</b>
Impairment allowances (*) (**)	(9 539 854)	-	-	(9 539 854)
<b>Carrying amount</b>	<b>141 938 400</b>	<b>303 382</b>	<b>183 920</b>	<b>142 425 702</b>

(\*) The impairment allowance for loans and advances to customers measured at fair value through other comprehensive income in the amount of PLN 4 476 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 1 574 873 thousand.

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

	30.06.2023					
	AMORTISED COST			FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (*)	FAIR VALUE THROUGH PROFIT OR LOSS	TOTAL
	GROSS CARRYING AMOUNT	IMPAIRMENT ALLOWANCES (**)	CARRYING AMOUNT			
Corporate	79 449 751	(5 694 959)	73 754 792	160 467	15 650	73 930 909
Individuals	73 761 475	(3 783 204)	69 978 271	-	174 120	70 152 391
Budget entities	1 433 190	(12 689)	1 420 501	-	9 376	1 429 877
<b>Loans and advances to customers</b>	<b>154 644 416</b>	<b>(9 490 852)</b>	<b>145 153 564</b>	<b>160 467</b>	<b>199 146</b>	<b>145 513 177</b>

(\*) The impairment allowance for loans and advances to customers measured at fair value through other comprehensive income in the amount of PLN 1 656 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 1 550 703 thousand.

	31.12.2022					
	AMORTISED COST			FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (*)	FAIR VALUE THROUGH PROFIT OR LOSS	TOTAL
	GROSS CARRYING AMOUNT	IMPAIRMENT ALLOWANCES (**)	CARRYING AMOUNT			
Corporate	75 210 415	(5 655 908)	69 554 507	303 382	18 218	69 876 107
Individuals	74 834 753	(3 762 914)	71 071 839	-	151 615	71 223 454
Budget entities	1 433 086	(121 032)	1 312 054	-	14 087	1 326 141
<b>Loans and advances to customers</b>	<b>151 478 254</b>	<b>(9 539 854)</b>	<b>141 938 400</b>	<b>303 382</b>	<b>183 920</b>	<b>142 425 702</b>

(\*) The impairment allowance for loans and advances to customers measured at fair value through other comprehensive income in the amount of PLN 4 476 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 1 574 873 thousand.

## 20. Securities

	30.06.2023	31.12.2022
Debt securities held for trading	1 641 886	1 756 649
Debt securities measured at amortised cost	74 788 312	62 459 489
Debt securities measured at fair value through other comprehensive income	15 704 569	21 385 872
Equity instruments held for trading	8 166	2 268
Equity instruments designated for measurement at fair value through other comprehensive income	398 526	359 659
Equity instruments mandatorily measured at fair value through profit or loss	199 555	187 189
<b>Total</b>	<b>92 741 014</b>	<b>86 151 126</b>

**Debt securities held for trading**

	30.06.2023	31.12.2022
Debt securities issued by central governments	1 268 308	673 701
T- bills	-	-
T- bonds	1 268 308	673 701
Debt securities issued by banks	15 528	30 483
Debt securities issued by business entities	357 823	1 052 036
Debt securities issued by local governments	227	429
<b>Total</b>	<b>1 641 886</b>	<b>1 756 649</b>

**Debt securities measured at amortised cost**

	30.06.2023	31.12.2022
Debt securities issued by central governments	33 739 431	27 797 030
T-bills	5 047 524	3 033 902
T-bonds	28 691 907	24 763 128
Debt securities issued by central banks	14 063 270	12 245 549
Debt securities issued by banks	13 188 482	9 819 420
Debt securities issued by business entities	10 001 176	8 880 773
Debt securities issued by local governments	3 795 953	3 716 717
<b>Total</b>	<b>74 788 312</b>	<b>62 459 489</b>
Impairment of assets	(177 103)	(154 426)

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

	30.06.2023	31.12.2022
Debt securities issued by central governments	6 632 746	7 670 730
T-bills	-	-
T-bonds	6 383 370	7 422 162
Other	249 376	248 568
Debt securities issued by central banks	998 700	998 900
Debt securities issued by banks	3 396 230	4 338 025
Debt securities issued by business entities	3 292 056	6 788 055
Debt securities issued by local governments	1 384 837	1 590 162
<b>Total</b>	<b>15 704 569</b>	<b>21 385 872</b>
Impairment of assets	(56 182)	(68 494)

(\*) 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**

	30.06.2023	31.12.2022
Shares	8 166	2 268
<b>Total</b>	<b>8 166</b>	<b>2 268</b>

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

	30.06.2023	31.12.2022
Shares	398 526	359 659
<b>Total</b>	<b>398 526</b>	<b>359 659</b>

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

	30.06.2023	31.12.2022
Shares	199 555	187 189
<b>Total</b>	<b>199 555</b>	<b>187 189</b>

## 21. Assets pledged as security for liabilities

TYPE OF TRANSACTION AS AT 30.06.2023	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)	127 732	111 161	127 710
Repo transactions	Bonds measured at fair value through other comprehensive income	1 089 882	1 134 075	1 091 651
<b>Total</b>		<b>1 217 614</b>	<b>1 245 236</b>	<b>1 219 361</b>

TYPE OF TRANSACTION AS AT 31.12.2022	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)	50 923	56 393	50 942
Repo transactions	Bonds measured at fair value through other comprehensive income	878 603	914 446	879 014
<b>Total</b>		<b>929 526</b>	<b>970 839</b>	<b>929 956</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 30.06.2023	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	743 749	710 000	-
Coverage of payment commitments to the guarantee fund for the Bank Guarantee Fund	bonds	313 202	300 000	173 465
Coverage of payment commitments to the resolution fund for the Bank Guarantee Fund	bonds	607 592	650 000	369 148
Lombard and technical loan	bonds	6 528 839	6 647 643	-
Other loans	bonds	200 031	202 700	196 489
Coverage of the Guarantee Fund for the Settlement of Stock Exchange Transactions to Central Securities Depository (KDPW)	cash deposits	32 005	32 005	-
Derivatives	bonds	22 649	22 561	7 174
Uncommitted Collateralized Intraday Technical Overdraft Facility Agreement	bonds	26 067	31 152	-

TYPE OF TRANSACTION AS AT 31.12.2022	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	741 156	710 000	-
Coverage of payment commitments to the guarantee fund for the Bank Guarantee Fund	bonds	310 489	300 000	173 465
Coverage of payment commitments to the resolution fund for the Bank Guarantee Fund	bonds	612 707	650 000	369 148
Lombard and technical loan	bonds	6 482 909	6 647 643	-
Other loans	bonds	275 753	283 900	206 521
Coverage of the Guarantee Fund for the Settlement of Stock Exchange Transactions to Central Securities Depository (KDPW)	cash deposits	36 334	36 334	-
Derivatives	bonds	37 314	36 453	14 655
Uncommitted Collateralized Intraday Technical Overdraft Facility Agreement	bonds	28 195	32 829	-

## 22. Intangible assets

	30.06.2023	31.12.2022
Intangible assets, including:	1 384 160	1 354 242
research and development expenditures	49 370	2 444
licenses and patents	725 774	789 942
other	2 614	3 239
assets under construction	606 402	558 617
Goodwill	53 539	53 539
<b>Total</b>	<b>1 437 699</b>	<b>1 407 781</b>

## 23. Property, plant and equipment

	30.06.2023	31.12.2022
Non-current assets, including:	1 577 569	1 375 768
land and buildings	1 065 070	880 256
machinery and equipment	337 995	332 833
transport vehicles	71 836	64 717
other	102 668	97 962
Non-current assets under construction and prepayments	94 263	125 301
<b>Total</b>	<b>1 671 832</b>	<b>1 501 069</b>

In the period from 1 January to 30 June 2023 the Bank acquired 'Property, plant and equipment' amounted PLN 320 353 thousand (in 2022 - PLN 147 660 thousand), while the net carrying amount of property, plant and equipment sold amounted to PLN 2 539 thousand (in 2022 - PLN 32 603 thousand).

In the period from 1 January to 30 June 2023 and in 2022 there have been no property, plant and equipment whose title is restricted and pledged as security for liabilities.

### Contractual commitments

As at 30 June 2023 the contractual commitments for the acquisition of property, plant and equipment amounted to PLN 9 352 thousand, (as at 31 December 2022 - PLN 11 815 thousand).

## 24. Amounts due to other banks

Amounts due to other banks by product type

	30.06.2023	31.12.2022
Current accounts	1 128 257	827 572
Interbank deposits and other liabilities	1 812 038	2 468 196
Loans and advances received	710 336	697 089
Repo transactions	127 710	50 942
Other	107 237	90 790
Lease liabilities	3	29
<b>Total</b>	<b>3 885 581</b>	<b>4 134 618</b>

## 25. Financial liabilities held for trading

Financial liabilities held for trading by issuer and product type

	30.06.2023	31.12.2022
Debt securities issued by central governments	592 191	874 591
t- bonds	592 191	874 591
<b>Total</b>	<b>592 191</b>	<b>874 591</b>

## 26. Amounts due to customers

Amounts due to customers by entity and product type

	30.06.2023	31.12.2022
Amounts due to corporate, including:	80 424 293	77 029 968
current accounts	61 448 705	58 156 522
term deposits and other liabilities	18 975 588	18 873 446
Amounts due to budget entities, including:	12 337 911	13 758 619
current accounts	10 510 647	12 158 968
term deposits and other liabilities	1 827 264	1 599 651
Amounts due to individuals, including:	127 449 044	118 671 766
current accounts	91 636 140	87 558 793
term deposits and other liabilities	35 812 904	31 112 973
Repo transactions	1 091 651	879 014
Other	314 456	341 984
Lease liabilities	510 794	307 226
<b>Total</b>	<b>222 128 149</b>	<b>210 988 577</b>

## 27. Debt securities issued

Debt securities issued by type

	30.06.2023	31.12.2022
Bonds	767 117	-
Certificates of deposit	416 520	5 893 923
<b>Total</b>	<b>1 183 637</b>	<b>5 893 923</b>

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

## 28. Provisions

Changes in provisions in the reporting period

I HALF 2023	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>537 484</b>	<b>10 864</b>	<b>238 993</b>	<b>449 402</b>	<b>157 325</b>	<b>1 394 068</b>
Provision charges/revaluation	119 084	-	42 412	270 590	11 544	443 630
Provision utilization	(30 076)	(2 662)	(5 170)	-	(13 638)	(51 546)
Provision releases	(10 054)	-	-	(208 150)	-	(218 204)
Foreign currency exchange differences	34	-	-	(5 424)	-	(5 390)
Other changes	-	-	-	-	-	-
<b>Closing balance</b>	<b>616 472</b>	<b>8 202</b>	<b>276 235</b>	<b>506 418</b>	<b>155 231</b>	<b>1 562 558</b>
Short term	2 388	8 202	21 545	91 476	-	123 611
Long term	614 084	-	254 690	414 942	155 231	1 438 947

(\*) Including the provision for legal risk regarding foreign currency mortgage loans in CHF in the amount of PLN 535 212 thousand (details of this provision are presented in Note 32.2) and a provision for early repayments of consumer loans in the amount of PLN 23 027 thousand as at 30 June 2023.

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	373 707	-	23 616	345 584	133 064	875 971
Provision utilization	(22 852)	(6 466)	(30 332)	-	(24 159)	(83 809)
Provision releases	(9 243)	-	-	(344 218)	-	(353 461)
Foreign currency exchange differences	1 600	-	-	7 241	-	8 841
Other changes	-	-	10 539	-	-	10 539
<b>Closing balance</b>	<b>537 484</b>	<b>10 864</b>	<b>238 993</b>	<b>449 402</b>	<b>157 325</b>	<b>1 394 068</b>
Short term	3 975	10 864	6 390	111 519	-	132 748
Long term	533 509	-	232 603	337 883	157 325	1 261 320

(\*) Including the provision for legal risk regarding foreign currency mortgage loans in CHF in the amount of PLN 425 273 thousand (details of this provision are presented in Note 32.2) and a provision for early repayments of consumer loans in the amount of PLN 35 220 thousand as at 31 December 2022.

## 29. Contingent commitments and contingent assets

### Court cases

As of 30 June 2023 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 association – a claim for payment of damages against the Bank and 3 other legal person for damages incurred in connection with irregularities committed by the defendants, according to the association, when offering the purchase of premises and financing the construction of a condohotel; value of the object of litigation PLN 86 703 762, litigation initiation date – 14 November 2022, in the present factual and legal circumstances the Bank assesses the funds outflow risk as possible,
  - 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. In the present factual and legal circumstances the Bank assesses the funds outflow risk in the amount of PLN 35 524 206.00 as possible,

- brought by a natural person – lawsuit for invalidation of the loan agreement and legal collateral agreements and payment of undue benefit, damages and compensation; value of the object of litigation PLN 30 469 753.05, litigation initiation date – 22 June 2023, in the present factual and legal circumstances, the Bank assesses the funds outflow risk as possible,
- 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 the guarantors for surety securing the repayment of the loan granted, value of the object of litigation PLN 136 495 075, litigation initiation date – 18 July 2022,
- 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,
- 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 2023 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 2023 is PLN 616 472 thousand (PLN 537 484 thousand as at 31 December 2022).

### Financial commitments granted

Financial commitments granted by entity

	30.06.2023	31.12.2022
Financial commitments granted to:		
banks	2 278 243	1 392 384
customers	47 819 565	56 950 590
budget entities	975 552	726 549
<b>Total</b>	<b>51 073 360</b>	<b>59 069 523</b>

**Guarantees issued**

Guarantees issued by entity

	30.06.2023	31.12.2022
Issued to banks:	2 706 513	4 052 845
guarantees	2 486 323	3 027 225
securities' underwriting guarantees	-	1 000 000
sureties	203 000	-
confirmed export letters of credit	17 190	25 620
Issued customers entities	23 133 877	23 860 227
guarantees	12 415 915	13 197 129
securities' underwriting guarantees	2 079 877	2 222 671
sureties	8 638 085	8 440 427
Issued to budget entities:	1 257 858	958 663
guarantees	22 891	23 106
securities' underwriting guarantees	1 234 967	935 557
<b>Total</b>	<b>27 098 248</b>	<b>28 871 735</b>

**Off-balance sheet commitments received**

Off-balance sheet commitments received by entity

	30.06.2023	31.12.2022
Financial received from:	245 537	1 419 903
banks	245 537	252 701
customers	-	1 167 202
budget entities	-	-
Guarantees received from:	29 973 439	40 119 313
banks	14 317 144	13 767 719
customers	12 550 691	13 698 895
budget entities	3 105 604	12 652 699
<b>Total</b>	<b>30 218 976</b>	<b>41 539 216</b>

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

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

Cash and cash equivalents

	30.06.2023	30.06.2023
Cash and amounts due from Central Bank	9 911 727	12 844 772
Loans and receivables from banks with maturity up to 3 months	6 908 411	9 926 406
<b>Cash and Cash equivalents presented in the cash flow statement</b>	<b>16 820 138</b>	<b>22 771 178</b>

Restricted availability cash and cash equivalents as at 30 June 2023 amounted to PLN 6 096 543 thousand (PLN 8 217 908 thousand as at 30 June 2022).

## 31. 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 2023

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	25	-	1 066	2 078	202 095	-	284 518
Entities of PZU S.A. Group excluding the Bank Pekao S.A. Group entities	5 538	-	139	9 573	268 427	1 867	-
<b>Bank Pekao S.A. Group entities</b>							
<b>Subsidiaries</b>							
Pekao Investment Banking S.A.	-	-	-	-	131 812	-	-
Pekao Leasing Sp. z o.o.	3 407 887	906 208	5 991	-	59 057	5 223	1 465
Pekao Faktoring Sp. z o.o.	2 981 752	388 646	-	-	828	-	669
Pekao Fundusz Kapitałowy Sp. z o.o. (in liquidation)	-	-	-	2	54 507	-	-
Centrum Kart S.A.	-	-	-	752	39 038	-	5 766
Pekao Financial Services Sp. z o. o.	-	-	-	-	13 228	-	-
Pekao Bank Hipoteczny S.A.	960 998	1 097 354	15 979	-	14 085	5 359	-
Pekao Property S.A. (in liquidation)	-	-	-	6 230	25 758	-	-
Pekao Direct Sp. z o.o.	-	-	-	-	14 596	-	8 355
FPB – Media Sp. z o. o. (in bankruptcy)	-	-	-	-	-	-	-
Pekao Investment Management S.A.	-	-	-	47 654	2 680	-	-
Pekao TFI S.A. (PIM S.A. subsidiary)	-	-	-	28 158	174 303	-	-
PEUF Sp. z o.o. (Pekao Leasing Sp. z o.o. subsidiary)	-	-	-	-	5 756	-	-
<b>Associates</b>							
Krajowy Integrator Płatności S.A.	-	-	-	21	49 529	-	-
<b>Total of Bank Pekao S.A. Group entities</b>	<b>7 350 637</b>	<b>2 392 208</b>	<b>21 970</b>	<b>82 817</b>	<b>585 177</b>	<b>10 582</b>	<b>16 255</b>
Key management personnel of the Bank Pekao S.A.	2 370	-	-	-	8 756	-	-
<b>Total</b>	<b>7 358 570</b>	<b>2 392 208</b>	<b>23 175</b>	<b>94 468</b>	<b>1 064 455</b>	<b>12 449</b>	<b>300 773</b>

## Related party transactions as at 31 December 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	8	-	3 991	27	185 051	-	5
Entities of PZU S.A. Group excluding the Bank Pekao S.A. Group entities	3 881	-	2 532	50	235 905	2 185	8
<b>Bank Pekao S.A. Group entities</b>							
<b>Subsidiaries</b>							
Pekao Investment Banking S.A.	-	-	-	-	142 815	-	-
Pekao Leasing Sp. z o.o.	1 588 304	2 947 383	2 360	-	38	7 847	-
Pekao Faktoring Sp. z o.o.	1 102 006	2 182 690	-	-	6 783	-	-
Pekao Fundusz Kapitałowy Sp. z o.o. (in liquidation)	-	-	-	1	53 451	-	-
Centrum Kart S.A.	-	-	-	1 443	42 638	-	5 689
Pekao Financial Services Sp. z o.o.	-	-	-	-	14 769	-	-
Pekao Bank Hipoteczny S.A.	837 501	1 234 790	43 901	-	92	10 975	-
Pekao Property S.A. (in liquidation)	-	-	-	6 230	25 400	-	-
Pekao Direct Sp. z o.o.	-	-	-	-	18 679	-	9 572
FPB – Media Sp. z o.o. (in bankruptcy)	8 971	-	-	-	-	-	-
Pekao Investment Management S.A.	-	-	-	-	940	-	-
Pekao TFI S.A. (PIM S.A. subsidiary)	-	-	-	5 691	15 285	-	-
PEUF Sp. z o.o. (Pekao Leasing Sp. z o.o. subsidiary)	-	-	-	-	8 404	-	-
<b>Associates</b>							
Krajowy Integrator Płatności S.A.	-	-	-	11	36 624	-	34
<b>Total of Bank Pekao S.A. Group entities</b>	<b>3 536 782</b>	<b>6 364 863</b>	<b>46 261</b>	<b>13 376</b>	<b>365 918</b>	<b>18 822</b>	<b>15 295</b>
Key management personnel of the Bank Pekao S.A.	1 065	-	-	-	8 566	-	-
<b>Total</b>	<b>3 541 736</b>	<b>6 364 863</b>	<b>52 784</b>	<b>13 453</b>	<b>795 440</b>	<b>21 007</b>	<b>15 308</b>

## Income and expenses from transactions with related parties for the period from 1 January 2023 to 30 June 2023

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	(933)	(9 428)	12 781	(269)	945	(4 365)
Entities of PZU S.A. Group excluding the Bank Pekao S.A. Group entities	167	(10 820)	13 088	(169)	440	(23 343)
<b>Bank Pekao S.A. Group entities</b>						
<b>Subsidiaries</b>						
Pekao Investment Banking S.A.	-	(4 379)	4	-	26	(100)
Pekao Leasing Sp. z o.o.	126 127	(2 197)	9 647	-	5 286	(10)
Pekao Faktoring Sp. z o.o.	91 966	(315)	4 776	-	301	-
Pekao Fundusz Kapitałowy Sp. z o.o. (in liquidation)	-	(1 178)	5	-	3	-
Centrum Kart S.A.	-	(489)	871	-	4 730	(30 812)
Pekao Financial Services Sp. z o.o.	-	(236)	39	-	55	-
Pekao Bank Hipoteczny S.A.	75 916	(224)	483	-	509	(2 775)
Pekao Direct Sp. z o.o. (ex. Centrum Bankowości Bezpośredniej Sp. z o.o.)	(222)	-	4	(27 136)	1 191	(28 160)
Pekao Property S.A. (in liquidation)	-	(521)	3	-	3	-
Pekao Investment Management S.A.	-	(46)	9	-	-	-
Pekao TFI S.A. (PIM S.A. subsidiary)	-	(2 611)	30 063	-	3	-
PEUF Sp. z o.o. (Pekao Leasing Sp. z o.o. subsidiary)	-	-	42	-	41	-
<b>Associates</b>						
Krajowy Integrator Płatności S.A.	-	(325)	161	(28)	-	-
<b>Total of Bank Pekao S.A. Group entities</b>	<b>293 787</b>	<b>(12 521)</b>	<b>46 107</b>	<b>(27 164)</b>	<b>12 148</b>	<b>(61 857)</b>
Key management personnel of the Bank Pekao S.A.	59	(216)	-	-	-	-
<b>Total</b>	<b>293 080</b>	<b>(32 985)</b>	<b>71 976</b>	<b>(27 602)</b>	<b>13 533</b>	<b>(89 565)</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>

## Off-balance sheet financial liabilities and guarantees as at 30 June 2023

NAME OF ENTITY	GRANTED		RECEIVED	
	FINANCIAL	GUARANTEES	FINANCIAL	GUARANTEES
PZU S.A. – the Bank's parent entity	7 695	15 000	-	-
Entities of PZU S.A. Group excluding the Bank Pekao S.A. Group entities	12 516	10 046	-	-
<b>Bank Pekao S.A. Group entities</b>				
<b>Subsidiaries</b>				
Pekao Investment Banking S.A.	68	-	-	-
Pekao Leasing Sp. z o.o.	1 401 336	10 681 638	-	-
Pekao Faktoring Sp. z o.o.	3 285 453	3 734 505	-	-
Centrum Kart S.A.	50	3 000	-	-
Pekao Financial Services Sp. z o. o.	60	938	-	-
Pekao Bank Hipoteczny S.A.	783 625	1 300 284	-	-
Pekao Direct Sp. z o.o.	60	-	-	-
Pekao TFI S.A. (PIM S.A. subsidiary)	127	-	-	-
<b>Associates</b>				
Krajowy Integrator Płatności S.A.	-	1 500	-	-
<b>Total of Bank Pekao S.A. Group entities</b>	<b>5 470 779</b>	<b>15 721 865</b>	-	-
Key management personnel of the Bank Pekao S.A.	349	-	-	-
<b>Total</b>	<b>5 491 339</b>	<b>15 746 911</b>	-	-

## Off-balance sheet financial liabilities and guarantees as at 31 December 2022

NAME OF ENTITY	GRANTED		RECEIVED	
	FINANCIAL	GUARANTEES	FINANCIAL	GUARANTEES
PZU S.A. – the Bank's parent entity	3 028	15 000	-	-
Entities of PZU S.A. Group excluding the Bank Pekao S.A. Group entities	9 566	10 046	-	-
<b>Bank Pekao S.A. Group entities</b>				
<b>Subsidiaries</b>				
Pekao Investment Banking S.A.	69	-	-	-
Pekao Leasing Sp. z o.o.	3 785 885	10 125 919	-	-
Pekao Faktoring Sp. z o.o.	3 537 290	4 361 159	-	-
Centrum Kart S.A.	54	3 000	-	-
Pekao Financial Services Sp. z o. o.	60	989	-	-
Pekao Bank Hipoteczny S.A.	919 474	2 300 299	-	-
Pekao Direct Sp. z o.o.	61	-	-	-
Pekao TFI S.A. (PIM S.A. subsidiary)	128	-	-	-
<b>Associates</b>				
Krajowy Integrator Płatności S.A.	-	1 500	-	-
<b>Total of Bank Pekao S.A. Group entities</b>	<b>8 243 021</b>	<b>16 792 866</b>	-	-
Key management personnel of the Bank Pekao S.A.	1 382	-	-	-
<b>Total</b>	<b>8 256 997</b>	<b>16 817 912</b>	-	-

### Transactions with the State Treasury

The Bank's transactions with the State Treasury were mostly related to treasury securities (Note 20) and banking services. These transactions are concluded and settled on terms obtainable by customers who are not related parties.

The Bank uses the exemption provided for in IAS 24 'Related Party Disclosures' paragraph 25 and does not disclose more detailed information in relation to transactions with the above entity and its related parties.

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

	VALUE OF BENEFITS	
	I HALF 2023	I HALF 2022
<b>Management Board of the Bank</b>		
Short-term employee benefits (*)	5 878	5 268
Long-term benefits (**)	2 528	1 989
Share-based payments (***)	2 468	1 951
<b>Total</b>	<b>10 874</b>	<b>9 208</b>
<b>Supervisory Board of the Bank</b>		
Short-term employee benefits (*)	899	746
<b>Total</b>	<b>899</b>	<b>746</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 2023 and in the period from 1 January to 30 June 2022.

## 32. Risk management and fair value

### 32.1. 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 2022.

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.

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 2022.

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

In connection with Russia's armed attack on Ukraine, which has been ongoing since 2022, the Bank identifies the following threats in the area of credit risk:

- credit loss risk for exposures to entities from Russia, Belarus and Ukraine, with the Bank's exposure in this regard mostly covered by KUKE 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.).

As at 30 June 2023, the Bank's balance sheet net exposure to countries involved in the conflict amounted to PLN 160 million (which represents 0.10% of the Bank's total exposure), and as at 31 December 2022 amounted to PLN 225 million (which represents 0.15% 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 2023 and 31 December 2022.

30.06.2023	UKRAINE	RUSSIA	BELARUS	TOTAL
<b>Balance sheet exposures</b>				
Loans and advances to banks	-	-	79 885	79 885
Loans and advances to customers (including receivables from finance leases)	33 844	83	49 823	83 750
<b>Gross carrying amount</b>	<b>33 844</b>	<b>83</b>	<b>129 708</b>	<b>163 635</b>
Impairment allowances	(942)	(64)	(2 432)	(3 438)
<b>Net carrying amount</b>	<b>32 902</b>	<b>19</b>	<b>127 276</b>	<b>160 197</b>
<b>Off- balance sheet exposures</b>				
Financial commitments granted	99	13	34	146
Guarantees issued	-	-	-	-
<b>Total nominal value</b>	<b>99</b>	<b>13</b>	<b>34</b>	<b>146</b>
Impairment allowances of granted off-balance sheet liabilities	-	-	-	-

31.12.2022	UKRAINE	RUSSIA	BELARUS	TOTAL
<b>Balance sheet exposures</b>				
Loans and advances to banks	-	-	127 674	127 674
Loans and advances to customers (including receivables from finance leases)	38 126	74	62 691	100 891
<b>Gross carrying amount</b>	<b>38 126</b>	<b>74</b>	<b>190 365</b>	<b>228 565</b>
Impairment allowances	(863)	(55)	(3 039)	(3 957)
<b>Net carrying amount</b>	<b>37 263</b>	<b>19</b>	<b>187 326</b>	<b>224 608</b>
<b>Off- balance sheet exposures</b>				
Financial commitments granted	134	13	31	178
Guarantees issued	-	70 349	-	70 349
<b>Total nominal value</b>	<b>134</b>	<b>70 362</b>	<b>31</b>	<b>70 527</b>
Impairment allowances of granted off-balance sheet liabilities	-	(7 035)	-	(7 035)

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 first half of 2023, the Bank did not change its approach to identifying a significant deterioration in credit risk being the basis for qualifying exposures to stage 2 and the approach regarding classification to stage 3.

Compared to the assumptions used in 2022, in the first half of 2023 no changes were made to the rules for calculating an expected credit losses. In particular, compared to the end of 2022, the Bank did not introduce any significant changes in forecasting the quality of the portfolio and continues to use trend analyzes for retail portfolios and quantitative/expert analysis for other portfolios. Due to the instability of internal and external conditions, the probability of materialization of the negative scenario is still high (50%).

Keeping the solution worked out in 2022, the Bank selected customers operating in higher-risk industries and increased PD on them by 100%, resulting in a PLN 199 million increase in expected credit losses in the working capital portfolio. This impact was taken into account for loans with a total gross carrying amount of PLN 12 083 million. The analysis of industries took into account the indirect impact of the armed conflict in Ukraine, the marked deceleration in domestic demand and investment, the burden of interest costs resulting from loans and advances (due to the high level of NBP interest rates) and the demand of individual branches of industrial processing. Adjusted industries with the largest share in the Bank's loan portfolio are, by PKD division, as follows: 77 rental and leasing, 49 land transport and pipeline transport, 41 construction works for the erection of buildings, 23 manufacture of other non-metallic mineral products, 16 manufacture of products of wood, cork, straw (excluding furniture), 86 healthcare and 93 sports, entertainment and recreation activities. The analysis of industries took into account the indirect impact of the armed conflict in Ukraine.

#### *Sensitivity analysis concerning the forecast of the macroeconomic situation*

The Bank estimates probability weighted expected credit losses taking into account 3 macro-economic scenarios: baseline (occurring with a probability of 45%), upward (assuming positive change of the quality of the portfolio in the next years compared to the baseline, occurring with a probability of 5%) and downward (assuming worsening of the quality of the portfolio in the next years compared to the baseline that could occur 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) (in millions of zlotys).

30.06.2023	BASLINE SCENARIO	UPWARD SCENARIO	DOWNWARD SCENARIO
Changes in expected credit losses for exposures without impairment (Stages 1 and 2) assuming 100% implementation of the scenario	(216.1)	(903.3)	305.5

31.12.2022	BASLINE SCENARIO	UPWARD SCENARIO	DOWNWARD SCENARIO
Changes in expected credit losses for exposures without impairment (Stages 1 and 2) assuming 100% implementation of the scenario	(212.5)	(910.8)	294.7

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.2023. 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).

DELTA PARAMETER	SCENARIO		
	STATISTICAL ANALYSIS		INDIVIDUAL ANALYSIS
	PD CHANGE	RECOVERY RATE CHANGE (1-LGD)	DEBT COLLECTION CHANGE
-10.0%	n/a	n/a	30.1
-5.0%	(94.4)	230.0	n/a
-1.0%	(24.7)	46.0	n/a
1.0%	17.9	(46.0)	n/a
5.0%	90.4	(230.0)	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)		PURCHASED OR ORIGINATED CREDIT- IMPAIRED (POCI)	
			INDIVIDUAL ASSESSMENT	GROUP ASSESSMENT		
<b>GROSS CARRYING AMOUNT</b>						
<b>GROSS CARRYING AMOUNT AS AT 1.01.2023</b>	<b>14 421 047</b>	<b>116</b>	<b>127 674</b>	<b>29</b>	<b>5</b>	<b>14 548 871</b>
Transfer to Stage 1	-	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-	-
New / purchased / granted financial assets	5 893 345	-	-	-	-	5 893 345
Financial assets derecognised, other than write-offs (repayments)	(6 485 201)	-	(43 131)	-	-	(6 528 332)
Financial assets written off (**)	-	-	-	-	-	-
Other, in this changes resulting from exchange rates	(172 043)	(6)	(4 658)	(8)	3	(176 712)
<b>GROSS CARRYING AMOUNT AS AT 30.06.2023</b>	<b>13 657 148</b>	<b>110</b>	<b>79 885</b>	<b>21</b>	<b>8</b>	<b>13 737 172</b>
<b>IMPAIRMENT ALLOWANCE</b>						
<b>IMPAIRMENT ALLOWANCE AS AT 1.01.2023</b>	<b>26 779</b>	<b>-</b>	<b>2 251</b>	<b>1</b>	<b>-</b>	<b>29 031</b>
Changes in balances included in the income statement (table in the Note 10), of which:	(165)	-	(122)	-	-	(287)
New / purchased / granted financial assets	8 607	-	-	-	-	8 607
Financial assets derecognised, other than write-offs (repayments)	(1 209)	-	-	-	-	(1 209)
Changes in level of credit risk (excluding the transfers between the Stages)	(7 563)	-	(122)	-	-	(7 685)
Transfer to Stage 1	-	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-	-
Financial assets written off	-	-	-	-	-	-
Other, in this changes resulting from exchange rates	(125)	-	(354)	-	-	(479)
<b>IMPAIRMENT ALLOWANCE AS AT 30.06.2023</b>	<b>26 489</b>	<b>-</b>	<b>1 775</b>	<b>1</b>	<b>-</b>	<b>28 265</b>

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

	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)		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>4 953 960</b>	<b>49 296</b>	<b>-</b>	<b>40</b>	<b>-</b>	<b>5 003 296</b>
Transfer to Stage 1	11	(11)	-	-	-	-
Transfer to Stage 2	(7)	14	-	(7)	-	-
Transfer to Stage 3	(127 688)	(1)	127 687	1	-	(1)
New / purchased / granted financial assets	11 699 543	-	-	-	5	11 699 548
Financial assets derecognised, other than write-offs (repayments)	(2 201 989)	(49 191)	-	(4)	-	(2 251 184)
Financial assets written off (**)	-	-	(13)	-	-	(13)
Other, in this changes resulting from exchange rates	97 217	9	-	(1)	-	97 225
<b>GROSS CARRYING AMOUNT AS AT 31.12.2022</b>	<b>14 421 047</b>	<b>116</b>	<b>127 674</b>	<b>29</b>	<b>5</b>	<b>14 548 871</b>
<b>IMPAIRMENT ALLOWANCE</b>						
<b>IMPAIRMENT ALLOWANCE AS AT 1.01.2022</b>	<b>7 731</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>7 732</b>
Changes in balances included in the income statement, of which:	19 278	-	1 723	(1)	-	21 000
New / purchased / granted financial assets	4 271	-	-	-	-	4 271
Financial assets derecognised, other than write-offs (repayments)	(1 124)	-	-	-	-	(1 124)
Changes in level of credit risk (excluding the transfers between the Stages)	16 131	-	1 723	(1)	-	17 853
Transfer to Stage 1	-	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-	-
Transfer to Stage 3	(542)	-	542	-	-	-
Financial assets written off (**)	-	-	(13)	-	-	(13)
Other, in this changes resulting from exchange rates	312	-	(1)	1	-	312
<b>IMPAIRMENT ALLOWANCE AS AT 31.12.2022</b>	<b>26 779</b>	<b>-</b>	<b>2 251</b>	<b>1</b>	<b>-</b>	<b>29 031</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 13 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 1.01.2023</b>	<b>122 797 921</b>	<b>18 522 695</b>	<b>3 929 766</b>	<b>4 899 573</b>	<b>1 328 299</b>	<b>151 478 254</b>	<b>303 382</b>	<b>-</b>	<b>303 382</b>
Transfer to Stage 1	4 485 181	(4 337 207)	(26 763)	(121 211)	-	-	-	-	-
Transfer to Stage 2	(5 003 782)	5 121 439	(6 351)	(111 306)	-	-	-	-	-
Transfer to Stage 3	(533 390)	(919 741)	728 762	724 369	-	-	-	-	-
New / purchased / granted financial assets	31 221 369	-	-	-	34 401	31 255 770	-	-	-
Financial assets derecognised, other than write-offs (repayments)	(24 007 858)	(2 338 540)	(676 037)	(371 199)	(93 470)	(27 487 104)	(145 962)	-	(145 962)
Financial assets written off (*)	-	-	(157 245)	(246 638)	(29 934)	(433 817)	-	-	-
Modifications not resulting in derecognition	(1 855)	(245)	-	(67)	46	(2 121)	-	-	-
Adjustment related to credit holidays (****)	489 944	48 775	16	2 687	184	541 606	-	-	-
Other, in this changes resulting from exchange rates	(907 657)	(232 051)	76 029	123 167	232 340	(708 172)	3 047	-	3 047
<b>GROSS CARRYING AMOUNT AS AT 30.06.2023</b>	<b>128 539 873</b>	<b>15 865 125</b>	<b>3 868 177</b>	<b>4 899 375</b>	<b>1 471 866</b>	<b>154 644 416</b>	<b>160 467</b>	<b>-</b>	<b>160 467</b>
<b>IMPAIRMENT ALLOWANCE (**)</b>									
<b>IMPAIRMENT ALLOWANCE AS AT 1.01.2023</b>	<b>828 419</b>	<b>1 227 594</b>	<b>3 183 063</b>	<b>3 537 316</b>	<b>763 462</b>	<b>9 539 854</b>	<b>4 476</b>	<b>-</b>	<b>4 476</b>
Changes in balances included in the income statement (table in the Note 10), of which:	(108 184)	126 950	102 728	192 913	(5 356)	309 051	(2 820)	-	(2 820)
New / purchased / granted financial assets	201 718	-	-	-	2 425	204 143	-	-	-
Financial assets derecognised, other than write-offs (repayments)	(69 259)	(39 911)	(16 263)	(26 668)	(10 046)	(162 147)	(1 654)	-	(1 654)
Changes in level of credit risk (excluding the transfers between the Stages) (***)	(240 643)	166 861	118 991	219 581	2 265	267 055	(1 166)	-	(1 166)
Transfer to Stage 1	197 415	(185 339)	(130)	(11 946)	-	-	-	-	-
Transfer to Stage 2	(63 462)	95 155	(209)	(31 484)	-	-	-	-	-
Transfer to Stage 3	(23 113)	(122 034)	59 955	85 192	-	-	-	-	-
Financial assets written off (*)	-	-	(157 245)	(246 638)	(29 934)	(433 817)	-	-	-
Other, in this changes resulting from exchange rates	(15 047)	(60 483)	(306 153)	171 479	285 968	75 764	-	-	-
<b>IMPAIRMENT ALLOWANCE AS AT 30.06.2023</b>	<b>816 028</b>	<b>1 081 843</b>	<b>2 882 009</b>	<b>3 696 832</b>	<b>1 014 140</b>	<b>9 490 852</b>	<b>1 656</b>	<b>-</b>	<b>1 656</b>

(\*) Including the value of contractual interest subject to partial write-off in the amount of PLN 350 595 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 1 550 703 thousand.

(\*\*\*\*) Settlement of a part of the result related to the modification of PLN mortgage loan agreements granted to consumers due to their suspension of loan repayments in the first half of 2023 (details in Note 6).

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 2023 amounted to PLN 36 161 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	9 969 697	(9 750 468)	(120 135)	(99 094)	-	-	49 685	(49 685)	-
Transfer to Stage 2	(9 776 236)	10 054 405	(73 238)	(204 931)	-	-	-	-	-
Transfer to Stage 3	(1 070 958)	(1 892 161)	321 402	2 641 717	-	-	-	-	-
New / purchased / granted financial assets	39 501 486	-	-	-	126 716	39 628 202	150 000	-	150 000
Financial assets derecognised, other than write-offs (repayments)	(33 543 277)	(3 859 418)	(286 141)	(498 471)	(76 513)	(38 263 820)	(7 865)	(183 260)	(191 125)
Financial assets written off (*)	-	-	(292 700)	(338 920)	(5 113)	(636 733)	-	-	-
Modifications not resulting in derecognition	(4 470)	(511)	-	(144)	-	(5 125)	-	-	-
Adjustment related to credit holidays (****)	(911 337)	(91 130)	(59)	(4 829)	(336)	(1 007 691)	-	-	-
Other, in this changes resulting from exchange rates	533 786	292 956	265 623	131 109	331 587	1 555 061	(3 578)	1 944	(1 634)
<b>GROSS CARRYING AMOUNT AS AT 31.12.2022</b>	<b>122 797 921</b>	<b>18 522 695</b>	<b>3 929 766</b>	<b>4 899 573</b>	<b>1 328 299</b>	<b>151 478 254</b>	<b>303 382</b>	<b>-</b>	<b>303 382</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>
Changes in balances included in the income statement, of which:	(52 711)	290 875	20 901	1 599 987	6 401	1 865 453	1 270	(2 977)	(1 707)
New / purchased / granted financial assets	259 787	-	-	-	11 175	270 962	1 778	-	1 778
Financial assets derecognised, other than write-offs (repayments)	(100 859)	(68 799)	(13 319)	(49 265)	(4 123)	(236 365)	-	(1 405)	(1 405)
Changes in level of credit risk (excluding the transfers between the Stages) (***)	(211 639)	359 674	34 220	1 649 252	(651)	1 830 856	(508)	(1 572)	(2 080)
Transfer to Stage 1	430 370	(373 261)	(30 946)	(26 163)	-	-	1 253	(1 253)	-
Transfer to Stage 2	(74 713)	162 698	(14 670)	(73 315)	-	-	-	-	-
Transfer to Stage 3	(194 786)	(200 639)	21 858	373 567	-	-	-	-	-
Financial assets written off (*)	-	-	(292 700)	(338 920)	(5 113)	(636 733)	-	-	-
Other, in this changes resulting from exchange rates	142 235	310 905	245 091	(208 508)	531 513	1 021 236	-	-	-
<b>IMPAIRMENT ALLOWANCE AS AT 31.12.2022</b>	<b>828 419</b>	<b>1 227 594</b>	<b>3 183 063</b>	<b>3 537 316</b>	<b>763 462</b>	<b>9 539 854</b>	<b>4 476</b>	<b>-</b>	<b>4 476</b>

(\*) Including the value of contractual interest subject to partial write-off in the amount of PLN 487 513 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 1 574 873 thousand.

(\*\*\*\*) Recognition of the result related to the modification of PLN mortgage loan agreements granted to consumers due to their suspension of loan repayments and settlement of a part of this result in 2022 (details in Note 6).

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 2022 amounted to PLN 56 263 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>									
<b>GROSS CARRYING AMOUNT AS AT 1.01.2023</b>	<b>58 737 937</b>	<b>10 086 833</b>	<b>3 748 680</b>	<b>1 389 470</b>	<b>1 247 495</b>	<b>75 210 415</b>	<b>303 382</b>	<b>-</b>	<b>303 382</b>
Transfer to Stage 1	3 246 435	(3 156 409)	(26 763)	(63 263)	-	-	-	-	-
Transfer to Stage 2	(3 325 262)	3 344 299	(6 345)	(12 692)	-	-	-	-	-
Transfer to Stage 3	(436 646)	(586 717)	730 001	293 362	-	-	-	-	-
New / purchased / granted financial assets	26 219 391	-	-	-	21 881	26 241 272	-	-	-
Financial assets derecognised, other than write-offs (repayments)	(18 564 704)	(1 634 853)	(563 316)	(170 868)	(81 610)	(21 015 351)	(145 962)	-	(145 962)
Financial assets written off	-	-	(150 990)	(86 344)	(29 862)	(267 196)	-	-	-
Modifications not resulting in derecognition	(1 501)	6	-	-	51	(1 444)	-	-	-
Other, in this changes resulting from exchange rates	(869 312)	(212 992)	70 889	73 753	219 717	(717 945)	3 047	-	3 047
<b>GROSS CARRYING AMOUNT AS AT 30.06.2023</b>	<b>65 006 338</b>	<b>7 840 167</b>	<b>3 802 156</b>	<b>1 423 418</b>	<b>1 377 672</b>	<b>79 449 751</b>	<b>160 467</b>	<b>-</b>	<b>160 467</b>
<b>IMPAIRMENT ALLOWANCE (*)</b>									
<b>IMPAIRMENT ALLOWANCE AS AT 1.01.2023</b>	<b>637 720</b>	<b>346 570</b>	<b>3 009 361</b>	<b>923 053</b>	<b>739 204</b>	<b>5 655 908</b>	<b>4 476</b>	<b>-</b>	<b>4 476</b>
Changes in balances included in the income statement (table in the Note 10), of which:	(6 783)	30 522	102 959	(18 988)	(3 268)	104 442	(2 820)	-	(2 820)
New / purchased / granted financial assets	160 010	-	-	-	662	160 672	-	-	-
Financial assets derecognised, other than write-offs (repayments)	(57 490)	(20 252)	(15 469)	(6 506)	(8 767)	(108 484)	(1 654)	-	(1 654)
Changes in level of credit risk (excluding the transfers between the Stages)	(109 303)	50 774	118 428	(12 482)	4 837	52 254	(1 166)	-	(1 166)
Transfer to Stage 1	75 860	(72 869)	(130)	(2 861)	-	-	-	-	-
Transfer to Stage 2	(49 898)	52 157	(203)	(2 056)	-	-	-	-	-
Transfer to Stage 3	(19 568)	(48 514)	61 069	7 013	-	-	-	-	-
Financial assets written off	-	-	(150 990)	(86 344)	(29 862)	(267 196)	-	-	-
Other, in this changes resulting from exchange rates	(18 691)	(26 875)	(200 099)	172 249	275 221	201 805	-	-	-
<b>IMPAIRMENT ALLOWANCE AS AT 30.06.2023</b>	<b>618 640</b>	<b>280 991</b>	<b>2 821 967</b>	<b>992 066</b>	<b>981 295</b>	<b>5 694 959</b>	<b>1 656</b>	<b>-</b>	<b>1 656</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>									
<b>GROSS CARRYING AMOUNT AS AT 1.01.2022</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>
Transfer to Stage 1	4 156 242	(4 025 883)	(120 135)	(10 224)	-	-	49 685	(49 685)	-
Transfer to Stage 2	(6 473 804)	6 547 185	(69 776)	(3 605)	-	-	-	-	-
Transfer to Stage 3	(689 110)	(221 100)	309 248	600 962	-	-	-	-	-
New / purchased / granted financial assets	30 751 014	-	-	-	99 338	30 850 352	150 000	-	150 000
Financial assets derecognised, other than write-offs (repayments)	(22 173 388)	(1 702 765)	(275 755)	(129 642)	(68 892)	(24 350 442)	(7 865)	(183 260)	(191 125)
Financial assets written off	-	-	(282 431)	(137 486)	(5 098)	(425 015)	-	-	-
Modifications not resulting in derecognition	(2 754)	175	-	1	-	(2 578)	-	-	-
Other, in this changes resulting from exchange rates	279 856	84 088	254 822	82 463	326 337	1 027 566	(3 578)	1 944	(1 634)
<b>GROSS CARRYING AMOUNT AS AT 31.12.2022</b>	<b>58 737 937</b>	<b>10 086 833</b>	<b>3 748 680</b>	<b>1 389 470</b>	<b>1 247 495</b>	<b>75 210 415</b>	<b>303 382</b>	<b>-</b>	<b>303 382</b>
<b>IMPAIRMENT ALLOWANCE (*)</b>									
<b>IMPAIRMENT ALLOWANCE AS AT 1.01.2022</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>
Changes in balances included in the income statement, of which:	82 868	140 150	13 243	449 714	14 389	700 364	1 270	(2 977)	(1 707)
New / purchased / granted financial assets	201 857	-	-	-	6 959	208 816	1 778	-	1 778
Financial assets derecognised, other than write-offs (repayments)	(82 017)	(29 868)	(13 319)	(12 989)	(2 149)	(140 342)	-	(1 405)	(1 405)
Changes in level of credit risk (excluding the transfers between the Stages)	(36 972)	170 018	26 562	462 703	9 579	631 890	(508)	(1 572)	(2 080)
Transfer to Stage 1	179 615	(148 181)	(30 946)	(488)	-	-	1 253	(1 253)	-
Transfer to Stage 2	(73 295)	88 633	(13 461)	(1 877)	-	-	-	-	-
Transfer to Stage 3	(127 431)	(94 919)	17 334	205 016	-	-	-	-	-
Financial assets written off	-	-	(282 431)	(137 486)	(5 098)	(425 015)	-	-	-
Other, in this changes resulting from exchange rates	134 953	91 488	240 991	(353 663)	517 351	631 120	-	-	-
<b>IMPAIRMENT ALLOWANCE AS AT 31.12.2022</b>	<b>637 720</b>	<b>346 570</b>	<b>3 009 361</b>	<b>923 053</b>	<b>739 204</b>	<b>5 655 908</b>	<b>4 476</b>	<b>-</b>	<b>4 476</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.

LOANS AND ADVANCES TO CUSTOMERS MEASURED AT AMORTISED COST						
MORTGAGE LOANS 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 1.01.2023</b>	<b>53 460 320</b>	<b>6 187 685</b>	<b>41 553</b>	<b>2 343 492</b>	<b>49 265</b>	<b>62 082 315</b>
Transfer to Stage 1	817 734	(780 067)	-	(37 667)	-	-
Transfer to Stage 2	(1 108 978)	1 160 197	-	(51 219)	-	-
Transfer to Stage 3	(35 365)	(190 314)	(1 196)	226 875	-	-
New / purchased / granted financial assets	1 900 889	-	-	-	6 308	1 907 197
Financial assets derecognised, other than write-offs (repayments)	(3 170 667)	(340 066)	(669)	(128 219)	(3 251)	(3 642 872)
Financial assets written off	-	-	(3 878)	(61 565)	-	(65 443)
Modifications not resulting in derecognition	(152)	(12)	-	-	(1)	(165)
Adjustment related to credit holidays	489 909	48 720	16	2 684	164	541 493
Other, in this changes resulting from exchange rates	(93 194)	(34 101)	2 896	(22 488)	4 659	(142 228)
<b>GROSS CARRYING AMOUNT AS AT 30.06.2023</b>	<b>52 260 496</b>	<b>6 052 042</b>	<b>38 722</b>	<b>2 271 893</b>	<b>57 144</b>	<b>60 680 297</b>
<b>IMPAIRMENT ALLOWANCE</b>						
<b>IMPAIRMENT ALLOWANCE AS AT 1.01.2023</b>	<b>58 229</b>	<b>559 668</b>	<b>34 676</b>	<b>1 811 284</b>	<b>19 778</b>	<b>2 483 635</b>
Changes in balances included in the income statement (table in the Note 10), of which:	(57 481)	41 074	205	154 622	1 098	139 518
New / purchased / granted financial assets	275	-	-	-	521	796
Financial assets derecognised, other than write-offs (repayments)	(1 387)	(5 161)	(375)	(9 865)	(784)	(17 572)
Changes in level of credit risk (excluding the transfers between the Stages)	(56 369)	46 235	580	164 487	1 361	156 294
Transfer to Stage 1	53 913	(49 042)	-	(4 871)	-	-
Transfer to Stage 2	(545)	15 324	-	(14 779)	-	-
Transfer to Stage 3	(159)	(18 551)	(1 075)	19 785	-	-
Financial assets written off	-	-	(3 878)	(61 565)	-	(65 443)
Other, in this changes resulting from exchange rates	(29)	(31 368)	2 831	(65 743)	3 459	(90 850)
<b>IMPAIRMENT ALLOWANCE AS AT 30.06.2023</b>	<b>53 928</b>	<b>517 105</b>	<b>32 759</b>	<b>1 838 733</b>	<b>24 335</b>	<b>2 466 860</b>

LOANS AND ADVANCES TO CUSTOMERS MEASURED AT AMORTISED COST						
MORTGAGE LOANS 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>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	5 417 234	(5 350 153)	-	(67 081)	-	-
Transfer to Stage 2	(1 798 225)	1 955 540	(3 462)	(153 853)	-	-
Transfer to Stage 3	(159 117)	(1 499 942)	12 108	1 646 951	-	-
New / purchased / granted financial assets	4 556 695	-	-	-	14 915	4 571 610
Financial assets derecognised, other than write-offs (repayments)	(6 907 671)	(1 504 043)	(7 800)	(138 417)	(2 633)	(8 560 564)
Financial assets written off	-	-	(6 873)	(58 479)	-	(65 352)
Modifications not resulting in derecognition	(301)	(120)	-	(8)	(1)	(430)
Adjustment related to credit holidays	(911 297)	(91 044)	(59)	(4 825)	(316)	(1 007 541)
Other, in this changes resulting from exchange rates	274 144	227 092	8 141	(6 092)	2 009	505 294
<b>GROSS CARRYING AMOUNT AS AT 31.12.2022</b>	<b>53 460 320</b>	<b>6 187 685</b>	<b>41 553</b>	<b>2 343 492</b>	<b>49 265</b>	<b>62 082 315</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>
Changes in balances included in the income statement, of which:	(135 062)	57 084	5 395	1 084 269	(42)	1011 644
New / purchased / granted financial assets	2 862	-	-	-	2 871	5 733
Financial assets derecognised, other than write- offs (repayments)	(1 414)	(10 682)	-	(15 815)	(866)	(28 777)
Changes in level of credit risk (excluding the transfers between the Stages)	(136 510)	67 766	5 395	1 100 084	(2 047)	1 034 688
Transfer to Stage 1	171 958	(159 123)	-	(12 835)	-	-
Transfer to Stage 2	(3)	41 630	(1 209)	(40 418)	-	-
Transfer to Stage 3	(7 613)	(40 576)	4 510	43 679	-	-
Financial assets written off	-	-	(6 873)	(58 479)	-	(65 352)
Other, in this changes resulting from exchange rates	926	211 216	3 577	189 987	4 064	409 770
<b>IMPAIRMENT ALLOWANCE AS AT 31.12.2022</b>	<b>58 229</b>	<b>559 668</b>	<b>34 676</b>	<b>1 811 284</b>	<b>19 778</b>	<b>2 483 635</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 1.01.2023</b>	<b>9 394 501</b>	<b>2 132 418</b>	<b>27 428</b>	<b>1 166 558</b>	<b>31 533</b>	<b>12 752 438</b>
Transfer to Stage 1	418 624	(398 396)	-	(20 228)	-	-
Transfer to Stage 2	(533 398)	580 798	(5)	(47 395)	-	-
Transfer to Stage 3	(61 379)	(142 710)	(43)	204 132	-	-
New / purchased / granted financial assets	2 889 290	-	-	-	6 212	2 895 502
Financial assets derecognised, other than write-offs (repayments)	(2 119 256)	(356 096)	(21)	(72 074)	(8 609)	(2 556 056)
Financial assets written off	-	-	(2 377)	(98 634)	(72)	(101 083)
Modifications not resulting in derecognition	(202)	(239)	-	(67)	(4)	(512)
Other, in this changes resulting from exchange rates	(6 545)	15 401	2 313	71 744	7 976	90 889
<b>GROSS CARRYING AMOUNT AS AT 30.06.2023</b>	<b>9 981 635</b>	<b>1 831 176</b>	<b>27 295</b>	<b>1 204 036</b>	<b>37 036</b>	<b>13 081 178</b>
<b>IMPAIRMENT ALLOWANCE</b>						
<b>IMPAIRMENT ALLOWANCE AS AT 1.01.2023</b>	<b>130 714</b>	<b>313 714</b>	<b>27 413</b>	<b>802 957</b>	<b>4 481</b>	<b>1 279 279</b>
Changes in balances included in the income statement (table in the Note 10), of which:	(44 078)	54 760	(17)	57 278	(3 185)	<b>64 758</b>
New / purchased / granted financial assets	41 209	-	-	-	1 241	<b>42 450</b>
Financial assets derecognised, other than write-offs (repayments)	(10 341)	(14 451)	-	(10 298)	(495)	<b>(35 585)</b>
Changes in level of credit risk (excluding the transfers between the Stages)	(74 946)	69 211	(17)	67 576	(3 931)	<b>57 893</b>
Transfer to Stage 1	67 578	(63 363)	-	(4 215)	-	-
Transfer to Stage 2	(9 854)	24 508	(5)	(14 649)	-	-
Transfer to Stage 3	(3 385)	(54 970)	(39)	58 394	-	-
Financial assets written off	-	-	(2 377)	(98 634)	(72)	(101 083)
Other, in this changes resulting from exchange rates	98	(1 203)	2 314	64 895	7 286	73 390
<b>IMPAIRMENT ALLOWANCE AS AT 30.06.2023</b>	<b>141 073</b>	<b>273 446</b>	<b>27 289</b>	<b>866 026</b>	<b>8 510</b>	<b>1 316 344</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	389 528	(367 739)	-	(21 789)	-	-
Transfer to Stage 2	(1 450 939)	1 498 412	-	(47 473)	-	-
Transfer to Stage 3	(222 635)	(171 119)	46	393 708	-	-
New / purchased / granted financial assets	4 186 972	-	-	-	12 459	4 199 431
Financial assets derecognised, other than write-offs (repayments)	(4 012 511)	(583 258)	(2 588)	(230 414)	(4 988)	(4 833 759)
Financial assets written off	-	-	(3 396)	(142 787)	(15)	(146 198)
Modifications not resulting in derecognition	(1 415)	(566)	-	(137)	1	(2 117)
Other, in this changes resulting from exchange rates	4 144	(18 752)	2 590	54 630	3 224	45 836
<b>GROSS CARRYING AMOUNT AS AT 31.12.2022</b>	<b>9 394 501</b>	<b>2 132 418</b>	<b>27 428</b>	<b>1 166 558</b>	<b>31 533</b>	<b>12 752 438</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>
Changes in balances included in the income statement, of which:	2 327	93 542	2 682	66 002	(7 946)	156 607
New / purchased / granted financial assets	55 044	-	-	-	1 345	56 389
Financial assets derecognised, other than write- offs (repayments)	(17 317)	(27 213)	-	(20 461)	(1 108)	(66 099)
Changes in level of credit risk (excluding the transfers between the Stages)	(35 400)	120 755	2 682	86 463	(8 183)	166 317
Transfer to Stage 1	78 676	(65 837)	-	(12 839)	-	-
Transfer to Stage 2	(296)	31 316	-	(31 020)	-	-
Transfer to Stage 3	(59 724)	(65 145)	13	124 856	-	-
Financial assets written off	-	-	(3 396)	(142 787)	(15)	(146 198)
Other, in this changes resulting from exchange rates	6 003	5 799	523	(44 999)	10 098	(22 576)
<b>IMPAIRMENT ALLOWANCE AS AT 31.12.2022</b>	<b>130 714</b>	<b>313 714</b>	<b>27 413</b>	<b>802 957</b>	<b>4 481</b>	<b>1 279 279</b>

	DEBT SECURITIES MEASURED AT AMORTISED COST (*)					DEBT SECURITIES MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (*)		
	STAGE 1 (12M DELA)	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 1.01.2023</b>	<b>62 527 719</b>	<b>69</b>	<b>23 553</b>	<b>62 574</b>	<b>62 613 915</b>	<b>22 200 404</b>	<b>64 071</b>	<b>22 264 475</b>
Transfer to Stage 1	-	-	-	-	-	893	(893)	-
Transfer to Stage 2	(48 973)	48 973	-	-	-	(29 414)	29 414	-
Transfer to Stage 3	-	-	-	-	-	-	-	-
New / purchased / granted financial assets	142 017 511	-	-	-	142 017 511	529 664 609	-	529 664 609
Financial assets derecognised, other than write-offs (repayments)	(129 744 091)	(70)	-	-	(129 744 161)	(535 872 462)	(12 902)	(535 885 364)
Financial assets written off	-	-	-	-	-	-	-	-
Modifications not resulting in derecognition	-	-	-	-	-	-	-	-
Other, in this changes resulting from exchange rates	60 803	10	354	16 983	78 150	747 596	3 135	750 731
<b>GROSS CARRYING AMOUNT AS AT 30.06.2023</b>	<b>74 812 969</b>	<b>48 982</b>	<b>23 907</b>	<b>79 557</b>	<b>74 965 415</b>	<b>16 711 626</b>	<b>82 825</b>	<b>16 794 451</b>
<b>IMPAIRMENT ALLOWANCE (**)</b>								
<b>IMPAIRMENT ALLOWANCE AS AT 1.01.2023</b>	<b>77 953</b>	<b>2</b>	<b>23 553</b>	<b>52 918</b>	<b>154 426</b>	<b>66 914</b>	<b>2 472</b>	<b>69 386</b>
Changes in balances included in the income statement (table in the Note 10), of which:	6 964	(2)	-	-	6 962	(11 384)	(832)	(12 216)
New / purchased / granted financial assets	10 126	-	-	-	10 126	4 906	-	4 906
Financial assets derecognised, other than write-offs (repayments)	(4 280)	-	-	-	(4 280)	(6 708)	-	(6 708)
Changes in level of credit risk (excluding the transfers between the Stages)	1 118	(2)	-	-	1 116	(9 582)	(832)	(10 414)
Transfer to Stage 1	-	-	-	-	-	4	(4)	-
Transfer to Stage 2	(1 856)	1 856	-	-	-	(826)	826	-
Transfer to Stage 3	-	-	-	-	-	-	-	-
Financial assets written off	-	-	-	-	-	-	-	-
Other, in this changes resulting from exchange rates	(484)	-	353	15 846	15 715	-	-	-
<b>GROSS CARRYING AMOUNT AS AT 30.06.2023</b>	<b>82 577</b>	<b>1 856</b>	<b>23 906</b>	<b>68 764</b>	<b>177 103</b>	<b>54 708</b>	<b>2 462</b>	<b>57 170</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 of the securities.

	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>							
<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	80 170	(80 170)	-	-	-	25 833	(25 833)	-
Transfer to Stage 2	(70)	70	-	-	-	(16 830)	16 830	-
Transfer to Stage 3	-	-	-	-	-	-	-	-
New / purchased / granted financial assets	30 430 509	-	-	-	30 430 509	149 636 242	-	149 636 242
Financial assets derecognised, other than write-offs (repayments)	(12 787 545)	(238 500)	-	-	(13 026 045)	(156 589 676)	(18 353)	(156 608 029)
Financial assets written off	-	-	(12 700)	-	(12 700)	-	-	-
Modifications not resulting in derecognition	-	-	-	-	-	-	-	-
Other, in this changes resulting from exchange rates	980 350	(56)	1 699	23 623	1 005 616	736 352	2 400	738 752
<b>GROSS CARRYING AMOUNT AS AT 31.12.2022</b>	<b>62 527 719</b>	<b>69</b>	<b>23 553</b>	<b>62 574</b>	<b>62 613 915</b>	<b>22 200 404</b>	<b>64 071</b>	<b>22 264 475</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>
Changes in balances included in the income statement, of which:	16 603	(7 272)	-	-	9 331	(15 752)	(1 163)	(16 915)
New / purchased / granted financial assets	18 042	-	-	-	18 042	6 022	-	6 022
Financial assets derecognised, other than write-offs (repayments)	(2 488)	(5 196)	-	-	(7 684)	(24 772)	(100)	(24 872)
Changes in level of credit risk (excluding the transfers between the Stages)	1 049	(2 076)	-	-	(1 027)	2 998	(1 063)	1 935
Transfer to Stage 1	354	(354)	-	-	-	56	(56)	-
Transfer to Stage 2	(2)	2	-	-	-	(619)	619	-
Transfer to Stage 3	-	-	-	-	-	-	-	-
Financial assets written off	-	-	(12 700)	-	(12 700)	-	-	-
Other, in this changes resulting from exchange rates	377	1	1 699	23 060	25 137	(1)	(1)	(2)
<b>GROSS CARRYING AMOUNT AS AT 31.12.2022</b>	<b>77 953</b>	<b>2</b>	<b>23 553</b>	<b>52 918</b>	<b>154 426</b>	<b>66 914</b>	<b>2 472</b>	<b>69 386</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 of the securities.

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

### 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 2023 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.

In connection with the above, the credit risk of the portfolio of foreign currency mortgage loans in CHF is assessed by the Bank, taking into account the legal risk associated with this portfolio. Due to unfavorable judgments, resulting in a higher expected number of lawsuits in the portfolio and a significant probability of losing the case, as at 30 June 2023, the Bank assumed that loans for which the probability of litigation with the customer is higher than 60% are classified as Stage 3. Other loans (not meeting the above criterion) were classified to Stage 2. As a result of the above, in the case of a provision related to (allocated to) an active loan agreement, it is recognized in the first place as an element of a credit exposure allowances. On the other hand, the possible surplus of this provision over the net value of the credit exposure is presented as an element of the provision.

With regard to the repaid portfolio of foreign currency mortgage loans in CHF, Bank applies IAS 37 and recognizes provisions allocated to this part of the portfolio under 'Provisions' and 'Other operating expenses', which were presented in the Note 28 and Note 11, respectively.

### 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 2023, the Bank had a portfolio of foreign currency mortgage loans in CHF with a total gross carrying amount of PLN 2 068.8 million (i.e. CHF 454.1 million) compared to PLN 2 302.9 million (i.e. CHF 483 million) as at 31 December 2022.

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

	30.06.2023					TOTAL
	STAGE 1 (12M ECL)	STAGE 2 (LIFETIME ECL - NOT CREDIT- IMPAIRED)	INDIVIDUAL ASSESSMENT	STAGE 3 (LIFETIME ECL - CREDIT-IMPAIRED) GROUP ASSESSMENT	PURCHASED OR ORIGINATED CREDIT- IMPAIRED (POCI)	
<b>Gross carrying amount, of which:</b>	<b>397</b>	<b>563 299</b>	<b>24 573</b>	<b>1 473 599</b>	<b>6 942</b>	<b>2 068 810</b>
denominated in CHF	397	562 868	24 573	1 473 368	6 942	2 068 148
indexed to CHF	-	431	-	231	-	662
<b>Impairment allowances, of which (*):</b>	<b>(93)</b>	<b>(299 197)</b>	<b>(23 209)</b>	<b>(1 402 467)</b>	<b>(5 724)</b>	<b>(1 730 690)</b>
denominated in CHF	(93)	(299 190)	(23 209)	(1 402 309)	(5 724)	(1 730 525)
indexed to CHF	-	(7)	-	(158)	-	(165)
<b>Carrying amount, of which:</b>	<b>304</b>	<b>264 102</b>	<b>1 364</b>	<b>71 132</b>	<b>1 218</b>	<b>338 120</b>
denominated in CHF	304	263 678	1 364	71 059	1 218	337 623
indexed to CHF	-	424	-	73	-	497

(\* ) Including the provision for legal risk regarding foreign currency mortgage loans in the amount of PLN 1 550 703 thousand (including Stage 1 in the amount of PLN 89 thousand, Stage 2 in the amount of PLN 293 165 thousand, Stage 3 in the amount of PLN 1 257 449 thousand).

	31.12.2022					TOTAL
	STAGE 1 (12M ECL)	STAGE 2 (LIFETIME ECL - NOT CREDIT- IMPAIRED)	INDIVIDUAL ASSESSMENT	STAGE 3 (LIFETIME ECL - CREDIT-IMPAIRED) GROUP ASSESSMENT	PURCHASED OR ORIGINATED CREDIT- IMPAIRED (POCI)	
<b>Gross carrying amount, of which:</b>	<b>837</b>	<b>677 005</b>	<b>27 528</b>	<b>1 590 582</b>	<b>6 938</b>	<b>2 302 890</b>
denominated in CHF	837	676 354	27 528	1 590 276	6 938	2 301 933
indexed to CHF	-	651	-	306	-	957
<b>Impairment allowances, of which (*):</b>	<b>(233)</b>	<b>(330 468)</b>	<b>(25 810)</b>	<b>(1 424 168)</b>	<b>(5 280)</b>	<b>(1 785 959)</b>
denominated in CHF	(233)	(330 464)	(25 810)	(1 424 000)	(5 280)	(1 785 787)
indexed to CHF	-	(4)	-	(168)	-	(172)
<b>Carrying amount, of which:</b>	<b>604</b>	<b>346 537</b>	<b>1 718</b>	<b>166 414</b>	<b>1 658</b>	<b>516 931</b>
denominated in CHF	604	345 890	1 718	166 276	1 658	516 146
indexed to CHF	-	647	-	138	-	785

(\* ) Including the provision for legal risk regarding foreign currency mortgage loans in the amount of PLN 1 574 873 thousand (including Stage 1 in the amount of PLN 224 thousand, Stage 2 in the amount of PLN 323 113 thousand, Stage 3 in the amount of PLN 1 251 536 thousand).

Court proceedings related to foreign currency mortgage loans in CHF

In 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 that the jurisprudence developed in an unfavorable way, which results in the issuance of judgments by the courts declaring the invalidity of loan agreements and ordering borrowers to return the benefits they have provided.

To date, no resolution has been adopted by the full composition of the Civil Chamber of the Supreme Court regarding the issues covered by the request of the First President of the Supreme Court, namely the answers to the following questions:

- 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 Supreme Court's ruling may be significant as regards the questions re. 4)-6), as the remaining issues have already been resolved in preliminary rulings issued by the CJEU. In addition, it should be noted that it is not certain whether and when the 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.

Currently, a line of jurisprudence unfavorable for the Bank has been developed, consisting in invalidating agreements and adjudicating repayment of installments repaid by borrowers.

In addition, there is a trend on the market related to the referral by common courts of inquiries regarding various types of doubts arising to the Supreme Court, as well as to the CJEU, which may also affect the future directions of judicial decisions. An example of such an important ruling is the judgment of the CJEU of 8 September 2022 issued in joined cases C-80/21 to C-82/21, in which the CJEU replied to the questions referred for a preliminary ruling by the District Court for Warszawa Srodmiescie in Warsaw in the CHF case. The CJEU stated:

- 1) The national court may not find that the entire contract term is unfair, but only its element which renders it unfair, if such removal would amount to changing the content of the term which would affect its essence. This means that, in principle, the national court is confined to finding that a whole contract term is unfair.
- 2) If a national court finds that a contract term is unfair, with the result that the entire contract may continue in force despite the exclusion of the unfair terms, the national court cannot replace these terms with a national provision of an optional nature. This means that in such a case the national court may not apply the provisions of the Civil Code concerning the conversion of installments with the average exchange rate of the National Bank of Poland.
- 3) The national court, after finding that a contract term is unfair, is not entitled to amend the content of that term in order to maintain the validity of the contract, which cannot remain in force after removal of the term, if the relevant consumer has been informed of the consequences of nullity of the contract and has agreed to the consequences of this nullity. This

means that if the consumer has agreed to the consequences of the nullity of the contract (being informed of them), the national court may not, by ruling, change the content of such a condition, but must declare nullity.

- 4) The run of the 10-year limitation period for the consumer's claim for reimbursement of the paid installments may not start from the moment of performance of each service in the performance of the contract (repayment of each installment), even if the consumer was not able to independently assess the unfairness of a contract term or did not become aware of unfair nature of this condition and without taking into account that the loan agreement provided for a much longer (30-year) repayment period. This means that the 10-year limitation period for the consumer's claim for repayment of installments does not start from the date of repayment of each installment. In practice, it should be assumed that no consumer claims for reimbursement of installments paid have expired.

On 15 June 2023, the CJEU introduced a judgment in case C-520/21, in which it settled the question referred for a preliminary ruling by the District Court for Warsaw - Srodmiescie in Warsaw, 1st Civil Division requested the CJEU to issuance of a preliminary ruling in which the CJEU will take a position on whether, in the event that a loan agreement concluded between a bank and a consumer is invalid from the beginning due to the inclusion of unfair contractual terms, the parties, in addition to refunding the money paid in performance of this agreement (bank - the loan capital, the consumer - installments, fees, commissions and insurance premiums) and statutory interest for delay from the time of request for payment, may also demand any other benefits.

In the said judgment, the CJEU stated that in the context of recognizing a mortgage loan agreement as invalid in its entirety due to the fact that it cannot continue to apply after removing the unfair terms from it, Art. 6 sec. 1 and art. 7 sec. 1 of Council Directive 93/13/EEC of 5 April 1993 on unfair terms in consumer contracts should be interpreted as follows:

- they do not preclude a judicial interpretation of national law according to which the consumer is entitled to claim compensation from the credit institution beyond the reimbursement of the monthly installments and costs paid for the performance of that contract and the payment of statutory interest for late payment from the date of the request for payment, provided respect the objectives of Directive 93/13 and the principle of proportionality, and
- they preclude a judicial interpretation of national law according to which a credit institution is entitled to demand compensation from the consumer beyond the reimbursement of the capital paid for the performance of that contract and the payment of statutory interest for late payment from the date of the demand for payment.

The CJEU judgment of 15 June 2023 is fully consistent with the opinion of the CJEU Advocate General issued on 16 February 2023, based on Article 252 of the Treaty on the Functioning of the European Union, in case C-520/21. The judgment in question closed the way for the banks to pursue the so-called remuneration for the use of capital, while as regards consumer claims against banks, the CJEU referred to national law and emphasized that it is for the referring court to assess, in the light of all the circumstances of the dispute, whether the inclusion of such consumer claims complies with the principle of proportionality. As of today, we are not aware of such claims by borrowers, and thus their legal basis, scope or nature.

Until 30 June 2023, 3 812 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 1 165 million (as at 31 December 2022, the number of cases was 2 695, and the corresponding value of the dispute is PLN 780 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 2023, the Bank received 562 unfavorable court judgments in cases brought by borrowers, including 87 final judgments and 18 favorable court judgments, including 1 final judgments (in 2022: 540 unfavorable court judgments, including 84 final judgments stating the invalidity of the loan agreement and 18 favorable court judgments, including 2 final judgments).

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

In the first half of 2023, the Bank did not introduce any significant changes in the assumptions and methodology for calculation of provisions in relation to what was presented in the Separate Financial Statements of Bank Pekao S.A. for the year ended on 31 December 2022.

The level of the provision set by the Bank requires each time the Bank adopts many expert assumptions based on professional judgement.

Subsequent rulings and possible sectoral solutions that will appear on the Polish market with regard to foreign currency mortgage loans in CHF may affect the amount of the provision determined by the Bank and cause the necessity to change individual assumptions adopted in the calculations. In connection with the above-mentioned uncertainty, it is possible that the amount of the provision will change in the future.

Provision related to foreign currency mortgage loans in CHF – results and allocation

As at 30 June 2023, the level of the provision for the aforementioned legal risk related to CHF-denominated mortgage contracts estimated by the Bank amounted to PLN 2 085.9 million and increased by PLN 85.8 million relative to the level of such provisions as at 31 December 2022.

The above amount includes a provision for individual existing litigation to which the Bank is a party and a portfolio provision for the remaining CHF foreign currency mortgage loan contracts that are subject to the legal risk of the recognition of abusive conversion clauses. In addition, the Bank has allocated the total amount of the provision to the allowance for loan losses element (in correspondence with the item 'Result from allowance for expected credit losses') and the litigation provision element (in correspondence with the item 'Other operating expenses').

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

STATEMENT OF FINANCIAL POSITION	30.06.2023	31.12.2022
<b>Impairment allowances for loan exposures, in this:</b>	<b>1 550 703</b>	<b>1 574 873</b>
Individual provisions	350 736	296 356
Portfolio provisions	1 199 967	1 278 517
<b>Provisions for litigation and claims, in this:</b>	<b>535 212</b>	<b>425 273</b>
Individual provisions	234 207	143 298
Portfolio provisions	301 005	281 975
<b>Total</b>	<b>2 085 915</b>	<b>2 000 146</b>

INCOME STATEMENT	II QUARTER 2023	I HALF 2023	II QUARTER 2022	I HALF 2022
Net allowances for expected credit losses	(59 332)	(34 642)	(298 366)	(307 956)
Other operating expenses	(49 754)	(118 690)	(103 409)	(108 078)
Foreign exchange result (foreign currency exchange differences)	35 777	58 685	-	-
<b>Total</b>	<b>(73 309)</b>	<b>(94 647)</b>	<b>(401 775)</b>	<b>(416 034)</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 30.06.2023	IMPACT ON THE PROVISION LEVEL on 31.12.2022
Number of lawsuits	+10%	210 574	203 271
	-10%	(210 574)	(203 271)
Probability of failure	+5 p.p.	110 829	106 985
	-5 p.p.	(110 829)	(106 985)
Probability of a contract invalidity scenario	+5 p.p. (no more than 100%)	48 188	73 513
	-5 p.p.	(99 486)	(73 513)

### 32.3. 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 2022.

The table below presents the market risk exposure of the trading portfolio of the Bank measured by Value at Risk.

	30.06.2023	I HALF 2023		
		MINIMUM VALUE	AVERAGE VALUE	MAXIMUM VALUE
foreign exchange risk	149	10	135	771
interest rate risk	5 285	2 351	4 238	7 386
Trading portfolio	5 313	2 289	4 228	7 501

	31.12.2022	2022		
		MINIMUM VALUE	AVERAGE VALUE	MAXIMUM VALUE
foreign exchange risk	32	14	153	1 338
interest rate risk	3 296	1 680	3 038	6 031
Trading portfolio	3 258	1 719	3 092	5 807

#### 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 2022. Due adjustments resulting from the updated EBA guidelines on IRRBB (EBA/GL/2022/14) have been introduced.

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 2023 and as at 31 December 2022.

SENSITIVITY IN % (*)	30.06.2023	31.12.2022
NII	(1.09)	(3.94)
EVE	(4.83)	(5.51)

(\*) 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 2022.

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

##### Value at Risk

CURRENCY	30.06.2023	31.12.2022
Currencies total (*)	568	227

(\*) VaR presented under 'Currencies total' is the Bank's total exposure to FX risk. The value of VaR is estimated using the same method as for market risk in the trading book, i.e. using the historical simulation method based on a 2-year history of market risk factors' daily changes, with a 99% confidence level, which reflects the level of one-day loss that may be exceeded with a probability of no more than 1%. The historical simulation method takes into account correlations between currencies by default.

**Currency position**

30.06.2023	BALANCE SHEET OPERATIONS		OFF-BALANCE SHEET OPERATIONS DERIVETIVES		NET POSITION
	ASSETS	LIABILITIES	LONG POSITION	SHORT POSITION	
EUR	40 684 776	28 704 849	10 932 310	22 886 692	25 545
USD	10 065 414	12 765 674	10 561 613	7 870 334	(8 981)
CHF	643 173	763 686	1 328 810	1 208 614	(317)
GBP	508 310	1 229 203	834 875	113 580	402
NOK	329 945	105 409	410	224 520	426
SEK	57 152	158 048	102 051	886	269
CAD	129 172	143 401	16 420	1 292	899
CZK	64 374	64 747	283 970	283 356	241
RON	42 473	12 154	141 084	171 394	9
CNY	62 327	13 407	688 161	736 403	678
HUF	8 646	20 555	16 679	4 466	304
Other currencies	88 654	136 127	114 783	65 972	1 338
<b>TOTAL</b>	<b>52 684 416</b>	<b>44 117 260</b>	<b>25 021 166</b>	<b>33 567 509</b>	<b>20 813</b>

31.12.2022	BALANCE SHEET OPERATIONS		OFF-BALANCE SHEET OPERATIONS DERIVETIVES		NET POSITION
	ASSETS	LIABILITIES	LONG POSITION	SHORT POSITION	
EUR	37 074 069	26 908 153	18 990 007	29 179 385	(23 462)
USD	8 254 160	12 567 436	12 833 731	8 502 441	18 014
CHF	929 270	780 884	3 771 273	3 926 318	(6 659)
GBP	327 864	1 273 621	983 535	37 313	465
NOK	283 290	67 897	24 218	239 119	492
SEK	64 977	82 645	42 758	25 227	(137)
CAD	20 508	82 980	65 687	3 349	(134)
CZK	49 677	46 313	273 804	276 058	1 110
RON	57 511	17 061	456 374	495 843	981
CNY	10 311	21 056	949 162	941 929	(3 512)
HUF	48 006	16 920	77 674	108 433	327
Other currencies	69 989	74 394	64 547	60 651	(509)
<b>TOTAL</b>	<b>47 189 632</b>	<b>41 939 360</b>	<b>38 532 770</b>	<b>43 796 066</b>	<b>(13 024)</b>

## 32.4. 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 2022. 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	30.06.2023	31.12.2022
LCR	Liquidity coverage ratio	100%	237%	199%
NSFR	Net stable funding ratio	100%	164%	154%

(\*) 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:

30.06.2023	UP TO 1 MONTH	BETWEEN 1 AND 3 MONTHS	BETWEEN 3 MONTHS AND 1 YEAR	BETWEEN 1 AND 5 YEARS	OVER 5 YEARS	TOTAL
Balance sheet assets	82 737 036	6 368 982	34 869 520	88 111 408	64 520 734	276 607 680
Balance sheet liabilities	22 926 500	11 877 267	30 606 312	53 647 436	157 550 165	276 607 680
Off-balance sheet assets/liabilities (net)	(6 221 855)	(3 547 087)	791 273	4 651 822	4 706 983	381 136
<b>Periodic gap</b>	<b>53 588 681</b>	<b>(9 055 372)</b>	<b>5 054 481</b>	<b>39 115 794</b>	<b>(88 322 448)</b>	<b>381 136</b>
<b>Cumulated gap</b>	<b>-</b>	<b>44 533 309</b>	<b>49 587 790</b>	<b>88 703 584</b>	<b>381 136</b>	<b>-</b>

31.12.2022	UP TO 1 MONTH	BETWEEN 1 AND 3 MONTHS	BETWEEN 3 MONTHS AND 1 YEAR	BETWEEN 1 AND 5 YEARS	OVER 5 YEARS	TOTAL
Balance sheet assets	68 328 053	6 766 857	33 857 513	101 968 889	60 783 199	271 704 511
Balance sheet liabilities	26 069 321	14 654 495	34 584 622	58 311 378	138 084 695	271 704 511
Off-balance sheet assets/liabilities (net)	(3 939 165)	(4 148 432)	(651 288)	4 308 589	4 021 782	(408 514)
<b>Periodic gap</b>	<b>38 319 567</b>	<b>(12 036 070)</b>	<b>(1 378 397)</b>	<b>47 966 100</b>	<b>(73 279 714)</b>	<b>(408 514)</b>
<b>Cumulated gap</b>	<b>-</b>	<b>26 283 497</b>	<b>24 905 100</b>	<b>72 871 200</b>	<b>(408 514)</b>	<b>-</b>

## 32.5. 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 2022.

## 32.6. 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 2022.

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

30.06.2023	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
<b>Assets:</b>	<b>7 845 839</b>	<b>17 092 720</b>	<b>6 855 823</b>	<b>31 794 382</b>
Financial assets held for trading	1 348 286	426 694	2 804	1 777 784
Derivative financial instruments, including:	-	11 747 010	-	11 747 010
Banks	-	2 702 133	-	2 702 133
Customers	-	9 044 877	-	9 044 877
Hedging instruments, including:	-	517 443	-	517 443
Banks	-	201 763	-	201 763
Customers	-	315 680	-	315 680
Securities measured at fair value through other comprehensive income	6 497 553	4 401 573	6 293 851	17 192 977
Securities measured at fair value through profit or loss	-	-	199 555	199 555
Loans and advances to customers measured at fair value through other comprehensive income	-	-	160 467	160 467
Loans and advances to customers measured at fair value through profit or loss	-	-	199 146	199 146
<b>Liabilities:</b>	<b>592 191</b>	<b>13 340 498</b>	<b>-</b>	<b>13 932 689</b>
Financial liabilities held for trading	592 191	-	-	592 191
Derivative financial instruments, including:	-	11 377 891	-	11 377 891
Banks	-	2 340 080	-	2 340 080
Customers	-	9 037 811	-	9 037 811
Hedging instruments, including:	-	1 962 607	-	1 962 607
Banks	-	62 450	-	62 450
Customers	-	1 900 157	-	1 900 157

31.12.2022	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
<b>Assets:</b>	<b>7 133 776</b>	<b>25 152 668</b>	<b>8 235 704</b>	<b>40 522 148</b>
Financial assets held for trading	724 710	988 391	96 739	1 809 840
Derivative financial instruments, including:	-	15 133 803	292	15 134 095
Banks	-	2 932 508	292	2 932 800
Customers	-	12 201 295	-	12 201 295
Hedging instruments, including:	-	279 589	-	279 589
Banks	-	118 577	-	118 577
Customers	-	161 012	-	161 012
Securities measured at fair value through other comprehensive income	6 409 066	8 750 885	7 464 183	22 624 134
Securities measured at fair value through profit or loss	-	-	187 189	187 189
Loans and advances to customers measured at fair value through other comprehensive income	-	-	303 381	303 381
Loans and advances to customers measured at fair value through profit or loss	-	-	183 920	183 920
<b>Liabilities:</b>	<b>874 591</b>	<b>18 714 964</b>	<b>-</b>	<b>19 589 555</b>
Financial liabilities held for trading	874 591	-	-	874 591
Derivative financial instruments, including:	-	15 538 551	-	15 538 551
Banks	-	3 712 836	-	3 712 836
Customers	-	11 825 715	-	11 825 715
Hedging instruments, including:	-	3 176 413	-	3 176 413
Banks	-	125 949	-	125 949
Customers	-	3 050 464	-	3 050 464

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

I HALF 2023	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>96 739</b>	<b>292</b>	<b>303 381</b>	<b>183 920</b>	<b>187 189</b>	<b>7 464 183</b>	<b>-</b>
Increases, including:	525 335	-	20 017	36 328	25 268	1 854 713	-
Reclassification from other levels	497	-	-	-	-	1 088 232	-
Transactions made in 2023	-	-	-	-	-	-	-
Acquisition/Granting	521 023	-	-	-	-	370 619	-
Settlement/Redemption	-	-	-	-	-	-	-
Gains on financial instruments	3 815	-	20 017	36 328	25 268	395 862	-
recognized in the income statement	3 815	-	13 775	36 328	25 268	173 090	-
recognized in revaluation reserves	-	-	6 242	-	-	222 772	-
Decreases, including:	(619 270)	(292)	(162 931)	(21 102)	(12 902)	(3 025 045)	-
Reclassification to other levels	(3 906)	(292)	-	-	-	(1 379 024)	-
Settlement/Redemption	(123 420)	-	-	(20 083)	-	(363 462)	-
Sale/Repayment	(491 944)	-	(162 931)	-	-	(1 258 529)	-
Losses on financial instruments	-	-	-	(1 019)	(12 902)	(24 030)	-
recognized in the income statement	-	-	-	(1 019)	(12 902)	(24 030)	-
recognized in revaluation reserves	-	-	-	-	-	-	-
<b>Closing balance</b>	<b>2 804</b>	<b>-</b>	<b>160 467</b>	<b>199 146</b>	<b>199 555</b>	<b>6 293 851</b>	<b>-</b>
<b>Unrealized income from financial instruments held in portfolio at the end of the period, recognized in:</b>	<b>108</b>	<b>-</b>	<b>4 882</b>	<b>(1 059)</b>	<b>-</b>	<b>298 013</b>	<b>-</b>
Income statement:	108	-	2 023	(1 059)	-	65 122	-
net interest income	44	-	857	1 376	-	63 578	-
net allowances for expected credit losses	-	-	1 166	-	-	1 544	-
result on financial assets and liabilities held for trading	64	-	-	(2 435)	-	-	-
Other comprehensive income	-	-	2 859	-	-	232 891	-

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

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:	1 179 096	849	166 363	56 009	15 693	4 059 377	-
Reclassification from other levels	13 962	849	-	-	-	1 498 002	-
Transactions made in 2022	-	-	-	52 772	-	-	-
Acquisition/Granting	1 160 176	-	151 248	-	-	2 271 915	-
Settlement/Redemption	-	-	-	-	-	-	-
Gains on financial instruments	4 958	-	15 115	3 237	15 693	289 460	-
recognized in the income statement	4 958	-	15 115	3 237	15 693	286 482	-
recognized in revaluation reserves	-	-	-	-	-	2 978	-
Decreases, including:	(1 183 417)	(6 417)	(209 123)	(32 468)	-	(4 038 451)	-
Reclassification to other levels	(70 691)	(1 455)	-	-	-	(1 303 661)	-
Settlement/Redemption	(13 309)	(3 044)	(202 874)	-	-	(1 174 093)	-
Sale/Repayment	(1 099 767)	-	-	-	-	(1 233 496)	-
Losses on financial instruments	350	(1 918)	(6 249)	(32 468)	-	(327 201)	-
recognized in the income statement	350	(1 918)	-	(32 468)	-	(65 027)	-
recognized in revaluation reserves	-	-	(6 249)	-	-	(262 174)	-
<b>Closing balance</b>	<b>96 739</b>	<b>292</b>	<b>303 381</b>	<b>183 920</b>	<b>187 189</b>	<b>7 464 183</b>	<b>-</b>
<b>Unrealized income from financial instruments held in portfolio at the end of the period, recognized in:</b>	<b>(371)</b>	<b>(557)</b>	<b>(7 554)</b>	<b>3 101</b>	<b>-</b>	<b>(304 986)</b>	<b>-</b>
Income statement:	(371)	(557)	686	3 101	-	8 203	-
net interest income	13	-	2 307	2 439	-	21 232	-
net allowances for expected credit losses	-	-	(1 621)	-	-	(13 029)	-
result on financial assets and liabilities held for trading	(384)	(557)	-	662	-	-	-
Other comprehensive income	-	-	(8 240)	-	-	(313 189)	-

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 2023 the following transfers of financial instruments between the levels of the fair value hierarchy were made:

- from Level 3 to Level 2: corporate bonds which were valued based on information on the prices of comparable financial instruments, corporate and municipal 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 bonds, for which impact of estimated credit parameters was material.

#### Sensitivity analysis

The impact of estimated parameters on measurement of financial instruments for which the Bank applies fair value valuation according to Level 3 as at 30 June 2023 and as at 31 December 2022 is as follows.

FINANCIAL ASSET/LIABILITY	FAIR VALUE AS AT 30.06.2023	VALUATION TECHNIQUE	UNOBSERVABLE FACTOR	ALTERNATIVE FACTOR RANGE (WEIGHTED AVERAGE)	IMPACT ON FAIR VALUE AS AT 30.06.2023	
					POSITIVE SCENARIO	NEGATIVE SCENARIO
Corporate and municipal debt securities	5 937 948	Discounted cash flow	Credit spread	0.64% - 1.54%	78 877	(91 646)
Loans and advances measured at fair value through profit or loss	199 146	Discounted cash flow	Credit spread	1.43% - 2.45%	6 447	(6 039)
Loans and advances measured at fair value through other comprehensive income	160 467	Discounted cash flow	Credit spread	3.66% - 4.68%	1 609	(1 588)

FINANCIAL ASSET	FAIR VALUE AS AT 30.06.2023	PARAMETER	SCENARIO	IMPACT ON FAIR VALUE AS AT 30.06.2023	
				POSITIVE SCENARIO	NEGATIVE SCENARIO
Equity instruments mandatorily measured at fair value through profit or loss	199 555	Conversion discount	+10% / -10%	5 598	(21 075)
Equity instrument in entity providing credit information designated for measurement at fair value through other comprehensive income	309 393	Discount rate	+1% / -1%	47 093	(36 162)

FINANCIAL ASSET/LIABILITY	FAIR VALUE AS AT 31.12.2022	VALUATION TECHNIQUE	UNOBSERVABLE FACTOR	ALTERNATIVE FACTOR RANGE (WEIGHTED AVERAGE)	IMPACT ON FAIR VALUE AS AT 31.12.2022	
					POSITIVE SCENARIO	NEGATIVE SCENARIO
Corporate and municipal debt securities	7 249 997	Discounted cash flow	Credit spread	1.10%-2.16%	116 656	(117 190)
Derivatives	292	Black Scholes Model	Correlation	2.7%-4.1%	108	(91)
Loans and advances measured at fair value through profit or loss	183 920	Discounted cash flow	Credit spread	1.45%-2.55%	4 820	(4 544)
Loans and advances measured at fair value through other comprehensive income	303 371	Discounted cash flow	Credit spread	2.92%-4.02%	4 071	(4 007)

FINANCIAL ASSET	FAIR VALUE AS AT 31.12.2022	PARAMETER	SCENARIO	IMPACT ON FAIR VALUE AS AT 31.12.2022	
				POSITIVE SCENARIO	NEGATIVE SCENARIO
Equity instruments mandatorily measured at fair value through profit or loss	187 189	Conversion discount	+10% / -10%	5 257	(19 770)
Equity instrument in entity providing credit information designated for measurement at fair value through other comprehensive income	269 551	Discount rate	+1% / -1%	31 916	(25 585)

**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 2022.

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

30.06.2023	CARRYING AMOUNT	FAIR VALUE	OF WHICH:		
			LEVEL 1	LEVEL 2	LEVEL 3
<b>Assets</b>					
Cash and due from Central Bank	9 911 727	9 876 897	3 815 099	6 061 714	84
Loans and advance to banks	7 612 279	7 567 045	-	5 885 996	1 681 049
Loans and advances to customers measured at amortised cost	145 153 564	145 959 992	-	3 343 797	142 616 195
Debt securities measured at amortised cost	74 788 312	71 672 539	32 511 282	33 365 291	5 795 966
Other assets	1 420 038	1 420 038	-	-	1 420 038
<b>Total Assets</b>	<b>238 885 920</b>	<b>236 496 511</b>	<b>36 326 381</b>	<b>48 656 798</b>	<b>151 513 332</b>
<b>Liabilities</b>					
Amounts due to Central Bank	-	-	-	-	-
Amounts due to other banks	3 885 581	3 938 204	-	825 275	3 112 929
Amounts due to customers	222 128 149	222 206 209	-	-	222 206 209
Debt securities issued	8 165 725	8 185 074	-	8 185 074	-
Subordinated liabilities	2 786 341	2 783 286	-	2 783 286	-
Other liabilities	5 229 086	5 229 086	-	-	5 229 086
<b>Total Liabilities</b>	<b>242 194 882</b>	<b>242 341 859</b>	<b>-</b>	<b>11 793 635</b>	<b>230 548 224</b>

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

31.12.2022	CARRYING AMOUNT	FAIR VALUE	OF WHICH:		
			LEVEL 1	LEVEL 2	LEVEL 3
<b>Assets</b>					
Cash and due from Central Bank	13 434 904	13 387 192	4 316 723	9 070 361	108
Loans and advance to banks	5 401 659	5 403 084	-	2 354 146	3 048 938
Loans and advances to customers measured at amortised cost	141 938 400	142 924 064	-	1 337 427	141 586 637
Debt securities measured at amortised cost	62 459 489	57 505 206	25 580 373	29 193 792	2 731 041
Other assets	1 694 590	1 694 590	-	-	1 694 590
<b>Total Assets</b>	<b>224 929 042</b>	<b>220 914 136</b>	<b>29 897 096</b>	<b>41 955 726</b>	<b>149 061 314</b>
<b>Liabilities</b>					
Amounts due to Central Bank	-	-	-	-	-
Amounts due to other banks	4 134 618	4 218 207	-	1 417 321	2 800 886
Amounts due to customers	210 988 577	210 793 851	-	-	210 793 851
Debt securities issued	5 893 923	5 889 754	-	5 889 754	-
Subordinated liabilities	2 789 132	2 788 412	-	2 788 412	-
Other liabilities	4 725 101	4 725 101	-	-	4 725 101
<b>Total Liabilities</b>	<b>228 531 351</b>	<b>228 415 325</b>	<b>-</b>	<b>10 095 487</b>	<b>218 319 838</b>

### 33. Subsequent events

#### **Bank's Management Board resolutions on issuance of series SN2 SNP bonds and SP1 SP bonds**

In reference to the current report No. 18/2023 of 15 June 2023, after the completion of the book building process, the Management Board of the Bank adopted on 30 June 2023 resolutions on the issue on 28 July 2023:

1. series SN2 senior non-preferred bonds of the Bank (the 'series SN2 SNP Bonds'). The total nominal value of series SN2 SNP bonds to be issued is PLN 350 000 000,
2. series SP1 senior preferred bonds of the Bank (the 'series SP1 SP Bonds'). The total nominal value of series SP1 SP bonds to be issued is PLN 750 000 000.

At the same time, the Bank's Management Board informs that due to the significant interest of investors expressed during the book-building process, the Bank decided to increase the original amount of the issue from PLN 1 000 000 000 to PLN 1 100 000 000.

The issue amount takes into consideration capital market conditions. The series SN2 SNP Bonds and series SP1 SP Bonds will constitute eligible liabilities of the Bank within the meaning of Article 97a (1) pt. 2) of the Act on the Bank Guarantee Fund, Deposit Guarantee System and Forced Restructuring of 10 June 2016. The series SN2 SNP Bonds and series SP1 SP Bonds will be offered in public offering on the basis of exception to prepare prospectus under Article 1 sec 4 point A of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published in connection with a public offering of securities or their admission to trading on a regulated market and repealing Directive 2003/71/EC (the 'Prospectus Regulation') by addressing the offer to qualified investors only within the meaning of the Article 2 point e of the Prospectus Regulation.

The main conditions for the issue of the series SN2 SNP Bonds are as follows:

1. Type of bonds: bearer bonds; the bonds will be registered on the deposit maintained by the National Depository for Securities (Krajowy Depozyt Papierów Wartościowych S.A.),
2. Total number of bonds to be issued: 700,
3. The nominal value of one bond: PLN 500 000,
4. The total nominal value of bonds to be issued: PLN 350 000 000,
5. Interest rate: fixed, at 7.5% p.a. for the first 3 years and afterwards floating based on the benchmark of WIBOR for 6 months deposits (WIBOR 6M) plus a margin of 2.19% p.a.,
6. Format of issue: 4NC3, i.e. bonds with a maturity of 4 years, with an option giving the Bank the right to early redemption of the bonds within 3 years from the date of issue or in other cases indicated in the terms and conditions of the bond issue (regulatory change of bond classification, change of bond taxation), subject to the approval of the Bank Guarantee Fund, if such approval is required,
7. Issue price: nominal value,
8. Currency: Polish zloty,
9. Issue date: 28 July 2023,
10. Maturity date: 28 July 2027, subject to the possibility of their early redemption on the terms described in article 77 and 78a of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012,
11. Trading: bonds to be traded on the alternative trading system Catalyst operated by the Warsaw Stock Exchange S.A. (Giełda Papierów Wartościowych w Warszawie S.A.),
12. Purpose of the issue: the purpose of the issue, within the meaning of Article 32 Section 1 of the Act of 15 January 2015 on bonds, has not been specified.

The main conditions for the issue of the series SP1 SP Bonds are as follows:

1. Type of bonds: bearer bonds; the bonds will be registered on the deposit maintained by the National Depository for Securities (Krajowy Depozyt Papierów Wartościowych S.A.),
2. Total number of bonds to be issued: 1 500,
3. The nominal value of one bond: PLN 500 000,
4. The total nominal value of bonds to be issued: PLN 750 000 000,
5. Interest rate: floating, based on the benchmark of WIBOR for six months deposits (WIBOR 6M) plus a margin of 1.35% p.a.,
6. Format of issue: 2NC1, i.e. bonds with a maturity of 2 years, with an option giving the Bank the right to early redemption of the bonds within 1 year from the date of issue or in other cases indicated in the terms and conditions of the bond issue (regulatory change of bond classification, change of bond taxation), subject to the approval of the Bank Guarantee Fund, if such approval is required,
7. Issue price: nominal value,
8. Currency: Polish zloty,
9. Issue date: 28 July 2023,

10. Maturity date: 28 July 2025, subject to the possibility of their early redemption on the terms described in article 77 and 78a of Regulation (Eu) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012,
11. Trading: bonds to be traded on the alternative trading system Catalyst operated by the Warsaw Stock Exchange S.A. (Giełda Papierów Wartościowych w Warszawie S.A.),
12. Purpose of the issue: the purpose of the issue, within the meaning of Article 32 Section 1 of the Act of 15 January 2015 on bonds, has not been specified.

Series SP1 SP Bonds were assigned 'BBB+' long-term issue rating by S&P Global Ratings.

02.08.2023 Date	Leszek Skiba Name/Surname	President of the Management Board Position/Function	The original Polish document is signed with a qualified electronic signature Signature
02.08.2023 Date	Jarosław Fuchs Name/Surname	Vice President of the Management Board Position/Function	The original Polish document is signed with a qualified electronic signature Signature
02.08.2023 Date	Marcin Gadomski Name/Surname	Vice President of the Management Board Position/Function	The original Polish document is signed with a qualified electronic signature Signature
02.08.2023 Date	Jerzy Kwieciński Name/Surname	Vice President of the Management Board Position/Function	The original Polish document is signed with a qualified electronic signature Signature
02.08.2023 Date	Paweł Strączyński Name/Surname	Vice President of the Management Board Position/Function	The original Polish document is signed with a qualified electronic signature Signature
02.08.2023 Date	Błażej Szczecki Name/Surname	Vice President of the Management Board Position/Function	The original Polish document is signed with a qualified electronic signature Signature
02.08.2023 Date	Wojciech Werochowski Name/Surname	Vice President of the Management Board Position/Function	The original Polish document is signed with a qualified electronic signature Signature
02.08.2023 Date	Piotr Zborowski Name/Surname	Vice President of the Management Board Position/Function	The original Polish document is signed with a qualified electronic signature Signature
02.08.2023 Date	Magdalena Zmitrowicz Name/Surname	Vice President of the Management Board Position/Function	The original Polish document is signed with a qualified electronic signature Signature